



Financial Statements

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STATEMENT OF DIRECTORS' RESPONSIBILITIES and approval of the Annual Financial Statements

The Directors are responsible for preparing the Annual Report and the Annual Financial Statements in accordance with the Companies Act No.7 of 2007 and the Rules of the Colombo Stock Exchange.

The Directors are also required to prepare financial statements for the Company and the Group in accordance with the Sri Lanka Accounting Standards (SLFRS/LKAS). The Directors have chosen to prepare financial statements for the Company and the Group accordingly.

The Directors are responsible for the maintenance of proper accounting records and the preparation, integrity and fair presentation of the financial statements of Hemas Holdings PLC (Company) and its subsidiaries (Group).

The Directors also prepared the other information included in the Annual Report and are responsible for both its accuracy and its consistency with the financial statements.

The directors have general responsibility for selecting suitable accounting policies and applying them consistently and for taking such steps as are reasonably open to them to safeguard the assets of the Group and prevent and detect fraud and other irregularities. The going concern basis has been adopted in preparing the financial statements. The Directors have no reason to believe that the Group and Company will not be a going concern in the foreseeable future based on forecasts and available cash resources. The viability of the Company and the Group is supported by the financial statements.

The financial statements have been audited by the independent accounting firm, Ernst & Young (E&Y), which was given unrestricted access to all financial records and related data, including Minutes of all meetings of shareholders, the Board of Directors and Committees of the board. The Directors believe that all representations made to the independent auditors during their audit were valid and appropriate. E&Y's audit report is presented on page 63.

The maintenance and integrity of the company's website is the responsibility of the Directors. The work carried out by the auditors does not involve consideration of these matters and accordingly, the auditors accept no responsibility for any changes that may have occurred to the report since it was initially presented on the website.

Directors' responsibility statement

The Directors confirm to the best of their knowledge that:

- The financial statements, presented on pages 63 to 133, have been prepared in accordance with the Sri Lanka Accounting Standards (SLFRS/LKAS) as endorsed by the Rules of the Colombo Stock Exchange and the requirements of Companies Act No. 7 of 2007 and give a true and fair view of the profit of the Group for the year ended 31 March 2013 and of the assets, liabilities, financial position of the Group and Parent Company as at 31 March 2013.

- The Annual Report includes a fair review of the development and performance of the business and the financial position of the Group and the Parent Company, together with a description of the principal risks and uncertainties that they face.

The financial statements were approved by the Board of Directors on 22 May 2013 and are signed on its behalf by:



Malinga Arsakularatne
Chief Financial Officer



Husein Esufally
Chief Executive Officer



Lalith De Mel
Chairman

INDEPENDENT AUDITOR'S REPORT



Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF HEMAS HOLDINGS PLC

Report on the financial statements

We have audited the accompanying financial statements of Hemas Holdings PLC ("Company"), the consolidated financial statements of the Company and its subsidiaries which comprise the statements of financial position as at 31 March 2013, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows 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 policies 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 31 March 2013 and the financial statements give a true and fair view of the Company's financial position as at 31

March 2013 and its financial performance 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 financial position as at 31 March 2013 and its financial performance 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

These financial statements also comply with the requirements of Sections 151(2) and 153(2) to 153(7) of the Companies Act No. 07 of 2007.

22 May 2013
Colombo.

INCOME STATEMENT

Year ended 31 March	Notes	Group		Company	
		2013 Rs.'000	2012 Rs.'000	2013 Rs.'000	2012 Rs.'000
Revenue	3	26,098,362	21,532,503	561,558	373,654
Cost of Sales		(18,075,091)	(14,957,725)	-	-
Gross Profit		8,023,271	6,574,778	561,558	373,654
Other Operating Income	4	296,674	174,875	633,763	438,338
Selling and Distribution Expenses		(2,087,198)	(1,789,554)	-	-
Administrative Expenses		(3,800,693)	(3,188,074)	(391,490)	(317,252)
Share of Profit of an Associate	16	1,554	11,925	-	-
Operating Profit		2,433,608	1,783,950	803,831	494,740
Finance Cost	5	(370,103)	(465,269)	(252,417)	(123,745)
Finance Income	5	342,650	202,399	100,136	58,877
Profit Before Tax	6	2,406,155	1,521,080	651,550	429,872
Income Tax Expense	7	(472,422)	(259,772)	(26,083)	(22,271)
Profit for the Year		1,933,733	1,261,308	625,467	407,601
Attributable to:					
Equity Holders of the Parent		1,657,655	1,164,525		
Non-Controlling Interests		276,078	96,783		
		1,933,733	1,261,308		
		Rs	Rs		
Earnings Per Share	8	3.22	2.27		
Dividends Per Share	9	0.55	0.50		

The Accounting Policies and Notes on pages 70 through 133 form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March	Group		Company	
	2013 Rs.'000	2012 Rs.'000	2013 Rs.'000	2012 Rs.'000
Profit for the Year	1,933,733	1,261,308	625,467	407,601
Other Comprehensive Income				
Exchange Differences on Translation of Foreign Operations	(279)	(272)	-	-
Net Movement on Cash Flow Hedges	37,458	(58,211)	-	-
Net Gain/(Loss) on Available-For-Sale Financial Assets	12,314	(8,576)	(2,450)	(8,680)
Revaluation of Land and Buildings	129,042	1,083,496	-	-
Income tax effect	-	(41,414)	-	-
Other Comprehensive Income for the Year, Net of Tax	178,535	975,023	(2,450)	(8,680)
Total Comprehensive Income for the Year, Net of Tax	2,112,268	2,236,331	623,017	398,921
Attributable to:				
Equity Holders of the Parent	1,810,879	2,025,706		
Non-Controlling Interests	301,389	210,625		
	2,112,268	2,236,331		

The Accounting Policies and Notes on pages 70 through 133 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

As at 31 March	Notes	2013 Rs.'000	Group 2012 Rs.'000	1 April 2011 Rs.'000	2013 Rs.'000	Company 2012 Rs.'000	1 April 2011 Rs.'000
ASSETS							
Non Current Assets							
Property, Plant and Equipment	10	11,293,957	10,283,616	7,446,650	153,730	105,186	102,340
Investment Properties	11	578,453	474,685	1,309,965	566,289	331,500	309,965
Leasehold Right	12	90,592	94,455	98,386	-	-	-
Intangible Assets	13	436,701	461,499	491,318	398	1,275	2,965
Investment in Subsidiaries	14	-	-	-	6,344,133	6,194,296	5,696,001
Investment in Joint Ventures	15	-	-	-	38,519	38,519	38,519
Investment in Associates	16	221,325	179,399	168,002	-	-	-
Other Non Current Financial Assets	17	399,147	324,069	277,255	224,924	229,941	200,231
Deferred Tax Assets	24	39,762	35,621	35,014	-	-	-
		13,059,937	11,853,344	9,826,590	7,327,993	6,900,717	6,350,021
Current Assets							
Inventories	18	2,425,137	2,004,989	1,680,772	-	-	-
Trade and Other Receivables	19	7,047,695	5,854,420	4,227,619	1,026,351	366,158	224,755
Tax Recoverables		78,590	134,306	148,019	5,323	585	-
Other Current Financial Assets	17	172,919	361,515	733,190	647,913	350,717	526,622
Cash and Short Term Deposits	27	3,223,380	2,447,112	2,490,005	85,301	42,919	23,889
		12,947,721	10,802,342	9,279,605	1,764,888	760,379	775,266
TOTAL ASSETS		26,007,658	22,655,686	19,106,195	9,092,881	7,661,096	7,125,287
EQUITY AND LIABILITIES							
Equity							
Stated Capital	20	1,600,603	1,600,603	1,468,426	1,600,603	1,600,603	1,468,426
Other Capital & Revenue Reserves	21	409,751	440,601	345,206	257,032	257,032	257,032
Other Components of Equity		1,314,477	1,161,253	300,877	17,789	20,239	28,919
Retained Earnings		8,828,511	7,447,822	6,613,376	4,590,472	4,248,415	4,098,276
Equity Attributable to Equity Holders of the Parent		12,153,342	10,650,279	8,727,885	6,465,896	6,126,289	5,852,653
Non-Controlling Interests		2,259,037	1,990,665	1,589,630	-	-	-
Total Equity		14,412,379	12,640,944	10,317,515	6,465,896	6,126,289	5,852,653
Non Current Liabilities							
Interest Bearing Loans and Borrowings	22	2,182,887	1,384,827	1,700,040	1,288,566	940,785	633,523
Other Non Current Financial Liabilities	23	140,343	144,518	149,523	4,383	10,599	-
Deferred Tax Liabilities	24	193,313	161,309	123,609	51,196	40,056	42,022
Employee Benefit Liability	25	287,427	248,342	230,298	26,431	30,551	18,676
		2,803,970	1,938,996	2,203,470	1,370,576	1,021,991	694,221
Current Liabilities							
Trade & Other Payables	26	5,906,044	5,189,966	4,115,056	159,802	222,226	209,883
Income Tax Payable		141,591	63,743	89,891	-	-	13,385
Interest Bearing Loans and Borrowings	22	715,230	936,458	991,266	1,055,324	290,590	321,640
Bank Overdraft	27	2,028,444	1,885,579	1,388,997	41,283	-	33,505
		8,791,309	8,075,746	6,585,210	1,256,409	512,816	578,413
TOTAL EQUITY AND LIABILITIES		26,007,658	22,655,686	19,106,195	9,092,881	7,661,096	7,125,287

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 70 through 133 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY (GROUP)

Attributable to Equity Holders of the Parent

	Stated Capital Rs. '000	Other Capital & Revenue Reserve Rs. '000	Other Component of Equity				Retained Earnings Rs. '000	Total Rs. '000	Non Controlling Interests Rs. '000	Total Equity Rs. '000
			Revaluation Reserve Rs. '000	Exchange Reserve Rs. '000	Available For Sale Reserve Rs. '000	Cash Flow Hedge Reserve Rs. '000				
As at 1 April 2011 (SLFRS)	1,468,426	345,206	273,077	(1,179)	28,979	-	6,613,376	8,727,885	1,589,630	10,317,515
Profit for the Year	-	-	-	-	-	-	1,164,525	1,164,525	96,783	1,261,308
Other Comprehensive Income	-	-	913,687	(272)	(8,576)	(43,658)	-	861,181	113,842	975,023
Total Comprehensive Income	-	-	913,687	(272)	(8,576)	(43,658)	1,164,525	2,025,706	210,625	2,236,331
Issue of Ordinary Shares under ESOS	132,177	-	-	-	-	-	-	132,177	-	132,177
Dividends Paid - Ordinary Shares	-	-	-	-	-	-	(256,833)	(256,833)	-	(256,833)
Transfer to/from During the Year	-	-	-	-	-	-	-	-	-	-
- Overhaul Reserve	-	95,395	-	-	-	-	(71,546)	23,849	(23,849)	-
- Revaluation Reserve	-	-	(805)	-	-	-	805	-	-	-
Shares Issued to Non Controlling Interests	-	-	-	-	-	-	-	277,540	277,540	277,540
Transaction Cost on Issue of Shares	-	-	-	-	-	-	(2,505)	(2,505)	(1,852)	(4,357)
Dividends to Non Controlling Interests	-	-	-	-	-	-	-	-	(68,195)	(68,195)
Adjustment in Respect of Changes in Group Holding	-	-	-	-	-	-	-	-	6,766	6,766
As at 31 March 2012	1,600,603	440,601	1,185,959	(1,451)	20,403	(43,658)	7,447,822	10,650,279	1,990,665	12,640,944
Profit for the Year	-	-	-	-	-	-	1,657,655	1,657,655	276,078	1,933,733
Other Comprehensive Income	-	-	116,771	(279)	8,639	28,093	-	153,224	25,311	178,535
Total Comprehensive Income	-	-	116,771	(279)	8,639	28,093	1,657,655	1,810,879	301,389	2,112,268
Dividends Paid - Ordinary Shares	-	-	-	-	-	-	(283,410)	(283,410)	-	(283,410)
Transfer to/from During the Year	-	-	-	-	-	-	-	-	-	-
- Overhaul Reserve	-	(30,850)	-	-	-	-	17,397	(13,453)	5,800	(7,653)
Transaction Cost on Issue of Shares	-	-	-	-	-	-	(10,953)	(10,953)	(1,770)	(12,723)
Dividends to Non Controlling Interests	-	-	-	-	-	-	-	-	(77,232)	(77,232)
Adjustment in Respect of Changes in Group Holding	-	-	-	-	-	-	-	-	40,185	40,185
As at 31 March 2013	1,600,603	409,751	1,302,730	(1,730)	29,042	(15,565)	8,828,511	12,153,342	2,259,037	14,412,379

The Accounting Policies and Notes on pages 70 through 133 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY (COMPANY)

	Stated Capital Rs.'000	Other Capital Reserve Rs.'000	Other Components of Equity Available for Sale Reserve Rs.'000	Retained Earnings Rs.'000	Total Equity Rs.'000
Balance as at 1 April 2011	1,468,426	257,032	28,919	4,098,276	5,852,653
Profit for the Year	-	-	-	407,601	407,601
Other Comprehensive Income	-	-	(8,680)	-	(8,680)
Total Comprehensive Income	-	-	(8,680)	407,601	398,921
Issue of Ordinary Shares under ESOS	132,177	-	-	-	132,177
Transaction Cost on Issue of Shares	-	-	-	(629)	(629)
Final Dividend Paid	-	-	-	(128,010)	(128,010)
Interim Dividend Paid	-	-	-	(128,823)	(128,823)
Balance as at 31 March 2012	1,600,603	257,032	20,239	4,248,415	6,126,289
Profit for the Year	-	-	-	625,467	625,467
Other Comprehensive Income	-	-	(2,450)	-	(2,450)
Total Comprehensive Income	-	-	(2,450)	625,467	623,017
Final Dividend Paid	-	-	-	(128,823)	(128,823)
Interim Dividend Paid	-	-	-	(154,587)	(154,587)
Balance as at 31 March 2013	1,600,603	257,032	17,789	4,590,472	6,465,896

The Accounting Policies and Notes on pages 70 through 133 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

Year ended 31 March	Notes	Group		Company	
		2013 Rs.'000	2012 Rs.'000	2013 Rs.'000	2012 Rs.'000
Operating Activities					
Profit Before Taxation		2,406,155	1,521,080	651,550	429,872
Adjustments for					
Depreciation	10	707,593	629,422	29,980	22,682
(Gain)/Loss on Disposal of Property, Plant and Equipment		(40,876)	(37,651)	(1,548)	2,666
Unrealised Profit		-	7,427	-	-
Reversal of Heat & Lube oil Provision		(7,653)	-	-	-
Gain on Fair Value Adjustment of Investment Properties	11	(65,322)	(32,127)	(66,908)	(14,559)
Amortisation/Impairment of Intangible Assets	13	42,004	37,971	975	1,956
Amortisation of Leasehold Rights	12	3,863	3,931	-	-
(Gain)/Loss on Sale of Non-Current Investments		(576)	1,716	(78,908)	8,175
Impairment of Investment of Subsidiaries		-	-	-	10,676
Exchange Gain or Loss on Foreign Currency Borrowings		16,768	90,648	-	-
Finance Cost	5	370,103	465,269	252,417	123,745
Finance Income	5	(342,650)	(202,399)	(100,136)	(58,877)
Investment Income		-	-	(478,819)	(424,031)
Share of Profit of an Associate	16	(1,554)	(11,925)	-	-
Movement in Employee Benefit Liability	25	64,938	32,837	5,804	12,007
Working Capital Adjustments					
(Increase)/Decrease in Inventories		(417,181)	(324,217)	-	-
(Increase)/Decrease in Trade and Other Receivables		(1,165,832)	(1,632,305)	(655,242)	(141,403)
(Increase)/Decrease in Other Current Financial Assets		279,821	411,722	(6,446)	(13,893)
Increase/(Decrease) in Trade and Other Payables		709,437	1,070,628	(62,424)	12,341
Increase/(Decrease) in Other Non Current Financial Liabilities		2,639	2,050	(6,216)	10,599
Finance Cost Paid		(376,509)	(398,244)	(227,730)	(75,085)
Finance Income Received		301,184	162,352	82,029	52,325
Income Tax Paid		(316,715)	(275,916)	(19,682)	(38,206)
Employee Benefit Liability Paid	25	(26,200)	(14,286)	(9,924)	(131)
Net Cash flows from/(Used in) Operating Activities		2,143,437	1,507,983	(691,228)	(79,141)
Investing Activities					
Purchase of Property, Plant and Equipment	10	(1,363,622)	(1,588,724)	(80,443)	(43,400)
Purchase of Investment Property		(167,881)	-	(167,881)	-
Increase in Investment in Associate		(41,338)	-	-	-
Investment in Intangible Assets	13	(1,743)	(2,275)	(98)	(266)
(Acquisition)/Disposal of Subsidiaries		(23,308)	3,186	(198,541)	(520,083)
Investment in Non Current Financial Assets		(124,769)	(122,428)	15,211	(52,209)
Redemption of Preference Shares		-	(7,056)	-	-
Proceeds from Disposal of Investments		-	-	127,612	2,937
Proceeds from Disposal of Property, Plant and Equipment		81,357	108,474	3,465	8,233
Investment Income Received		-	-	478,819	424,031
Net Cash flows from/(Used in) Investing Activities		(1,641,304)	(1,608,823)	178,144	(180,757)
Financing Activities					
Interest Bearing Loans and Borrowings (Net)		464,528	(518,074)	797,593	437,718
Transaction Cost on Subsidiary Share Issue		(12,722)	(4,358)	-	(629)
Proceeds from Non-Controlling Interests		40,185	277,540	-	-
Proceeds from Issue of Shares		-	132,177	-	132,177
Dividends Paid to Equity Holders of the Parent		(283,410)	(256,833)	(283,410)	(256,833)
Dividends Paid - Non-Controlling Interests		(77,232)	(68,196)	-	-
Net Cash flows from/(Used in) Financing Activities		131,349	(437,744)	514,183	312,433
Net Increase/(Decrease) in Cash and Cash Equivalents		633,482	(538,584)	1,099	52,535
Net Foreign Exchange Difference		(79)	(891)	-	-
Cash and Cash Equivalents at the Beginning of the Year	27	561,533	1,101,008	42,919	(9,616)
Cash and Cash Equivalents at the End of the Year	27	1,194,936	561,533	44,018	42,919

The Accounting Policies and Notes on pages 70 through 133 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 the Colombo Stock Exchange incorporated and domiciled in Sri Lanka. The registered office and the principal place of business is situated at No. 75, Braybrooke Place, Colombo 02.

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 2013 comprise Hemas Holdings PLC (the 'Company') and all its Subsidiaries, Joint Ventures and Associates 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 advisory services to other Companies in the Group and the principal activities of the Subsidiaries, Joint Ventures and Associates are disclosed in Note 35 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 2013 were authorised for issue, in accordance with a resolution of the Board of Directors on 22 May 2013.

2. GENERAL POLICIES

2.1 Basis of Preparation and adoption of SLAS (SLFRS and LKAS) effective for the period beginning on or after 01 April 2012

The Consolidated financial statements of the Group have been prepared in accordance with Sri Lanka Accounting Standards, comprising SLFRSs/LKASs (here after "SLFRS") as issued by the Institute of Chartered Accountants of Sri Lanka.

For all periods up to and including the year ended 31 March 2012 the Group prepared its financial statements in accordance with Sri Lanka Accounting Standard (SLAS). These financial statements for the year ended 31 March 2013 are the first the Group has prepared in accordance with SLFRS.

The financial statements of the Group have been prepared on an accrual basis and under the historical cost convention unless otherwise stated. The financial statements are presented in Sri Lankan Rupees, which is the Group's functional and presentation currency and all values are rounded to the nearest rupee thousand (Rs '000) except when otherwise indicated. The preparation and presentation of these Financial Statements are in compliance with the Companies Act No. 07 of 2007.

Subject to certain transition elections and exceptions disclosed in Note 2.3, the Group has consistently applied the accounting policies used in preparation of its opening SLFRS statement of financial position at 1 April 2011 through all periods presented, as if these policies had always been in effect.

Note 2.4 discloses the impact of the transition to SLFRS on the Group's reported financial position, performance and cash flows, including the nature and effect of significant changes in accounting policies from those used in the Group's Consolidated financial statements for the year ended 31 March 2012 prepared under SLASs.

2.1.1 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.

