

Financial Statements

Statement of Directors' Responsibilities in respect of the Annual Report and the Financial Statements

The directors are responsible for preparing the Annual Report and the Group and Company financial statements in accordance with applicable laws and regulations.

Company law requires the directors to prepare Group and Company financial statements for each financial year. The directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of their profit or loss for that period. In preparing each of the Group and Company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time, the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act No. 7 of 2007. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable laws and regulations, the directors are also responsible for preparing a Report of the Directors, Directors' Remuneration report and Corporate Governance statement that complies with those laws and regulations.


The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

Directors' Responsibility Statement

The directors confirm to the best of their knowledge, that:-

1. the financial statements prepared in accordance with the applicable laws, give a true and fair view of the financial position and profit of the Company and the undertakings included in the consolidation as a whole.
2. the management reports, which are incorporated into the Report of the Directors, include a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation as a whole, together with the principal risks and uncertainties they face.

By Order of the Board of
Hemas Holdings PLC



Hemas Corporate Services (Pvt) Ltd
Secretaries

26th May 2011

Auditors' Report



Chartered Accountants

201 De Saram Place
P.O. Box 101
Colombo 10
Sri Lanka

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF HEMAS HOLDINGS PLC

Report on the Financial Statements

We have audited the accompanying financial statements of Hemas Holdings PLC, the consolidated financial statements of the Company and its subsidiaries which comprise the Balance Sheets as at March 31, 2011, and the Income Statements, Statements of Changes in Equity and Cash Flow Statements for the year then ended, and a summary of significant Accounting Policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Scope of Audit and Basis of Opinion

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

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

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit. We therefore believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, so far as appears from our examination, the Company maintained proper accounting records for the year ended March 31, 2011 and the financial statements give a true and fair view of the Company's state of affairs as at March 31, 2011 and its Profit and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs as at March 31, 2011 and the profit and cash flows for the year then ended, in accordance with Sri Lanka Accounting Standards, of the Company and its subsidiaries dealt with thereby, so far as concerns the shareholders of the Company.

Report on Other Legal and Regulatory Requirements

In our opinion, these financial statements also comply with the requirements of Section 151 (2) and Sections 153 (2) to 153 (7) of the Companies Act No. 07 of 2007.

Colombo
May 26, 2011

Partners: A D B Talwatte FCA FCMA M P D Cooray FCA FCMA R N de Saram ACA FCMA Ms. Y A De Silva ACA W R H Fernando FCA FCMA
W K B S P Fernando FCA FCMA A P A Gunasekera FCA FCMA A Herath FCA D K Hulangamuwa FCA FCMA LLB (Lond)
H M A Jayasinghe FCA FCMA Ms. G G S Manatunga ACA Ms. L C G Nanayakkara FCA FCMA B E Wijesuriya ACA ACMA

Balance Sheet

As At 31 March	Note	Group		Company	
		2011 Rs.	2010 Rs.	2011 Rs.	2010 Rs.
ASSETS					
Non-Current Assets					
Property, Plant and Equipment	3	7,457,601,494	7,033,615,456	105,305,439	59,682,782
Investment Properties	4	1,309,965,000	1,261,409,950	309,965,000	330,409,950
Intangible Assets	5	323,894,824	333,073,487	-	-
Leasehold Property	6	58,779,136	61,844,853	-	-
Deferred Tax Assets	18	25,488,978	22,805,294	-	-
Loans Due from Related Parties	12	-	-	15,000,000	21,937,369
Investment in Subsidiaries	7	-	-	5,696,001,377	5,574,780,994
Investment in Joint Ventures	8	-	-	38,519,264	38,519,264
Other Long Term Receivables		43,318,140	43,318,140	-	-
Other Investments	9	433,661,251	64,498,596	114,008,371	114,248,398
		9,652,708,823	8,820,565,776	6,278,799,451	6,139,578,757
Current Assets					
Inventories	10	1,680,771,785	1,544,559,296	-	-
Trade and Other Receivables	11	4,575,929,336	3,933,326,303	176,187,120	116,826,379
Loans Due from Related Parties	12	-	-	519,271,564	268,621,260
Other Investments	9	67,694	67,694	48,642	48,642
Tax Recoverable		148,020,028	116,532,983	-	4,436,091
Amounts Due from Related Parties	13	-	-	130,726,193	214,091,394
Short Term Cash Investments	22	2,025,096,612	1,258,993,053	210,023	50,141,052
Cash and Cash Equivalents	22	1,133,279,596	392,885,938	23,678,870	27,994,605
		9,563,165,051	7,246,365,267	850,122,412	682,159,423
Total Assets		19,215,873,874	16,066,931,043	7,128,921,863	6,821,738,180
EQUITY AND LIABILITIES					
Equity Attributable to Equity Holders of the Parent					
Stated Capital	14	1,468,425,034	1,369,222,534	1,468,425,034	1,369,222,534
Reserves	15	1,045,977,220	805,982,557	257,032,425	257,032,425
Retained Earnings		6,359,602,547	5,516,910,931	4,077,851,368	4,096,385,205
Shareholders' Funds		8,874,004,801	7,692,116,022	5,803,308,827	5,722,640,164
Minority Interests		1,701,634,732	1,488,104,391	-	-
Total Shareholders' Funds and Minority Interests		10,575,639,533	9,180,220,413	5,803,308,827	5,722,640,164
Non-Current Liabilities					
Other Borrowings	16	10,242,872	8,790,222	-	-
Interest Bearing Loans and Borrowings	17	1,700,040,360	1,231,529,708	686,502,490	425,709,598
Deferred Tax Liabilities	18	123,609,201	145,146,554	42,021,818	60,197,984
Retirement Benefit Liability	19	230,298,404	184,963,092	18,675,791	17,025,408
		2,064,190,837	1,570,429,576	747,200,099	502,932,990
Current Liabilities					
Trade and Other Payables	20	4,091,885,147	3,286,857,966	40,140,391	41,390,249
Dividends Payable		12,797,877	4,204,888	1,931,630	1,563,715
Income Tax Liabilities		89,890,069	69,044,426	13,384,601	7,807,835
Amounts Due to Related Parties	21	-	-	167,811,718	116,941,470
Other Borrowings	16	1,207,000	1,207,000	-	-
Interest Bearing Loans and Borrowings	17	2,380,263,411	1,954,966,774	355,144,597	428,461,757
		6,576,043,504	5,316,281,054	578,412,937	596,165,026
Total Shareholders' Funds, Minority Interests and Liabilities		19,215,873,874	16,066,931,043	7,128,921,863	6,821,738,180

These financial statements are in compliance with the requirements of the Companies Act No. 07 of 2007.


Malinga Arsakularatne
 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 by,


Husein Esufally
 Chief Executive Officer


Lalith De Mel
 Chairman

The Accounting Policies and Notes on pages 65 through 99 form an integral part of these financial statements.

Colombo
 May 26, 2011

Income Statement

Year ended 31st March	Note	Group		Company	
		2011 Rs.	2010 Rs.	2011 Rs.	2010 Rs.
Revenue	23	18,067,489,191	14,997,404,705	304,850,770	343,212,995
Cost of Sales		(12,228,702,138)	(9,894,199,801)	-	-
Gross Profit		5,838,787,053	5,103,204,904	304,850,770	343,212,995
Dividend Income	24	780,523	93,014	303,383,357	156,045,665
Change in Fair Value of Investment Properties		24,405,050	82,700,000	(20,444,950)	58,700,000
Other Income and Gains	25	108,830,408	44,527,535	5,574,591	1,699,527
Gain/ (Loss) on Disposal of Investments	26	3,316,950	(1,600,000)	233,909	1,241,081,268
Selling and Distribution Costs		(1,443,188,719)	(1,305,185,673)	-	-
Administrative Expenses		(2,792,087,364)	(2,480,575,088)	(241,135,848)	(215,934,394)
Finance Cost	27	(297,736,772)	(449,375,718)	(52,135,653)	(125,368,362)
Finance Income	27	126,237,483	100,929,714	47,362,725	30,298,791
Profit Before Tax	28	1,569,344,612	1,094,718,688	347,688,901	1,489,735,490
Income Tax Expenses	29	(214,153,945)	(160,074,742)	(9,369,303)	(34,627,608)
Profit for the Year		1,355,190,667	934,643,946	338,319,598	1,455,107,882
Attributable to:					
Equity Holders of the Parent		1,210,158,582	901,730,007	338,319,598	1,455,107,882
Minority Interests		145,032,085	32,913,939	-	-
		1,355,190,667	934,643,946	338,319,598	1,455,107,882
Earnings Per Share	30	2.36	1.76		
Dividends Per Share	31	0.70	0.36		

The Accounting Policies and Notes on pages 65 through 99 form an integral part of these financial statements.

Statement of Changes in Equity

Group	Attributable to Equity Holders of the Parent					Total Equity Rs.
	Stated Capital Rs.	Exchange Reserve Rs.	Revaluation and Other Capital Reserve Rs.	Retained Earnings Rs.	Total Rs.	
As at 31 March 2009	1,369,222,534	(76,923,588)	914,598,431	4,821,392,989	7,028,290,366	7,865,352,428
Profit for the Year	-	-	-	901,730,007	901,730,007	934,643,946
Redemption of Preference Shares of Joint Venture Company	-	-	-	(15,686,667)	(15,686,667)	(15,686,667)
Dividends Paid	-	-	-	-	-	-
- Ordinary Shares (2009)	-	-	-	(165,172,161)	(165,172,161)	(6,825,936)
- Preference Shares of Joint Venture Company	-	-	-	(2,303,361)	(2,303,361)	(767,787)
Transfer to/from during the Year	-	-	(48,742,570)	48,742,570	-	-
- Overhaul, Heat Rate and Lube Oil Reserves	-	-	(1,384,237)	1,384,237	-	-
- Revaluation Reserve	-	-	-	-	-	-
Shares Issued to Minority Shareholders	-	-	-	-	-	643,892,692
Adjustment in respect of changes in Group Holding	-	4,235,328	(29,349,131)	(73,176,683)	(98,290,486)	(18,370,355)
Net Gain/(Loss) Recognised Directly in Equity	-	-	-	-	-	(116,660,841)
- Deferred Income Tax	-	-	830,613	-	830,613	1,030,389
- Exchange Reserve	-	42,717,711	-	-	42,717,711	42,717,711
As at 31 March 2010	1,369,222,534	(29,970,549)	835,953,106	5,516,910,931	7,692,116,022	1,488,104,391
Profit for the Year	-	-	-	1,210,158,582	1,210,158,582	145,032,085
Issue of ordinary shares under Employee Share Options Scheme	99,202,500	-	-	-	99,202,500	-
Issue of Preference shares	-	-	101,250,000	-	101,250,000	33,750,000
Redemption of Preference Shares of Joint Venture Company	-	-	-	(15,686,667)	(15,686,667)	-
Dividends Paid	-	-	-	-	-	-
- Ordinary Shares (2010)	-	-	-	(356,853,435)	(356,853,435)	(44,322,176)
- Preference Shares	-	-	-	(4,183,028)	(4,183,028)	(1,394,343)
Transfer to/from during the Year	-	-	-	-	-	-
- Overhaul Reserve, Heat Rate and Lube Oil	-	-	42,140,353	(42,140,353)	-	-
- Revaluation Reserve	-	-	(51,396,517)	51,396,517	-	-
Surplus on revaluation	-	-	109,133,027	-	109,133,027	11,318,357
Shares Issued to Minority Shareholders	-	-	-	-	-	15,204,132
Adjustment in respect of changes in Group Holding	-	-	-	-	-	53,716,667
Net Gain/(Loss) Recognised Directly in Equity	-	-	-	-	-	-
- Deferred Income Tax	-	-	10,075,886	-	10,075,886	225,619
- Exchange Reserve	-	28,791,914	-	-	28,791,914	-
As at 31 March 2011	1,468,425,034	(1,178,635)	1,047,155,855	6,359,602,547	8,874,004,801	1,701,634,732
						10,575,639,533

The Accounting Policies and Notes on pages 65 through 99 form an integral part of these financial statements.

Statement of Changes in Equity

	Stated Capital Rs.	Capital & Revenue Reserve Rs.	Retained Earnings Rs.	Total Rs.
Company				
As at 31 March 2009	1,369,222,534	368,073,839	2,695,408,070	4,432,704,444
Profit for the Year	-	-	1,455,107,882	1,455,107,882
Final Dividends Paid - 2008/2009	-	-	(165,172,161)	(165,172,162)
Net Gain/ (Loss) directly recognised in Equity				
- Acquisition, Disposal and changes in Investments	-	(111,041,414)	111,041,414	-
As at 31 March 2010	1,369,222,534	257,032,425	4,096,385,205	5,722,640,164
Profit for the Year	-	-	338,319,598	338,319,598
Final Dividends Paid - 2009/2010	-	-	(229,405,780)	(229,405,780)
Interim Dividends Paid - 2010/2011			(127,447,655)	(127,447,655)
Issue of ordinary shares under Employee Share Option Scheme	99,202,500	-	-	99,202,500
As at 31 March 2011	1,468,425,034	257,032,425	4,077,851,368	5,803,308,827

The Accounting Policies and Notes on pages 65 through 99 form an integral part of these financial statements.

Cash Flow Statement

Year ended 31st March	Note	Group		Company	
		2011 Rs.	2010 Rs.	2011 Rs.	2010 Rs.
Operating Activities					
Profit Before Taxation		1,569,344,612	1,094,718,688	347,688,901	1,489,735,490
Adjustments for Non Cash items					
Depreciation	3	619,975,894	522,605,675	17,459,807	18,012,703
Profit on Disposal of Property, Plant and Equipment		(30,651,218)	4,828,403	(3,560,177)	(79,716)
Retirement Benefit Plan	19	65,553,839	64,771,707	3,523,133	4,624,701
Finance Cost	27	297,736,772	449,375,718	52,135,653	125,368,362
Investment Income	24	(780,523)	(93,014)	(303,383,357)	(156,045,665)
Change in Fair Value of Investment Properties		(24,405,050)	(82,700,000)	20,444,950	(58,700,000)
(Profit)/ Loss on Sale of Investments		(3,494,978)	1,600,000	(233,909)	(1,241,081,268)
Exchange (Gain)/Loss on USD Loan	17	18,655,896	36,969,430	-	-
Amortisation/Impairment of Intangibles	5	10,119,432	9,160,937	-	-
Amortisation of Leasehold Property	6	3,065,717	3,065,716	-	-
Amortisation of Other Long Term Receivables		-	360,000	-	-
Working Capital Adjustments					
(Increase)/Decrease in Trade and Other Receivables		(642,603,033)	(355,629,889)	(59,360,741)	40,217,620
(Increase)/Decrease in Inventories		(136,212,489)	(235,764,189)	-	-
(Increase)/Decrease in Amounts Due from Related Parties		-	-	83,365,201	18,691,310
Increase/(Decrease) in Amounts Due to Related Parties		-	-	50,870,248	55,467,965
Increase/(Decrease) in Trade and Other Payables		805,027,181	510,073,378	(881,946)	(3,531,013)
Finance Cost Paid	29	(297,736,772)	(449,375,718)	(52,135,653)	(125,368,362)
Income Tax Paid		(238,714,881)	(145,416,246)	(17,532,612)	(9,140,014)
Gratuity Paid	19	(20,218,527)	(20,565,499)	(1,872,750)	(6,707,421)
Net Cash from/(Used in) Operating Activities		1,994,661,872	1,407,985,097	136,526,748	151,464,692
Investing Activities					
Purchase of Property, Plant and Equipment	3	(1,095,345,810)	(434,087,867)	(71,467,835)	(12,808,057)
Acquisitions and Disposals of Subsidiaries		-	(268,791,801)	(121,220,383)	(1,805,748,920)
Investment in Intangible Assets	5	(940,769)	-	-	-
Other Investments		(369,402,682)	-	-	(25,000,000)
Proceeds from Disposal of Property, Plant and Equipment		178,336,482	53,718,573	11,945,551	2,022,397
Proceeds from Disposal of Investments		57,451,672	14,400,000	473,936	2,330,535,000
Redemption of Preference Shares of Joint Venture Company		(15,686,667)	(15,686,667)	-	-
Investment Income Received	24	780,523	93,014	303,383,357	156,045,665
Net Cash from/(Used in) Investing Activities		(1,244,807,251)	(650,354,748)	123,114,626	645,046,085
Financing Activities					
Interest Bearing Loans and Borrowings (Net)					
- Rupee Loan		259,073,525	(129,224,924)	(88,188,543)	(577,640,300)
- USD Loan		228,837,362	(373,118,293)	-	-
Proceeds from Issue of Preference Shares		135,000,000	-	-	-
Proceeds from Issue of Ordinary shares under ESOS		99,202,500	-	99,202,500	-
Proceeds from Minority Shareholders		15,204,132	655,478,626	-	-
Dividends Paid					
- Ordinary Shares		(393,976,965)	(170,928,413)	(356,853,435)	(164,098,474)
- Preference Shares		(4,183,028)	(3,071,148)	-	-
Net Cash from/(Used in) Financing Activities		339,157,526	(20,864,152)	(345,839,478)	(741,738,774)
Net Increase/(Decrease) in Cash and Cash Equivalents		1,089,012,147	736,766,197	(86,198,104)	54,772,003
Exchange loss		(1,903,112)	-	-	-
Cash and Cash Equivalents at the beginning of the Year	22	682,269,858	(54,496,339)	76,582,400	21,810,397
Cash and Cash Equivalents at the end of the Year	22	1,769,378,893	682,269,858	(9,615,704)	76,582,400

The Accounting Policies and Notes on pages 65 through 99 form an integral part of these financial statements.

Notes to the Financial Statements

1 CORPORATE INFORMATION

1.1 GENERAL

Hemas Holdings PLC is a public limited liability company listed on Colombo Stock Exchange incorporated and domiciled in Sri Lanka. The registered office and the principal place of business are situated at No. 36, Bristol Street, Colombo 01.

