

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 2015 comprise Hemas Holdings PLC (the 'Company') and all its Subsidiaries, Joint Ventures and Associates whose Financial Statements have been consolidated there in (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 38 to the Financial Statements.

1.4 Date of Authorization for Issue

The Consolidated Financial Statements of Hemas Holdings PLC for the year ended 31 March 2015 were authorised for issue, in accordance with a resolution of the Board of Directors on 29 May 2015.

2. GENERAL POLICIES

2.1 Basis of Preparation

The Financial Statements of the Group have been prepared on an accrual basis and under the historical cost convention 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.

2.1.1 Statement of Compliance

The Financial Statements which comprise the Statement of Profit or Loss, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and the Statement of Cash Flows, together with the Accounting policies and Notes (the "Financial

Statements") have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS/LKAS) as issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and the requirements of the Companies Act No. 7 of 2007.

2.1.2 Going Concern

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

2.1.3 Basis of Consolidation

a) Subsidiaries

The Consolidated Financial Statements comprise the Financial Statements of the Parent and its Subsidiaries as at 31 March 2015. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- I. Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- II. Exposure or rights to variable returns from its involvement with the investee
- III. The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- I. The contractual arrangement with the other vote holders of the investee
- II. Rights arising from other contractual arrangements
- III. The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a Subsidiary begins when the Group obtains control over the Subsidiary and ceases when the Group loses control of the Subsidiary. Assets, Liabilities, Income and Expenses of a Subsidiary acquired

or disposed of during the year are included in the Consolidated Financial Statements from the date the Group gains control until the date the Group ceases to control the Subsidiary.

Profit or Loss and each component of Other Comprehensive Income (OCI) are attributed to the Equity Holders of the Parent of the Group and to the Non-Controlling Interests, even if this results in the Non-Controlling Interests having a deficit balance. When necessary, adjustments are made to the Financial Statements of Subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group Assets and Liabilities, Equity, Income, Expenses and Cash Flows relating to transactions between members of the Group are eliminated in full on consolidation.

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 related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Diethelm Travel The Maldives (Pvt) Ltd, with an equity control equal to 49%, has been consolidated as a Subsidiary based on the contractual arrangement to govern the operating policies of that entity.

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)
Nable Global Pte Limited	Singapore	US Dollar (USD)

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 Statement of Profit or Loss and

within equity in the Consolidated Statement of Financial Position separately from parent shareholders' equity.

The Financial Statements of the Subsidiaries 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.

(b) Investment in Associates and Joint Ventures

An Associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A Joint Venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the Joint Venture. Joint Control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its Associates and Joint Ventures are accounted for using the equity method.

Under the equity method, the investment in an Associate or Joint Venture 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 the Associate or Joint Venture since the acquisition date. Goodwill relating to the Associate or Joint Venture is included in the carrying amount of the investment and is not tested for impairment individually.

The Statement of Profit or Loss reflects the Group's share of the results of operations of the Associate or Joint Venture. Any change in OCI of those investees is presented as a part of the Group's Other Comprehensive Income. In addition, when there has been a change recognised directly in the equity of the Associate or Joint Venture, the Group recognises its share of any changes, when applicable, in the Statement of Changes in

Notes to the Financial Statements

Equity. Unrealised gains and losses resulting from transactions between the Group and the Associate or Joint Venture are eliminated to the extent of the interest in the Associate or Joint Venture.

The aggregate of the Group's share of Profit or Loss of an Associate and a Joint Venture is shown on the face of the Statement of Profit or Loss and represents profit or loss before tax.

The Financial Statements of Associates and Joint Ventures 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 recognize an impairment loss on its investment in Associate or Joint Venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the Associate or Joint Venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the Associate or Joint Venture and its carrying value, and then recognises the loss in the 'Share of results of Associates and Joint Ventures in the Statement of Profit or Loss.

Upon loss of significant influence over the Associate or Joint Control over the Joint Venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the Associate or Joint Venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

The following Joint Venture has been incorporated outside Sri Lanka.

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

SLFRS 11 Joint Agreements which replaces the LKAS 31 Interest in Joint Ventures and SIC – 13, Jointly Control Entities, was adopted during the

current financial year and the effects of the change in previous accounting method of proportionate consolidation to equity method are disclosed in notes to the Financial Statements.

(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'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.

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 the Statement of 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 Statement of Profit or Loss 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) 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.

(d) 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 Statement of Profit or Loss.

(e) Dividends

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

(f) Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms.

(g) Others

Other income is recognized on an accrual basis.

2.2.2 Foreign Currencies

The Group 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.

Notes to the Financial Statements

All differences are taken to the Statement of Profit or Loss 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 Statement of Profit or Loss. 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 Statement of Profit or Loss 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 Statement of Profit or Loss.

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 Statement of Profit or Loss.

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 or 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 realized 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 Statement of Profit or Loss is recognised outside the Statement of Profit or Loss. 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.

c) *Tax on Dividend Income*

Tax on dividend income from subsidiaries is recognized as an expense in the Consolidated Statement of Profit or Loss.

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 Company derecognises the net book value of 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 Statement of Profit or Loss 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 Statement of Profit or Loss, in which case the increase is recognised in the Statement of Profit or Loss. A revaluation deficit is recognised in the Statement of Profit or Loss, 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 used by the Group/ Company are as follows

Freehold Buildings	1.5% - 10%
Plant and Machinery	6% - 25%
Furniture and Fittings	7% - 25%
Office and Factory Equipment	10% - 33.33%
Computer Hardware	25% - 33.33 %
Motor Vehicles	16.66% - 25%
Crockery and Cutlery	50% - 100%
Soil Erosion Prevention	5% - 10%

Notes to the Financial Statements

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 de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of Profit or Loss 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 Statement of Profit or Loss.

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 Statement of Profit or Loss on a straight-line basis over the lease term.

Leasehold Right / Prepaid Lease Rental

Prepaid Lease rentals paid in advance to acquire land use right are amortised over the lease term. Details of the prepaid lease rentals are given in note 13 to the Financial Statements.

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 Statement of Profit or Loss 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 Statement of Profit or Loss in the period of de-recognition.

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 value for subsequent accounting is the fair value at the date of change. If owner-occupied property becomes an Investment Property, Group/Company account 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 Statement of Profit or Loss 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 Statement of Profit or Loss 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 de-recognition 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 Statement of Profit or Loss 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 use 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:

- a) Raw Materials - At Actual Cost on First in-First Out/ Weighted Average basis.
- b) Foods and Beverages Stocks - At Actual Cost on Weighted Average basis.
- c) 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.
- d) Consumables and Spares - At Actual cost on First-in First Out basis.
- e) Goods-in-Transit and Other Stocks - At Actual Cost
- f) 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.

Notes to the Financial Statements

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 and other financial assets.

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 or Loss are carried in the Statement of Financial Position at fair value with changes in fair value recognised in the Statement of Profit or Loss.

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 Statement of Profit or Loss. The losses arising from impairment are recognised in the Statement of Profit or Loss.

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 Statement of Profit or Loss. The losses arising from impairment are recognised as finance cost in the Statement of Profit or Loss.

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 Statement of Profit or Loss 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 Statement of Profit or Loss 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 Statement of Profit or Loss.

De-recognition

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

- a) The rights to receive cash flows from the asset have expired
- b) 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 occurred, the amount of the loss is measured as the difference between the assets 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.

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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 Statement of Profit or Loss. 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 Statement of Profit or Loss. 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 Statement of Profit or Loss.

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 Statement of Profit or Loss, is removed from Other Comprehensive Income and recognised in the Statement of Profit or Loss. Impairment losses on equity investments are not reversed through the Statement of Profit or Loss; 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 Statement of Profit or Loss. 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 Statement of Profit or Loss, the impairment loss is reversed through the Statement of Profit or Loss.

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;

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 Statement of Profit or Loss.

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 (EIR) method. Gains and Losses are recognised in the Statement of Profit or Loss when the liabilities are derecognised as well as through the 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 Statement of Profit or Loss.

De-recognition

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 de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Profit or Loss.

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 that are 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 30.

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 Statement of Profit or Loss, 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 Statement of Profit or Loss as other operating expenses.

Amounts recognised as other comprehensive income are transferred to the Statement of Profit or Loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or

Notes to the Financial Statements

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 Statement of Profit or Loss. 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 Statement of Profit or Loss

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 Company 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 Statement of Profit or Loss 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 Statement of Profit or Loss 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 Group 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 Company 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 Other Comprehensive Income.

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 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 Share Based Payment Transactions

Employees 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.

The Group applies SLFRS 2, Share based payments in accounting for employee remuneration in the form of shares.

(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 Company's best estimate of the number of equity instruments that will ultimately vest. The Statement of Profit or Loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of

Notes to the Financial Statements

that period and is recognised in employee benefits expense.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions for which vesting is conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

(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 re-measured 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 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 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.

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, futures 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.

2.4 New Accounting Standards That Became Effective During the Year

The following Sri Lanka Accounting Standards were issued by the Institute of Chartered Accountants of Sri Lanka and is effective for the periods commencing on or after of 1 January 2014.

a) SLFRS 10 - Consolidated Financial Statements

SLFRS 10 replaces the portion of LKAS 27 (Consolidated and Separate Financial Statements) that addresses the accounting for Consolidated Financial Statements. It also addresses the issues raised in SIC 12 (Consolidation of Special Purpose Entities).

SLFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by SLFRS 10 will require the management to exercise significant judgment to determine which entities are controlled and therefore are required to be consolidated by a parent.

The effect of the change of new standard is disclosed in note 2.1.2 to the Consolidated Financial Statements.

b) SLFRS 11 - Joint Arrangements

SLFRS 11 Joint Arrangements, which replaces LKAS 31 Interests in Joint Ventures and SIC-13 Jointly Controlled Entities - Non-Monetary Contributions by Ventures. SLFRS 11 also amends LKAS 28 Investments in Associates.

The following are the main changes from LKAS 31; The structure of the joint arrangement, although still an important consideration, is no longer the main factor in determining the type of joint arrangement and therefore the subsequent accounting and If a joint arrangement is determined to be a Joint Venture, then the Joint Venture accounts for its investment using the equity method in accordance with LKAS 28 Investments in Associates and Joint Ventures; the free choice between using either the equity method or proportionate consolidation has been eliminated.

The effect of the change in method of accounting using proportionate consolidation to equity method of accounting is incorporated and disclosed in note 35 to the Financial Statements.

c) SLFRS 12 - Disclosure of Interests in Other Entities

SLFRS 12 includes all of the disclosures that were previously in LKAS 27 (Consolidated and Separate Financial Statements) related to Consolidated Financial Statements, as well as all of the disclosures that were previously included in LKAS 31 (Interests in Joint Ventures) and LKAS 28 (Investments in Associates). These disclosures relate to an entity's interest in subsidiaries, joint arrangements, associates and structured entities.

The effect of the change of new standard is disclosed in note 15.1 to the Financial Statements.

d) SLFRS 13 - Fair Value Measurement

The Group measures financial instruments such as Financial Assets Held for Trading, Financial Derivatives, and Non-Financial Assets such as certain classes of Property, Plant and Equipment at fair value at each reporting date. Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed are summarized under the respective notes.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability
- Or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Notes to the Financial Statements

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Financial Statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the Financial Statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as properties and significant liabilities, such as defined benefit obligations. Involvement of external valuers is decided upon annually after discussion with and approval by the Group's Board Audit Committee wherever necessary. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Board Audit Committee whenever necessary after discussions with the Group's external valuers decide which valuation techniques and inputs to use for each case.

At each reporting date the Management analyses the movements in the values of assets and liabilities which are required to be remeasured or reassessed as per the Group's accounting policies. For this analysis, the Management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents. The Management in conjunction with the Group's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable. This includes a discussion of the major assumptions used in the valuations.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 30.

2.5 Effect of Sri Lanka Accounting Standards issued but not yet Effective:

The following SLFRS issued by the Institute of Chartered Accountants of Sri Lanka that have an effective date in 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 Company and may have an impact on the future Financial Statements.

a) SLFRS 14 - Regulatory Deferral Accounts

The objective of this Standard is to specify the financial reporting requirements for regulatory deferral account balances that arise when an entity provides goods or services to customers at a price or rate that is subject to rate regulation.

This Standard becomes effective for annual periods beginning 01 January 2016.

b) SLFRS 15 - Revenue from Contracts with Customers

The objective of this Standard is to establish the principles that an entity shall apply to report useful information to users of Financial Statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.

This Standard becomes effective for annual periods beginning 01 January 2017.

c) SLFRS 09 - Financial Instruments

This standard will replace LKAS 39, Financial Instruments, Recognition and Measurement. The improvements introduced by SLFRS 9 includes a logical model for classification and measurement, a single, forward-looking 'Expected Loss' impairment model and a substantially-reformed approach to hedge accounting which are detailed below.

Phase 1: Classification and Measurement

Classification determines how financial assets and financial liabilities are accounted for in the Financial Statements and, in particular, how they are measured on an ongoing basis. SLFRS 9 introduces a logical approach for the classification of financial assets driven by cash flow characteristics and the business model in which an asset is held. This single, principle-based approach replaces existing rule-based requirements that are complex and difficult to apply.

Phase 2: Impairment

SLFRS 09 introduces a new, expected loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and it lowers the threshold for recognition of full lifetime expected losses.

Phase 3: Hedge accounting

SLFRS 9 introduces a substantially-reformed model for hedge accounting with enhanced disclosures about risk management activity. The new model represents a substantial overhaul of hedge accounting that aligns the accounting treatment with risk management activities, enabling entities to better reflect these activities in their Financial Statements. In addition, as a result

of these changes, users of the Financial Statements will be provided with better information about risk management and the effect of hedge accounting on the Financial Statements.

SLFRS 09 was originally effective for annual periods commencing on or after 01 January 2015. However, the effective date has been deferred subsequently and the revised effective date is yet to be announced.

The Group will adopt these standards when they become effective. Pending the completion of 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	
	2015 Rs.'000	2014 Rs.'000	2015 Rs.'000	2014 Rs.'000
Sales of Goods	25,002,951	20,079,527	-	-
Rendering of Services	7,494,002	7,179,754	656,735	664,710
	32,496,953	27,259,281	656,735	664,710

Segmental information is given in Note 37 to these financial statements.

4 OTHER OPERATING INCOME

	Group		Company	
	2015 Rs.'000	2014 Rs.'000	2015 Rs.'000	2014 Rs.'000
Gain/(Loss) on Disposal of Non Current Investments	-	41,071	(299,154)	148,503
Gain/(Loss) on Disposal of Property Plant & Equipment/ Intangibles/Leasehold Properties	101,395	386,505	424	(454)
Change in Fair Value of Investment Properties	281,624	729,269	58,135	40,386
Rental Income	1,856	4,027	6,900	7,250
Commission Income	33,751	22,500	-	-
Foreign Exchange Gain	66,441	111,761	-	-
Dividend Income from Investments in Related Parties	-	-	1,103,241	575,093
Dividend Income on Available For Sale Investments	424	5	10	5
Sundry Income	60,798	68,604	360	51
	546,289	1,363,742	869,916	770,834

5 FINANCE COST AND INCOME

	Group		Company	
	2015 Rs.'000	2014 Rs.'000	2015 Rs.'000	2014 Rs.'000
5.1 Finance Cost				
Interest Expense on Overdrafts	15,400	52,740	1,327	18,526
Interest Expense on Loans and Borrowings				
- Related Party	-	-	43,189	146,416
- Others	432,421	444,504	185,777	105,055
Foreign Exchange Loss - Foreign Currency Borrowings	2	5,088	-	-
Finance Charges on Lease Liabilities	10,410	13,036	-	-
Total Interest Expense	458,233	515,368	230,293	269,997
Fair Value Difference on Financial Assets Measured at Amortised Cost	1,426	3,427	594	270
Total Finance Cost	459,659	518,795	230,887	270,267

5 *Finance Cost and Income (Contd.)*

	Group		Company	
	2015 Rs.'000	2014 Rs.'000	2015 Rs.'000	2014 Rs.'000
5.2 Finance Income				
Interest Income on Loans and Receivables - Related Party	-	-	84,073	73,599
- Other	171,786	181,148	54,443	6,990
Total Interest Income	171,786	181,148	138,516	80,589
Unwinding of Fair Value Difference on Financial Assets Measured at Amortised Cost	11,636	45,776	3,798	16,984
Total Finance Income	183,422	226,924	142,314	97,573

6 **PROFIT BEFORE TAX**

Stated after Charging/(Crediting)	Group		Company	
	2015 Rs.'000	2014 Rs.'000	2015 Rs.'000	2014 Rs.'000
Included in Cost of Sales				
Depreciation	205,711	163,283	-	-
Provision for Obsolete Stocks	48,676	52,176	-	-
Included in Administrative Expenses				
Employees Benefits including the following				
Defined Benefit Plan Cost - Gratuity	99,709	74,927	6,731	4,419
Defined Contribution Plan Cost - MSPS/EPF/ETF	229,254	187,935	14,455	14,688
Depreciation	622,292	546,521	45,286	39,322
Amortisation/ Impairment of Intangibles	28,120	47,388	10,637	3,152
Loss on Disposal of Property, Plant and Equipment	-	-	-	454
Auditors' Fees and Expenses	10,239	9,019	1,575	1,770
Legal Fees	6,394	2,862	574	26
Donations	5,047	6,951	352	220
Impairment of Trade Receivables	28,254	29,980	6,693	(39,474)
Included in Selling & Distribution Cost				
Transport Cost	176,720	184,900	-	-
Advertising Cost	767,114	609,945	-	-

Notes to the Financial Statements

7. INCOME TAX EXPENSE

The major components of income tax expense are;

	Group		Company	
	2015 Rs.'000	2014 Rs.'000	2015 Rs.'000	2014 Rs.'000
Current Income Tax				
Current Income Tax Charge (7.1)	486,497	404,720	263	-
Adjustment in Respect of Current Income Tax of Prior Years	39,658	(16,564)	19,772	(5,474)
Share of Associate Company Income Tax	2,864	3,957	-	-
Share of Joint Venture Company Income Tax	18,508	13,615	-	-
Tax on Dividends	138,171	57,201	-	-
ESC Written off	492	-	-	-
Deferred Income Tax Expense/(Income) Arising due to				
Origination and Reversal of Temporary Differences (Note 25)	18,010	6,744	2,136	3,385
	704,200	469,673	22,171	(2,089)

7.1 Reconciliation Between Income Tax Expenses and Accounting Profit

Accounting Profit Before Tax	3,094,939	3,192,344	748,911	774,261
Intra Group Adjustment/Share of Profits of Subsidiaries	1,209,144	1,433,870	-	-
Income not Subject to Income Tax	(1,397,300)	(1,014,836)	(862,232)	(763,987)
Exempt Profit	(53,669)	171,011	-	-
Aggregate Disallowed Expenses	1,367,463	812,281	193,812	38,019
Aggregate Allowable Expenses	(1,634,679)	(2,486,581)	(79,046)	(64,190)
Aggregate Disallowable Income	(16,580)	(89,471)	-	-
Adjustment for Tax Losses	(821)	(25,505)	(506)	-
Taxable Profit	2,568,497	1,993,113	939	(15,897)
Income Tax at 28%	339,375	276,971	263	-
Income Tax at 20%	3,338	6,995	-	-
Income Tax at 15%	-	334	-	-
Income Tax at 12%	64,572	33,851	-	-
Income Tax at 2%	2,984	2,781	-	-
Income Tax at Other Rates	76,228	83,788	-	-
Current Income Tax Charge	486,497	404,720	263	-

7. Income Tax Expense (Contd.)

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% (2013/14- 28%) on taxable profit during the year 2014/2015 with the exception of the Companies stated below.

