HEMAS HOLDINGS PLC ANNUAL REPORT 2014/15

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Energize. Explore.

Hemas Holdings PLC has grown from its family beginnings to become a powerful force in multiple industries, evolving in our desire to be leaders in wellness, leisure and mobility, and truly enrich the lives of the people we touch.

2014/15 marks the next phase in our evolutionary journey - the pivotal first year that sees the company energize itself to explore the endless opportunities of the future, pursuing our Vision 2020 with a greater focus upon corporate sustainability, value creation, and advancing good governance.

As one of Sri Lanka's fastest growing blue chip conglomerates, Hemas Holdings PLC touches the lives of millions of loyal customers, everyday, via our renowned healthcare, leisure and transportation services, and our range of high quality FMCG products; helping to enrich lives, empower businesses and make a positive contribution to our nation's economic development.

For almost seven decades, your Company has delivered an award winning range of diversified products and services, while demonstrating the highest standards of good governance, value building and corporate sustainability.

Reevaluation and refinement are key elements of growth, and during the past year, your Company has done both, reevaluating the areas in which we operate and refining our focus to those in which we can be the most effective, and do the most good. We divested our interests in Power and turned our full focus on the development of our wellness, leisure and mobility segments.

We see our future growth trajectory clearly. Investments and acquisitions will strengthen and add value to our businesses, ensuring that your Company continues to grow, delivering excellence, and setting the standard, in every sphere in which we operate.

OUR PURPOSE

To passionately deliver outstanding Products and Services thus enriching the lives of our customers and creating superior value to our shareholders.

We will do this by:

Being a national leader in personal
Care and healthcare solutions
Investing in growth industries with
Potential for superior value creation
Establishing a regional footprint

Through a team of passionate, capable and empowered people.

OUR VALUES

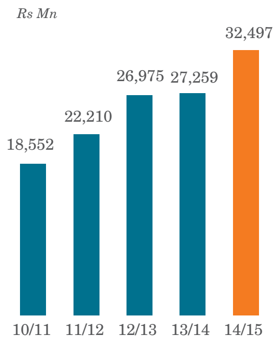
Hemas reveres its moral compass: its values. It is our values that hold us together in meeting success, in providing our customers with quality products and services that they deserve.

Passion for customers
Obsession for performance
Driven by innovation
Concern for people

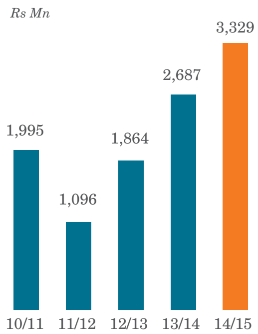
FINANCIAL HIGHLIGHTS

Year Ended 31 March		2015	2014	Change %
Operating Results				
Group Revenue	Rs. '000	32,496,953	27,259,281	19.2
Operating Profit	Rs. '000	3,371,176	3,484,215	-3.2
Profit Before Taxation	Rs. '000	3,094,939	3,192,344	-3.1
Profit After Taxation	Rs. '000	2,390,739	2,722,671	-12.2
Profit Attributable to the Parent	Rs. '000	1,927,051	2,409,276	-20.0
Gross Dividend Paid	Rs. '000	629,800	429,409	46.7
Cash From Operations	Rs. '000	3,329,052	2,686,659	23.9
Operating Results - Underlying				
Operating Profit	Rs. '000	3,053,216	2,389,842	27.8
Profit Before Taxation	Rs. '000	2,776,976	2,097,971	32.3
Profit After Taxation	Rs. '000	2,072,740	1,628,298	27.3
Profit Attributable to the Parent	Rs. '000	1,856,603	1,509,444	23.0
Financial Position				
Total Assets	Rs. '000	34,438,320	32,126,629	7.2
Equity Attributable to Equity Holders of the Parent	Rs. '000	15,658,976	14,300,524	9.5
No. of Shares	No. '000	515,291	515,291	0.0
Gearing	%	26.9%	25.9%	3.8
Shareholder Information				
Return on Equity	%	12.9%	18.2%	-29.4
Earnings per Share	Rs.	3.74	4.68	-20.0
Dividend per Share	Rs.	1.10	0.75	46.7
Dividend Payout	%	29.4%	16.0%	83.4
Net Assets per Share	Rs.	30.39	27.75	9.5
Market Capitalization	Rs. '000	37,976,919	19,426,456	95.5
Price Earnings Ratio	Times	17.46	7.46	134.1
Market Price as at 31st March	Rs.	73.70	37.70	95.5

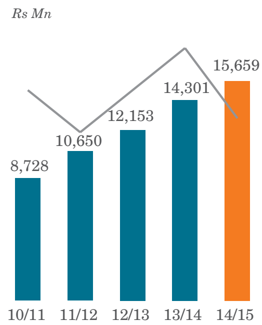
Group Revenue



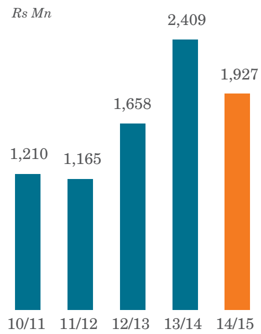
Cash From Operations



Equity Attributable to Equity Holders of the Parent & ROE



Earnings



Rs 32 Billion

Revenue

Rs 3,371 Million

Earnings Before Interest & Tax

Rs 1,927 Million

Earnings

Rs 3,329 Million

Cash Flow From Operations

Rs 15,659 Million

Shareholders' Funds

Energize. Engage.

The year under review saw us making important progress towards making Hemas a more sustainable organization and creating value for all its stakeholders.

CHAIRMAN'S REVIEW

Hemas share outperformed both the ASPI and most peer companies, appreciating by 95.5% for the year ended 31st March 2015. This can be attributed to the organization now having sharper focus, and better visibility of our core sectors

Whenever a business sees change in a long-standing CEO, there is both risk, as well as opportunity. There is always the risk of the incoming CEO not fitting in or measuring up, for any number of reasons. There is also opportunity, because leadership transitions are not a frequent event, and so one must seize the moment to make course corrections and transformations that will ensure success of the organization in the years to come. I am happy to report that after a year down the road, we can surmise that the new CEO and his team have settled into their own groove, and are driving hard towards business success. In doing so, the Board has adopted management's "Vision 2020" which charts a more focused and ambitious plan for the business. This also provides a clear framework for the Board to monitor and support managements efforts going forward.

The year under review saw significant political and economic developments on the global and local front. The persistent decline of the Euro on the back of the Euro zone crisis, and the drop in world oil prices to record low levels have led to far reaching repercussions, both positive and negative, across world economies.

In January 2015, Presidential elections were held. It was a matter of pride to all Sri Lankans to witness a peaceful election and a smooth transition of leadership. The new government has pursued a reform program aimed at strengthening good governance as announced in the 100 day plan.

In the local arena, the low growth rates in domestic consumption demand witnessed during 2013 seemed to have recovered towards the latter part of 2014. This is due, in part, to more disposable income in the hands of the consumers and also due to the interim budget proposals presented in January under the new government. However, certain consumer markets such as Pharmaceuticals remained stagnant over an extended period. Tourism continued its strong growth momentum and is now an important contributor to the nation's economy.

I am happy to report that your Company performed strongly during the year under review with revenues of Rs 32Bn, Operating profit of Rs 3.4Bn, and earnings of Rs 1.9Bn. Barring one-off items, Operating profit and Earnings grew by 28% and 23% respectively. Furthermore, in line with our new vision to focus on Wellness, Leisure and Mobility sectors, we exited the Power business in December 2014.

Hemas share outperformed both the ASPI and most peer companies, appreciating by 95.5% for the year ended 31st March 2015. This can be attributed to the organization now having sharper focus, and better visibility of our core sectors (especially FMCG and Healthcare) which traditionally carry higher multiples in regional markets. No doubt, the smooth succession and confidence in the management team also played a role.

Given management's plans for growth through acquisitions, and investments in new markets, the Board thought it opportune to infuse fresh capital by way of a rights issue of Rs 4Bn. The major shareholders opted to forego their rights in light of strong demand, mainly by foreign institutional investors. Proceeds of the rights issue, proceeds from the sale of the Power business and our traditionally low gearing, places the company with a healthy cash pool to look at transformational growth opportunities. Having said that, the Board will exercise due care to ensure that new investments are aligned with our core business and are projected to deliver attractive returns.

In order to complement our new growth vision, the Board also undertook several measures to enhance its own effectiveness. The role of the Nominations Committee was expanded to include Governance too, with responsibility to recommend best in class practices that could be adopted by our Board. The Remuneration Committee was actively involved in proposing a share option scheme which was adopted by shareholders on April 10, 2015. It is hoped that this scheme would serve as an incentive to management as they step up the pace of growth and enhance value creation for the organization. The Audit Committee too has started focusing more on risk, which we think would be a vital subject for the Board to deliberate upon as we get into previously unchartered territory. Going forward, I see more scope for the Board to improve its own effectiveness in order to play a value adding role in monitoring and supporting management.

CHAIRMAN'S REVIEW

Accelerating the pace of growth will only be possible if we have the right people to lead. Accordingly, talent development and succession has been a key subject both at management and Board level. Over the year, the CEO has also spearheaded several initiatives to encourage our leaders to be more innovative and think bolder and bigger. Going forward, the Remuneration Committee intends to engage with 34 of our top talent, and provide the required visibility at Board level.

The year under review also saw us making important progress towards making Hemas a more sustainable organization and creating value for all its stakeholders. Our Group-wide programme 'Abhimana', which serves as a platform for rolling out sustainability practices reinforcing our core values and guiding principles, was launched and rolled out across our businesses last year. Our flagship CSR programme "Piyawara" received international accolades during the year when it won the awards for "Best Community Care Company in Asia 2014" & "Best CSR Campaign of the Year in Asia" at Asia Corporate Excellence & Sustainability Awards, and a Gold Award at JASTECA CSR Awards 2014. All these achievements signify the social impact made by "Piyawara" over the past 12 years, enriching the lives of children across the country.

Whilst the year under review has been a successful one in terms of financial results, what is even more important for myself and my fellow Board members, is the smooth implementation of the Leadership transition process that we envisaged several years ago. For that, I need to thank and acknowledge the vital role played by my fellow Board members whose combined wisdom has played an important part in steering our forward course. I congratulate the CEO and his team for the encouraging performance posted during his first year at the helm, and I look forward to seeing Team Hemas charting its way forward towards "Vision 2020".

Finally, let me express my thanks to our customers, business partners and especially our shareholders for their confidence in the company.

Husein N. Esufally
Chairman

29 May 2015

The Group recorded a consolidated revenue of Rs. 32.5 Bn, a growth of 19.2%

"Piyawara" won the overall Gold award at the 2014 JASTECA CSR Awards

Velvet crowned 'Brand of the Year' at SLIM Excellence Awards 2014

The Group recorded an Underlying Earnings Growth of 23.0%

Energize. Enhance.

We are Sri Lanka's largest homegrown Personal Care business, we are the leading private sector player in the Healthcare industry and have emerging positions in Leisure and Mobility.

CHIEF EXECUTIVE OFFICER'S STATEMENT

We have also launched key initiatives to enhance our leadership development programmes and have made innovation an important component of every thought process.

Fellow stakeholders

It is a pleasure to report on the progress our business has made during 2014/15.

As ever it has been a busy year as we strive to better serve our customers and partners across our many businesses and deliver value to our shareholders. The year started with a hard look at our strategy, where we wanted to be as a Group by 2020 and how we could deliver the required growth. As we analysed our strengths and capabilities we quickly came to recognize the importance of focusing on our core competencies in healthcare, including pharmaceutical distribution, pharmaceutical manufacturing, hospitals and in personal care, leisure and transportation.

Each of these sectors have strong macro drivers and are well positioned for growth going forward, whether that be in terms of increasing domestic consumer spend, developing healthcare needs, tourism arrivals or an increasingly mobile Sri Lanka. Equally we have strong leadership positions in each of these businesses with many of the best brands in the country. We are Sri Lanka's largest homegrown personal care business, we are the leading private sector player in the healthcare industry and have emerging positions in leisure and mobility.

Inevitably this re-focusing of our energies resulted in us deciding to exit from certain sectors. In December we sold our controlling shareholding in Hemas Power. Hemas Power has been an important part of the group over the last decade but with the power purchase agreement for Heladhanavi ending in December and with limited options for further hydro power expansion we decided to exit. The business was acquired by ACL Cables, NDB and Trydan Partners and has been renamed Resus Energy. We thank Kishan and team for their contribution to Hemas and wish them every success in the future.

Our renewed focus is intended to drive superior growth and we have seen the results of this in our Consumer business where the team has delivered 24.6% growth in sales and 29.4% growth in profit. This is an excellent outcome compared to the lower overall market growth in personal care (11.7%) and home care (7.8%) as per AC Nielsen. We have seen very strong performance by our multi award winning beauty soap Velvet, good growth in baby care with Baby Cheramy maintaining its market leading share, Clogard and Diva performing well and our new Fems sanitary napkin range gaining market share.
A strong year's performance all round, with the team doing an excellent job.

Of particular note has been the progress of our personal care business in Bangladesh. Again the business has recorded excellent sales growth and now accounts for 8.6% of our overall FMCG sector sales. During the year we have established our own sales and distribution network in Bangladesh enhancing our market coverage and providing us with more detailed insight into consumer behaviour. We look to continue this growth in 2015/16 and extend our product range in this market.

In pharmaceuticals we have seen overall growth of 12.0%, with our pharmaceutical manufacturing subsidiary J L Morison performing particularly well increasing profit after tax by 15.4%. Overall pharmaceutical markets have been subdued with growth of -0.64% (IMS). Our pharmaceutical distribution business, which has continued to lead the market has done well to outperform market growth. The National Medical Regulatory Act which has recently been passed by Parliament offers renewed opportunities for us to work closely with the Government and regulatory authorities to ensure high quality pharmaceutical products are available island wide as cost effectively as possible.

Our hospitals have performed well in 2014/15, growing revenues by 34.9%. All three hospitals have done well, with Wattala building its reputation in orthopaedics, Thalawatugoda developing its patient base and Galle growing well even with new competition emerging. I am delighted that Dr Lakith Pieris has joined us as Managing Director to spearhead our ongoing growth in this sector.

Tourist arrivals for the 2014 calendar year surpassed 1.5Mn, a 20% increase over 2013. However key winter markets, Russia and Ukraine, were affected by the conflict in Ukraine and the significant depreciation of the Euro also impacted both our revenues and earnings. Our hotel revenues grew by 23.3% over last year and profits grew by 42.9%. However these growth levels have in part been driven by lower room inventory in 2013/14 due to the closure of Club Hotel Dolphin for refurbishment Our Hotels continued to win multiple accolades and awards for their service excellence by the top Online Travel Agents. Our Leisure team have also been working hard

CHIEF EXECUTIVE OFFICER'S STATEMENT

on the development of our two new properties Anantara Peace Haven Tangalle due to open in September 2015 and Anantara Kalutara which will open in January 2016.

The Transportation Sector continued to generate strong revenue growth of 16.1% led by the maritime and logistic segments. We have seen good growth in maritime following the signing of our joint venture with Far Shipping Singapore. Our Logistics segment performed well experiencing full capacity at our warehousing complex, while our container yard was successful in securing new clients. Aviation however, experienced a more challenging year with the closure of the Dubai International Airport runaway for upgrading.

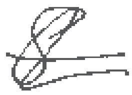
Our IT solutions business N-able has also delivered a record year growing revenues and profits by 26.2% and 144.3%, respectively.

Overall the Group revenues from continuing operations were Rs 32.5Bn, a growth of 19.2% over last year, while operating profits and earnings were Rs 3.4Bn and Rs. 1.9Bn respectively, recording a decline of 3.2% and 20.0% respectively. Operating cash flow was Rs. 3.3Bn, posting a year-on-year growth of 23.9%. Excluding the discontinued Power sector operations and one-off items, the Group recorded an underlying growth of 27.8% in operating profit to post Rs. 3.1 Bn, while the profits attributable to the parent grew by 23.0% to close at Rs 1.9Bn.

The year has not been only about numbers and performance. We have also launched key initiatives to enhance our leadership development programmes and have made innovation an important component of every thought process. Our award winning Corporate Social Responsibility programme Piyawara has gone from strength to strength complemented by our Abhimana project which looks to reinforce our corporate values and encourage active participation from all employees in social and environmental issues that impact their local communities and workplace.

As lifestyle and dietary related diseases increase we have understood the importance of being extra vigilant on this area. This focus has led us to prioritise employee health on the agenda.

I thank the whole Hemas Team for their hard work and desire to win so often demonstrated throughout the year. With the teams energy, our great businesses and the capital from our recently concluded rights issue I believe we are ideally positioned for strong growth in the years to come.



Steven Enderby
Group Chief Executive Officer

29 May 2015

FINANCIAL REVIEW

For the financial year ended 31 March 2015, consolidated revenues from continuing operations for Hemas Holdings PLC and its subsidiaries were Rs 32.5Bn, reflecting a growth of 19.2% over last year. Group operating profits and profits attributable to the parent were Rs 3.4Bn and Rs. 1.9Bn respectively, recording a decline of 3.2% and 20.0% respectively. Operating cash flow was Rs. 3.3Bn, surpassing the Rs. 3Bn mark for the first time, with a year-on-year growth of 23.9%.

During the year under review, the Group divested its stake in the Power business for a consideration of Rs. 1.68Bn. Accordingly, the results of the Power sector are reported under discontinued operations in accordance with Sri Lanka Accounting and Reporting Standard (SLFRS 5).

In addition to the divestment of the Power business, the results from continuing operations for the current year and previous year were impacted by a few one-off items that have positively and negatively impacted the overall Group results;

- Capital Gain of Rs 367Mn on the transfer of land to the Joint Venture with Minor International for the luxury resort project in Tangalle during the year 2013/14.
- Capital gain of Rs. 89Mn on the sale of Nimex brand during the second quarter of 2014/15.
- Fair value gain of Rs. 687Mn in the Tangalle land, which has been recognized as an investment property for the first time in the year 2013/14.
- Fair value gain of Rs. 229Mn during the year under review.

Excluding the discontinued operation and one-off items stated above, the Group recorded an underlying growth of 27.8% in operating profit to close at Rs. 3.1Bn, while the profits attributable to the parent grew by 23.0 % to record Rs. 1.9Bn.

Operating cash flow was Rs. 3.3Bn, surpassing the Rs. 3Bn mark for the first time with a year-on-year growth of 23.9%.

Consolidated Group Revenue

Consolidated Group revenue for the year under review was Rs. 32.5Bn, a year-on-year growth of 19.2% compared to Rs. 27.3Bn last year. As shown in the Table 1, growth was mainly driven by FMCG, Healthcare and Transportation sectors, which recorded growth rates of 24.6%, 15.4%, and 16.1% respectively. Out of the 19.2% revenue growth for the year, FMCG and Healthcare sectors have contributed 15.4% in absolute terms. In other words these two sectors have contributed 80.3% to year on year growth in relative terms.