Hemas Holdings PLC does not have an identifiable parent of its own.

1.2 CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated financial statements of the Company for the year ended 31 March 2011 comprise the Hemas Holdings PLC (the 'Company') and all its Subsidiaries and Joint Ventures whose accounts have been consolidated therein (the 'Group').

1.3 PRINCIPAL ACTIVITIES AND NATURE OF OPERATIONS

During the year, the principal activities of the Company were carrying out investment activities, and providing management and administration services to other Companies in the group and the principal activities of the Subsidiaries and Joint Ventures are disclosed in Note 37 to the financial statements.

1.4 DATE OF AUTHORISATION FOR ISSUE

The Consolidated financial statements of Hemas Holdings PLC for the year ended 31 March 2011 were authorised for issue, in accordance with a resolution of the Board of Directors on 26 May 2011.

2 GENERAL POLICIES

2.1 BASIS OF PREPARATION

The financial statements of the Group have been prepared on an accrual basis and under the historical cost convention basis unless stated otherwise. The financial statements are presented in Sri Lankan Rupees, which is the Group's functional and presentation currency.

2.1.1 STATEMENT OF COMPLIANCE

The financial statements of the Group have been prepared in compliance with the Sri Lanka Accounting Standards (SLAS) issued by the Institute of Chartered Accountants of Sri Lanka and the requirements of the Companies Act No.7 of 2007.

2.1.2 GOING CONCERN

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

2.1.3 BASIS OF CONSOLIDATION

The financial statements of the Group represent the

consolidation of the financial statements of Hemas Holdings PLC and all its Subsidiaries and Joint Ventures as at 31 March 2011.

The financial statements of the Subsidiaries are prepared for the same reporting period as the parent company and in compliance with the Group's accounting policies unless specifically stated.

All intra-group balances, income and expenses and unrealised gains/losses resulting from intra-group transactions, are eliminated in full.

(a) Subsidiaries

Subsidiaries are fully consolidated from the date of acquisition or incorporation, being the date on which the group obtains control and continue to be consolidated until the date that such control ceases.

Subsidiaries are those enterprises controlled by the parent. Control exists when the parent holds more than 50% of voting rights or otherwise has a controlling interest.

Diethelm Travel The Maldives (Pvt) Ltd has been consolidated as a subsidiary based on the power to govern the financial and operating policies by the parent.

The following Subsidiaries have been incorporated outside Sri Lanka.

Name	Country of Incorporation	Reporting Currency
Hemas Consumer Brands (Pvt) Ltd	Bangladesh	Taka (BDT)
Diethelm Travel The Maldives (Pvt) Ltd	Republic of Maldives	US Dollar (USD)

Minority Interests represent the portion of profit or loss and net assets that is not held by the group and are presented separately in the Consolidated Income Statement and within equity in the consolidated Balance Sheet, separately from parent shareholders' equity.

(b) Joint Ventures

The Group has an interest in joint ventures which are jointly controlled entities. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and a jointly controlled entity is a joint venture that involves the establishment of a separate entity in which each venture has an interest. The Group recognises its interest in the joint venture using proportionate consolidation method. The Group combines its share of each of the assets, liabilities, income and expenses of the joint venture with the similar items, line by line, in its consolidated financial statements. The financial statements of the joint

Notes to the Financial Statements

ventures are prepared for the same reporting year as the parent company except for Hellman Worldwide Logistics (Pvt) Ltd. and HIF Logistics (Pvt) Ltd., where the financial statements are prepared for the year ended 31 December 2010. All the material transactions are adjusted for the 3 months period ended 31 March 2011. Accounting policies of the joint ventures are consistent with the parent company.

The following Joint Venture has been incorporated outside Sri Lanka.

Name	Country of incorporation	Reporting Currency
HIF Logistics (Pvt) Ltd	Pakistan	Pakistan Rupee (PKR)

(c) Business Combination and Goodwill

Business Combinations are accounted for using the purchase method. This involves recognising identifiable assets (including previously unrecognised intangible assets) and liabilities (including contingent liabilities and excluding future restructuring) of the acquired business at fair value.

Goodwill acquired in a business combination represents the excess of the cost of the business combination over the Group's interest in the net fair value of the acquirer's identifiable assets, liabilities and contingent liabilities.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

2.1.4 COMPARATIVE INFORMATION

Previous year's figures and phrases have been re-arranged wherever necessary, to confirm to the current year's presentation.

2.2 CHANGES IN ACCOUNTING POLICIES

The Accounting Policies adopted are consistent with those used in the previous year.

2.3 SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

2.3.1 JUDGEMENTS

In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the financial statements.

Deferred Tax Assets

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

Impairment of Goodwill

The group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the "value in use" of the cash generating units to which the goodwill is allocated. Estimating a value in use amount requires management to make an estimate of the expected future cash flows from the cash generating unit and also to choose a suitable discount rate in order to calculate present value of those cash flows.

Fair Value of Unquoted Equity Investments

The unquoted equity instruments have been valued based on the expected cash flows discounted at current rates applicable for items with similar terms and risk characteristics. This valuation requires the company to make estimates about expected future cash flows and discount rates, and hence they are subject to uncertainty.

2.3.2 ESTIMATES AND ASSUMPTIONS

The key assumptions concerning the future and other key sources of estimation uncertainty at the Balance Sheet date, that have a significant risk of causing a material adjustments to the carrying amounts of assets and liabilities within the next financial year are discussed below. The respective carrying amounts of assets and liabilities are given in related notes to the financial statements.

Defined Benefit Plans

The cost of defined benefit plans-gratuity is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of returns on assets, futures salary increases mortality rates. Due to the long term nature of these plans, such estimates are subject to significant uncertainty. All assumptions are reviewed at each reporting date.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.4.1 FOREIGN CURRENCY TRANSLATION AND HEDGING

(a) Foreign currency transaction and balances

All foreign exchange transactions are converted to functional currency, at the rates of exchange prevailing at the time the transactions are effected.

Monetary assets and liabilities denominated in foreign currency are translated to functional currency equivalents at the exchange rate prevailing at the balance sheet date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. The resulting gains and losses are accounted for in the income statement.

(b) Foreign Operations

The Balance sheet and income statement of overseas subsidiaries and joint ventures which are deemed to be foreign operations are translated to Sri Lankan rupees at the rate of exchange prevailing as at the balance sheet date and at the average annual rate of exchange for the period respectively.

The exchange differences arising on the translation are taken directly to a separate component of equity. On disposal of a foreign entity, the deferred cumulative amount recognized in equity relating to that particular foreign operation is recognised in the income statement.

2.4.2 TAXATION

(a) Current Taxes

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the Commissioner General of Inland Revenue. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the Balance Sheet date.

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

(b) Deferred Taxation

Deferred income tax is provided, using the liability method, on all temporary differences at the Balance Sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except;

- Where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each Balance Sheet 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 income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to 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 as at the Balance Sheet date.

Deferred income tax relating to items recognised directly in equity is recognised in equity.

The movement in the deferred tax assets and liabilities due to change in applicable rate have been charged to the income statements in the current year or to the equity when item is recognised directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity and the same taxation authority.

(c) Tax on dividend income

Tax on dividend income from subsidiaries is recognised as an expense in the Consolidated Income Statement.

2.4.3 BORROWING COSTS

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

2.4.4 INTANGIBLE ASSETS (OTHER THAN GOODWILL)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is fair value as at the

Notes to the Financial Statements

date of acquisition. Following the initial recognition of the intangible assets, the cost model is applied requiring the assets to be carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs are not capitalised and expenditure is reflected in the Income Statement in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end. 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 treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Income Statement in the expense category consistent with the function/nature of the intangible asset. Amortisation was commenced when the assets were available for use.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

Intangible assets that are not yet available for sale are tested for impairments at each financial year end, even if there is no indication that the asset is impaired.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Income Statement when the asset is derecognised.

Research and Development Costs

Research costs are expensed as incurred. Intangible assets arising from development expenditure on an individual project is recognised only when the company can demonstrate the technical feasibility of completing the intangible assets so that it will be available for use or sale, its intention to complete and its ability to use or sell the assets, how the assets will generate future economic benefits, the availability of resources to complete the assets and the ability to measure reliably the expenditure during the development.

During the period of development, the assets are tested for impairment annually. Following the initial recognition of the development expenditure, the cost model is applied requiring the assets to be carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the assets begins when development is completed and the asset is available for use. It is amortised over the period of expected future sales. During the period of which the asset is not yet in use it is tested for impairment annually.

2.4.5 INVENTORIES

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

The cost incurred in bringing inventories to its present location and conditions are accounted using the following cost formulae:-

Raw Materials	- At actual cost on first-in-first out/weighted average basis.
Foods and Beverages Stocks	- At actual cost on weighted average basis.
Finished Goods and Work-in- Progress	- At cost of direct materials, direct labour and an appropriate proportion of fixed production overheads based on normal operating capacity.
Consumables and Spares	- At actual cost on first-in-first out basis.
Goods-in-Transit and Other Stocks	- At actual cost.
Medical Supplies	- At actual cost on first-in-first out basis.

2.4.6 TRADE AND OTHER RECEIVABLES

Trade receivables are stated at the amounts they are estimated to realise net of allowances for bad and doubtful receivables.

Other receivables and dues from Related Parties are recognised at cost less allowance for bad and doubtful receivables.

2.4.7 CASH AND CASH EQUIVALENTS

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

For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand and deposits in banks net of outstanding bank overdrafts. Investments with short maturities i.e. three months or less from the date of acquisition are also treated as cash equivalents.

2.4.8 PROPERTY, PLANT AND EQUIPMENT

(a) Cost and Valuation

All items of Property, Plant and Equipment are initially recorded at cost. Where items of Property, Plant and Equipment are subsequently revalued, the entire class of such assets is revalued. Revaluations are made with sufficient regularity to ensure that their carrying amounts do not differ materially from their fair values at the Balance Sheet date. Subsequent to the initial recognition as an asset at cost, revalued Property, Plant and Equipment are carried at revalued amounts less any subsequent depreciation thereon. All other Property, Plant and Equipment are stated at historical cost less accumulated depreciation and less accumulated impairment in value.

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

(b) Restoration Costs

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

(c) Depreciation

Depreciation is calculated on a straight line method over the useful life of all Property, Plant and Equipment other than freehold land.

The principal annual rates used by the companies in the Group are as follows:

Freehold Buildings	1.5% - 10%
Plant and Machinery	6% - 25%
Power Plant	Over 180 months
Furniture and Fittings	7% - 25%
Office and Factory Equipments	10% - 33.33%
Computer Hardware and Software	25% - 33.33 %

Motor Vehicles	16.66% - 25%
Crockery and Cutlery	50% - 100%
Soil Erosion Prevention	5% - 10%
Buildings on Leasehold Land	Over the remaining lease period

(d) Derecognition

An item of Property, Plant and Equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Income Statement in the year the asset is derecognised.

2.4.9 LEASED PROPERTY

Leasehold property comprising of land use rights obtained on a long term basis, is stated at the recorded carrying values as at the effective date of Sri Lanka Accounting Standard 19 – Leases in line with Ruling of the Urgent Issues Task Force of The Institute of Chartered Accountants of Sri Lanka. Such carrying amounts are amortised over the remaining lease term or useful life of the leased property whichever is shorter.

2.4.10 LEASES

(a) Finance Leases

Property, Plant and Equipment on finance leases, which effectively transfer to the Group substantially all of the risk and benefits incidental to ownership of the leased item are capitalised at the inception of the lease at the fair value of leased property or, if lower, at the present value of minimum lease payments. Capitalised leased assets are disclosed as Finance Leases under Property, Plant and Equipment and depreciated over the period the Group is expected to benefit from the use of the leased assets.

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

(b) Operating Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the leased term, are classified as operating leases.

Lease rentals paid under operating leases are recognised as an expense in the Income Statement on a straight-line basis over the lease term.

Notes to the Financial Statements

2.4.11 INVESTMENTS

Initial Recognition

Cost of investment includes purchase cost and acquisition charges such as brokerages, fees, duties and bank regulatory fees. The company distinguishes and presents current and non current investment in the Balance Sheet.

Measurement

(a) Current Investments

Current investments are stated at lower of cost and market value determined on an aggregate portfolio basis. The cost of an investment is the cost of acquisition inclusive of brokerage fees and stamp duty.

Unrealised gains and losses on current investments carried at market value i.e. reduction to market value and reversals of such reductions required to reflect current investments at the lower of cost and market value, are credited or charged to Income Statement.

(b) Long Term Investments

Quoted and unquoted investments in shares held on a long term basis are stated at cost.

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

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

In the Companies financial statements, investments in subsidiaries were accounted for in the equity method until 31 March 2006. With effect from 1 April 2006 in accordance with the revised SLAS 26 the investment in Subsidiaries are accounted at the carrying value as that date and any investment made after 1 April 2006 are carried at cost, net of any provision for other than temporary diminution in value.

In the Company's financial statements, investments in subsidiaries were carried at fair value and associates were carried at cost, net of any provision for other than temporary diminution in value.

(c) Other Investments

Treasury bills and other interest bearing securities held for resale in the near future to benefit from short term market movements are accounted for at cost plus relevant proportion of the discounts or premiums.

(d) Disposal of Investments

On disposal of an investment, the difference between net disposals and proceeds and the carrying amounts is recognised as income or expense. Any revaluation surplus related to disposed investments are transferred to retained earnings.

2.4.12 INVESTMENT PROPERTY

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day to day servicing of an investment property.

Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the Balance Sheet date. Gains or losses arising from changes in the fair values of investment properties are included in the Income Statement in the year in which they arise.

Investment properties are derecognised when either they have been disposed off or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the Income Statement in the year of retirement or disposal.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner occupation, commencement of an operating lease to another party or completion of construction or development. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner occupation or commencement of development with a view to sale.

When the property occupied by the Group as an owner occupied property becomes an investment property, the group accounts for such property in accordance with the policy stated under Property, Plant and Equipment up to the date of change in use.

2.4.13 IMPAIRMENT OF ASSETS

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset or cash-generating unit, unless the asset or cash-generating unit does not generate cash inflows that are largely independent of those from other assets or cash-generating units. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by

valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Impairment losses of continuing operations are recognised in the Income Statement in those expense categories consistent with the function of the impaired asset, except for property previously revalued and investment accounted for in the equity method, where the revaluation was taken to equity. In this case the impairment is also recognised in equity up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Income Statement unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units), to which the goodwill relates. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount of the cash-generating unit (group of cash-generating units) to which goodwill has been allocated, an impairment loss is recognised. Impairment losses relating to Goodwill cannot be reversed in future periods.

2.4.14 PROVISIONS

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, where 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. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

2.4.15 RETIREMENT BENEFIT LIABILITY

(a) Defined Benefit Plan – Gratuity

The Group measures the present value of the promised retirement benefits of gratuity which is a defined benefit plan with the advice of an actuary using the Projected Unit Credit Method. Actuarial gains and losses are recognised as income or expenses over the expected average remaining working lives of the participants of the plan.

However, as per the payment of Gratuity Act No. 12 of 1983 this liability only arises upon completion of 5 years of continued service.

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

Employees are eligible for Employees' Provident Fund Contributions and Employees' Trust Fund Contributions in line with the respective statutes and regulations. The Company contributes 12% and 3% of gross emoluments of employees to Employees' Provident Fund and Employees' Trust Fund respectively. Some employees of the group are eligible for Mercantile Services Provident Society Fund, for which the group contributes 12% of gross emoluments of employees.

2.4.16 INCOME STATEMENT

Revenue Recognition

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

The following specific criteria are used for the purpose of recognition of revenue.

(a) Sale of Goods

Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to buyer; with the Group retaining neither continuing managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold.

(b) Rendering of Services

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

(c) Energy Supplied

Revenue from energy supplied is recognised, upon delivery of energy to Ceylon Electricity Board and will be adjusted for capacity charge for Minimum Guaranteed Energy Amount (MGEA) at the end of the

Notes to the Financial Statements

calendar year if there has been a curtailment. (Delivery of electrical energy shall be completed when electrical energy meets the specifications as set out in Power Purchase Agreement (PPA) is received at the metering point.)

(d) Apartment and Food and Beverages Sales

Apartment revenue is recognised on the rooms occupied on a daily basis, and food and beverages sales are accounted for at the time of sales.

(e) Interest

Interest Income is recognised on an accrual basis.

(f) Dividends

Dividend income is recognised on a cash basis (net of dividend tax).

(g) Rental Income

Rental income is recognised on an accrual basis. Rental income arising on investment properties is accounted for on a straight line basis over the lease terms.

(h) Others

Other income is recognised on an accrual basis.

2.5 BUSINESS SEGMENT REPORTING

A business segment is a distinguishable component of an enterprise that is engaged in providing an individual product or service or a group of related products or services that is subject to risk and returns that are different from those of other business segments. The accounting policies adopted for segment reporting are the same accounting policies adopted for preparing and presenting consolidated financial statements of the Group. Inter Segment transfers are based on fair market prices.

2.6 EMPLOYEES SHARE OPTION PLAN (ESOP)/SHARE OPTION SCHEME (ESOS)

The Employee Share Option Plans (ESOP) were approved by the shareholders of the Company in the years 2003 and 2006, whereby the Company issued a total of 4,468,699 Ordinary Shares to the senior management and employees based on performance. The options were required to be exercised between the period 01 April 2004 and 31 March 2009. The two schemes have however since lapsed .

In the year 2008, the Board recommended a further 3,000,000 shares by way of an Employee Share Ownership Scheme (ESOS). The new scheme was approved by the Members and came into effect on 9 December 2008.