2.1.2 Basis of Consolidation

The financial statements of the Group represent the consolidation of the financial statements of Hemas Holdings PLC and all its Subsidiaries, Joint Ventures and Associates as at 31 March 2013.

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.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it;

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences, recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

Diethelm Travel The Maldives (Pvt) Ltd and Hemas Logistics (Pvt) Ltd have been consolidated as subsidiaries 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)
Butama Hydro Electricity Company Limited Republic of Uganda	Uganda Shillings

Non-Controlling 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 Statement of Financial Position separately from parent shareholders' equity.

(b) Joint Ventures

The Group has an interest in joint ventures which are jointly controlled entities, whereby the venturers have a contractual arrangement that establishes joint control over the economic activities of the entity. The arrangement requires unanimous agreement for financial and operating decisions among the venturers. The Group recognises its interest in the joint venture using proportionate consolidation. 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.

Upon loss of joint control, the Group measures and recognises its remaining investment at its fair value. The difference between the carrying amount of the investment upon loss of joint control and the fair value of the remaining investment and proceeds from disposal is recognised in profit or loss. When the remaining investment constitutes significant influence, it is accounted for as an investment in an associate.

The financial statements of the joint ventures are prepared for the same reporting year as the parent company except for Hellman Worldwide Logistics

(Pvt) Ltd. where the financial statements are prepared for 31 December 2012. All the material transactions are adjusted for the 3 months period ended 31 March 2013. Accounting policies of the joint ventures are consistent with the parent company.

The following Joint venture has been incorporated outside Sri Lanka.

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

(c) Investment in Associate

The Group's investments in Associates is accounted for using the equity method. An associate is an entity in which the Group has significant influence.

Under the equity method, the investment is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of Associate since acquisition date.

Goodwill relating to the Associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The income statement reflects the Group's share of results of operations of the Associate. When there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The Group's share of the profit or loss of an Associate is shown on the face of the income statement and represents profit or loss before tax.

The financial statements of the Associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the

accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its Associate. The Group determines at each reporting date whether there is any objective evidence that the investment in the Associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the Associate and its carrying value and recognises the amount in 'share of losses of an Associate' in the income statement. Upon loss of significant influence over the Associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the Associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognised in profit or loss.

(d) Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at the acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree at the fair value or at the proportionate share of the acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

NOTES TO THE FINANCIAL STATEMENTS

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration which is deemed to be an asset or liability that is a financial instrument and within the scope of LKAS 39 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value either in profit or loss or as a change to other comprehensive income (OCI). If the contingent consideration is not within the scope of LKAS 39, it is measured in accordance with the appropriate SLFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is measured at fair value with changes in fair value either in the income statement or as a change to the other comprehensive income (OCI).

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units that are expected to benefit from the combination transferred; irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when

determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

2.2 Summary of Significant Accounting Policies

2.2.1 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable net of trade discounts and value added taxes.

The following specific recognition criteria must also be met before revenue is recognised:

(a) Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

(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 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 income

For all financial instruments measured at amortised cost and interest bearing financial assets classified as available for sale, interest income or expense is recorded using the Effective Interest Rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the income statement.

(f) Dividends

Revenue is recognised when the Group's/ Company's right to receive the payment is established.

(g) Rental income

Rental income arising from operating leases 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.

2.2.2 Foreign Currencies

The Group's consolidated financial statements are presented in Sri Lankan Rupees, which is also the parent Company's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and has elected to recycle the gain or loss arising from this method.

(a) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group entities at the functional currency rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

All differences are taken to the income statement with the exception of all

monetary items that forms part of a net investment in a foreign operation. These are recognised in other comprehensive income until the disposal of the net investment, at which time they are reclassified to the income statements. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

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

The gain or loss arising on translation of non-monetary items is recognised in line with the gain or loss of the item that gave rise to the translation difference (translation differences on items whose gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss respectively).

(b) Foreign Operations

The assets and liabilities of foreign operations are translated into Sri Lankan Rupees at the rate of exchange prevailing at the reporting date and their income statements are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the income statement.

2.2.3 Taxation

a) Current Tax

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 on the reporting date in the

country where the Company operates and generates taxable income. Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement.

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 No 10 of 2006 and the amendments thereto.

b) Deferred Taxation

Deferred tax is provided, using the liability method, on all temporary differences at the reporting 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;

- i) 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
- ii) 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:

- i) 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

- ii) 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 reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax assets to be recovered.

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 reporting date.

Deferred tax relating to items recognised outside the income statement is recognised outside the income statement. Deferred tax relating to items recognised in correlation to the underlying transaction either in other comprehensive income or 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.

NOTES TO THE FINANCIAL STATEMENTS

c) Tax on dividend income

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

2.2.4 Property, Plant and Equipment

Property, Plant and Equipment is stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing component parts of the Property, Plant and Equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of Property, Plant and Equipment are required to be replaced at intervals, the Group derecognises net book value of the replaced part, and recognises the new part with its own associated useful life and depreciation. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the Plant and Equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the income statement as incurred.

When items of Property, Plant and Equipment are subsequently revalued, the entire class of such assets is revalued. Any revaluation surplus is recognised in other comprehensive income and accumulated in equity in the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the income statement, in which case the increase is recognised in the income statement. A revaluation deficit is recognised in the income statement, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

Accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Depreciation is calculated on straight line basis over the estimated useful lives of all Property, Plant and Equipment.

The principal annual rates of depreciation, used by the Group are as follows:

Freehold Buildings	1.5% - 10%
Civil Construction at Plant – Thermal	10%
Civil Construction at Plant – Hydro	2%
Plant and Machinery	6% - 25%
Power Plant - Thermal	6.67%
Power Plant - Hydro	3%
Furniture and Fittings	7% - 25%
Office and Factory Equipment	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 are depreciated over the remaining lease period.

An item of Property, Plant and Equipment and any significant part initially recognised 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 when the asset is derecognised.

2.2.5 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Group/Company as a lessee

Finance leases that transfer to the Group/ Company substantially all of the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the income statement.

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

Operating lease payments are recognised as an operating expense in the income statement on a straight-line basis over the lease term.

2.2.6 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.2.7 Investment Properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the period in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the income statement in the period of derecognition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change. If owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change.

2.2.8 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. 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 as either finite or indefinite.

Intangible assets with finite lives are amortised over their useful economic lives 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 the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function of the intangible assets.

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

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 Group 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 benefit. During the period where the asset is not yet in uses it is tested for impairment annually.

2.2.9 Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition is accounted for as follows:

- 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.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs to sell.

2.2.10 Financial Instruments - Initial Recognition and Subsequent Measurement

i) Financial Assets

Initial Recognition and Measurement

Financial assets within the scope of LKAS 39 are classified as financial assets at Fair Value Through Profit or Loss, Loans and Receivables, Held-To-Maturity investments and Available-For-Sale financial assets, as appropriate and determine the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus transaction costs of assets in the case of investments not at fair value through profit or loss.

The financial assets include cash and short-term deposits, trade and other receivables, other financial assets.

NOTES TO THE FINANCIAL STATEMENTS

Subsequent Measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial Assets at Fair Value Through Profit or Loss

Financial assets at Fair Value Through Profit or Loss include financial assets held-for-trading and financial assets designated upon initial recognition at Fair Value Through Profit or Loss. Financial assets are classified as held-for-trading if they are acquired for the purpose of selling or repurchasing in the near term.

Financial assets at Fair Value Through Profit and Loss are carried in the statement of financial position at fair value with changes in fair value recognised in the income statement.

Loans and Receivables

Loans and Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the Effective Interest Rate method (EIR), less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the income statement. The losses arising from impairment are recognised in the income statement.

Held to Maturity Investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as Held To-Maturity when the Group has the positive intention and ability to hold it to maturity. After initial measurement, Held-To-Maturity investments are measured at amortised cost using the effective interest method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the income statement. The losses arising from impairment are

recognised as finance cost in the income statement.

Available for Sale Financial Investments

Available-For-Sale financial investments include equity and debt securities. Equity investments classified as Available-For-Sale are those, which are neither classified as held for trading nor designated at Fair Value Through Profit or Loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, Available-For-Sale financial investments are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in the Available-For-Sale reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or determined to be impaired, at which time the cumulative loss is reclassified to the income statement in finance costs and removed from the Available-For-Sale reserve. Interest income on Available-For-Sale debt securities is calculated using the effective interest method and is recognised in profit or loss.

The Group evaluates its Available-For-Sale financial assets to determine whether the ability and intention to sell them in the near term is still appropriate. When the Group is unable to trade these financial assets due to inactive markets and management's intention to do so significantly changes in the foreseeable future, the Group may elect to reclassify these financial assets in rare circumstances. Reclassification to Loans and Receivables is permitted when the financial assets meet the definition of Loans and Receivables and the Group has the intent and ability to hold these assets for the foreseeable future or until maturity. Reclassification to the Held-To-Maturity category is permitted only when the entity has the ability and intention to hold the financial asset accordingly.

For a financial asset reclassified out of the Available-For-Sale category, any previous

gain or loss on that asset that has been recognised in equity is amortised to the income statement over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the expected cash flows is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the income statement.

Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when,

- i) The rights to receive cash flows from the asset have expired
- ii) The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either

-The Group has transferred substantially all the risks and rewards of the asset, or
-The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of it, the asset is recognised to the extent of the company's continuing involvement in it.

In that case, the Group also recognises an associated liability. The transferred assets and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

ii) Impairment of Financial Assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial Assets Carried at Amortised Cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet

been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the income statement. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in the income statement.

Available for Sale Financial Investments

For Available-For-Sale financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as Available-For-Sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. Where there is evidence of impairment, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement, is removed from other comprehensive income and recognised in the income statement. Impairment losses on equity investments are not reversed through the income statement; increases

in their fair value after impairments are recognised directly in other comprehensive income.

In the case of debt instruments classified as Available-For-Sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the income statement, the impairment loss is reversed through the income statement.

iii) Financial Liabilities**Initial Recognition and Measurement**

Financial liabilities within the scope of LKAS 39 are classified as financial liabilities at Fair Value Through Profit or Loss, loans and borrowings, other financial liabilities or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and other financial liabilities carried at amortised cost. This includes directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, bank overdrafts, loans and borrowings and other financial liabilities.

Subsequent Measurement

The measurement of financial liabilities depends on their classification as follows;

NOTES TO THE FINANCIAL STATEMENTS

Financial Liabilities at Fair Value Through Profit or Loss

Financial liabilities at Fair Value Through Profit or Loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as Fair Value Through Profit or Loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by LKAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the income statement.

The Group has not designated any financial liabilities upon initial recognition as at Fair Value Through Profit or Loss.

Loans and Borrowings / Other Financial Liabilities

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the income statement.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the

terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

iv) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

v) Fair Value of Financial Instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations. (bid price for long position and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; a discounted cash flow analysis or other valuation models.

An analysis of fair values of financial instruments and further details of measurement is provided in note 13.

2.2.11 Derivative Financial Instruments and Hedge Accounting

Initial Recognition and Subsequent Measurement

The Group uses derivative financial instruments such as forward currency contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair

value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to the income statement, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income.

Cash Flow Hedges

The effective portion of the gain or loss on the hedging instrument is recognised directly as other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the income statement as other operating expenses.

Amounts recognised as other comprehensive income are transferred to the income statement when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. Where the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as other comprehensive income are transferred to the initial carrying amount of the non-financial asset or liability.

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognised in equity is transferred to the income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognised in other comprehensive income remains in other comprehensive income until the forecast transaction or firm commitment affects profit or loss.

2.2.12 Impairment of Non - Financial Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an

asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU 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, recent market transactions are taken into account, if available. If no such transactions can be identified, 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, including impairment on inventories, are recognised in the income statement in those expense categories consistent with the function of the impaired asset, except for a property previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income 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 estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor 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 a revalued amount, in which case the reversal is treated as a revaluation increase.

Goodwill

Goodwill is tested for impairment annually as at 31 March and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than their carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

2.2.13 Cash and Short term deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less.

For the purpose of the Group statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

2.2.14 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

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

2.2.15 Retirement Benefit Liability

(a) 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 such employees.

(b) 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 benefit valuation method. Actuarial gains and losses for defined benefit plans are recognised in full in the period in which they occur in the income statement.

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

The gratuity liability is not externally funded.

2.2.16 Operating Segment

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Chief Executive Officer (CEO) to make decisions about resources to be allocated to the

NOTES TO THE FINANCIAL STATEMENTS

segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

2.2.17 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 1st tranche of 650,000 shares were issued to the Trustees on 6 February 2009 at Rs. 62.00 per share, on behalf of the Senior Management. These shares will 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.

The 2nd tranche of 2,250,000 shares were issued to the trustees on 27 December 2010 at 44.09 per share, on behalf of the Senior Executives of the Group. These shares will 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.

The 3rd tranche of 3,250,000 shares were issued to the trustees on 26 September 2011 at 40.67 per share, on behalf of the Senior Executives of the Group. These shares will 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.

2.2.18 Share Based Payment Transactions

Employees (senior management) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions).

In situations where equity instruments are issued and some or all of the goods or services received by the entity as consideration cannot be specifically identified, the unidentified goods or services received (or to be received) are measured as the difference between the fair value of the share based payment transaction and the fair value of any identifiable goods or services received at the grant date.

(a) Equity-Settled Transactions

The cost of equity-settled transactions is recognised, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Groups best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

(b) Cash-Settled Transactions

The cost of cash-settled transactions is measured initially at fair value at the grant date. This fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The liability is remeasured to fair value at each reporting date up to and including the settlement date, with changes in fair value recognised in employee benefits expense.

2.3 First Time Adoption of SLFRS

These financial statements, for the year ended 31 March 2013, are the first the Group has prepared in accordance with SLFRS. For periods up to and including the year ended 31 March 2012, the

Group prepared its financial statements in accordance with Sri Lanka Accounting Standards (SLAS).

Accordingly, the Group has prepared financial statements which comply with SLFRS applicable for periods ending on or after 31 March 2013, together with the comparative period data as at and for the year ended 31 March 2012, as described in the accounting policies. In preparing these financial statements, the Group's opening statement of financial position was prepared as at 1 April 2011, the Group's date of transition to SLFRS. This note explains the principal adjustments made by the Group in restating its SLAS statement of financial position as at 1 April 2011 and its previously published SLAS financial statements as at and for the year ended 31 March 2012.

Exemptions Applied

SLFRS 1 First-Time Adoption of Sri Lanka Financial Reporting Standards allows first-time adopters certain exemptions and exceptions from the retrospective application of certain SLFRS. Set out below are the applicable exemptions and exceptions under SLFRS 1 applied by the Group in preparing the first financial statements for the year ended 31 March 2013 under SLFRS/LKAS.

Optional Exemptions which the Group has opted to apply

Business Combinations

SLFRS 3 Business Combinations has not been applied to acquisitions of subsidiaries, which are considered businesses for SLFRS, or of interests in associates and joint ventures that occurred before 1 April 2011.

Use of this exemption means that the local SLAS carrying amounts of assets and liabilities, which are required to be recognised under SLFRS, is their deemed cost at the date of the acquisition. After the date of the acquisition, measurement is in accordance with SLFRS. Assets and liabilities that do not qualify for recognition under SLFRS are excluded from the opening SLFRS statement of financial

position. The Group did not recognise or exclude any previously recognised amounts as a result of SLFRS recognition requirements.

SLFRS 1 also requires that the local SLAS carrying amount of goodwill must be used in the opening SLFRS statement of financial position (apart from adjustments for goodwill impairment and recognition or derecognition of intangible assets). In accordance with SLFRS 1, the Group has tested goodwill for impairment at the date of transition to SLFRS. No goodwill impairment was deemed necessary at 1 April 2011.

The Group has not applied LKAS 21 retrospectively to fair value adjustments and goodwill from business combinations that occurred before the date of transition to SLFRS.

Share Based Payment Transactions

SLFRS 2 Share-based Payment has not been applied to equity instruments in share-based payment transactions that were granted on or before 1 January 2012.

Fair value as deemed cost

Certain items of property plant and equipment have been measured at fair value and used that fair value as the deemed cost at the date of transition to SLFRS/LKAS.

Leases

The Group has applied the transitional provision in IFRIC 4 Determining Whether an Arrangement Contains a Lease and has assessed all arrangements based upon the conditions in place as at the date of transition. Accordingly the Group has determined whether an arrangement existing at the date of transition to SLFRS contains a lease on the basis of facts and circumstances existing at that date.

Investments in Subsidiaries, Jointly Controlled Entities and Associates

The basis of measurement of an investment in a subsidiary, jointly controlled entity or associate is at its deemed cost in the separate SLFRS financial statements of the subsidiary, jointly controlled entity or

associate. The Group has applied the previous carrying value under SLAS on 1 April 2011 as the deemed cost of such investments.

Assets and Liabilities of Subsidiaries, Jointly Controlled Entities and Associates

When the parent becomes a first-time-adopter later than its subsidiary, associate or joint venture, in the parent's consolidated financial statements the assets and liabilities of the subsidiary's associate's or joint venture's financial statements (after adjusting for consolidation and equity accounting adjustments and for the effects for the effects of the business combination in which the entity acquired the subsidiary).

Designations of Previously Recognised Financial Instruments

The Group has designated unquoted equity instruments held at 1 April 2011 as available-for-sale investments.

Exceptions the Group has not applied retrospectively

Estimates

The estimates at 1 April 2011 and at 31 March 2012 are consistent with those made for the same dates in accordance with SLAS (after adjustments to reflect any differences in accounting policies).

De-recognition of Financial Assets and Financial Liabilities

The Group has applied the derecognition requirements in LKAS 39 prospectively to transactions occurring after 1 April 2011. Therefore the non-derivative financial assets or non-derivative financial liabilities which were previously de-recognised under SLAS as a result of a transaction that occurred before the transition date 1 April 2011 has not been re-recognised in the SLFRS financial statements.

Hedge Accounting

Transactions entered into before the date of transition to SLFRS have not been retrospectively designated as hedges. Further, the application of hedge accounting has been discontinued if an instrument is designated as a hedge before the date of

transition, but does not meet the conditions for hedge accounting in LKAS 39.

Non-controlling interests

The following requirements of LKAS 27 are applied prospectively from the date of transition to SLFRS.

- (i) to attribute total comprehensive income to non controlling interest irrespective of whether this results in a deficit balance.
- (ii) to treat changes in a parent's ownership interest that does not result in a loss of control as equity transactions.
- (iii) to apply LKAS 27 to loss of control of a subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

2.4 Notes to the Reconciliation of Equity as at 1 April 2011 and 31 March 2012 and Total Comprehensive Income for the year ended 31 March 2012

FIRST-TIME ADOPTION OF SLFRS

Group reconciliation of equity as at 1 April 2011 (Date of transition to SLFRS)

	Notes	SLAS Rs.'000	Remeasurement Rs.'000	SLFRS as at 1 April 2011 Rs.'000
Non Current Assets				
Property, Plant and Equipment	A	7,457,601	(10,950)	7,446,650
Investment Properties		1,309,965	-	1,309,965
Leasehold Properties	B	58,779	39,608	98,386
Intangible Assets	A,C	323,895	167,423	491,318
Investment in Associates	C	-	168,002	168,002
Other Investments	C	433,676	(433,676)	-
Other Long Term Receivables	B,D	254,223	(254,223)	-
Other Non Current Financial Assets	D		277,255	277,255
Deferred Tax Assets	E	25,489	9,524	35,014
		9,863,628	(37,038)	9,826,590
Current Assets				
Inventories		1,680,772	(0)	1,680,772
Trade and Other Receivables	F	4,365,024	(137,406)	4,227,619
Other Investments		53	(53)	-
Tax Recoverable		148,020	-	148,019
Other Current Financial Assets	G	-	733,190	733,190
Short Term Cash Investments	G	2,025,097	(668,372)	1,356,725
Cash and Cash at Bank		1,133,280	-	1,133,280
		9,352,246	(72,641)	9,279,605
TOTAL ASSETS		19,215,874	(109,679)	19,106,195
Equity				
Stated Capital		1,468,426	-	1,468,426
Other Capital & Revenue Reserves		1,045,976	(778,152)	345,206
Other Components of Equity		-	300,877	300,877
Retained Earnings		6,359,604	176,392	6,613,376
Equity Attributable to Owners of the Parent		8,874,006	(300,883)	8,727,885
Non-Controlling Interest		1,701,635	42,757	1,589,630
Total Equity		10,575,641	(258,126)	10,317,515
Non Current Liabilities				
Interest Bearing Loans and Borrowings		1,700,040	-	1,700,040
Other Non-Current Financial Liabilities	H	-	149,523	149,523
Deferred Tax Liabilities		123,609	-	123,609
Retirement Benefit Liability		230,298	-	230,298
Other Non-Current Liabilities	H	10,243	(10,243)	-
		2,064,190	139,280	2,203,470
Current Liabilities				
Trade and Other Payables	I,J	4,093,091	21,965	4,115,056
Dividends Payable	J	12,798	(12,798)	-
Income Tax Liabilities		89,891	-	89,891
Interest Bearing Loans and Borrowings		991,266	-	991,266
Bank Overdraft		1,388,997	-	1,388,997
		6,576,043	9,167	6,585,210
TOTAL EQUITY AND LIABILITIES		19,215,874	(109,679)	19,106,195

2.4 Notes to the Reconciliation of Equity as at 1 April 2011 and 31 March 2012 and Total Comprehensive Income for the year ended 31 March 2012 (Contd...)