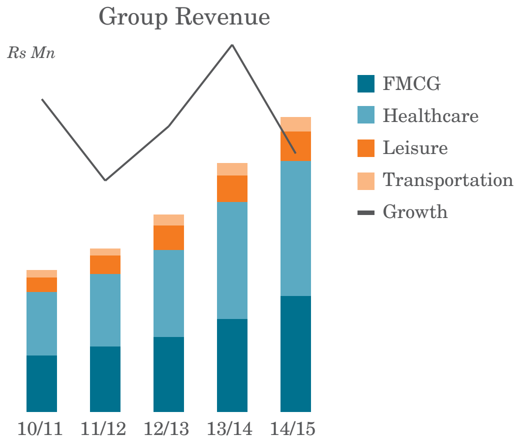


Table – 1 Revenue Analysis

	Revenue Mix 13/14	Growth 14/15	Contribution to Growth Absolute 14/15	Contribution to Growth Relative 14/15	Revenue Mix 14/15
FMCG	35.0%	24.6%	8.6%	44.9%	36.6%
Healthcare	44.3%	15.4%	6.8%	35.4%	42.8%
Leisure	9.8%	12.9%	1.3%	6.6%	9.3%
Transportation	4.8%	16.1%	0.8%	4.0%	4.7%
Other	6.1%	28.5%	1.7%	9.1%	6.6%
Group	100.0%	19.2%	19.2%	100.0%	100.0%

Table 1 above analyses how the revenue mix has changed from 2013/14 to 2014/15 and the contribution by each Sector towards the growth in consolidated revenues.

As far as the revenue mix is concerned, the FMCG sector has increased its contribution to the Group revenue from 35.0% to 36.6% on the back of strong performances by the domestic business, recording a growth of 18.8% and the Bangladesh operation, recording a 89.7% growth over the last year. As a result, FMCG sector tops the table in terms of revenue growth. The sector performance were further boosted by the results of J L Morison Son & Jones (Ceylon) PLC that recorded a revenue growth of 43.8% over last years revenue in this category.

The Healthcare sector, the largest sector of the Group recorded a revenue growth of 15.4% over last year. The Pharmaceuticals segment of the sector recorded a steady growth of 12.0% whilst the Hospital segment reported a revenue growth of 34.9%, which was aided by the strong performance of the newly opened hospital at Thalawathugoda apart from the strong revenues generated by Wattala hospital.

Transportation sector posted a revenue growth of 16.1% due to the strong performance of its logistics and maritime segments, where logistics business recorded a revenue growth of 71.7% over last year. The growth in the Maritime business is attributed to the increase in transshipment volumes through Sri Lankan ports.

The 12.9% revenue growth in the Leisure sector was driven by Hotels, which posted a revenue growth of 23.3% despite being hampered by a sharp decline in the Euro during the year. The closure of Club Hotel Dolphin and Hotel Sigiriya for refurbishment during previous year resulted in a higher revenue growth for Hotels in its reported results for 2014/15. Having said that, all our hotels have performed impressively during the period under review, posting healthy levels of growth and high occupancy levels (~78%).

Other sector revenues were mainly boosted by N-able, the IT Services business of the Group, posting a 26.6% revenue growth year on year.

Operating Profit

Group operating profit stands at Rs. 3.4Bn, a year on year drop of 3.2% as depicted in the chart. The overall increase in administration expenses and selling & distribution expenses by 17.1% and 23.1% respectively have negatively impacted the operating profit and the relative increase in the operational expenses are due to increased operations in the FMCG and Healthcare sectors.

However, barring one-off items, the underlying operating profit shows a healthy growth of 27.8% against the previous year and the operating profit margin has grown to 9.4% from the previous year's 8.8%, on an underlying basis.

Operating Profit

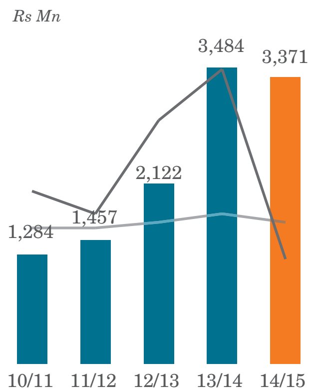


Table – 2 Operating Profit Analysis

	Operating Profit			Contribution to Growth		Operating Margin	
	13/14	14/15	14/15	14/15	14/15	13/14	14/15
	Rs Mn	Rs Mn	Growth	Rs Mn	%	%	%
FMCG	862	1,175	36.3%	313	9.0%	9.0%	9.9%
Healthcare	1,097	1,395	27.2%	298	8.6%	9.1%	10.0%
Leisure	400	406	1.5%	6	0.2%	14.9%	13.4%
Transportation	477	461	-3.4%	(16)	-0.5%	36.5%	30.4%
Other	648	(66)	-110.2%	(714)	-20.5%	38.9%	-3.1%
Group	3,484	3,371	-3.2%	(113)	-3.2%	12.8%	10.4%

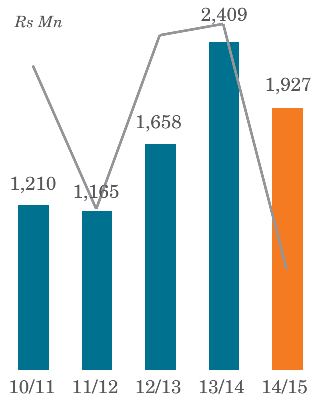
Table 2 above shows the sector-wise operating profit analysis for the year under review. The Group recorded an absolute decrease of Rs. 113Mn. The positive contribution to growth of Rs. 617Mn by FMCG, Healthcare and Leisure sectors has been offset by the negative contribution of Rs. 730Mn by Transportation and Other sectors. The significant negative impact by the Other sector has been influenced by the one off items of the previous year.

The FMCG and Healthcare sectors have shown a significant growth in operating profit. Whilst the Bangladesh operation and JLM consumer segment recorded more than 90% growth, FMCG domestic operation recorded a 26.3% growth against last year. Healthcare sector growth of 27.2% is derived from the 12.8% growth in Pharmaceutical segment and a strong growth of 125.9% by Hospitals. While Hotels delivered a 12.2% increase in operating profits which is positively impacted by the last year's partial closure of Club Hotel Dolphin and Hotel Sigiriya for refurbishments, the 45.9% drop in In-bound sector brought down the overall increase in operating profit of the Leisure sector to 1.4%. The absolute growth of Rs. 112Mn in Logistic and Maritime business was offset by the Rs. 127Mn drop in profit in rest of the Transportation sector. Hence the sector recorded a 3.2% decrease in operating profits. However, on an underlying basis the operating profit of the Transportation sector grew by 5.9%.

Group Earnings

As shown in the chart below, Group recorded a drop of 20.0% in earnings while the drop in earnings from continuing operations was 16.5%. FMCG and Healthcare sectors recorded strong earnings growth of 28.9% and 34.5% respectively. However, the negative growth rates of 5.5%, 10.6% and 177.6% of Leisure, Transportation and Other sectors respectively, have dragged the overall earnings by

Group Earnings



20.0%. The significant one off items recorded in the previous year have resulted in a sharp drop in the Other sector.

However, excluding all one-off items, the Group recorded a healthy 23.0% year on year growth from continuing operations.

Finance Cost, Taxation and NCI

As shown in Table 3 below, the decrease in net finance cost from Rs. 292Mn to Rs. 276Mn has positively impacted Group earnings. The decrease in net finance cost is due to the combination of reduction in interest rates and the interest income generated by investing excess cash.

Income tax expense has grown by 49.8%, from Rs. 470Mn to Rs. 704Mn bringing down the Group earnings by Rs. 234Mn or earnings growth by 9.0%. The increase is largely due to taxes in respect of current year amounting to Rs. 82Mn, taxes in respect of previous year amounting to Rs. 56Mn, deferred tax of Rs. 11Mn and additional dividend tax of Rs. 81Mn. Increase in the current year tax has been mainly

FINANCIAL REVIEW

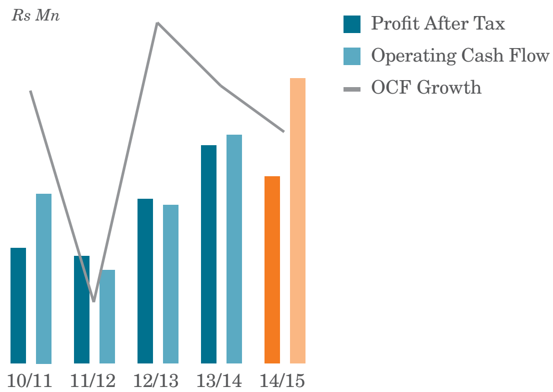
Table – 3 Reconciliation of Operating Profit and Earnings from Continuing Operations

	Results		Growth	Contribution to Growth	
	13/14	14/15	14/15	14/15	14/15
	Rs Mn	Rs Mn	%	Rs Mn	%
Operating Profit	3,484	3,371	-3.2%	(113)	-4.3%
Net Finance Cost	(292)	(276)	-5.5%	16	0.6%
Profit Before Tax	3,192	3,095	-3.0%	(97)	-3.7%
Income Tax Expense	(470)	(704)	49.8%	(234)	-9.0%
Profit After Tax	2,723	2,391	-12.2%	(332)	-12.8%
Non Controlling Interest	119	216	81.8%	97	3.7%
Group Earnings	2,604	2,175	-16.5%	(429)	-16.5%
Net Interest Cover	11.9	12.2			
Effective Tax Rate	14.7%	22.7%			

contributed by FMCG Bangladesh by Rs. 13Mn, due to the expiry of the tax concessionary period and Hemas Pharmaceuticals and J L Morison by Rs. 38Mn and Rs. 32Mn respectively, due to increased performances. Further, J L Morison is being considered for a full year for the first time and that too have impacted the upward movement of the tax expense.

Profit attributable to non-controlling interest from continuing operations grew by 81.8% stemming from Healthcare sector due to decrease in losses amounting to Rs. 38Mn whilst the increase in profits of Leisure sector and Logistics business have contributed Rs. 39Mn and Rs. 21Mn respectively. As a result, the Group earnings have been impacted by Rs. 97Mn.

Operating Cash Flows



Cash Flow

For the year under review, the Group posted consolidated operating cash flows of Rs. 3.3Bn, up 23.9% from previous year's Rs. 2.7Bn. This growth is largely driven by the increase in cash profit after adjusting for non-cash items amounting to Rs. 559Mn vis-a-vis previous year and slower increase in inventory compared to the previous year and relatively larger buildup of trade and other payables against the total build up of inventory and trade & other receivables, resulting in a cumulative cash flow effect of receivables, inventory and payables amounting to Rs. 130Mn.

There is a net cash outflow of Rs. 467Mn from investment activities compared to previous year's outflow of Rs. 4.8Bn. The drop in investment activities was largely due to reduction in purchases of property, plan and equipment by Rs. 1.5Bn and positive impact from the net cash retained within the Group from divesting the power investment, amounting to Rs. 942Mn. Further, the same was impacted by the few large investments made during the previous year to acquire J L Morison, investment in Thalawathugoda Hospital and refurbishment of Club Hotel Dolphin and Hotel Sigiriya.

Interest bearing loans have increased by Rs. 516Mn after settling the previous borrowings with the Rs. 1Bn debenture proceeds. With the dividends paid out during the year, purchase of non controlling interests and transaction costs totalling Rs. 680Mn, the net cash outflow from financing activities amounts to Rs. 165Mn.

Due to the significant improvement in cash flow from operating activities and decrease in investing cash outflows, the net cash inflow for the year stands at Rs. 2.7Bn as against the Rs. 406Mn cash outflow in the previous year.

Liquidity and Solvency

At Group level, net current assets have grown sharply by 61% year on year to close at Rs.5.3Bn. The most significant increase of Rs. 2.0Bn was recorded by Hemas Holdings PLC (HHL), while Hospitals and Hotels recorded decreases of Rs. 427Mn and Rs. 205Mn respectively. The increase in HHL is due to build up of surplus cash, other current financial assets and trade and other receivables. Current ratio and Quick ratio improved from 1.29 to 1.43 and 0.68 to 1.10 respectively. Working capital cycle showed a marginal improvement by 4 days to stand at 36 days.

As shown in Table 5 below, the capital structure of the Group is relatively conservative, with capacity to borrow to facilitate future investments. The main reasons for the coexistence of a significant short-term debt balance along with a significant cash balance are the non-transferability of funds between certain entities due to differing ownership structures and surpluses & deficits which are maintained in different currencies for operational and tactical reasons. Further, the surplus cash has been invested in tax-free money market instruments temporarily where the interest income generated is above the current short term borrowing rates. The net gearing ratio shows a very low figure due to high surplus cash. At present, the Group is well placed in meeting its short-term and long-term commitments comfortably.

Table – 4 Group Liquidity

	13/14	14/15	Increase
Current Assets	13,488	17,592	30%
Current Liabilities	10,174	12,271	21%
Net Current Assets	3,313	5,321	61%
Current Ratio	1.33	1.43	
Quick Ratio	0.68	1.10	
Debtor Days	63	62	
Inventory Ratio	78	72	
Creditors Days	102	98	
Working Capital Cycle	40	36	

Table – 5 Group Capital Structure and Solvency

	13/14 Rs Mn	14/15 Rs Mn
Long-term Debt	3,465	3,420
Short-term Debt	2,688	3,161
Total Debt	6,153	6,581
Surplus Cash	2,966	6,183
Net Debt (Total Debt less Surplus Cash)	3,188	398
Non-controlling Interest	3,329	2,264
Parent's Equity	14,301	15,659
Total Equity	17,630	17,923
Total Assets	32,127	34,438
Capital Employed (Total Debt + Total Equity)	23,783	24,503
Capital Employed less Surplus Cash	20,818	18,321
Net Gearing Ratio (Net Debt / Capital Employed less Surplus Cash)	15%	2%
Total Gearing Ratio (Total Debt / Capital Employed)	26%	27%
Long-term Gearing Ratio (Long-term Debt / Capital Employed)	15%	14%

FINANCIAL REVIEW

Return on Capital

Due to the strong impact of one off items on the underlying performances, both the ROE and ROCE have improved from the previous year to stand at 12.9% for both ratios on an underlying basis. Excluding one off items both ROE and ROCE have declined from the previous year, as a result of drop in earnings by 20.0% and drop in operating profit by 3.2%.

As shown in Table 6 below, underlying ROCE is increased due to a higher operating margin and a higher asset to capital employed ratio.

*Table – 6 Return on Capital**	**09/10**	**10/11**	**11/12**	**12/13**	**13/14**	**14/15**
Operating Margin	10.0%	10.1%	9.8%	10.7%	8.8%	9.4%
Asset Turnover	0.97	1.02	1.03	1.07	0.98	0.98
Asset/Capital Employed	1.29	1.31	0.01	1.34	1.38	1.41
ROCE	12.5%	13.5%	13.4%	15.4%	11.8%	12.9%
Interest Cover	3.3	6.2	4.3	7.5	7.2	7.7
Effective Tax Rate	14.6%	13.6%	17.1%	19.7%	22.4%	25.3%
Gearing	25.8%	27.8%	25.0%	25.5%	25.9%	26.9%
ROE	12.3%	14.6%	12.0%	14.6%	11.9%	12.9%

* Based on underlying performance

ENERGIZE. ENTERPRISE.

Our geographic focus and commitment to developing deep relationships with clients and customers has driven the group's growth in recent years. Hemas is deeply committed to building a sustainable business over the long term and upholding high standards of Corporate Governance, Social Responsibility, Environmental protection and Employee Diversity.

The FMCG Sector recorded a consolidated revenue of Rs.11,895 Mn with a profit after tax of Rs.1,071 Mn

The Healthcare sector posted a revenue of Rs.13,921 Mn with a profit after tax of Rs.970 Mn

The Leisure Sector recorded a consolidated revenue of Rs.3,024 Mn with a profit after tax of Rs.318 Mn

The Transportation sector posted a revenue of Rs.1,518 Mn with a profit after tax of Rs.404 Mn

Rs 11,895 Million

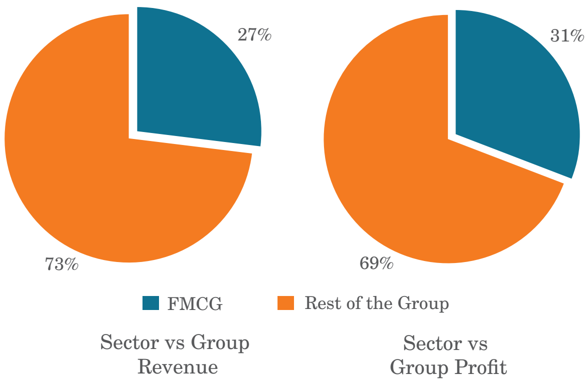
Revenue

Rs 1,071 Million

Profit after Tax

FMCG

Our Bangladesh business had an excellent year registering a historic top line growth of 89.7% and today the business accounts for 8.6% of the sector top line.



The Fast Moving Consumer Goods (FMCG) Sector of Hemas is involved in the manufacture and marketing of Personal care, Personal wash and Home care branded products. Since 2013, the scope of the Sector has been expanded to include the consumer portfolio of our recent acquisition, J L Morison Son & Jones (Ceylon) PLC.

Baby Cheramy, Clogard, Kumarika, Fems, Velvet and Diva are our flagship brands which have not only a strong foothold in their respective categories, but have also become popular household names.

Our baby care brand Baby Cheramy is the No. 1 baby care brand in the country. With its long and trusted heritage it has created a strong emotional bond with mothers across the country delivering over '50 years of Pure Love'. In 2014, Baby Cheramy underwent a re-launch expanding its range and extending across new categories to further strengthen its dominance in the baby care market. Through this re-launch, the brand introduced an all-new Herbal range, Floral Milk range and Bedtime range, along with a new and exciting cologne range under the 'Fun Time' sub-brand. The brand has driven innovation & new product introduction in the baby care category through the introduction of new products such as Bottle Wash Liquid, Nappy Wash Liquid, Safety Buds etc. We are confident that all these initiatives will help Baby Cheramy continue to stay relevant and enrich the lives of Sri Lankan mothers and babies thereby strengthening its position as the leader in the baby care market.

Our oral care brand, Clogard continued to strengthen its position on the 'Cavity Protection' platform through a further enhanced formulation of the product with the claim of reducing 99% of cavity causing germs. A flavour variant, Clogard Fresh Mint, was also introduced in mid-2014, designed to appeal to families with younger children with a preference for milder, mint flavoured toothpaste. Clogard delivered a double-digit growth in 2014/15 outperforming the market.

Our beauty soap, Velvet continued its outstanding performance following its very successful re-launch the previous year. The brand added two new variants - Purple Lotus & Lavender and Kohomba & Aloe to its portfolio together with improvements to the Velvet hand wash range. Velvet was awarded the prestigious title of 'Local Brand of the Year' and 'Product Brand of the Year' at the SLIM Brand Excellence Awards in 2014 and carried away the ultimate award - 'Brand of the Year". Furthermore it ended the year with dominant leadership of the adult beauty soap segment in Sri Lanka.

Our hair care brand Kumarika, continued to strengthen its market leadership position in the branded hair oil market. During the year the brand increased its product range by introducing a 50ml oil range to cater to shopper needs. It also enhanced formulations of its shampoo range to offer consumers a superior experience. These initiatives were well received with Kumarika Oil recording a significant growth in market share during the year under review.

Our sanitary napkin brand Fems, recorded an impressive growth in revenue post re-launch of the upgraded product range. The investment in state of the art machinery and the refurbishment of the napkin manufacturing facility in Dankotuwa helped enhance the quality of the re-launched

product. The brand has received the highest product accreditations and is the only sanitary napkin brand in the market to have received SLS certification from the Sri Lanka Standards Institute for consistent product quality and highest product functionality.