The 1 tranche of 650,000 shares were issued to the Trustees on 6 February 2009 at Rs. 62/- per share, to key Senior Management. These shares will be held in trust

for the eligible employees unit such time as the shares are transferred to them in terms of the ESOS Trust – 2008. These shares increased to 3,250,000 by way of a sub division of shares carried out by Hemas on 2nd July 2010.

The 2nd tranche of 2,250,000 shares were issued to the trustees on 27 December 2010 at Rs. 44.09 per share, to the senior executives of the group. These shares will also be held in trust for the eligible employees until such time as the shares are transferred to them in terms of the ESOS Trust -2008.

2.7 EFFECT OF SRI LANKA ACCOUNTING STANDARD ISSUED BUT NOT YET EFFECTIVE:

The following Accounting Standards have been issued by the Institute of Chartered Accountants of Sri Lanka to be effective for the financial periods beginning on or after 1 January 2012.

- Sri Lanka Accounting Standard – SLAS 44 on 'Financial Instruments; Presentation'
- Sri Lanka Accounting Standard – SLAS 45 on 'Financial Instruments; Recognition and Measurement'
- Sri Lanka Accounting Standard - SLAS 46 on 'Financial Instruments; Disclosures'
- Sri Lanka Accounting Standard - SLAS 39 on 'Share-based Payment'

Following the convergence of Sri Lanka Accounting Standards with the International Financial Reporting Standards, all existing Sri Lanka Accounting Standards will be prefixed as SLFRS or LKAS which refer to Sri Lanka Accounting Standards corresponding to IFRS or IAS, respectively. The Council of the Institute of Chartered Accountants of Sri Lanka has mandated all specified business enterprises to adopt these new Accounting Standards effective for financial periods beginning on or after 1 January 2012.

The effect of application of these new Accounting Standards will be substantially different to the effect of application of existing Accounting Standards.

	Balance As at 01.04.2010 Rs.	Additions/ Transfers/ Acquisitions Rs.	Disposals/ Transfers Rs.	Balance As at 31.03.2011 Rs.
3 PROPERTY, PLANT AND EQUIPMENT				
3.1 Group				
Gross Carrying Amount				
At Cost/ Cost incurred since last Revaluation				
Freehold Land	184,353,107	10,082,534	-	194,435,641
Freehold Buildings	2,190,443,163	481,796,443	(501,244,215)	2,170,995,391
Buildings on Leasehold Land	100,677,295	3,892,599	-	104,569,894
Plant and Machinery	3,713,987,615	99,366,210	(29,588,500)	3,783,765,325
Furniture and Fittings	398,031,061	119,515,964	(13,032,732)	504,514,293
Office and Factory Equipment	744,322,144	55,465,839	(3,943,144)	795,844,839
Computer Hardware and Software	378,071,544	37,332,742	(9,873,676)	405,530,610
Motor Vehicles	421,440,714	91,187,679	(37,624,934)	475,003,459
Revertment	19,108,922	-	-	19,108,922
	8,150,435,565	898,640,010	(595,307,201)	8,453,768,374
At Valuation				
Freehold Land	434,266,370	74,687,600	(35,272,571)	473,681,399
Freehold Buildings	641,412,150	440,084,860	(90,389,499)	991,107,511
Buildings on Leasehold Land	239,629,015	698,000	-	240,327,015
	1,315,307,535	515,470,460	(125,662,070)	1,705,115,925
Assets on Finance Lease				
Motor Vehicles	14,411,743	-	(351,550)	14,060,193
	14,411,743	-	(351,550)	14,060,193
Total Value of Assets	9,480,154,843	1,414,110,470	(721,320,821)	10,172,944,492
Capital Work-In-Progress				
At Cost	45,675,372	672,966,292	(476,343,668)	242,297,996
At Valuation	17,500,000	18,612,400	-	36,112,400
	63,175,372	691,578,692	(476,343,668)	278,410,396
	Balance As at 01.04.2010 Rs.	Charge for the year Rs.	Disposals / Transfers Rs.	Balance As at 31.03.2011 Rs.
Depreciation				
At Cost				
Freehold Buildings	94,040,784	63,709,580	(34,791)	157,715,573
Plant and Machinery	1,361,108,076	278,535,449	(7,520,946)	1,632,122,579
Furniture and Fittings	204,169,581	55,023,870	(11,887,751)	247,305,700
Office and Factory Equipment	172,594,755	89,479,778	(2,737,179)	259,337,354
Computer Hardware and Software	317,693,131	37,924,515	(9,310,082)	346,307,564
Motor Vehicles	216,053,454	65,031,597	(27,000,051)	254,085,000
Revertment	11,330,110	847,110	-	12,177,220
	2,376,989,891	590,551,899	(58,490,800)	2,909,050,990
At Valuation				
Freehold Buildings	76,934,503	18,684,415	(77,185,712)	18,433,206
Buildings on Leasehold Land	45,181,610	9,047,379	90,803	54,319,792
	122,116,113	27,731,794	(77,094,909)	72,752,998
Assets on Finance Lease				
Motor Vehicles	10,608,755	1,692,201	(351,550)	11,949,406
	10,608,755	1,692,201	(351,550)	11,949,406
Total Depreciation	2,509,714,759	619,975,894	(135,937,259)	2,993,753,394

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	2011 Rs.	2010 Rs.
Net Book Values		
At Cost	5,787,015,380	5,819,121,046
At Valuation	1,668,475,327	1,210,691,422
Assets on Finance Lease	2,110,787	3,802,988
Total Carrying Amount	7,457,601,494	7,033,615,456

3.1.1 Following companies have stated their Land and Building at revalued amounts. The surplus arising from the revaluation was transferred to revaluation reserve.

Company	Valuer	Valuation Basis
2010/2011		
Mowbray Hotels Ltd.	Mr. K.Arthur Perera (A.M.I.V)	Open market value for existing use basis
Dolphin Hotels PLC	Mr. A.R.Ajith Fernando	Profit basis
Miami Beach Hotels Ltd.	Mr. A.R.Ajith Fernando	Profit basis
2009/2010		
Hemas Manufacturing (Pvt) Ltd.	Mr. K.Arthur Perera (A.M.I.V)	Open market value for existing use basis
2008/2009		
Serendib Hotels PLC	Mr. A.R.Ajith Fernando	Open market value for existing use basis
Hotel Sigiriya PLC	Mr. A.R.Ajith Fernando	Open market value for existing use basis
2006/2007		
Peace Haven Resorts Ltd.	Mr. K.Arthur Perera (A.M.I.V)	Open market value for existing use basis

3.1.2 During the financial year, the Group acquired Property, Plant and Equipment to the aggregate value of Rs.1,095,345,810/- (2010 - Rs.462,645,330/-) of which Rs.1,095,345,810/- (2010 - Rs.434,087,866/-) were paid in cash.

	Balance As At 01.04.2010 Rs.	Additions/ Transfers/ Acquisitions Rs.	Disposal/ Transfers Rs.	Balance As at 31.03.2011 Rs.
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3.2 Company

At Cost				
Roadways	6,975,688	-	-	6,975,688
Furniture and Fittings	17,181,394	69,500	(57,846)	17,193,048
Office Equipment	11,398,081	165,005	(513,507)	11,049,579
Computer Hardware and Software	81,735,786	5,963,914	(3,485,814)	84,213,886
Motor Vehicles	44,477,782	65,269,416	(17,975,000)	91,772,198
Total Value of Assets	161,768,731	71,467,835	(22,032,167)	211,204,399

	Balance As at 01.04.2010 Rs.	Charge For the Year Rs.	Disposals/ Transfers Rs.	Balance As at 31.03.2011 Rs.
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Depreciation				
At Cost				
Furniture and Fittings	5,321,144	2,104,814	(28,923)	7,397,035
Office Equipment	7,797,401	718,317	(466,104)	8,049,614
Computer Hardware and Software	72,280,294	5,918,188	(3,432,925)	74,765,557
Motor Vehicles	16,687,110	8,718,488	(9,718,844)	15,686,754
Total Depreciation	102,085,949	17,459,807	(13,646,796)	105,898,960

	2011 Rs.	2010 Rs.
Net Book Values		
At Cost	105,305,439	59,682,782

3.2.1 During the financial year, the Company acquired Property, Plant and Equipment to the aggregate value of Rs.71,467,835 /- (2010 - Rs. 12,808,057/-) by means of cash.

	Group		Company	
	2011 Rs.	2010 Rs.	2011 Rs.	2010 Rs.
4 INVESTMENT PROPERTIES				
Fair Value at the Beginning of the Year	1,261,409,950	1,178,709,950	330,409,950	271,709,950
Change in Fair Value during the Year	48,555,050	82,700,000	(20,444,950)	58,700,000
Fair Value at the End of the Year	1,309,965,000	1,261,409,950	309,965,000	330,409,950

The fair value of the investment property of Hemas Holdings PLC as at 31 March 2011 is ascertained by an independent valuation carried out by Mr. K.Arthur Perera (A.M.I.V), an independent valuer on an open market value for existing use basis.

In determining the fair value of the investment property of Hemas Developments (Pvt) Ltd., the capitalisation of net income method and the discounting of future cash flows to their present value have been used which are based upon assumptions including future rental income, anticipated maintenance costs, appropriate discount rate and make reference to market evidence of transaction prices for similar properties, with appropriate adjustments for size and location. The appraised fair values are approximated within appropriate range of values.

Investment Property was appraised in accordance with SLAS 40 and the resulting surplus/defecit in fair values is included in the Income Statement.

The significant assumptions used by the valuer are as follows:

Growth in future rentals	: 12% in 3rd & 5th year
Anticipated maintenance cost	: 40% of rentals
Discount rate	: 11% p.a.

	Group	
	2011 Rs.	2010 Rs.
5 INTANGIBLE ASSETS		
5.1 Non Current		
Goodwill	201,194,204	201,194,204
Brands	119,863,991	126,657,895
Development Expenses	2,836,629	5,221,388
	323,894,824	333,073,487
5.1.1 Goodwill		
Balance at the Beginning of the Year	201,194,204	50,174,272
Acquired during the Year	-	151,019,932
Impairment during the Year	-	-
Balance at the End of the Year	201,194,204	201,194,204
5.1.2 Brands		
Balance at the Beginning of the Year	126,657,895	132,521,739
Impairment/Written Off during the Year	(6,793,904)	(5,863,844)
Balance at the End of the Year	119,863,991	126,657,895
5.1.3 Development Expenses		
Balance at the Beginning of the Year	5,221,388	8,518,482
Acquired during the Year	940,769	-
Amortisation during the Year	(3,325,528)	(3,297,094)
Balance at the End of the Year	2,836,629	5,221,388

Hemas Group and its Subsidiaries annually carry out an impairment test on all its intangible assets. Impairment tests are carried out as follows:

- Goodwill - The business acquisition to which the goodwill is attributable is valued based on the earnings growth method. Assumptions applied in such computations are reviewed each year.
- Brands - Brands are valued based on the earnings growth method, and assumptions applied are reviewed each year.
- Development Expenses - These include all expenditure attributable to the intangible asset during its development stage. The technical feasibility of completing the project/ product and the business case for future economic benefits are reassessed each year.

Notes to the Financial Statements

	Group	
	2011 Rs.	2010 Rs.
6 LEASEHOLD PROPERTY		
Cost/Valuation		
Balance at the Beginning of the Year	76,838,370	76,838,370
Balance at the End of the Year	76,838,370	76,838,370
Amortisation		
Balance at the Beginning of the Year	14,993,517	11,927,801
Amortised during the Year	3,065,717	3,065,716
Balance at the End of the Year	18,059,234	14,993,517
Carrying Value at the End of the Year	58,779,136	61,844,853

Serendib Hotels PLC has obtained leasehold rights to two lots of land situated in Bentota from The Sri Lanka Tourist Board by the agreement dated 19/02/1969 and 28/02/1973 respectively (the lease expires on 01/02/2019 and 28/02/2033 respectively) and Hotel Sigiriya PLC has obtained leasehold rights to land situated at Sigiriya from The Sri Lanka Tourist Board by the agreement dated 25/07/1974. Based on the Ruling 11 of Urgent Issues Task Force (UITF) of The Institute of Chartered Accountants of Sri Lanka, it was stated at revalued amounts. As a result of a revision to said ruling, the Company now carries such leasehold rights to land, at the values recorded in the Balance Sheet as at the effective date of SLAS 19 - Leases.

The revised UITF ruling does not permit further revaluation of Leasehold Property. An amount of Rs.42,542,432/- and Rs.3,148,141/- in Serendib Hotels PLC and Hotel Sigiriya PLC respectively is remaining in equity under Revaluation Surplus relating to previous revaluation of Leasehold rights to land.

Hemas Manufacturing (Pvt) Ltd. has acquired a leasehold right of a land on operating lease from "Nimesha Enterprises" with regard to the "Nimex" operations. This will be amortised over the lease term which is 21 years.

	Group Holding		Company Holding		Company	
	2011 %	2010 %	2011 %	2010 %	2011 Rs.	2010 Rs.
7 INVESTMENT IN SUBSIDIARIES						
7.1 Non-Quoted Investments						
Hemas Corporate Services (Pvt) Ltd.	100	100	100	100	39,890,699	39,890,699
Hemas Developments (Pvt) Ltd.	100	100	73	73	632,316,443	632,316,443
Hemas Manufacturing (Pvt) Ltd.	100	100	100	100	509,904,546	509,904,546
Hemas Marketing (Pvt) Ltd.	100	100	100	100	192,599,742	192,599,742
Hemas Trading (Pvt) Ltd.	100	100	100	100	24,845,575	24,845,575
Hemas Pharmaceuticals (Pvt) Ltd.	100	100	100	100	213,330,657	213,330,657
Hemas Surgicals and Diagnostics (Pvt) Ltd.	100	100	100	100	23,956,545	23,956,545
Hemas Travels (Pvt) Ltd.	100	100	100	100	91,358,852	91,358,852
Hemas Air Services (Pvt) Ltd.	100	100	100	100	64,687,574	64,687,574
Forbes Air Services (Pvt) Ltd.	100	100	100	100	62,452,297	62,452,297
Discover the World Marketing (Pvt) Ltd.	100	100	100	100	4,665,732	4,665,732
Hemas Aviation (Pvt) Ltd.	100	100	100	100	1,909,963	1,909,963
Exchange & Finance Investment (Pvt) Ltd.	100	100	100	100	9,411,793	9,411,793
Hemtours (Pvt) Ltd.	100	100	100	100	209,911,882	209,911,882
Leisure Asia Investments Ltd.	100	100	100	100	257,559,015	257,559,015
Peace Haven Resorts Ltd.	95	95	95	95	336,454,612	336,454,612
Hemas Transportation (Pvt) Ltd.	100	100	100	100	300,000	300,000
ACX International (Pvt) Ltd.	100	100	100	100	21,788,300	21,788,300
Mowbray Hotels Ltd.	89	89	89	89	46,201,442	46,201,442
Far Shipping Lanka (Pvt) Ltd.	100	100	100	100	3,000,000	3,000,000
Hemas Hospitals (Pvt) Ltd.	81	70	74	63	877,563,828	756,343,445
Vishwa BPO (Pvt) Ltd.	100	100	100	100	10,000,000	10,000,000
					3,634,109,497	3,512,889,114
7.2 Quoted Investments						
Serendib Hotels PLC	51	51	22	22	120,755,299	120,755,299
Hemas Power PLC	75	75	75	75	1,941,136,581	1,941,136,581
					5,696,001,377	5,574,780,994

	Group Holding		Company Holding		Company	
	2011 %	2010 %	2011 %	2010 %	2011 Rs.	2010 Rs.
8 INVESTMENT IN JOINT VENTURES						
Hellmann Worldwide Logistics (Pvt) Ltd.	49	49	49	49	8,474,920	8,474,920
HIF Logistics (Pvt) Ltd.	49	49	49	49	30,044,344	30,044,344
					38,519,264	38,519,264

8.1 PROPORTIONATE INTEREST IN JOINT VENTURES

Aggregate amounts of Group's proportionate share of Heladhanavi Ltd. (47%), HIF Logistics (Pvt) Ltd. (49%), Skynet Worldwide Express (Pvt) Ltd. (49%) and Hellmann Worldwide Logistics (Pvt) Ltd. (49%) included in the Group financial statements are as follows:

	Group	
	2011 Rs.	2010 Rs.
(a) Balance Sheet		
Current Assets	1,247,403,244	1,089,104,363
Non Current Assets	1,578,191,501	1,761,995,084
Current Liabilities	1,325,816,391	1,335,687,895
Non Current Liabilities	360,758,623	59,462,126
(b) Income Statement		
Revenue	3,238,913,824	2,849,185,913
Net Profit	244,925,233	186,015,068

	Group		Company	
	2011 Rs.	2010 Rs.	2011 Rs.	2010 Rs.
9 OTHER INVESTMENTS				
Non-current				
Investments in Equity Securities (Note: 9.1/9.2)	384,112,547	64,498,596	114,008,371	114,248,398
Investment In Treasury Bonds	49,548,704	-	-	-
	433,661,251	64,498,596	114,008,371	114,248,398
Current				
Investment in Equity Securities (Note: 9.1.2/9.2.1)	67,694	67,694	48,642	48,642
	433,728,945	64,566,290	114,057,013	114,297,040

	No. of Shares		Carrying Value		Market Value	
	2011	2010	2011 Rs.	2011 Rs.	2010 Rs.	2010 Rs.
9.1 Group						
9.1.1 Investments in Equity Securities - Non-current						
(a) Quoted						
Overseas Realty (Ceylon) PLC	1,000	1,000	10,000	15,750	10,000	15,750
Eden Hotels Lanka PLC	127	127	861	4,286	861	4,286
Galadari Hotels PLC	2,000	2,000	18,750	44,000	18,750	44,000
Blue Diamond Jewellers PLC	1,300	1,300	3,900	2,470	3,900	2,470
Royal Palm Beach Hotels PLC	85	85	676	5,525	676	5,525
Kotmale Holdings PLC	40,000	40,000	400,000	990,000	400,000	990,000
Mercantile Shipping PLC	424,323	426,223	53,603,271	48,797,145	53,843,298	49,015,645
			54,037,458	49,859,176	54,277,485	50,077,676