FIRST-TIME ADOPTION OF SLFRS

Group reconciliation of equity as at 31 March 2012

	Notes	SLAS Rs.'000	Remeasurement Rs.'000	SLFRS as at 31 March 2012 Rs.'000
Non Current Assets				
Property, Plant and Equipment	A	10,288,807	(5,191)	10,283,616
Investment Properties		474,685	-	474,685
Leasehold Properties	B	55,713	38,742	94,455
Intangible Assets	A,C	300,409	161,090	461,499
Investment in Associates	C	-	179,399	179,399
Other Investments	C	384,148	(384,148)	-
Other Long Term Receivables	B,D	399,346	(399,346)	-
Other Non Current Financial Assets	D	-	324,069	324,069
Deferred Tax Assets	E	25,031	10,590	35,621
		11,928,139	(74,795)	11,853,344
Current Assets				
Inventories		2,004,990	-	2,004,989
Trade and Other Receivables	F	6,038,471	(184,051)	5,854,420
Other Investments		53	(53)	-
Tax Recoverable		134,306	-	134,306
Other Current Financial Assets	G	-	361,515	361,515
Short Term Cash Investments	G	1,614,035	(255,902)	1,358,133
Cash and Cash at Bank		1,088,979	-	1,088,979
		10,880,833	(78,491)	10,802,342
TOTAL ASSETS		22,808,972	(153,286)	22,655,686
Equity				
Stated Capital		1,600,603	-	1,600,603
Reserves		1,995,771	(1,632,552)	440,601
Other Components of Equity			1,161,252	1,161,253
Retained Earnings		7,195,185	175,256	7,447,822
Equity Attributable to Owners of the Parent		10,791,559	(296,043)	10,650,279
Non-Controlling Interest		2,145,976	(549)	1,990,665
Total Equity		12,937,535	(296,591)	12,640,944
Non Current Liabilities				
Interest Bearing Loans and Borrowings		1,384,827	-	1,384,827
Other Non-Current Financial Liabilities	H		144,518	144,518
Deferred Tax Liabilities		161,309	-	161,309
Retirement Benefit Liability		248,342	-	248,342
Other Non-Current Liabilities	H	13,506	(13,506)	-
		1,807,984	131,012	1,938,996
Current Liabilities				
Trade and Other Payables	I,J	5,171,602	18,364	5,189,966
Dividends Payable	J	6,071	(6,071)	-
Income Tax Liabilities		63,743	-	63,743
Interest Bearing Loans and Borrowings		936,458	-	936,458
Bank Overdraft		1,885,579	-	1,885,579
		8,063,453	12,293	8,075,746
TOTAL EQUITY AND LIABILITIES		22,808,972	(153,286)	22,655,686

NOTES TO THE FINANCIAL STATEMENTS

2.4 Notes to the Reconciliation of Equity as at 1 April 2011 and 31 March 2012 and Total Comprehensive Income for the year ended 31 March 2012 (Contd...)

FIRST-TIME ADOPTION OF SLFRS

Group reconciliation of total comprehensive income for the year ended 31 March 2012

	Notes	SLAS Rs.'000	Remeasurement Rs.'000	SLFRS as at 31 March 2012 Rs.'000
Revenue	K	21,409,596	122,907	21,532,503
Cost of Sales	I,K	(14,836,030)	(121,695)	(14,957,725)
Gross Profit		6,573,566	1,212	6,574,778
Other Operating Income		174,875		174,875
Selling and Distribution Expenses	F	(1,793,789)	4,235	(1,789,554)
Administrative Expenses	B,D,F,H,L	(3,292,373)	104,299	(3,188,074)
Share of Profit of an Associate	C	-	11,925	11,925
Operating Profit		1,662,279	121,671	1,783,950
Finance Cost	D,H,L	(249,718)	(215,551)	(465,269)
Finance Income	D,G	162,352	40,047	202,399
Profit Before Tax		1,574,913	(53,833)	1,521,080
Income Tax Expenses	E	(260,307)	535	(259,772)
Profit for the Year		1,314,606	(53,298)	1,261,308
Profit for the Year		1,314,606	(53,298)	1,261,308
Other Comprehensive Income				
Exchange Differences on Translation of Foreign Operations		(272)	-	(272)
Net Movement on Cash Flow Hedges		(58,211)	-	(58,211)
Net Gain/(Loss) on Available-for-Sale Financial Assets	D	-	(8,576)	(8,576)
Revaluation of Land and Buildings		1,083,496	-	1,083,496
Income Tax Effect		(41,414)	-	(41,414)
Other Comprehensive Income for the Year, Net of Tax		983,601	(8,576)	975,024
Total Comprehensive Income for the Year, Net of Tax		2,298,206	61,875	2,236,331

2.4 FIRST-TIME ADOPTION OF SLFRS

Group reconciliation of equity as at 1 April 2011 (Date of transition to SLFRS) and 31 March 2012 and Total Comprehensive income for the year ended 31 March 2012

A. Property, Plant and Equipment

Transfer from PPE to intangible assets

Computer software that are not integral to operate the hardware were reclassified as a separate intangible asset at the date of transition to SLFRS. Therefore Rs. 15Mn was transferred to Intangible assets as at 1 April 2011 and depreciation of Rs. 6Mn has been reclassified as an amortization in the income statement for the year ended 31 March 2012.

Fair value as deemed cost

The Group has elected to measure certain items of fully depreciated property, plant and equipment at fair value at the date of transition to SLFRS.

As a result Rs. 4.6Mn was recognised in property, plant and equipment as at 1 April 2011 through retained earnings.

B. Leasehold Right

Under the previous standards, refundable deposits placed for lease right were carried at cost and shown as long term receivables. This is a financial asset and therefore at initial recognition was measured at fair value and difference of Rs. 43.2Mn was recognised as a lease right. Cumulative amortisation as at 1 April 2011 amounting to Rs. 3.6Mn was recognised in retained earnings. For the year ended 31 March 2012, Rs. 0.9Mn was recognised as the lease right amortisation in the income statement.

C. Investment in Associates

Investment in Jada Resorts and Spa (Pvt) Ltd, amounting Rs. 320Mn was de-recognised from other non current investment and recognised Rs. 168Mn as an investment in associate by recognising Goodwill arising on acquisition, Rs 152Mn as an intangible asset as at 1 April 2011. During the year ended 31 March 2012, Rs.

12Mn was recognised as a share profit of the associate.

D. Other Non Current Financial Assets Available for sale investments

As at 1 April 2011, Investment in quoted equity shares classified as available for sale investments amounting to Rs.114Mn were measured at fair value. The net gain of 29Mn as at 1 April 2011 and Rs. 8.7Mn, net loss for the year ended 31 March 2012, were recognised as an available for sale reserve in equity respectively.

Refundable deposit

Refundable deposits amounting to Rs. 5Mn shown under Trade and other receivables were recognised as a financial asset and Rs. 2Mn was recognised as a net amount of fair value difference in retained earnings.

ESOS Valuation

ESOS receivables is a financial asset and therefore a net amount of fair value difference at initial recognition and unwinding finance income of Rs.80Mn were recognised in retained earnings. A difference of Rs. 41Mn was recognised with respect to the amounts granted during the year ended 31 March 2012. Unwinding interest of Rs. 21Mn arising from the receivable as at 1 April 2011, was recognised as a finance income for the year ended 31 March 2012.

E. Deferred Tax Assets

Group entities enjoying tax holiday period reassessed the deferred tax impact as at 1 April 2011 and recognised Rs. 9.5Mn in retained earnings and for the year ended 31 March 2012, Rs. 10.5Mn was recognised in the income statement.

F. Trade and Other Receivables

Impairment Trade and Other Receivables
Provision for bad and doubtful debts made under previous standards consisted of both a specific amount for incurred losses and a general amount for expected future losses. SLFRS does not permit recognition of impairment for expected future losses. Hence an amount of Rs. 57Mn adjusted as at 1 April 2011 through retained earnings.

by using the collective impairment model. Accordingly the group recognised a provision of Rs. 111Mn through retained earnings as at 1 April 2011 and a provision of 19Mn has been made for the year ended 31 March 2011.

G. Other Current Financial Assets

Staff loans given at concessionary rates of interest

Under previous standards staff loans were recorded in Trade & Other receivables and initially recognised at cost. Under SLFRS, the Group measured the staff loans granted below the market rate/at zero rate, at their fair value based on the market rate of interest for similar loans. Rs. 8Mn the difference between the fair value of and loan granted has been recognised as pre-paid staff cost and amortised over the term of the loan as at 01 April 2011. Adjustment for recognition of Interest income at the rate prevailing at the grant date of Rs. 2Mn recognised in the retained earnings as at 1 April 2011 and for the year ended 31 March 2012, Rs. 2Mn was recognised as finance income in the income statement.

Short term Investments

Government securities with a maturity of more than 3 months amounting Rs. 49Mn has been reclassified from short term investment. Rs.7.5Mn has been recognised through retained earnings to measure the amortised cost of REPO investment as at 1 April 2011. During the year ended 31 March 2012 Rs. 7.5Mn has been recognised as finance income in the income statement.

Deposits with maturity of more than 3 months amounting to Rs. 619Mn were reclassified from short term Investments as at 1 April 2011 and Rs. 256Mn was reclassified as at 31 March 2012.

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H. Other Non-Current Financial Liabilities

Redeemable preference shares amounting to Rs.206Mn previously reported as equity were reclassified under other Non current financial liabilities measured at amortised cost.

Preference share issue cost of Rs. 1.8Mn was transferred to Other Non current liabilities- Preference shares as at 1 April 2011.

Accordingly preference share dividend amounting to Rs. 15Mn has been reclassified to finance cost for the year ended 31 March 2012.

Refundable deposits with the maturity & more than 1 year amounting to Rs. 10Mn were reclassified under other Non current financial liabilities as at 1 April 2011 & 31 March 2012.

I. Trade and other Payables

Provision for sales returns amounting to Rs. 9Mn was recognised through retained earnings based on the historical average return rate as at 1 April 2011 and Rs. 2Mn was provided for the year ended 31 March 2012.

J. Dividend Payable

Unclaimed dividend as at 1 April 2011 and 31 March 2012 were reclassified under Trade & other payables

K. Revenue & Cost of Sales

Under previous practice, certain subsidiaries had not grossed revenue for Nations Building Levy. Therefore revenue and cost of sales has been restated by Rs. 120Mn.

L. Finance Cost

Exchange difference on foreign currency borrowings amounting to Rs. 132Mn has been reclassified from administration expenses to finance cost for the ended 31 March 2012.

M. Statement of Cash Flows

The transition from SLAS to SLFRS has not had a material impact except for the reclassifications stated in note G above.

2.4 Notes to the Reconciliation of Equity as at 1 April 2011 and 31 March 2012 and Total Comprehensive Income for the year ended 31 March 2012 (Contd...)

FIRST-TIME ADOPTION OF SLFRS

Company reconciliation of equity as at 1 April 2011 (Date of transition to SLFRS)

	Notes	SLAS Rs.'000	Remeasurements Rs.'000	SLFRS as at 1 April 2011 Rs.'000
ASSETS				
Non-Current Assets				
Property, Plant and Equipment	A	105,305	(2,965)	102,340
Investment Properties		309,965	-	309,965
Intangible Assets	A	-	2,965	2,965
Investments in Subsidiaries		5,696,001	-	5,696,001
Investment in Joint Venture		38,519	-	38,519
Other Non-Current Financial Assets	D,E	192,168	8,063	200,231
		6,341,958	8,063	6,350,021
Current Assets				
Trade and Other Receivables	B,G	243,753	(18,998)	224,755
Other Current Financial Assets	C	519,322	7,300	526,622
Cash and Short Term Deposits		23,889	-	23,889
		786,964	(11,698)	775,266
TOTAL ASSETS		7,128,922	(3,635)	7,125,287
EQUITY AND LIABILITIES				
Equity				
Stated Capital		1,468,426	-	1,468,426
Other Capital Reserves		257,032	-	257,032
Other Components of Equity	D	-	28,919	28,919
Retained Earnings	B,C,F,E,G	4,077,851	20,425	4,098,276
Total Equity		5,803,309	49,344	5,852,653
Non-Current Liabilities				
Interest Bearing Loans and Borrowings	F	686,502	(52,979)	633,523
Deferred Tax Liabilities		42,022	-	42,022
Employee Benefit Liability		18,676	-	18,676
		747,200	(52,979)	694,221
Current Liabilities				
Trade & Other Payables		209,883	-	209,883
Income Tax Payable		13,385	-	13,385
Interest Bearing Loans and Borrowings		321,640	-	321,640
Bank Overdraft		33,505	-	33,505
		578,413	-	578,413
TOTAL EQUITY AND LIABILITIES		7,128,922	(3,635)	7,125,287

NOTES TO THE FINANCIAL STATEMENTS

2.4 Notes to the Reconciliation of Equity as at 1 April 2011 and 31 March 2012 and Total Comprehensive Income for the year ended 31 March 2012 (Contd...)

FIRST-TIME ADOPTION OF SLFRS

Company reconciliation of equity as at 31 March 2012

	Notes	SLAS Rs.'000	Remeasurements Rs.'000	SLFRS as at 31 March 2012 Rs.'000
ASSETS				
Non-Current Assets				
Property, Plant and Equipment	A	106,461	(1,275)	105,186
Investment Properties		331,500	-	331,500
Intangible Assets	A	-	1,275	1,275
Investments in Subsidiaries		6,194,296	-	6,194,296
Investment in Joint Venture		38,519	-	38,519
Other Non-Current Financial Assets	D,E	240,773	(10,832)	229,941
		6,911,549	(10,832)	6,900,717
Current Assets				
Trade and Other Receivables	B,G	421,526	(55,368)	366,158
Tax Recoverable		585	-	585
Other Current Financial Assets	C	329,523	21,194	350,717
Cash and Short Term Deposits		42,919	-	42,919
		794,553	(34,174)	760,379
TOTAL ASSETS		7,706,102	(45,006)	7,661,096
EQUITY AND LIABILITIES				
Equity				
Stated Capital		1,600,603	-	1,600,603
Other Capital Reserves		257,032	-	257,032
Other Components of Equity	D	-	20,239	20,239
Retained Earnings	B,C,E,F,G	4,288,973	(40,558)	4,248,415
Total Equity		6,146,608	(20,319)	6,126,289
Non-Current Liabilities				
Interest Bearing Loans and Borrowings	F	965,472	(24,687)	940,785
Other Non-Current Financial Liabilities		10,599	-	10,599
Deferred Tax Liabilities		40,056	-	40,056
Employee Benefit Liability		30,551	-	30,551
		1,046,678	(24,687)	1,021,991
Current Liabilities				
Trade & Other Payables		222,226	-	222,226
Interest Bearing Loans and Borrowings		290,590	-	290,590
		512,816	-	512,816
TOTAL EQUITY AND LIABILITIES		7,706,102	(45,006)	7,661,096

2.4 Notes to the Reconciliation of Equity as at 1 April 2011 and 31 March 2012 and Total Comprehensive Income for the year ended 31 March 2012 (Contd...)

FIRST-TIME ADOPTION OF SLFRS

Company reconciliation of total comprehensive income for the year ended 31 March 2012

	Notes	SLAS Rs.'000	Remeasurements Rs.'000	SLFRS as at 31 March 2012 Rs.'000
Revenue		373,654	-	373,654
Cost of Sales		-	-	-
Gross Profit		373,654	-	373,654
Other Operating Income	H	447,411	(9,073)	438,338
Selling and Distribution Expenses		-	-	-
Administrative Expenses	B,C	(298,377)	(18,875)	(317,252)
Operating Profit		522,688	(27,948)	494,740
Finance Cost	E,F	(75,085)	(48,660)	(123,745)
Finance Income	C,E,G,H	43,252	15,625	58,877
Profit Before Tax		490,855	(60,983)	429,872
Income Tax Expense		(22,271)	-	(22,271)
Profit for the Year		468,584	(60,983)	407,601
Profit for the Year		468,584	(60,983)	407,601
Other Comprehensive Income				
Net Gain/(Loss) on Available-For-Sale Financial Assets	D	-	(8,680)	(8,680)
Income Tax Effect		-	-	-
Other Comprehensive Income for the Year, Net of Tax		-	(8,680)	(8,680)
Total Comprehensive Income for the Year, Net of Tax		468,584	(69,663)	398,921

NOTES TO THE FINANCIAL STATEMENTS

2.4 First time adoption of SLFRS- Company

Notes to the reconciliation of equity as at 1 April 2011 and 31 March 2012 and total comprehensive income for the year ended 31 March 2012.

A. Transfer from PPE to Intangible Assets

All computer systems are currently categorised in property, plant and equipment. However, as per LKAS 38, computer systems that are not integral to operate the hardware should be recognised as a separate intangible asset and should be amortised. Therefore, as at 1 April 2011 a cost of Rs.20.5Mn and an accumulated depreciation of Rs.17.5Mn recorded in property plant and equipment has been transferred to intangible assets and accumulated amortisation respectively. A cost of Rs.0.3Mn and depreciation expense of Rs.2.0Mn has been transferred from property plant and equipment to Intangible assets and amortisation expense respectively for the year ended 31 March 2012.

B. Impairment of Trade Receivables

According to the current practice, the provision for impairment of receivables consists of both a specific amount for incurred losses and a general amount for expected future losses. SLFRS/LKAS do not permit recognition of impairment for expected future losses. Hence this amount (Rs.0.5Mn) has been eliminated against retained earnings as at 1 April 2011. A debtor or a group of debtors are deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the debtor (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the debtor or the group of debtors that can be reliably estimated. Debtors are tested for impairment by using the collective impairment model. Accordingly, Company has recognised an impairment allowance of Rs.16.4Mn through retained earnings as at 1 April 2011 an impairment allowance of Rs. 18.5Mn has been made for the year ended 31 March 2012.

C. Fair Valuation and Subsequent Amortisation of Staff Loans

Under SLAS, staff loans were initially recognised at cost. As per LKAS 39 staff

loans at initial recognition, should be measured at fair value. Since staff loans had been given below market rates fair valuation is required. The difference of Rs. 1.7Mn in fair value and loan granted has been recognised as a prepaid staff cost and amortized over the term of the loan. (Amortised amount as at 01 April 2011 is Rs. 0.4Mn). After the fair valuation, recognised interest income of Rs. 0.6Mn under SLAS is reversed and Rs. 1.2Mn interest income has been accrued by using the market rate (EIR) as at 1 April 2011. Prepaid staff cost of Rs. 0.8Mn has been recognised for the year ended 31 March 2012. Interest income of Rs. 0.6Mn recognised under SLAS has been reversed and an interest income of Rs. 1.1Mn has been recognised under LKAS 39 for the year ended 31 March 2012.

D. Fair Valuation of Quoted Investments

Under SLAS, the Company accounted for investments in quoted equity shares as financial instruments measured at cost. Under SLFRS / LKAS, the Company has classified such investments as available-for-sale investments. SLFRS / LKAS require available-for-sale investments to be measured at fair value. At the date of transition to SLFRS / LKAS, the fair value of quoted investment is Rs.83.0Mn and their SLAS carrying amount was Rs. 54.1Mn. The difference of Rs. 28.9Mn between the instruments' fair value and SLAS carrying amount has been recognised as a separate component of equity in the available-for-sale reserve. The fair value loss of Rs. 8.7Mn from available for sale investments has been recognised in other comprehensive income for the year ended 31 March 2012.