The brand's tie-up with the renowned Health professional Ms.Pushpa Ramyani De Soysa, Head of the Accident & Orthopedic services Unit of the National Hospital to endorse the product has helped build trust in the brand. Ms. De Soysa worked with the brand to conduct workshops and increase awareness levels in schools and garment factories on good practices in feminine hygiene in order to uplift hygiene standards in Sri Lanka among women. In December 2014, the brand launched its superior variant which has already gained traction and confidence among key consumer segments. Fems has doubled its market share since the re-launch of the brand and strengthened its position as the 2nd largest player in the market.

Diva, the Hemas detergent brand saw significant strengthening on the back of the brand re-launch in the previous year. The brand further improved the quality of its laundry soap product and launched a new range of detergent powders - 'Diva Flowers" available in rose & lime, and jasmine & lime fragrances posting a strong double digit growth during the year 2014.

Our Bangladesh business had an excellent year registering a historic top line growth of 89.7% and today the business accounts for 8.6% of the sector top line. Encouraged by the success of Kumarika in the market, the business invested in building a fully-fledged sales and distribution network during the year. This investment would play a key role in the company's expansion strategy in the years to come.

During the year the company divested its interests in the tissue and toilet paper category with the sale of Nimex, resulting in a capital gain of Rs 87Mn. This has helped realign the focus on the company's growing personal care portfolio.

With our recent acquisition of JL Morison Son & Jones (Ceylon) PLC, the sector inherited a portfolio of OTC (over-the-counter) brands that have carried a significant brand equity and have become household names. Morison's Lacto Calamine, Morison's Gripe Mixture and Valmilex Cough Syrup are some of the own branded OTC products popularized by the company, while L'Oreal, Garnier and Nivea are some of the internationally renowned third-party brands that are distributed by the company. During the year the consumer segment of the company achieved a revenue growth of 15.4%, on the back of continued investments on brand building and enhancement of the quality of the product. These activities have helped increase the brands visibility in the market and reinforce top of mind recall.

These key initiatives were well rewarded with the Morisons brand being recognized as one of the top 100 brands listed for 2014/15, a source of great pride and achievement for the team.

Looking ahead, we will continue to grow our portfolio of brands by addressing the evolving needs of our consumers and providing them with trusted, high quality and efficacious products.

Rs 13,921 Million

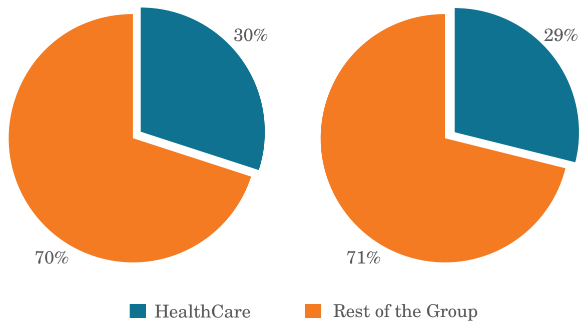
Revenue

Rs 970 Million

Profit after Tax

HEALTHCARE

Our guiding principle has always been to serve our community through the provision of high quality, affordable healthcare products and pharmaceuticals.



Sector vs Group Revenue

Sector vs Group Profit

As the largest private sector organization in the healthcare industry, we work within several key healthcare segments, and are the market leader in distribution of pharmaceuticals in Sri Lanka. We have set the standard within the private sector for the delivery of health and wellness related products and services through our Hospitals, Pharmaceuticals Distribution and Pharmaceuticals Manufacturing businesses.

Despite the challenges posed by a sluggish growth in the pharmaceutical industry the sector posted a revenue growth of 15.4%, driven by the achievements of both our hospital and manufacturing businesses.

Hemas Hospitals

Hemas Hospitals experienced a rapid growth of 34.9% over the previous year, boosted by the build up of our new hospital at Thalawathugoda, strong performance at our hospital in Wattala and our expanding diagnostic network.

The business rapidly grew its chain of diagnostics, which now accounts for 32 labs and collection centres across the country. The business also invested in specialized services such as gastroenterology, urology, and radiology as well as emergency services, to ensure the availability of the best equipment in these areas.

During the year the company continued to invest in upskilling of staff with many being sent overseas to regional centres of excellence for training in clinical care. The sector invested in building its back office support systems, which would give us an edge in managing patient care, as well as internal operations.

Our flagship hospital, Hemas Wattala achieved an occupancy of 62% during 2014/15. The hospital is particularly well known for its diagnostic equipment, and furthered its reputation on that score during the year under review with the acquisition of a state of the art laparoscopic system that upgraded its surgical facilities for orthopedic surgery. The hospital invested in a new MRI machine enhancing its diagnostic capabilities, while the ETU facilities were also upgraded to enable better emergency care.

In recognition of its services over the years our hospital at Wattala achieved the runner-up position in the healthcare category at the prestigious National Business Excellence Awards 2014 organised by the National Chamber of Commerce of Sri Lanka. Our hospital in Galle was the proud recipient of the 'Dakshina Suwa Wiru Abhishekaya' award for Best Hospital in the Southern Province, by the Provincial Director of Health.

Since its inception our third and latest addition, Hemas Hospitals Thalawathugoda has achieved encouraging occupancy levels and continues to win the patronage of the community. In recognition of the growing need of the local community the hospital introduced a 'home care' program delivering healthcare solutions to the patients' doorstep. Future plans at the Hospital involve the development of a fully equipped sports medicine unit and the expansion of home care provision service.

Our commitment to the training and development of our entire staff continued during the year under review, and multiple education programs were conducted on a consistent basis across all our hospitals.

Our hospitals continue to assure high level of service standards to patients through our qualified nursing staff who receive training of international standards and hands on experience at the Hemas Nursing school.

Hemas Hospitals championed a corporate wellness initiative that is being rolled out across the Group and other corporates, to help engage employees in activities that will enable them to perform at their best and maintain better health and well being.

HEALTHCARE

We welcome Dr Lakith Peiris who has a strong track record in the industry, as Managing Director Hemas Hospitals, and look forward to another year of healthy growth under his leadership.

Overall, the year was filled with a host of activities around improving patient care, training and system development that will hold us in good stead for the future. With a good leadership team in place led by an experienced Managing Director and improved consultant engagement, we believe that we can be optimistic about the future. Improving disposable incomes will also have a positive impact on the footfall at private sector hospitals which augurs well for Hemas Hospitals.

Hemas Pharmaceuticals

Hemas Pharmaceuticals and Hemas Surgicals & Diagnostics are fully owned subsidiaries of Hemas Holdings PLC. Being the leading importer and distributor of pharmaceuticals in Sri Lanka, the business registered solid growth in 2014/15 with sales and operating profit supporting a steady growth of 10.0% to cross the Rs. 10Bn annual sales mark aiding the business to maintain its market leadership with a share of 21.3% (Source: IMS).

This achievement is even more remarkable given that the year under review was a challenging one for the local pharmaceutical industry, which contracted by 1% over the last two quarters.

As a socially responsible company, ensuring that the people of Sri Lanka receive high quality, efficacious and safe pharmaceuticals is an utmost priority for us. Thus, when the Sri Lankan parliament passed the much-awaited National Medicine Regulatory Authority Bill in early 2015, we viewed this as a positive step, and have pledged our support for the reforms set out in the Act.

The year under review saw the introduction of multi-award winning specialist skincare product 'Bio-Oil' which is available in 88 countries. The launch was another step in the company's goal of supplying the Sri Lankan consumer with world class products.

Hemas Surgicals & Diagnostics enjoyed positive results during the year under review, and the company believes that these results will only improve in 2015/16 with the launch of a new product range from ABBOTT, USA. The ABBOTT Point Of Care (APOC) range comprises diagnostic equipment that is designed to achieve fast, accurate, and cost-effective point of care testing and reporting. It is the first time that products of this kind have been launched here, and we are confident that the APOC range will transform diagnostic and laboratory testing in Sri Lanka.

As the market leader, we are 100% committed to constantly raising the bar within the industry and ensuring that safe, high quality, efficacious pharmaceuticals are made available to every citizen of our nation.

J L Morison Son & Jones (Ceylon) PLC

At J L Morison Son & Jones (Ceylon) PLC, our main areas of focus are healthcare, fast moving consumer goods and agriculture. Apart from the import and distribution of internationally renowned products via our island wide distribution network, we also manufacture our own high quality generic pharmaceuticals and consumer goods.

Despite an overall negative growth trend in the market, 2014/15 was a positive year for J L Morison with a 14.7% growth achieved across the board.

Our guiding principle has always been to serve our community through the provision of high quality, affordable healthcare products and pharmaceuticals. The manufacture, import and distribution of prescription pharmaceuticals form the most significant part of the business. M.S.J Industries (MSJI) is a fully owned subsidiary of J L Morison, and a leading manufacturer and distributor of generic pharmaceutical products in Sri Lanka with over 70 formulations registered with the CDDA (Cosmetics, Devices & Drugs Regulatory Authority) of Sri Lanka. The pharmaceuticals and consumer goods manufactured by J L Morison showed encouraging growth during the year under review, via increased sales to the private sector, as well as the Government 'buy back' scheme.

Some key achievements in the year under review include an upgrade to our manufacturing plant at Aluthmawatha Road, Colombo. This upgrade has served to significantly increase capacity. Testament to the success of this investment is the growth seen across the board despite the near 3 month shut down that took place for repairs and refurbishment. The maintenance of machinery and good manufacturing practice as per WHO standards is a continuous journey that requires ongoing commitment. J L Morison is unstinting in its desire to maintain such standards and will continue to invest accordingly in the future.

The healthcare sector is a challenging one, but we believe that it is also the most worthy and necessary sector in terms of our country's social development. In 2015/16 we will continue to build on the pillars of consistent high quality, affordability, efficacy and safety that are the hallmarks of how we do business, translating every gain made into a value addition for the Sri Lankan consumer.

Rs 3,024 Million

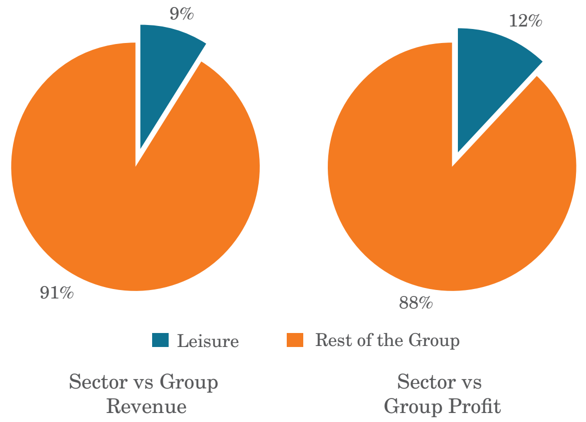
Revenue

Rs 318 Million

Profit after Tax

LEISURE

Anantara Tangalle has already garnered international interest and attention; gaining the #6 spot on CNN's list of "11 hotels opening in 2015 we can't wait to check into".



Hemas Leisure sector comprises the Serendib Leisure Group of Hotels which, includes four award winning properties with a total inventory of 410 rooms, and Diethelm Travels Sri Lanka, the local branch of the international Diethelm Travel Group, which boasts over half a century of experience in the inbound tour arena. In 2014/15 the Leisure sector recorded a 12.9% growth in revenue when compared to the previous year.

2014 was a record year for tourism in Sri Lanka with tourist arrivals reaching an all time high of 1.52Mn, an increase of 19.8% when compared to 2013. The number of arrivals across all key markets rose with a 14% increase from Western Europe and a 22.6% increase from Eastern Europe. Arrivals from East Asia were up by 53.2% while visitors from China rose by an impressive 136.1%. Tourist revenue rose by 41% to US$ 2.431Bn in 2014, with the average occupancy at graded establishments reaching 74.3% and the average length of stay increasing to 9.9 nights.

Hotels registered a 23.3% growth in revenue during the year under review, inspite of the results being impacted by the significant decline of the Euro. All our hotels performed creditably during the year, posting high levels of occupancy, benefitted by the rise in visitors from the Middle East and China. The significant growth rate is partially due to the closure of Club Hotel Dolphin and Hotel Sigiriya for refurbishment during the previous year.

The partnership with Minor Hotel Group (MHG) has enabled Serendib Leisure to be the only Sri Lankan hotel chain to manage an international brand, "AVANI". MHG is a hotel owner, operator and investor, with a portfolio of 119 hotels, 14,700 keys with operations in 26 countries across Asia-Pacific, the Middle East and Africa. It is also the fastest growing hotel chain in Asia. With two new 5-Star Resort properties set to open in 2015/16 in Tangalle and Kaluthara, this important partnership will aid the success of the sector going forward.

The Serendib Group was able to achieve these positive results in the face of several industry challenges. Arrivals from key winter markets such as Russia and Ukraine were impacted by oil prices and the Ukraine war. As a result, the in-bound Russian market decreased by 21% and Ukraine market by 55% in comparison to the previous year.

The free-fall of the Euro was a key factor that adversely affected our traditional earnings from the German market. Other challenges to profitability included the growth of the supplementary or informal sector which includes apartments, home stays and holiday bungalows, which have succeeded in capturing a slice of the pie, that once went to the hotel sector. The new hotels, which came into the leisure sector with entry price strategies, also put pressure on established properties.

Three of our properties were also honoured with Booking.com's prestigious "Guest Review Award" for 2014. The annual Guest Review Awards honour a hotels' achievements over a given year, as measured by their overall Guest Review Score. Avani Bentota Resort and Spa, Avani Kalutara and Hotel Sigiriya each received the coveted award, reflecting the high level of guest satisfaction generated by these properties.

LEISURE

Avani Bentota Resort and Spa

This luxurious flagship hotel is located on one of the best beaches on the southern coast was designed by the world renowned architect Geoffrey Bawa, A multiple award winner. In 2014 the property was recognised for winning the coveted award for best 'Luxury Beach Resort' in the Indian Ocean at the prestigious annual Luxury Hotel Awards 2014 held in South Africa.

Avani Kalutara Resort

Nestled in an estuary, where the majestic Kalu Ganga meets the Indian ocean, Avani Kalutara Resort blends authentic Sri Lankan culture and old colonial charm with contemporary design flair and all the ingredients that really matter for a quiet, romantic holiday. In 2014 with the launch of its state of the art Water Sports Center over a dozen water based activities were introduced and takes full advantage of the hotel's unique location.

Club Hotel Dolphin

Situated in close proximity to the Katunayake airport, Club Hotel Dolphin is the only hotel in Sri Lanka to offer the best of both worlds. A much loved family hotel with a unique 'pause and play' concept, Club Hotel Dolphin boasts the largest pool in Sri Lanka and is renowned as an ideal beach holiday destination. The property reaffirmed its reputation as one of the islands best hotels, by clinching a coveted spot as 'Travelers' Choice 2015 Winner' - Top 25 Hotels in Sri Lanka.

Hotel Sigiriya

Hotel Sigiriya is a place where history and nature are perfectly melded. Located at the foot of the magnificent Sigiriya Rock Fortress, this charming but rustic hotel has, for decades, been at the forefront of energy conservation as well as offering its guests a range of unique cultural experiences.

Anantara Tangalle and Kalutara

We are currently in the process of developing two 5 star properties in partnership with MHG ; Anantara Tangalle and Anantara Kalutara. These two premium-tier Anantara luxury resorts will be completed in September 2015 and January 2016 respectively.

Anantara Tangalle has already garnered international interest and attention, gaining the #6 spot on CNN's list of "11 hotels opening in 2015 we can't wait to check into". This was closely followed by the #9 spot in TravelPlusStyle.com's list of "50 hottest luxury hotels opening in 2015". TravelPlusStyle is an independent online travel magazine that showcases 'the prestigious and the exotic, the inspiring and the sophisticated from the world of conscience-driven luxury'. Both listings are testament to the excitement the

hotel is generating, and we are proud that the property is already placing Sri Lanka so firmly in the spotlight.

Diethelm Travels Sri Lanka

Diethelm Travel Sri Lanka is the country's premier travel destination management company. As an inbound tour operator we provide easy access to high-quality, customized travel experiences with package tours structured to fit our customers' needs and budgets.

The company registered a turnover growth of 14% compared to 2013/14, though profits declined due to the change in VAT structure that affected the yield.

The focus on the Asian market paid dividends, as we registered tremendous growth particularly from Japan and China. The European business also registered satisfactory gains.

As we look to the future we anticipate further growth from the Asian and Middle Eastern markets and also look to improve on the strides made in the European market. Our most critical project in 2015/16 will be the launch of a new IT system that is designed to centralize all revenue lines and target new revenue opportunities.

Three of our properties were also honoured with Booking.com's prestigious "Guest Review Award" for 2014. The annual Guest Review Awards honour a hotels' achievements over a given year, as measured by their overall Guest Review Score

It is heartening to note that the Government and Tourist Board Management have pledged their support to refocus on our traditional markets like Germany, the UK and France, since we believe that it is vital to ensure that these stalwart markets return to their former levels. There is also more positive engagement between Government and the private sector; this is very welcome, and will no doubt result in long term positive changes.

The Group's Leisure Sector is a vital component of the portfolio, and is set to be one of the areas of significant investment and growth. With its unique combination of historical, cultural, natural and commercial attributes, Sri Lanka has immense untapped potential. We believe that the country has yet to be comprehensively and advantageously marketed as a destination, and call for industry wide cooperation to ensure that this potential is reached.

Rs 1,518 Million

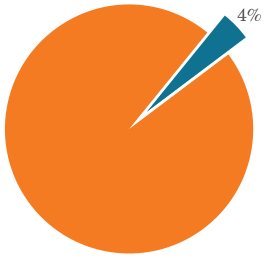
Revenue

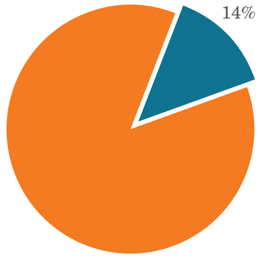
Rs 404 Million

Profit after Tax

TRANSPORTATION

The Logistics business experienced its best year thus far, more than doubling its operating profits from the previous year.





Our Transportation Sector, which comprises of Aviation Services, Maritime and Logistics, posted a healthy top-line growth of 16.1% to close at Rs 1.52Bn for the year under review. Sector operating profits have declined marginally by 3.2% to close at Rs 461Mn, due to one-off gains in the previous year and the upgrading of a runway at the Dubai International Airport resulting in a temporary drop in passenger volumes. Despite this, the Sector has recorded an underlying growth of 5.9% in operating profits, after adjusting for one-off items. H&M shipping was discontinued as a result of portfolio rationalization and the sector posted a growth of 14.5% in operating profits from continuing operations. In fact, it has been an encouraging year overall for the sustainable growth of the Sector given that our new businesses, Maritime and Logistics have grown commendably well whilst our more established businesses, GSA and Travels continued to deliver steadfast performances. An important milestone for the sector during the year under review was the establishment of a Cargo GSA for Maldivian Airlines in Thailand, thus enabling us to create a regional footprint outside Sri Lanka and the Maldives.