Company/ Sector	Nature	Exemption or Concession	Period
7.2.1. 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
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 ending 2014/2015
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 ending 2015/2016
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	10%	2 years ending 2014/2015
7.2.2. Exemptions / Concessions Granted Under the Inland Revenue Act			
Hemas Capital Hospital (Pvt) Ltd	Entitled for a Tax exemption period of 9 years as per Sec 17(2)	Exempt	9 Years from 1st year of profit or 2 years from operations
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	10%	for the year ending 2014/2015
Unicon Investments (Pvt) Ltd	Entitled for a Tax exemption period of 3 years as per Sec 22	Exempt	3 years from 1st year of profit or 2 years from operations
Hemas Integrated Logistics (Pvt) Ltd	Entitled for a Tax exemption period of 6 years as per Sec 17	Exempt	6 years from 1st year of profit or 2 years from operations
Leisure Sector	Promotion of tourism	12%	Open-ended
7.2.3	As per "Business Profit Tax Act" in Maldives, taxable profits of Diethelm Travel The Maldives (Pvt) Ltd is charged at 15%.		
7.2.4	As per SRO No 172-Law / Income Tax / 2009 dated 30 June 2009 Hemas Consumer Brands Private Ltd is entitled to pay tax at reduce rate on income. Income Tax provision has been made in line with the provision of the ITO – 1984.		
7.2.5	As per "Income Tax Act of Singapore" tax is charged on the taxable profit of N-able Global (Pvt) Ltd.		

Notes to the Financial Statements

8 RESULTS FROM DISCONTINUED OPERATIONS

The Group divested 93,900,000 Shares of Hemas Power PLC (presently known as Resus Energy PLC) at a total Consideration of Rs.1,680Mn on 05 December 2014. Hence, the Power segment has been classified as a discontinued operation as required by SLFRS 5, Non-Current Assets Held for sale, and Discontinued Operations. The results of the Power Segment as of the disposal date is as follows,

	2015 Rs.'000	2014 Rs.'000
Revenue	445,937	541,430
Cost of Sales	(68,836)	(87,847)
Gross Profit	377,101	453,583
Other Operating Income	14,540	21,790
Disposal Loss on Heladhanavi	(148,588)	-
Administrative Expenses	(89,362)	(108,840)
Share of Results of Joint Ventures	(131,948)	(478,570)
Operating Profit / (Loss)	21,743	(112,037)
Finance Cost	(62,941)	(78,236)
Finance Income	15,680	45,168
Loss Before Tax	(25,518)	(145,105)
Income Tax Expenses	(17,816)	(16,661)
Loss After Tax	(43,334)	(161,766)
Disposal Loss on Power	(151,489)	-
Loss from Discontinued Operations	(194,823)	(161,766)
Attributable to:		
Equity Holders of the Parent	(247,551)	(194,541)
Non-Controlling Interests	52,728	32,775
	(194,823)	(161,766)

9 EARNINGS PER SHARE

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.

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

	Group	
	2015	2014
	Rs.'000	Rs.'000
9.1 Earnings Per Share		
Amount Used as the Numerator:		
Profit for the Year	1,927,051	2,409,276
Net Profit Attributable to Ordinary Shareholders for Basic Earnings Per Share	1,927,051	2,409,276
9.2 Earnings Per Share from Continuing Operations		
Amount Used as the Numerator:		
Profit for the Year	2,174,602	2,603,817
Net Profit Attributable to Ordinary Shareholders for Basic Earnings Per Share	2,174,602	2,603,817
	2015	2014
In'000	Number	Number
Number of Ordinary Shares Used as Denominator:		
Number of Shares at the Beginning of the Year	515,291	515,291
Weighted Average number of Ordinary Shares in issue applicable to Basic Earnings Per Share	515,291	515,291

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

10 DIVIDENDS PER SHARE

10.1 Dividends Paid

	2015	2014
	Rs.'000	Rs.'000
Declared and Paid During the Year		
Dividends on Ordinary Shares		
Final Dividends	360,704	231,881
Interim Dividends	206,116	154,587
	566,820	386,468

10.2 Dividends Per Share

	2015	2014
	Rs.	Rs.
Final Dividend out of 2013/2014 (2014-2012/2013) Profits	0.70	0.45
Interim Dividend out of 2014/2015(2014-2013/2014) Profits	0.40	0.30

The Final Dividends for 2013/2014 has been paid on 24 July 2014 and Interim Dividends for 2014/2015 has been paid on 02 December 2014.

Notes to the Financial Statements

11 PROPERTY, PLANT AND EQUIPMENT

11.1 Group

Cost or Valuation	Freehold Land		Buildings on Leasehold Land		Plant and Machinery		Furniture, Fittings and Equipment		Motor Vehicles		Capital Work-in-Progress		Total	
	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
Balance at the Beginning of the Year	2,048,354	4,630,263	2,377,689	2,552,124	2,530,057	1,065,893	157,804	15,362,124	12,107,017					
Additions	29,684	84,933	34,319	177,212	437,571	242,241	181,573	1,187,533	2,648,407					
Acquisition of Subsidiary	-	-	-	653,187	-	-	-	653,187	1,731,311					
Disposal of Subsidiary	(62,375)	(818,681)	-	(1,423,715)	(45,620)	(56,985)	(160,918)	(2,568,294)	-					
Revaluations	38,428	100,332	-	-	-	-	-	138,760	170,631					
Disposals	-	(3,070)	(6,000)	(52,573)	(81,673)	(131,116)	(2,778)	(277,210)	(925,194)					
Exchange Translation Difference	-	-	-	60	319	-	-	379	505					
Transfer	91,869	137,149	47,768	28,592	(12,666)	-	(91,622)	201,090	(370,553)					
Balance at the end of the Year	2,145,960	4,130,926	2,453,776	1,934,887	2,827,988	1,119,973	84,059	14,697,569	15,362,124					
Accumulated Depreciation														
Balance at the Beginning of the Year	-	235,439	25,819	779,427	1,374,605	383,179	-	2,798,469	2,068,251					
Charge	-	150,608	21,589	145,973	362,832	147,001	-	828,003	709,804					
Acquisition of Subsidiary	-	-	-	-	-	-	-	-	219,513					
Disposal of Subsidiary	-	(59,198)	-	(92,372)	(13,868)	(27,676)	-	(193,114)	-					
Revaluations	-	-	-	-	-	-	-	-	(26,812)					
Disposals	-	(88)	(1,333)	(48,050)	(66,858)	(84,606)	-	(200,935)	(171,716)					
Exchange Translation Difference	-	-	-	8	49	-	-	57	135					
Transfer	-	(533)	533	17,453	(17,453)	-	-	-	(706)					
Balance at the End of the Year	-	326,228	46,608	802,439	1,639,307	417,898	-	3,232,480	2,798,469					
Carrying Value														
At the End of the Year	2,145,960	3,804,698	2,407,168	1,132,448	1,188,681	702,075	84,059	11,465,089	12,563,655					
At the Beginning of the Year	2,048,354	4,394,824	2,351,870	1,772,697	1,155,452	682,654	157,804							

During the financial year, the Group acquired Property, Plant and Equipment to the Aggregate value of Rs. 1,187 Mn (2014-Rs. 2,648 Mn) by means of cash.

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

Name of Professional Valuer / Company /Location	Extent	Method of Valuation and Significant Unobservable Inputs	Range of Estimate for Unobservable Inputs	Valuation Rs'000	Date of the Valuation
Hemas Manufacturing (Pvt) Ltd					
Perera Sivaskantha & Co Incorporated Valuers		Market Comparable Method			
Buildings at Dankotuwa	174,446 sq.ft.	- Price per sq. ft for Building	Rs. 1,500 - 4,000	534,702	31-Mar-2012
Land at Dankotuwa	9A-2R-24.5P	- Price per perch for land	Rs. 50,000 - 60,000	83,403	
Perera Sivaskantha & Co Incorporated Valuers		Market Comparable Method			
Land of Industrial Property at Welisara	1A-0R-33.12P	- Price per perch for land	Rs. 500,000 - 600,000	74,351	31-Mar-2012
Buildings of Industrial Property at Welisara	53,802 sq.ft.	- Price per sq. ft for Building - Depreciation Rate	Rs. 1,000 - 4,000 30% & 35%	137,249	
Hemas Hospitals (Pvt) Ltd					
Perera Sivaskantha & Co Incorporated Valuers		Market Comparable Method			
Buildings on Leasehold land at Wattala	102,219 sq.ft.	- Price per sq. ft for building - Depreciation Rate	Rs. 4,000 - 10,250 10%	949,200	31-Mar-2012
Hemas Southern Hospitals (Pvt) Ltd					
Perera Sivaskantha & Co Incorporated Valuers		Market Comparable Method			
Land at Galle	2R-23.83P	- Price per perch for land	Rs. 1.5 Mn - Rs. 2 Mn	127,000	31-Mar-2012
Building at Galle	38,778 sq.ft.	- Price per sq. ft for building - Depreciation Rate	Rs. 7,150 - 7,350 10%	268,000	
Mowbray Hotels Ltd					
Perera Sivaskantha & Co Incorporated Valuers		Market Comparable Method			
Land at Kandy	32A-1R-29P	- Price per perch for land	Rs. 30,000 - 40,000	155,670	31-Mar-2012
Buildings at Kandy	11,134 sq.ft.	- Price per sq. ft for building - Depreciation Rate	Rs. 2,000 to 3,500 25% to 65%	16,330	
Serendib Hotels PLC					
A.R.Ajith Fernando Incorporated Valuers		Market Comparable Method			
Buildings on Leasehold land at Bentota	95,112 sq. ft - 75 Rooms	Price per guest room	Rs. 8 Mn - Rs. 10 Mn	588,167	31 March 2012

Notes to the Financial Statements

11.1.1 Property, Plant and Equipment (Cont.)

Name of Professional Valuer / Company /Location	Extent	Method of Valuation and Significant Unobservable Inputs	Range of Estimate for Unobservable Inputs	Valuation Rs'000	Date of the Valuation
Miami Beach Hotels Ltd					
A.R Ajith Fernando Incorporated Valuers		Market Comparable Method			
Land at Waikkal	7A 3R 31P			127,100	31-Mar-2014
Buildings at Waikkal	74,270 sq.ft			388,296	
	- 50 Rooms	Price Per Guest Room	Rs. 9 Mn-11 Mn		
Dolphin Hotels PLC					
A.R Ajith Fernando Incorporated Valuers		Market Comparable Method			
Land at Waikkal	5A 5R 24.8P			105,000	31-Mar-2014
Buildings at Waikkal	139,529 sq.ft			875,000	
	- 104 Rooms	Price Per Guest Room	Rs. 9 Mn-11 Mn		
Hotel Sigiriya PLC					
A.R Ajith Fernando Incorporated Valuers		Market Comparable Method			
Buildings on Leasehold land at Sigiriya	70,172 sq.ft			156,356	31-Mar-2012
	- 79 Rooms	Price Per Guest Room	Rs. 2.5 Mn-3.5 Mn		
J. L. Morison Son & Jones (Ceylon) PLC					
Sunil Fernando & Associate (Pvt) Ltd		Market Comparable Method			
Land - Aluthmawatha	86.93P	- Price per perch for land	Rs. 2 Mn-2.75 Mn	226,471	31-Mar-2014
Building - Aluthmawatha	43.911 sq.ft.		Rs. 2,000 - 4,000	121,529	
M.S.J. Industries (Ceylon) (Private) Limited					
Sunil Fernando & Associate (Pvt) Ltd		Market Comparable Method			
Land at Pethiyagoda	1,240.25P	- Price per perch for land	Rs. 300,000 - 400,000	417,549	31-Mar-2014
Building at Kelaniya	84,352 sq.ft.		Rs.1,500 - 3,500	172,451	

11.1.2 Owner occupied Investment properties

Details of the Investment Properties used by the group companies are as follows:

Name of Professional Valuer / Company /Location	Extent	Method of Valuation and Significant Unobservable Inputs	Range of Estimate for Unobservable Inputs	Valuation Rs'000	Date of the Valuation
Hemas Holdings PLC					
Perera Sivaskantha & Co Incorporated Valuers Freehold Property at Welisara					
Land	1A-3R-8P	- Price per perch for land	Rs.700,000-800,000	151,800	31-Mar-2015
Building	66,340 sq.ft.	- Price per sq.ft for Building - Depreciation Rate	Rs.1,650 - 5,000 30%	216,500	
Perera Sivaskantha & Co Incorporated Valuers Freehold Property at Handala					
Land	2R-4.13P	- Price per perch for land	Rs.750,000-800,000	60,000	31-Mar-2015
Building	2,960 sq.ft.	- Price per sq.ft for Building - Depreciation Rate	Rs.2,750 - 3,250 45%	5,000	
Hemas Developments (Pvt) Ltd.					
Perera Sivaskantha & Co Incorporated Valuers Freehold Property at Braybrook Place					
Land	1R-10P	Gross monthly rental	Rs.175-200 per sq.ft.	338,823	31-Mar-2015
Building	86,889 sq.ft.	Risk Yield	+10% - 1,587Mn -10% - 1,299Mn	922,912	

Transfer from Investment Property to owner-occupied property

Remaining Investment Property- Land & Buildings of Hemas Holdings PLC situated at Welisara were transferred to Property, Plant and Equipment, as the property is now been occupied by Hemas Integrated Logistics (Pvt) Ltd. Deemed cost transferred amounting to Rs. 368.3Mn was the fair value of the said property as at 31 March 2015.

Notes to the Financial Statements

11 Property, Plant and Equipment (Contd.)

Description of the above valuation techniques together with narrative descriptions on sensitivity of the fair value measurement to changes in significant unobservable inputs are tabulated below;

Valuation Technique	Significant unobservable valuation inputs	Sensitivity of the fair value measurement to inputs
Market Comparable Method		
This method considers the selling price of a similar property within a reasonably recent period of time in determining the fair value of the property being revalued. This involves evaluation of recent active market prices of similar assets, making appropriate adjustments for differences in size, nature, location, condition of specific property in this process outlier transactions, indicative of particularly motivated buyers or sellers are too compensated for since the price may not adequately reflect the fair market value.	Price per perch for Land Price per square foot for building Depreciation Rate	Estimated fair value would increase (decrease) if; Price per perch increases (decreases) Price per square foot increases (decreases) Depreciation rate for building (decreases)/ increases
Investment Method		
This method involves capitalisation of the expected rental income at an appropriate Rate of years purchase currently characterised by the real estate market.	Gross Monthly Rental Years Purchase (Present value of 1 unit per period Void Period)	Estimated fair value would increase (decrease) if; Gross Annual Rental increases (decreases) Years Purchase increases (decreases) Void Period (decrease) / increases

11.1.3 Carrying Value

	2015 Rs.'000	2014 Rs.'000
At Cost	4,038,435	5,442,349
At Valuation	7,313,158	7,033,266
On Finance Lease	113,496	88,040
	11,465,089	12,563,655

11.1.4 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	Accumulated Depreciation	Net Carrying Amount	
			2015 Rs.'000	2014 Rs.'000
Freehold Land	443,366	-	443,366	443,366
Building on Freehold Land	2,765,021	(413,462)	2,351,559	2,499,300
Building on Leasehold Land	654,774	(131,311)	523,463	539,480
	3,863,161	(544,773)	3,318,388	3,482,146

11 Property, Plant and Equipment (Contd.)

11.1.5 Property, Plant and Equipment includes fully depreciated assets having a gross carrying amount of Rs. 901 Mn (2014-Rs.808 Mn).