E. ESOS Valuation

Under the current practice receivables from JC trust is initially recognised at cost. This is a financial asset and therefore as per LKAS 39, receivables from JC Trust at initial recognition should be measured at fair value and subsequently measured at amortised cost. Since, receivables from JC Trust has not accrued any interest, fair valuation is required at initial recognition. A net amount of fair value difference at initial recognition and unwinding finance income of Rs. 20.9Mn has been recognised through retained earnings as at 1 April 2011. A difference of Rs. 20.4Mn in initial cost and fair value has been recognised in the income statement

as finance cost and an unwinding finance income of Rs. 10.2Mn is recognised in the income statement as for the year ended 31 March 2012.

F. Intercompany Loans

Under the current practice, loans taken from fully owned subsidiaries are initially recognised at cost. This is a financial liability and therefore as per LKAS 39, loans taken from related parties at initial recognition should be measured at fair value and subsequently measured at amortised cost. Since, related party loans has not accrued any interest, fair valuation is required. The difference of Rs.112.6Mn in amortised cost and fair value is recognised through retained earnings as at 1 April 2011 as a dividend receipt from subsidiaries. Amount of Rs. 60.0Mn has been accrued as interest cost and adjusted in retained earnings as at 1 April 2011. An interest cost of Rs. 28.3Mn has been recognised in finance cost for the year ended 31 March 2012.

G. Preference Share Dividends

Currently, Company recognises the dividend income on a cash basis. According to the LKAS 18, dividend income should be recognised when the company's right to receive the payment is established. Therefore, company recognised the dividend income of Rs. 4.1Mn for Giddawa preference shares as at 1 April 2011 to retained earnings. During the year ended 31 March 2012, Company has received the dividend income relating to previous year. Therefore, company has reversed the previous year dividend income of Rs. 4.1Mn from the income statement for the year ended 31 March 2012. Dividend income relating to 31 March 2012 has been received during the period.

H. Transfer of Dividend Income

During the year ended 31 March 2012, Company has reclassified its investment in Giddawa preference shares as a loan. Therefore, the dividends received from these preference shares Rs. 9.1Mn has been transferred from other income to finance income in the income statement for the year ended 31 March 2012.

I. Statement of Cash Flows

The transition from SLAS to SLFRS has not had material impact in the statement of cash flows.

2.5 Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Group financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognised 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.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Fair Valuation of Investment Properties

The Group carries its investment properties at fair value, with changes in fair value being recognised in the income statement. In addition, it measures land and buildings at revalued amounts with changes in fair value

being recognised in other comprehensive income. The company engaged independent valuation specialists to determine fair value as at 31 March 2013. For the investment property valuation specialists have used valuation techniques based on an open market value for existing use basis.

The determined fair value of the investment properties is more sensitive to the open market value for existing use basis. The key assumptions used to determine the fair value of the investment properties, are further explained in Note 11.

Share Based Payment Transactions

The Group measures the cost of equity settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for the share based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires the determination of most appropriate inputs to the valuation model including the expected life of the share option, volatility and making assumptions about them.

Defined Benefit Plans

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

Fair Value of Financial Instruments

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible. Where this is not feasible, a degree of judgment is required in establishing fair values.

2.6 Effect of Sri Lanka Accounting Standards Issued but not yet Effective:

The following SLFRS have been issued by the Institute of Chartered Accountants of Sri Lanka that have an effective date in the future and have not been applied in preparing these financial Statements. Those SLFRS will have an effect on the Accounting policies currently adopted by the Group and may have an impact on the future financial statements.

- (i) SLFRS 9 – Financial Instruments: Classification and measurement
SLFRS 9, as issued reflects the first phase of work on replacement of LKAS 39 and applied to classification and measurement of financial assets and liabilities. This standard will be effective for the financial period beginning on or after 1 January 2015.
- (ii) SLFRS 13 – Fair value measurement
SLFRS 13 establishes a single source of guidance under SLFRS for all fair value measurements. SLFRS 13 provides guidance on all fair value measurements under SLFRS. This Standard was originally effective for the financial period beginning on or after 1 January 2013 and early application was allowed. However effective date has been deferred subsequently.

In addition to the above, following standards were also issued with an original effective date of 1 January 2013, which were also deferred subsequently.

SLFRS 10 - Consolidated Financial Statements

SLFRS 11 - Joint Arrangements

SLFRS 12 - Disclosure of Interests in Other Entities.

The Group will adopt these standards when they become effective. Pending a detailed review, the financial impact is not reasonably estimable as at the date of publication of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

3 REVENUE

	Group		Company	
	2013 Rs.'000	2012 Rs.'000	2013 Rs.'000	2012 Rs.'000
Sale of Goods	15,344,843	13,120,023	-	-
Rendering of Services	10,753,519	8,412,480	561,558	373,654
	26,098,362	21,532,503	561,558	373,654

Segmental information is given in Note 34 to these financial statements.

4 OTHER OPERATING INCOME

	Group		Company	
	2013 Rs.'000	2012 Rs.'000	2013 Rs.'000	2012 Rs.'000
Gain/(Loss) on Disposal of Investments	576	(1,716)	78,908	(8,175)
Gain/(Loss) on Disposal of Property Plant & Equipment	40,876	30,224	1,548	(2,666)
Change in Fair Value of Investment Properties	65,322	32,127	66,908	14,559
Rental Income	3,652	1,686	7,500	6,430
Commission Income	17,427	12,950	-	-
Foreign Exchange Gain	117,972	48,832	-	-
Dividend Income on Financial Assets - Related parties	-	-	478,811	424,025
Dividend Income on AFS Financial Assets - Others	2,050	106	8	6
Sundry Income	48,799	50,666	80	4,159
	296,674	174,875	633,763	438,338

5 FINANCE COST AND INCOME

	Group		Company	
	2013 Rs.'000	2012 Rs.'000	2013 Rs.'000	2012 Rs.'000
5.1 Finance Cost				
Interest Expense on Overdrafts	125,287	56,695	8,326	198
Interest Expense on Loans and Borrowings				
- Related Party	-	-	201,750	78,965
- Others	229,299	325,257	42,341	24,213
Finance Charges on Lease Liabilities	6,775	718	-	-
Preference Share Dividend	15,148	15,573	-	-
Total Interest Expense	376,509	398,243	252,417	103,376
Amortised cost adjustment of Preference Shares	(6,814)	-	-	-
Fair Value Difference on Financial Assets measured at amortised cost	408	67,026	-	20,369
Total Finance Cost	370,103	465,269	252,417	123,745

5 Finance Cost and Income (Contd...)

	Group		Company	
	2013 Rs.'000	2012 Rs.'000	2013 Rs.'000	2012 Rs.'000
5.2 Finance Income				
Interest Income from Available For Sale Investments	-	-	-	-
Interest Income on Loans and Receivables -Related Party	-	-	84,475	47,005
Interest Income on Loans and Receivable - Others	301,184	162,352	3,018	1,717
Total Interest Income	301,184	162,352	87,493	48,722
Unwinding of Fair Value Difference on Financial Assets Measured at Amortised Cost	41,466	40,047	12,643	10,155
Total Finance Income	342,650	202,399	100,136	58,877

6 PROFIT BEFORE TAX

Stated after Charging/(Crediting)

	Group		Company	
	2013 Rs.'000	2012 Rs.'000	2013 Rs.'000	2012 Rs.'000
Included in Cost of Sales				
Depreciation	255,487	313,326	-	-
Provision for Obsolete Stocks	(2,646)	(19,272)	-	-
Included in Administrative Expenses				
Employees Benefits including the following				
Defined Benefit Plan Cost - Gratuity	64,938	32,837	5,804	5,725
Defined Contribution Plan Cost - MSPS/EPF/ETF	159,168	126,386	13,876	11,735
Depreciation	452,106	316,096	29,980	22,682
Exchange Loss	738	81,922	-	-
Amortisation/ Impairment of Intangibles	42,004	37,970	975	1,956
Impairment of Investment in Subsidiaries	-	-	-	10,676
(Gain)/Loss on Disposal of Property, Plant and Equipment	(40,876)	(37,651)	(1,548)	2,666
Auditors' Fees and Expenses	10,911	10,764	1,248	1,076
Legal Fees	2,059	1,365	48	3
Donations	5,877	6,305	499	772
Impairment of Trade Receivables	(8,121)	4,428	17,921	18,472
Included in Selling & Distribution Expenses				
Transport Cost	80,828	99,525	-	-
Advertising Cost	471,302	413,637	-	-

NOTES TO THE FINANCIAL STATEMENTS

7 INCOME TAX EXPENSE

The major components of income tax expense for the years ended 31 March 2013 and 2012 are

Income Statement	Group		Company	
	2013 Rs.'000	2012 Rs.'000	2013 Rs.'000	2012 Rs.'000
Current Income Tax				
Current Income Tax Charge	345,170	225,237	15,159	23,709
Adjustment in respect of Current Income Tax of Prior Years	58,658	4,486	(216)	528
Share of Associate Company Income Tax	965	529	-	-
Tax on Dividends	45,614	33,509	-	-
ESC Written Off	95	-	-	-
Deferred Income Tax Expense/(Income) arising due to				
- Origination and Reversal of Temporary Differences (Note 24)	21,920	(3,989)	11,140	(1,966)
	472,422	259,772	26,083	22,271

	Group		Company	
	2013 Rs.'000	2012 Rs.'000	2013 Rs.'000	2012 Rs.'000
7.1 Reconciliation Between Income Tax Expenses and the Accounting Profit				
Accounting Profit Before Tax	2,406,155	1,521,080	651,550	429,872
Intra Group Adjustment/Share of Profits of Subsidiaries	674,953	563,472	-	-
Income not subject to Income Tax	(797,100)	(791,808)	(642,742)	(463,288)
Exempt Profit	(666,501)	(421,642)	-	-
Aggregate Disallowable Expenses	413,487	457,135	95,402	146,054
Aggregate Allowable Expenses	(557,631)	(194,541)	(47,568)	(27,964)
Aggregate Disallowable Income	(33,553)	(38,587)	(2,504)	-
Adjustment for Tax Losses	(49,082)	(11,280)	-	-
Taxable Profit	1,390,728	1,083,829	54,138	84,709
Income Tax at 28% (2011 - 35%)	274,432	181,487	15,159	23,709
Income Tax at 20%	6,491	-	-	-
Income Tax at 15%	5,027	599	-	-
Income Tax at 12%	42,828	23,841	-	-
Income Tax at 2%	2,040	1,557	-	-
Income Tax at Other Rates	14,352	17,753	-	-
Current Income Tax Charge	345,170	225,237	15,159	23,709

7.2 Applicable Tax Rates

As per the Inland Revenue Act No.10 of 2006 and amendments thereto, all group companies which are resident in Sri Lanka are liable to Income Tax at 28% (2011/12- 28%) on taxable profit during the year 2012/2013 with the exception of the Companies stated below.

Company/ Sector	Nature	Exemption or Concession	Period
Exemptions / Concessions Granted Under the Board of Investment Law			
Hemas Developments (Pvt) Ltd	Enjoys a concessionary tax rate	2% on Revenue	15 years ending 2019/2020
Heladhanavi Limited	Exempt from Income Tax	Exempt	10 years ending 2014/2015
Okanda Power Grid (Pvt) Ltd	Profit of the Company is exempt from income tax for a period of 5 years, at 10% for next 2 years and 20% thereafter	Exempt	5 years from 1st year of profit or 2 years from operations
Upper Agra Oya Hydro Power (Pvt) Ltd	Profit of the Company is exempt from income tax for a period of 5 years, at 10% for next 2 years and 20% thereafter	Exempt	5 years ending 2012/2013
Giddawa Hydro Power (Pvt) Ltd	Profit of the Company is exempt from income tax for a period of 5 years, at 10% for next 2 years and 20% thereafter	Exempt	5 years ending 2012/2013
Hemas Hospitals (Pvt) Ltd	Profit of the Company is exempt from income tax for a period of 5 years, at 10% for next 2 years and 20% thereafter	Exempt	5 years from 1st year of profit or 2 years from operations
Hemas Southern Hospitals (Pvt) Ltd	Profit of the Company is exempt from income tax for a period of 5 years, at 10% for next 2 years and 20% thereafter	Exempt	5 years from 1st year of profit or 2 years from operations
Vishwa BPO (Pvt) Ltd	Exempt from income tax for a period of 3 years, at 10% for the next 2 years and 20% thereafter	20%	Open-ended
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 shall not apply for a period of 5 years. After the exemption, the profits are taxed at 10% for a period of 2 years and 20% thereafter	Exempt	5 years ending 2012/2013
Exemptions/Concessions Granted Under the Inland Revenue Act			
Hemas Power PLC	Classified as a venture capital Company and enjoys a concessionary tax rate	12%	Open-ended
N-able (Pvt) Ltd	Exempt from income tax for a period of 3 years, after the exemption at 5% for the first year, 10% in the second year and 15% thereafter	Exempt	3 years ending 2012/2013
Hemas Capital Hospital (Pvt) Ltd	Entitled for a tax exemption period of 9 years as per Sec 17A	Exempt	9 years from 1st year of profit or 2 years from operations
Leisure Sector	Promotion of tourism	12%	Open-ended

As per "Business Profit Tax Act" in Maldives, taxable profits of Diethelm Travel The Maldives (Pvt) Ltd is charged at 15%.

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

NOTES TO THE FINANCIAL STATEMENTS

8 EARNINGS PER SHARE

8.1 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.

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

	Group	
	2013 Rs.'000	2012 Rs.'000
Amount Used as the Numerator:		
Profit for the Year	1,657,655	1,164,525
Net Profit Attributable to Ordinary Shareholders for		
Basic Earnings Per Share	1,657,655	1,164,525
In'000s		
	2013	2012
Number of Ordinary Shares Used as Denominator:		
Number of Shares at the Beginning of the Year	515,291	512,041
Sub Division of Shares	-	-
	515,291	512,041
Effect of Issue of Shares under ESOS		1,625
Weighted Average Number of Ordinary Shares in Issue applicable to Basic Earnings Per Share	515,291	513,666

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

9 DIVIDENDS PER SHARE

9.1 Dividends Paid

	2013 Rs.'000	2012 Rs.'000
Declared and Paid during the Year		
Dividends on Ordinary Shares		
Final Dividends	128,823	128,010
Interim Dividends	154,587	128,823
	283,410	256,833

9.2 Dividends Per Share

	2013 Rs.	2012 Rs.
Final Dividend out of 2011/2012 - (2012-2010/2011) Profits	0.25	0.25
Interim Dividend out of 2012/2013 - (2012-2011/2012) Profits	0.30	0.25

The final dividends for 2011/2012 has been paid on 12 July 2012 and interim dividends for 2012/2013 has been paid on 3 December 2012.

10 PROPERTY, PLANT AND EQUIPMENT

10.1 Group

	Free Hold Land Rs.'000	Free hold Buildings Rs.'000	Buildings on LH Land Rs.'000	Plant and Machinery Rs.'000	Furniture, Fitting & Equipments Rs.'000	Motor Vehicles Rs.'000	Capital Work-in-Progress Rs.'000	Total Rs.'000
Cost or Valuation								
As at 1 April 2011	668,117	3,181,212	344,897	3,780,031	1,670,787	489,064	278,410	10,412,518
Additions	152,019	235,076	426,301	334,515	434,399	102,954	735,790	2,421,054
Revaluations	721,938	309,147	52,411	-	-	-	-	1,083,496
Disposals	-	-	(1,452)	(23,186)	(159,171)	(92,816)	(3,903)	(280,528)
Exchange Translation Difference	-	-	-	17	778	-	-	795
Transfer	233,480	(515,270)	864,130	-	294	-	(870,367)	(287,733)
As at 31 March 2012	1,775,554	3,210,165	1,686,287	4,091,377	1,947,087	499,202	139,930	13,349,602
Accumulated Depreciation								
As at 1 April 2011	-	188,326	54,320	1,630,960	826,228	266,034	-	2,965,868
Charge	-	96,992	13,950	263,497	197,765	57,218	-	629,422
Disposals	-	-	-	(18,850)	(119,953)	(69,787)	-	(208,590)
Exchange Translation Difference	-	-	-	4	173	-	-	177
Transfer	-	(252,915)	(68,270)	-	294	-	-	(320,891)
As at 31 March 2012	-	32,403	-	1,875,611	904,507	253,465	-	3,065,986
Carrying Value								
As at 31 March 2012	1,775,554	3,177,762	1,686,287	2,215,766	1,042,580	245,737	139,930	10,283,616
As at 1 April 2011	668,117	2,992,886	290,577	2,149,071	844,559	223,030	278,410	7,446,650

NOTES TO THE FINANCIAL STATEMENTS

10 Property, Plant and Equipment (Contd...)

10.2 Group

	Free Hold Land	Free hold Buildings	Buildings on LH Land	Plant and Machinery	Furniture, Fitting & Equipments	Motor Vehicles	Capital Work-in-Progress	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Cost or Valuation								
As at 1 April 2012	1,775,554	3,210,165	1,686,287	4,091,377	1,947,087	499,202	139,930	13,349,602
Additions	1,195	12,051	11,930	91,149	243,075	187,470	816,752	1,363,622
Acquisition of Subsidiary	-	-	-	-	7,234	152,811	-	160,045
Revaluations	87,614	41,428	-	-	-	-	-	129,042
Disposals	-	-	-	(4,326)	(16,047)	(100,227)	(17,162)	(137,762)
Exchange Translation Difference	-	(73)	-	54	(118)	-	-	(137)
Transfer	43,986	81,799	3,650	-	-	-	-	129,435
As at 31 March 2013	1,908,349	3,345,370	1,701,867	4,178,254	2,181,231	739,256	939,520	14,993,847
Accumulated Depreciation								
As at 1 April 2012	-	32,403	-	1,875,611	904,507	253,465	-	3,065,986
Charge	-	102,800	15,823	272,202	235,344	81,425	-	707,593
Acquisition of Subsidiary	-	-	-	-	1,770	21,760	-	23,530
Disposals	-	-	-	(2,145)	(12,271)	(82,866)	-	(97,281)
Exchange Translation Difference	-	-	-	61	1	-	-	62
As at 31 March 2013	-	135,203	15,823	2,145,729	1,129,351	273,784	-	3,699,890
Carrying Value								
As at 31 March 2013	1,908,349	3,210,167	1,686,044	2,032,525	1,051,880	465,472	939,520	11,293,957
As at 31 March 2012	1,775,554	3,177,762	1,686,287	2,215,766	1,042,580	245,737	139,930	10,283,616

10 Property, Plant and Equipment (Contd...)

10.2.1 Following companies have stated their properties at revalued amounts. The surplus arising from the revaluation was transferred to revaluation reserve.