During the year 2014, global air passenger traffic grew by 5.9% (revenue-passenger-kilometers) whilst capacity grew by 5.6% (available-seat-kilometers) surpassing the growth rates posted during 2013 for passenger traffic and capacity (source: www.iata.org). This growth has come about despite a number of airline tragedies during the year. Air travel industry also underwent financial challenges with declining margins and yields negatively impacting industry revenues. Global airfreight traffic and capacity too grew faster in 2014 compared to 2013, posting growth rates of 4.5% (freight tonne-kilometers) and 3.7% (available freight tonne-kilometers), reflecting a pickup in global trade. On the back of improved passenger and cargo market conditions, our key Airline GSAs, Emirates Airlines and Malaysia Airways returned solid performances.

The year under review was a positive one for our Outbound Travel business, which grew to become the second largest travel agency in the country. As the local agent for global travel brands and cruise liners, we were able to drive growth in our travel portfolio through a strong focus on tailor-made innovative travel solutions.

In the Maritime arm of Hemas Transportation Sector, Far Shipping Agency Lanka, which is a joint-venture between Hemas Transportation and Far Shipping Lines Singapore, our principal feeder, continued to maintain its upward growth trajectory, consolidating its presence in the region posting a strong performance in the Chittagong Sector. In reviewing our business portfolio, we decided to exit our investment in H&M Shipping, a venture that was setup to provide crew services, due to the unfavorable market conditions foreseen going forward.

Our Integrated Logistics arm which provides a portfolio of integrated logistics services such as container haulage, inland container depot, project logistics solutions, warehousing & distribution and automotive logistics services, has experienced its best year thus far, more than doubling its operating profits from the previous year.

It is heartening to note that the new business segments of the Transportation Sector, i.e. Maritime and Logistics, which we ventured into within the past seven years, have grown considerably to become a significant contributor towards the sector's performance . While we will continue to focus on strengthening our existing positions in Aviation Services, Maritime and Logistics, we intend on exploring further regional expansion opportunities, leveraging on the regional business networks of our Sector and the Group.

BOARD OF DIRECTORS

Husein Esufally
Non-Executive Chairman

Steven Enderby
Executive Director / CEO

Maithri Wickremesinghe
Independent Director

Mr. Husein Esufally is the Chairman of Hemas Holdings PLC. He relinquished his position as Group CEO with effect from 31st March 2014 and assumed the position of Non-Executive Chairman.

He serves as the Chairman of the Group's Fast Moving Consumer Goods (FMCG) business, and J L Morison Son & Jones (Ceylon) PLC. Whilst serving on several other Boards, Mr. Esufally is also involved in several industry associations and is also a member of the Board of Management of the Postgraduate Institute of Management (PIM).

He is active in several social projects and is the Founder Director of the Association for Rehabilitation of Spinal Cord Injuries (ARSCI).

Mr. Esufally counts for over 30 years' management experience and holds a Bachelor of Science (Honours) Degree in Electronics from the University of Sussex, UK.

Mr. Steven Enderby joined Hemas in March 2013 to head the Group efforts in Mergers and Acquisitions. He took up the Office of Deputy CEO and Director of Hemas Holdings PLC in November 2013 and was appointed the CEO on 1st April 2014.

Mr. Enderby has had a successful track record in the private equity space with Actis, a leading global emerging markets fund until his retirement in 2011 as an Actis Partner. Some of the most successful private equity transactions he led include South Asia Gateway Terminal, Ceylon Oxygen and Millennium Information Technologies in Sri Lanka. He has also served on the Boards of leading companies in Sri Lanka and India such as John Keells Holdings, Lion Brewery and Punjab Tractors.

He is a Fellow of the Chartered Institute of Management Accountants, he holds a Degree in Economics and Accounting from Queens University Belfast, and a Masters Degree in Development Studies from the University of Melbourne.

Mr. Maithri Wickremesinghe is an Honours Graduate in Laws of the University of Colombo, an Attorney-at-Law of the Supreme Court of Sri Lanka engaged in commercial arbitration in Sri Lanka and overseas and specializing in Commercial, Corporate & Banking Law. In recognition of his extensive experience and contribution to the legal profession, he was appointed as President Counsel in 2013. Mr. Wickremesinghe is also a Fellow of the Chartered Institute of Management Accountants of the United Kingdom and is the first ever Member of an Accounting body to be appointed President's Counsel.

He serves as the Chairman of the Company's Board Audit Committee. He also serves as a Senior Independent Director and Chairman of the Board Nominations Committee of Nations Trust Bank PLC and as a Member of the Governing Council of Help Age Sri Lanka.

He has previously lectured and examined at the Faculty of Laws of the University of Colombo, at the University of Moratuwa and at the Kotalawela Defence Academy.

Abbas Esufally

Non-Executive Director

Pradipta Mohapatra

Independent Director

Murtaza Esufally

Executive Director

With over 35 years of experience in the tourism industry, Mr. Abbas Esufally has played a pivotal role in expanding the Groups' Leisure interest. He serves as a Group Director of Hemas Holdings PLC, Chairman of Serendib Hotels PLC, Dolphin Hotels PLC and Hotel Sigiriya PLC and Diethelm Travel Sri Lanka (Pvt) Ltd, Sri Lanka's premier Destination Management Company. He serves on several other listed and unlisted company boards as well.

He has taken an active part in the growth and development of the tourism industry. Mr. Esufally serves as the Chairman of the Mercantile Service Provident Society of the Ceylon Chamber of Commerce and a member of the advisory committee of the Tourist Hotels Association of Sri Lanka.

Mr. Esufally is a Fellow Member of both the Institute of Chartered Accountants of England & Wales and the Institute of Chartered Accountants of Sri Lanka. He is an all Island Justice of Peace and serves as the Honorary Consul of Bhutan in Sri Lanka.

Mr. Pradipta Mohapatra sits on the Boards of 15 publicly quoted and unquoted companies in India, South Asia, USA and Europe. He had a 25 year long career at India's US$4 Billion Revenue RPG Group serving first as Managing Director for a decade and thereafter as a Director on the Main Board of the Group for the next fifteen years. He has provided oversight to a number of companies in Retail, Entertainment, Telecom and Technology Business Sectors. He has coached CEO & CXO level executives in organisations such as Accenture, Deutsche Bank, HSBC, Ericsson, Cummins, Levis Strauss, Raymond etc.

He is a Graduate in Chemical Engineering and Studied Management at the Harvard Business School. He was also invited to be a fellow of the Chartered Management Institute, UK.

Mr. Mohapatra has served as Chairman Confederation of Indian Industries, Southern Region and President Madras Management Association and is the Co-founder and Chairman of Coaching Foundation India Limited and Chennai Business School Limited.

Mr. Murtaza Esufally counts more than 25 years of experience in senior management levels. He is the Chairman of Hemas Hospitals (Pvt) Ltd and Hemas Pharmaceuticals (Pvt) Ltd, subsidiaries of Hemas Group.

He holds a Masters' Degree in Business Administration from the Melbourne Business School of the University of Melbourne. He is a Barrister-at-Law (Lincoln's Inn) and holds a Bachelor of Law Degree from the University of Essex, UK. Mr. Esufally is an Attorney-at-Law of the Supreme Court of Sri Lanka.

BOARD OF DIRECTORS

Imtiaz Esufally
Non-Executive Director

Malinga Arsakularatne
Executive Director / CFO

Ramabadran Gopalakrishnan
Independent Director

Mr. Imtiaz Esufally serves as the Chairman of the Transportation Sector of the Group and serves as a member of the Hemas Audit Committee. He served as the Chairman of Hemas Power PLC up until its disposal in 2014.

Mr. Esufally holds a Bachelor of Arts (Honours) degree in Accounting and Economics from the University of Kent, UK. He counts over 25 years of management experience and has been in the forefront of the Aviation Industry. Mr. Esufally also serves on the board of Mercantile Shipping PLC as a Non- Executive Director.

Mr. Malinga Arsakularatne is the Chief Financial Officer of Hemas Holdings PLC and is also a member of the Board of Management of the Group. He has nineteen years of experience spread across investment management, corporate finance and business strategy. He also serves on the Boards of Serendib Hotels PLC, Dolphin Hotels PLC and Hotel Sigiriya PLC. Mr. Arsakularatne also holds directorships in several unlisted subsidiary companies within the Hemas Group in the capacity of Non-Executive Director and serves as a Non-Executive Director of NDB Capital Holdings PLC.

Mr. Arsakularatne is a CFA Charter Holder and a Past President of CFA Sri Lanka. He is also a Fellow of the Chartered Institute of Management Accountants (CIMA), UK and a Past Board Member of the CIMA Sri Lanka Division. He holds a BSc in Computer Science & Engineering from the University of Moratuwa, Sri Lanka, an MSc in Investment Management from Cass Business School, UK, and an Executive MBA from INSEAD, France | Singapore | UAE.

Mr. Ramabadran Gopalakrishnan currently serves as Director, Tata Sons Ltd. He serves as the Chairman of four Tata companies, Tata Auto-component Systems Ltd., Rallis India Limited, Metahelix Life Sciences Private Limited and Advinus Therapeutics Private Ltd.

He has over 48 years of experience in professional management with 31 years in Hindustan Unilever and 17 years in TATA. He has served Unilever as Chairman of Unilever Arabia, as Managing Director of Brooke Bond Lipton India, and finally as Vice Chairman of Hindustan Unilever Limited.

He serves as the Vice Chairman of Tata Chemicals, a Director of Tata Power and Tata Technologies and as an Independent Director on the boards of the Indian subsidiaries of Akzo Nobel and Castrol India.

Mr. Gopalakrishnan studied physics at Calcutta University and engineering at IIT Kharagpur before joining Hindustan Unilever as a trainee. He is a Past President of the All India Management Association

Dr. Anura Ekanayake

Independent Director

Dinesh Weerakkody

Independent Director

Dr. Anura Ekanayake is former Chairman of the Ceylon Chamber of Commerce, the Industrial Association of Sri Lanka and International Natural Rubber Council. He has had an illustrious career in the public service as a Senior Economist of the Mahaweli Authority, Director on the Boards of the State Plantations Corporation and JEDB, Director of Planning to the Ministry of Plantation Industries and Director General of the Ministry of Public Administration. Dr. Ekanayake held directorships in all 23 regional plantations companies and also served on the Tea Research Board, Post Graduate Institute of Agriculture and Plantation Housing and Social Welfare Development Trust.

He left his two decade long public service and joined Unilever Sri Lanka and served as Director – Human Resources and Corporate Relations for eight years. He serves at present on a number of Boards of listed companies and non-listed companies.

Dr. Ekanayake, holds B.A. (Hons) and M.Sc (Agriculture) from the University of Peradeniya and Ph.D. in Economics from the Australian National University. He is also a fellow member of Institute of Certified Professional Managers. Dr. Ekanayake is a firm advocate of developing human capital and people transformation.

Mr. Dinesh Weerakkody is the Chairman of the National Human Resource Development Council of Sri Lanka and Cornucopia Sri Lanka. He is an Advisor to the Ministry of Policy Planning, Economic Affairs, Cultural Affairs and Youth Affairs. He is also the Chairman of the government appointed Committee to review the Banking Sector and NBFI consolidation and the Committee appointed to review the budgetary allocation for education. He is a former Chairman of the Commercial Bank of Ceylon PLC and the Employees' Trust Fund Board of Sri Lanka. He serves in a number of private sector boards including Glaxo Smith Kline Consumer Sri Lanka and Ceylon Tobacco PLC.

He is a Graduate in Business Administration from ABE United Kingdom, a Fellow of both CIMA (UK) and CMA (Sri Lanka), Professional Member of the Singapore Human Resource Institute and holds an MBA from the University of Leicester, UK. He was conferred an honorary membership by the Institute of Personnel Management of Sri Lanka.

He is the recipient of Jaycees Ten Outstanding Young Persons Award in 1999 and an International Associations of Lions Clubs National Achievers Award in 2008 for the advancement of good governance in the public sector.

BOARD OF MANAGEMENT

Board of Management

The role of the Board of Management is to develop the overall Group strategy and annual business plans, review business plans against budgets, design and review policies and controls and provide a platform to the Chief Executive to raise ideas and issues and obtain input. The Executive Directors, together with the Group Business Heads, meet each month as the Executive Committee under the chairmanship of the Chief Executive Officer.

The members of the Board of Management include:

Harith Perera

Managing Director of Diethelm Travels

Harith is the Managing Director of Diethelm Travel Sri Lanka (DTSL) and Diethelm Travel The Maldives (DTTM). He joined Hemas FMCG in 1997 and was involved in Sales and Brand Management until 2006. He joined Hemtours in 2006 and subsequently was part of the team launching Diethelm Travel in Sri Lanka and Maldives. Harith is currently the Hon. Treasurer of Sri Lanka Association of Inbound Tour Operators (SLAITO), the Vice President of PATA, Sri Lankan chapter. He is a member of the Chartered Institute of Marketing (CIM), UK and has a MBA from the University of Southern Queensland, Australia.

Riad Ameen

Legal Consultant

Riad is the Legal Consultant to Hemas Holdings PLC. He holds a Bachelor's Degree in Law (LL.B) from the University of London and a Master of Laws Degree (LL.M) from the University of Colombo. He is a Barrister of the Lincoln's Inn, UK, and an Attorney-at-Law. He has been associated with the Hemas Group for the past 9 years. Riad has been a civil law practitioner for the past 17 years.

Sanjeewa Samaranayake

Managing Director of Hemas Pharmaceuticals

Sanjeewa is the Managing Director of Hemas Pharmaceuticals (Pvt) Ltd and Hemas Surgicals & Diagnostics (Pvt) Ltd counts over 20 years of managerial experience holding senior positions in manufacturing and trading companies in Sri Lanka. He has a Bachelor of Commerce Degree from the University of Colombo and is a Chartered Management Accountant with an MBA from the Post Graduate Institute of Management, University of Sri Jayawardenapura. He is also a Fellow of the Institute of Certified Management Accountants of Sri Lanka. He joined Hemas Pharmaceuticals as Director - Finance and Supply Chain in 2003 and was appointed as Managing Director in 2007. He was awarded with the prestigious "Platinum Honours Award" by the Postgraduate Institute of Management Alumni at the inaugural event in 2010.

Kasturi Chellaraja Wilson

Managing Director of Transportation Sector

Kasturi is the Managing Director of the Groups' Transportation sector. She is a Fellow of the Chartered Institute of Management Accountants, UK and currently serves as Board Member of CIMA, Sri Lanka. She counts for over 26 years of managerial experience in multiple industries and functions spanning from auditing, consulting, logistics, leisure and travel. Kasturi joined Hemas in 2002 as the Finance Director of Hemtours (Presently, Diethelm Travels) and in 2005 she was appointed the Head of Shared Services for the Group and subsequently the Chief Process Officer of the Group in 2007. In 2011 Ms. Wilson took up the position of Managing Director of the Transportation Sector.

Ranil De Silva

Managing Director of Serendib Hotels PLC

Ranil is the Managing Director of Serendib Hotels. He is a Fellow of the Chartered Institute of Management Accountants UK, Associate of the Institute of Chartered Accountants of Sri Lanka and a Member of the Chartered Institute of Marketing UK. He is also a Director of Dolphin Hotels PLC, Hotel Sigiriya PLC and an independent Director of Singer Sri Lanka PLC, Singer Industries PLC and Rignis Lanka PLC.

Roy Joseph

Managing Director of Hemas Manufacturing (Pvt) Ltd.

Roy is the Managing Director of Hemas Manufacturing (Pvt) Ltd. He is a Fellow of the Chartered Institute of Management Accountants, UK, a Fellow of the Institute of Certified Management Accountants of Sri Lanka and he holds a Postgraduate Diploma in Finance & Business Administration from the Institute of Chartered Accountants. He counts over 20 years management experience spanning the fields of Finance, IT, Supply Chain, Channels/Customer Development and General Management. He has held key positions in FMCG, plantations, construction and logistics companies.

Peter D'Almeida

Managing Director / Chief Executive of N-able (Pvt) Ltd

Peter is the Managing Director and Chief Executive of N-able (Pvt) Ltd, an IT venture he founded in 2008 with the Hemas Group, and counts for 25 years in the IT industry. Starting his career at East West Information Systems, he moved to ComputerLand to launch Sun Microsystems in Sri Lanka and led the pioneering efforts to introduce open systems and client server computing to the country. Prior to joining Hemas, he served as the Chief Executive of Millennium ESP, the Enterprise and Service Provider business of Millennium Information Technologies. He is also a member of the Cisco Asia Pacific Japan (APJ) Channel Advisory Board and the APJ Advisory Board of Palo Alto Networks.

Trihan Perera

Managing Director of J.L. Morison Son & Jones (Ceylon) PLC.

Trihan is the Managing Director of J.L. Morison Son & Jones (Ceylon) PLC. He is an Associate of the Chartered Institute of Management Accountants, UK and holds a MBA with distinction from Keele University, UK. Trihan has been with the Hemas Group since 2010. He began his career at NDB and moved to management consulting and academia. He has worked in a wide range of industries including banking, shipping and logistics, aviation, plantations and FMCG in Sri Lanka and overseas.

Chandima Cooray

Chief Process Officer

As the Chief Process Officer at Hemas Holdings PLC., Chandima leads Information Technology, Shared Services & Process improvement teams transforming businesses to embrace more profitable and growth oriented business models. Chandima has accumulated 18 years of experience in applying Information Technology across multiple industries improving business performance. Prior to joining Hemas, Chandima was with MAS Holdings, Sri Lanka for Fourteen years, lastly as the CEO for Sabre Technologies a fully owned subsidiary of MAS. Chandima started his career at Unilever as a management trainee and later was involved in a global project for Unilever tea business. Chandima has a degree in Information Systems from Manchester Metropolitan University, UK and has followed strategic management courses from renowned business schools Ashridge, Henley, INSEAD and Kellogg's.

Dimuth De Alwis

Director - Group Human Resources

Dimuth functions as the Group Human Resource Director. He joined Hemas FMCG in 1999 and worked as the Head of Human Resources from 2006 to 2008. He joined Hemas Hospitals as the Head of Human Resources in 2008 and was subsequently promoted to the Head of Group Human Resources in 2010 and in 2011 to the role of Director. Dimuth holds a Degree in Commerce and Management (specialized in International Trade) from the University of Sri Jayewardenepura and a National Diploma in Human Resources Management from Institute of Personnel Management. He is also a member of The Association of Human Resources Professionals, Sri Lanka

Himesh Fernando

Director - Strategy and New Business Development

Himesh joined Hemas in 2014 as the Director of Strategy and New Business Development. He also leads Strategic Innovation for growth of the organization. Prior to joining Hemas, Himesh has worked in the Biotechnology industry in Oxford in the UK, and the Sri Lanka Institute of Nanotechnology (SLINTEC) in both, Business Development and Scientific Research. He obtained his Doctorate from the University of Cambridge in the field of Chemical Biology and a B.Sc. Honours from the University of Colombo in Molecular Biology and Biochemistry. He is also a member of the Chartered Institute of Marketing.