11.2 Company

	Furniture and Fittings Rs.'000	Office Equipment Rs.'000	Computer Hardware Rs.'000	Motor Vehicles Rs.'000	Total 2015 Rs.'000	Total 2014 Rs.'000
Cost or Valuation						
Balance at the Beginning of the Year	69,018	22,630	98,444	139,643	329,735	278,898
Additions	1,583	1,983	5,167	21,939	30,672	66,200
Disposals				(10,533)	(10,533)	(15,363)
Balance at the End of the Year	70,601	24,613	103,611	151,049	349,874	329,735
Accumulated Depreciation						
Balance at the Beginning of the Year	16,837	9,246	74,074	60,106	160,263	125,168
Charge for the Year	8,413	2,898	11,398	22,576	45,285	39,322
Disposals				(2,614)	(2,614)	(4,227)
Balance at the End of the year	25,250	12,144	85,472	80,068	202,934	160,263
Carrying Value						
At the End of the Year	45,351	12,469	18,139	70,981	146,940	
At the Beginning of the Year	52,181	13,384	24,370	79,537		169,472

11.2.1 During the financial year, the Company acquired Property, Plant and Equipment to the aggregate value of Rs. 30.67 Mn (2014-Rs. 66.2 Mn) by means of cash.

11.2.2 Property, Plant and Equipment includes fully depreciated assets having a gross carrying amount of Rs.117 Mn (2014-Rs. 93.1 Mn).

12 INVESTMENT PROPERTIES

	Group	
	2015 Rs.'000	2014 Rs.'000
At the Beginning of the Year	1,683,130	578,453
Addition (Subsequent Expenditure)	-	5,563
Net Gain/(Loss) on Fair Value Adjustment	281,624	729,269
Transfers	(201,089)	369,845
At the End of the Year	1,763,665	1,683,130
Rental Income Derived from Investment Properties	132,422	125,479
Direct Operating Expenses Generating Rental Income (Including Repair and Maintenance)	(42,951)	(33,457)
Direct Operating Expenses that did not generate Rental Income (Including Repair and Maintenance)	(18,250)	(21,546)
Net Profit Arising from Investment Properties Carried at Fair Value	71,221	70,476

Notes to the Financial Statements

12 Investment Properties (Contd.)

12.1 Details of Investment Properties

Name of Professional Valuer / Company /Location	Extent	Method of Valuation and Significant Unobservable Inputs	Range of Estimate for Unobservable Inputs	Valuation Rs'000	Date of the Valuation
Hemas Holdings PLC					
Sunil Fernando & Associates (Pvt) Ltd	1A-2R-26.06P	Market Comparable Method	Rs. 265,000 - 285,000		
Freehold Property at Tangalle Land		- Price per perch for land		73,200	31-Mar-2015
Sunil Fernando & Associates (Pvt) Ltd		Market Comparable Method			
Freehold Property at Moratuwa Land	0A-2R-38.76P	- Price per perch for land	Rs. 1.3 Mn - 1.6 Mn	169,250	31-Mar-2015
Hemas Developments (Pvt) Ltd.					
Perera Sivaskantha & Co Incorporated Valuers		Investment Method			
Freehold Property at Braybrook Place Building	12,483 sq.ft.	Gross Monthly Rental Risk Yield	Rs. 175 - 200 per Sq. Ft. +10% - 1,587 Mn -10% - 1,299 Mn	181,215	31-Mar-2015
Peace Haven Resorts Limited					
Sunil Fernando & Associates (Pvt) Ltd		Market Comparable Method			
Freehold Property at Tangalle	A19- R02-P34.16	Risk Yield	9% - 1,692 Mn 11% 1,055 Mn	1,340,000	31-Mar-2015

12.2 Company

	2015 Rs.'000	2014 Rs.'000
At the Beginning of the Year	617,615	566,289
Addition (Subsequent Expenditure)	-	10,940
Net Gain on Fair Value Adjustment	58,135	40,386
Transfers	-	-
At the End of the Year	675,750	617,615
Rental Income Derived from Investment Properties	25,645	23,427
Direct Operating Expenses Generating Rental Income(Including Repair and Maintenance)	(8,113)	(4,042)
Direct Operating Expenses that did not Generate Rental Income (Including Repair and Maintenance)	(1,091)	(326)
Net Profit Arising from Investment Properties Carried at Fair Value	16,441	19,059

12 *Investment Properties (Contd.)*

Property	Extent	Method of Valuation and Significant Unobservable Inputs	Range of Estimate for Unobservable Inputs	Valuation Rs'000	Date of the Valuation
Perera Sivaskantha & Co Incorporated Valuers					
Freehold Property at Welisara					
Land	1A-3R-8P	- Price per perch for land	Rs. 700,000 - 800,000	368,300	31-Mar-2015
Building	66,340 sq.ft.	- Price per sq.ft. for building - Depreciation Rate	1,650 to 5,000 30%		
Sunil Fernando & Associates (Pvt) Ltd					
Freehold Property at Tangalle					
Land	1A-2R-26.06P	- Price per perch for land	Rs. 265,000 - 285,000	73,200	31-Mar-2015
Sunil Fernando & Associates (Pvt) Ltd					
Freehold Property at Moratuwa					
Land	0A-2R-38.76P	- Price per perch for land	Rs. 1.3 Mn - 1.6 Mn	169,250	31-Mar-2015
Perera Sivaskantha & Co Incorporated Valuers					
Freehold Property at Handala					
Land	2R-4.13P	- Price per perch for land	Rs. 750,000 - 800,000	65,000	31-Mar-2015
Building	2,960 sq.ft.	- Price per sq.ft. for building - Depreciation Rate	Rs. 2,750 - 3,250 45%		

13 **LEASEHOLD RIGHT/PREPAID LEASE RENTAL**

	Group	
	2015 Rs.'000	2014 Rs.'000
At the Beginning of the Year	145,847	90,592
Additions/Acquisitions/(Disposals)	(13,619)	62,602
Fair Value Adjustment	-	24,316
Amortisation	(22,683)	(31,663)
Balance at the end of the Year	109,545	145,847

Notes to the Financial Statements

13 Leasehold Right / Prepaid Lease Rental (Contd.)

13.1 Details of Leasehold Properties

	Property	Extent	Lease Period	Value Rs'000
Serendib Hotels PLC	Land at Bentota	2A - 0R - 6P	50 Years	30,631
		1A - 0R - 37P	30 Years	
Hotel Sigiriya PLC	Land at Sigiriya	8A - 0R - 16P	30 Years	2,327
Hemas Hospitals (Pvt) Ltd.	Land at Wattala	227.5P	30 Years	36,145
Hemas Capital Hospital (Pvt) Ltd.	Land at Thalawathugoda	226.6P	30 Years	30,810
Hemas Integrated Logistics (Pvt) Ltd.	Land at Welisara	6A	11 Years	9,632

14 INTANGIBLE ASSETS

14.1 Group

	Software Rs.'000	Brand Rs.'000	Development Expenses Rs.'000	Goodwill on Consolidation Rs.'000	Total 2015 Rs.'000	Total 2014 Rs.'000
Cost or Valuation						
Balance at the Beginning of the Year	107,960	119,500	13,766	1,232,758	1,473,984	556,013
Addition	37,184	15,000	1,337	-	53,521	811,195
Transfer	-	311,000	-	(311,000)	-	(142,058)
Acquisition of Subsidiaries	-	-	-	173,379	173,379	306,640
Disposal of Subsidiaries	(17,538)	-	-	(761,627)	(779,165)	(25)
Disposals	(636)	(41,000)	-	-	(41,636)	(57,923)
Balance at the End of the Year	126,970	404,500	15,103	333,510	880,083	1,473,842
Accumulated Amortisation/Impairment						
Balance at the Beginning of the Year	62,675	45,387	12,039	20,665	140,766	119,556
Amortisation	16,167	10,000	453	-	26,620	9,858
Transfer	-	-	-	-	-	8,854
Acquisition of Subsidiary	-	-	-	-	-	6,346
Disposal of Subsidiary	(8,367)	-	-	-	(8,367)	(7)
Impairment/ Derecognition	-	1,500	-	-	1,500	37,530
Disposals	(502)	(35,887)	-	-	(36,389)	(41,514)
Balance at the End of the Year	69,973	21,000	12,492	20,665	124,130	140,623
Carrying Value	56,997	383,500	2,611	312,845	755,953	1,333,219

14 Intangible Assets (Contd.)

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

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

Transfer during the year

As required by the SLFRS 3- Business combinations during the year under review the group carried out the process of “purchase price allocation “with respect to the acquisition of J.L Morison Son & Jones (Ceylon)PLC (JLM) in the previous year. In the process, JLM brand was valued at Rs.311,000,000 using the Relief from Royalty method. Thereby identifying Rs.259, 288,000 as goodwill on Consolidation.

14.2 Company

	Software	
	2015 Rs.'000	2014 Rs.'000
Cost or Valuation		
Balance at the Beginning of the Year	46,793	20,848
Additions	14,744	25,945
Balance at the End of the Year	61,537	46,793
Accumulated Amortization/Impairment		
Balance at the Beginning of the Year	23,601	20,450
Amortisation	10,637	3,151
Balance at the End of the Year	34,238	23,601
Carrying Value	27,299	23,192

Notes to the Financial Statements

15 INVESTMENT IN SUBSIDIARIES

	Holding		2015 Rs.'000	2014 Rs.'000
	2015 %	2014 %		
Non-Quoted Investments				
Hemas Corporate Services (Pvt) Ltd.	100%	100%	39,891	39,891
Hemas Developments (Pvt) Ltd.	68%	68%	494,369	494,369
Hemas Manufacturing (Pvt) Ltd.	100%	100%	509,905	509,905
Hemas Pharmaceuticals (Pvt) Ltd.	100%	100%	213,331	213,331
Hemas Surgicals and Diagnostics (Pvt) Ltd.	100%	100%	23,957	23,957
Hemas Travels (Pvt) Ltd.	100%	100%	91,359	91,359
Hemas Air Services (Pvt) Ltd.	100%	100%	64,687	64,687
Forbes Air Services (Pvt) Ltd.	100%	100%	62,452	62,452
Discover the World Marketing (Pvt) Ltd.	100%	100%	4,666	4,666
Hemas Aviation (Pvt) Ltd.	100%	100%	1,910	1,910
Exchange & Finance Investments (Pvt) Ltd.	100%	100%	9,412	9,412
Hemtours (Pvt) Ltd.	100%	100%	161,207	161,207
Leisure Asia Investments Ltd.	100%	100%	398,795	398,795
Peace Haven Resorts Ltd.	100%	100%	417,666	417,666
Hemas Transportation (Pvt) Ltd.	100%	100%	140,529	126,049
Mowbray Hotels Ltd.	89%	89%	46,201	46,201
Far Shipping Lanka (Pvt) Ltd.	100%	100%	3,000	3,000
Hemas Hospitals (Pvt) Ltd.	50%	50%	1,468,547	1,468,547
Vishwa BPO (Pvt) Ltd.	100%	100%	6,172	6,172
			4,158,056	4,143,576
Impairment Of Investment in Exchange & Finance Investments (Pvt) Ltd.			(9,412)	-
			4,148,644	4,143,576
Quoted Investments				
Serendib Hotels PLC			382,261	248,101
Resus Energy PLC (previously known as Hemas Power PLC)			-	1,941,137
Dolphin Hotels PLC			1,631	1,631
Total			4,532,536	6,334,445

15.1 Material Partially Owned Subsidiaries

As per the SLFRS 12, Financial Information of subsidiaries that have material Non-Controlling Interests need to be disclosed separately. However, the Group concluded that there were no subsidiaries with material Non-Controlling Interest that require separate disclosure.

16 INVESTMENT IN JOINT VENTURES

	Holding		2015 Rs.'000	2014 Rs.'000
	2015 %	2014 %		
Unquoted				
HIF Logistics (Pvt) Ltd	49%	49%	10,780	10,780
ACX International (Pvt) Ltd	49%	49%	10,676	10,676
H & M Shipping (Pvt) Ltd	50%	50%	30,000	30,000
PH Resorts (Pvt) Ltd.	50%	50%	1,160,886	1,160,886
Far Shipping Agency Lanka (Pvt) Ltd.	60%	-	3,000	-
Heladhanavi Ltd.	-	47%	600,000	600,000
Hellman Worldwide Logistics (Pvt) Ltd.	-	-	-	8,446
Skynet Worldwide Express (Pvt) Ltd.	-	-	-	1,225
Cumulative Loss accruing to the Group Net of Dividend			(273,472)	(194,473)
Share of Reserve transfer of Joint Venture			374,235	370,431
Share of Net Assets disposed During the Year			(680,342)	20,125
Carrying Amount of the Investment			1,235,763	2,018,096

	2015 Rs.'000	2014 Rs.'000
Group Share of Joint Ventures' Statement of Financial Position;		
Current Assets	197,049	3,263,750
Non Current Assets	1,423,583	1,009,573
Current Liabilities	382,140	44,462
Non-Current Liabilities	2,729	2,210,765
Equity	1,235,763	2,018,096
Group Share of Joint Ventures' Statement of Profit or Loss;		
Share of the Joint Venture Revenue - Continuing Operations	174,309	232,379
Share of the Joint Venture Profit Before Tax - Continuing Operations	128,661	3,906
Share of the Joint Venture Profit After Tax - Continuing Operations	110,153	(9,709)
Share of the Joint Venture Profit Before Tax - Discontinued Operations	(131,948)	(478,570)
Share of the Joint Venture Other Comprehensive Income -Discontinued Operations	3,804	16,968

Material Joint Ventures

As per the SLFRS 12, Financial Information of material Joint Ventures need to be disclosed separately. However, the Group concluded that there were no material Joint Ventures that require separate disclosure.

16.1 Company

	Holding		2015 Rs.'000	2014 Rs.'000
	2015 %	2014 %		
Hemas International Freight (Pvt) Ltd.	49%	49%	30,044	30,044
Less - Impairment of Investment			(30,044)	-
			-	30,044

Notes to the Financial Statements

17 INVESTMENT IN ASSOCIATES

Unquoted	Holding		2015 Rs.'000	2014 Rs.'000
	2015 %	2014 %		
Jada Resort and Spa (Pvt) Ltd	19.9%	19.9%	361,800	361,800
Cumulative Profit accruing to the Group Net of Dividend			21,761	18,503
Carrying Amount of the Investment			383,561	380,303

Group Share of Associate's Statement of Financial Position

	2015 Rs.'000	2014 Rs.'000
Current Assets	110,209	206,379
Non Current Assets	459,162	323,495
Current Liabilities	40,214	76,176
Non-Current Liabilities	63,624	225,268
Equity	465,533	228,430

Group Share of Associate's Statement of profit or loss

	2015 Rs.'000	2014 Rs.'000
Share of the Associate Revenue	118,865	80,386
Share of the Associate Profit Before Tax	6,122	11,651
Share of the Associate Profit After Tax	3,258	7,694

18 OTHER FINANCIAL ASSETS

Available-for-Sale Investment — Quoted Equity Shares

The Company and Group has 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 assesses at each reporting date whether there is objective evidence that an investment or group of investments is impaired. 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 evaluates, 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.