Notes to the Financial Statements

	Carrying Value 2011 Rs.	Directors' Value 2011 Rs.	Carrying Value 2010 Rs.	Directors' Value 2010 Rs.
(b) Non-quoted				
Rainforest Ecology (Pvt) Ltd.	10,000,000	10,000,000	10,020,000	10,020,000
SLFFA Cargo Services Ltd.	201,119	201,119	201,111	201,111
Jada Resorts and Spa (Pvt) Ltd	319,873,970	319,873,970	-	-
	330,075,089	330,075,089	10,221,111	10,221,111
Total Equity Investments (Group - Non Current)	384,112,547		64,498,596	

	No. of Shares 2011	No. of Shares 2010	Carrying Value 2011 Rs.	Market Value 2011 Rs.	Carrying Value 2010 Rs.	Market Value 2010 Rs.
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9.1.2 Investments in Equity Securities - Current

(a) Quoted	No. of Shares 2011	No. of Shares 2010	Carrying Value 2011 Rs.	Market Value 2011 Rs.	Carrying Value 2010 Rs.	Market Value 2010 Rs.
John Keells Holdings PLC	726	726	48,642	207,346	48,642	133,584
Ceylon Theatres PLC	-	143	-	-	24,000	7,714
Lankem Ceylon PLC	1,500	1,500	14,500	602,250	14,500	97,500
			63,142	809,596	87,142	238,798
Less: Provision for fall in Value			-	-	(30,823)	-
			63,142	809,596	56,319	238,798

(b) Non-quoted	No. of Shares 2011	No. of Shares 2010	Carrying Value 2011 Rs.	Directors' Value 2011 Rs.	Carrying Value 2010 Rs.	Directors' Value 2010 Rs.
Coca Cola Beverages Sri Lanka Ltd.	100	100	5,275	5,275	5,275	5,275
Glaxo Ceylon Ltd.	150	150	4,500	4,500	4,500	4,500
Carsons Marketing Ltd.	100	100	1,600	1,600	1,600	1,600
Millers Ltd.	500	-	24,000	24,000	-	-
Less: Provision for fall in Value			(30,823)	(30,823)	-	-
			4,552	4,552	11,375	11,375
Total Equity Investments (Group- Current)			67,694		67,694	

	No. of Shares 2011	No. of Shares 2010	Carrying Value 2011 Rs.	Market Value 2011 Rs.	Carrying Value 2010 Rs.	Market Value 2010 Rs.
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9.2 Company

9.2.1 Investment in Equity Securities - Non Current

(a) Quoted	No. of Shares 2011	No. of Shares 2010	Carrying Value 2011 Rs.	Market Value 2011 Rs.	Carrying Value 2010 Rs.	Market Value 2010 Rs.
Overseas Realty (Ceylon) PLC	500	500	5,000	7,500	5,000	7,875
Kotmale Holdings PLC	40,000	40,000	400,000	2,140,000	400,000	990,000
Mercantile Shipping PLC	424,323	426,223	53,603,271	80,621,370	53,843,298	49,015,645
			54,008,271	82,768,870	54,248,298	50,013,520

	No. of Shares		Carrying	Directors'	Carrying	Directors'
	2011	2010	Value	Value	Value	Value
			2011	2011	2010	2010
			Rs.	Rs.	Rs.	Rs.
(b) Non-quoted						
Giddawa Hydro Power (Pvt) Ltd.	600,001	600,001	60,000,100	60,000,100	60,000,100	60,000,100
			60,000,100	60,000,100	60,000,100	60,000,100
Total Equity Investment (Company-Non Current)			114,008,371		114,248,398	

	No. of Shares		Carrying	Market	Carrying	Market
	2011	2010	Value	Value	Value	Value
			2011	2011	2010	2010
			Rs.	Rs.	Rs.	Rs.

9.2.2 Investment in Equity Securities - Current

Company						
Quoted						
John Keells Holdings PLC	726	726	48,642	207,346	48,642	133,584
Total Equity Investment (Company-Current)			48,642	207,346	48,642	133,584

The market value of the Company's investment portfolio has been obtained from the official price list as at 31 March published by the Colombo Stock Exchange. Provision has not been made for temporary fluctuations in market prices of long term investments.

	Group	
	2011	2010
	Rs.	Rs.
10 INVENTORIES		
Raw Materials	312,797,978	241,056,935
Work in Progress	37,800,829	38,129,326
Finished Goods and Other Stocks	1,406,401,412	1,304,823,798
Goods in Transit	-	5,652,847
	1,757,000,219	1,589,662,906
Less: Provision for Obsolete Stocks	(76,228,434)	(45,103,610)
	1,680,771,785	1,544,559,296

	Group		Company	
	2011	2010	2011	2010
	Rs.	Rs.	Rs.	Rs.

11 TRADE AND OTHER RECEIVABLES

Trade Debtors				
Related Parties (11.1)	-	-	81,784,640	59,025,697
Others	2,901,321,690	2,573,817,703	2,170,800	1,569,642
Ceylon Electricity Board	603,957,896	614,051,111	-	-
Less: Provision for Doubtful Debts	(50,448,799)	(39,871,579)	(500,000)	(2,300,000)
	3,454,830,787	3,147,997,235	83,455,440	58,295,339
Other Debtors				
Related Parties (11.2)	-	-	8,152,940	7,855,278
Others	805,758,809	490,525,305	65,912,369	32,335,482
Advances and Prepayments	299,868,746	261,031,736	11,475,540	10,614,195
Less: Provision for Doubtful Debts	(45,300,647)	(29,779,723)	-	-
	4,515,157,695	3,869,774,553	168,996,289	109,100,294
Loans to Company Officers (11.3)	60,771,641	63,551,750	7,190,831	7,726,085
	4,575,929,336	3,933,326,303	176,187,120	116,826,379

Notes to the Financial Statements

	Relationship	Company	
		2011 Rs.	2010 Rs.
11.1 Trade Dues from Related Parties			
Hemas Pharmaceuticals (Pvt) Ltd.	Subsidiary	19,567,275	12,901,122
Hemas Corporate Services (Pvt) Ltd.	Subsidiary	465,972	35,970
HIF Logistics (Pvt) Ltd.	Joint Venture	-	150,927
Hemas Travels (Pvt) Ltd.	Subsidiary	1,577,954	398,520
Hemas Power PLC	Subsidiary	804,661	370,499
Hemas Air Services (Pvt) Ltd.	Subsidiary	466,575	668,879
Hemtours (Pvt) Ltd.	Subsidiary	26,636	26,638
Hemas Southern Hospitals (Pvt) Ltd.	Subsidiary	3,575,861	2,067,934
Hemas Hospitals (Pvt) Ltd.	Subsidiary	4,191,015	741,294
Hemas Aviation (Pvt) Ltd.	Subsidiary	43,772	44,236
Hemas Manufacturing (Pvt) Ltd.	Subsidiary	7,282,782	3,032,916
Forbes Air Services (Pvt) Ltd.	Subsidiary	34,761,446	32,379,311
ACX International (Pvt) Ltd.	Subsidiary	67,930	740,770
Hemas Developments (Pvt) Ltd.	Subsidiary	90,000	61,946
Diethelm Travel Lanka (Pvt) Ltd.	Subsidiary	385,978	444,806
Heladhanavi Ltd.	Joint Venture	90,399	1,741,385
Giddawa Hydro Power (Pvt) Ltd.	Subsidiary	3,257	3,406
Serendib Leisure Management Ltd.	Subsidiary	3,717,874	-
Serendib Hotels PLC	Subsidiary	87,815	-
Hellmann Worldwide Logistics (Pvt) Ltd.	Joint Venture	113,766	-
Far Shipping Lanka (Pvt) Ltd.	Subsidiary	877,698	1,792,753
N-able (Pvt) Ltd.	Subsidiary	3,533,285	1,325,780
Sky Net Worldwide Express (Pvt) Ltd.	Joint Venture	52,689	84,346
Okanda Power Grid (Pvt) Ltd.	Subsidiary	-	12,259
		81,784,640	59,025,697

	Relationship	Company	
		2011 Rs.	2010 Rs.
11.2 Other Dues from Related Parties			
Hemas Manufacturing (Pvt) Ltd.	Subsidiary	971,510	924,651
Hemtours (Pvt) Ltd.	Subsidiary	992	992
HIF Logistics (Pvt) Ltd.	Joint Venture	-	26,594
Hemas Development (Pvt) Ltd.	Subsidiary	-	98,174
Far Shipping Lanka (Pvt) Ltd.	Subsidiary	328,460	505,148
Hemas Corporate Services (Pvt) Ltd.	Subsidiary	812,121	2,201,533
Forbes Air Services (Pvt) Ltd.	Subsidiary	511,257	86,128
Hemas Travels (Pvt) Ltd.	Subsidiary	1,035,050	515,286
Diethelm Travel Lanka (Pvt) Ltd.	Subsidiary	-	342,994
Vishwa BPO (Pvt) Ltd.	Subsidiary	250,723	233,678
Hemas Surgicals and Diagnostics (Pvt) Ltd.	Subsidiary	8,317	8,317
Hemas Hospitals (Pvt) Ltd.	Subsidiary	727,877	672,434
Hemas Power PLC	Subsidiary	745,245	243,820
N-able (Pvt) Ltd.	Subsidiary	2,761,388	921,388
ACX International (Pvt) Ltd.	Subsidiary	-	12,000
Hemas Air Services (Pvt) Ltd.	Subsidiary	-	341,654
Hemas Pharmaceuticals (Pvt) Ltd.	Subsidiary	-	720,487
		8,152,940	7,855,278

	Group		Company	
	2011 Rs.	2010 Rs.	2011 Rs.	2010 Rs.
11.3 Loans to Company Officers:				
Balance at the Beginning of the Year	63,551,750	66,622,944	7,726,085	10,478,541
Loans Granted During the Year	47,688,794	36,185,503	6,362,944	2,749,403
Less: Repayments	(50,468,903)	(39,256,697)	(6,898,198)	(5,501,859)
	60,771,641	63,551,750	7,190,831	7,726,085

	Relationship	Company	
		2011 Rs.	2010 Rs.
12 LOANS DUE FROM RELATED PARTIES			
Non-Current			
Hemas Corporate Services (Pvt) Ltd .	Subsidiary	15,000,000	19,202,439
Mowbray Hotels Ltd.	Subsidiary	-	2,734,930
		15,000,000	21,937,369
Current			
Hemas Pharmaceuticals (Pvt) Ltd.	Subsidiary	98,716,260	153,716,260
Hemas Power PLC	Subsidiary	-	7,250,000
HIF Logistics (Pvt) Ltd.	Joint Venture	6,000,000	12,000,000
Hemas Surgical and Diagnostics (Pvt) Ltd.	Subsidiary	1,000,000	1,000,000
ACX International (Pvt) Ltd.	Subsidiary	-	2,600,000
Hemas Hospitals (Pvt) Ltd.	Subsidiary	237,895,000	-
Hemas Clinical Research Services (Pvt) Ltd.	Subsidiary	-	2,296,235
Giddawa Hydro Power (Pvt) Ltd.	Subsidiary	-	2,055,000
Diethelm Travel Lanka (Pvt) Ltd	Subsidiary	10,000,000	-
Hemtours (Pvt) Ltd.	Subsidiary	65,000,000	50,000,000
N-able (Pvt) Ltd.	Subsidiary	47,000,000	40,000,000
Serendib Hotels PLC	Subsidiary	53,510,304	-
Leisure Asia Investments Ltd.	Subsidiary	150,000	-
Less: Provision for Doubtful Debts		-	(2,296,235)
		519,271,564	268,621,260

	Relationship	Company	
		2011 Rs.	2010 Rs.
13 AMOUNTS DUE FROM RELATED PARTIES			
Hemtours (Pvt) Ltd.	Subsidiary	16,852,337	16,630,546
Diethelm Travel Lanka (Pvt) Ltd.	Subsidiary	74,564	-
HIF Logistics (Pvt) Ltd.	Joint Venture	40,939	74,942
Hemas Pharmaceuticals (Pvt) Ltd.	Subsidiary	794,777	85,573,192
Hemas Surgicals & Diagnostics (Pvt) Ltd.	Subsidiary	20,107	39,734
Hemas Air Services (Pvt) Ltd.	Subsidiary	12,538,950	12,527,337
Hemas Travels (Pvt) Ltd.	Subsidiary	-	1,775,881
Hemas Power PLC	Subsidiary	-	3,619,631
Forbes Air Services (Pvt) Ltd.	Subsidiary	48,009,417	47,234,952
Vishwa BPO (Pvt) Ltd.	Subsidiary	-	4,549,427
Hellmann Worldwide Logistics (Pvt) Ltd.	Joint Venture	3,027	3,027
Far Shipping Lanka (Pvt) Ltd.	Subsidiary	2,129,562	1,596,520
Hemas Clinical Research Services (Pvt) Ltd.	Subsidiary	3,496,235	1,200,000
Hemas Hospitals (Pvt) Ltd.	Subsidiary	42,532,152	40,000,000
Hemas Aviation (Pvt) Ltd.	Subsidiary	-	2,415
N-able (Pvt) Ltd.	Subsidiary	3,356,051	447,340
Exchange & Finance Investment (Pvt) Ltd.	Subsidiary	-	3,594
Giddawa Hydro Power (Pvt) Ltd.	Subsidiary	-	12,856
Mowbray Hotels Ltd.	Subsidiary	3,585,681	-
Serendib Hotels PLC	Subsidiary	788,629	-
Less: Provision for Doubtful Debts		(3,496,235)	(1,200,000)
		130,726,193	214,091,394

Notes to the Financial Statements

	2011 Number	2011 Rs.	2010 Number	2010 Rs.
14 STATED CAPITAL				
14.1 Fully Paid Ordinary Shares (14.1.1)	512,040,620	1,468,425,034	101,958,124	1,369,222,534
14.1.1 Fully Paid Ordinary Shares				
Balance at the Beginning of the Year	101,958,124	1,369,222,534	101,958,124	1,369,222,534
Sub division of Shares	407,832,496	-	-	-
Issue of Shares under Employee Shares Ownership Plan	2,250,000	99,202,500	-	-
Balance at the End of the Year	512,040,620	1,468,425,034	101,958,124	1,369,222,534

The company exercised a sub division of ordinary shares in the proportion of 5:1 on 2 July 2010.

14.2 Rights, Preferences and Restrictions of Classes of Capital

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 a meeting of the Company.

	Group		Company	
	2011 Rs.	2010 Rs.	2011 Rs.	2010 Rs.
15 RESERVES				
(a) Revaluation and Other Capital Reserve				
Balance at the Beginning of the Year	835,953,106	914,598,431	257,032,425	368,073,839
Preference share issue/Adjustment on share transfers	101,250,000	-	-	(111,041,414)
Transferred during the Year	(9,256,164)	(79,475,938)	-	-
Net Gain/(Loss) recognised directly in Equity	119,208,913	830,613	-	-
Balance at the End of the Year	1,047,155,855	835,953,106	257,032,425	257,032,425
(b) Exchange Reserve				
Balance at the Beginning of the Year	(29,970,549)	(76,923,588)	-	-
Transfer from/(to) Retained Earnings	28,791,914	46,953,039	-	-
Balance at the End of the Year	(1,178,635)	(29,970,549)	-	-
Total Reserves	1,045,977,220	805,982,557	257,032,425	257,032,425

	2011 Amount Repayable Within 1 Year Rs.	2011 Amount Repayable After 1 Year Rs.	2011 Total Rs.	2010 Amount Repayable Within 1 Year Rs.	2010 Amount Repayable After 1 Year Rs.	2010 Total Rs.
	16 OTHER BORROWINGS					
Group						
Rent Deposits/ Advances	-	10,242,872	10,242,872	-	8,790,222	8,790,222
Non Interest Bearing Loans	1,207,000	-	1,207,000	1,207,000	-	1,207,000
	1,207,000	10,242,872	11,449,872	1,207,000	8,790,222	9,997,222

	2011 Amount Repayable Within 1 Year Rs.	2011 Amount Repayable After 1 Year Rs.	2011 Total Rs.	2010 Amount Repayable Within 1 Year Rs.	2010 Amount Repayable After 1 Year Rs.	2010 Total Rs.
17 INTEREST BEARING LOANS AND BORROWINGS						
17.1 Group						
Finance Leases	1,171,946	3,551,097	4,723,043	2,243,309	5,607,057	7,850,366
Bank Loans						
- Rupee Loans (17.1.1)	790,085,473	1,344,493,516	2,134,578,989	599,429,377	1,177,984,141	1,777,413,518
- USD Syndicate Loan (17.1.2)	-	-	-	287,267,682	47,938,510	335,206,192
- USD Term Loan (17.1.3)	200,008,677	351,995,747	552,004,424	-	-	-
Debentures (17.1.4)	-	-	-	6,417,273	-	6,417,273
Trust Receipt Loan						
- Standard Chartered Bank	-	-	-	90,000,000	-	90,000,000
Bank Overdrafts	1,388,997,315	-	1,388,997,315	969,609,133	-	969,609,133
	2,380,263,411	1,700,040,360	4,080,303,771	1,954,966,774	1,231,529,708	3,186,496,482

	As at 01.04.2010 Rs.	Loans Obtained Rs.	Repayments Rs.	As at 31.03.2011 Rs.
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17.1.1 Rupee Loans

Bank Loans	1,777,413,518	1,550,513,484	(1,193,348,013)	2,134,578,989
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	As at 01.04.2010 Rs.	Loans Obtained Rs.	Repayments Rs.	Exchange Gain/(Loss) Rs.	As at 31.03.2011 Rs.
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17.1.2 USD Syndicate Loan

Syndicate Loan	335,206,192	-	(330,704,820)	(4,501,372)	-
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The USD 39 Mn (Group Share - USD 18.35 Mn) syndicate loan facility was obtained from Hatton National Bank PLC, Commercial Bank of Ceylon PLC, Peoples' Bank, Bank of Ceylon, Seylan Bank PLC, Sampath Bank PLC, DFCC Bank PLC to finance the thermal power project of Heladhanavi Ltd. In September 2010, Heladhanavi Ltd., refinanced the total outstanding balance of this syndicated loan by USD term loans obtained from Hongkong & Shanghai Banking Corporation Limited (HSBC) and Standard Chartered Bank PLC (SCB).