Lakith Peiris

Managing Director, Hemas Hospitals

Lakith joined Hemas on 1st April 2015. He is a well-known leader in the healthcare industry having been the CEO of Lanka Hospitals over the past 7 years. He has over 19 years' experience in top management at a host of healthcare related MNCs including B|Braun Asia Pacific, Lifeserv and ConvaTec A Bristol Myers Squibb Company of USA amongst others. He holds a doctorate in Business & Management, a Master of Business Administration from the University of Western Sydney, Australia. Further, he is a Certified Professional Marketer from the Asia Pacific Marketing Federation and holds a Postgraduate Diploma in Marketing from the Sri Lanka Institute of Marketing. Lakith has memberships in several professional Associations and Federations, in addition to being an ambassador and an executive committee member of the Mother Sri Lanka Trust. He was appointed as a member of the Private Health Services Regulatory Council and also serves the Regulatory Council in various sub committees.

The Board of Management also includes Steven Enderby, Malinga Arsakularatne and Murtaza Esufally, whose profiles are given in the Board of Directors section.

SUSTAINABILITY REPORT

At Hemas Holdings PLC, sustainability embodies the creation of synergetic and supportable lives and futures for all our stakeholders, because we believe in enriching lives to help everyone reach their potential. We are firm in our belief that the enterprises that will endure are those that create real value for their stakeholders, through meaningful engagement and effective responses.

To deliver health and wellness and to empower communities across every sector of our business, we procure with integrity - minimizing any impact on the environment and nurture our resources for a sustainable future for every stakeholder.

Defining Our Stakeholders

The Hemas Holdings Group Sustainability Team leads the development of our corporate sustainability strategy and drives implementation of the Group's sustainability efforts. Our valued stakeholders across all categories including employees, customers, suppliers, business partners, regulators, shareholders and the environment are considered at every stage of our operations and planning, driven by the Group's Sustainability Strategy. We constantly seek feedback to learn and improve our systems and processes. In our inaugural Sustainability Report, due to be published in the 2nd quarter of 2015/16, we will detail our sustainability practices and accomplishments in compliance with the Global Reporting Initiative (GRI) G4 protocol. This section on sustainability in the 2014/15 Annual Report provides a snapshot of the momentum we have gained in 2014 with regard to conducting responsible and sustainable business.

In the past, the Group's sustainability team worked closely with Senior Management Teams of key business units to identify key stakeholders for each sector. Stakeholders were thereafter categorized and rated based on their degree of influence and importance on the business, in terms of sustainability. Information and opinions were then elicited from identified stakeholders via questionnaires and personal interviews. Their feedback gave us valuable insights into the level of empowerment we delivered and what remains to be done to get closer to our stakeholders.

Our Journey of Abhimana - Taking Pride in doing the right thing

The Group Sustainability Division launched Project 'Abhimana' to make sustainability a lifestyle throughout the Group, thereby incorporating responsibility and sustainability into every action. Hemas spearheaded this project as its Corporate Responsibility, taking it beyond the theoretical guidelines and policies to implementation. This initiative will henceforth instil in every employee a deep and intrinsic sense of dignity and pride that can only arise from a life responsibly lived.

As one of Sri Lanka's most respected corporate entities with a history of over 65 years, the vision of our founding fathers has endured; their cultures and values have played a significant role and shaped our journey so far. 'Abhimana' is a formal articulation of these values which are inherent to Hemas' core, enhancing the enriching experience of living and thriving together in a responsible and sustainable society.

'Abhimana' in Sanskrit translates as "Pride". The introduction of this project serves as a platform for the roll-out of sustainability policies and practices across the Group, focusing on employees at its outset, while simultaneously reinforcing our core values and guiding principles. We believe in living the 'Abhimana' values, which in turn will support the long-term sustainable growth of the Company, aligning our profitability to the prosperity of the community and environment where we do business.

Since its launch, we have focused on sharing this way of life with all our stakeholders and have generated interest and engagement on how this could be a truly collaborative and sustainable journey. The Hemas Abhimana Champions and Abhimana Volunteers in each sector inspire thoughts and actions along these principles, not only to engender a broader commitment but also to establish ethical and sustainable ways of doing business, inculcating responsibility towards the environment and the community we live in: the Triple Bottom Line.

Abhimana Health and Well-being Programme for the Hemas Group – conducted by Hemas Hospitals

Currently at its peak of demographic and epidemiological transitions, the Sri Lankan population is aging, and non-communicable diseases such as diabetes, heart disease, cancer together with smoking and alcohol addictions and substance abuse are growing rapidly.

In this backdrop, as an initiative under its Abhimana Sustainability platform, Hemas Hospitals launched the 'Employee Wellness Programme' to build awareness and mitigate unsafe health practices. The project is based on a 'wellness model' and transcends the traditional 'disease model' designed to promote healthy behaviour, and detect and reverse unhealthy practices amongst all employees.

The Employee Wellness Programme will combat heart disease and strokes, diabetes and hypertension amongst Hemas Employees, along with promoting a healthy lifestyle for their loved ones and families. Over, 1,000 employees have benefited from the programme across the Group.

The programme was designed with inputs from the World Health Organization Sri Lanka, which considered global trends and screening parameters, with an individual screening package valued at Rs. 1,000. To sensitize employees towards battling non-communicable diseases, preliminary awareness sessions were conducted at individual business units. A detailed description of the programme will be available in the Hemas Sustainability Report 2014.

Hemas also marked World Diabetes Day in a unique manner – serving *kola kenda, kurakkan roti and tea sans sugar* to raise further awareness about following a healthy diet to prevent diabetes and stay healthy. Health and well-being are constantly promoted throughout the company and employees have access to a gymnasium, aerobics and yoga classes at the head office and at selected sector offices.

Sustainable Communities

Piyawara

The Hemas Outreach Foundation, the philanthropic arm of the group, directs community empowerment programmes across the enterprise. Piyawara is by far the most successful programme led by a private sector organisation to positively impact underprivileged children all over Sri Lanka. Launched in 2002, the Piyawara initiative is the flagship Corporate Social Responsibility (CSR) programme of Hemas Holdings PLC, in partnership with the Children's Secretariat of the Ministry of Child Development and Women's Affairs. The project adopts a holistic approach and focuses on promoting Early Childhood Care and Development (ECCD) through the establishment of child-friendly pre-schools across Sri Lanka. The Group's Piyawara journey began 12 years ago with two teachers and 20 children. Today, Piyawara has grown into a model community empowerment programme spread over 40 schools, employing over 100 teachers and serving 3,000 students - transforming their lives.

The opening of Piyawara Community Pre-School in Malhewa, Bibile in Monaragala.

Piyawara is by far the most successful programme led by a private sector organisation to positively impact underprivileged children all over Sri Lanka.

The 40th Piyawara preschool was ceremonially declared open on November 2014 in Malhawa, Monaragala, providing preschool education for 50 children. Previously, this preschool was operating in the community centre which was located in the village burial grounds. Piyawara also served to strengthen Parent-Teacher Associations during the year to ensure community engagement and child welfare. Over 40 such associations come under the purview of Hemas island-wide and are monitored continuously. The Company also hosted its annual teacher-training programme as a three-day residential course in Colombo in August 2014, in addition to the ECCD training workshops for teachers and parents. A separate three-day residential teacher training programme was held in December 2014 in Jaffna in partnership with the Northern Ministry of Education. Over 32 teachers of the Piyawara schools in the Northern Province attended the training. Piyawara went further by expanding its scope to include anti-child abuse initiatives together with local police stations and schools, hosting workshops and awareness programmes.

The Honorary Brand Ambassador of the Hemas Outreach Foundation, former Sri Lankan national cricketer turned reputed ICC Match Referee, Roshan Mahanama, has worked closely with us from the programme's inception to further the reach of Piyawara to every deserving child in Sri Lanka.

Piyawara won international and local recognition in the past and is aligned with one of the United Nations Millennium Development Goals to "Achieve Universal Primary Education". This flagship CSR initiative was hailed at the prestigious Asia Corporate Excellence and Sustainability Awards 2014 (ACES) Singapore, when it emerged the overall winner in two categories – 'Top Community Care Company of the Year in Asia 2014' and 'Best CSR Campaign - Community Care', beating numerous entries from over 11 Asian countries. The citation read the award was presented in recognition of Hemas Group's outstanding service to the children of the country overcoming all geographical and social boundaries through the Piyawara Early Childhood Development initiative.

Piyawara also won the overall Gold Award at the JASTECA CSR Awards 2014, organised by the Japan Sri Lanka Technical and Cultural Association. The JASTECA Awards are organised to encourage public and private sector business entities to adopt and embed CSR as a part of their 'business policy', which goes beyond statutory and stakeholder obligations, further recognizing and rewarding them for their efforts and commitment.

The Big Heart Project

The Hemas Outreach Foundation also operates the Big Heart project, which works to safeguard the interests of children from Grades 1 to 5, by preventing them from dropping out of school due to financial constraints. The 'Big Heart' was launched in 2012 to mark 50 years of Hemas' flagship brand, Baby Cheramy. At present, the programme provides Rs. 2,000 per month to 219 children island-wide, of which Rs. 500 is mandatorily saved. A progress report of each child is supplied to the Foundation by the Ministry of Child Development and Women's Affairs, our partner in this venture.

Hemas Holding PLC also stepped forward to support families in the Polonnaruwa district affected by the drought in August 2014, in collaboration with the Disaster Management Centre of the Polonnaruwa district. The Company and its staff provided relief to villagers in Thamankaduwa, Dimbulagala, Hingurakgoda, Lankapura, Rathmalthenna and Elahera divisions, donating one hundred 1,000-litre water tanks to the Additional Secretary of the District Secretariat in Polonnaruwa. Further, company representatives visited villages and distributed water tanks among the communities to provide relief in the worst affected areas.

Environment

As a responsible corporate entity, our journey to enrich lives and add value to stakeholders places environment conservation at the centre of our agenda. The Group's Environmental Policy spells out our ethos for sustainable practice, or Green Business, and is mandated to operations across all sectors. All our operating units monitor and report on their environment footprint which includes energy, water and waste, whilst a number of sector-level initiatives have been launched to reduce our impact on the environment. To further embed environment conservation and sustainability, Hemas launched the Hemas Green Club to inspire and engage our employees to think green at all sector levels.

The Hemas Green Club is the Company's voluntary environmental conservation group, which has now grown to a membership of 87 from across the Group, including 16 honorary members. The Green Club converges for the common cause to 'Protect Mother Nature', and launched a string of initiatives during 2014 to increase environmental awareness and reduce the carbon footprint of the organisation. These included ground initiatives, internal e-based campaigns and quarterly forums featuring guest speakers on the subject of environment conservation.

Some of the activities commenced by the Green Club also included an excursion to a tropical rainforest and lectures by prominent environmentalists to create awareness, which also spurs debate and discussion amongst employees on an environment related topic, which has engendered genuine concern for the planet. Green Club volunteers are tasked with bringing about the required behavioural change among all staff members across the Hemas Group.

Hemas Employees at the FMCG Dankotuwa factory initiated an herbal garden on the premises, whilst the Hemas Green Club embarked on many new projects such as to recycle used CFL and florescent bulbs, composting food waste at the cafeterias and so on, whilst recycling electronic waste in partnership with the 'Think Green Company'. In order to encourage nature lovers at Hemas, a photographic exhibition was held in December 2014, where we received over 1000 applications demonstrating excellent talent within the organization

The Green Club also launched a programme to clean-up the Wellawatta beach, drawing volunteers from across the group to remove waste from the stretch of coastline. As demonstrated during this initiative, both Senior

'Beach clean-up programme' - Our Group CEO and the Green Club volunteers cleaning up the Kinross beach in Wellawatta

SUSTAINABILITY REPORT

Management and employees from across the Group showed ample interest and participated in the clean-up, showing their commitment to the environmental cause.

The conservation of water is also an area that is receiving the attention of the Hemas Green Club Volunteers, a movement which aptly demonstrates the power and positive outcomes of empowering effective volunteerism in organisation. To protect the environment, Hemas pursues innovative ways to lower the consumption of water and energy to reduce its carbon footprint.

Challenges such as water scarcity, depleting natural resources, and climate change are real threats and Hemas will do everything in its power together with its stakeholders to stem this tide. We are firm in our belief that enterprises must incorporate environmental sustainability into their business and functional plans. The newly-launched Abhimana policy has helped us articulate our key environmental objective.

Our People

Our people are at the heart of Hemas and they are our pride. Hemas Holdings PLC is privileged to employ some of the brightest talent in the country.

We provide a culture of equality and diversity, which lends us the dynamism we are renowned for as it engenders multiple perspectives and skills to perform at our best. Hemas believes in continuous learning and takes pride and interest in the professional and personal development of our employees.

Our Human Resource agenda evolves with global best practices to hone our abilities to develop human resources that strengthen the strategic position amongst our competitors. It is our intention to maintain this recognition and status, and the Company has put in place intensive talent management processes that builds human capital for today's requirements and future growth.

Strategic Recruitment

Our recruitment strategy is a direct link to our vision. We believe in hiring the right people at the right time. From the outset, hiring managers and recruiters strategize to find the right fit and level of competence. We are moving towards competency-based hiring and the strategy has proven to be successful. From on-boarding to job specific orientation, we focus on assisting our new recruits to gain experience that is meaningful and help them to succeed in their jobs.

Our aim is to engage potential employees with the brand and its values in different means, so that they are passionate about the Hemas brand. For example, in keeping with the rapidly advancing digital era, recently the Hemas Group adopted a novel and innovative approach by gamifying the initial screening process. The online game helped us keep potential candidates engaged, whilst enabling us to screen them on different behavioural aspects and their knowledge on a given area of expertise. We adopted this methodology for the first time for 'Hemas Digital Innovators' which proved a huge success. More recently, we employed this method for 'The Hemas Hotshot Season 1', which is an innovative online game that was built and launched to attract the next batch of Management Trainees. This serves as a classic example of how technology and innovation are used to improve traditional methodology.

Our employment contract is simply not one on paper, but one that is psychological; it binds us as one family that is loyal, trusting and diverse. Our people are at the heart of Hemas!

Training and Development

We are committed to train and develop our people. They are the most important asset we have, and refreshing their knowledge and skills are vital to our progress. The training and development initiatives across the Group are budgeted annually. We maintain an effective process to identify training needs; for new recruits we do it early on with job orientation and during the probation period, whilst for long-stay employees it is done annually. Training and Development is part of our leadership development initiatives as well as for career development of employees. We are proud of our excellent management development programme, which has produced many mid-level leaders within the organisation. We have also put in place a people management programme titled 'The Leadership Engagement Alignment and Development Programme', which has been referred to by participants as "truly world class". Further, we promote opportunity to those who are entering the corporate world by providing internships and trainee positions across the Group.

Engendering Culture of Abhimana

Our culture is our character; we work and play hard, we are family-oriented and values-driven. We treat our employees with respect and modesty. We deliver 'Abhimana' to our employees by providing a safe and secure environment to work, where diversity is embraced, human rights are upheld, wellness is promoted and lives are enriched.

Hemas continues to uphold its forefathers' values for treatment of employees by ensuring a positive influence on their lives. We have programmes in place to assist educational interests of employees, help in times of distress and identify significant events in their lives. We never fail to have fun; our social calendar is full - be it a family trip, Christmas party, cricket tournament, making Vesak lanterns or commemorating a wellness day. Most significant among all is our own 'Fun Friday', where employees have the opportunity to perform and showcase their talents on a public platform. We have unearthed an amazing talent pool in the company through Fun Friday activities. In encouragement we provided a platform to these talented employees to perform at the 2014 Hemas Awards.

Our employment contract is simply not one on paper, but one that is psychological; it binds us as one family that is loyal, trusting and diverse. Our people are at the heart of Hemas!

Health and Safety

A significant part of our 'Abhimana' journey constitutes the wellness of our employees. We have embarked upon a journey which encompasses wellness, health and safety of all our employees. Our brand new initiative in 2014 – 'Abhimana Wellness Promotions' was launched to engage employees and their families to develop and sustain healthy behaviours to improve their overall quality of life. We have been able to raise awareness on non-communicable diseases, healthy eating and exercise through this initiative.

The Group has in place a risk management team which takes care of emergency response. The entire organisation engages in safety and fire drills on a regular basis. Health and Safety champions are appointed and trained in first aid and CPR.

Our manufacturing and healthcare businesses have received the prestigious OHSAS 18001:2008 – Occupational Health and Safety Management System certification from the Sri Lanka Standards Institution (SLSI) and BM TRADA Certification Ltd. (UK based Health & Safety standards accreditation body) respectively, which is a further demonstration of our commitment to health and safety standards at the workplace. We consider reporting and strict compliance as vital for our success.

Rewards and Recognition

The Group has instituted recognition through a high-level awards programme encompassing several categories, which include the Enriching Lives Award, Living Hemas Values Award, Performance Awards, Special Achievements Award and Business Awards, which are conferred at the much-anticipated gala Annual Hemas Awards Night.

The Company introduced a number of new awards during 2014, which include the Abhimana Award to recognise employees who embody the values spelt out in the Group's new Abhimana Sustainability Pledge. With the introduction

of the Innovation Award, we aim to develop a corporate culture conducive for innovation by recognising employees who inculcate innovation to their day-to-day work. The Finance Award is bestowed to promote and develop cutting edge finance capabilities and create value for the business, whilst the HR Award is handed out to the Business unit with the Best Human Resource Management practices. The Hemas Awards actively promote leadership and create a culture of interest, spurring new leaders and teams to achieve Hemas Vision 2020.

At sector level, awards and recognition programmes are held to celebrate contributions of employees at all levels. Further, employees are presented with commendations, training opportunities, secondments and more in appreciation of their contribution and strength demonstrated throughout their career at Hemas.

CORPORATE GOVERNANCE

INTRODUCTION

Corporate governance consists of the various duties, obligations, and rights that control and direct a corporation. At Hemas, we understand that having a common governance framework plays an important role in helping the Board of Directors gain a better understanding of their oversight role. We believe this would contribute to effective governance and address governance risk and help evaluate how the responsibilities of the Company's management measure against the Board's oversight responsibilities.

This section of our report sets out how we ensure that strategies and plans we have put in place make us accountable to our shareholders, our local and international customers and business partners, our employees and the societies we work within. We believe that our values are the driving force across the group and is our guiding force for good governance.

DIRECTORS

Board Leadership

Principle A1: *Every company should be headed by an effective Board, which should direct, lead and control the Company*

As evident from our Board Member profiles on pages 34 to 37, our Board comprises of an optimal mix of professionalism, diversified knowledge and experience, entrepreneurial financial skills, business acumen and broad practical insight which enables the Members to impart substantial knowledge and independent judgement towards decision making and providing effective leadership to the Group.

All Directors are collectively responsible for the long-term success of the Company. The Independent Non-Executive Directors neither participate in the day-to-day management of the Company nor partake in any business dealings/ relationships with the Company which enables them to be free from any conflict of interest.

The annual agenda of the Board is pre-determined to ensure that all matters relevant to the effective operation of the Company, come to the Board for review at appropriate intervals. In addition, the Board's intervention is sought on a range of matters including business, financial, legal and corporate affairs, on an on-going basis.

During the year ended 31 March 2015, the Board considered a wide range of matters, including:

- the Group's strategy and key priorities in line with its Year 2020 Vision;
- the strategy and performance of key businesses and functions within the Group;
- the financial position of the Group and various businesses within the Group;
- the annual budget and long-term plans for the Group;
- the interim and full-year results;
- opportunities for business development and expansion;
- risk management and controls within the Group;
- succession planning and employee retention;
- reports from the Audit, Remuneration and Nominations & Governance Committees;
- a review of the effectiveness of the Board, matters reserved for the Board and the Terms of Reference of Board Committees.