18 Other Financial Assets (Contd.)

Summary	Group		Company	
	2015 Rs.'000	2014 Rs.'000	2015 Rs.'000	2014 Rs.'000
Available For Sale Investments				
Quoted Equity Shares (Note 18.1.1)	57,662	60,737	57,577	60,683
Unquoted Equity Shares (Note 18.1.1 (b))	12,005	12,588	-	-
Unit Trusts	593,643	5,455	-	-
Unquoted Preference Shares (Note 18.1.2)	81,000	-	60,000	60,000
	744,310	78,780	117,577	120,683
Loans and Receivables				
ESOS Receivables (Note 18.1.3)	-	318,487	-	111,518
Loan to Company Officers	89,384	100,526	6,092	7,934
Loans Due from Related Parties (Note 18.1.5)	-	-	830,134	507,828
Refundable Deposit	21,410	17,197	-	-
Short Term Investments	52,595	299,502	-	-
	163,389	735,712	836,226	627,280
Held to Maturity Investment				
Loans to Associate/Joint Ventures (Note 18.1.4)	594,478	149,047	594,478	149,047
Unquoted Equity Investment Held for Sale	4,500	8,475	4,500	8,475
Total Other Financial Assets	1,506,677	972,014	1,552,781	905,485
Total Non-Current (Note 18.1)	1,060,198	456,081	423,355	425,455
Total Current (Note 18.1)	446,479	515,933	1,129,426	480,030

18.1 Other Financial Assets

	Group		Company	
	2015 Rs.'000	2014 Rs.'000	2015 Rs.'000	2014 Rs.'000
Other Financial Assets - Non-Current				
Investment In Equity Securities - Non Current (Note 18.1.1)	69,667	73,325	57,577	60,683
Unit Trusts	593,643	5,455	-	-
ESOS Receivables (Note 18.1.3)	-	211,057	-	90,725
Unquoted Preference Shares (Note 18.1.2)	81,000	-	60,000	60,000
Loans Due From Related Parties (Note 18.1.5)	-	-	11,300	65,000
Refundable Deposit	21,410	17,197	-	-
Loans to Associate/Joint Ventures(Note 18.1.4)	294,478	149,047	294,478	149,047
	1,060,198	456,081	423,355	425,455
Other Financial Assets - Current				
ESOS Receivables (Note 18.1.3)	-	107,430	-	20,793
Loan to Company Officers	89,384	100,526	6,092	7,934
Loans Due From Related Parties (Note 18.1.5)	-	-	818,834	442,828
Unquoted Equity Investment held for sale	4,500	8,475	4,500	8,475
Loans to Associate/Joint Ventures (Note 18.1.4)	300,000	-	300,000	-
Short Term Investments	52,595	299,502	-	-
	446,479	515,933	1,129,426	480,030

Notes to the Financial Statements

18 Other Financial Assets (Contd.)

18.1.1 Investment In Equity Securities - Non Current

Group	No. of Shares		Carrying Value		Fair Value		
	2015	2014	2015 Rs.'000	2014 Rs.'000	2015 Rs.'000	2014 Rs.'000	
(a)	Quoted						
	Overseas Realty (Ceylon) PLC	1,000	1,000	24	21	24	21
	Eden Hotels Lanka PLC	127	127	3	3	3	3
	Galadari Hotels PLC	2000	2,000	26	20	26	20
	Blue Diamond Jewellers PLC	1,300	1,300	1	1	1	1
	Royal Palm Beach Hotels PLC	85	85	3	3	3	3
	Mercantile Shipping Investments PLC	57,151	484,334	57,151	58,120	57,151	58,120
	Kotmale Holdings PLC	-	40,000	-	2,080	-	2,080
	John Keells Holdings PLC	2,081	2,081	414	472	414	472
	Sierra Cables PLC	9,900	9,900	40	17	40	17
				57,662	60,737	57,662	60,737
(b)	Unquoted		Rs.'000	Rs.'000			
	Rainforest Ecology (Pvt) Ltd	1,000,000	1,000,000	12,000	12,000		
	Coca Cola Beverages Ltd	100	100	5	5		
	Eastern Hotels Limited	-	5,833	-	583		
				12,005	12,588		
	Total			69,667	73,325		

Company	No. of Shares		Carrying value		Fair value		
	2015	2014	2015 Rs.'000	2014 Rs.'000	2015 Rs.'000	2014 Rs.'000	
(c)	Quoted						
	Overseas Realty (Ceylon) PLC	500	500	12	10	12	10
	Kotmale Holdings PLC	-	40,000	-	2,080	-	2,080
	Mercantile Shipping PLC	484,334	484,334	57,151	58,120	57,151	58,120
	John Keells Holdings PLC	2,081	2,081	414	473	414	473
				57,577	60,683	57,577	60,683

18.1.2 Unquoted Preference Shares

Group	No. of Shares		Carrying Value		
	2015	2014	2015 Rs.'000	2014 Rs.'000	
	Giddawa Hydro Power (Pvt) Ltd	810	-	81,000	-
				81,000	-
	Company				
	Giddawa Hydro Power (Pvt) Ltd	600	600	60,000	60,000
		600	600	60,000	60,000

18 Other Financial Assets (Contd.)

18.1.3 ESOS Receivables

	Group		Company	
	2015 Rs.'000	2014 Rs.'000	2015 Rs.'000	2014 Rs.'000
Balance at the Beginning of the Year	318,487	274,462	111,518	96,389
Payment Made During the Year	(330,502)	(443)	(114,865)	
Unwinding of Interest	12,015	44,468	3,347	15,129
Balance at the End of the Year	-	318,487	-	111,518
Non Current	-	211,057	-	90,725
Current	-	107,430	-	20,793

18.1.4 Loans to Associate / Joint Ventures

	Group		Company	
	2015 Rs.'000	2014 Rs.'000	2015 Rs.'000	2014 Rs.'000
Jada Resort and Spa (Pvt) Ltd.	294,478	149,047	294,478	149,047
PH Resort (Pvt) Ltd.	300,000	-	300,000	-
	594,478	149,047	594,478	149,047
Non Current	294,478	149,047	294,478	149,047
Current	300,000	-	300,000	-

18.1.5 Loans Due From Related Parties

	Relationship	Company	
		2015 Rs.'000	2014 Rs.'000
Hemas Pharmaceuticals (Pvt) Ltd.	Subsidiary	317,000	26,000
Hemas Corporate Services (Pvt) Ltd .	Subsidiary	-	19,300
Forbes Air Services (Pvt) Ltd.	Subsidiary	65,000	130,000
N-able (Pvt) Ltd.	Subsidiary	95,000	75,000
Peace Haven Resorts (Pvt.) Ltd	Subsidiary	291,047	254,211
Mowbray (Pvt) Ltd.	Subsidiary	4,077	-
Serendib Hotels PLC	Subsidiary	-	2,977
Hemas Logistics (Pvt) Ltd.	Subsidiary	30,000	-
Hemas Integrated Logistics (Pvt) Ltd.	Subsidiary	27,300	-
Leisure Asia Investments Ltd.	Subsidiary	710	340
		830,134	507,828
Non Current		11,300	65,000
Current		818,834	442,828

Notes to the Financial Statements

19 INVENTORIES

	Group	
	2015 Rs'000	2014 Rs'000
Raw Materials	632,952	636,992
Work In Progress	85,861	71,186
Finished Goods & Other Stocks	3,391,101	3,119,275
Goods In Transit	159,905	108,282
Less: Provision for Obsolete Stocks	(134,235)	(112,861)
	4,135,584	3,822,874

20 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2015 Rs'000	2014 Rs'000	2015 Rs'000	2014 Rs'000
Trade Debtors				
- Related Parties (20.1)	-	-	280,360	105,094
- Others	5,685,700	4,816,041	12,383	12,553
Ceylon Electricity Board	-	29,556	-	-
Less: Impairment of Debtors-Related Parties	-	-	(15,127)	(9,362)
Other	(140,879)	(119,687)	(4,916)	(3,988)
	5,544,821	4,725,910	272,700	104,297
Other Debtors				
- Related Parties (20.2)	-	-	840,004	123,882
- Others	758,479	1,034,761	25,232	17,599
Advances and Prepayments	916,595	821,500	91,712	71,866
Less: Allowance for impairment	(5,785)	(3,284)	-	-
	7,214,110	6,578,887	1,229,648	317,644

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

Group	Past Due but not Impaired						
	Total Rs'000	Current Rs'000	< 30 Rs'000	31-60 days Rs'000	61-90 days Rs'000	91-120 days Rs'000	> 120 days Rs'000
2015	5,544,821	3,825,736	914,472	217,044	175,200	152,607	259,762
2014	4,725,910	4,028,159	417,431	94,853	47,557	80,490	57,420

Company	Past Due but not Impaired						
	Total Rs'000	Current Rs'000	< 30 Rs'000	31-60 days Rs'000	61-90 days Rs'000	91-120 days Rs'000	> 120 days Rs'000
2015	272,700	143,393	9,845	35,774	9,581	12,275	61,832
2014	104,297	58,218	11,336	7,274	6,210	4,866	16,393

20 Trade and Other Receivables (Contd.)

20.1 Trade Dues From Related Parties

	Relationship	Company	
		2015 Rs.'000	2014 Rs.'000
Hemas Pharmaceuticals (Pvt) Ltd.	Subsidiary	129,981	3,031
Hemas Corporate Services (Pvt) Ltd.	Subsidiary	16	500
Vishwa BPO (Pvt) Ltd.	Subsidiary	269	375
Hemas Travels (Pvt) Ltd.	Subsidiary	2,857	1,234
Resus Energy PLC (formerly known as Hemas Power PLC)	Subsidiary	-	306
Hemas Air Services (Pvt) Ltd.	Subsidiary	23,174	12,868
Exchange & Finance Investment (Pvt) Ltd.	Subsidiary	6	6
Hemas Southern Hospitals (Pvt) Ltd.	Subsidiary	4,533	6,560
Hemas Hospitals (Pvt) Ltd.	Subsidiary	10,504	11,171
Hemas Capital Hospital (Pvt) Ltd.	Subsidiary	1,428	685
Hemas Surgicals & Diagnostics (Pvt) Ltd.	Subsidiary	25,019	-
Hemas Aviation (Pvt) Ltd.	Subsidiary	77	63
Hemas Manufacturing (Pvt) Ltd.	Subsidiary	16,863	22,118
Forbes Air Services (Pvt) Ltd.	Subsidiary	5,889	9,991
ACX International (Pvt) Ltd.	Joint Venture	145	145
Diethelm Travels Lanka (Pvt) Ltd.	Subsidiary	1,161	1,036
Heladhanavi Ltd.	Joint Venture	-	805
Giddawa Hydro Power (Pvt) Ltd.	Subsidiary	-	2
Serendib Leisure Management (Pvt) Ltd.	Subsidiary	2,770	2,416
Serendib Hotels PLC	Subsidiary	11,114	8,344
Leisure Asia Investments Ltd.	Subsidiary	54	19
Avani Bentota Resort & Spa	Subsidiary	-	191
Dolphin Hotels PLC	Subsidiary	1,133	378
Mowbray Hotels (Pvt) Ltd.	Subsidiary	543	248
Hemas Maritime (Pvt) Ltd.	Subsidiary	-	39
Far Shipping Lanka (Pvt) Ltd.	Subsidiary	-	127
Far Shipping Agency Lanka (Pvt) Ltd.	Joint Venture	339	-
Hemas Transportation (Pvt) Ltd.	Subsidiary	11	-
N-able (Pvt) Ltd.	Subsidiary	22,779	15,736
Peace Haven Resorts Ltd.	Subsidiary	11	11
P H Resorts (Pvt) Ltd.	Joint Venture	3,137	1,082
J.L Morison Son & Jones (Ceylon) Ltd.	Subsidiary	4,408	-
Hemas Integrated Logistics (Pvt) Ltd.	Subsidiary	1,109	-
Panasian Power PLC	Subsidiary	-	249
Hemas Logistics (Pvt) Ltd.	Subsidiary	11,030	5,350
		280,360	105,094

Notes to the Financial Statements

20 Trade and Other Receivables (Contd.)

20.2 Other Dues From Related Parties

	Relationship	Company	
		2015 Rs'000	2014 Rs'000
Hemas Manufacturing (Pvt) Ltd.	Subsidiary	672,999	15,601
Hemas Development (Pvt) Ltd.	Subsidiary	6	17
Hemtours (Pvt) Ltd.	Subsidiary	84,246	-
Hemas Corporate Services (Pvt) Ltd.	Subsidiary	7,886	22,723
Forbes Air Services (Pvt) Ltd.	Subsidiary	1	104
Hemas Travels (Pvt) Ltd.	Subsidiary	3,044	3,541
Diethelm Travel Lanka (Pvt) Ltd.	Subsidiary	-	2,066
Diethelm Travel The Maldives	Subsidiary	1,785	-
Vishwa BPO (Pvt) Ltd.	Subsidiary	1,047	971
Hemas Surgicals and Diagnostics (Pvt) Ltd.	Subsidiary	1	25
Hemas Hospitals (Pvt) Ltd.	Subsidiary	8,993	4,849
Hemas Capital Hospital (Pvt) Ltd.	Subsidiary	410	802
Hemas Southern Hospitals (Pvt) Ltd.	Subsidiary	416	290
Resus Energy PLC (formerly known as Hemas Power PLC)	Subsidiary	-	5,883
Panasian Power PLC	Subsidiary	-	400
N-able (Pvt) Ltd.	Subsidiary	15,292	10,725
Peace Haven Resorts Ltd.	Subsidiary	5,822	5,822
P H Resorts (Pvt) Ltd.	Joint Venture	56	56
Hemas Air Services (Pvt) Ltd.	Subsidiary	1,396	1,215
Far Shipping Lanka (Pvt) Ltd.	Subsidiary	9	376
Far Shipping Agency Lanka (Pvt) Ltd.	Joint Venture	691	-
Hemas Pharmaceuticals (Pvt) Ltd.	Subsidiary	112	3,942
Leisure Asia Investments Ltd.	Subsidiary	4,241	4,241
Hemas Transportation (Pvt) Ltd.	Subsidiary	32	26
H & M Shipping Services (Pvt) Ltd.	Joint Venture	1	17
HIF Logistics (Pvt) Ltd.	Joint Venture	-	124
Mowbray Hotels Ltd.	Subsidiary	5,482	5,482
Serendib Leisure Management (Pvt) Ltd.	Subsidiary	13,647	21,725
Serendib Hotels PLC	Subsidiary	668	10
Dolphin Hotels PLC	Subsidiary	2	-
J.L Morison Son & Jones (Ceylon) Ltd.	Subsidiary	6,526	7,071
MSJ Industries Ceylon (Pvt) Ltd.	Subsidiary	1,229	982
Hemas Logistics (Pvt) Ltd.	Subsidiary	3,249	4,081
Hemas Integrated Logistics (Pvt) Ltd.	Subsidiary	715	715
		840,004	123,882

21 STATED CAPITAL

	2015		2014	
	Number	Rs.'000	Number	Rs.'000
21.1 Fully Paid Ordinary Shares				
Balance at the Beginning of the Year	515,290,620	1,600,603	515,290,620	1,600,603
Balance at the End of the Year	515,290,620	1,600,603	515,290,620	1,600,603

21.2 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.

22 OTHER CAPITAL AND REVENUE RESERVES

	Group		Company	
	2015 Rs.'000	2014 Rs.'000	2015 Rs.'000	2014 Rs.'000
Balance at the Beginning of the Year	400,289	409,751	257,032	257,032
Adjustment in respect of changes in Group Holding	(72,684)	-	-	-
Net Gain/(Loss) Recognised Directly In Equity	(291,924)	(9,462)	-	-
Balance at the End of the Year	35,681	400,289	257,032	257,032

22.1 Group

Group's other capital and revenue reserves represents general reserves of other subsidiaries.

22.2 Company

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.

23 INTEREST BEARING LOANS AND BORROWINGS**23.1 Group**

	2015 Rs.'000	2014 Rs.'000
Balance at Beginning of the Year	5,232,708	2,363,448
Obtained During the Year	3,785,785	3,919,680
Acquired During the Year	-	215,472
Transaction Cost Adjustment	(13,342)	-
Fair Valuation Adjustment	103,532	-
Disposed During the Year	(637,558)	-
Repayments	(3,256,899)	(1,350,281)
Exchange Differences through Profit or Loss	5,331	53,782
Exchange Differences through Other Comprehensive Income	(150,161)	30,607
Balance at the End of the Year	5,069,396	5,232,708
Non Current	3,420,154	3,464,922
Current	1,649,242	1,767,786

Notes to the Financial Statements

23 Interest Bearing Loans and Borrowings (Contd.)

23.1.1 Security and Repayment

Terms	Lending Institution	Nature of Facility	Interest Rate and Security	Repayment Terms	2015 Rs.'000	2014 Rs.'000
Hemas Holdings PLC	HNB	Term Loan	AWPLR+0.4%		-	266,664
		Debenture	11% Fixed	Capital repayable in April 2019	1,043,478	-
	Commercial Bank	Term Loan	8.75% Fixed	Bullet repayment at the end of the tenure	449,774	449,774
	Commercial Bank	Short term Loan	8.5%		-	230,000
Hemas Pharmaceuticals (Pvt)Ltd.	NDB	Term Loan	8.75% Fixed	Repayable in 48 instalments starting from Oct 2014	42,593	-
	Commercial Bank	Term loan	PLR+.5%		-	450,002
	HNB	Short Term Loan	8.65%		-	50,000
	HNB	Short Term Loan	8.85%		-	38,000
	HNB	Term Loan	10.27%		-	293,750
	SCB	Short Term Loan	6.75%	Repayable in April'15	83,000	30,000
	SCB	Short Term Loan	5.85%	Repayable in April'15	52,000	83,000
	SCB	Short Term Loan	5.75%	Repayable in April'15	25,000	49,000
	SCB	Short Term Loan	9.25%		-	51,400
	SCB	Short Term Loan	9.15%		-	93,500
	CITI Bank	Short Term Loan	9.85%			375,000
		Short Term Loan	7.00%	Repayable in April'15	142,000	-
	DFCC	Term Loan	12.00%		-	200,000
	Central Finance	Finance Lease			-	535
	CITI Bank	Short Term Loan	7.10%	Repayable in April'15	165,500	-
NDB		8.75% Negative pledge on WC"	Repayable in 48 instalments starting from Oct 2014	657,407		
Heladhanavi Limited	SCB	Term Loan	1 Month LIBOR + 3.25%		-	8,540
Hemas Hospitals (Pvt) Ltd	HNB	Term Loan	AWPLR+1.25%		-	68,327
	DFCC	Project Loan	AWDR+ 4%	Repayable in 84 instalments starting from October 2007	189,050	308,450
	Sampath Bank	Term Loan	6% Fixed	Repayable within 180 days	136,671	
	Sampath Bank	Term Loan	AWPLR+1.5%		-	400,000
	Commercial Bank	Term Loan	8.75% Fixed	Repayable in 42 instalments starting from Sep 2014	400,000	-