	As at 01.04.2010 Rs.	Loans Obtained Rs.	Repayments Rs.	Exchange Gain/(Loss) Rs.	As at 31.03.2011 Rs.
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17.1.3 USD Term Loan

Long Term USD Loan - HSBC	-	337,250,784	(55,795,592)	(4,215,321)	277,239,871
Long Term USD Loan - SCB	-	315,396,120	(37,309,130)	(3,322,437)	274,764,553
	-	652,646,904	(93,104,722)	(7,537,758)	552,004,424

HELADHANAVI LTD

Long Term USD Loan - HongKong & Shanghai Banking Corp. Ltd.

(a) **Rate of Interest**

1 Month LIBOR + 3% p.a.

(b) **Security**

Registered Undertaking to Mortgage over project Assets (Land, Building, Plant and Machinery) for USD 6,400,000.

(c) **Facility**

The USD 6.4 Mn Term Loan facility was obtained in order to settle the existing syndicate loan balance & to replace Rupee working capital loan by USD borrowings.

(d) **Terms of Repayments**

Term Loan to be repaid in 36 equal monthly instalments of USD 177,778.

Notes to the Financial Statements

Long Term USD Loan - Standard Chartered Bank PLC

(a) **Rate of Interest**

1 Month LIBOR + 3% p.a. re-priced quarterly.

(b) **Security**

Registered Undertaking to Mortgage over project Assets (Land, Building, Plant and Machinery) for USD 6,000,000.

(c) **Facility**

The USD 6 Mn Term Loan facility was obtained to settle the existing syndicate loan balance & to replace Rupee working capital loan by USD borrowings.

(d) **Terms of Repayments**

Term Loan to be repaid in 42 equal monthly instalments of USD 142,857.

	As at 01.04.2010 Rs.	New Issues Rs.	Redemption Rs.	As at 31.03.2011 Rs.
17.14 Debentures				
15.75% Unsecured Subordinated Redeemable Fixed Rate Debenture	6,409,091	-	(6,409,091)	-

	2011 Amount Repayable Within 1 Year Rs.	2011 Amount Repayable After 1 Year Rs.	2011 Total Rs.	2010 Amount Repayable Within 1 Year Rs.	2010 Amount Repayable After 1 Year Rs.	2010 Total Rs.
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17.2 Company

Loans due to Related Parties (17.2.1)	321,640,000	686,502,490	1,008,142,490	426,908,500	425,709,598	852,618,098
Bank Overdrafts	33,504,597	-	33,504,597	1,553,257	-	1,553,257
	355,144,597	686,502,490	1,041,647,087	428,461,757	425,709,598	854,171,355

	As at 01.04.2010 Rs.	Loans Obtained Rs.	Repayment/ Transfer Rs.	As at 31.03.2011 Rs.
17.2.1 Loans due to Related Parties				
Hemas Air Services (Pvt) Ltd.	85,168,597	-	(8,000,000)	77,168,597
Hemas Developments (Pvt) Ltd.	130,967,548	59,300,000	(58,100,000)	132,167,548
Hemas Manufacturing (Pvt) Ltd.	70,000,000	92,000,000	(16,725,608)	145,274,392
Peace Haven Resorts Ltd.	220,194,998	-	(6,000,000)	214,194,998
Vishwa BPO (Pvt) Ltd.	18,000,000	-	(10,000,000)	8,000,000
Forbes Air Services (Pvt) Ltd.	197,666,960	345,595,100	(242,545,100)	300,716,960
Hemtours (Pvt) Ltd.	130,619,995	-	-	130,619,995
	852,618,098	496,895,100	(98,825,608)	1,008,142,490

Terms and Conditions

(a) Treasury Loans (Current)

Security - Unsecured

Repayment - Within 3 months

Interest - Based on market rates

(b) Other Loans (Non Current)

Security - Unsecured

Repayments - Grace Period of 4 Years (29/04/2008 - 30/04/2012) and thereafter repayable over 3 years

Interest - Grace Period of 4 Years (29/04/2008 - 30/04/2012) and thereafter interest chargeable based on Market Rates

	Group		Company	
	2011 Rs.	2010 Rs.	2011 Rs.	2010 Rs.
18 DEFERRED INCOME TAX				
18.1 DEFERRED TAX ASSETS				
Balance as at Beginning of the Year	22,805,294	21,832,128	-	-
Income/(Expense) arising during the Year	2,683,684	973,166	-	-
Balance at the End of the Year	25,488,978	22,805,294	-	-
18.2 DEFERRED TAX LIABILITIES				
Balance as at Beginning of the Year	145,146,554	136,307,726	60,197,984	38,979,758
Provision/(Release) - Directly to Income Statement	(11,235,849)	9,419,558	(18,176,166)	21,218,226
- Directly to Equity	(10,301,504)	(580,730)	-	-
Balance at the End of the Year	123,609,201	145,146,554	42,021,818	60,197,984

	Group		Company	
	2011 Rs.	2010 Rs.	2011 Rs.	2010 Rs.
19 RETIREMENT BENEFIT LIABILITY				
Retirement Benefit Obligation - Gratuity				
Balance as at Beginning of the Year	184,963,092	140,756,884	17,025,408	19,108,128
Interest cost	18,683,895	14,353,377	1,872,795	2,292,975
Current service cost	31,210,352	20,828,580	1,586,339	1,575,041
Benefits paid	(20,218,527)	(20,565,499)	(1,872,750)	(6,707,421)
Actuarial (Gain) \Loss	15,659,592	29,589,750	63,999	756,685
Balance as at the End of the Year	230,298,404	184,963,092	18,675,791	17,025,408

19.1 Messrs. K.A. Pandit Consultants and Actuaries, carried out an actuarial valuation of the defined benefit plan gratuity on 31/03/2011. Appropriate and compatible assumptions were used in determining the cost of retirement benefits. The principal assumptions used for Group and Company are as follows:

	2011	2010
Discount rate assumed (%)	10%	11%
Further salary increase (%)	9%	10%
Retirement Age	50 - 60 Years	50 - 60 Years

	Group		Company	
	2011 Rs.	2010 Rs.	2011 Rs.	2010 Rs.
20 TRADE AND OTHER PAYABLES				
Trade Payables				
Related Parties (20.1)	-	-	-	108,650
Others	2,815,496,147	2,475,713,016	584,604	346,613
Other Payables				
Related Parties (20.2)	-	-	5,464,604	4,057,419
Others	557,389,312	276,617,217	10,507,481	11,466,067
Sundry Creditors including Accrued Expenses	718,999,688	534,527,733	23,583,702	25,411,500
	4,091,885,147	3,286,857,966	40,140,391	41,390,249

Notes to the Financial Statements

	Relationship	Company	
		2011 Rs.	2010 Rs.
20.1 Trade Dues to Related Parties			
Hemas Travels (Pvt) Ltd.	Subsidiary	-	56,900
Diethelm Travel Lanka (Pvt) Ltd.	Subsidiary	-	51,750
		-	108,650
20.2 Non Trade Dues to Related Parties			
Hemas Corporate Services (Pvt) Ltd.	Subsidiary	458,112	692,250
Forbes Air Services (Pvt) Ltd.	Subsidiary	70,000	70,000
Hemas Pharmaceuticals (Pvt) Ltd.	Subsidiary	2,806,239	2,812,500
ACX International (Pvt) Ltd.	Subsidiary	-	162
Hemas Manufacturing (Pvt) Ltd.	Subsidiary	-	3,000
Hemtours (Pvt) Ltd.	Subsidiary	104,328	71,928
Vishwa BPO (Pvt) Ltd.	Subsidiary	44,785	-
Diethelm Travel Lanka (Pvt) Ltd.	Subsidiary	167,023	65,729
N-Able (Pvt) Ltd.	Subsidiary	1,354,814	-
HIF Logistics (Pvt) Ltd.	Joint Venture	38,743	-
Hemas Travels (Pvt) Ltd.	Subsidiary	420,560	341,850
		5,464,604	4,057,419

	Relationship	Company	
		2011 Rs.	2010 Rs.
21 AMOUNTS DUE TO RELATED PARTIES			
Peace Haven Resorts Ltd.	Subsidiary	-	458,489
Hemas Power PLC	Subsidiary	9,602,000	13,175,400
Vishwa BPO (Pvt) Ltd.	Subsidiary	14,680,298	5,221,073
Hemas Manufacturing (Pvt) Ltd.	Subsidiary	-	831,736
Hemas Pharmaceuticals (Pvt) Ltd.	Subsidiary	25,110,604	-
Hemtours (Pvt) Ltd.	Subsidiary	14,225,000	10,985,000
Hemas Aviation (Pvt) Ltd.	Subsidiary	5,397,585	5,400,001
Exchange & Finance Investment (Pvt) Ltd.	Subsidiary	3,751,724	3,755,318
Discover the World Marketing (Pvt) Ltd.	Subsidiary	3,320,001	3,320,001
Hemas Air Services (Pvt) Ltd.	Subsidiary	50,453,502	49,924,034
Hemas Travels (Pvt) Ltd.	Subsidiary	7,840,000	1,775,881
Forbes Air Services (Pvt) Ltd.	Subsidiary	-	13,046,706
Hemas Developments (Pvt) Ltd.	Subsidiary	22,670,865	1,074,986
ACX International (Pvt) Ltd.	Subsidiary	5,160,139	7,972,845
Far Shipping Lanka (Pvt) Ltd.	Subsidiary	5,600,000	-
		167,811,718	116,941,470

	Group		Company	
	2011 Rs.	2010 Rs.	2011 Rs.	2010 Rs.
22 CASH AND CASH EQUIVALENTS IN CASH FLOW STATEMENT				
Components of Cash and Cash Equivalents				
22.1 Favourable Cash and Cash Equivalent Balances				
Cash & Bank Balances	1,133,279,596	392,885,938	23,678,870	27,994,605
Fixed Deposits, Treasury Bills and Repo Investments	2,025,096,612	1,258,993,053	210,023	50,141,052
	3,158,376,208	1,651,878,991	23,888,893	78,135,657
22.2 Unfavourable Cash and Cash Equivalent Balances				
Bank Overdraft	(1,388,997,315)	(969,609,133)	(33,504,597)	(1,553,257)
Total Cash and Cash Equivalents for the Purpose of Cash Flow Statement	1,769,378,893	682,269,858	(9,615,704)	76,582,400

	Group		Company	
	2011 Rs.	2010 Rs.	2011 Rs.	2010 Rs.
23 REVENUE				
Sales of Goods	11,444,147,421	9,794,718,534	-	-
Rendering of Services	6,623,341,770	5,202,686,171	304,850,770	343,212,995
	18,067,489,191	14,997,404,705	304,850,770	343,212,995

Segment information is given in Note 36 to these financial statements.

	Group		Company	
	2011 Rs.	2010 Rs.	2011 Rs.	2010 Rs.
24 DIVIDEND INCOME				
Income from Investments - Related Parties	-	-	303,296,875	155,962,343
- Others	780,523	93,014	86,482	83,322
	780,523	93,014	303,383,357	156,045,665

	Group		Company	
	2011 Rs.	2010 Rs.	2011 Rs.	2010 Rs.
25 OTHER INCOME AND GAINS				
Gain on Disposal and Acquisition	30,651,219	2,451,226	3,560,177	-
Rental Income	9,369,508	1,252,018	1,390,000	1,100,000
Commission Income	9,306,683	7,232,511	-	-
Exchange Gain	30,750,276	17,163,064	-	-
Sundry Income	28,752,722	16,428,716	624,414	599,527
	108,830,408	44,527,535	5,574,591	1,699,527

	Group		Company	
	2011 Rs.	2010 Rs.	2011 Rs.	2010 Rs.
26 GAIN/ (LOSS) ON DISPOSAL OF INVESTMENTS				
Gain on Share Buy Back	-	-	-	1,242,681,268
Profit/(Loss) on Disposal of Investment	3,316,950	(1,600,000)	233,909	(1,600,000)
	3,316,950	(1,600,000)	233,909	1,241,081,268

In the year 2009/10 the Boards of Hemas Manufacturing (Pvt) Ltd., Hemas Marketing (Pvt) Ltd., Hemas Pharmaceuticals (Pvt) Ltd., Forbes Air Services (Pvt) Ltd. and Hemas Travels (Pvt) Ltd. offered to repurchase its own shares held by Hemas Holdings PLC. A gain of Rs. 1,242,681,268/- was made by Hemas Holdings PLC by accepting this offer.

	Group		Company	
	2011 Rs.	2010 Rs.	2011 Rs.	2010 Rs.
27 FINANCE COST AND INCOME				
27.1 Finance Cost				
Interest Expense on Overdrafts	64,756,693	130,159,200	242,662	296,565
Interest Expense on Loans and Borrowings - Rupee	219,093,180	266,296,311	51,892,991	125,071,797
- USD	13,461,432	51,142,616	-	-
Debenture Interest	393,379	1,715,355	-	-
Finance Charges on Lease Liabilities	32,088	62,236	-	-
	297,736,772	449,375,718	52,135,653	125,368,362
27.2 Finance Income				
Interest Income - Related Parties	-	-	43,936,742	28,735,369
- Others	126,237,483	100,929,714	3,425,983	1,563,422
	126,237,483	100,929,714	47,362,725	30,298,791

Notes to the Financial Statements

	Group		Company	
	2011 Rs.	2010 Rs.	2011 Rs.	2010 Rs.
28 PROFIT BEFORE TAX				
Stated after Charging/(Crediting)				
Included in Cost of Sales				
Depreciation	335,425,221	193,300,165	-	-
Provision for obsolete stock	31,124,824	14,518,634	-	-
Included in Administrative Expenses				
Employees Benefits including the following				
Defined Benefit Plan Cost - Gratuity	65,553,839	64,771,707	3,523,133	4,624,701
Defined Contribution Plan Cost - MSPS/EPF/ETF	107,778,506	97,282,366	8,202,133	7,479,555
Depreciation	284,550,674	329,305,510	17,459,807	18,012,703
Exchange Loss	22,967,722	48,287,966	-	-
Amortisation/ Impairment of Intangibles	10,119,432	9,160,937	-	-
Profit/ (Loss) on Disposal of Property, Plant and Equipment	-	4,828,403	-	(79,716)
Auditors' Fees and Expenses	7,759,620	7,330,870	980,300	1,091,396
Legal Fees	1,491,142	697,341	8,500	59,000
Donations	9,665,268	1,544,983	116,947	11,200
Bad Debts Written - off	321,603	6,833,185	-	-
Provision for Doubtful Debts	26,098,144	33,788,971	(1,645,643)	5,796,235
Included in Selling & Distribution Cost				
Transport Cost	75,354,824	35,650,293	-	-
Advertising Cost	299,967,035	318,156,095	144,032	-

	Group		Company	
	2011 Rs.	2010 Rs.	2011 Rs.	2010 Rs.
29 INCOME TAX EXPENSE				
Current Income Tax				
Current Tax Expense on Ordinary Activities for the Year (29.1)	200,411,275	145,294,975	27,545,469	13,409,382
Under/(Over) Provision of Current Taxes in respect of prior years	6,151,976	(4,319,542)	-	-
Tax on Dividends	21,510,222	10,135,366	-	-
Deferred Income Tax				
Deferred Tax Expense/(Income) arising due to				
- Origination and Reversal of Timing Differences	(13,919,528)	8,963,943	(18,176,166)	21,218,226
	214,153,945	160,074,742	9,369,303	34,627,608

29.1 Reconciliation between Income Tax Expenses and the Accounting Profit

Accounting Profit Before Tax	1,569,344,612	1,094,718,688	347,688,901	1,489,735,490
Intra Group Adjustment/Share of Profits of Subsidiaries	910,603,952	397,573,200	-	(1,241,081,268)
Income not subject to Income Tax	(943,205,642)	(494,717,251)	(283,172,316)	(213,062,343)
Exempt profit	(794,363,896)	(658,714,584)	-	-
Aggregate Disallowed Expenses	257,741,391	293,452,409	35,381,698	39,577,153
Aggregate Allowable Expenses	(251,782,820)	(383,591,394)	(17,942,296)	(16,813,091)
Aggregate Disallowable income	85,662,661	66,716,761	-	-
Adjustment for tax losses	(5,290,396)	34,552,409	(4,651,629)	(20,424,579)
Taxable Profit	828,709,862	349,990,238	77,304,358	37,931,362
Income tax at 35%	164,738,517	119,186,235	27,138,394	13,211,214
Income tax at 15%	26,380,686	22,477,313	-	-
Income Tax at other rates	6,431,017	1,478,596	-	-
	197,550,220	143,142,144	27,138,394	13,211,214
Social Responsibility levy	2,861,055	2,152,831	407,076	198,168
Current Income Tax Expense	200,411,275	145,294,975	27,545,469	13,409,382

29.2 Applicable Tax Rates

As per the Inland Revenue Act No. 10 of 2006, all resident companies are liable to effective Income Tax of 35% (2009 - 35%), with the exception of the companies stated below:

Hemas Developments (Pvt) Ltd., has obtained BOI approval under Section 17 and it enjoys a tax rate of 2% on Revenue.