Property	Extent	Valuation Rs'000	Date of the valuation	Valuer	Valuation Details
Hemas Manufacturing (Pvt) Ltd					
Buildings at Dankotuwa	174,446 sq.ft.	534,702	31-Mar-2012	Perera Sivaskantha & Co Incorporated Valuers	Open Market Value for Existing Use Basis
Land at Dankotuwa	9A-2R-24.5P	83,403			
Buildings on Leasehold Land at Ambakumbura	11,171.5 sq.ft.	6,000	31-Mar-2012	Perera Sivaskantha & Co Incorporated Valuers	Open Market Value for Existing Use Basis
Land of Industrial Property at Welisara	1A-0R-33.12P	74,351	31-Mar-2012	Perera Sivaskantha & Co Incorporated Valuers	Open Market Value for Existing Use Basis
Buildings of Industrial Property at Welisara	53,802 sq.ft.	137,249			
Hemas Hospitals (Pvt) Ltd					
Buildings on Leasedhold Land at Wattala	102,219 sq.ft.	949,200	31-Mar-2012	Perera Sivaskantha & Co Incorporated Valuers	Open Market Value for Existing Use Basis
Hemas Southern Hospitals (Pvt) Ltd					
Land at Galle	2R-23.83P	127,000	31-Mar-2012	Perera Sivaskantha & Co Incorporated Valuers	Open Market Value for Existing Use Basis
Building at Galle	38,778 sq.ft.	268,000			
Hemas Corporate Services (Pvt) Ltd					
Buildings in Colombo	1,786 sq.ft.	24,000	31-Mar-2012	Perera Sivaskantha & Co Incorporated Valuers	Open Market Value for Existing Use Basis
Peace Haven Resorts Ltd					
Land at Tangalle	41A-1R-15.4P	721,500	31-Mar-2012	Perera Sivaskantha & Co Incorporated Valuers	Open Market Value for Existing Use Basis
Buildings at Tangalle	4,957 sq.ft.	7,500			
Mowbray Hotels Ltd					
Land at Kandy	32A-1R-29P	155,670	31-Mar-2012	Perera Sivaskantha & Co Incorporated Valuers	Open Market Value for Existing Use Basis
Buildings at Kandy	11,134 sq.ft.	16,330			
Serendib Hotels PLC					
Buildings on Leasehold Land at Bentota	95,112 sq.ft.	588,167	31-Mar-2012	A.R Ajith Fernando Incorporated Valuers	Profit Basis
Miami Beach Hotel Ltd					
Land at Waikkal	7A-3R-31P	103,269	31-Mar-2012	A.R Ajith Fernando Incorporated Valuers	Profit Basis
Buildings at Waikkal	74,270 sq.ft.	396,742			
Dolphin Hotels PLC					
Land at Waikkal	5A-5R-24.8P	102,001	31-Mar-2012	A.R Ajith Fernando Incorporated Valuers	Profit Basis
Buildings at Waikkal	139,529 sq.ft.	537,950			
Hotel Sigiriya PLC					
Buildings on Leasehold Land at Sigiriya	70,172 sq.ft.	156,356	31-Mar-2012	A.R Ajith Fernando Incorporated Valuers	Profit Basis
Giddawa Hydro Power (Pvt) Ltd					
Land	1A-34-30.90 P	8,549	31-Mar-2013	Perera Sivaskantha & Co Incorporated Valuers	Profit Basis
Okanda Power Grid (Pvt) Ltd					
Land	0A-3R-31.83P	2,650	31-Mar-2013	Perera Sivaskantha & Co Incorporated Valuers	Profit Basis
Ella Dendro Electric (Pvt) Ltd					
Land	23A-2R-29.30P	39,500	31-Mar-2013	Perera Sivaskantha & Co Incorporated Valuers	Profit Basis

NOTES TO THE FINANCIAL STATEMENTS

10 Property, Plant and Equipment (Contd...)

10.2.2 Carrying value

	2013	2012	1 April 2011
At Cost	5,074,054	4,326,567	5,776,065
At Valuation	6,119,869	5,948,690	1,668,475
On Finance Lease	100,034	8,359	2,111
	11,293,957	10,283,616	7,446,651

10.2.3 The carrying amount of revalued Freehold Land & Buildings and Buildings on leasehold land if they were carried at cost less depreciation, would be as follows;

	Cost	Cumulative Depreciation	2013	Net Carrying Amount 2012	1 April 2011
Freehold Land	423,071	-	423,071	422,977	404,819
Building on Freehold Land	2,783,961	276,776	2,507,183	2,522,718	2,536,134
Building on Leasehold Land	662,380	111,608	550,772	572,007	89,365
	3,869,412	388,384	3,481,026	3,517,702	3,030,318

10.2.5 Group property, plant and equipment with a cost of Rs. 806Mn have been fully depreciated and continue to be in use by the group.

10.3 Company

	Roadways Rs.'000	Furniture and Fittings Rs.'000	Office Equipment Rs.'000	Computer Hardware Rs.'000	Motor Vehicles Rs.'000	Total Rs.'000
Cost						
Balance as at 1 April 2011	6,975	17,193	11,050	63,730	91,773	190,721
Additions	-	16,233	5,692	6,235	15,240	43,400
Disposals	-	(10,038)	(4,132)	-	(6,290)	(20,460)
Transfers to Investment Property/Other	(6,975)	-	-	-	-	(6,975)
Balance as at 1 April 2012	-	23,388	12,610	69,965	100,723	206,686
Additions	-	22,696	8,758	7,379	41,610	80,443
Disposals	-	(1,188)	(61)	(1,024)	(5,958)	(8,231)
Balance as at 31 March 2013	-	44,896	21,307	76,320	136,375	278,898
Accumulated Depreciation						
Balance as at 1 April 2011	-	7,397	8,050	57,247	15,687	88,381
Charge for the Year	-	2,588	789	5,157	14,148	22,682
Disposals	-	(3,575)	(2,604)	-	(3,384)	(9,563)
Balance as at 1 April 2012	-	6,410	6,235	62,404	26,451	101,500
Charge for the Year	-	4,383	989	5,312	19,296	29,980
Disposals	-	(1,047)	(7)	(912)	(4,346)	(6,312)
Balance as at 31 March 2013	-	9,746	7,217	66,804	41,401	125,168

10 Property, Plant and Equipment (Contd...)

10.3.1 Carrying Value

	Roadways Rs.'000	Furniture and Fittings Rs.'000	Office Equipment Rs.'000	Computer Hardware Rs.'000	Motor Vehicles Rs.'000	Total Rs.'000
31 March 2013	-	35,150	14,090	9,516	94,974	153,730
31 March 2012	-	16,978	6,375	7,561	74,272	105,186
1 April 2011	6,975	9,796	3,000	6,483	76,086	102,340

10.3.2 During the financial year, the Company acquired Property, Plant and Equipment to the aggregate value of Rs. 40.4Mn (2012-Rs. 43.4Mn & 2011 - Rs. 71.5Mn) by means of cash.

10.3.3 Property, Plant and Equipment includes fully depreciated assets having a gross carrying amount of Rs. 86.9Mn.

11 INVESTMENT PROPERTIES

	Group		Company	
	2013 Rs.'000	2012 Rs.'000	2013 Rs.'000	2012 Rs.'000
At the Beginning of the Year	474,685	1,309,965	331,500	309,965
Additions (Subsequent Expenditure)	167,881	-	167,881	-
Net Gain/(Loss) on Fair Value Adjustment	65,322	32,127	66,908	14,559
Transfers	(129,435)	(867,407)	-	6,976
At the End of the Year	578,453	474,685	566,289	331,500
Rental Income Derived from Investment Properties	23,617	26,270	20,909	18,142
Direct Operating Expenses (Including Repair and Maintenance) Generating Rental Income	(7,918)	(11,574)	(2,351)	(6,273)
Direct Operating Expenses (Including Repair and Maintenance) that did not Generate Rental Income	(395)	(354)	(477)	(354)
Net Profit Arising from Investment Properties Carried at Fair Value	15,304	14,341	18,081	11,515

NOTES TO THE FINANCIAL STATEMENTS

11.1 Details of Investment Properties

Property	Extent	Valuation Rs'000	Date of the valuation	Valuer	Valuation Details
Hemas Holdings PLC					
Freehold Property at Welisara Land Building	1A-3R-8P 66,340 sq.ft.	307,250	31-Mar-2013	Perera Sivaskantha & Co Incorporated Valuers	Open Market Value
Freehold Property at Handala Land Building	2R-4.13P 2,960 sq.ft.	54,500	31-Mar-2013	Perera Sivaskantha & Co Incorporated Valuers	Open Market Value
Freehold Property at Tangalle Land	1A-0R-30P	47,500	31-Mar-2013	Sunil Fernando Associates	Open Market Value
Freehold Property at Moratuwa Land	0A-2R-39P	157,039	31-Mar-2013	Sunil Fernando Associates	Open Market Value
Hemas Developments (Pvt) Ltd.					
Freehold Property at Braybrooke Place Land Building	1R-10P 99,372 sq.ft.	1,204,700	31-Mar-2013	Perera Sivaskantha & Co Incorporated Valuers	Income Basis

The significant assumptions used by the valuer are as follows

Growth in Future Rentals	12%
Anticipated Maintenance Cost	55%
Discount Rate	6%

12 LEASEHOLD RIGHT

	Group	
	2013 Rs.'000	2012 Rs.'000
At the Beginning of the Year	94,455	98,386
Additions/Acquisitions	-	-
Amortisation	(3,863)	(3,931)
At the End of the Year	90,592	94,455

12.1 Details of Leasehold Properties

Property	Extent	Lease period	Value Rs'000
Hemas Manufacturing (Pvt) Ltd			
Land at Ambakumbura	5A - 1R - 23.47P	21 Years	17,333
Serendib Hotels PLC			
Land at Bentota	2A - 0R - 6P 1A - 0R - 37P	50 Years 30 Years	35,736
Hotel Sigiriya PLC			
Land at Sigiriya	8A - 0R - 16P	30 Years	2,644
Hemas Hospitals (Pvt) Ltd			
Land at Wattala	227.5P	30 years	42,673

13 INTANGIBLE ASSETS

	Group				Company		
	Software Rs.'000	Brand Rs.'000	Development Expenses Rs.'000	Goodwill on Consolidation Rs.'000	Total Rs.'000	Software Rs.'000	Total Rs.'000
13.1 Cost or Valuation							
As at 1 April 2011	43,437	132,521	10,833	353,067	539,858	20,484	20,484
Addition/ Change in Percentage Holding	1,129	-	1,146	6,767	9,042	266	266
Acquisition of Subsidiary	-	-	-	-	-	-	-
Disposals	(1,633)	-	-	-	(1,633)	-	-
As at 31 March 2012	42,933	132,521	11,979	359,834	547,267	20,750	20,750
Accumulated Amortisation/Impairment							
As at 1 April 2011	27,886	12,658	7,996	-	48,540	17,519	17,519
Amortisation	6,572	8,178	2,556	-	17,306	1,956	1,956
Acquisition of Subsidiary	-	-	-	-	-	-	-
Impairment/ Derecognition	-	-	-	20,664	20,664	-	-
Disposals	(742)	-	-	-	(742)	-	-
As at 31 March 2012	33,716	20,836	10,552	20,664	85,768	19,475	19,475
Carrying Value	9,217	111,685	1,427	339,170	461,499	1,275	1,275
13.2 Cost or Valuation							
As at 1 April 2012	42,933	132,521	11,979	359,834	547,267	20,750	20,750
Addition/ Change in Percentage Holding	1,743	-	-	-	1,743	98	98
Acquisition of Subsidiary	-	-	-	15,463	15,463	-	-
Disposals	-	-	-	-	-	-	-
As at 31 March 2013	44,676	132,521	11,979	375,297	564,473	20,848	20,848
Accumulated Amortisation/Impairment							
As at 1 April 2012	33,716	20,836	10,552	20,664	85,768	19,475	19,475
Amortisation	4,830	28,542	632	-	34,004	975	975
Acquisition of Subsidiary	-	-	-	-	-	-	-
Impairment/ Derecognition	-	8,000	-	-	8,000	-	-
Disposals	-	-	-	-	-	-	-
As at 31 March 2013	38,546	57,378	11,184	20,664	127,772	20,450	20,450
Carrying Value	6,130	75,143	795	354,633	436,701	398	398

The Group and the Company annually carry out an impairment test on 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

14 INVESTMENT IN SUBSIDIARIES

	2013 %	Holding 2012 %	1 April 2011 %	2013 Rs.'000	2012 Rs.'000	1 April 2011 Rs.'000
Non-Quoted Investments						
Hemas Corporate Services (Pvt) Ltd.	100%	100%	100%	39,891	39,891	39,891
Hemas Developments (Pvt) Ltd.	73%	73%	73%	632,316	632,316	632,316
Hemas Manufacturing (Pvt) Ltd.	100%	100%	100%	509,905	509,905	509,905
Hemas Marketing (Pvt) Ltd.	100%	100%	100%	192,600	192,600	192,600
Hemas Foods (Pvt) Ltd.	100%	100%	100%	24,846	24,846	24,846
Hemas Pharmaceuticals (Pvt) Ltd.	100%	100%	100%	213,331	213,331	213,331
Hemas Surgicals and Diagnostics (Pvt) Ltd.	100%	100%	100%	23,957	23,957	23,957
Hemas Travels (Pvt) Ltd.	100%	100%	100%	91,359	91,359	91,359
Hemas Air Services (Pvt) Ltd.	100%	100%	100%	64,687	64,687	64,687
Forbes Air Services (Pvt) Ltd.	100%	100%	100%	62,452	62,452	62,452
Discover the World Marketing (Pvt) Ltd.	100%	100%	100%	4,666	4,666	4,666
Hemas Aviation (Pvt) Ltd.	100%	100%	100%	1,910	1,910	1,910
Exchange & Finance Investments (Pvt) Ltd.	100%	100%	100%	9,412	9,412	9,412
Hemtours (Pvt) Ltd.	100%	100%	100%	161,207	209,911	209,911
Leisure Asia Investments Ltd.	100%	100%	100%	398,795	398,795	257,559
Peace Haven Resorts Ltd.	95%	95%	95%	336,455	336,455	336,455
Hemas Transportation (Pvt) Ltd.	100%	100%	100%	85,049	300	300
ACX International (Pvt) Ltd.	0%	0%	100%	-	-	21,788
Mowbray Hotels Ltd.	89%	89%	89%	46,200	46,200	46,200
Far Shipping Lanka (Pvt) Ltd.	100%	100%	100%	3,000	3,000	3,000
Hemas Hospitals (Pvt) Ltd.	81%	81%	74%	1,241,225	1,128,783	877,564
Vishwa BPO (Pvt) Ltd.	100%	100%	100%	10,000	10,000	10,000
				4,153,264	4,004,777	3,634,109
Quoted Investments						
Serendib Hotels PLC				248,101	248,101	120,755
Hemas Power PLC				1,941,137	1,941,137	1,941,137
Dolphin Hotels PLC				1,631	281	-
Total				6,344,133	6,194,296	5,696,001

15 INVESTMENT IN JOINT VENTURES

	2013	Company		2013 Rs.'000	Company	
		2012 Holding %	1 April 2011		2012 Rs.'000	1 April 2011 Rs.'000
Hellmann Worldwide Logistics (Pvt) Ltd.	49%	49%	49%	8,475	8,475	8,475
Hemas International Freight (Pvt) Ltd.	49%	49%	49%	30,044	30,044	30,044
ACX International (Pvt) Ltd.				-	10,676	-
				38,519	49,195	38,519
Less- Impairment in Investment				-	(10,676)	-
				38,519	38,519	38,519

15.1 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%), ACX International (Pvt) Ltd (49%), H & M Shipping (Pvt) Ltd (50%) included in the Group financial statements are as follows:

	2013 Rs.'000	2012 Rs.'000
Statement of Financial Position		
a) Current Assets	2,382,797	2,096,507
b) Non Current Assets	1,256,577	1,399,577
c) Current Liabilities	2,087,228	2,142,078
d) Non Current Liabilities	388,451	179,778
Income Statement		
e) Revenue	5,490,743	4,477,903
f) Net Profit	195,421	185,610

16 INVESTMENT IN ASSOCIATES

The Group has a 19.9% interest in Jada Resort (Pvt) Ltd which is involved in hotel operations. Jada resorts is a Private Limited company that is not listed on any public exchange.

	2013 Rs.'000	Group 2012 Rs.'000	1st April 2011 Rs.'000
Group's Share of Associate's Statement of Financial Position			
Current Assets	81,807	38,687	21,200
Non Current Assets	315,108	157,461	165,238
Current Liabilities	70,990	15,195	17,658
Non-Current Liabilities	104,600	1,554	778
Equity	221,325	179,399	168,002
Share of the Associate Revenue	48,009	75,037	-
Share of the Associate Profit Before Tax	1,554	11,925	-
Share of the Associate Profit After Tax	589	11,397	-
Carrying Amount of the Investment	221,325	179,399	168,002

NOTES TO THE FINANCIAL STATEMENTS

17 OTHER FINANCIAL ASSETS

OTHER FINANCIAL ASSETS	Group			Company		
	2013 Rs.'000	2012 Rs.'000	1 April 2011 Rs.'000	2013 Rs.'000	2012 Rs.'000	1 April 2011 Rs.'000
Available For Sale Investments						
Quoted Equity Shares (Note 17.1.1)	197,438	74,354	83,065	71,846	74,296	82,976
Unquoted Equity Shares (Note 17.1.1)	12,388	10,371	10,215	-	-	-
	209,826	84,725	93,280	71,846	74,296	82,976
Loans and Receivables						
ESOS Receivables (Note 17.1.2)	274,462	274,811	130,881	96,389	93,045	42,255
Loans to Company Officers	82,684	65,252	62,694	9,893	8,843	7,350
Loans Due from Related Parties (Note 17.2.1)	-	-	-	694,709	404,474	594,272
Refundable Deposit	5,094	4,833	3,545	-	-	-
Short Term Investments	-	255,963	670,496	-	-	-
	362,240	600,859	867,616	800,991	506,362	643,877
Held to Maturity Investment						
Investments in Treasury Bonds	-	-	49,549	-	-	-
	-	-	49,549	-	-	-
Total Other Financial Assets	572,066	685,584	1,010,445	872,837	580,658	726,853
Total Non-Current (Note 17.1)	399,147	324,069	277,255	224,924	229,941	200,231
Total Current (Note 17.2)	172,919	361,515	733,190	647,913	350,717	526,622

Available For Sale Investment - Quoted Equity Shares

The Company and Group have investments in listed equity securities. The fair value of the quoted equity shares is determined by reference to published price quotations in an active market.

Available For Sale Investment - Unquoted Equity Shares

The Group has investments in unquoted equity securities. The fair value of the unquoted equity shares is estimated using appropriate valuation techniques.

Impairment on Available For Sale Financial Investments

For Available For Sale financial investments, the Group and Company assess at each reporting date whether there is objective evidence that an investment or group of investments is impaired. In the case of equity investments classified as Available For Sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. The determination of what is "significant" or prolonged requires judgment. In making this judgment, the Group and Company evaluate, among other factors, historical share price movements and the duration or extent to which the fair value of an investment is less than its cost.