23 *Interest Bearing Loans and Borrowings (Contd.)*

Terms	Lending Institution	Nature of Facility	Interest Rate and Security	Repayment Terms	2015 Rs.'000	2014 Rs.'000
	Commercial Bank	Term Loan	8.75% Fixed	Repayable in 48 instalments starting from Nov 2014	110,000	
Hemas Southern Hospitals (Private) Limited	Sampath Bank	Term Loan	AWPLR+4%		-	67,655
	HNB	Term Loan	8.5 Fixed for 5 years and remainder at AWPLR+.5%	Repayable in 60 instalments starting from January 2016	100,000	100,000
Hemas Capital Hospitals	HNB	Term Loan	8.5 Fixed	Repayable in 60 instalments starting from December 2014	186,640	150,000
Hemas Logistics (Pvt) Ltd	Mercantile Investments	Finance Lease			11,672	27,333
	Sampath Bank	Finance Lease			8,378	13,981
	Union Bank	Finance Lease			1,169	4,343
	Central Finance	Finance Lease			3,242	4,419
	NDB	Term Loan	16.25% pa		-	4,578
	Commercial Bank		PLR+1%	Repayable in 48 instalments starting from Nov 2013	12,917	33,583
	Commercial Bank		PLR+1%	Repayable in 48 instalments starting from Mar 2014	11,667	
	Commercial Bank		PLR+1%	Repayable in 60 instalments starting from Nov 2014	9,167	
	Commercial Bank		8.9% Fixed	Repayable in 48 instalments starting from April 2015	22,800	
Hemas Integrated Logistics (Pvt) Ltd	SCB	Term Loan	3 months LIBOR + 4% (USD Loan)	Repayable in 54 instalments starting from April 2014	126,426	156,876
Diethelm Travel Lanka (Pvt) Ltd	NTB	Finance Lease			1,586	2,286

Notes to the Financial Statements

23 Interest Bearing Loans and Borrowings (Contd.)

			Variable at the discretion of the Bank		-	7,000
Terms	Lending Institution	Nature of Facility	Interest Rate and Security	Repayment Terms	2015 Rs.'000	2014 Rs.'000
H & M Shipping (Pvt) Ltd	SCB	Term Loan	Variable at the discretion of the Bank		-	7,000
Serendib Hotels PLC	HNB	Term Loan	3 Months EURIBOR	Repayable in 60 Instalments starting from Oct' 12	49,635	86,426
	HNB	Term Loan	3 Months EURIBOR	Repayable in 60 Instalments starting from Oct' 12	31,502	48,543
	HNB	Term Loan	3 Months EURIBOR	Repayable in 60 Instalments starting from Jan' 13	29,992	45,384
	HNB	Term Loan	3 Months EURIBOR	Repayable in 60 Instalments starting from Sep' 13	63,977	102,842
Dolphin Hotels PLC	Commercial Bank	Term Loan	1 Month GBP LIBOR	Repayable in 72 Instalments starting from Nov' 12	78,396	121,383
	HSBC	Term Loan			-	396,158
Miami Beach Hotel Ltd	Commercial Bank	Term Loan	At a margin Over 1 Month Eur LIBOR p.a	72 Instalments from Nov' 12	174,655	239,228
Panasian Power PLC	Commercial Leasing	Term Loan	18.75%		-	3,367
		Finance Lease			-	1,894
N-Able (Private) Limited	SCB	Import Loan	8.7%	Repayable within 90 Days	27,219	-
J. L. Morison Son & Jones (Ceylon) PLC	BOC	Term Loan	14.94% p.a	Repayable in 60 instalments starting from June 2011	3,219	6,219
	HNB	Term Loan	12% p.a	Repayable in 60 instalments starting from April 2011	1,266	2,400
	HNB	Term Loan	AWPLR +2%	Repayable in 60 instalments starting from Sep 2011	2,041	3,120
	HNB	Finance Lease	12% p.a	Repayable in 60 instalments starting from April 2011	415	
	Commercial Bank	Term Loan	8.75% Fixed	Repayable in 48 instalments starting from April 15	500,000	-

23 *Interest Bearing Loans and Borrowings (Contd.)*

23.2 Company	2015 Rs.'000	2014 Rs.'000
Interest Bearing Loans & Borrowings-Non Current		
Loans From Related Parties (Note 23.2.2)	246,153	410,140
Bank Loans	492,368	480,021
Debentures (Note 23.2.1)	942,177	-
	1,680,698	890,161
Interest Bearing Loans & Borrowings-Current		
Loans From Related Parties (Note 23.2.2)	152,600	252,663
Bank Loans	-	466,417
Debentures (Note 23.2.1)	101,301	-
Loans Due to Associate	36,300	500
	290,201	719,580

23.2.1 *Debentures*

	2015 Rs.'000	2014 Rs.'000
Balance at the Beginning of the Year	-	-
Interest	103,532	-
Issue Cost	(13,342)	-
Issued During the Year	1,000,000	-
Less: Repayments	(46,712)	-
Balance at the End of the Year	1,043,478	-
Non Current	942,177	-
Current	101,301	-

Notes to the Financial Statements

23 Interest Bearing Loans and Borrowings (Contd.)

23.2.2 Loans From Related Parties

	As at 01.04.2014	Obtained During the Year	Repayment/ Transfer	As at 31.03.2015	Non Current	Current
Subsidiaries	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Hemas Air Services (Pvt) Ltd.	33,789	50,000	(42,000)	41,789	25,789	16,000
Hemas Developments (Pvt) Ltd.	100,518	102,000	(30,800)	171,718	171,718	-
Hemas Manufacturing (Pvt) Ltd.	54,522	20,000	(54,522)	20,000	-	20,000
Hemas Marketing (Pvt) Ltd.	36,000	-	(36,000)	-	-	-
Hemas Trading (Pvt) Ltd.	25,600	-	(25,600)	-	-	-
Hemas Travles (Pvt) Ltd.	50,001	-	(50,001)	-	-	-
Vishwa BPO (Pvt) Ltd.	15,750	-	-	15,750	15,750	-
Exchange & Finance Investment (Pvt) Ltd.	5,000	-	(5,000)	-	-	-
Dolphin Hotels PLC	192,200	-	(188,100)	4,100	-	4,100
Hotel Sigiriya PLC	-	15,000	(10,000)	5,000	-	5,000
Serendib Leisure Management Ltd.	29,500	30,000	(23,000)	36,500	-	36,500
Diethelm Travel Lanka (Pvt) Ltd.	20,000	-	(20,000)	-	-	-
Serendib Hotels PLC	5,965	25,000	(30,965)	-	-	-
Hemtours (Pvt) Ltd.	93,958	-	(61,062)	32,896	32,896	-
Hemas Transportation (Pvt) Ltd.	-	21,000	-	21,000	-	21,000
J.L Morisons Son and Jones PLC	-	50,000	-	50,000	-	50,000
Total Loans from Related Parties	662,803	313,000	(577,050)	398,753	246,153	152,600

	As at 01.04.2013	Obtained During the Year	Repayment/ Transfer	As at 31.03.2014	Non Current	Current
	Rs.'000	Rs.'000	Rs.'000	Rs.'000		
Total Loans from Related Parties	1,840,889	1,832,510	(3,010,596)	662,803	410,140	252,663

Terms and Conditions

(1) Treasury Loans (Current)

- Security - Unsecured
- Repayment - To be repaid on demand within 12 months
- Interest - Based on Market Rates

(2) Treasury Loans (Non-Current)

- Security - Unsecured
- Repayment - Repayment period beyond 12 months
- Interest - Based on Market Rates

24 OTHER NON CURRENT FINANCIAL LIABILITIES

	Group		Company	
	2015 Rs.'000	2014 Rs.'000	2015 Rs.'000	2014 Rs.'000
Other Financial Liabilities at Amortised Cost				
Preference Shares	-	125,503	-	-
Rent Deposits/Advances	29,883	32,507	9,434	8,840
Total other Financial Liabilities at Amortised Cost	29,883	158,010	9,434	8,840

25 DEFERRED TAX

Group	Deferred Tax Assets		Deferred Tax Liabilities	
	2015 Rs.'000	2014 Rs.'000	2015 Rs.'000	2014 Rs.'000
Balance as at Beginning of the Year	58,581	39,596	273,055	192,943
Income/(Expense) arising During the Year	9,027	12,937	27,580	19,638
Income/(Expense) arising from Discontinued Operation	272	(118)	2,203	2,793
Recognised through Equity	8,728	6,331	(14,626)	(2,482)
Acquired/Disposed During the Year	(3,877)	(165)	(27,233)	60,163
Balance at the End of the Year	72,731	58,581	260,979	273,055

Company	Deferred Tax Liabilities	
	2015 Rs.'000	2014 Rs.'000
Balance as at Beginning of the Year	53,917	51,196
Income/(Expense) arising During the Year	2,136	3,385
Recognised through Equity	(3,051)	(664)
Balance at the End of the Year	53,002	53,917

The Closing Deferred Tax Liability/(Asset) balances relate to the following;

	Group		Company	
	2015 Rs.'000	2014 Rs.'000	2015 Rs.'000	2014 Rs.'000
Revaluation of Buildings to Fair Value	27,551	52,471	-	-
Revaluation of Investment Properties to Fair Value	60,109	56,973	60,108	56,973
Accelerated Depreciation for Tax Purposes	292,173	280,068	12,042	13,483
Employee Benefit Liability	(117,032)	(98,128)	(7,752)	(9,467)
Losses Available for Offset against Future Taxable Income	(50,384)	(42,701)	(5,784)	(4,451)
Others	(24,169)	(34,209)	(5,612)	(2,621)
	188,248	214,474	53,002	53,917

Notes to the Financial Statements

26 EMPLOYEE BENEFIT LIABILITY

	Group		Company	
	2015 Rs.'000	2014 Rs.'000	2015 Rs.'000	2014 Rs.'000
Balance as at Beginning of the Year	426,640	284,012	33,809	26,431
Acquisition of Subsidiary	-	88,632	-	-
Disposal of Subsidiary	(9,561)	-	-	-
Charge for the Year (Note 26.1)	99,709	74,927	6,731	4,419
Actuarial (Gain) or Loss	103,579	39,648	10,897	2,905
Benefits Paid	(86,768)	(60,579)	(23,751)	(507)
Transfer	-	-	-	561
Balance as at the End of the Year	533,599	426,640	27,686	33,809

26.1 Post Employee Benefit Expense for

Current Service Cost	55,177	44,348	3,012	1,512
Interest Cost	44,532	30,579	3,719	2,907
Post Employment Benefit Expense	99,709	74,927	6,731	4,419

Messrs. K.A. Pandit Consultants and Actuaries, carried out an actuarial valuation of the defined benefit plan gratuity on 31 March 2015. Appropriate and compatible assumptions were used in determining the cost of retirement benefits. The principal assumptions used are as follows:

	2015	2014
a. Demographic Assumptions		
Retirement Age	55 Years	55 Years
Assumed Rate of Employee Turnover	1%	1%
b. Financial Assumptions		
Discount Rate Assumed (%)	10%	11%
Future Salary Increase (%)	9%	9%

26.2 Sensitivity of Assumptions Used in the Actuarial Valuation

The following table demonstrates the sensitivity to a reasonably possible change in the key assumptions used with all other variables held constant in the employment benefit liability measurement.

The sensitivity of the Statement of Profit or Loss and Statement of Financial Position is the effect of the assumed changes in discount rate and salary increment rate on the profit or loss and employment benefit obligation for the year.

Assumed change in Financial Assumptions	Group		Company	
	Effect on Profit or Loss Rs.'000	Performa Post Employment Benefit Liability Rs.'000	Effect on Profit or Loss Rs.'000	Performa Post Employment Benefit Liability Rs.'000
In Discount Rate Increased by 1%	48,751,571	(48,751,571)	2,611	(2,611)
In Discount Rate Decreased by 1%	(57,315,044)	57,315,044	(3,022)	3,022
In Salary Increment Rate Increased by 1%	(57,362,205)	57,362,205	3,022	(3,022)
In Salary Increment Rate Decreased by 1%	49,618,832	(49,618,832)	(2,656)	2,656

27 TRADE AND OTHER PAYABLES

	Group		Company	
	2015 Rs.'000	2014 Rs.'000	2015 Rs.'000	2014 Rs.'000
Trade Payables - Others	5,657,149	4,986,680	-	-
Other Payables				
- Related Parties (Note 27.1)	-	-	37,794	30,335
- Others*	1,649,049	1,014,414	282,095	31,915
Sundry Creditors Including Accrued Expenses	1,644,768	1,363,901	62,584	67,098
Dividend Payables-Unclaimed	13,271	11,689	4,972	4,103
	8,964,237	7,376,684	387,445	133,451

* Other Payables includes a balance of Rs.246 Mn representing surplus funds received from previously held ESOS trusts at the point of dissolution, which needs to be utilized for a similar scheme or for the welfare of the employees as per the trust agreement.

27.1 Non Trade Dues to Related Parties

	Relationship	Company	
		2015 Rs.'000	2014 Rs.'000
Hemas Corporate Services (Pvt) Ltd.	Subsidiary	-	116
Forbes Air Services (Pvt) Ltd.	Subsidiary	52	146
Hemas Pharmaceuticals (Pvt) Ltd.	Subsidiary	6,855	2,813
Hemas Manufacturing (Pvt) Ltd.	Subsidiary	6,359	5,942
Hemas Marketing (Pvt) Ltd.	Subsidiary	-	221
Hemas Trading (Pvt) Ltd.	Subsidiary	-	157
Hemtours (Pvt) Ltd.	Subsidiary	149	317
Vishwa BPO (Pvt) Ltd.	Subsidiary	9,818	1633
Diethelm Travel Lanka (Pvt) Ltd.	Subsidiary	36	687
N-able (Pvt) Ltd.	Subsidiary	1,360	4,370
Hemas Travels (Pvt) Ltd.	Subsidiary	1,191	1,493
Exchange & Finance Investment (Pvt) Ltd.	Subsidiary	-	27
Hemas Air Services (Pvt) Ltd.	Subsidiary	258	207
Hemas Developments (Pvt) Ltd.	Subsidiary	7,555	4,070
Hemas Hospitals (Pvt) Ltd.	Subsidiary	2,898	4,168
Hemas Capital Hospital (Pvt) Ltd.	Subsidiary	-	141
FAR Shipping Lanka (Pvt) Ltd.	Subsidiary	-	44
Serendib Leisure Managements (Pvt) Ltd.	Subsidiary	283	238
Dolphin Hotels PLC	Subsidiary	106	1,914
Hemas Transportation (Pvt) Ltd	Subsidiary	93	-
P H Resorts (Pvt) Ltd.	Joint venture	-	1,242
Hotel Sigiriya PLC	Subsidiary	25	-
J.L Morison Son & Jones (Ceylon) PLC.	Subsidiary	751	336
Serendib Hotels PLC	Subsidiary	5	53
		37,794	30,335

Notes to the Financial Statements

28 CASH AND CASH EQUIVALENTS FOR THE PURPOSE OF CASH FLOWS STATEMENT

	Group		Company	
	2015 Rs.'000	2014 Rs.'000	2015 Rs.'000	2014 Rs.'000
28.1 Favourable Balances				
Cash and Bank Balance	2,907,352	1,989,171	133,738	208,782
Fixed Deposits, Treasury Bills and Repo Investments	2,829,061	460,416	1,859,252	155,686
	5,736,413	2,449,587	1,992,990	364,468
28.2 Unfavourable Balances				
Bank Overdraft	(1,511,420)	(920,695)	(732,690)	(98,174)
Total Cash and Cash Equivalents for the Purpose of Cash Flow Statement	4,224,993	1,528,892	1,260,300	266,294

29 BUSINESS COMBINATIONS AND ACQUISITION OF NON-CONTROLLING INTERESTS

29.1 Acquisitions in 2014/2015

29.1.1 The fair value of net assets acquired of Padiyapalalla (Private) Limited on 28 August 2014 as follows,

	2015 Rs.'000
Assets	
Property, Plant and Equipment	653,187
Trade and Other Receivables	24,747
Cash and Cash Equivalents	406
	678,340
Liabilities	
Trade and Other Payables	274,238
	274,238
Total Identifiable Net Assets at Fair Value	404,102
Non-Controlling Interests Measured at Proportionate Share of Acquiree's Identifiable Net Assets	(40,410)
Goodwill Arising on Acquisition	173,379
Purchase Consideration Transferred	537,071
Net Cash Acquired with the Subsidiary	(406)
Net Cash Flow on Acquisition	536,665

29 *Business Combinations and Acquisition of Non-Controlling Interests (Contd.)***Acquisitions in 2013/2014**29.1.2 *Panasian Power PLC*

On 24 April 2013, the Group acquired 20% of the voting shares of Panasian Power PLC there by increasing the Group stake to 29.3%.

The Group has elected to measure the Non-Controlling Interests in the acquiree at proportionate share of acquiree's identifiable net assets

Assets acquired and liabilities assumed:

Fair Value Recognised
on Acquisition
Rs.'000

Assets	
Property, Plant and Equipment	455,903
Purchased Goodwill	288,140
Intangible Assets	10,758
Other Non Current Financial Assets	186,450
Trade and Other Receivables	34,275
Cash and Short Term Deposits	15,620
	991,146
Liabilities	
Interest Bearing loans and Borrowing	(7,771)
Deferred Tax Liability	(22,237)
Employee Benefit Liability	(2,209)
Trade & Other Payables	(2,714)
Income Tax Payable	(2,992)
	(37,923)
Total identifiable net assets at fair value	953,223
Non-Controlling Interests measured at proportionate share of acquiree's identifiable Net Assets	(673,929)
Goodwill Arising on Acquisition	150,906
Purchase Consideration Transferred	430,200
Transfer of the Fair Value of the Investment in Quoted Equity Securities (AFS Investment) held by Group Companies	(130,200)
Net Cash Acquired with the Subsidiary	(15,620)
Net Cash Flow on Acquisition	284,380

Notes to the Financial Statements

29 Business Combinations and Acquisition of Non-Controlling Interests (Contd.)

Acquisitions in 2013/2014

29.1.3 J.L.Morison Son & Jones (Ceylon) PLC

The Group purchased a 71.5% voting stake and 50% non-voting stake in J.L.Morison Son & Jones (Ceylon) PLC on 30 May 2013.