The Board is essentially supported in its work by the Audit Committee, Remuneration Committee and Nominations & Governance Committee which cover in detail a range of important matters such as risk and control, remuneration and incentive schemes, succession planning and Human Resources. The Mandates of the Committees are set out hereinafter in this Report.

The Board monitors compliance with policies and achievements against objectives, by holding the Management accountable for its activities through regular updates. In addition, each business unit within the Group is required to update the Board on a regular basis, giving the Board the opportunity to understand and explore issues in depth. In a constantly evolving and challenging business environment, the Board recognizes that the Company's corporate governance framework needs to continue to evolve and adapt so that it remains fit for the purpose. The Board will therefore continue to review structures and processes across the Group to ensure they remain effective and to make timely changes when needed to enhance the way the Group operates.

The Board continuously reviews structures and processes across the Group recommending appropriate and timely modifications thereto to ensure they remain effective in face of the changing and challenging business environment.

BALANCE OF POWER

Principle A 2: *There should be a clear division of responsibility at the head of the Company to ensure a balance of power*

Whilst the Board reserves for itself matters that can only be reviewed and approved by itself, the Board delegates responsibility to the Chief Executive Officer for formulating and after approval, implementing the Group's strategic plan and for management of the day-to-day operation of the Group. The Chief Executive Officer leads the development of strategy and oversees all aspects of the performance and management of the Group.

Although the Chief Executive Officer retains full responsibility for the authority delegated to him by the Board, he is supported in his day-today efforts and attempts by the Board of Management, which he chairs. Members of the Board of Management attend Board Meetings to present items as and when required and also meet with the Chairman to discuss matters which are specific to their respective businesses.

Detailed Profiles of the Members of the Board of Management are set out on pages 38 to 39.

THE CHAIRMAN'S ROLE

Principle A 3: *The Chairman should preserve order and facilitate the effective discharge of board functions*

The Chairman leads the Board developing the Board's forward agenda and preparing in detail for meetings to maximize the efficiency of board output. His aim is that Board meetings should allow full and free discussion, taking account of the interests of the Group's various stakeholders whilst promoting high standards of corporate governance. Chairing Board meetings, the Chairman encourages expression of the broadest range of views, including those which may challenge management. He seeks to foster open and trusting relationships between Executive and Non-Executive Board members and is regularly rewarded with robust, incisive and good humored debate.

Chairman

- Facilitates the effective contribution of Non-Executive Directors and the engagement between Executive and Non-Executive Directors,
- Ensures the regular flow of accurate and relevant management information to enable the Board to make sound decisions and monitor business performance,
- Ensures that an annual evaluation of the Board is conducted.
- Leads the performance evaluation of the Chief Executive Officer and ensures that Committee Chairmen conduct evaluations of their Committees,
- Ensures, with the support of the Nominations Committee, effective Board succession planning,
- Ensures effective communication with shareholders so that the Board develops a clear understanding of their views,
- Ensures the effective functioning of all Board Committees,

Chief Executive Officer

- Leading the development of the Company's strategic direction and implementing the agreed strategy,
- Identifying and executing new business opportunities,
- Running the business, through the executive management, on a day-to-day basis and reports to the Board on performance and significant developments,
- Building and maintaining an effective senior management team,
- Maintaining in conjunction with the Chief Financial Officer and the Investor Relations Team, an effective dialogue with stakeholders and investors,
- Managing the Group's risk profile and implementing and maintaining an effective framework of internal controls,

FINANCIAL ACUMEN

Principle A 4: *The Board should ensure the availability of members with financial acumen*

The Board comprises members with a broad range of expertise and experience, including corporate finance, accountancy, management, international business, marketing, economics, law, regulation, human resources, corporate governance and risk management.

The Board's Directors who specialize in a multitude of disciplines, some of whom have served on the boards of large multinational organisations, possess the skills and capability necessary to enable them to provide constructive debate, scrutinize performance and help develop Board strategy with a global perspective and outlook.

The detailed Profiles of the Board of Directors are set out in pages 34 to 37.

BOARD BALANCE

Principle A 5: *The Board should have an appropriate balance of executive and non-executive directors*

The Board currently comprises eleven Directors, eight of whom, including the Chairman are Non-executive Directors. Five of the Non-executive Directors have either met the criteria for independence or have been deemed independent by the Board. Each of these Directors has made a declaration to this effect.

CORPORATE GOVERNANCE

Both the size and the balance of the Membership supports the Board in brining a substantial focus on strategic and longer term issues. We do not anticipate further substantial changes in the size in the foreseeable future although the exact number of Directors may rise or fall slightly in line with the normal process of board development and succession planning.

INFORMATION TO THE BOARD

Principle A 6: *The Board should be provided with timely and appropriate information*

There is considerable importance placed on keeping the Board's knowledge of the business substantive and current. Of parallel importance, is the need for directors to keep up to date with relevant regulatory developments, corporate governance trends and changes in investor expectations, some of which impact in particular on the non-executive role.

The Directors seek clarification or interpretation or additional information where they consider such information necessary to make informed decisions. In addition, all directors are aware that they may, if they consider it necessary, seek independent professional advice in relation to the discharge of their role.

The Company convenes at least five Board meetings a year for which detailed Agendas are prepared by the Company Secretary in consultation with the Chairman. Comprehensive discussion papers on each of the topics for discussion are circulated to the members at least seven working days prior to a meeting to enable the directors to facilitate its effective conduct.

All Directors receive a detailed hands-on induction on appointment and the Company continuously provides necessary resources for developing and updating the Board's knowledge and capabilities.

APPOINTMENTS TO THE BOARD

Principle A 7: *There should be a formal and transparent procedure for the appointment of new directors to the Board*

A formal and transparent procedure exists for all appointments to the Board. A Nominations Committee comprising three Non-Executive Directors, of which two are independent, attended by the Chairman, meet as required to review and make recommendations to the Board on the suitability of the appointment and re-appointment of Directors to the Company and its subsidiaries and to regularly review the structure, size, composition and competencies of the Boards .

Steps are taken to ensure that Non-Executive Directors maintain line of sight into business operations; share thinking and views on business issues among each other and with the Management; and have the opportunity to form first-hand relationships with senior management, especially the Board of Management.

RETIREMENT AND RE-ELECTION

Principle A 8: *All directors should be required to submit themselves for re-election at regular intervals*

The Non-Executive Directors are generally appointed for an initial period of three years, subject to (a) remaining independent; and (b) provision A.8 of the Code, which requires all Directors to be re-elected by shareholders at regular intervals at the Company's Annual General Meeting; and may be re-appointed for further periods of three years. The Board makes a careful assessment of the time commitment required from the Chairman and Non-Executive Directors to discharge their roles properly. The commitment to the appropriate time requirement is discussed with potential candidates as part of the recruitment process. The independence of each Non-Executive Director is reviewed annually by the Chairman as part of the performance review process.

BOARD EVALUATION

Principle A 9: *Boards should periodically appraise their own performance*

The Board conducts an internal Board evaluation each year. The evaluation considers a range of factors relevant to the effectiveness of the Board, including the balance of skills, experience, independence and knowledge of the Board, its diversity and how the Board works together as a unit. The review is led by the Chairman and supported by the Company Secretary. A questionnaire is completed by Members of the Board and the results of the review are thereafter considered in detail by the Board.

A performance evaluation of the Board was carried out last year, at which an assessment of the Board's performance was made against key drivers of effectiveness including strategy development, the decision making process, Board and Management relationships, Board processes and meetings and succession planning. Feedback was also sought on the operation of the principal Board Committees and on the contributions of individual Directors. The review indicated that overall the Board and its principal Committees were operating effectively.

The relationship between the Chairman and Chief Executive Officer was considered to be sound and it was felt that major issues were fully discussed before decisions were made.

DISCLOSURE OF INFORMATION ON DIRECTORS TO SHAREHOLDERS

Principle A 10: *Shareholders should be kept advised of relevant details in respect of Directors*

Brief profiles of the Board of Directors are disclosed on pages 34 to 37 of the Annual Report

The Directors' interest in contracts with the Company is set out on pages 71 to 75 of the Annual Report

It is expected that all Directors attend scheduled Board and relevant Committee meetings, unless they are prevented from doing so by prior commitments. Where Directors are unable to attend meetings, they receive the papers scheduled for discussion at the relevant meetings, giving them the opportunity to raise any issues and give any comments to the Chairman prior to the meeting.

Following each meeting, the Chairman briefs any Member not present, on the discussions and decisions taken at the meeting. Directors refrain from participating in matters relating to them, or matters which may constitute a conflict of interest.

The table below provides a record of Directors' individual attendance at Board and Committee Meetings, in person or by telephone;

	Board	Audit Committee	Remuneration Committee	Governance and Nomination Committee
No. of meetings held	**5**	**4**	**4**	**2**
Husein Esufally	5			2
Abbas Esufally	5			2
Imtiaz Esufally	5	4		
Murtaza Esufally	5		4	
Maithri Wickremesinghe	5	4		2
Pradipta Mohapatra	5		4	
R. Gopalakrishnan	4			2
Dinesh Weerakkody	5	3		
Dr. Anura Ekanayake	5		4	
Steven Enderby	5	4	4	
Malinga Arsakularatne	5	4		

CHIEF EXECUTIVE OFFICER'S PERFORMANCE

Principle A 11: *The Board should assess the performance of the CEO at least annually*

The performance of the Chief Executive Officer is reviewed bi-annually against the Goals which are set and sanctioned by the Board at the beginning of the financial year.

DIRECTORS' REMUNERATION

Principle B 1: *Companies should establish a transparent and formal procedure for developing policy on executive remuneration*

During the year 2014-15, the Company paid remuneration to its Executive Directors within the limits of the Compensation and Benefits Policy adopted by the Group. The remuneration paid to the Executive Directors is approved by the Board on the recommendation of the Remuneration Committee. The Remuneration Committee determines the Company's policy on specific remuneration packages for Executive Directors.

The Non-Executive Directors are paid a monthly Retainer for serving on the Board and /or Board committees.

Remuneration packages for senior management are based on a salary survey conducted by the external auditors of the Company. The Market Rates are evaluated against the existing salary scales and adjusted to be in line with the appropriate percentile recommended by the Remuneration Committee and approved by the Board.

Principle B 2: *Levels of remuneration of both Executive and Non-executive Directors should be sufficient to attract and retain directors*

The Company is primarily interested in providing a reasonable, competitive total compensation package to its Directors in a manner that will facilitate the achievement of corporate objectives. The Company strives to offer market-based compensation packages to individuals possessing the experience and the competencies needed to improve the overall performance of the Group.

Principle B 3: *The Annual report should contain a statement of Remuneration Policy and details of remuneration of the Board as a whole*

The Hemas Compensation Policy is designed to;

1) Encourage the attraction and retention of high calibre individuals.
2) Provide a competitive total compensation package including benefits.
3) Ensure that pay is perceived to be fair and equitable.
4) Balance the need to be competitive with the limits of available financial resources.
5) Ensure compensation schemes are compliant with the laws and regulations applicable in the country.

The aggregate remuneration of the Board for the year under review is disclosed in the Financial Statements.

Relations with shareholders

Principle C 1: *Boards should use the AGM to communicate with shareholders*

The Annual General Meeting and the published reports of the Company are a means of communicating and encouraging shareholder and investor participation. The Board believes that maintaining good relationships with shareholders is of prime importance. The Chairmen of Board Sub-Committees are present at the Annual General Meeting and are willing to answer questions raised by the shareholders.

The Notice and related papers are sent out to the shareholders 15 working days prior to the date of the AGM.

This year, the AGM will be held on the 03rd of July 2015 at the Auditorium of The Institute of Chartered Accountants of Sri Lanka, No. 30A, Malalasekera Mawatha, Colombo 07.

Principle C 2: *The Board should implement effective communication with shareholders*

The Company values its dialogue with both institutional and private investors. The Board's primary contact with institutional shareholders is through the Chief Executive Officer and Chief Financial Officer.

The Chief Executive Officer and Chief Financial Officer are supported by the Investor Relations and Corporate Communications Teams, who are in regular contact with institutional shareholders and investment analysts. Coverage of the Company by investment analysts is circulated to the Board.

Analyst presentations, including those following the announcement of interim results and preliminary year-end results and presentations made to institutional investors are available on the Company's website, www.hemas.com.

This Annual Report produced for the year ended 31 March 2015, is also available to all shareholders on its website or in paper form on request. The website also provides private shareholders with the facility to send any questions they may have to the Company.

Private shareholders are invited to write to the Chairman or any other Director and express their views on any issues of concern at any time and the Annual General Meeting provides an opportunity for private shareholders to raise any questions they may have to the Company.

Principle C 3: *Directors should disclose to shareholders all proposed material transactions*

There is no materially significant related-party transactions, pecuniary transactions or relationships between the Company and the Directors, the Management, subsidiary companies or related parties proposed in the near future, except for those disclosed in the financial statements for the year ended March 31, 2015.

ACCOUNTABILITY AND AUDIT

Principle D 1: *The Board should present a balanced and understandable assessment of the company's financial position, performance and prospects*

The Board, through the Management is responsible for the preparation and fair presentation of the consolidated financial statements of the Company and its subsidiaries in accordance with the Sri Lanka Accounting Standards, comprising SLFRSs and LKASs. This responsibility includes designing implementing and maintaining internal control relevant to the preparation of these financial statements whilst selecting and applying appropriate accounting policies that are both accurate and consistent, and making estimates that are reasonable.

The Financial Review from pages 13 to 18 provides a fair assessment of the Group's performance and results for the year and plans for the future.

All subsidiaries of the Group are governed by their respective Boards of Directors having the rights and obligations to manage the companies concerned in the best interest of their stakeholders. The Company monitors the performance of its subsidiary companies using, inter alia, the following means:

(a) Financial Statements, in particular the investments made by the unlisted subsidiary companies are reviewed quarterly by the Audit Committee of the Company.

(b) A statement containing all the significant transactions and arrangements entered into by the unlisted subsidiary companies is placed regularly before the Board of Directors at the Board Meetings of the Company.

Principle D 2: *The board should have a process of risk management and a sound system of internal control*

The Board is responsible for instituting an effective internal control system to safeguard the assets of the Company and ensure that accurate and complete records are maintained. The system includes all controls including financial, operational and risk management.

Strategies adopted by the Company to manage its risk are set out in its report on Risk Management on pages 54 to 57.

Apart from the strategic plans covering a three-year time horizon, a comprehensive budgetary process is in place, where annual budgets, identifying the critical success factors and functional objectives, prepared by all subsidiaries are approved by the Board at the commencement of a financial year and its achievement monitored monthly, through a comprehensive monthly management reporting system. Clear criteria and benchmarks have also been set for the evaluation of capital projects and new investments.

The Internal Audit Division reporting to the Chairman, regularly evaluates the internal control system across the organization and its findings are reviewed first by the Audit Committee and significant issues are thereafter reported to the Board. The Board has reviewed the internal control procedures in existence and is satisfied with its effectiveness.

Principle D 3: *The Board should establish formal and transparent arrangements for considering how they should select and apply accounting policies, financial reporting and internal control principles*

The Management, under the supervision of the Chief Executive Officer and Chief Financial Officer, is responsible for establishing and maintaining adequate control over the Group's financial reporting. The Company's internal control over financial reporting includes policies and procedures that pertain to the maintenance of records that in reasonable detail, accurately and fairly reflect transactions and dispositions of assets; provide reasonable assurance that transactions are recorded as necessary to permit the preparation of financial statements in accordance with Sri Lanka Financial Reporting Standards (SLFRS); provide reasonable assurance that receipts and expenditure are made only in accordance with authorisation of management and the Directors of the Company and provide reasonable assurance regarding prevention or timely detection of any unauthorized acquisition, use or disposition of assets that could have a material effect on the consolidated financial statements.

The Management has assessed the effectiveness of Hemas' internal control over financial reporting. Based on this assessment, management concluded that, as at 31 March 2015, internal control over financial reporting was effective.

Any internal control framework, no matter how well designed, has inherent limitations, including the possibility of human error and the circumvention or overriding of controls and procedures and may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or because the degree of compliance with the policies or procedures may deteriorate.

During the period covered by this report, there were no changes in internal control over financial reporting that have materially affected or are reasonably likely to materially affect the effectiveness of internal control over financial reporting.

Principle D 4: *Companies must adopt a Code of Business Conduct and Ethics for Directors and Key management personnel*

The Code of Business Conduct explains to Directors their most important individual responsibilities and obligations in discharging their duties. The Code provides guidance on key issues which may arise and the procedure to be adopted if the rules are breached.

The Group operates a Whistleblowing Policy and a confidential telephone and email service which enables employees to report, anonymously if they choose, any instances of inappropriate behaviour or malpractice within the Businesses such as bribery or corruption, fraud and any other act or conduct that may be deemed illegal or unethical. All complaints made are treated as confidential and are investigated by the relevant department and if the identity of the complainant is known, the complainant is kept updated. If the complaint is serious in nature, the same will be escalated to the Chief Executive Officer.

All members of the Board and the Senior Management of the Company have confirmed their compliance with the Code of Conduct for the year ended 31st March 2015.

CORPORATE GOVERNANCE

Principle D 5: *Directors must disclose the extent to which the Company adheres to established principles and practices of good governance*

CSE Rule No.	Applicable Rule	Requirement	Status of compliance	Reference to Annual Report
7.10.1	Non-executive Directors(NEDs)	Two or at least one third of the total number of Directors should be NEDs.	✓	Corporate Governance Report
7.10.2 (a)	Independent Directors	Two or one third of NEDs (whichever is higher) should be independent	✓	Corporate Governance Report
7.10.2 (b)	Independent Directors	Each Non-Executive Director should submit a declaration of independence / non-independence in the prescribed format	✓	Corporate Governance Report
7.10.3 (a) and (b)	Disclosure relating to Directors	Names of Independent Directors should be disclosed in the Annual Report	✓	Corporate Governance Report
	Disclosure relating to Directors	The basis for determination of independence of Non-Executive Directors, if criteria for independence is not met.	✓	Corporate Governance Report
7.10.3 (c)	Brief Resume of each Director in the Annual Report	A brief resume of each Director should be included in the Annual Report, including his area of expertise	✓	Corporate Governance Report
Rules relating to Remuneration Committees				
7.10.5 (a)	Composition of Remuneration Committee	The Committee shall Comprise of Non-Executive Directors, a majority of whom shall be independent. The Chairman of the Committee shall be a Non-Executive Director.	✓	Corporate Governance Report
7.10.5 (b)	Disclosure of the functions of the Remuneration Committee	The Committee shall recommend the remuneration payable to the Executive Directors and Chief Executive Officer or equivalent role.	✓	Corporate Governance Report
7.10.5 (c)	Disclosure in the Annual Report	The Report should include the names of the Remuneration Committee Members, a statement of Remuneration Policy and the aggregate remuneration paid to Executive and Non-Executive Directors.	✓	Corporate Governance Report, the Annual Report of the Directors and the Remuneration Committee Report
Rules relating to Audit Committees				
7.10.6 (a)	Composition of Audit Committee	The Committee comprises of Non-Executive Directors, a majority of who shall be independent. The Chairman of the Committee shall be a Non-Executive Director. The Chairman or a member should be a member of a recognized professional accounting body.	✓	Corporate Governance Report, the Annual Report of the Directors and the Audit Committee Report

CSE Rule No.	Applicable Rule	Requirement	Status of compliance	Reference to Annual Report
7.10.6 (b)	Functions of the Audit Committee	*Overseeing the preparation, presentation and adequacy of the disclosures in the financial statements in accordance with the SLFRSs and LKASs. *Overseeing compliance with financial reporting related regulations and requirements. *Overseeing the processes to ensure that internal controls and risk management are adequate. *Assessing the independence and performance of the external auditors. *Recommending to the Board the appointment, re-appointment and removal of the External Auditors and approving their remuneration and terms of engagement.	✓	Corporate Governance Report, and the Audit Committee Report
7.10.6 (c)	Disclosure in the Annual Report	The names of the Members of the Audit Committee. The basis of determination of their independence. A report of the Audit Committee as setting out the manner of compliance with their functions.	✓	Annual Report of the Directors and Audit Committee Report.