Pursuant to the agreement dated 28 August 2003, entered into with BOI under Section 17 of the Board of Investment Law, Heladhanavi Ltd., is exempt from Income Tax for a period of 10 years from the year in which the Company commences to make profits or any year of assessment not later than 2 years from the date of commencement of commercial operations of the enterprise, whichever is earlier.

As per the Section 23 of Inland Revenue Act No.10 of 2006, Hemas Power PLC is classified as a venture capital Company. Accordingly the company enjoyed a 5 year tax holiday period. After expiration of aforesaid tax exemption period in terms of Section 48 of Inland Revenue (Amendment) Act No 09 of 2008, the Company is liable for tax for the first 3 years at 5%, 10% & 15% respectively. However, expiration of above 3 years concessionary tax period, the company is liable for income tax at the rate of 20% as per the part 'A' of the second schedule of the Inland Revenue Act No. 10 of 2006. Accordingly, the Company is liable for income tax at 15% for 2010/2011.

Pursuant to the agreement entered with BOI, Okanda Power Grid (Pvt) Ltd 's profit is exempt from Income Tax for a period of 5 years reckoned from the year of assessment as may be determined by the Board, in which the company commences to make profits or any year of assessment not later than 2 years from the date of commencement of commercial operations of the Company, which ever is earlier. After the expiration of aforesaid tax exemption period, the profit of the Company shall be charged at the rate of 10% for a period of 2 years immediately succeeding the last date of the tax exemption period and 20% thereafter.

Pursuant to the agreement entered with BOI, Upper Agra Oya Hydro Power (Pvt) Ltd 's profit is exempt from Income Tax for a period of 5 years reckoned from the year of assessment as may be determined by the Board, in which the Company commences to make profits or any year of assessment not later than 2 years from the date of commencement of commercial operations of the Company, which ever is earlier. After the expiration of aforesaid tax exemption period, the profit of the Company shall be charged at the rate of 10% for a period of 2 years immediately succeeding the last date of the tax exemption period and 20% thereafter.

Pursuant to the agreement entered with BOI, profit of Giddawa Hydro Power (Pvt) Ltd is exempt from Income Tax for a period of 5 years reckoned from the year of assessment as may be determined by the Board, in which the Company commences to make profits or any year of assessment not later than 2 years from the date of commencement of commercial operations of the Company, which ever is earlier. After the expiration of the aforesaid tax exemption period, the profit of the Company shall be charged at the rate of 10% for a period of 2 years immediately succeeding the last date of the tax exemption period and 20%, thereafter.

As per the Section 17 of Inland Revenue Act No.10 of 2006, N-able (Pvt) Ltd is exempt from income tax for a period of 3 years. After the expiration of the aforesaid tax exemption period, profits of the Company shall be charged at 5% for the first year, 10% in the second year and 15% thereafter.

Pursuant to the agreement entered into with BOI under Section 17 of the Board of Investment Law, Hemas Hospitals (Pvt) Ltd and Hemas Southern Hospitals (Pvt) Ltd are exempt from Income Tax for a period of 5 years, reckoned from the year of assessment, in which the companies commences to make profits or any year of assessment not later than 2 years from the date of commencement of commercial operations of the companies, whichever is earlier. After the expiration of the aforesaid tax exemption period, profits are charged at 10% for the next 2 years and 20% thereafter.

Pursuant to the agreement entered into with BOI under Section 17 of the Board of Investment Law, Vishwa BPO (Pvt) Ltd is exempt from Income Tax for a period of 3 years reckoned from the year of assessment, in which the Company commences to make profits or any year of assessment not later than two years from the date of commencement of commercial operations of the Company, whichever is earlier. After the expiration of the aforesaid tax exemption period, profits are charged at 10% for the next 2 years and 20% thereafter.

Pursuant to the agreement entered into with BOI under Section 17 of the Board of Investment Law, for the business of Hemas Manufacturing (Pvt) Ltd for manufacturing and / or marketing of soap, personal care items and other fast moving consumer goods at its relocated factory in Dankotuwa under "300 Enterprises programme", Inland Revenue Act relating to the imposition, payment and recovery of income tax shall not apply for a period of 5 years from the year in which the Company commences commercial operations at the relocated factory. After the expiration of aforesaid tax exemption period, the profits are charged at 10% for a period of 2 years and 20% thereafter.

Notes to the Financial Statements

Trading income of Serendib Hotels PLC, Hotel Sigiriya PLC, Dolphin Hotels PLC, Miami Beach Hotels Ltd., Serendib Leisure Management (Pvt) Ltd., Hemas Travels (Pvt) Ltd. Far Shipping Lanka (Pvt) Ltd and Hemtours (Pvt) Ltd. is taxed at 15%.

As per SRO No 172-Law / Income Tax/ 2009 dated 30 June 2009 Hemas Consumer Brands Private Ltd is entitled to pay tax at reduce rate on income. As the Company incurred a loss during the period, maximum tax of Taka 5,000 has been made as a provision for Income Tax in line with the provisions of the ITO-1984.

30 EARNINGS PER SHARE

30.1 Basic Earnings Per Share is calculated by dividing the net profit for the year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. The weighted average number of ordinary shares outstanding during the year and the previous year are adjusted for events that have changed the number of ordinary shares outstanding, without a corresponding change in the resources such as a bonus issue.

30.2 The following reflects the income and share data used in the Basic Earnings Per Share computation.

	Group	
	2011 Rs.	2010 Rs.
Amount Used as the Numerator:		
Profit for the Year	1,210,158,582	901,730,007
Less: Preference Dividends	(4,183,028)	(2,303,361)
Net Profit Attributable to Ordinary Shareholders for Basic Earnings Per Share	1,205,975,554	899,426,646
	2011 Number	2010 Number
Number of Ordinary Shares Used as Denominator:		
Number of shares at the beginning of the year	101,958,124	101,958,124
Sub division of shares	407,832,496	407,832,496
	509,790,620	509,790,620
Effect of Issue of shares under ESOS	562,500	-
Weighted Average number of Ordinary Shares in issue applicable to Basic Earnings Per Share	510,353,120	509,790,620

30.3 There were no potentially dilutive ordinary shares outstanding at any time during the year.

31 DIVIDENDS PER SHARE

	Company	
	2011 Rs.	2010 Rs.
31.1 Dividends Paid		
Final out of 2009/2010 (2010-2008/2009) profits		
Net Dividends paid to ordinary shareholders	216,703,055	165,172,161
WHT deducted at source from Dividends out of Profits	12,702,724	
Gross Ordinary Dividend paid	229,405,779	165,172,161
Interim out of 2010/2011 profits		
Net Dividends paid to ordinary shareholders	127,447,655	-
	356,853,434	165,172,161
WHT deducted at source from Dividends out of Dividends received	25,536,244	18,352,462
Dividend paid to Ordinary share holders	382,389,678	183,524,623
31.2 Dividends Per Share		
Final out of 2008/2009 profits (Adjusted for subdivision of shares)	-	0.36
Final out of 2009/2010 profits	0.45	-
Interim out of 2010/2011 profits	0.25	-

31.3 The Final Dividends for 2009/2010 has been paid on 28 July 2010 and Interim Dividends for 2010/2011 on 22 November 2010.

32 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

The Board of Directors of the company has proposed a Final Dividend of Rs.0.25 per share for the financial year ended 31 March 2010 as required by Section 56(2) of the Companies Act No 07 of 2007, the Board of Directors has confirmed that the company satisfies the solvency test in accordance with Section 57 of the said act, the company has obtained a certificate from the Auditors, prior to declaring the Final Dividend which is to be paid on 11 July 2011.

In accordance with the Sri Lanka Accounting Standard 12 (Revised 2005) - Events after the Balance Sheet date, the proposed Final Dividend has not been recognised as a liability in the financial statements as at 31 March 2011.

33 COMMITMENTS & CONTINGENCIES

33.1 CAPITAL COMMITMENTS

	Group	
	2011 Rs.	2010 Rs.
SERENDIB HOTELS PLC		
Contracted but not provided for	-	34,428,166
Authorised by the Board, but not contracted for	650,000,000	469,800,000
	650,000,000	504,228,166

33.2 CONTINGENCIES

(a) HEMAS HOLDINGS PLC

The contingent liability as at 31 March 2011 on Guarantees given by Hemas Holdings PLC, to banks on behalf of Subsidiaries & Joint Ventures relating to facilities obtained, are as follows:

	2011 Rs.	2010 Rs.
Hemas Pharmaceuticals (Pvt) Ltd.	-	88,750,000
Hemas Travels (Pvt) Ltd.	22,000,000	22,000,000
Hemas Corporate Services (Pvt) Ltd.	5,000,000	5,000,000
Hemas Southern Hospitals (Pvt) Ltd.	110,000,000	110,000,000
Exchange & Finance Investment (Pvt) Ltd.	2,500,000	2,500,000
Hemas Manufacturing (Pvt) Ltd.	85,000,000	85,000,000
Heladhanavi Ltd.	300,000,000	300,000,000
Hemas Power PLC	10,000,000	10,000,000
Forbes Air Services (Pvt) Ltd.	150,000,000	150,000,000
Hemas Hospitals (Pvt) Ltd.	200,000,000	200,000,000
Serendib Hotels PLC	200,000,000	-
	1,084,500,000	973,250,000

(b) HEMAS MANUFACTURING (PVT) LTD.

A Civil Case has been filed against the Company by Colgate Palmolive Company, seeking a declaration that the Company's Registered Trade Mark No. 74941 is null and void and of no force of effect in law from the date of registration of the said mark. Both parties have filed written submissions as per the Supreme Court rules and the Supreme Court Registry will notify the date of hearing in due course.

(c) HEMAS MARKETING (PVT) LTD.

The Company has given Guarantees to Banks on behalf of Hemas Manufacturing (Pvt) Ltd amounting to Rs. 150,000,000/-.

(d) HEMAS TRAVELS (PVT) LTD.

- 1 The Company has obtained Guarantees from Standard Chartered Bank PLC favouring foreign tours and hotel suppliers amounting to EURO 10,000 and USD 40,000.
- 2 The Company has obtained Guarantees from Standard Chartered Bank PLC favouring Airline Operators amounting to Rs.147,800,000/- and USD 10,000.
- 3 The Company has obtained a guarantee from Standard Chartered Bank PLC favouring The Commissioner General of Inland Revenue amounting to Rs.1,476,406/-.

Notes to the Financial Statements

(e) HEMAS AIR SERVICES (PVT) LTD.

- The Company has obtained Guarantees from Standard Chartered Bank PLC favouring Heavyweight Air Express and Malaysian Airlines amounting to USD 15,000 and USD 610,000 respectively.
- The Company has obtained Guarantees from Standard Chartered Bank PLC favouring Airport & Aviation Services (Pvt) Ltd and Director General of Civil Aviation amounting to Rs.5,201,450/- and Rs. 1,134,000/-.
- The Company has obtained Guarantees from Standard Chartered Bank PLC on behalf of Hemas Aviation (Pvt) Ltd., favouring Sri Lankan Airline Ltd, Drukair Corporation Ltd and Discover Momentum LLC., amounting to USD 30,000, USD 20,000 and USD 50,000 respectively.

(f) FORBES AIR SERVICES (PVT) LTD.

- The Company has obtained Guarantee from Standard Chartered Bank PLC favouring Emirates - Dubai amounting to Rs. 906,300,000/-.
- The Company has obtained a Guarantee from Standard Chartered Bank PLC favouring The Commissioner General of Inland Revenue amounting to Rs.2,205,100/-.

(g) EXCHANGE & FINANCE INVESTMENTS (PVT) LTD.

- The Company has obtained Guarantees from Nations Trust Bank PLC favouring Kenya Airways amounting to Rs.4,000,000/-.
- Mr. K.T.D Samarasinghe has filed a case against the Company claiming damages for Rs. 5,000,000/- and the trial is still being continued.

(h) DISCOVER THE WORLD MARKETING (PVT) LTD.

The Company has given a Guarantee amounting to USD 50,000 to its principal "Discover Momentum" in relation to the credit facilities obtained by the principal.

The Company has given a Guarantee through Hemas Air Services (Pvt) Ltd in favor of Director General of Civil Aviation and amounting to Rs.1,134,000/-.

33.3 LEASE COMMITMENTS

HEMAS HOSPITALS (PVT) LTD.

Operating Lease Commitments - Company as Lessee

The Company has entered into an operating lease agreement to lease a land from Nihila Garments (Pvt) Ltd with a lease period of 30 years with no renewal option. There are no restrictions placed upon the lessee when entering into this lease agreement.

	2011 Rs.	2010 Rs.
Future minimum rentals payable		
Within 1 Year	18,750,000	18,750,000
After 1 Year but not more than 5 Years	84,750,000	84,750,000
More than 5 Years	502,494,000	524,244,000
	605,994,000	627,744,000

33.4 COMMITMENTS AND CONTINGENCIES OF THE JOINTLY CONTROLLED ENTITIES

The Group has its Proportionate Share of following:

(a) HELADHANAVI LTD.

1 Operations and Maintenance Agreement with Lakdhanavi Ltd.

According to this agreement, the fixed fee payable after the final completion date is USD 625,000 per annum paid in equal monthly installments.

Heladhanavi Ltd. is liable to pay Lakdhanavi Ltd. an additional sum of USD 2,000,000 for each remaining year of the term or pro rata for part of term upon the early termination of this agreement.

2 Fuel Transport Agreement with LTL Projects (Pvt) Ltd.

Heladhanavi Ltd. has entered into a contract during the period with LTL Projects (Pvt) Ltd., for the transportation of fuel. According to the arrangement the company needs to pay a fixed charge of USD 10,500 per month from the date of commencement of power generation in the plant.

3 Fuel Supply Agreement with Ceylon Petroleum Corporation

If the company is unable to accept fuel under supply schedule (subject to change) and/or comply with its obligations under this agreement and costs, expenses, damages & losses incurred as a direct and exclusive result of such failure or inability should be paid by the company within 30 days. However, company's liability under this agreement is limited to a maximum of USD 500,000 per annum.

According to the clause 3.5 (C) of fuel supply agreement, company has established a Letter of Credit at Hatton National Bank PLC in favour of Ceylon Petroleum Corporation to the value of Rs. 280,000,000/-.

4 Power Purchase Agreement with Ceylon Electricity Board

If the company fails to supply Minimum Guaranteed Energy Amount (MGEA), which is 698,417,280 kwh per year, the Company would be liable for liquidated damages.

Shortfall	Amount of liquidated damages for each kwh of shortfall
Exceeding 10% of MGEA up to 25% of MGEA	15% of capacity charges
Exceeding 25% of MGEA	25% of capacity charges

5 Eligibility to apply for a Generation Licence

As per the Sri Lanka Electricity Act No.20 of 2009, for a company to be eligible to obtain the generation license for generation capacity over and above 25MW, the company must be incorporated under the Companies Act No. 7 of 2007, in which the government, a public corporation, a company in which the government holds more than fifty per centum of the shares or a subsidiary of such a company, holds such number of shares as may be determined by the Secretary to the Treasury with the concurrence of the Minister in charge of the subject of Finance.

However no such determination of shares was made by the Secretary to the Treasury at the point of application of the generation license. It was revealed that the Government of Sri Lanka is in the process of amending the Electricity Act to exempt the existing independent power procedures (including the Company) from this requirement. The Company is currently supplying power to the Ceylon Electricity Board based on a generation license validly obtained on 26 September 2003.

A legal opinion was sought by the Company in this regard which states that in the absence of the determination of the fixed number of shares by the secretary to the treasury as required under section 9 (1) (c) of the Sri Lanka Electricity Act No 20 of 2009, the company is entitled to apply for a generation license.

(b) HIF LOGISTICS (PVT) LTD.

The Company has obtained Guarantees from Standard Chartered Bank PLC favouring Sri Lankan Airlines Ltd., Green Lanka Shipping Ltd., Atiken Spence Aviation (Pvt) Ltd. and MAC Holdings (Pvt) Ltd. amounting to Rs.2,000,000/-, Rs.4,000,000/- Rs.2,000,000/- and Rs.1,000,000/- respectively.

(c) HELLMAN WORLDWIDE LOGISTICS (PVT) LTD.

The Company has obtained corporate guarantees from Hellman Worldwide Logistics Ltd (Hong Kong) for Hong Kong Dollars equivalent to Rs.31,900,000/-.

Notes to the Financial Statements

34. ASSETS PLEDGED

The following assets have been pledged as security for liabilities as at the Balance Sheet date.