The Group has elected to measure the Non-Controlling Interests in the acquiree at fair value.

Assets acquired and liabilities assumed:	Fair Value Recognised on Acquisition Rs.'000
Assets	
Property, Plant and Equipment	1,055,895
Intangible Assets	1,500
Other Non Current Financial Assets	5,431
Inventories	584,953
Trade and Other Receivables	688,396
Tax Recoverable	12,471
Other Current Financial Assets	261,704
Cash and Short Term Deposits	8,712
	2,619,062
Liabilities	
Interest Bearing Loans and Borrowing	(207,701)
Deferred Tax Liability	(37,926)
Employee Benefit Liability	(86,428)
Trade & Other Payables	(336,252)
Income Tax Payable	(236)
	(668,543)
Total Identifiable Net Assets at Fair Value	1,950,519
Non-Controlling Interests Measured at Fair Value	(797,683)
Goodwill Arising on Acquisition	570,288
Purchase Consideration Transferred	1,723,124
Net Cash Acquired with the Subsidiary	(8,712)
Net Cash Flow on Acquisition	1,714,412
Acquisition of Additional Interest in J.L.Morison Son & Jones (Ceylon) PLC	
The Group further acquired 18.5% voting stake and 34.7% non voting stake in J.L.Morison Son & Jones (Ceylon) PLC by closing the mandatory offer and voluntary offer on 23 July 2013.	
Cash Consideration paid to Non-Controlling Shareholders	527,402
Carrying Value of the Additional Interest in J.L.Morison Son & Jones (Ceylon) PLC	527,402
Difference Recognised in Retained Earning within Equity	-

29 *Business Combinations and Acquisition of Non-Controlling Interests (Contd.)*

29.2 Disposals

29.2.1 *Disposal of Interest in Hemas Power PLC in 2014/2015*

The Group disposed Hemas Power PLC on 05 December 2014.

	Rs.'000
Assets	
Property, Plant and Equipment	2,374,409
Intangible Assets	748,347
Deferred Tax Asset	3,877
Other Non Current Financial Assets	47,736
Inventories	6,397
Trade and Other Receivables	276,442
Other Current Financial Assets	2,503
Income Tax Recoverable	10,033
Cash and Short Term Deposit	703,522
	4,173,266
Liabilities	
Interest Bearing Loans and Borrowing	637,423
Employee Benefit Liability	9,561
Finance Lease Obligation	531
Non Current Financial Liability	148,268
Trade & Other Payables	88,790
Income Tax Payable	5,580
Deferred Tax Liability	27,233
Bank Overdraft	7,896
Non-Controlling Interests	862,624
	1,787,906
Total Identifiable net Assets at Fair Value	2,385,360
Non-Controlling Interests	(596,340)
Equity Attributable to Equity Holders of the Parent	1,789,020
Loss on Disposal	(151,489)
Consideration Received	1,637,531
Net Cash Disposed with the Subsidiary	695,626
Net Cash Flow on Disposal	941,905

29.2.2 *Disposal of Interest in Joint Ventures in 2013/2014*

The Group Disposed Skynet Worldwide Express Private Limited (Joint Venture Entity) on 15 March 2013.

Share of Joint Venture Disposed

	Rs.'000
Total Identifiable net assets at Fair Value/Share of Joint Venture	7,667
Gain on Disposal of Interest in Joint Ventures	4,833
Consideration Received	12,500

Notes to the Financial Statements

29 Business Combinations and Acquisition of Non-Controlling Interests (Contd.)

29.3 De-recognition of Interest in Joint ventures in 2013/2014

Hellmann Worldwide Logistics (Pvt) Ltd

Share of Joint Ventures De-Recognised upon recognising as an Unquoted equity investment held for sale is as follows;

	Rs.'000
Total Identifiable net Assets at Fair Value/Share of Joint Venture	(27,792)
Gain on De-recognition of Interest in Joint Ventures	36,237
Unquoted Equity Investment Held for Sale	8,445

30 FAIR VALUE

Group

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

	Carrying Amount		Fair Value	
	2015 Rs.'000	2014 Rs.'000	2015 Rs.'000	2014 Rs.'000
Financial Assets				
Trade and Other Receivables	6,297,515	5,757,387	6,297,515	5,757,387
Other Financial Assets				
Loans to Company Officers	89,384	100,526	89,384	44,406
ESOS Receivables	-	318,487	-	127,314
Refundable Deposit	21,410	17,197	21,410	17,197
Held to Maturity Investment	594,478	149,047	594,478	149,047
Unquoted Equity Investment Held for Sale	4,500	8,475	4,500	8,475
Available for Sale Investments	744,310	78,780	744,310	78,780
Short Term Investments	52,595	299,502	52,595	299,502
Cash and Short Term Deposits	5,736,413	2,449,587	5,736,413	2,449,587
Total	13,540,605	9,178,988	13,540,605	8,931,695
Financial Liabilities				
Redeemable Preference Shares	-	125,503	-	125,503
Rent Deposits/Advances	29,883	32,507	29,883	32,507
Interest Bearing Loans and Borrowings	5,035,513	5,176,497	5,035,513	5,176,497
Obligations Under Finance Leases	33,883	56,211	33,883	56,211
Trade and Other Payables	8,964,237	7,376,684	8,964,237	7,376,684
Bank Overdraft	1,511,420	920,695	1,511,420	920,695
Total	15,574,936	13,688,097	15,574,936	13,688,097

30 *Fair Value (Contd.)***Company**

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

	Carrying Amount		Fair Value	
	2015	2014	2015	2014
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Financial Assets				
Trade and Other Receivables	1,137,936	245,778	1,137,936	245,778
Other Financial Assets				
Loans to Company Officers	6,092	7,934	5,335	6,830
Loans Due from Related Parties	830,134	507,828	830,134	100,526
ESOS Receivables	-	111,518	-	57,400
Held to Maturity Investment	594,478	149,047	594,478	149,047
Unquoted Equity Investment held for sale	4,500	8,475	4,500	8,475
Available for Sale Investments	117,577	120,683	117,577	120,683
Cash and Short Term Deposits	1,992,990	364,468	1,992,990	364,468
Total	4,683,707	1,515,731	4,682,950	1,053,207
Financial Liabilities				
Loans due to Related Parties	398,753	662,803	398,753	662,803
Bank Loans	492,368	946,438	492,368	946,438
Debentures	1,043,478	-	1,043,478	-
Loans Due to Associate	36,300	500	36,300	500
Rent Deposit	9,434	8,840	9,434	8,840
Trade and Other Payables	387,445	133,451	387,445	133,451
Bank Overdraft	732,690	98,174	732,690	98,174
Total	3,100,468	1,850,206	3,100,468	1,850,206

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:

- Trade and other Receivables, Cash and short-term deposits, Trade and other payables and Bank Overdrafts 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 2015, 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.

Notes to the Financial Statements

30 Fair Value (Contd.)

Fair Value Hierarchy

The Group/Company held the following financial and non-financial assets 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 and non-financial assets 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					<i>Rs.'000</i>
Financial Assets Measured at Fair Value Available for Sale Financial Assets	31-Mar-2015	Level 1	Level 2	Level 3	
	744,310	57,662	593,643	93,005	
Financial Assets Measured at Fair Value Available for Sale Financial Assets	31-Mar-2014	Level 1	Level 2	Level 3	
	78,780	60,737	18,043	-	
Non Financial Assets Measured at Fair Value	31-Mar-2015	Level 1	Level 2	Level 3	
Land and Building	-	-	-	7,313,158	
Investment Properties	-	-	-	1,763,665	
Non Financial Assets Measured at Fair Value	31-Mar-2014	Level 1	Level 2	Level 3	
Land and Building	-	-	-	7,033,266	
Investment Properties	-	-	-	1,683,130	
Company					
Financial Assets Measured at Fair Value Available for Sale Financial Assets	31-Mar-2015	Level 1	Level 2	Level 3	
	117,577	57,577	-	60,000	
Financial Assets Measured at Fair Value Available for Sale Financial Assets	31-Mar-2014	Level 1	Level 2	Level 3	
	60,683	60,683	-	-	
Non Financial Assets Measured at Fair Value	31-Mar-2015	Level 1	Level 2	Level 3	
Investment Properties	-	-	-	675,750	
Non Financial Assets Measured at Fair Value	31-Mar-2014	Level 1	Level 2	Level 3	
Investment Properties	-	-	-	617,615	

31 EVENTS AFTER THE REPORTING PERIOD

(a) The Board of Directors of the Company has declared a final dividend of Rs. 0.70 per share for the financial year ended 31 March 2015. 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 14 July 2015.

In accordance with the Sri Lanka Accounting Standard (LKAS 10) - Events after the reporting date, the final dividend has not been recognized as a liability in the financial statements as at 31 March 2015.

(b) Hemas Holdings PLC (HHL) announced a Rights Issue of 57,254,513 shares to the value of Rs. 4,122,324,936/- (at the proportion of One Ordinary Share for every Nine Ordinary Shares at a consideration of Rs. 72 per share) after obtaining the principal approval from the Colombo Stock Exchange and by its shareholders on the Extraordinary General Meeting dated 10 April 2015 and has successfully completed on 26 May 2015. The proceeds of the Rights Issue are mainly to fund strategic investment opportunities in healthcare and personal care.

(c) The Board of Directors, with the approval in principal of the Colombo Stock Exchange, and authorized by the shareholders on an Extraordinary General Meeting dated 10 April 2015, to create a Employee Share Option Scheme (ESOS) to offer 13,900,000 ordinary shares being 2.7% of the total number of shares in issue (2.4% in the event the Rights Issue is fully subscribed) to Executive Directors and Senior Executives of the company and its subsidiaries whom the Board deems to be eligible to be awarded the shares.

32 COMMITMENTS & CONTINGENCIES

32.1 Capital Commitments

There were no capital commitments as at the reporting date.

32.2 Contingencies

(a) Hemas Holdings PLC

The contingent liability as at 31 March 2015 on guarantees given by Hemas Holdings PLC, to banks on behalf of Subsidiaries & Joint Ventures relating to facilities obtained, are as follows;

	2015 Rs.'000	2014 Rs.'000
Hemas Southern Hospitals (Pvt) Ltd.	-	110,000
Heladhanavi Ltd.	-	300,000
Hemas Power PLC	-	10,000
Hemas Hospitals (Pvt) Ltd.	300,000	592,749
Serendib Hotels PLC	406,824	418,800
N-able (Pvt) Ltd.	-	535,000
Hemas Capital Hospitals (Pvt) Ltd.	50,000	-
J .L. Morison and Jones PLC	500,000	-
	1,256,824	1,966,549

Notes to the Financial Statements

32 Commitments & Contingencies (Contd.)

- (b) As per the interim Budget presented in the Parliament of Sri Lanka on 07 February 2015, the Government proposed a one off 25% Tax namely, Super Gain Tax (SGT) to be imposed on companies or groups which have earned profit before income tax in excess of Rs. 2,000 million for the year ended 31 March 2014. Subsequently the Gazette notification in respect of the above was issued by the Government of Sri Lanka on 30 March 2015.

Accordingly, liable Companies will be assessed for SGT based on taxable income of the company for the year of assessment 2013/14 and would be required to pay such SGT in three instalments commencing from 15 May 2015. However, as of date, this bill has not been passed in the Parliament. In the event the Bill is enacted as a law in the future, the Company would become liable to pay the above one off tax. The quantum of such has not been estimated by the company yet.

- (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/-.

The Company has obtained guarantees from Standard Chartered Bank favouring Ottila 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/-.

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

The Company has obtained guarantees from Standard Chartered Bank favouring M/S Mystify Consulting (India) Pvt Ltd amounting to USD 15,000/-.

- (d) Hemas Manufacturing (Pvt) Ltd

The Department of Inland Revenue has issued Income Tax assessments for the years of assessment 2008/2009 and 2009/2010 to the company.

The Tax Appeals Commission provided a determination confirming such assessments and the company filed a case against such determination at the court of appeal which is ongoing. No provision has been made in the financial statements for the year ended 31st March 2015 in this regard.

- (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. 263,424/-.

The Company has obtained a guarantee from Standard Chartered Bank favouring Director General of Civil Aviation amounting to Rs. 97,682,000/-.

- (f) Hemas Aviation (Pvt) Ltd

The Company has obtained a guarantee from Standard Chartered Bank through of Hemas Air Services (Pvt) Ltd , favouring Island Aviation Services Ltd amounting to Rs.7,700,000.

The Company has obtained a guarantee from Standard Chartered Bank on behalf of Hemas Aviation (PVT) Ltd , favouring Alitalia - Societa Aerea Italiana S.P.A amounting to EUR 75,000/-.

32 *Commitments & Contingencies (Contd.)*

(g) Hemas Air Services (Pvt) Ltd.

The Company has obtained a guarantee from Standard Chartered Bank favouring Malaysian Airline System Berhad for the purpose of GSA Agreement / Passenger amounting to USD 76,000.

The Company has obtained a guarantee from Standard Chartered Bank favouring Malaysian Airline System Berhad for the purpose of GSA Agreement Cargo amounting to USD 514,000.

The Company has obtained a guarantee from Standard Chartered Bank favouring Airport & Aviation Services (Pvt) Ltd amounting to Rs.12,615,000.

The Company has obtained a guarantee from Standard Chartered Bank on behalf of Hemas Aviation (PVT) Ltd, favouring Island Aviation Services Ltd amounting to Rs.7,700,000.

The Company has obtained a guarantee from Standard Chartered Bank on behalf of Hemas Aviation (PVT) Ltd, favouring Alitalia - Societa Aerea Italiana S.P.A amounting to EUR 75,000/-

The Company has obtained a guarantee from Standard Chartered Bank on behalf of Discover The World Marketing (Pvt) Ltd, favouring Discover momentum LLC & China Southern Airlines Company Limited amounting to USD 10,000.00 & USD 70,000 respectively.

The Company has obtained a guarantee from Standard Chartered Bank on behalf of Hemas Aviation (PVT) Ltd, favouring China Souther Airlines Company Limited to USD 15,000 .

(h) Serendib Hotel PLC

The Company has obtained Corporate Guarantee from Hemas Holdings PLC for Euro.1.315Mn (Equivalent to LKR. 208.5Mn) in favour of Hatton National Bank PLC.

The Company has obtained Corporate Guarantee from Hemas Holdings PLC for GBP 0.615Mn (Equivalent to LKR. 110.3Mn) in favour of Hatton National Bank PLC.

The Company has obtained Corporate Guarantee from Hemas Holdings PLC for Euro 660,000 in favour of Hatton National Bank PLC.

(i) Discover the World Marketing (Private) Limited

The Company has obtained a guarantee from Standard Chartered Bank through Hemas Air Services (Pvt) Ltd, favouring Discover momentum LLC & China Southern Airlines Company Limited amounting to USD 10,000.00 & USD 70,000 respectively.

(j) Hemas Maritime (Pvt) Ltd

The Company has obtained a guarantee from Standard Chartered Bank favouring Sri Lanka Ports Authority for the Credits facility obtained amounting to Rs 250,000/-.

The Company has obtained a guarantee from Standard Chartered Bank favouring Director of Merchant Shipping to obtain Shipping license amounting Rs. 500,000/-.

Notes to the Financial Statements

32 Commitments & Contingencies (Contd.)

32.3 Lease Commitments

	2015	2014
	Rs.'000	Rs.'000
Lease rental due on non cancellable operating leases:		
Within one Year	67,193	67,193
One to five Years	393,063	393,063
More than five Years	1,330,336	1,397,529
	1,790,592	1,857,785

Lease Commitments	Leased property	Lessor
Hemas Hospitals Pvt Ltd	Land	Nihila Garments Pvt Ltd
Hemas Capital Hospitals Pvt Ltd	Land	Dhammika Eliyapura
Integrated Logistics Pvt Ltd	Land	Scanwell Logistics Colombo Pvt Ltd

33 ASSETS PLEDGED

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

Name Of the Company	Nature Of Asset	Nature of Liability	Carrying Amount of the Assets Pledged		Included Under
			2015	2014	
			Rs.'000	Rs.'000	
Dolphin Hotels PLC	Freehold Land and Buildings	Primary Mortgage Bond No.3120 dated 12/07/2010 for Rs.146.3Mn executed over Club Hotel Dolphin's Hotel premises at Waikkala owned by the company. Extent 5A-3R-2.6P (Lot 1 in plane No.3105) to Commercial Bank of Ceylon PLC (EIB Loan of Rs.126.6Mn and overdraft facility of Rs.20Mn)	965,417	980,000	Property , Plant and Equipment
		A supplementary Mortgage Bond in Euro executed in connection with Primary Mortgage Bond No.3120 dated 13/07/2010 linking the Rupee exposure in foreign currency.			