17.1 Other Financial Assets - Non Current

	Group			Company		
	2013 Rs.'000	2012 Rs.'000	1 April 2011 Rs.'000	2013 Rs.'000	2012 Rs.'000	1 April 2011 Rs.'000
Investment in Equity Securities - (Note 17.1.1)	209,826	84,725	93,280	71,846	74,296	82,976
ESOS Receivables (Note 17.1.2)	184,227	234,511	130,881	78,078	80,645	42,255
Loans Due from Related Parties (Note 17.1.3)	-	-	-	75,000	75,000	75,000
Refundable Deposits	5,094	4,833	3,545	-	-	-
Investments in Treasury Bonds	-	-	49,549	-	-	-
	399,147	324,069	277,255	224,924	229,941	200,231

17 Other Financial Assets (Contd...)

17.1.1 Investment in Equity Securities - Non Current

Group	No. of Shares		Carrying value			Fair value		
	2013	2012	2013 Rs.'000	2012 Rs.'000	1 April 2011 Rs.'000	2013 Rs.'000	2012 Rs.'000	1 April 2011 Rs.'000
(a) Quoted								
Overseas Realty (Ceylon) PLC	1,000	1,000	14	13	15	14	13	15
Eden Hotels Lanka PLC	127	127	4	4	7	4	4	7
Galadari Hotels PLC	2000	2000	24	39	65	24	39	65
Blue Diamond Jewellers PLC	1300	1300	4	4	4	4	4	4
Royal Palm Beach Hotels PLC	85	85	3	5	6	3	5	6
Mecantile Shipping PLC	484,334	424,323	69,889	72,559	80,621	69,889	72,559	80,621
Kotmale Holdings PLC	40,000	40,000	1,436	1,580	2,140	1,436	1,580	2,140
John Keells Holdings PLC	2081	726	514	150	207	514	150	207
Pan Asia Power PLC	139,200	-	125,550	-	-	125,550	-	-
			197,438	74,354	83,065	197,438	74,354	83,065

	No. of Shares		Carrying value		
	2013	2012	2013 Rs.'000	2012 Rs.'000	1 April 2011 Rs.'000
(b) Unquoted					
Rainforest Ecology (Pvt) Ltd.			1,000,000	1,000,000	12,000
SLFFA Cargo Services Ltd.			18,900	18,900	383
Coca Cola Beverages Ltd.			100	100	5
			12,388	10,371	10,215

Investment in Equity Securities - Non Current

Company	No. of Shares			Carrying Value			Fair Value		
	2013	2012	1 April 2011	2013 Rs.'000	2012 Rs.'000	1 April 2011 Rs.'000	2013 Rs.'000	2012 Rs.'000	1 April 2011 Rs.'000
Quoted									
Overseas Realty (Ceylon) PLC	500	500	500	7	7	8	7	7	8
Kotmale Holdings PLC	40,000	40,000	40,000	1,436	1,580	2,140	1,436	1,580	2,140
Mercantile Shipping PLC	484,334	426,223	426,223	69,889	72,559	80,621	69,889	72,559	80,621
John Keells Holdings PLC	2,081	726	726	514	150	207	514	150	207
				71,846	74,296	82,976	71,846	74,296	82,976

17.1.2 ESOS Receivables

	Group		Company	
	2013 Rs.'000	2012 Rs.'000	2013 Rs.'000	2012 Rs.'000
ESOS receivable at the Beginning of the Year	274,811	130,881	93,045	42,255
Payment Made during the Year	(37,725)	154,747	(9,299)	61,004
Fair Valuation	-	(39,390)	-	(20,369)
Unwinding of Interest	37,376	28,573	12,643	10,155
	274,462	274,811	96,389	93,045
Non Current	184,227	234,511	78,078	80,645
Current	90,235	40,300	18,311	12,400

NOTES TO THE FINANCIAL STATEMENTS

17 Other Financial Assets (Contd...)

17.1.3 Loans Due from Related Parties

	Relationship	2013 Rs.'000	Company 2012 Rs.'000	1 April 2011 Rs.'000
Hemas Corporate Services (Pvt) Ltd.	Subsidiary	15,000	15,000	15,000
Giddawa Hydro Power (Pvt) Ltd.	Subsidiary	60,000	60,000	60,000
		75,000	75,000	75,000

17.2 Other Financial Assets - Current

	2013 Rs.'000	Group 2012 Rs.'000	1 April 2011 Rs.'000	2013 Rs.'000	Company 2012 Rs.'000	1 April 2011 Rs.'000
ESOS Receivables	90,235	40,300	-	18,311	12,400	-
Loans to Company Officers	82,684	65,252	62,694	9,893	8,843	7,350
Loans due from Related parties (17.2.1)	-	-	-	619,709	329,474	519,272
Short Term Investments	-	255,963	670,496	-	-	-
Total Current Financial Assets	172,919	361,515	733,190	647,913	350,717	526,622

17.2.1 Loans Due from Related Parties

	Relationship	2013 Rs.'000	Company 2012 Rs.'000	1 April 2011 Rs.'000
Hemas Pharmaceuticals (Pvt) Ltd.	Subsidiary	50,000	27,716	98,716
Hemas Corporate Services (Pvt) Ltd .	Subsidiary	21,540	5,340	-
HIF Logistics (Pvt) Ltd.	Joint Venture	124	124	6,000
Hemas Surgicals and Diagnostics (Pvt) Ltd.	Subsidiary	-	-	1,000
Hemas Hospitals (Pvt) Ltd.	Subsidiary	366,895	175,895	237,896
Diethelm Travel Lanka (Pvt) Ltd.	Subsidiary	-	-	10,000
Hemtours (Pvt) Ltd.	Subsidiary	65,000	65,000	65,000
N-able (Pvt) Ltd.	Subsidiary	75,000	55,000	47,000
Peace Haven Resorts (Pvt) Ltd.	Subsidiary	40,000	-	-
Serendib Hotels PLC	Subsidiary	1,150	19	53,510
Leisure Asia Investments Ltd.	Subsidiary	-	380	150
		619,709	329,474	519,272

18 INVENTORIES

	2013 Rs.'000	Group 2012 Rs.'000	1 April 2011 Rs.'000
Raw Materials	306,323	254,310	312,798
Work in Progress	31,938	40,170	37,801
Finished Goods & Other Stocks	2,005,174	1,701,875	1,406,401
Goods in Transit	136,010	65,590	-
Less: Provision for Obsolete Stocks	(54,308)	(56,956)	(76,228)
	2,425,137	2,004,989	1,680,772

19 TRADE AND OTHER RECEIVABLES

	2013 Rs.'000	Group 2012 Rs.'000	1 April 2011 Rs.'000	2013 Rs.'000	Company 2012 Rs.'000	1 April 2011 Rs.'000
Trade Debtors						
Related Parties (19.1)	-	-	-	258,872	133,841	92,771
Others	3,851,559	3,327,985	2,898,620	3,913	1,684	2,171
Ceylon Electricity Board	1,875,008	1,532,730	603,958	-	-	-
Less: Allowance for Impairment -Related Party	-	-	-	(52,146)	(34,465)	(16,431)
-Other	(141,480)	(158,993)	(145,952)	(678)	(438)	-
	5,585,087	4,701,722	3,356,626	209,961	100,622	78,511
Other Debtors						
Related Parties (19.2)	-	-	-	692,539	169,921	127,894
Others	711,597	572,770	574,860	26,476	5,888	6,874
Advances and Prepayments	770,654	585,975	299,869	97,375	89,727	11,476
Less: Allowance for Impairment	(19,643)	(6,047)	(3,736)	-	-	-
	7,047,695	5,854,420	4,227,619	1,026,351	366,158	224,755

Group

As at 31 March, the Age Analysis of Trade Receivables is as follows:

	Total Rs.'000	Current Rs.'000	Past due but not Impaired				
			< 30 Rs.'000	31-60 days Rs.'000	61-90 days Rs.'000	91-120 days Rs.'000	> 120 days Rs.'000
2013	5,585,087	3,879,223	645,626	563,462	487,622	8,502	650
2012	4,701,722	3,310,011	560,476	418,878	405,892	5,814	650
2011	3,356,626	2,578,161	364,311	202,409	191,923	19,822	-

Company

As at 31 March, the Age Analysis of Trade Receivables is as follows:

	Total Rs.'000	Current Rs.'000	Past due but not Impaired				
			< 30 Rs.'000	31-60 days Rs.'000	61-90 days Rs.'000	91-120 days Rs.'000	> 120 days Rs.'000
2013	209,961	175,023	12,405	19,262	2,443	758	70
2012	100,622	90,851	2,467	1,682	1,309	-	4,313
2011	78,511	41,667	17,788	3,846	6,704	6,245	2,261

NOTES TO THE FINANCIAL STATEMENTS

19 Trade and Other Receivables (Contd...)

19.1 Trade Dues from Related Parties

		2013	Company	1 April 2011
	Relationship	Rs.'000	2012	Rs.'000
			Rs.'000	Rs.'000
Hemas Pharmaceuticals (Pvt) Ltd.	Subsidiary	69,364	23,296	20,362
Hemas Corporate Services (Pvt) Ltd.	Subsidiary	1,101	469	466
Vishwa BPO (Pvt) Ltd.	Subsidiary	-	34	-
HIF Logistics (Pvt) Ltd.	Joint Venture	-	-	41
Hemas Travels (Pvt) Ltd.	Subsidiary	5,346	1,681	1,578
Hemas Power PLC	Subsidiary	174	127	805
Hemas Air Services (Pvt) Ltd.	Subsidiary	19,350	4,814	467
Hemtours (Pvt) Ltd.	Subsidiary	-	5,117	511
Exchange & Finance Investment (Pvt) Ltd.	Subsidiary	6	6	-
Hemas Southern Hospitals (Pvt) Ltd.	Subsidiary	5,561	4,958	3,576
Hemas Hospitals (Pvt) Ltd.	Subsidiary	35,739	6,830	9,081
Hemas Capital Hospital (Pvt) Ltd.	Subsidiary	382	-	-
Hemas Surgicals & Diagnostics (Pvt) Ltd.	Subsidiary	7,438	178	20
Hemas Aviation (Pvt) Ltd.	Subsidiary	35	46	44
Hemas Manufacturing (Pvt) Ltd.	Subsidiary	11,046	29,161	7,283
Forbes Air Services (Pvt) Ltd.	Subsidiary	60,207	41,038	34,761
ACX International (Pvt) Ltd.	Joint Venture	219	219	68
Hemas Developments (Pvt) Ltd.	Subsidiary	8	43	90
Diethelm Travel Lanka (Pvt) Ltd.	Subsidiary	508	458	461
Heladhanavi Ltd.	Joint Venture	90	90	90
Giddawa Hydro Power (Pvt) Ltd.	Subsidiary	7	3	3
Serendib Leisure Management (Pvt) Ltd.	Subsidiary	574	821	3,718
Serendib Hotels PLC	Subsidiary	5,749	2,609	876
Hellmann Worldwide Logistics (Pvt) Ltd.	Joint Venture	138	117	117
Far Shipping Lanka (Pvt) Ltd.	Subsidiary	21,575	763	1,411
N-able (Pvt) Ltd.	Subsidiary	10,654	10,880	6,889
Skynet Worldwide Express (Pvt) Ltd.	Joint Venture	30	72	53
Peace Haven Resorts Ltd.	Subsidiary	384	11	-
Okanda Power Grid (Pvt) Ltd.	Subsidiary	33	-	-
Hemas Logistics (Pvt) Ltd.	Subsidiary	3,154	-	-
		258,872	133,841	92,771

19 Trade and Other Receivables (Contd...)

19.2 Other Dues from Related Parties

Company

	Relationship	2013 Rs.'000	2012 Rs.'000	1 April 2011 Rs.'000
Hemas Manufacturing (Pvt) Ltd.	Subsidiary	34,897	6,913	972
Hemtours (Pvt) Ltd.	Subsidiary	-	11,904	16,369
Hemas Development (Pvt) Ltd.	Subsidiary	75	-	-
Far Shipping Lanka (Pvt) Ltd.	Subsidiary	25	11	1,925
Hemas Corporate Services (Pvt) Ltd.	Subsidiary	14,917	12,492	812
Forbes Air Services (Pvt) Ltd.	Subsidiary	90	48,096	48,521
Hemas Aviation (Pvt) Ltd.	Subsidiary	-	17	-
Hemas Travels (Pvt) Ltd.	Subsidiary	1,047	6,676	1,035
Diethelm Travel Lanka (Pvt) Ltd.	Subsidiary	2,434	2,192	-
Vishwa BPO (Pvt) Ltd.	Subsidiary	3,531	1,722	251
Hemas Surgicals and Diagnostics (Pvt) Ltd.	Subsidiary	8	8	8
Hemas Clinical Research Services (Pvt) Ltd.	Subsidiary	3,496	3,496	3,496
Hemas Hospitals (Pvt) Ltd.	Subsidiary	570,606	38,788	38,370
Hemas Capital Hospital (Pvt) Ltd.	Subsidiary	28	236	-
Hemas Southern Hospitals (Pvt) Ltd.	Subsidiary	162	-	-
Hemas Power PLC	Subsidiary	3,241	781	745
N-able (Pvt) Ltd.	Subsidiary	15,728	10,925	2,761
Peace Haven Resorts Ltd.	Subsidiary	5,907	4,921	-
Skynet Worldwide Express (Pvt) Ltd.	Joint Venture	176	-	-
Hemas Air Services (Pvt) Ltd.	Subsidiary	154	12,616	12,539
Hemas Pharmaceuticals (Pvt) Ltd.	Subsidiary	22,064	5,829	-
Leisure Asia Investments Ltd.	Subsidiary	4,242	-	-
Hemas Transportation (Pvt) Ltd.	Subsidiary	12	-	-
Mowbray Hotels Ltd.	Subsidiary	5,482	4,571	3,586
Serendib Leisure Management (Pvt) Ltd.	Subsidiary	7,658	1,223	-
Serendib Hotels PLC	Subsidiary	10	-	-
Hemas Logistics (Pvt) Ltd.	Subsidiary	45	-	-
Less: Allowance for impairment		(3,496)	(3,496)	(3,496)
		692,539	169,921	127,894

20 STATED CAPITAL

	Number	2013 Rs.'000	Number	2012 Rs.' 000
20.1 Fully Paid Ordinary Shares				
Balance at the Beginning of the Year	515,290,620	1,600,603	512,040,620	1,468,426
Sub Division of Shares	-	-	-	-
Issue of Shares under Employee Shares Ownership Scheme	-	-	3,250,000	132,177
Balance at the End of the Year	515,290,620	1,600,603	515,290,620	1,600,603

20.2 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.

NOTES TO THE FINANCIAL STATEMENTS

21 OTHER CAPITAL AND REVENUE RESERVE

	Group		Company	
	2013 Rs.'000	2012 Rs.'000	2013 Rs.'000	2012 Rs.'000
Balance at the Beginning of the Year	440,601	345,206	257,032	257,032
Net Gain/(Loss) Recognised Directly in Equity	(30,850)	95,395	-	-
Balance at the End of the Year	409,751	440,601	257,032	257,032

21.1 Group's other capital and revenue reserves represents Overhaul reserve and Heat Rate and Lube Oil reserve of joint venture, Heladhanavi Ltd and general reserves of other subsidiaries.

21.2 Other Capital reserves of the company represents the share of subsidiaries capital reserves accounted for using equity method until 31 March 2006. With effect from 1 April 2006 in accordance with the revised SLAS 26 the investments in subsidiaries are accounted at carrying value as at that date and any investment made after 1 April 2006 are carried at cost, net of any provision for impairment.

22 INTEREST BEARING LOANS AND BORROWINGS

22.1 Group

	2013 Rs.'000	2012 Rs.'000
Balance as at Beginning of the Year	2,321,285	2,691,306
Obtained during the Year	942,949	974,491
Acquired during the Year	132,993	
Repayments	(478,421)	(1,493,372)
Exchange Differences through Income Statement	16,768	90,649
Exchange Differences through Other Comprehensive Income	(37,457)	58,211
Balance as at the End of the Year	2,898,117	2,321,285
Non Current	2,182,887	1,384,827
Current	715,230	936,458
	2,898,117	2,321,285

22.1.1 Interest Bearing Loans and Borrowings (Contd...)

Security and Repayment Terms	Lending Institution	Nature of Facility	Interest Rate and Security	Repayment Terms	2013 Rs.'000	2012 Rs.'000
Hemas Holdings PLC	HNB	Term Loan	Interest - Monthly AWPLR+1	Repayable over 6 Years Starting from 1st November 2013	503,001	-
Hemas Pharmaceuticals (Pvt)Ltd.	SCB Central Finance	Term Loan Finance Lease	11.75%	Repayable within 120 days	1,079	291,000 1,583
Heladhanavi Ltd.	HSBC	Term Loan	1 Month LIBOR + 3.25 p.a Registered undertaking to mortgage over Project assets (Land , Building , Plant & Machinery) for USD 6,400,000	36 Equal Monthly Installments of USD 177,777.78	63,271	192,532
Heladhanavi Ltd.	SCB	Term Loan	1 Month LIBOR + 3.25 p.a re Priced Quarterly Registered undertaking to mortgage over Project assets (Land , Building , Plant & Machinery) for USD 6,000,000	42 Equal Monthly Installments of USD 142,857	108,454	214,879
Heladhanavi Ltd.	HSBC	Term Loan	1 Month LIBOR + 3.25 p.a Registered undertaking to mortgage over Project assets (Land , Building , Plant & Machinery) for USD 6,000,000	6 equal quartely instalments of USD 750,000	358,287	-
Heladhanavi Ltd.	Sampath Bank	Term Loan	Floting interest rate.	-	-	94,120
Hemas Hospitals (Pvt) Ltd.	HNB	Term Loan	The Term Loan interest is calculated on 1.25% interest per annum above the Average Weighted Prime Lending Rate. That will be repaid over 05 years. The Revolving Short Term Interest is calculated based on the short term money market rate. The loan is secured by a primary mortgage over Leasehold Land, Plant, Machinery, Equipment, and Building.	The Capital repayment of the loan commences after a grace period of 12 months from January 2010 which is paid in 48 monthly installments.	79,820	64,000

NOTES TO THE FINANCIAL STATEMENTS

22.1.1 Interest Bearing Loans and Borrowings (Contd...)

Security and Repayment Terms	Lending Institution	Nature of Facility	Interest Rate and Security	Repayment Terms	2013 Rs.'000	2012 Rs.'000
Hemas Hospitals (Pvt) Ltd.	DFCC	Project Loan	4% interest per annum above the Average Weighted Deposit Rate. The rate of interest will be revised in every 3 months until the settlement of loan in full. Provided that the Company pays the loan installments and interest regularly without any default.	The Capital repayment of the loan commences after a grace period of 24 months from October 2007 which is paid in 84 monthly installments.	427,850	547,250
Hemas Hospitals (Pvt) Ltd	NTB	Finance Lease			1,103	1,968
Hemas Southern Hospitals (Private) Ltd.	Sampath Bank	Term Loan	4% interest per annum above the Average Weighted Prime Lending Rate. The rate of interest will be revised in every 3 months until the settlement of loan in full. Provided that the Company pays the loan installments and interest	The Capital repayment of the loan commences after an extended grace period of 12 months from December 2010 which is need to be paid in 59monthly installments.	103,887	148,606
Hemas Logistics (Pvt) Ltd.	Mercantile Investments	Finance Lease			43,187	
	Sampath Bank	Finance Lease			19,619	
	Union Bank	Finance Lease			7,994	
	Central Finance Company	Finance Lease			160	
Hemas Logistics (Pvt) Ltd.	NDB	Term Loan	16.25% p.a	48 months	5,230	
Hemas Logistics (Pvt) Ltd.	UNION BANK	Term Loan	19.00% p.a	48 months	8,432	
N'ble (Pvt) Ltd.	NTB	Import Loan	13.90% p.a	3 months	-	6,507
		Import Loan	16.00% p.a	2 months	-	11,920
Diethelm Travel Lanka (Pvt) Ltd.	NTB	Finance Lease			2,899	3,890
Skynet Worldwide Express (Pvt) Ltd.	Commercial Leasing	Finance Lease			317	543
	Melsta Regal Finance	Finance Lease			802	-
H & M Shipping Services (Pvt) Ltd.	SCB	Term Loan	Variable at the discretion of the Bank	36 Months	8,750	-
Serendib Hotels PLC	HNB EURO	Term Loan	3 Months EURIBOR+ 3.5% p.a	59 instalments from Nov'12	99,858	116,837
	HNB GBP	Term Loan	3 Months LIBOR+ 3.5% p.a	59 instalments from Nov'12	54,928	64,974
	HNB EURO	Term Loan	3 Months EURIBOR+ 3.5% p.a	60 instalments from Nov'12	92,609	57,977
	HNB GBP	Term Loan	3 Months LIBOR+ 3.5% p.a	59 instalments from Nov'12	50,830	102,650
	HNB EURO	Term Loan	3 Months EURIBOR+ 5.25% p.a	60 instalments from Sep'13	104,617	-
Dolphin Hotels PLC	Commercial Bank EURO	Term Loan	At 3.75 Over 1 month Euro LIBOR p.a	72 instalments from May '11	119,810	135,581
Miami Beach Hotel Ltd.	Commercial Bank GBP	Term Loan	At 3.75 Over 1 month GBP LIBOR p.a	72 instalments from May '11	231,205	264,494
Hotel Sigiriya PLC	Commercial Bank	Term Loan	6.5% p.a.	60 monthly instalments	116	466
Serendib Leisure Management (Pvt) Ltd.	Jada Resort (Pvt) Ltd		Prevailing market Rate	On demand	400,000	-

22.2 Interest Bearing Loans and Borrowings (Contd...)

Company

	2013 Rs.'000	2012 Rs.'000	1 April 2011 Rs.'000
Interest Bearing Loans and Borrowings-Non Current			
Loans from Related Parties (Note 22.2.1)	820,496	940,785	633,523
Bank Loans	468,070	-	-
	1,288,566	940,785	633,523
Interest Bearing Loans and Borrowings-Current			
Loans from Related Parties (Note 22.2.1)	1,020,393	290,590	321,640
Bank Loans	34,931	-	-
	1,055,324	290,590	321,640

22.2.1 Loans from Related Parties

Relationship		As at	Obtained	Repayment/	As at	As at	Obtained	Repayment/	As at
		01 April 2012	During the Year	Transfer	31 March 2013	01 April 2011	During the Year	Transfer	31 March 2012
		Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Hemas Air Services (Pvt) Ltd.	Subsidiary	75,703	83,765	(32,405)	127,063	74,023	-	1,680	75,703
Hemas Developments (Pvt) Ltd.	Subsidiary	95,972	89,965	(30,340)	155,597	132,167	21,400	(57,595)	95,972
Hemas Manufacturing (Pvt) Ltd.	Subsidiary	327,345	200,000	(60,000)	467,345	145,274	1,096,253	(914,182)	327,345
Hemas Pharmaceuticals (Pvt)Ltd.	Subsidiary	150,000	170,000	(320,000)	-	-	150,000	-	150,000
Hemas Power PLC	Subsidiary	80,000	154,000	(165,000)	69,000	-	80,000	-	80,000
Peace Haven Resorts Ltd.	Subsidiary	197,289	-	(197,289)	-	214,195	7,850	(24,756)	197,289
Vishwa BPO (Pvt) Ltd.	Subsidiary	8,000	76,500	(49,500)	35,000	8,000	-	-	8,000
Forbes Air Services (Pvt) Ltd.	Subsidiary	182,994	15,000	(92,503)	105,491	286,396	135,000	(238,402)	182,994
Dolphin Hotels PLC	Subsidiary	-	210,200	(7,000)	203,200	-	-	-	-
Hotel Sigrirya PLC	Subsidiary	-	53,000	-	53,000	-	-	-	-
Serendib Leisure Management Ltd.	Subsidiary	-	561,000	(93,000)	468,000	-	-	-	-
Diethelm Travel Lanka (Pvt) Ltd.	Subsidiary	-	80,000	(30,000)	50,000	-	-	-	-
Serendib Hotels PLC	Subsidiary	-	23,463	-	23,463	-	-	-	-
Far Shipping Lanka (Pvt) Ltd.	Subsidiary	-	40,000	-	40,000	-	-	-	-
Hemas Logistics (Pvt) Ltd.	Subsidiary	-	43,730	-	43,730	-	-	-	-
Hemtours (Pvt) Ltd.	Subsidiary	114,072	-	(114,072)	-	95,108	-	18,964	114,072
		1,231,375	1,800,623	(1,191,109)	1,840,889	955,163	1,490,503	(1,214,291)	1,231,375

Terms and Conditions

(1) Treasury Loans (Current)

Security - Unsecured

Repayment - Within 3 Months

Interest - Based on Market Rates

(2) Other Loans : Hatton National Bank

Security - Unsecured

Repayments - Repayable over 6 Years (Starting from 1 November 2013)

Interest - Monthly AWPLR+1%

NOTES TO THE FINANCIAL STATEMENTS

23 OTHER NON CURRENT FINANCIAL LIABILITIES

	Group			Company		
	2013 Rs.'000	2012 Rs.'000	1 April 2011 Rs.'000	2013 Rs.'000	2012 Rs.'000	1 April 2011 Rs.'000
Other Financial Liabilities at Amortised Cost						
Preference Shares	127,615	134,430	141,485	-	-	-
Rent Deposits/Advances	12,728	10,088	8,038	4,383	10,599	-
Total Other Non Current Financial Liabilities	140,343	144,518	149,523	4,383	10,599	-

23.1 Preference shares represents Rs. 135Mn redeemable preference shares issued by Hemas Power PLC to National Development Bank.