Name of The Company	Nature of Assets	Nature of Liability	Carrying Amount of the Assets Pledged		Included Under
			2011 Rs.	2010 Rs.	
Hemas Manufacturing (Pvt) Ltd.	Inventories and Trade Receivables	Concurrent Mortgage to the extent of bank facility obtained from HNB and HSBC	22,500,000	22,500,000	Inventories and Trade Receivable
	Land & Building of Dankotuwa state, existing Machinery, proposed Plant & Machinery, Equipment and Furniture & Fittings of Dankotuwa state.	Primary Mortgage for the Bank loan obtained from NDB	788,280,121	788,280,121	Property, Plant and Equipment
Heladhanavi Ltd. (The Group has its proportionate share of the assets pledged)	Immovable Assets	USD 4,000,000 & USD 12,600,000 (Term Loan Facility)	10,884,270	10,884,270	Property, Plant and Equipment
	Mortgage of all movable assets and assignment of book debts of the company.		-	7,377,091,249	Property, Plant and Equipment
	Share certificates of the Company.	USD 35,000,000 (Syndicated Loan Facility)	-	1,200,000,070	Stated Capital
	Assignment of project documents.				
	Immovable Assets.	Rs. 30,769,230 (Rupee Loan Facility)	-	10,884,270	Property, Plant and Equipment
	Mortgage of all movable assets and assignment of book debts of the company.	Rs. 269,230,769 (Rupee Loan Facility)	-	7,377,091,249	Property, Plant and Equipment
	Share certificates of the company.	Rs. 400,000,000 (Working Capital Loan)	-	1,200,000,070	Stated Capital
Assignment of project documents.					
Hemas Hospitals (Pvt) Ltd.	Leasehold right to the Leasehold Land	Primary Mortgage up to the value of Rs.750,000,000 to DFCC Bank PLC	1,364,269,325	1,453,727,473	Property, Plant and Equipment
Hemas Southern Hospitals (Pvt) Ltd.	Land and Building	Concurrent Mortgage to the extent of Bank facility obtained from Sampath Bank PLC	353,200,000	354,400,000	Property, Plant and Equipment

Name of The Company	Nature of Assets	Nature of Liability	Carrying Amount of the Assets Pledged		Included Under
			2011 Rs.	2010 Rs.	
Serendib Hotels PLC	Leasehold Land and Buildings	Primary Mortgage up to the value of Rs.48,000,000 to Seylan Bank PLC	205,513,217	214,851,556	Leasehold Property Property, Plant & Equipment
		Secondary Mortgage up to the value of Rs.20,000,000 to Seylan Bank PLC			
		Corporate Guarantee from Hemas Holdings PLC for Rs.200,000,000 & Indemnity of the Company, in favour of Hatton National Bank PLC			
Dolphin Hotels PLC	Freehold Land and Buildings	Primary Mortgage upto the value of Rs. 126,300,000 to Commercial Bank of Ceylon (EIB Loan)	565,125,901	412,513,870	Property, Plant and Equipment
		Primary Mortgage up to the value of Rs. 20,000,000 to Commercial Bank of Ceylon PLC (Overdraft Facility of Rs.20 Mn)			
	Plant, Machinery and Equipment	Primary Mortgage over existing movable items up to the value of Rs.5,000,000 to DFCC Bank PLC	-	34,962,409	Property , Plant and Equipment
Miami Beach . Hotels Ltd	Freehold Land and Buildings	Primary Mortgage up to the value of Rs.65,000,000 to Seylan Bank PLC	464,775,856	165,304,509	Property, Plant and Equipment
		Secondary Mortgage up to value of Rs.15,000,000 to DFCC Bank PLC			
	Plant, Machinery and Equipment	Primary Mortgage over existing movable items up to the value of Rs. 5,000,000 to DFCC Bank PLC	-	17,092,261	Property, Plant and Equipment
Hotel Sigiriya PLC	Leasehold Land and Buildings	Primary Mortgage up to the value of Rs.30,000,000 to Commercial Bank of Ceylon PLC	110,894,935	108,958,795	Property , Plant and Equipment
		Plant, Machinery and Equipment	Primary Mortgage up to the value of Rs. 1,750,000 to Commercial Bank of Ceylon PLC	2,925,770	

Notes to the Financial Statements

35. RELATED PARTY DISCLOSURES

Details of significant related party disclosures are as follows:

35.1 Transaction with related entities

	Subsidiaries		Others		Total	
	2011 Rs.	2010 Rs.	2011 Rs.	2010 Rs.	2011 Rs.	2010 Rs.
Nature of Transaction						
Consultancy Fees Receivable	229,222,198	278,981,844	-	-	229,222,198	278,981,844
Bank Guarantee Fees Receivable	2,291,632	2,382,156	(1,505,456)	773,190	786,176	3,155,346
IT Charges Receivable	64,904,181	54,416,815	87,768	493,526	64,991,949	54,910,341
Rent Receivable	1,152,266	1,134,012	-	-	1,152,266	1,134,012
Loan Interest Income Receivable	42,854,253	27,898,277	1,082,489	192,708	43,936,742	28,090,985
Dividend Income	303,296,876	155,962,343	-	-	303,296,876	155,962,343
Treasury Loans Granted	(605,153,852)	(635,895,906)	-	-	(605,153,852)	(635,895,906)
Loan Interest Expense Payable	(49,112,854)	(124,971,287)	-	-	(49,112,854)	(124,971,287)
Receipt of Services	(5,696,128)	(2,617,135)	-	-	(5,696,128)	(2,617,135)
Shared Service Fee Payable	(9,031,320)	(4,011,740)	-	-	(9,031,320)	(4,011,740)
Purchase of Air Tickets/ Foreign Currency	(7,711,295)	(6,777,037)	-	-	(7,711,295)	(6,777,037)
Treasury Loans Obtained	496,995,600	523,959,583	-	-	496,995,600	523,959,583
Repayment of Loans (Net)	15,328,575	465,047,610	-	-	15,328,575	465,047,610
	479,340,132	735,509,536	(335,200)	1,459,424	479,004,933	736,968,960

Off Balance Sheet items

Guarantees given by the Company to banks on behalf of related parties are disclosed in Note 33.2 to these financial statements.

Terms and Conditions:

- Sales and purchase of goods and/or services to related parties were made at on the basis of the price lists in force with non related parties , but subject to approved discounts. Fees relating to rendering of services were made at agreed prices. Settlement will take place in cash.
- Terms and Conditions on loans obtained from related parties are disclosed in Note 17 to these financial statements.

35.2 Transactions with Key Management Personnel

The key management personnel are the members of its Board of Directors of Hemas Holdings PLC.

	2011 Rs.	2010 Rs.
(a) Key Management Personnel Compensation		
Short Term Benefits	36,474,240	32,749,294
(b) Transactions, arrangements and agreements involving Key Management Personnel		
Purchase of Air Tickets	-	515,200
	-	515,200

No other significant transactions had taken place involving Key Management Personnel & their Close Family Members.

36. SEGMENTAL INFORMATION

Information based on the Primary Segments (Business Segment)

As at 31 March	FMCG						Healthcare			Leisure			Transportation			Power			Others			Group		
	2011		2010		2011		2010		2011		2010		2011		2010		2011		2010		2011		2010	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Assets and Liabilities																								
Non Current Assets	960,597,656	1,119,998,075	1,926,872,678	1,998,487,174	1,716,171,917	1,135,807,242	43,863,147	48,713,637	2,469,577,177	2,430,280,989	353,339,895	313,149,301	7,470,422,470	7,046,436,418										
Property, Plant and Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-										
Investment Property	346,265,143	166,760,250	568,976,757	505,648,842	628,312,542	182,050,958	67,164,456	64,714,417	1,311,288,104	1,126,739,400	6,239,891,740	6,006,127,933	9,161,898,742	8,052,041,800										
Other Non Current Assets	1,306,862,799	1,286,758,325	2,495,849,435	2,504,136,016	2,344,484,459	1,317,858,200	111,027,603	113,428,054	3,780,865,281	3,557,020,389	7,903,196,635	7,580,667,184	17,942,286,212	16,359,888,168										
Segmental Non Current Assets																								
Deferred Tax Assets																								
Eliminations/Adjustments																								
Total Non Current Assets																								
25,488,978																								
(8,315,066,367)																								
9,652,708,823																								
8,820,565,776																								
Segmental Current Assets																								
Current Assets	2,484,255,581	2,229,996,795	2,707,256,359	2,199,531,881	950,320,163	524,242,156	1,949,600,071	1,734,145,359	2,423,237,111	1,560,689,915	1,382,771,729	1,037,996,455	11,897,441,014	9,286,602,561										
Tax Refunds	-	-	-	-	-	-	-	-	-	-	-	-	-	-										
Eliminations/Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-										
Total Current Assets																								
9,563,165,051																								
7,246,365,267																								
19,215,873,874																								
16,066,931,043																								
Non Current Liabilities																								
Segmental Non Current Liabilities	199,936,704	327,804,169	1,210,827,457	1,034,130,696	501,291,348	59,522,668	44,230,644	39,568,886	489,619,568	51,844,226	743,156,903	476,673,714	3,189,062,624	1,989,544,359										
Deferred Tax Liability																								
Eliminations/Adjustments																								
Total Non Current Liabilities																								
123,609,201																								
(564,261,337)																								
2,064,190,837																								
1,570,429,576																								
Current Liabilities																								
Segmental Current Liabilities	1,322,364,982	1,312,586,757	2,183,422,475	2,041,448,568	1,152,050,727	384,604,226	1,426,492,363	1,326,842,157	1,747,001,988	1,483,538,592	908,023,438	720,718,526	8,739,355,973	7,269,738,826										
Income Tax Liability																								
Eliminations/Adjustments																								
Total Current Liabilities																								
89,890,069																								
69,044,426																								
(2,253,202,538)																								
(2,022,502,198)																								
6,576,043,504																								
5,316,281,054																								
Total Liabilities																								
8,640,234,341																								
6,886,710,630																								
Total Segmental Assets																								
3,791,118,380																								
5,203,105,794																								
4,703,667,897																								
3,294,804,622																								
1,847,573,413																								
6,204,102,392																								
5,117,710,504																								
9,285,968,364																								
8,618,683,639																								
29,839,727,226																								
11,928,418,597																								
9,259,283,185																								
Other Segmental Information																								
Acquisition Cost of Property, Plant and Equipment	99,711,138	45,071,846	76,796,62	184,494,667	588,711,236	74,035,771	8,398,668	13,647,604	242,997,677	131,908,294	78,730,466	13,487,148	1,095,345,810	462,645,330										
Depreciation of Segmental assets	147,976,197	142,211,927	146,286,631	132,322,783	78,750,602	62,500,097	13,213,901	14,828,406	203,701,489	139,795,673	30,047,074	30,946,789	619,975,894	522,605,675										
Provision for Retiring Gratuity	16,980,668	27,036,184	20,439,834	17,716,476	10,478,536	2,482,932	8,671,927	7,752,987	1,070,405	1,074,676	7,912,469	8,708,452	65,553,839	64,771,707										
Amortisation/Impairment of Intangibles	6,793,904	5,863,844	-	-	3,325,528	3,297,093	-	-	-	-	-	-	10,119,432	9,160,937										

Notes to the Financial Statements

Information based on the Primary Segments (Business Segment)

	FMCG		Healthcare		Leisure		Transportation		Power		Others		Group			
	2011		2010		2011		2010		2011		2010		2011		2010	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Revenue																
Segmental Revenue - Gross	5,799,255,473	5,247,238,975	6,572,180,421	5,092,165,215	1,035,088,638	752,334,540	734,279,331	664,230,384	3,370,395,079	2,843,809,089	1,081,208,806	904,819,346	18,592,407,748	15,504,597,549		
Intra Segmental Revenue	-	-	(56,831,667)	(42,957,000)	-	-	-	-	-	-	(43,097,635)	(15,017,354)	(99,929,302)	(57,974,354)		
Segmental Revenue	5,799,255,473	5,247,238,975	6,515,348,754	5,049,208,215	1,035,088,638	752,334,540	734,279,331	664,230,384	3,370,395,079	2,843,809,089	1,038,111,171	889,801,992	18,492,478,446	15,446,623,195		
Inter Segmental Revenue	-	-	(1,164,301)	-	-	-	-	-	-	-	(423,824,954)	(449,218,490)	(424,989,255)	(449,218,490)		
Total Revenue	5,799,255,473	5,247,238,975	6,514,184,453	5,049,208,215	1,035,088,638	752,334,540	734,279,331	664,230,384	3,370,395,079	2,843,809,089	614,286,217	440,583,502	18,067,489,191	14,997,404,705		
Results																
Segmental Results	507,705,090	652,139,047	471,625,260	332,028,122	181,106,851	60,063,889	248,519,581	189,858,991	457,192,480	385,092,279	(149,710,411)	(258,717,636)	1,716,438,851	1,360,464,692		
Finance Cost	(33,790,702)	(65,243,178)	(131,231,372)	(177,125,432)	(35,485,314)	(19,803,660)	(11,449,461)	(7,990,929)	(81,374,958)	(175,421,888)	(4,404,965)	(3,790,631)	(297,736,772)	(449,375,718)		
Finance Income	45,940,055	32,417,418	4,823,529	1,759,252	1,347,975	10,099,277	14,401,042	19,314,129	52,340,097	34,442,181	7,384,785	2,897,457	126,237,483	100,929,714		
Change in Fair Value of Investment Properties	-	-	-	-	-	-	-	-	-	-	24,405,050	82,700,000	24,405,050	82,700,000		
Profit/(Loss) before Tax	519,854,443	619,313,287	345,217,417	156,661,942	146,969,512	50,359,506	251,471,162	201,182,191	428,157,619	244,112,572	(122,325,541)	(176,910,810)	1,569,344,612	1,094,718,688		
Income Tax	(659,949)	16,723,144	(112,829,288)	(88,154,551)	(25,350,416)	(16,891,392)	(27,562,128)	(20,301,748)	(2,516,170)	(42,615)	(45,235,994)	(51,407,580)	(214,153,945)	(160,074,742)		
Profit/(Loss) for the Year	519,194,494	636,036,431	232,388,129	68,507,391	121,619,096	33,468,114	223,909,034	180,880,443	425,641,449	244,069,957	(167,561,535)	(228,318,390)	1,355,190,667	934,643,946		
Attributable to:																
Equity Holders of the Parent	519,194,494	636,036,431	264,873,094	138,580,696	50,576,822	(6,405,452)	223,909,034	180,880,443	319,300,496	181,232,341	(167,695,358)	(228,594,452)	1,210,158,582	901,730,007		
Minority Interests	-	-	(32,484,965)	(70,073,305)	71,042,274	39,873,566	-	-	106,340,953	62,837,616	133,823	276,062	145,032,085	32,913,939		
	519,194,494	636,036,431	232,388,129	68,507,391	121,619,096	33,468,114	223,909,034	180,880,443	425,641,449	244,069,957	(167,561,535)	(228,318,390)	1,355,190,667	934,643,946		

37 GROUP COMPANIES

	Proportion of				Principal Activities
	Ownership Interest as at 31.03.2011	Voting Power as at 31.03.2011	Ownership Interest as at 31.03.2010	Voting Power as at 31.03.2010	
Subsidiaries					
Hemas Manufacturing (Pvt) Ltd.	100%	100%	100%	100%	Manufacture of FMCG Products
Hemas Marketing (Pvt) Ltd.	100%	100%	100%	100%	Trading & Distribution of FMCG Products
Hemas Trading (Pvt) Ltd. (Formerly known as Hemas Foods (Pvt) Ltd.)	100%	100%	100%	100%	Import and sale of Food Products
Hemas Consumer Brands Private Ltd.	100%	100%	100%	100%	Trading of FMCG Products
Hemas Pharmaceuticals (Pvt) Ltd.	100%	100%	100%	100%	Distribution of Pharmaceutical Products
Hemas Surgical & Diagnostics (Pvt) Ltd.	100%	100%	100%	100%	Distribution of Healthcare Products
Hemas Hospitals (Pvt) Ltd.	81%	81%	70%	70%	Hospital Services
Hemas Southern Hospitals (Pvt) Ltd.	81%	81%	70%	70%	Hospital Services
Hemas Clinical Research Services (Pvt) Ltd.	100%	100%	100%	100%	Support Services of Clinical Trials
Diethelm Travel Lanka (Pvt) Ltd.	80%	80%	80%	80%	Destination Management Services
Diethelm Travel The Maldives (Pvt) Ltd.	-	66%	-	-	Destination Management Services
Hemtours (Pvt) Ltd.	100%	100%	100%	100%	Destination Management Services
Conventions Asia (Pvt) Ltd.	100%	100%	100%	100%	Event Management
Mowbray Hotels Ltd.	89%	89%	89%	89%	Hotel Property
Forbes Air Services (Pvt) Ltd.	100%	100%	100%	100%	GSA Emirates Airline
Hemas Air Services (Pvt) Ltd.	100%	100%	100%	100%	GSA Malaysian Airline
Hemas Travels (Pvt) Ltd.	100%	100%	100%	100%	Travel Agent
Hemas Aviation (Pvt) Ltd.	100%	100%	100%	100%	Airline Presentation
Go Asia Air Lines (Pvt) Ltd.	100%	100%	100%	100%	Airline Presentation
Exchange & Finance Investment (Pvt) Ltd.	100%	100%	100%	100%	Airline Presentation
Discover the World Marketing (Pvt) Ltd	100%	100%	100%	100%	Airline Presentation
ACX International (Pvt) Ltd.	100%	100%	100%	100%	Courier Services
Far Shipping Lanka (Pvt) Ltd.	100%	100%	100%	100%	Shipping Agents
Hemas Transportation (Pvt) Ltd.	100%	100%	100%	100%	Shipping Agents
Solas Lanka (Pvt) Ltd.	100%	100%	100%	100%	Shipping Agents
Hemas Power PLC	75%	75%	100%	100%	Venture Capital Company
Giddawa Hydro Power (Pvt) Ltd.	75%	75%	100%	100%	Mini Hydro Power Plant
Okanda Power Grid (Pvt) Ltd.	75%	75%	100%	100%	Mini Hydro Power Plant (under constructions)
Upper Agra Oya Hydro Power (Pvt) Ltd	75%	75%	75%	75%	Mini Hydro Power Plant
Hemas Corporate Services (Pvt) Ltd.	100%	100%	100%	100%	Corporate Secretaries
Hemas Developments (Pvt) Ltd.	100%	100%	100%	100%	Property Development
Vishwa BPO (Pvt) Ltd.	100%	100%	100%	100%	Financial & Accounting BPO
Peace Haven Resorts Ltd.	95%	95%	95%	95%	Hotel Property
N-able (Pvt) Ltd.	100%	100%	100%	100%	Enabling Information & Technology Solutions
Leisure Asia Investments Ltd.	100%	100%	100%	100%	Investment Holding Company
Serendib Hotels PLC (Group)	51%	51%	51%	51%	Leisure Investments
Hotel Sigiriya PLC	62%	62%	76%	76%	Operating a Tourist Hotel
Dolphin Hotels PLC	65%	65%	65%	65%	Operating a Tourist Hotel
Miami Beach Hotels Ltd.	65%	65%	65%	65%	Operating a Tourist Hotel
Serendib Leisure Management Ltd.	100%	100%	100%	100%	Hotel Management Services
Jointly Controlled Entity					
Heladhanavi Ltd.	47%	50%	47%	50%	Thermal Power Plant
Hellman Worldwide Logistics (Pvt) Ltd.	49%	49%	49%	49%	Freight Forwarders
HIF Logistics (Pvt) Ltd. (Formerly known as Hemas International Freight (Pvt) Ltd.)	49%	49%	49%	49%	Freight Forwarders
Skynet Worldwide Express (Pvt) Ltd.	49%	49%	49%	49%	Courier Services