33 *Assets Pledged (Contd.)*

Name Of the Company	Nature Of Asset	Nature of Liability	Carrying Amount of the Assets Pledged		Included Under
			2015 Rs.'000	2014 Rs.'000	
Miami Beach Hotels Ltd	Freehold Land and Buildings	Primary Mortgage Bond No.1425 dated 13/07/2010 for Rs.244.6Mn executed over Miami Beach Hotels premises at Waikkala owned by the Company. (Extent 7A:3R:31P) to Commercial Bank of Ceylon PLC (EIB Loan of Rs.234.6Mn and overdraft facility of Rs.10Mn)	508,924	515,396	Property , Plant and Equipment
Hemas Hospitals (Pvt) Ltd	Buildings on Leasehold Land	Primary Mortgage up to the value of Rs 750 Mn to DFCC Bank	1,110,030	1,240,460	Property , Plant and Equipment
Hemas Southern Hospitals (Pvt) Ltd.	Land and Building	Concurrent Mortgage to the extent of Bank facility obtained from Sampath Bank PLC	-	431,641	Property , Plant and Equipment
Hemas Logistics (Pvt) Ltd	Trade Receivables	Primary Mortgage for Rs.30 Mn over Trade Debtor Balance from Nations Trust Bank PLC	59,400	-	Trade and Other Receivables
		Mortgage over vehicles procured under the Bank Loans from Commercial Bank of Ceylon PLC	49,100	-	Property , Plant and Equipment
Hemas Integrated Logistics (Pvt) Ltd		Primary Mortgage over the machinery up to \$1,200,000/-	114,000	-	Property , Plant and Equipment
J. L. Morison Son & Jones (Ceylon) PLC and its Subsidiaries	Leased Assets	Charged over leased assets on finance lease liabilities	1,200	1400	Leased Assets
	Inventory	a) Documents of title to goods shipped	640,000	550,900	Inventory
		b) Indemnity of the Company c) Agreement to mortgage the machinery imported			
Trade Debtors	Charged over trade finance facilities (import credit)	559,300	518,400	Trade Debtors	

Notes to the Financial Statements

34 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group principal financial liabilities, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Group operations and to provide guarantees to support its operations. The Group has loan and other receivables, trade and other receivables, and cash and short-term deposits that arrive directly from its operations. The Company 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 three 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 program 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 Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates. The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.

Foreign Currency Risk

Foreign Currency 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 operating activities (When revenue or expense is denominated in a different currency from the group's functional currency) and net investment in foreign subsidiaries.

Equity Price Risk

The Group's listed 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. 58 Mn and Rs.687 Mn respectively.

34 *Financial Risk Management Objectives and Policies (Contd.)***Credit Risk**

Credit Risk is the risk that counterparty 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, and loans given to SBUs.

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.

Large number of minor receivables are grouped into homogeneous 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 18. The Company 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 counterparties as per this Policy and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Board of Directors on an annual basis, and updated throughout the year. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through potential counterparty's failure. The Company's maximum exposure to credit risk for the components of the statement of financial position is the carrying amounts as illustrated in Note 18 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, and inter-company borrowings. 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 2015 and 31 March 2014. 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%.

Notes to the Financial Statements

34 Financial Risk Management Objectives and Policies (Contd.)

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

Group

As at 31st March 2015	On Demand	Less than 3 Months	3 to 12 Months	1 to 5 Years	> 5 Years	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Interest-Bearing Loans and Borrowings	-	-	1,649,242	3,420,154	-	5,069,396
Other Non-Current Financial Liabilities	-	-	-	29,883	-	29,883
Trade and Other Payables	-	8,964,237	-	-	-	8,964,237
Bank Overdraft	1,511,420	-	-	-	-	1,511,420
	1,511,420	8,964,237	1,649,242	3,450,037	-	15,574,936

As at 31st March 2014

Interest-Bearing Loans and Borrowings	-	-	1,767,786	3,464,922	-	5,232,708
Other Non-Current Financial Liabilities	-	-	-	32,507	125,503	158,010
Trade and Other Payables	-	7,376,684	-	-	-	7,376,684
Bank Overdraft	920,695	-	-	-	-	920,695
	920,695	7,376,684	1,767,786	3,497,429	125,503	13,688,097

Company

As at 31st March 2015	On Demand	Less than 3 Months	3 to 12 Months	1 to 5 Years	> 5 Years	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Interest-Bearing Loans and Borrowings	-	24,100	266,101	1,680,698	-	1,970,899
Other Non-Current Financial Liabilities	-	-	-	9,434	-	9,434
Trade and Other Payables	-	387,445	-	-	-	387,445
Bank Overdraft	732,690	-	-	-	-	732,690
	732,690	411,545	266,101	1,690,132	-	3,100,468

As at 31st March 2014

Interest-Bearing Loans and Borrowings	-	230,000	489,580	623,497	266,664	1,609,741
Other Non-Current Financial Liabilities	-	-	-	8,840	-	8,840
Trade and Other Payables	-	133,451	-	-	-	133,451
Bank Overdraft	98,174	-	-	-	-	98,174
	98,174	363,451	489,580	632,337	266,664	1,850,206

35 RECONCILIATION OF THE RESTATED FINANCIAL STATEMENTS**35.1 Reconciliation of the Restated Total Comprehensive Income for the year Ended 31 March 2014***Adjustment due to adoption of SLFRS 11*

With the adoption of SLFRS 11, Joint Ventures are required to be accounted for using the equity method, prior to adoption of SLFRS 11, Joint Venture share of the assets, liabilities, revenue, income and expenses were proportionately consolidated in to the consolidated financial statements.

Discontinued operations

As required by SLFRS 5, The result of Power group which was disposed during the year is presented as a single amount in the Statement of Profit and Loss under “Discontinued Operations”.

Reclassification

As per the industry practice, Diethelm Travels Lanka (Pvt) Ltd has been accounting its Gross Profit as the Revenue up to year 2013/14, and commencing from the current financial year, it was changed to report the Gross Revenue instead of previously reported Gross Profit. Accordingly, previous year presentation has been rearranged to comply with the current year.

	As previously reported	Reclassification	Adjusted due to adoption of SLFRS 11	Discontinued Operations	Restated
Rs.'000					
Revenue	32,833,249	1,115,894	(6,148,432)	(541,430)	27,259,281
Cost of Sales	(22,613,810)	(1,115,894)	5,773,808	87,847	(17,868,049)
Gross Profit	10,219,439	-	(374,624)	(453,583)	9,391,232
Other Operating Income	1,386,741	-	(1,209)	(21,790)	1,363,742
Selling and Distribution Expenses	(2,763,865)	-	27,828		(2,736,037)
Administrative Expenses	(5,475,368)	-	816,248	108,841	(4,550,279)
Share of results of Joint Ventures	-	-	(474,664)	478,570	3,906
Share of results of Associates	11,651	-			11,651
Operating Profit	3,378,598	-	(6,421)	112,038	3,484,215
Finance Cost	(657,076)	-	150,686	(12,405)	(518,795)
Finance Income	325,717	-	(144,265)	45,472	226,924
Profit Before Tax	3,047,239	-	-	145,105	3,192,344
Income Tax Expenses	(486,334)	-	-	16,661	(469,673)
Profit for the period from Continuing Operations	2,560,905	-	-	161,766	2,722,671
Discontinued Operations					
Profit/ (Loss) after tax from Discontinued operations	-	-	-	(161,766)	(161,766)
Profit for the period	2,560,905	-	-	-	2,560,905

Notes to the Financial Statements

35 Reconciliation of the Restated Financial Statements (Contd.)

35.2 Reconciliation of the Restated Financial Position as at 31 March 2014

Re-statement

During the previous financial year, the property held by Peace Haven Resort (Pvt)Ltd was revalued and sold part of it. However, the full surplus on the revaluation reserve were transferred to retained earnings through statement of changes in equity where as only the part related to property sold should have been transferred and the financials have been reinstated to rectify the same.

Rs.'000	As previously reported	Re-statement	Adjusted due to adoption of SLFRS 11	Restated
Non Current Assets				
Property, Plant and Equipment	13,571,854	-	(1,008,199)	12,563,655
Investment Properties	1,683,130	-	-	1,683,130
Leasehold Right	145,847	-	-	145,847
Intangible Assets	1,333,247	-	(28)	1,333,219
Investment in Joint Ventures	-	-	2,018,096	2,018,096
Investment in Associates	380,303	-	-	380,303
Other Non Current Financial Assets	457,435	-	(1,354)	456,081
Deferred Tax Asset	58,581	-	-	58,581
	17,630,397	-	1,008,515	18,638,912
Current Assets				
Inventories	3,932,906	-	(110,032)	3,822,874
Trade and Other Receivables	8,523,389	-	(1,944,502)	6,578,887
Tax Recoverable	126,716	-	(6,280)	120,436
Other Current Financial Assets	1,032,714	-	(516,781)	515,933
Cash and Short Term Deposits	3,132,767	-	(683,180)	2,449,587
	16,748,492	-	(3,260,775)	13,487,717
TOTAL ASSETS	34,378,889	-	(2,252,260)	32,126,629
Equity				
Stated Capital	1,600,603	-	-	1,600,603
Other Capital Reserves	400,289	-	-	400,289
Other Components of Equity	922,551	169,655	-	1,092,206
Retained Earnings	11,377,081	(169,655)	-	11,207,426
Equity Attributable to Equity Holders of the Parent	14,300,524	-	-	14,300,524
Non-Controlling Interests	3,329,111	-	-	3,329,111
Total Equity	17,629,635	-	-	17,629,635
Non Current Liabilities				
Interest Bearing Loans and Borrowings	3,468,422	-	(3,500)	3,464,922
Other Non Current Financial Liabilities	158,010	-	-	158,010
Deferred Tax Liability	273,418	-	(363)	273,055
Employee Benefit Liability	427,239	-	(599)	426,640
	4,327,089	-	(4,462)	4,322,627
Current Liabilities				
Trade & Other Payables	7,956,628	-	(579,944)	7,376,684
Income Tax Payable	123,869	-	(14,667)	109,202
Interest Bearing Loans and Borrowings	1,779,488	-	(11,702)	1,767,786
Bank Overdraft	2,562,180	-	(1,641,485)	920,695
	12,422,165	-	(2,247,798)	10,174,367
TOTAL EQUITY & LIABILITIES	34,378,889	-	(2,252,260)	32,126,629

35 Reconciliation of the Restated Financial Statements (Contd.)

35.3 Reconciliation of the Restated Financial Position as at 31 March 2013

Rs.'000	As previously reported	Adjusted due to adoption of SLFRS 11	Restated
Non Current Assets			
Property, Plant and Equipment	11,293,957	(1,255,234)	10,038,723
Investment Properties	578,453	-	578,453
Leasehold Right	90,592	-	90,592
Intangible Assets	436,701	(31)	436,670
Investment in Joint Ventures	-	1,414,699	1,414,699
Investment in Associates	221,325	-	221,325
Other Non Current Financial Assets	399,147	(1,178)	397,969
Deferred Tax Asset	39,762	(166)	39,596
	13,059,937	158,090	13,218,027
Current Assets			
Inventories	2,425,137	(55,710)	2,369,427
Trade and Other Receivables	7,047,695	(1,993,973)	5,053,722
Tax Recoverable	78,590	(2,135)	76,455
Other Current Financial Assets	172,919	-	172,919
Cash and Short Term Deposits	3,223,380	(330,979)	2,892,401
	12,947,721	(2,382,797)	10,564,924
TOTAL ASSETS	26,007,658	(2,224,707)	23,782,951
Equity			
Stated Capital	1,600,603	-	1,600,603
Other Capital Reserves	409,751	-	409,751
Other Components of Equity	1,314,477	-	1,314,477
Retained Earnings	8,828,511	-	8,828,511
Equity Attributable to Equity Holders of the Parent	12,153,342	-	12,153,342
Non-Controlling Interests	2,259,037	-	2,259,037
Total Equity	14,412,379	-	14,412,379
Non Current Liabilities			
Interest Bearing Loans and Borrowings	2,182,887	(187,001)	1,995,886
Other Non Current Financial Liabilities	140,343	-	140,343
Deferred Tax Liability	193,313	(370)	192,943
Employee Benefit Liability	287,427	(3,415)	284,012
	2,803,970	(190,786)	2,613,184
Current Liabilities			
Trade & Other Payables	5,906,044	(605,286)	5,300,758
Income Tax Payable	141,591	(3,687)	137,904
Interest Bearing Loans and Borrowings	715,230	(352,879)	362,351
Bank Overdraft	2,028,444	(1,072,069)	956,375
	8,791,309	(2,033,921)	6,757,388
TOTAL EQUITY & LIABILITIES	26,007,658	(2,224,707)	23,782,951

Notes to the Financial Statements

36 RELATED PARTY DISCLOSURES

Details of significant related party disclosures are as follows:

36.1 Transactions with Related Entities

Guarantees

Guarantees given by the company to banks on behalf of related parties are disclosed in the note 32.2 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 the year-end are unsecured and interest free.

Terms and conditions on loans obtained from related parties are disclosed in Note 23.2.2 to these financial statements.

Nature of Transaction	Subsidiaries		Joint Ventures		Associates		Total	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
Services Rendered	501,140	532,856	-	-	-	-	501,140	532,856
Bank Guarantee Fees	4,631	7,577	383	638	-	-	5,014	8,215
IT Charges	113,901	96,041	1,825	509	-	-	115,726	96,550
Rent Income	18,937	12,049	-	-	-	-	18,937	12,049
Loan Interest Income	76,915	67,567	2,424	1,082	-	-	79,339	68,649
Dividend Income	1,103,241	575,093	-	-	-	-	1,103,241	575,093
Treasury Loans Granted	(2,453,897)	(939,544)	(300,000)	-	-	-	(2,753,897)	(939,544)
Loan Interest Expense	(43,179)	(142,198)	(10)	(4,218)	(6,158)	-	(49,347)	(146,416)
Receipt of Services	(81,614)	(71,652)	-	-	-	-	(81,614)	(71,652)
Shared Service Fee	(12,666)	(9,814)	-	-	-	-	(12,666)	(9,814)
Purchase of Air Tickets/ Foreign Currency	(28,271)	(23,542)	-	-	-	-	(28,271)	(23,542)
Treasury Loans Obtained	313,000	1,669,910	-	162,600	375,000	-	688,000	1,832,510
Repayment of Loans /Transfer	(570,051)	(2,848,996)	-	(161,600)	(338,700)	-	(908,751)	(3,010,596)
Other	12,458	9,878	153	5	-	-	12,611	9,883

36 *Related Party Disclosures (Contd.)***36.2 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	
	2015	2014	2015	2014
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Short Term Benefits	461,637	316,019	135,144	71,770
Post Employment Benefits	22,230	-	20,954	-

(b) Transactions, Arrangements and Agreements Involving Key Management Personnel

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

Notes to the Financial Statements

37 SEGMENTAL INFORMATION

Information based on the primary segments (Business Segment)

For the year ended 31 March	FMCG		Healthcare		Leisure		Transportation		Power		Others		Group	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	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	11,918,244	9,544,591	14,053,227	12,182,033	3,024,409	2,678,665	1,517,730	1,307,733	-	-	3,065,899	2,560,952	33,579,509	28,273,874
Intra Segmental Revenue	(23,179)	-	(132,546)	(117,817)	-	-	-	-	-	-	(132,877)	(87,672)	(288,602)	(205,489)
Segment Revenue	11,895,065	9,544,591	13,920,681	12,064,216	3,024,409	2,678,665	1,517,730	1,307,733	-	-	2,933,022	2,473,180	33,290,907	28,068,385
Inter Segmental Revenue	-	-	-	(17)	-	-	-	-	-	-	(793,954)	(809,087)	(793,954)	(809,104)
Total Revenue	11,895,065	9,544,591	13,920,681	12,064,199	3,024,409	2,678,665	1,517,730	1,307,733	-	-	2,139,068	1,664,093	32,496,953	27,259,281
Results														
Segmental Results	1,174,648	862,380	1,395,210	1,096,818	381,122	344,967	351,165	516,310	-	-	(347,376)	(81,085)	2,954,769	2,739,389
Finance Cost	(1,717)	(6,078)	(196,455)	(238,947)	(33,870)	(55,655)	(24,396)	(28,630)	-	-	(203,221)	(189,485)	(459,659)	(518,795)
Finance Income	40,334	58,561	8,806	15,794	9,628	9,153	27,850	35,800	-	-	96,804	107,616	183,422	226,924
Change in Fair Value of Investment Properties	-	-	-	-	-	-	-	-	-	-	281,624	729,269	281,624	729,269
Share of Results of Associate	-	-	-	-	6,122	11,651	-	-	-	-	-	-	6,122	11,651
Share of Results of Joint Venture	-	-	-	-	18,397	43,303	110,264	(39,397)	-	-	-	-	128,661	3,906
Profit/(Loss) Before Tax	1,213,265	914,863	1,207,561	873,665	381,399	353,419	464,833	484,083	-	-	(172,169)	566,315	3,094,939	3,192,344
Income Tax	(142,572)	(87,188)	(237,315)	(189,753)	(63,480)	(65,916)	(60,430)	(56,055)	-	-	(200,403)	(70,761)	(704,200)	(469,673)
Profit/(Loss) From Continuing Operations	1,070,693	827,675	970,246	683,912	317,919	287,503	404,453	428,028	-	-	(372,572)	495,554	2,390,739	2,722,671
Result of Discontinued Operations	-	-	-	-	-	-	-	-	(194,823)	(161,766)	-	-	(194,823)	(161,766)
Profit / (Loss) for the Period	1,070,693	827,675	970,246	683,912	317,919	287,503	404,453	428,028	(194,823)	(161,766)	(372,572)	495,554	2,195,916	2,560,905
Attributable to:														
Equity Holders of the Parent	1,058,701	821,606	966,891	718,810	144,922	153,375	380,171	425,055	(247,551)	(194,540)	(376,084)	484,971	1,927,051	2,409,276
Non-Controlling Interests	11,992	6,069	3,355	(34,898)	172,997	134,128	24,282	2,973	52,728	32,774	3,512	10,583	268,865	151,629
	1,070,693	827,675	970,246	683,912	317,919	287,503	404,453	428,028	(194,823)	(161,766)	(372,572)	495,554	2,195,916	2,560,905