Institutional Investors

Institutional investors should be encouraged to ensure their voting intentions are translated into practice

In all communications with stakeholders, the Board aims to present relevant and timely information that provides a balanced and understandable assessment of the position of the Company and its group companies. This is done through adhering to principles of openness and substance over form and striving to address material matters of significant interest and concern to all stakeholders.

Communication with institutional share owners and investment analysts is maintained through periodic presentations of financial results and press announcements of interim and final results, as well as the proactive dissemination of any messages considered relevant to investors.

Other Investors

Individual shareholders should be encouraged to participate in General Meetings and exercise their voting rights

One of the most significant responsibilities of the Board is to have regard to the long term sustainability of returns to shareholders taking into account the interests of other stakeholders.

The Company promotes effective communication with shareholders and encourages effective participation at general meetings to ensure a high level of accountability and discussion of the Company's strategy, goals and performance.

The Company's website is regularly updated with all recent annual reports and media releases.

RISK MANAGEMENT

Risk Management

As a diversified conglomerate Hemas is committed in implementing an effective Risk Management process which comprises of identification of Risk assessing the impact and likelihood and responding with suitable strategy.

Our risk management process includes enterprise-wide risk management, monitoring compliance with laws and regulations and business continuity planning.

Our Approach to Rick Management

Our broadened definition for risk is the potential occurrence of an external or internal event that may negatively impact our ability to achieve the Groups' business objectives. Its significance is measured in terms of impact and likelihood of occurrence.

Our Enterprise Risk Management (ERM) framework is effectively and efficiently embedded in all organizational practices and processes and in particular it has been embedded into the policy development, business and strategic planning, review and change management process.

To facilitate effective risk management, we implement a structured and transparent ERM process that enables us to identify, evaluate, treat, monitor and report risks to achieve the optimum trade-off between risks and return which enhance the organizational performance to achieve objectives.

Governance of Risk Management

Hemas Holdings Board, Group Risk Management Committee (GRMC) and Group Audit Committee work closely to ensure that risk management complies with the relevant standards and that is working effectively.

As an integral part of risk management, Board Audit Committee overlooks the adequacy and the efficiency of internal controls across the Group through internal audit reports and compliance statements.

Oversight of risk management at business level takes place through audit committees and various boards of the businesses. High risks and related mitigation plans are reported within the organization in accordance to a defined reporting protocol.

Our Risk Management Process

Group's structured risk management process, which is aligned to ISO 31000 risk management – principles and guidelines, is detailed below. This process is rolled out across the Group and risk profiles are compiled accordingly.

Key Risks

	Risk		Responses
1.	Business Probity Risk	Unethical behavior, frauds and errors by one or more participants in a particular process which creates lack of trust in business dealings	• Stringent internal controls • Strong internal audit function • Establishment of independent audit committees • Circulation of ethical codes to employees
2.	Country Risk	Adverse impact arising due to the changes in environment or politics where business operates	• Analysing PEST factors and developing appropriate strategies
3.	Credit Risk	Potential losses arising due to customer bankruptcy	• Efficient follow up and collection practices • Adherence to business specific credit policies
4	Environmental Risk	Probability of business operations creating negative consequences in the environment and creating non-compliance or reputational risk	• Development of Group policies in order to facilitate adoption of best standards on sustainability • Adoption of GRI standards on sustainability reporting throughout the Group
5.	Exchange Rate Risk	Potential losses as a result of adverse movement of exchange rate	• Centralized treasury management • Managing exchange rate through appropriate financial risk management techniques such as hedging
6.	HR Risk	Risk arising as a result of failure to attract, develop and retain a skilled workforce	• Implement a well-structured talent management process to identify critical employees and retain them in the long run • Periodic employee satisfaction surveys to ensure that remuneration is in line with the market • Investments in strengthening employee brand image
7	Interest Rate Risk	Potential losses as a result of adverse movement of interest rate	• Centralized treasury management • Managing interest rate through appropriate financial risk management techniques

RISK MANAGEMENT

	Risk		Responses
8	Investment Risk	Potential losses arising due to the chance that an investment's actual return will be different than expected	• Detailed pay back analysis before investments • Diversify the investment portfolio by focusing on new markets and growth prospects
9	Liquidity Risk	Adverse impact on the liquidity position as a result of payment delays by debtors, long stock residence period and early payments for creditors	• Centralized treasury management • Continuous reviewing of business models and working capital management
10	Market Risk	Loss of market share or market leadership in relevant segment due to intense competition, new entrants, changes to customer attitudes and economic conditions position of our brands	• Continuous focus on innovation • Regular monitoring of customer/ consumer trends • Enhancing productivity/efficiency to improve price competitiveness • Monitor market data and strengthen market
11	Operational Risk	Potential losses due to inadequate internal controls, failures of internal process, people and systems, natural and man-made disasters	• Business continuity plans to ensure the smooth operation of the business even at a time of disaster • Internal audits on internal controls and compliance, whilst ensuring independence and objectivity
12	Principle Risk	Loss of principles or business partners due to global mergers and acquisitions, intense competition and service level groups	• Sound relationships with principals/ business partners • Regular assessment of service levels in order to ensure business partner expectations are met • Consciously limit dependence on a single party to limit the impact arising from the potential loss of a business partner
13	Product & Service Risk	Probability of new product failures and declining demand for existing products or services	• Focus on product/service innovation • Develop strategies to get closer to customers and be responsive to their needs
14	Project Risk	Risk arising as a result of not achieving project objectives	• Developing project plans, resource analysis and allocation before starting a project
15	Regulatory & Compliance Risk	Potential losses arising due to violations of, or non-conformance with, laws, rules, regulations, prescribed practices, internal policies and procedures or ethical standards	• The Centralized legal division assists and advises the companies across the Group on legal matters • Proactive dissemination of regulatory information with regard to changes and new regulations

	Risk		Responses
16.	Reputation Risk	Risk that the Group may incur losses due to damage to our credibility or the value of the "Hemas" brand which is likely to impair stakeholder value	• Maintenance of highest ethical standards at all times in all business activities • Continuous assessment of customer satisfaction and prompt follow up actions on complaints and suggestions • Proper adherence to the statutory and environmental regulations
17.	Social Risk	Challenge by stakeholders on business practices due to real or perceived business impact on a broad range of issues related to human welfare	• Implementation of CSR projects at Group and subsidiary level
18.	Supply Chain Risk	Risk arising due to physical disruptions, environmental and industrial accidents or bankruptcy of key suppliers	• Test product quality control of suppliers for effectiveness • Review key suppliers periodically to ensure they meet the rigorous quality standards • Expand the supplier portfolio and developing closer relationships
19.	System Risk	Potential for system failures, inaccuracy or delays in decision making due to inaccurate or non-availability of timely information from key computer systems	• Centralized IT division • A contingency plan to mitigate the risk of system failures • Comprehensive IT policy across the Group to ensure adequate system controls are in place
20.	Technological Risk	Probability of occurring technological changes	• Analyse technological trends and update business operations and systems in a feasible manner
21.	Quality Risk	Potential quality failures in products and services	• Adequate quality control divisions across the Group to assure the quality throughout our processes • Continuous quality management and assurance programs

REMUNERATION COMMITTEE REPORT

The objective of the Committee is to assist the Board of Directors in the establishment of remuneration policies and practices in relation to compensation packages of the Company's Chief Executive Officer, Non-Executive and Executive Directors and other Senior Executives.

This section explains how the Committee discharges its responsibilities, and gives details of the Committee's membership, its terms of reference and its activities during the financial year ended 31.03.2015.

The Terms of Reference of the Remuneration Committee are summarized below;-

Composition;

The Committee comprises of Members of the Board of Directors including two Independent Non-Executive Directors . The Remuneration Committee may invite such other persons to its meetings as it deems necessary including the Chairman, if not a member of the Committee, the Chief Executive Officer or external advisors.

The Present Committee:

Mr. Pradipta Mohapatra, Independent Director (Chairman)

Dr. Anura Ekanayake, Independent Director

Mr. Murtaza Esufally, Executive Director

Invitees

Mr. Steven Enderby (Chief Executive Officer)

Mr. Dimuth De Alwis (Director Group HR)

Secretary

- The Company Secretary shall act as the Secretary to the Committee.

Accountability

- The Committee, being a sub-committee of the Main Board is accountable to the Board.

Functions

- Review and approve overall remuneration philosophy, strategy, policies and practices

- Set and review all components of the remuneration of the Chief Executive Officer, Executive Directors and such other Senior Executives as the Board may determine.

- Review and approve the performance evaluation/ appraisal system for the Chief Executive Officer, Executive Directors and Senior Executives.

- Review and approve as appropriate the terms of employment contracts of the Chief Executive Officer, Executive Directors and Senior Executives.

- Review and approve the terms of the Company's short-term/long term incentive schemes including any share option schemes for employees and/or Directors.

- Review and approve the terms of the Company's superannuation and/or pension schemes.

- Review and approve all components of the remuneration of the non-membership and all other benefits arising from their directorships

- Consider such other matters relating to remuneration as may be referred to it by the Board.

Operating Practices

- Any two Committee Members shall constitute a quorum.

- The Committee shall meet on 'as required' basis, but at least twice yearly.

- The Committee shall keep Minutes of its proceedings and those minutes will be tabled at the next meeting of the Board following a meeting of the Committee.

- The Committee may adopt such rules and regulations as it deems appropriate for the conduct of its affairs.

Review of the Committee

- The Committee will undertake an annual self-review of its objectives and responsibilities. Such objectives and responsibilities will also be reviewed by the Board of Directors and the Chief Executive Officer and any other person the Board considers appropriate.

The following provides a summary of the Committee's activities during the financial year 2014/15:-

May 2014

- Recommendation that of a long-term incentive scheme be developed with a view to retain and incentivise the top leadership team.

- Recommended the aggregate remuneration paid to the Executive Directors for the year 2013/2014.

August 2014

- Recommendation of the extension of the existing performance bonus concept to junior grades.

- Ratification of the bonuses paid to the top leadership team and the three Executive Directors.

- Recommendation of sharing the important elements of the Engagement Survey with the top hundred officers along with an action plan.

November 2014

- Recommendation of the key aspects of the Employee Share option Scheme as the proposed long-term incentive scheme.

- Approval of the revised scheme for the extension of the performance bonus scheme to junior grades.

February 2015

- Proposal to disburse a percentage of the total bonus pool derived from Group profits for specific projects.

- Proposal to discuss the talent pipeline as an annual exercise.

Pradipta Mohapatra

Chairman

29 May 2015

AUDIT COMMITTEE REPORT

The Members of the Audit Committee of the Company are appointed by the Board. The Audit Committee comprises Mr. Maithri Wickremesinghe and Mr. Dinesh Weerakkody, two directors who qualify as Independent Non-Executive Directors under the standards prescribed by the Colombo Stock Exchange; and Mr. Imtiaz Esufally, a Non-Executive Director.

The main role and responsibilities of the Audit Committee include,

(a) exercising oversight responsibilities relating to the quality and integrity of the Company's financial statements and financial reporting process including the preparation, presentation and adequacy of disclosures in the financial statements of the Company in accordance with the Sri Lanka Accounting Standards;

(b) exercising oversight responsibilities relating to the Company's compliance with financial reporting and information requirements of the Companies Act, No. 07 of 2007 and other relevant financial reporting-related regulations;

(c) exercising responsibilities over processes to ensure that the Company's internal controls and risk management are adequate to meet the requirements of the Sri Lanka Auditing Standards; and compliance by the Company with legal and statutory requirements;

(d) assessing the independence and performance of the Company's External Auditors;

(e) making recommendations to the Board pertaining to appointment, re-appointment and, in appropriate circumstances, removal of the External Auditors;

(f) considering (if appropriate) the degree of any work undertaken by the External Auditor for the Group other than the statutory audit; and

(g) approving the remuneration and terms of engagement of the External Auditors.

The internal auditors report to the Audit Committee.

The Audit Committee met four times during the financial year ended 31st March 2015. The Audit Committee invited Mr. Steven Enderby, Chief Executive Officer, Mr. Malinga Arasakularatne, Chief Financial Officer, and Mr. Prasenna Balachandran, Head of Risk & Control, to attend its meetings. The Audit Committee inter alia engaged in the following activities during the financial year under review.

- Review of the un-audited quarterly financial statements and discussion of these financial statements with management prior to recommendation of their adoption to the Board.
- Review of the audited financial statements for the year and discussion of those financial statements with the management and external auditors prior to recommendation of their adoption to the Board.
- Discussion with the Company's External Auditors the results of the External Auditors examinations and the judgment of the External Auditors concerning the quality as well as the acceptability of the Company's accounting principles.
- Discussion of the management letter issued by the External Auditors and monitoring follow up action by the management.
- Discussion with the External Auditors of their independence from the Company and the Company's management including a consideration of the compatibility of non-audit services provided by the External Auditors with their independence.
- Review of the Risk Report of the Group, monitoring of the risks and action taken for the mitigation of risks.
- Review of the Internal Audit Plan for the Company and of the unlisted subsidiaries which do not have their own dedicated audit committees and monitoring the performance of the internal auditors and their adherence to the Internal Audit Plan.
- Review of the internal audit reports and monitoring follow up action by the Management of the Company and its unlisted subsidiaries which do not have their own dedicated audit committees.

- Commissioning follow up reviews and reviewing the reports.
- Review of the minutes of the reports of the Audit Committees of the subsidiaries of the Company which have their own dedicated audit committees.
- Review of the Compliance Report.
- Discussing the distribution of dividend and the quantum of proposed dividend prior to recommending to the Board the payment of the dividend to shareholders.

The Committee reviewed the effectiveness of the external audit and recommended to the Board the re-appointment of Messrs Ernst & Young Chartered Accountants as the external auditors of the Company for the ensuing financial year, subject to the approval of the shareholders at the Annual General Meeting.

Maithri Wickremesinghe
Chairman - Independent director

Imtiaz Esufally
Member - Non-Executive director

Dinesh Weerakkody
Member - Independent director

29 May 2015

REPORT OF THE NOMINATIONS AND GOVERNANCE COMMITTEE (NAGC)

Composition of the Committee

The Committee consists of a majority of Independent Non-Executive Directors and is also chaired by an Independent Non-Executive Director who possesses a wide range of knowledge and experience in all matters relating to business.

The Members

Mr. Ramabadran Gopalakrishnan - *Chairman and Independent Director*

Mr. Maithri Wickremesinghe - *Independent Director*

Mr. Abbas Esufally - *Non-Executive Director*

The Chairman of the Main Board attends meetings as a standing invitee. The expertise and proficiency of the Membership can be found elaborated in the Directors profiles set out in page 34 and 37 of the Annual Report.

Number of Committee Meetings

The Committee formally met twice during the year under review where all Members were present.

Terms of Reference of the Committee

- Establish and review the process for creating of succession of the Chief Executive Officer and Chief Finance Officer.
- Establish the process for conducting the review of the CEO's performance annually.
- Ratification of Subsidiary Board appointments carried out by the Chief Executive Officer, in consultation with the relevant Subsidiary Board Chairman.
- Propose suitable guidelines for the appointment and re-appointment of Executive or Non-Executive Directors to the Main Board.
- Annually evaluate the performance and effectiveness of the Board and provide feedback to the Chairman on board effectiveness and the conduct of meetings, to facilitate the Directors fulfilling their responsibilities in a manner that serves the interests of stakeholders and shareholders.
- The Committee shall monitor compliance with the Corporate Governance Guidelines.
- The Committee shall carry out an annual evaluation of the effectiveness of the Committee's performance and make applicable recommendations

R. Gopalakrishnan

Ramabadran Gopalakrishnan
Chairman

29 May 2015

ANNUAL REPORT OF THE DIRECTORS ON THE AFFAIRS OF THE COMPANY AND THE GROUP

General

The Directors have pleasure in presenting their report and the audited financial statements of the Company and the Group for the year ended 31 March 2015 and the auditors' report on the Consolidated Financial Statements.

Hemas Holdings PLC is a public limited liability company incorporated in Sri Lanka on 10th December 1948 under the Companies Ordinance No. 51 of 1938 and re-registered under the Companies Act No. 07 of 2007.

The ordinary shares of the Company are quoted on the Main Board of the Colombo Stock Exchange since October 2003.

The Registered Office of the Company is situated at "Hemas House", No. 75, Braybrooke Place, Colombo 2.

This Report provides the information as required by the Companies Act No. 07 of 2007, the Listing Rules of the Colombo Stock Exchange and recommended best practices on Corporate Governance.

This Report was approved by the Board of Directors on 29th May 2015.

1. Principal Activities and Business Review

Hemas Holdings PLC is the holding company that owns, directly and indirectly, investments in a number of companies constituting the Hemas Group.

The Chairman and Chief Executive Officer's Review, Financial Review and Sector Reviews sections are incorporated into this Directors' Report by reference. They contain details of the development and performance of the Group's businesses during the year, an indication of the key performance indicators and information regarding principal risks and uncertainties, together with information equivalent to that required for a business review.

The measures taken by the Company to manage its risks are detailed in the report titled Risk Management on pages 54 to 57 of this Report

2. Future Developments

The Group intends to continue to pursue a strategy of focusing on enhancing the performance of its core businesses of Wellness, Leisure and Mobility.

Further information on future developments is provided in the Chief Executive Officer's Review and Sector Reviews of this Report.

3. Financial Statements of the Company and the Group

The Financial Statements of both the Company and the Group, duly certified by the Chief Financial Officer and approved by two Directors in compliance with sections 152, 153 and 168 of the Companies' Act are given from pages 77 to 163 of the Annual Report.

4. Auditors' Report

The Group's external auditors, Messrs. Ernst & Young, performed the audit on the Financial Statements for the year ended 31st March 2015. The Auditors' Report on the Financial Statements is included on page 79 of the Annual Report as required by Section 168 (1) (c) of the Companies Act.

5. Accounting Policies

A summary of the significant accounting policies adopted in the preparation of the Financial Statements is given from pages 86 to 103 of the Annual Report.

The policies adopted are consistent with those adopted in the previous financial year other than the effects of the new Accounting Standards that became effective from the current financial year which is described in Note 2.4 from pages 101 to 102 of the Financial Statements.