24 DEFERRED TAX

Group	Deferred Tax Assets		Deferred Tax Liabilities	
	2013 Rs.'000	2012 Rs.'000	2013 Rs.'000	2012 Rs.'000
Balance as at Beginning of the Year	35,621	35,014	161,309	123,609
Income/(Expense) arising during the Year	4,141	607	26,061	(3,382)
Recognised through Equity	-	-	121	41,414
Acquired/disposed during the Year	-	-	5,822	(332)
Balance at the End of the Year	39,762	35,621	193,313	161,309

Company	Deferred Tax Liabilities	
	2013 Rs.'000	2012 Rs.'000
Balance as at Beginning of the Year	40,056	42,022
Income/(Expense) arising during the Year	11,140	(1,966)
Balance at the End of the Year	51,196	40,056

	Group		Company	
	2013 Rs.'000	2012 Rs.'000	2013 Rs.'000	2012 Rs.'000
The Closing Deferred Tax Liability/(Asset) Balances Relate to the Following				
Revaluation of Land and Buildings to Fair Value	27,225	27,191	-	-
Revaluation of Investment Properties to Fair Value	51,114	47,719	51,114	47,718
Accelerated Depreciation for Tax Purposes	169,812	141,079	7,483	892
Employee Benefit Liability	(55,540)	(52,121)	(7,401)	(8,554)
Losses Available for Offset against Future Taxable Income	(39,060)	(38,180)	-	-
Others	-	-	-	-
	153,551	125,688	51,196	40,056

25 EMPLOYEE BENEFIT LIABILITY

	Group			Company		
	2013 Rs.'000	2012 Rs.'000	1 April 2011 Rs.'000	2013 Rs.'000	2012 Rs.'000	1 April 2011 Rs.'000
Balance as at Beginning of the Year	248,342	230,298	184,963	30,551	18,676	17,026
Acquisition of Subsidiary	346	-	-	-	-	-
Interest Cost	32,179	22,922	18,683	3,360	1,867	1,873
Current Service Cost	29,373	31,602	31,211	1,909	1,983	1,586
Benefits Paid	(26,200)	(14,793)	(20,219)	(9,924)	(131)	(1,873)
Transfer	-	-	-	-	6,281	-
Actuarial (Gain) or Loss	3,387	(21,687)	15,660	535	1,875	64
Balance as at the End of the Year	287,427	248,342	230,298	26,431	30,551	18,676

Messrs. K.A. Pandit Consultants and Actuaries, carried out an actuarial valuation of the defined benefit plan gratuity on 31/03/2013. Appropriate and compatible assumptions were used in determining the cost of retirement benefits. The principal assumptions used are as follows:

	2013	2012	2011
Discount Rate Assumed (%)	11%	11%	10%
Further Salary Increase (%)	9%	9%	9%
Retirement Age	55 Years	55 Years	50 - 60 Years

26 TRADE AND OTHER PAYABLES

	Group			Company		
	2013 Rs.' 000	2012 Rs.' 000	1 April 2011 Rs.' 000	2013 Rs.' 000	2012 Rs.' 000	1 April 2011 Rs.' 000
Trade Payables						
Related Parties	-	-	-	-	-	-
Others	4,421,220	3,656,458	2,815,163	-	-	585
Other Payables						
Related Parties (26.1)	-	-	-	96,433	176,852	173,276
Others	552,688	435,844	558,241	34,990	19,638	10,507
Sundry Creditors including Accrued Expenses	925,347	1,091,593	728,854	25,209	23,183	23,583
Dividend Payables-Unclaimed	6,789	6,071	12,798	3,170	2,553	1,932
	5,906,044	5,189,966	4,115,056	159,802	222,226	209,883

NOTES TO THE FINANCIAL STATEMENTS

26 Trade and other Payables (Contd...)

26.1 Non Trade Dues to Related Parties

	Relationship	Company		
		2013 Rs.' 000	2012 Rs.' 000	1 April 2011 Rs.' 000
Hemas Corporate Services (Pvt) Ltd.	Subsidiary	5,888	1,415	458
Forbes Air Services (Pvt) Ltd.	Subsidiary	1,421	1,458	70
Hemas Pharmaceuticals (Pvt) Ltd.	Subsidiary	2,812	3,730	27,917
ACX International (Pvt) Ltd.	Joint Venture	74	74	5,160
Hemas Manufacturing (Pvt) Ltd.	Subsidiary	8,207	2,638	-
Hemtours (Pvt) Ltd.	Subsidiary	-	14,567	14,329
Vishwa BPO (Pvt) Ltd.	Subsidiary	531	17,893	14,725
Diethelm Travel Lanka (Pvt) Ltd.	Subsidiary	1,075	509	167
N-able (Pvt) Ltd.	Subsidiary	14,603	11,053	1,355
HIF Logistics (Pvt) Ltd.	Joint Venture	39	11	39
Hemas Travels (Pvt) Ltd.	Subsidiary	1,863	8,308	8,260
Hemas Power PLC	Subsidiary	9,853	9,772	9,602
Hemas Aviation (Pvt) Ltd.	Subsidiary	-	5,398	5,398
Exchange & Finance Investment (Pvt) Ltd.	Subsidiary	-	3,752	3,752
Discover the World Marketing (Pvt) Ltd.	Subsidiary	-	3,320	3,320
Hemas Air Services (Pvt) Ltd.	Subsidiary	1,754	50,935	50,453
Hemas Developments (Pvt) Ltd.	Subsidiary	24,056	35,460	22,671
Hemas Hospitals (Pvt) Ltd.	Subsidiary	3,650	450	-
Peace Haven Resorts (Pvt) Ltd.	Subsidiary	10,842	509	-
Far Shipping Lanka (Pvt) Ltd.	Subsidiary	214	5,600	5,600
Serendib Leisure Managements (Pvt) Ltd.	Subsidiary	5,355	-	-
Dolphin Hotels PLC	Subsidiary	2,715	-	-
Hotel Sigiriya PLC	Subsidiary	664	-	-
Hemas Logistics (Pvt) Ltd.	Subsidiary	503	-	-
Serendib Hotels PLC	Subsidiary	314	-	-
		96,433	176,852	173,276

27 CASH AND CASH EQUIVALENTS IN CASH FLOW STATEMENT

	Group			Company		
	2013 Rs.' 000	2012 Rs.' 000	1 April 2011 Rs.' 000	2013 Rs.' 000	2012 Rs.' 000	1 April 2011 Rs.' 000
Components of Cash and Cash Equivalents						
27.1 Favourable Cash and Cash Equivalent Balances						
Cash & Bank Balances	1,620,213	1,088,980	1,133,280	79,157	34,119	23,679
Fixed Deposits, Treasury Bills and Repo Investments	1,603,167	1,358,132	1,356,725	6,144	8,800	210
	3,223,380	2,447,112	2,490,005	85,301	42,919	23,889
27.2 Unfavourable Cash and Cash Equivalent Balances						
Bank Overdraft	(2,028,444)	(1,885,579)	(1,388,997)	(41,283)	-	(33,505)
Total Cash and Cash Equivalents for the Purpose of Cash Flow Statement	1,194,936	561,533	1,101,008	44,018	42,919	(9,616)

27.3 Acquisition of Subsidiary

The fair value of net assets acquired of Hemas Logistics (Pvt) Ltd (Formally known as Forward Air Logistics (Pvt)Ltd.) during the year ended 31 March 2013 were as follows,

Property, Plant and Equipment- Cost	160,045
Property, Plant and Equipment- Depreciation	(23,530)
Inventories	2,968
Trade and Other Receivables	27,443
Income Tax Recoverable	172
Cash and Cash Equivalents	2,775
Interest Bearing Loans and Borrowings	132,993
Retirement Benefit Liability	346
Deferred Tax Liability	5,822
Trade and Other Payables	6,638
Net Assets	24,072
	50%
Share of Net Assets Acquired	12,036
Goodwill	
Purchase Consideration paid	
Paid in Cash	23,308
Cash and Cash Equivalents of Subsidiary Acquired	2,775

27.4 Disposal of Subsidiaries

The fair value of net assets disposed of Solas Lanka (Pvt) Ltd and 51% disposal of ACX International (Pvt) Ltd during the year ended 31 March 2012 were as follows,

	Solas	ACX	Total
Property, Plant and Equipment	-	2,008	2,008
Intangible Assets	-	-	-
Other Investments	-	13	13
Inventories	-	-	-
Trade and Other Receivables	2,977	2,527	5,504
Interest Bearing Borrowings	-	807	807
Retirement Benefit Liability	10	497	507
Deferred Tax Liabilities	-	332	332
Trade and Other Payables	1,723	462	2,185
Income Tax Liabilities	235	(1,444)	(1,209)
Total net Assets	1,009	3,894	4,903
Profit/(Loss) on Disposal of Subsidiaries	(759)	(957)	(1,716)
	250	2,937	3,187

NOTES TO THE FINANCIAL STATEMENTS

28 FAIR VALUE

Group

Set out below is a comparison by class of the carrying amounts and fair values of the Group's financial instruments that are carried in the financial statements.

	Carrying Amount			Fair Value		
	2013 Rs.'000	2012 Rs.'000	1 April 2011 Rs.'000	2013 Rs.'000	2012 Rs.'000	1 April 2011 Rs.'000
Financial Assets						
Trade and Other Receivables	7,047,695	5,854,420	4,227,619	7,047,695	5,854,420	4,227,619
Other Financial Assets						
Loans and Other Receivables						
Loans to Company Officers	82,684	65,252	62,694	72,320	46,625	42,211
ESOS Receivable	274,462	274,811	130,881	260,468	245,948	189,379
Refundable Deposits	5,094	4,832	3,545	5,094	4,832	3,545
Held to Maturity Investment	-	-	49,549	-	-	49,549
Available for Sale Investments	209,826	84,725	93,280	209,826	84,725	93,280
Short term Investments	-	255,963	670,496	-	255,963	670,496
Cash and Short Term Deposits	3,223,380	2,447,112	2,490,005	3,223,380	2,447,112	2,490,005
Total	10,843,141	987,115	7,728,069	10,818,783	8,939,625	7,766,084

Financial Liabilities

Other Non Current Financial Liabilities

Redeemable Preference Shares	127,615	134,430	141,485	127,615	134,430	141,485
Rent Deposits/Advances	12,728	10,088	8,038	12,728	10,088	8,038
Interest Bearing Loans and Borrowings	2,820,956	2,313,797	2,686,613	2,820,956	2,313,797	2,686,613
Obligations under Finance Leases	77,161	7,488	4,693	83,420	7,391	4,794
Trade and Other Payables	5,906,044	5,189,966	4,115,056	5,906,044	5,189,966	4,115,056
Bank Overdraft	2,028,444	1,885,579	1,388,997	2,028,444	1,885,579	1,388,997
Total	10,972,948	9,491,348	8,344,882	10,979,207	9,541,251	8,344,983

Company

Set out below is a comparison by class of the carrying amounts and fair values of the Company's financial instruments that are carried in the financial statements.

	Carrying Amount			Fair Value		
	2013 Rs.'000	2012 Rs.'000	1 April 2011 Rs.'000	2013 Rs.'000	2012 Rs.'000	1 April 2011 Rs.'000
Financial Assets						
Trade and Other Receivables	1,026,351	366,158	224,755	1,026,351	366,158	224,755
Other Financial Assets						
Loans and Other Receivables						
Loans to Company Officers	9,893	8,843	7,350	8,397	7,896	6,209
Loans Due from Related Parties	694,709	404,474	594,272	694,709	404,474	594,272
ESOS Receivable	96,389	93,045	42,255	87,537	82,945	44,541
Available for Sale Investments	71,846	74,296	82,976	71,846	74,296	82,976
Cash and Short Term Deposits	85,301	42,919	23,889	85,301	42,919	23,889
Total	1,984,489	989,735	975,497	1,974,141	978,688	976,642
Financial Liabilities						
Interest Bearing Loans and Borrowings						
Loans Due to Related Parties	1,840,889	1,231,375	955,163	1,840,889	1,231,375	955,163
Bank Loans	503,001	-	-	503,001	-	-
Other Non Current Financial Liabilities						
Rent Deposits	4,383	10,599	-	4,383	10,599	-
Trade and Other Payables	159,802	222,226	209,883	159,802	222,226	209,883
Bank Overdraft	41,283	-	33,505	41,283	-	33,505
Total	2,549,358	1,464,200	1,198,551	2,549,358	1,464,200	1,198,551

The fair values of the financial assets are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

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

- Cash and short-term deposits and trade receivables approximate their carrying amounts largely due to the short-term maturities of these instruments.

- variable-rate and long-term fixed-rate receivables/borrowings are evaluated by the Group/Company based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken to account for the expected losses of these receivables. As at 31 March 2013, the carrying amounts of such receivables, net of allowances, are not materially different from their calculated fair values.

-Fair value of available-for-sale financial assets is derived from quoted market prices in active markets.

Fair Value Hierarchy

The Group/Company held the following financial instruments carried at fair value on the statement of financial position :

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

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

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

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

Group				
Assets Measured at Fair Value	31 March 2013	Level 1	Level 2	Level 3
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Available for Sale Financial Assets				
Equity Shares	209,826	197,438	12,388	-

Assets Measured at Fair Value	31 March 2012	Level 1	Level 2	Level 3
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Available for Sale Financial Assets				
Equity Shares	84,725	74,354	10,371	-

As at 1 April 2011, the Group held the following financial instruments carried at fair value on the statement of financial position :

Assets Measured at Fair Value	1 April 2011	Level 1	Level 2	Level 3
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Available for Sale Financial Assets				
Equity Shares	93,280	83,065	10,215	-

Company				
Assets Measured at Fair Value	31 March 2013	Level 1	Level 2	Level 3
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Available for Sale Financial Assets				
Equity Shares	71,846	71,846	-	-

Assets Measured at Fair Value	31 March 2012	Level 1	Level 2	Level 3
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Available for Sale Financial Asset				
Equity Shares	74,296	74,296	-	-

As at 1 April 2011, the Company held the following financial instruments carried at fair value on the statement of financial position :

Assets Measured at Fair Value	1 April 2011	Level 1	Level 2	Level 3
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Available for Sale Financial Assets				
Equity Shares	82,976	82,976	-	-

NOTES TO THE FINANCIAL STATEMENTS

29 EVENTS AFTER THE REPORTING PERIOD

(a) The Board of Directors of the Company has declared a final dividend of Rs. 0.45 per share for the financial year ended 31 March 2013 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 companies Act No. 07 of 2007, and has obtained a certificate from the Auditors, prior to declaring the final dividend which is to be paid on 9 July 2013.

In accordance with the Sri Lanka Accounting Standard (LKAS 10) - Events after the reporting date, the final dividend has not been recognised as a liability in the financial statements as at 31 March 2013.

(b) The Hemas Power PLC invested a Rs. 300Mn in Panasian Power PLC on 24th April 2013. Thereby Hemas Power PLC together with its Subsidiaries acquired the controlling stake (29.3%) of Panasian Power PLC.

30 COMMITMENTS & CONTINGENCIES

30.1 Capital Commitments

(a) Hemas Capital Hospital (Pvt) Ltd.

- Hemas Capital Hospital has, committed Letter of Credits for capital expenditure amounting to Rs 24,442,587/- with Hatton National Bank PLC.
- The company has entered in to a Forex Forward Facility of USD 800,000 (SLR 101,760,000/-) for a period of 3 months to purchase Radiology Equipments subject to board Resolution.

30.2 Contingencies

(a) Hemas Holdings PLC

The contingent liability as at 31 March 2013 on guarantees given by Hemas Holdings PLC, to banks on behalf of subsidiaries and joint ventures relating to facilities obtained, are as follows;

	2013 Rs.'000	2012 Rs.'000
Hemas Southern Hospitals (Pvt) Ltd.	110,000	110,000
Heladhanavi Ltd.	-	300,000
Hemas Power PLC	10,000	10,000
Forbes Air Services (Pvt) Ltd.	150,000	150,000
Hemas Hospitals (Pvt) Ltd.	200,000	200,000
Serendib Hotels PLC	418,800	628,504
N-able (Pvt) Ltd.	320,000	320,000
	1,208,800	1,718,504

(b) Hemas Manufacturing (Pvt) Ltd.

Department of Inland Revenue has issued an income tax assessment for the assessment years 2008/09 and 2009/2010 to the company. The company has communicated the intention to appeal to Tax appeals commission on which the proceedings are pending as at the date the financial statements. No provision has been made in the financial statements in this regard.

(c) Hemas Travels (Pvt) Ltd.

The Company has obtained guarantees from Standard Chartered Bank favouring BSP and non BSP Airlines amounting to Rs.142,400,000/-

The Company has obtained guarantees from Standard Chartered Bank favouring DNATA Emirates groups headquarters amounting to USD 10,000/-

The Company has obtained guarantees from Standard Chartered Bank favouring Royal Caribbean Cruises (Asia) PTE amounting to USD 25,000/-

30 Commitments & Contingencies (Contd...)

The Company has obtained guarantees from Standard Chartered Bank favouring Indian Railway Catering and Tourism amounting to USD 10,000/-.

The Company has obtained guarantees from Standard Chartered Bank favouring Asiatravel.com Holdings Ltd amounting to USD 10,000/-

The Company has obtained guarantees from Standard Chartered Bank favouring Saltours International amounting to EUR 10,000/-

The Company has obtained guarantees from Standard Chartered Bank favouring M/S Gulliver's Travels Associates amounting to GBP 15,000/-

(d) Hemas Air Services (Pvt) Ltd.

The Company has obtained a guarantee from Standard Chartered Bank favouring Malaysian Air lines for the purpose of GSA agreement for Cargo , Passenger and MAS Holidays amounting to US \$ 20,000 ,US \$ 64,000 and \$ 25,000 respectively.

The Company has obtained guarantee from Standard Chartered Bank on behalf of Hemas Aviation (Pvt) Ltd, favouring Sri Lankan Air Lines Ltd, Drukair Corporation Ltd, amounting US \$ 10,000 and US \$ 20,000 respectively.