As At 31st March	FMCG						Transportation						Power						Others						Group		
	2015		2014		2015		2014		2015		2014		2015		2014		2015		2014		2015		2014		2015		
	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	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000		
Assets and Liabilities																											
Non Current Assets																											
Property, Plant and Equipment	1,507,910	1,550,524	3,402,878	4,213,299	3,071,539	3,088,678	510,996	473,431	-	1,693,441	1,364,158	252,378	9,857,481	11,271,751	-	-	-	-	-	-	-	-	-	-	-	-	
Investment Property	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other Non Current Financial Assets	5	158,909	864,285	709,559	44,913	105,975	565,465	627,376	-	308,610	1,204,506	550,198	2,679,174	2,460,627	-	-	-	-	-	-	-	-	-	-	-	-	
Other Non Current Assets	2,619,829	2,639,984	2,803,392	2,815,174	2,547,026	2,486,397	267,728	255,938	-	2,950,124	6,144,217	7,956,183	14,382,192	19,103,800	-	-	-	-	-	-	-	-	-	-	-	-	
Segmental Non Current Assets	4,127,744	4,349,417	7,070,555	7,738,032	5,663,478	5,681,050	1,344,189	1,356,745	-	4,952,175	12,171,631	11,797,124	30,377,597	35,874,543	-	-	-	-	-	-	-	-	-	-	-	-	
Deferred Tax Assets	-	-	-	-	-	-	-	-	-	-	-	-	72,731	58,581	-	-	-	-	-	-	-	-	-	-	-	-	
Eliminations/Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	(13,603,823)	(17,294,212)	-	-	-	-	-	-	-	-	-	-	-	-	
Total Non Current Assets																											
Segmental Current Assets																											
Other Current Financial Assets	112,543	160,941	47,004	298,896	49,179	251,231	29,745	44,995	-	4,612	1,188,501	478,761	1,426,972	1,239,436	-	-	-	-	-	-	-	-	-	-	-	-	
Segmental Current Assets	4,167,885	2,945,164	5,613,014	5,480,613	1,028,627	1,124,714	1,998,752	2,040,094	-	1,375,641	6,042,957	1,490,901	18,851,235	14,457,127	-	-	-	-	-	-	-	-	-	-	-	-	
Tax Refunds	-	-	-	-	-	-	-	-	-	-	-	-	59,229	120,436	-	-	-	-	-	-	-	-	-	-	-	-	
Eliminations/Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	(2,745,621)	(2,329,282)	-	-	-	-	-	-	-	-	-	-	-	-	
Total Current Assets																											
Total Assets																											
Non Current Liabilities																											
Segmental Non Current Liabilities	96,219	103,010	1,415,863	2,031,351	394,010	1,013,671	256,014	299,033	-	144,294	2,496,227	961,146	4,658,333	4,552,505	-	-	-	-	-	-	-	-	-	-	-	-	
Other Non-current Financial Liabilities	1,083,490	1,108,490	4,085	5,302	-	-	16,364	16,149	-	353,720	9,434	8,840	1,113,373	1,492,501	-	-	-	-	-	-	-	-	-	-	-	-	
Deferred Tax Liability	-	-	-	-	-	-	-	-	-	-	-	-	260,979	273,055	-	-	-	-	-	-	-	-	-	-	-	-	
Eliminations/Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	(1,788,070)	(1,995,434)	-	-	-	-	-	-	-	-	-	-	-	-	
Total Non Current Liabilities																											
Current Liabilities																											
Segmental Current Liabilities	3,466,384	2,004,011	5,559,854	4,786,339	1,112,723	1,130,122	1,679,949	1,791,373	-	999,846	2,891,578	1,753,999	14,750,488	12,445,690	-	-	-	-	-	-	-	-	-	-	-	-	
Income Tax Liability	-	-	-	-	-	-	-	-	-	-	-	-	146,207	109,202	-	-	-	-	-	-	-	-	-	-	-	-	
Eliminations/Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	(2,625,589)	(2,380,525)	-	-	-	-	-	-	-	-	-	-	-	-	
Total Current Liabilities																											
Total Liabilities																											
Total Segment Assets	8,408,172	7,455,522	12,730,573	13,517,541	6,741,284	7,056,995	3,372,686	3,441,834	-	6,332,428	19,403,089	13,766,786	50,655,804	51,571,106	-	-	-	-	-	-	-	-	-	-	-	-	
Total Segment Liabilities	3,562,603	2,107,021	6,975,717	6,817,690	1,506,733	2,143,793	1,935,963	2,090,406	-	1,144,140	5,427,805	2,695,145	19,408,821	16,998,195	-	-	-	-	-	-	-	-	-	-	-	-	
Other Segmental Information																											
Acquisition Cost of property plant and Equipment	256,143	356,532	410,592	919,128	155,848	729,783	119,879	329,678	55,548	99,425	189,533	213,861	1,187,533	2,648,407	-	-	-	-	-	-	-	-	-	-	-	-	
Depreciation of Segmental Assets	157,033	115,448	275,607	243,607	163,783	131,120	72,839	51,318	26,996	49,269	131,745	119,042	828,003	709,804	-	-	-	-	-	-	-	-	-	-	-	-	
Provision for Retiring Gratuity	17,777	11,801	31,018	19,884	12,460	9,107	9,308	6,963	1,089	1,871	28,057	25,301	99,709	74,927	-	-	-	-	-	-	-	-	-	-	-	-	
Impairment/Amortization of Intangibles	551	30,322	11,994	9,282	1,950	2,616	671	262	684	1,441	12,270	3,465	28,120	47,388	-	-	-	-	-	-	-	-	-	-	-	-	

Notes to the Financial Statements

38 GROUP COMPANIES

Name /Principle Place of Business	Relationship	Effective Holding 2015	2014	Voting Power 2015	2014	Principal Activities
FMCG						
Hemas Manufacturing (Pvt) Ltd. No. 75, Braybrooke Place, Colombo 02.	Subsidiary	100%	100%	100%	100%	Manufacture of FMCG Products
Hemas Marketing (Pvt) Ltd. No. 75, Braybrooke Place, Colombo 02.	Subsidiary	100%	100%	100%	100%	Trading & Distribution of FMCG Products
Hemas Trading (Pvt) Ltd. No. 75, Braybrooke Place, Colombo 02.	Subsidiary	100%	100%	100%	100%	Import and sale of Food Products
Hemas Consumer Brands (Pvt) Ltd. Rupayan Center, 6th Floor, 72, Mohakhali C-A,Dhaka-1212	Subsidiary	100%	100%	100%	100%	Trading of FMCG Products
Unicorn Investment (Pvt) Ltd. No. 75, Braybrooke Place, Colombo 02.	Subsidiary	100%	100%	100%	100%	Research and Development Services
J L Morison Son & Jones (Ceylon)PLC No:620,Biyagama Road, Pethiyagoda Kelaniya.	Subsidiary	89%	89%	89%	89%	Importing and Distribution of Consumer Products
HEALTHCARE						
Hemas Pharmaceuticals (Pvt) Ltd. No:36, Hemas Building ,Sir Razeek Fareed Mawatha, Colombo 01	Subsidiary	100%	100%	100%	100%	Distribution of Pharmaceutical Products
Hemas Surgical & Diagnostics (Pvt) Ltd. No:36, Hemas Building ,Sir Razeek Fareed Mawatha, Colombo 01	Subsidiary	100%	100%	100%	100%	Distribution of Healthcare Products
Hemas Hospitals (Pvt) Ltd. No 389, Negombo Road, Wattala.	Subsidiary	83%	83%	83%	83%	Hospital Services
Hemas Southern Hospitals (Pvt) Ltd. No.10,Wakwella Road, Galle, Sri Lanka.	Subsidiary	83%	83%	83%	83%	Hospital Services
Hemas Capital Hospital (Pvt) Ltd. No. 647, Pannipitiya Road, Thalawathugoda.	Subsidiary	83%	83%	83%	83%	Hospital Services
Hemas South Colombo Hospitals (Pvt) Ltd. No. 75, Braybrooke Place, Colombo 02.	Subsidiary	83%	83%	83%	83%	Hospital Services
Hemas Clinical Research Services (Pvt) Ltd. No. 75, Braybrooke Place, Colombo 02.	Subsidiary	100%	100%	100%	100%	Support Services of Clinical Trials
J L Morison Son & Jones (Ceylon) PLC No:620,Biyagama Road,Pethiyagoda Kelaniya.	Subsidiary	89%	89%	89%	89%	Importing and Distribution of Pharmaceuticals and Medical Aid

38 *Group Companies (Contd.)*

Name /Principle Place of Business	Relationship	Effective Holding 2015	2014	Voting Power 2015	2014	Principal Activities
M S J Industries (Ceylon) (Pvt) Ltd. P.O BOX 430,126 Aluthmawatha Road,Colombo 15	Subsidiary	89%	89%	89%	89%	Manufacturing and Trading Pharmaceuticals
LEISURE						
Leisure Asia Investments Ltd.	Subsidiary	100%	100%	100%	100%	Investment Holding Company
Serendib Hotels PLC No. 75, Braybrooke Place, Colombo 02.	Subsidiary	55%	51%	55%	51%	Operating a Tourist Hotel and Investment Holding Company
Hotel Sigiriya PLC No. 75, Braybrooke Place, Colombo 02.	Subsidiary	34%	32%	55%	51%	Operating a Tourist Hotel
Dolphin Hotels PLC Level 05,No. 75, Braybrooke Place, Colombo 02.	Subsidiary	41%	39%	55%	51%	Operating a Tourist Hotel
Miami Beach Hotel Ltd. Level 05,No. 75, Braybrooke Place, Colombo 02.	Subsidiary	36%	33%	55%	51%	Operating a Tourist Hotel
Serendib Leisure Management Ltd. No. 75, Braybrooke Place, Colombo 02.	Subsidiary	55%	51%	55%	51%	Operating a Tourist Hotel
Jada Resort (Pvt) Ltd No. 40, St Sebastian's Road, Katukurunda, Kalutara.	Associates	20%	20%	20%	20%	Operating a Tourist Hotel
Diethelm Travel Lanka (Pvt) Ltd. No. 75, Braybrooke Place, Colombo 02.	Subsidiary	60%	60%	60%	60%	Destination Management Services
Diethelm Travel The Maldives (Pvt) Ltd. 4th Floor,Henvery Megama Sikka Golhi,Male,Republic Of Maldives	Subsidiary	49%	49%	49%	49%	Destination Management Services
Hemtours (Pvt) Ltd. No. 75, Braybrooke Place, Colombo 02.	Subsidiary	100%	100%	100%	100%	Destination Management Services
Conventions Asia (Pvt) Ltd. No. 75, Braybrooke Place, Colombo 02.	Subsidiary	100%	100%	100%	100%	Event Management
Mowbray Hotels Ltd. No. 75, Braybrooke Place, Colombo 02.	Subsidiary	89%	89%	89%	89%	Hotel Property
PH Resort (Pvt) Ltd. Level 05,No. 75, Braybrooke Place, Colombo 02.	Joint Venture	50%	50%	50%	50%	Hotel Property

Notes to the Financial Statements

38 Group Companies (Contd.)

Name /Principle Place of Business	Relationship	Effective Holding 2015	2014	Voting Power 2015	2014	Principal Activities
TRANSPORTATION						
Forbes Air Services (Pvt) Ltd. No. 75, Braybrooke Place, Colombo 02.	Subsidiary	100%	100%	100%	100%	GSA Emirates Airline
Hemas Air Services (Pvt) Ltd. No. 75, Braybrooke Place, Colombo 02.	Subsidiary	100%	100%	100%	100%	GSA Malaysian Airline
Hemas Travels (Pvt) Ltd. No. 75, Braybrooke Place, Colombo 02.	Subsidiary	100%	100%	100%	100%	Travel Agent
Hemas Aviation (Pvt) Ltd. No:36, Hemas Building ,Sir Razeek Fareed Mawatha, Colombo 01	Subsidiary	100%	100%	100%	100%	Airline Representation
Exchange & Finance Investment (Pvt) Ltd. No:36, Hemas Building ,Sir Razeek Fareed Mawatha, Colombo 01	Subsidiary	100%	100%	100%	100%	Airline Representation
Discover the World Marketing (Pvt) Ltd No:36, Hemas Building ,Sir Razeek Fareed Mawatha, Colombo 01	Subsidiary	100%	100%	100%	100%	Airline Representation
Far Shipping Lanka (Pvt) Ltd. No. 75, Braybrooke Place, Colombo 02.	Subsidiary	100%	100%	100%	100%	Shipping Agents
Far Shipping Agency Lanka (Pvt) Ltd. No. 75, Braybrooke Place, Colombo 02.	Joint Venture	60%	-	60%	-	Shipping Agents
Hemas Transportation (Pvt) Ltd. No. 75, Braybrooke Place, Colombo 02.	Subsidiary	100%	100%	100%	100%	Shipping Agents
HIF Logistics (Pvt) Ltd	Joint Venture	49%	49%	49%	49%	Freight Forwarders
ACX International (Pvt) Ltd No.151/6 Kirula road, Colombo 5	Joint Venture	49%	49%	49%	49%	Courier Services
H & M Shipping (Pvt) Ltd No:36, Hemas Building ,Sir Razeek Fareed Mawatha, Colombo 01	Joint Venture	50%	50%	50%	50%	Crew Boat Servicing
Hemas Maritime (Pvt) Ltd No:36, Hemas Building ,Sir Razeek Fareed Mawatha, Colombo 01	Subsidiary	100%	100%	100%	100%	Break Bulk Casual Callers & Cargo Handling
Hemas Logistics (Pvt) Ltd No. 75, Braybrooke Place, Colombo 02.	Subsidiary	57%	57%	57%	57%	General Carries & Warehousing
Hemas Integrated Logistics (Pvt) Ltd No. 75, Braybrooke Place, Colombo 02.	Subsidiary	57%	57%	57%	57%	General Carries & Warehousing
POWER (Disposed during the year)						
Hemas Power PLC.	Subsidiary	-	75%	-	75%	Venture Capital Company
Giddawa Hydro Power (Pvt) Ltd.	Subsidiary	-	75%	-	75%	Mini Hydro Power Plant
Okanda Power Grid (Pvt) Ltd.	Subsidiary	-	75%	-	75%	Mini Hydro Power Plant

38 *Group Companies (Contd.)*

Name /Principle Place of Business	Relationship	Effective Holding 2015	2014	Voting Power 2015	2014	Principal Activities
Ella Dendro Electric (Pvt) Ltd.	Subsidiary	-	75%	-	75%	Mini Hydro Power Plant
Butama Hydro Electricity Company.	Subsidiary	-	75%	-	75%	Mini Hydro Power Plant
Upper Agra Oya Hydro Power (Pvt) Ltd.	Subsidiary	-	75%	-	75%	Mini Hydro Power Plant
Heladhanavi Ltd	Joint Venture	-	35%	-	35%	Thermal Power Plant
Panasian Power PLC	Subsidiary	-	29%	-	29%	Mini Hydro Power Plant
Manelwala Hydropower	Subsidiary	-	29%	-	29%	Mini Hydro Power Plant
Rathganga Hydropower	Subsidiary	-	29%	-	29%	Mini Hydro Power Plant
OTHER						
Hemas Corporate Services (Pvt) Ltd. No. 75, Braybrooke Place, Colombo 02.	Subsidiary	100%	100%	100%	100%	Corporate Secretaries
Hemas Developments (Pvt) Ltd. No. 75, Braybrooke Place, Colombo 02.	Subsidiary	100%	100%	100%	100%	Property Development
Vishwa BPO (Pvt) Ltd. No. 75, Braybrooke Place, Colombo 02.	Subsidiary	100%	100%	100%	100%	Financial & Accounting Services
Peace Haven Resorts Ltd. No. 75, Braybrooke Place, Colombo 02.	Subsidiary	100%	100%	100%	100%	Hotel Property
N-able (Pvt) Ltd. No:36, Hemas Building ,Sir Razeek Fareed Mawatha, Colombo 01	Subsidiary	100%	100%	100%	100%	Enabling Information & Technology Solutions
N-able Global (Pte) Ltd. No: 51, Goldhill Plaza, #07-10/11, Singapore	Subsidiary	100%	-	100%	-	Enabling Information & Technology Solutions
J L Morison Son & Jones (Ceylon) PLC No: 620,Biyagama Road, Pethiyagoda Kelaniya.	Subsidiary	89%	89%	89%	89%	Importing and Distribution of Agro chemicals
M S J Promotional Services No: 620,Biyagama Road, Pethiyagoda Kelaniya.	Subsidiary	89%	89%	89%	89%	Promotional Activities
M S J Cargos (Ceylon) (Pvt) Ltd. No: 620,BiyagamaRoad, Pethiyagoda Kelaniya.	Subsidiary	89%	89%	89%	89%	Wharf Clearing Activities
M S J Hotels (Ceylon) (Pvt) Ltd. No: 620,BiyagamaRoad, Pethiyagoda Kelaniya.	Subsidiary	89%	89%	89%	89%	Hotel Industry
M S J Foods (Ceylon) (Pvt) Ltd. No: 620,BiyagamaRoad, Pethiyagoda Kelaniya.	Subsidiary	89%	89%	89%	89%	Food and Beverage
M S J Tours (Ceylon) (Pvt) Ltd. No: 620,BiyagamaRoad, Pethiyagoda Kelaniya.	Subsidiary	89%	89%	89%	89%	Transport Service