Share Information

ANALYSIS OF SHAREHOLDERS ACCORDING TO THE NUMBER OF SHARES AS AT 31-MAR-2011

Shareholdings	RESIDENT			NON-RESIDENT			TOTAL		
	No. of Shareholders	No. of Shares	Percentage (%)	No. of Shareholders	No. of Shares	Percentage (%)	No. of Shareholders	No. of Shares	Percentage (%)
1 to 1000 Shares	4,433	2,238,383	0.44	24	14,080	0.00	4,457	2,252,463	0.44
1001 to 10,000 Shares	2,207	8,002,743	1.56	42	212,425	0.04	2,249	8,215,168	1.6
10,001 to 100,000 Shares	449	12,750,250	2.49	28	1,163,350	0.23	477	13,913,600	2.72
100,001 to 1000,000 Shares	72	20,076,410	3.92	10	3,628,100	0.71	82	23,704,510	4.63
Over 1,000,000 Shares	24	434,456,940	84.85	7	29,497,939	5.76	31	463,954,879	90.61
	7,185	477,524,726	93.26	111	34,515,894	6.74	7,296	512,040,620	100.00

Categories of Shareholders	No. of Shareholders	No. of Shares
Individual	6,910	52,846,141
Institutional	386	459,194,479
	7,296	512,040,620

COMPUTATION OF PUBLIC SHAREHOLDING

As at 31 March

	2011 No of shares	2010 No of shares
Over 10% holding		
SARAZ INVESTMENTS (PRIVATE) LIMITED	86,396,035	17,279,207
A Z HOLDINGS (PRIVATE) LIMITED	90,762,875	18,152,575
AMAGROUP (PRIVATE) LIMITED	85,780,665	17,156,133
BLUEBERRY INVESTMENTS (PRIVATE) LIMITED	85,781,250	17,156,250
Directors' shareholding		
MR. A. N. ESUFALLY	1,992,085	398,417
MR. H. N. ESUFALLY	5,795,205	1,159,041
MR. I. A. H. ESUFALLY	6,132,500	1,226,500
MR. M. A. H. ESUFALLY	5,655,000	1,131,000
MR J. C. L. DE MEL	87,500	17,500
MR D. BHATNAGAR	150	30
MR M. E. WICKREMESINGHE	11,250	2,250
	368,394,515	73,678,903
Issued share capital	512,040,620	101,958,124
Less : director' shareholding and shareholders over 10%	368,394,515	73,678,903
Public holding	143,646,105	28,279,221
Public holding as a % of issued share capital	28.05%	27.74%

SHARE TRADING

	2011		2010	
Market Price				
Highest (Rs.)	53.5	(23.09.10)	27	(20.01.10) (23.09.09)
Lowest (Rs.)	23.6	(06.04.10) (07.04.10)	12	(01.04.09)
As at year ended (Rs.)	46		24	
No. of Trades	38,097		2,705	
No. of Shares Traded	116,074,600		9,407,474	
Value of Shares Traded (Rs. Mn.)	5,973		1,114	
Market Capitalisation (Rs. Mn.)	23,554		12,235	

MAJOR SHAREHOLDERS

LIST OF 20 MAJOR SHAREHOLDERS AS AT 31ST MARCH

	2011		2010	
	No of Shares	%	No of Shares	
1 A Z HOLDINGS (PRIVATE) LIMITED	90,762,875	17.73	18,152,575	
2 SARAZ INVESTMENTS (PRIVATE) LIMITED	86,396,035	16.87	17,279,207	
3 BLUEBERRY INVESTMENTS (PRIVATE) LIMITED	85,781,250	16.75	17,156,250	
4 AMAGROUP (PRIVATE) LIMITED	85,780,665	16.75	17,156,133	
5 EMPLOYEES PROVIDENT FUND	27,125,875	5.30	5,344,275	
6 HSBC INTL NOM LTD-SSBT-THE RBS AS DEP OF FS INDIA SUBCONTINENT FUND AS S/F OF FIRST STATE INVESTMENT	9,732,370	1.90	Nil	
7 SRI LANKA INSURANCE CORPORATION LTD-LIFE FUND	6,635,700	1.30	3,008,800	
8 HSBC INTL NOM LTD-SSBT-THE RBS PLC AS DEP FOR FIRST STATE ASIA PACIFIC SUSTAINABILITY FUND S/F OF FS	6,272,899	1.23	Nil	
9 MR I.A.H. ESUFALLY	6,132,500	1.20	1,226,500	
10 HSBC INTL NOMINEES LTD-HSBC BANK PLC-CMG FIRST STATE GLOBAL UMBRELLA FUND PLC-CMG FIRST STATE INDIAN CMG FIRST STATE INDIAN- SUBCONTINENT	5,825,500	1.14	1,165,100	
11 MR H.N. ESUFALLY	5,795,205	1.13	1,159,041	
12 MR.M.A.H. ESUFALLY	5,655,000	1.10	1,131,000	
13 JACEY TRUST SERVICES (PRIVATE) LIMITED-ACCOUNT NO-02	5,500,000	1.07	650,000	
14 LEXINTON HOLDINGS (PVT) LIMITED	4,738,200	0.93	Nil	
15 JACEY TRUST SERVICES (PRIVATE)LIMITED	4,613,750	0.90	922,750	
16 HSBC INTL NOM LTD-JPMCB-PACIFIC ASSETS TRUST PLC	3,051,800	0.60	Nil	
17 COCOSHELL ACTIVATED CARBON COMPANY LIMITED	2,940,875	0.57	407,675	
18 ANVERALLY AND SONS (PVT) LTD A/C NO 01	2,646,200	0.52	751,200	
19 MR.M.M. UDESHI	2,150,825	0.42	Nil	
20 MR.A.N. ESUFALLY	1,992,085	0.39	398,417	
Total	449,529,609	87.80		

DIRECTORS' SHAREHOLDING

	31 March 2011	1 April 2010	31 March 2010
MR. A. N. ESUFALLY	1,992,085	398,417	398,417
MR. H. N. ESUFALLY	5,795,205	1,159,041	1,159,041
MR. I. A. H. ESUFALLY	6,132,500	1,226,500	1,226,500
MR. M. A. H. ESUFALLY	5,655,000	1,131,000	1,131,000
MR J. C. L. DE MEL	87,500	17,500	17,500
MR D. BHATNAGAR	150	30	30
MR M. E. WICKREMESINGHE	11,250	2,250	2,250
Total	368,394,515	73,678,903	73,678,903

Five Year Summary

Year Ended 31st March Rs '000	2011	2010	2009	2008	2007
Operating Results					
Group Revenue	18,067,489	14,997,405	15,169,509	14,163,805	11,778,136
Profit Before Taxation	1,569,345	1,094,719	856,932	1,259,455	1,407,185
Taxation	214,154	160,075	137,854	108,625	387,648
Profit After Taxation	1,355,191	934,644	719,078	1,150,830	1,019,537
Profit Attributable to Hemas Group	1,210,159	901,730	775,128	1,135,419	1,005,727
Equity & Liabilities					
Stated and Preference Shares	1,468,425	1,369,223	1,369,223	1,329,013	1,329,013
Reserves	1,045,977	805,983	837,675	856,452	693,777
Retained Earnings	6,359,603	5,516,910	4,821,392	4,248,232	3,251,349
Minority Interest	1,701,635	1,488,104	837,062	604,967	588,527
Non-Current Liabilities	2,064,191	1,570,430	2,000,989	1,155,771	1,597,455
Current Liabilities	6,576,044	5,316,281	4,969,471	4,936,190	3,935,734
	19,215,874	16,066,931	14,835,812	13,130,625	11,395,855
Assets					
Property, Plant & Equipment	7,457,601	7,033,615	7,180,680	5,182,389	4,704,921
Investment Property	1,309,965	1,261,410	1,178,710	1,178,710	963,710
Leasehold Property	58,779	61,845	64,911	67,976	71,042
Intangible Assets	323,895	333,074	191,214	173,622	155,563
Investments (Associate & Others)	476,979	107,817	124,177	278,559	66,751
Deferred Tax Assets	25,489	22,805	21,832	18,482	-
Current Assets	9,563,165	7,246,365	6,074,288	6,230,887	5,433,868
	19,215,874	16,066,931	14,835,812	13,130,625	11,395,855
Key Indicators					
Earnings Per Share (Rs.)*	2.36	1.76	1.51	2.23	1.98
Dividends Per Share (Rs.)*	0.70	0.36	0.25	0.25	0.50
Dividend Cover (No. of Times)	3.4	4.9	6.0	8.9	0.4
Interest Cover (No. of Times)	6.2	3.3	2.8	4.2	5.5
Net Asset Per Share (Rs.)*	17.3	15.1	13.8	12.7	10.5
Cash from Operating Activities (Rs! 000)	1,994,662	1,407,985	1,458,434	929,277	176,992
Current Ratio (No. of Times)	1.5	1.4	1.2	1.3	1.4
Gearing (%)	27.8	25.8	32.9	31.4	33.0
ROE (%)	14.6	12.3	11.5	19.4	21.0

* Comparative figures adjusted for sub division of ordinary shares in the proportion of 5:1

Glossary

CAPITAL EMPLOYED

Total shareholders' funds plus debt and minority interest.

CAPITAL RESERVES

Reserves identified for specific purposes and considered not available for distribution.

CURRENT RATIO

Current assets divided by current liabilities.

CONTINGENT LIABILITIES

Conditions or situations at the Balance Sheet date, the financial effect of which are to be determined by future events which may or may not occur.

DEBT

The sum of interest bearing long-term and short-term loans and overdrafts.

DEFERRED INCOME TAX

The net tax effect on items which have been included in the Income Statement, which would only qualify for inclusion on a tax return at a future date.

DIVIDEND COVER

Net profit attributable to the ordinary shareholders divided by the total dividend paid and proposed.

EARNINGS

Profit after tax less minority interest.

EARNINGS PER SHARE

Profit attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue during the year.

EBIT

Earnings before interest and tax.

EBITDA

Earnings before interest, tax, depreciation and amortisation.

EFFECTIVE RATE OF TAXATION

Income tax over profit before tax.

EQUITY

Total shareholders' funds.

GEARING

Debt divided by the sum of equity, minority interest and debt.

INTEREST COVER

Earnings before interest and tax divided by the total finance cost.

MARKET CAPITALISATION

The number of ordinary shares in issue multiplied by the market price per share as at the reported date.

MINORITY INTEREST

Part of the net results of operations and of net assets of a subsidiary attributable to interests which are not owned, directly or indirectly, through Subsidiaries, by the Parent.

NET ASSETS PER SHARE

Shareholders funds divided by the number of ordinary shares in issue as at the end of the year.

PRICE EARNINGS RATIO

Market price per share divided by the earnings per share.

RETURN ON EQUITY

Profit after tax, minority interest and extraordinary items divided by average shareholders' funds at the beginning and end of the year.

REVENUE RESERVES

Reserves set aside for future distributions and Investments.

RETURN ON CAPITAL EMPLOYED

Earnings before interest and tax divided by average capital employed.

SEGMENT

Constituent business units grouped in terms of similarity of operations and strategy.

Notice of Meeting

NOTICE IS HEREBY GIVEN that the Eighth Annual General Meeting of Hemas Holdings PLC will be held at the Auditorium of the Ceylon Chamber of Commerce, No. 50, Nawam Mawatha, Colombo 2 on **Thursday the 30th day of June 2011 at 3.30 PM** for the following purpose:-

AGENDA

1. To receive and consider the Statements of Accounts of the Company and of the Group for the year ended 31st March 2011, together with the Reports of the Directors and Auditors thereon.
2. To re-elect as Director, Mr. M.E. Wickremesinghe retiring in terms of the Articles of Association of the Company
3. To re-elect as Director, Mr. Divyaroop Bhatnagar retiring in terms of the Articles of Association of the Company
4. To pass the ordinary resolution set out below to re-appoint as a director Mr. J.C.L De Mel who has reached the age of 74 years and vacates office as a director of the Company in terms of Section 210 (2) (a) of the Companies'Act-7 of 2007:-

"RESOLVED that Mr. J.C.L. De Mel who has reached the age of 74 years on 6th May 2011 be and is hereby re-appointed a director of the company and it is hereby declared as provided for in Section 211 (1) of the Companies Act No. 07 of 2007 that the age limit of 70 years referred to in Section 210 of the said Companies Act shall not apply to Mr. J.C.L.De Mel."

5. To declare a final dividend of Rs.0.25 per Ordinary share as recommended by the Board.
6. To re-appoint Messrs Ernst & Young, Chartered Accountants as Auditors for the ensuing year and to authorise the Directors to determine their remuneration.
7. To authorise the Directors to determine and make donations to Charity.

By Order of the Board of
HEMAS HOLDINGS PLC



HEMAS CORPORATE SERVICES (PRIVATE) LIMITED
Secretaries

3rd June 2011

Note:

A member entitled to attend and vote is entitled to appoint a Proxy to attend and vote in his/her place.

A Proxy need not be a Member of the Company.

A Form of Proxy accompanies this Notice

Form of Proxy

I/We

of

being a Member/s of Hemas Holdings PLC do hereby appoint one of the following directors of the Company,

Mr. Lalith De Mel	or failing him
Mr. Husein.Esufally	or failing him
Mr. Abbas Esufally	or failing him
Mr. Imtiaz Esufally	or failing him
Mr. Divyaroop Bhatnagar	or failing him
Mr. Murtaza Esufally	or failing him
Mr. Maithri Wickremesinghe	or failing him
Mr. Pradipta Mohapatra	or failing him

Mr./Mrs.

of

as my/our Proxy to speak and /to vote for *me/us on *my/our behalf at the Eighth Annual General Meeting of Hemas Holdings PLC to be held at 3.30 p.m. on Thursday 30th June 2011 at the Auditorium of the Ceylon Chamber of Commerce, No 50, Nawam Mawatha, Colombo 2 and at any adjournment thereof.

	For	Against
1. To receive and consider the Statements of Accounts of the Company and of the Group for the year ended 31.03.2011 together with the Reports of the Directors and Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2. To re-elect as Director, Mr. M.E. Wickremesinghe. retiring by rotation in terms of the Articles of Association of the Company	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-elect as Director, Mr. Divyaroop Bhatnagar retiring by rotation in terms of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-appoint Mr. J.C.L. De Mel as a Director of the Company in terms of Section 211 (1) of the Companies' Act-7 of 2007.	<input type="checkbox"/>	<input type="checkbox"/>
5. To declare a final dividend of Rs.0.25 per share as recommended by the Board.	<input type="checkbox"/>	<input type="checkbox"/>
6. To re-appoint M/s Ernst & Young, Chartered Accountants, as auditors of the Company and to authorise the directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>
7. To authorise the directors to determine and make donations to Charity.	<input type="checkbox"/>	<input type="checkbox"/>

*The Proxy may vote as he/she thinks fit on any other resolution brought before this meeting

.....
Signature/s

Date:

Note:

1. Please delete the inappropriate words.
2. Instructions as to completion are noted on the reverse hereof.

INSTRUCTIONS AS TO COMPLETION OF FORM OF PROXY

1. Kindly perfect the Form of Proxy after filling in legibly your full name and address and by signing in the space provided. Please fill in the date of signature.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him/her.
3. In the case of Corporate Members, the Form of Proxy must be completed under the Common Seal, which should be affixed and attested in the manner prescribed by the Articles of Association /Statutes.
4. If the Form of Proxy is signed by an Attorney, the relevant Power of Attorney should also accompany the completed Form of Proxy.
5. the completed Form of Proxy should be deposited at No. 36, Bristol Street, Colombo 1 not less than Forty Eight (48) hours before the time appointed for the meeting.

Corporate Information

Legal Form

Quoted Public Company with limited Liability listed on the Colombo Stock Exchange on 15th October 2003.

Date of Incorporation

10th December 1948

Date of Re-Registration

30th May 2007

New Registration Number

P Q 6

Accounting year end

31st March

Registered Office

Hemas Building
No. 36, Bristol Street,
Colombo 01.

Website:

www.hemas.com

Auditors

Ernst & Young
Chartered Accountants
No. 201, De Saram Place,
Colombo 10.

Directors

Lalith De Mel (Chairman)
Husein Esufally (CEO)
Imtiaz Esufally
Murtaza Esufally
Abbas Esufally
Maithri Wickremesinghe
Praditpa Mohapatra
Divyaroop Bhatnagar

Secretaries & Registrars

Hemas Corporate Services (Pvt) Ltd
No. 36, Bristol Street,
Colombo 01
Telephone: 4 731731 (hunting)
Facsimile: 4 731777

Lawyers to the Company

D.L.& F De Saram
No. 47, Alexandra Place,
Colombo 07.

Bankers

Commercial Bank of Ceylon Ltd
Deutsche Bank AG
Hongkong & Shanghai Banking Corp. Ltd
Hatton National Bank Ltd
Standard Chartered Bank
Nations Trust Bank PLC
Peoples Bank
Bank of Ceylon
DFCC Bank PLC

HEXAS