The Company has obtained a guarantee from Standard Chartered Bank favouring Airport & Aviation Services (Pvt) Ltd amounting to Rs.5,201,450.

(e) Forbes Air Services (Pvt) Ltd.

The Company has obtained a guarantee from Standard Chartered Bank favouring Emirates - Dubai amounting to Rs.1,182,700,000/-.

The Company has obtained a guarantee from Standard Chartered Bank favouring Airport and Aviation amounting to Rs.215,040/-

The Company has obtained a guarantee from Standard Chartered Bank favouring Director General of Civil Aviation amounting to Rs.80,444,000/-.

(f) Far Shipping Lanka (Pvt) Ltd.

The Company has obtained guarantees from Standard Chartered Bank favouring Sri Lanka Ports Authority amounting to Rs. 500,000/-.

The Company has obtained guarantees from Standard Chartered Bank favouring Director General of Merchant Shipping amounting to Rs. 500,000/-.

The Company has obtained guarantees from Standard Chartered Bank on behalf of Hemas Maritime (Pvt) Ltd favouring Director General of Merchant Shipping amounting to Rs. 500,000/-.

The Company has obtained guarantees from Standard Chartered Bank on behalf of Hemas Maritime (Pvt) Ltd favouring Sri Lanka Ports Authority amounting to Rs. 250,000/-.

(g) Hemas Aviation (Pvt) Ltd.

The Company has obtained a guarantee from Standard Chartered Bank through Hemas Air Services (Pvt) Ltd in favouring Druk Air Corporation Ltd amounting to USD 20,000.

The Company has obtained a guarantee from Standard Chartered Bank through Hemas Air Services (Pvt) Ltd in favouring Sri Lankan Airlines Ltd amounting to USD 10,000.

The Company has obtained a guarantee from Standard Chartered Bank favouring The Island Aviation Services Ltd amounting Rs.1,000,000.

The Company has obtained a guarantee from Standard Chartered Bank favouring The Alitalia Compagnia Area Italiana S.P.A amounting Rs.1,000,000.

NOTES TO THE FINANCIAL STATEMENTS

30 Commitments & Contingencies (Contd...)

(h) Discover the World Marketing (Pvt) Ltd.

The Company has given a guarantee amounting to USD 25,000 to its principal "Discover Momentum" in relation to the credit facilities obtained by the principal.

The Company has given a guarantee amounting to USD 70,000 to China Southern Airlines Company Ltd for the purpose of GSA agreement for passenger.

(i) Diethelm Travel Lanka (Pvt) Ltd.

The Company has filed a case against a former employee in the Magistrate Court under the case no. 89669/11 Fraud Bureau regarding the fraud which occurred during the year, the loss on fraud incurred by the company is Rs. 1,600,000. The status of the case to be mentioned on 21st May 2013. The Company is in the opinion, except the legal case bearing No. 89669/11 in the Magistrate Court, there are no other legal proceedings.

(j) Hemas Southern Hospitals (Pvt) Ltd.

There has been a Court Case as at the Balance Sheet date, filed against the company claiming damages of Rs.2,500,000 for medical negligence. No provision has been made in these financial statements.

(k) Hemas Power PLC

The Inland Revenue Department raised an assessments for interest income by disallowing expenses for the year 2008/2009 & 2009/2010. Commissioner's hearing determined unfavourable to Company. However Company is going to apply tax appeal commission & no provision has been made in these financial statements.

30.3 Lease Commitments

(a) 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. This lease has a life of 30 years with no renewal option included in the contract. There are no restrictions placed upon the lessee by entering into this lease.

Future minimum rentals payable under operating lease as at 31 March are as follows:

	2013 Rs.'000	2012 Rs.'000
Within 01 Year	18,000	15,750
After 01 Year but not more than 05 Years	90,000	90,000
More than 05 Years	431,994	488,244
	539,994	593,994

(b) Hemas Capital Hospital (Pvt) Ltd.

Operating Lease Commitments - Company as Lessee

The Company has entered into an operating lease agreement to lease a land from Dhammika Eliyapura. This lease has a life of 30 years with no renewal option included in the contract. There are no restrictions placed upon the lessee by entering into this lease.

	2013 Rs.'000	2012 Rs.'000
Within 01 Year	10,270	-
After 01 Year but not more than 05 Years	68,800	41,080
More than 05 Years	455,332	493,322
	534,402	534,402

30.4 Commitments and Contingencies of the Jointly Controlled Entities

Heladhanavi Ltd.

30.4.1 Operations and Maintenance Agreement with Lakdhanavi Ltd.

According to this agreement, the fixed fee payable after the final completion date is US\$ 625,000 per annum paid in equal monthly installments and Heladhanavi Ltd. is liable to pay Lakdhanavi Ltd. an additional sum of US \$ 2,000,000 for each remaining year of the term or pro rata for part of term upon the early termination of this agreement

30.4.2 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 US\$ 10,500 per month from the date of commencement of power generation in the plant.

30.4.3 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 US\$ 500,000 per annum.

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

30.4.4 CEB has flouted the PPA by refusing to settle Rs. 57 Mn delayed interest income to Heladanavi Limited. Further, they attempted to reclaim the dividend tax of Rs. 215Mn which reimbursed in prior years to Heladanavi Ltd again effecting a breach of the PPA. The two matters are now under Arbitration Proceedings. The directors are of the view that , CEB does not have any right whatsoever under the PPA for such claims and disputes.

30.4.5 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

30.4.6 Eligibility to apply for a Generation Licence

As per the section 9 (1) (c) of Sri Lanka Electricity Act No.20 of 2009, a company incorporated under the Companies Act No 7 of 2007 which generates electricity over and above generating capacity of 25MW is eligible to apply for the issue of a Generation Licence, provided that in the said company either the Government or a Public Corporation or a company in which Government holds more than fifty per centum of the shares or a subsidiary of such 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.

Heladhanavi Ltd ('Heladanavi') too, which is currently operating under the Generation License validly obtained on 26th September 2003, applied for a Generation License under the Sri Lanka Electricity Act No. 20 of 2009. However, Heladanavi was informed by Public Utilities Commission of Sri Lanka (PUCSL) that the Company does not fulfill the eligibility criteria to apply for a Generation License, in terms of the above section of the Sri Lanka Electricity Act No 20 of 2009. At the same time, it was learnt that the Government of Sri Lanka intends to amend the new Electricity Act to exempt the existing independent Power Producers (including Heladanavi) from this requirement.

However, Heladanavi sought legal opinion in this regard and was informed that, Heladanavi is entitled to seek legal remedies and indemnification under the 'Changes in Law' section of the Power Purchase Agreement and the Implementation Agreement.

Hellman Worldwide Logistics (Pvt) Ltd.

30.4.7 The Company has obtained corporate guarantees from Hellmann Worldwide Logistics Ltd (Hong Kong) for Hong Kong Dollars equivalent to Rs.24,990,000/-

NOTES TO THE FINANCIAL STATEMENTS

31 ASSETS PLEDGED

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

Name of The Company	Nature of Assets	Nature of Liability	Carrying Amount of the Assets Pledged		Included Under
			2013 Rs.'000	2012 Rs.'000	
Heladhanavi Ltd. (The Group has its proportionate share of the assets pledged)	Land,Building, Plant and Machinery	US \$ 6,400,000 (Term Loan with HSBC)	2,556,932	2,949,165	Property , Plant and Equipment and Trade Debtors
	Land,Building, Plant and Machinery & Trade Debtors	US \$ 11,600,000	6,541,225	6,206,135	
	Land,Building, Plant and Machinery	US \$ 6,000,000 (Term Loan with Standard Chartered Bank)	2,556,932	2,949,165	Property , Plant and Equipment
	Fixed Deposit (US\$)	Overdraft	685,206	690,390	Short term Investments
Dolphin Hotels PLC	Freehold Land and Buildings	Primary Mortgage upto the value of Rs. 126.3 Mn to Commercial Bank of Ceylon PLC of Ceylon (EIB Loan) Primary Mortgage upto the value of Rs. 20 Mn to Commercial Bank of Ceylon PLC (Overdraft facility of Rs.20Mn) A supplimentary mortgage bond in EURO executed in connection with primary mortgage bond no 3120 dated 13/07/2010 linking the rupee exposure in foreign currency.	630,985	639,951	Property, Plant and Equipment
Miami Beach Hotels Ltd.	Freehold Land and Buildings	Primary Mortgage upto the value of Rs. 234.6 Mn to Commercial Bank of Ceylon PLC (EIB Loan) Primary Mortgage upto the value of Rs. 10 Mn to Commercial Bank of Ceylon PLC A supplimentary mortgage bond in GBP executed in connection with primary mortgage bond no 1425 dated 13/07/2010 linking the rupee exposure in foreign currency.	493,398	500,011	Property, Plant and Equipment
Hotel Sigiriya PLC	Plant, Machinery and Equipment	Primary Mortgage up to the value of Rs.1.75 Mn to Commercial Bank of Ceylon PLC	2,458	2,691	Property, Plant and Equipment
Hemas Hospitals (Pvt) Ltd.	Leasehold right to the Leasehold Land	Primary Mortgage up to the value of Rs 750,000,000 to DFCC Bank	1,271,254	1,330,100	Property, Plant and Equipment
Hemas Southern Hospitals (Pvt) Ltd.	Land and Building	Concurrent mortgage to the extent of Bank facility obtained from Sampath Bank	395,000	395,000	Property, Plant and Equipment

32 Financial Risk Management Objectives and Policies

The Group's principal financial liabilities, comprise loans and borrowings, and trade and other payables and other financial liabilities. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support its operations. The Group has loans and other receivables, trade and other receivables, and cash and short-term deposits that arrive directly from its operations. The Group also holds available-for-sale investments.

The Group is Exposed to Market Risk, Credit Risk and Liquidity Risk

"The Group's senior management oversees the management of these risks. The senior management is supported by the Board of Directors (BOD) that advises on financial risks and the appropriate financial risk governance framework for the Group. BOD provides assurance to the Group's senior management that the Group's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Group policies and Group risk appetite. It is the Group's policy that all derivative activities for risk management purposes are required to be approved by Board of Directors of Hemas Holdings PLC."

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

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, currency risk, commodity price risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loans and borrowings, deposits, available-for-sale investments and derivative financial instruments.

The overall risk management programme focuses on the unpredictability of financial

markets and seeks to minimize potential adverse effects on the entity's financial performance.

Interest Rate Risk

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

The company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. The company's policy is to maintain an appropriate balance between fixed and variable rate borrowings.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a different currency from the Group's functional currency) and net investment in foreign subsidiaries.

The major part of the foreign transactions is dealt with US Dollars and Euros. The Group has a natural hedging by way of its operational transactions as the inflow of foreign currency through export sale off sets the import cost.

In addition, the Group manages its foreign currency exposure by using foreign currency forward contracts.

Equity Price Risk

The Group's quoted and unquoted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group's Board of Directors reviews and approves all equity investment decisions.

At the reporting date, the exposure to quoted and unquoted equity securities at

fair value was Rs. 197Mn and Rs. 12Mn respectively.

Credit Risk

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

Trade Receivables

Customer credit risk is managed by each company subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of the customer is assessed based on the credit risk evaluation model and individual credit limits are defined in accordance with this assessment.

Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit or other forms of credit insurance.

A large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on actual incurred historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 17. The Group does not hold collateral as security.

Financial Instruments and Cash Deposits

Credit risk from balances with banks is managed by the Group's treasury department in accordance with the Group's Treasury Policy. Investments of surplus funds are made only with approved counter parties as per this Policy and within credit limits assigned to each counter party. Counter party credit limits are reviewed by the Board of Directors on an annual basis, and updated throughout the year. The limits are set to minimise the concentration of risks and

NOTES TO THE FINANCIAL STATEMENTS

therefore mitigate financial loss through potential counter party's failure. The Group's maximum exposure to credit risk for the components of the statement of financial position is the carrying amounts as illustrated in Note 17 except for financial guarantees.

Liquidity Risk

The Group monitors its risk to a shortage of funds by setting up a minimum liquidity level. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, debentures, preference shares, finance leases and hire purchase contracts. The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available and debt maturing within 12 months can be rolled over with existing lenders.

Capital Management

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

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes managing capital during the years ended 31 March 2013 and 31 March 2012. The company monitors capital using a gearing ratio, which is debt divided by total capital plus debt. The Group's policy is to keep the gearing ratio below 40%.

The table below summarizes the maturity profile of the Group's/Company's financial liabilities based on contractual undiscounted payments.

Group	On Demand Rs.'000	Less than 3 months Rs.'000	3 to 12 months Rs.'000	1 to 5 years Rs.'000	> 5 years Rs.'000	Total Rs.'000
As at 31st March 2013						
Interest Bearing Loans and Borrowings	400,000	-	315,230	2,182,887	-	2,898,117
Other non Current Financial Liabilities	-	-	-	12,728	127,615	140,343
Trade and Other Payables	-	5,906,044	-	-	-	5,906,044
Bank Overdraft	2,028,444	-	-	-	-	2,028,444
	2,428,444	5,906,044	315,230	2,195,615	127,615	10,972,948

As at 31st March 2012

Interest Bearing Loans and Borrowings	-	-	936,458	1,384,827	-	2,321,285
Other non Current Financial Liabilities	-	-	-	10,088	134,430	144,518
Trade and Other Payables	-	5,189,966	-	-	-	5,189,966
Bank Overdraft	1,885,579	-	-	-	-	1,885,579
	1,885,579	5,189,966	936,458	1,394,915	134,430	9,541,348

As at 1st April 2011

Interest Bearing Loans and Borrowings	-	-	991,266	1,700,040	-	2,691,306
Other non Current Financial Liabilities	-	8,038	-	-	141,485	149,523
Trade and Other Payables	-	4,115,056	-	-	-	4,115,056
Bank Overdraft	1,388,997	-	-	-	-	1,388,997
	1,388,997	4,123,094	991,266	1,700,040	141,485	8,344,882

Company	On Demand Rs.'000	Less than 3 months Rs.'000	3 to 12 months Rs.'000	1 to 5 years Rs.'000	> 5 years Rs.'000	Total Rs.'000
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As at 31st March 2013

Interest Bearing Loans and Borrowings	-	-	1,055,324	1,288,566	-	2,343,890
Other Non Current Financial Liabilities	-	-	-	4,383	-	4,383
Trade and Other Payable	-	159,802	-	-	-	159,802
Bank Overdraft	41,283	-	-	-	-	41,283
	41,283	159,802	1,055,324	1,292,949	-	2,549,358

As at 31 March 2012

Interest Bearing Loans and Borrowings	-	-	290,590	940,785	-	1,231,375
Other Non Current Financial Liabilities	-	-	-	10,599	-	10,599
Trade and Other Payable	-	222,226	-	-	-	222,226
Bank Overdraft	-	-	-	-	-	-
	-	222,226	290,590	951,384	-	1,464,200

As at 1 April 2011

Interest Bearing Loans and Borrowings	-	-	321,640	633,523	-	955,163
Trade and Other Payable	-	209,883	-	-	-	209,883
Bank Overdraft	33,505	-	-	-	-	33,505
	33,505	209,883	321,640	633,523	-	1,198,551

NOTES TO THE FINANCIAL STATEMENTS

33 RELATED PARTY DISCLOSURES

Details of significant related party disclosures are as follows:

33.1 Transactions with related entities

Guarantees

Guarantees given by the Company to banks on behalf of related parties are disclosed in note 30.2 in the financial statements.

Terms and Conditions:

The sales to and purchases from related parties are made at terms equivalent to those that prevail in arm's length transactions. Outstanding balances at year end are unsecured and interest free.

Terms and conditions on loans obtained from related parties are disclosed in Note 22.2.1 to these financial statements.

Nature of Transaction	Subsidiaries		Others		Total	
	2013 Rs.'000	2012 Rs.'000	2013 Rs.'000	2012 Rs.'000	2013 Rs.'000	2012 Rs.'000
Services Rendered	461,873	280,862	-	-	461,873	280,862
Bank Guarantee Fees Receivable	7,138	5,315	-	-	7,138	5,315
IT Charges Receivable	66,754	64,395	-	26	66,754	64,421
Rent Receivable	6,973	7,171	-	-	6,973	7,171
Loan Interest Income Receivable	84,475	47,005	-	-	84,475	47,005
Dividend Income	477,675	424,025	1,136	-	478,811	424,025
Treasury Loans Granted	(572,276)	(966,787)	-	-	(572,276)	(966,787)
Loan Interest Expense Payable	(201,750)	(78,965)	-	-	(201,750)	(78,965)
Receipt of Services	(32,208)	(34,834)	-	-	(32,208)	(34,834)
Shared Service Fee Payable	(6,928)	(7,626)	-	-	(6,928)	(7,626)
Purchase of Air Tickets/ Foreign Currency	(8,330)	(7,648)	-	-	(8,330)	(7,648)
Treasury Loans Obtained	1,800,623	1,490,503	-	-	1,800,623	1,490,503
Repayment of Loans/Transfer	(1,191,109)	(1,214,291)	-	-	(1,191,109)	(1,214,291)
Other	11,726	3,742	-	-	11,726	3,742

33.2 Transactions with Key Management Personnel

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

a) Key Management Personnel Compensation

	Group		Company	
	2013 Rs.'000	2012 Rs.'000	2013 Rs.'000	2012 Rs.'000
Short Term Benefits	234,308	142,349	49,001	41,974

b) Transactions, arrangements and agreements involving Key Management Personnel

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

34 SEGMENTAL INFORMATION

Information based on the primary segments (Business Segment)

For the year ended 31 March	FMCG		Healthcare		Leisure		Transportation		Power		Others		Group	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Revenue														
Segmental Revenue - Gross	7,691,263	6,716,124	9,046,584	7,548,710	1,643,375	1,185,462	1,100,731	721,987	5,509,449	4,471,370	1,925,582	1,489,177	26,916,984	22,132,830
Intra Segmental Revenue	-	-	(71,040)	(68,317)	-	-	-	-	-	-	(71,382)	(40,084)	(142,422)	(108,401)
Segment Revenue	7,691,263	6,716,124	8,975,544	7,480,393	1,643,375	1,185,462	1,100,731	721,987	5,509,449	4,471,370	1,854,200	1,449,093	26,774,562	22,024,429
Inter Segmental revenue	-	-	-	-	-	-	-	-	-	-	(676,200)	(491,926)	(676,200)	(491,926)
Total Revenue	7,691,263	6,716,124	8,975,544	7,480,393	1,643,375	1,185,462	1,100,731	721,987	5,509,449	4,471,370	1,178,000	957,167	26,098,362	21,532,503
Results														
Segmental Results	684,198	551,053	805,045	575,460	514,159	230,191	378,890	250,460	313,783	327,403	(329,345)	(194,669)	2,366,730	1,739,898
Finance Cost	(8)	(12,896)	(143,652)	(139,807)	(161)	(117,791)	(15,116)	(5,595)	(153,803)	(140,350)	(57,363)	(48,830)	(370,103)	(465,259)
Finance Income	108,903	64,246	13,469	8,884	13,009	17,769	64,614	28,399	124,776	67,217	17,879	15,884	342,650	202,399
Change in Fair Value of Investment Properties	-	-	-	-	-	-	-	-	-	-	65,324	32,127	65,324	32,127
Share of Results of Associate	-	-	-	-	1,554	11,925	-	-	-	-	-	-	1,554	11,925
Profit/(Loss) before Tax	793,093	602,403	674,862	444,537	528,561	142,094	428,388	273,264	284,756	254,270	(303,505)	(195,489)	2,406,155	1,521,080
Income Tax	(47,826)	(23,735)	(181,784)	(123,878)	(64,069)	(18,352)	(100,690)	(27,899)	1,101	(856)	(79,154)	(65,052)	(472,422)	(269,772)
Profit/(Loss) for the Year	745,267	578,668	493,078	320,659	464,492	123,742	327,698	245,365	285,857	253,414	(382,659)	(260,540)	1,933,733	1,261,308
Attributable to:														
Equity Holders of the Parent	745,267	578,668	520,151	346,041	232,889	59,249	321,714	245,365	220,070	195,738	(382,436)	(260,536)	1,657,655	1,164,525
Non-Controlling Interests	-	-	(27,073)	(25,382)	231,603	64,493	5,984	-	65,787	57,676	(223)	(4)	276,078	96,783
	745,267	578,668	493,078	320,659	464,492	123,742	327,698	245,365	285,857	253,414	(382,659)	(260,540)	1,933,733	1,261,308