6. Results and Dividends

6.1 Gross Revenue

The total revenue of the Group for the year ended 31 March 2015 was Rs. 32.5Bn (31 March 2014 - Rs. 27.3Bn). An analysis of the income is given in Note 3 to the Financial Statements on page 104 of the Annual Report.

6.2 Profit and Appropriations

The profit before income tax of the Group for the year ended 31 March 2015 was Rs. 3.1Bn (2014 Rs. 3.2Bn) and the profit after tax was Rs. 2.4Bn (2014 Rs. 2.7Bn) from continuing operations. The profit for the period after discontinued operations for the year ended 31 March 2015 was Rs. 2.1Bn (2014 Rs. 2.6Bn).

The details of profit relating to the Group are given on pages 104 and 105 of the Annual Report.

6.3 Dividend on Ordinary Shares

6.3.1 Interim dividends

An interim dividend of Rs 0.40 per Ordinary share was declared and paid on 02 December 2014 for the financial year ended 31 March 2015 (Rs. 0.30 per share in 2013/2014)

6.3.2 Final Dividend

The Directors recommended a final dividend for the year, of Rs 0.70 per ordinary share to be payable on 14th July 2015 to shareholders registered as at 6 July 2015. The total dividend for the year under review will then amount to Rs 1.10 per ordinary share (2013/14: Rs.1.00).

Prior to recommending the final dividend and in accordance with Section 56 (2) and (3) of the Companies Act, the Board of Directors signed a Certificate stating that, in their opinion, based on available information, the Company will satisfy the solvency test immediately after the distribution is made, and have obtained a certificate from the Auditors in terms of Section 57 of the Companies Act. Shareholder approval will be sought on the day of the Annual General Meeting, to declare and pay the final dividend.

7. Provision for Taxation

Income tax on taxable income arising from the operations of the Group has been calculated in accordance with the provisions of the Inland Revenue Act, No. 10 of 2006 and deferred tax on all known temporary differences using the liability method have been calculated and disclosed in accordance with the Sri Lanka Accounting Standard LKAS 12-Income Taxes.

Disclosures on Income Tax Expenses and Deferred Taxes are given in Note 7 to the Financial Statements on pages106 and 107, of the Annual Report.

8. Reserves

The Group's total reserves as at 31 March 2015 amounted to Rs. 14.1Bn (2014 - Rs.12.7Bn). The movement of the reserves are given on page 83 under "Statement of Changes in Equity" and in the Notes to the Financial Statements of the Annual Report.

9. Property, Plant & Equipment, Investment Properties, Leasehold Properties and Intangible Assets

Expenditure on capital nature assets for the year is as follows:

	2015 Rs. 000	2014 Rs. 000
Property, Plant and Equipment	1,187,533	2,648,407
Investment Property	-	5,563
Intangible Assets	53,521	811,195
Leasehold Rights	-	62,602

Details are given in Notes to the Financial Statements from pages 110 to 119.

10. Market Value of the Properties

Land and Buildings of the Group are revalued by professionally qualified independent valuers and carried at revalued amounts as at 31 March 2015. The Directors are of the opinion that the revalued amounts are not in excess of the current market values of such properties. Details of freehold properties owned by the Group are given in Notes 11 and 12 in Notes to the Financial Statements from pages 111 to 117.

11. Investments and Acquisitions

During the Financial year ended 31 March 2015, the Group made the below investments and acquisitions which are detailed in Notes 29 and 38 on pages 138 and 160.

- Invested Rs. 11.5 Mn in Hemas Logistics (Private) Limited on 2 April 2014 thereby increasing Hemas' stake to 58%.
- Invested Rs. 3Mn in Far Shipping Agency Lanka (Private) Limited on 27 May 2014 thereby obtaining a 60% stake in the joint-venture investment.
- Invested Rs. 165Mn in Serendib Hotels PLC on 6 June 2014 thereby increasing Hemas' stake to 55%.
- The Group acquired full voting rights of Padiyapalalla (Private) Limited, a sub subsidiary of Hemas Power PLC for a consideration of Rs. 537 Mn on 28 August 2014.

12. Divestments and Disposals

The Group divested its stake in Heladhanavi Limited on 24 October 2014 and Hemas Power PLC (Presently known as Resus Energy PLC) on 05 December 2014 for a consideration of Rs. 532Mn and Rs. 1.7Bn respectively.

13. Creditor Payment

For all trade creditors/suppliers it is the Group policy to:

- Agree and confirm the terms of payment at the commencement of business with such supplier;
- Pay in accordance with any contract agreed with the supplier or as required by law; and
- Continually review payment procedures and liaise with the suppliers as a means of eliminating difficulties and maintaining good working relationships.

14. Directors

14. 1 List of Directors

The Board of the Company as at the date of this Report comprises eleven Directors with extensive financial and commercial knowledge and experience. The profiles of the Directors are set out in the 'Board of Directors' section from pages 34 to 37 of the Annual Report.

Names of the persons who held office as Directors of the Company as at 31st March 2015, as required by Section 168 (1) (h) of the Companies Act are given below:

Mr. Husein Esufally	Chairman
Mr. Steven Enderby	Chief Executive Officer
Mr. Abbas Esufally	Non-Executive Director
Mr. Imtiaz Esufally	Non-Executive Director
Mr. Maithri Wickremesinghe	Independent Director
Mr. Pradipta Mohapatra	Independent Director
Mr. Ramabadran Gopalakrishnan	Independent Director
Mr. Dinesh Weerakkody	Independent Director
Dr. Anura Ekanayake	Independent Director
Mr. Murtaza Esufally	Executive Director
Mr. Malinga Arsakularatne	Chief Financial Officer

14.2 Independence of the Directors

The Board has made a determination as to the independence of each Non-Executive Director and confirms that four of the Non-Executive Directors meet the criteria for independence in terms of Rule 7.0.4 of Listing Rules.

The Board, taking account of all the circumstances, is of the opinion that Mr. Maithri Wickremesinghe be deemed independent, notwithstanding the fact that he has served on the Board since 2003.

Each of the independent directors has submitted a signed and dated declaration of his independence against the specified criteria.

14.3 Re-election of Directors

In accordance with the Articles of Association of the Company and the Corporate Governance Code, one third of the Directors will retire at the Annual General Meeting on 03rd July 2015 and being eligible, will offer themselves for re-election.

14.3.1 Recommendation for re-election / re- appointment

In terms of Article 84 of the Articles of Association, Messrs. Husein Esufally, Imtiaz Esufally and Ramabadran Gopalakrishnan retire by rotation and being eligible, offer themselves for re-election, with the unanimous consent of the Directors.

14.3.2 Board Subcommittees and Management Committees

Information on Board Subcommittees is given under "Corporate Governance" on pages 46 to 53 of this Report.

In addition to the mandatory Board Subcommittees in operation, the Board of Management has been devolved with the responsibility of reviewing group performance and providing oversight of group affairs.

The profiles of the members of the Board of Management are set out on pages 38 and 39 of the Annual Report.

14.3.4 Disclosures of Directors Dealing in Shares

Directors' Interest in Ordinary Shares of the Company - Direct

ANNUAL REPORT OF THE DIRECTORS

	31.03.15	31.03.14
Mr. A.N. Esufally	2,283 585	2,283 585
Mr. H.N. Esufally	5,836,705	5,836,705
Mr. I.A.H. Esufally	4,424,000	4,424,000
Mr. M.A.H. Esufally	5,946,500	5,946,500
Mr. M.E. Wickremesinghe	11,250	11,250
Mr P.K. Mohapatra	-	-
Mr. R. Gopalakrishnan	-	-
Mr. D.S. Weerakkody	-	-
Dr. S.A.B. Ekanayake	-	-
Mr. S.M. Enderby	-	-
Mr. W. M. De F. Arsakularatne	-	-

Directors' Interest in Ordinary Shares of the Company - Indirect

	31.03.2015	%	31.03.2014
A Z Holdings (Pvt) Ltd	90,762,875	17.61	90,762,875
Saraz Investment (Pvt) Ltd	86,396,035	16.77	86,396,035
Blueberry Investment (Pvt) Ltd	85,781,250	16.65	85,781,250
Amagroup (Pvt) Ltd	85,780,665	16.65	85,780,665
Ms. Sabrina Esufally	250,000		250,000
Mr. Adam Esufally	250,000		250,000
Ms. Sakina Esufally	2,000,000		2,000,000

14.5 Directors' Remuneration and Other Benefits

Directors' remuneration and other benefits for the financial year ended 31 March 2015 is given in Note 36 to the Financial Statements on page 157 of the Annual Report as required by Section 168 (1) (f) of the Companies Act.

14.6 Directors' Interests in Contracts or Proposed Contracts

Directors have no direct or indirect interest in any contract or proposed contracts with the Company for the year ended 31 March 2015, other than those disclosed on pages 71 to 75 of the Annual Report.

The Directors have declared all material interests in contracts involving the Company and refrained from voting on matters in which they were materially interested. They have also disclosed their interest in other companies so as to ensure that they refrain from voting on a matter in which they have an interest.

14.7 Interests Register

The Interests Register is maintained by the Company, as per the Companies Act. All Directors have made declarations as provided for in Section 192 (1) & (2) of the Companies Act. The related entries were made in the Interest Register during the year under review. The share ownership of Directors is indicated on page 167 of the Annual Report. Entries were made in the Interests Register on share transactions, Directors' Interests in Contracts, and remuneration paid to the Directors etc. The Interest Register is available for inspection as required by the Section 119 (1) (d) of the Companies Act.

15. Related Party Transactions

In terms of the Code of Best Practice on Related Party Disclosures, there were no non-recurrent related party transactions entered into during the course of the financial year which exceeded the lower of the aggregate value 10% of the Equity or 5% of the Assets.

No recurrent related party transactions, the aggregate value of which exceeds 10% of the Consolidated Revenue/Income, have been carried out during the financial year ended 31 March 2015.

Details of all related party transactions carried out during the year are disclosed below on page 156 of the Annual Report.

The Directors declare that they have complied with the provisions of the Code relating to full disclosure of related party transactions entered into during the financial year ended 31 March 2015.

16. Registrars

SSP Corporate Services (Pvt) Ltd of No. 101, Inner Flower Road, Colombo 3 functioned as the Registrars for the Company during the financial year ended 31 March 2015.

17. Insurance and Third Party Indemnification

During the year under review and up to the date of approval of this Annual Report of the Company, the Company maintained liability insurance and third party indemnification provisions for its Directors.

18. Articles of Association

The Articles of Association of the Company may be amended by the passing of a Special Resolution.

19. Stated Capital

The Stated Capital of the Company as at 31 March 2015 was Rs. 1.6Bn comprising 515,290,620 ordinary shares. (2014 - 515,290,620 Ordinary Shares - Rs. 1.6Bn). Details of the Stated Capital are given in Note 21 to the Financial Statements on page 129 of the Annual Report.

The rights and obligations attached to the ordinary shares are set out in the Articles of Association of the Company, a copy of which can be obtained from the Secretaries upon request.

20. Share Information

Details of share-related information are given on pages 166 and 168 of the Annual Report and information relating to earnings, dividends and net assets per share is given in the Financial Highlights on page 4 of the Annual Report.

20.1 Issue of Shares

The Company did not make any share issues during the year under review.

However, the company 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 in-principal approval from the Colombo Stock Exchange and approval from its shareholders at the Extraordinary General Meeting held on 10 April 2015. The Company successfully completed the rights issue on 26 May 2015.

20.2 Issue of Listed Debentures

The Company issued Ten Million, rated ((A+lka), by Fitch Rating Lanka Limited) unsecured redeemable debentures carrying a coupon rate of 11% p.a. payable semi-annually, at the face value of Rs. 100/- each, on 29 April 2014 to raise Rupees One Billion to be matured on 29 April 2019.

21. Public Holding of Shares in the Company

The number of ordinary shares held by the public as at 31 March 2015 was 145,567,755. (2014 145,567,755) which amounted to 28.25% (2014 – 28.25%) of the Stated Capital of the Company.

22. Restrictions on transfers of shares and/or voting rights

The Company is not aware of any agreements between shareholders that may result in restrictions on the transfer of securities and/or voting rights and apart from those matters described below, there are no restrictions on the transfer of ordinary shares in the capital of the Company and/or voting rights.

- Certain restrictions on transfers of shares may from time to time be imposed by, for example, insider dealing regulations. In accordance with the Listing Rules of the Colombo Stock Exchange, Directors and officers are required to seek the advice of the Company Secretaries before dealing in the Company's shares.
- Some of Hemas' share-based employee incentive plans include restrictions on transfer of shares while the shares are subject to the plan.
- Where, under a share-based employee incentive plan operated by Hemas, participants are the beneficial owners of the shares but not the registered owner, the voting rights are normally exercised by the registered owner at the direction of the participants.
- No member shall, unless the directors otherwise determine, be entitled to vote in respect of any share held by him/her either personally or by proxy at a shareholders' meeting or exercise any other right conferred by membership in relation to shareholders' meetings, if any call or other sum presently payable by him/her to the Company in respect of that share remains unpaid.

23. Employee Share Schemes

The Company's employee share schemes contain provisions whereby, upon a change of control of the Company, outstanding options and awards would vest and become exercisable either in part or in full, at the discretion of the Grantee.

23.1 Share-based Plans

The Remuneration Committee is responsible for reviewing recommendations with respect to issues or grants under the Company's share-based plans. Directors approve issues or grants under the plans only after being satisfied that it is in accordance with the terms of shareholder approval.

23.2 Employee Share Option Plan

Details pertaining to the shares schemes established between the years 2003 to 2013, options exercised, shares cancelled and outstanding as at the date of this report are tabulated below:-

	Date of Grant	Share Options Granted	Share Price Rs.	Expiry Date	Shares Adjusted	Shares Exercised	Shares Lapsed	Shares Outstanding
Scheme 1 Share Option Scheme - 2003.								
Tranche 1	01.04.2004	1,558,850	50/00	31.03.2006	68737*	1,521,974	105,613	
Tranche 2	01.07.2004	732,500		31.03.2007	126,175	831,175	27,500	
Tranche 3	01.07.2005	781,150		31.03.2008	195,287	71,050	905,387	
		3,072,500			390,199	2,424,199	1.038,500	
Scheme 11 Share Option Scheme - 2006								
Tranche 1	01.10.2006	1,006,000	105/00	31.03.2009		86,500	919,500	
Scheme 111 Share Ownership Scheme - 2008								
Tranche 1	06.02.2009	650,000	62/00	05.08.2012	2,600,000**	3,000,000	250,000	
Tranche11	27.12.2010	2,250,000	44/09	26.12.2013		2,250,000		
Tranche 111	26.09.2011	3,250,000	40/67	25.09.2014		3,250,000		

**Increase in shares as a consequence of a Bonus issue declared*

***Increase in shares consequent to a sub division.*

The two employee share option schemes set up in the years 2003 and 2006 failed to achieve the desired results due to the depressed stock market conditions prevailing at that time.

A share ownership scheme was thereafter established in 2008, with a view to facilitating the retention of key personnel and increasing shareholder value. The scheme shares were issued in the years, 2009, 2010 and 2011 in three tranches, the first of which was completed in August 2012 and the second tranche in December 2013 and the third tranche in September 2014.

The Employee Share Purchase scheme for which Shareholder approval was obtained during the 2013/2014 financial year was not implemented and was treated as cancelled.

Subsequent to the financial year under review, approval was obtained to establish an Employee Share Option Scheme (ESOS) to offer 13,900,000 ordinary shares being 2.4% (2.7% before the Rights issue) of the total number of shares in issue to Executive Directors and Senior Executives of the Company and its subsidiaries whom the Board deems to be eligible to be awarded the shares.

24. Employment Policies

Group employment policies are based on recruiting the best people, providing them training to enhance their skills, recognition of innate skills and competencies of each individual while offering equal career opportunities regardless of gender, race or religion and retaining them with the Group as long as possible. Health and safety of the employees have always received priority in the HR agenda.

The number of persons employed by the Company and its subsidiaries at the year end was 4375.

25. Employee Involvement

Hemas is committed to employee involvement throughout the business and is intent on motivating and keeping staff informed on matters that concern them in the context of their employment and involving them through local consultative procedures.

Employees are kept well informed on matters of interest and the financial and economic factors affecting the Group's performance through management channels, meetings, publications and intranet sites. More details on employee engagement, together with information on diversity, succession planning and talent development, can be found in the Sustainability Report section of this Report.

Hemas continues to support employee share ownership through the provision of employee share plan arrangements which are intended to align the interests of employees with those of shareholders.

26. Substantial Shareholding

Substantial shareholders are required to notify their interests in accordance with Section 200 of the Companies Act which obliges shareholders to comply with the notification obligations of the Company contained in the Listing Rules of the Colombo Stock Exchange.

The Twenty Largest Shareholders of the Company as at 31 March 2015 are indicated on page 168 of the Annual Report.

27. Equitable Treatment to all Stakeholders

While valuing the patronage of all our stakeholders, the Company has made all endeavours to ensure equitable treatment to all our stakeholders.

28. Financial Risk Management, Objectives and Policies

Descriptions of the use of financial instruments and Hemas' treasury and risk management objectives and policies are set out in the financial review section and also in note 34 in Notes to the Financial Statements.

29. Corporate Donations

During the year, the Group made donations to charity amounting to Rs 5Mn (2014 - Rs. 7Mn).

The information given above on donations forms an integral part of the Report of the Board of Directors as required by the Section 168 (1) (g) of the Companies Act.

30. Statutory Payments

The Directors, to the best of their knowledge and belief, are satisfied that all statutory payments due to the Government and in relation to employees have been made up to date.

31. Environmental Protection

31.1 The Environment

The Directors, to the best of their knowledge and belief, are satisfied that the Company has not engaged in any activities which have caused adverse effects on the environment and that it has complied with the relevant environmental regulations.

31.2 Sustainability Reporting

Sustainability practices have been built into every aspect of the Company's businesses and we consider sustainability goals along with our operational and financial goals.

Detailed information on our sustainability initiatives can be found on pages 40 to 45 of the Annual Report.

32. Events after the Balance Sheet Date

There have been no material events occurring after the Balance Sheet date that would require adjustments to or disclosure in the Financial Statements other than as disclosed in Note 31 in Notes to the Financial Statements on page 145 of the Annual Report.

33. Going Concern

The Board of Directors has reviewed the Company's business plans and is satisfied that the Company has adequate resources to continue its operation in the foreseeable future. After considering the financial position, operating conditions, regulatory and other factors and such matters required to be addressed in the Corporate Governance Code, the Directors have a reasonable expectation that the Company possesses adequate resources to continue in operation for the foreseeable future. For this reason, they continue to adopt the Going Concern basis in preparing the financial statements.

Details of the adoption by the Group and the Company of the Going Concern basis in preparing the financial statements are set out in the financial review within the business review section and are incorporated into this report by reference.

34. Risk Management and System of Internal Controls

34.1 Risk Management

Specific steps that have been taken by the Company are detailed on pages 54 to 57 of this Annual Report.

34.2 System of Internal Controls

The Board of Directors has established an effective and comprehensive system of internal controls to ensure that proper controls are in place to safeguard the assets of the Company, to detect and prevent fraud and irregularities, to ensure that proper records are maintained and financial statements presented are reliable. Monthly Management

ANNUAL REPORT OF THE DIRECTORS

Accounts are prepared, giving management relevant, reliable and up-to-date Financial Statements and key performance indicators.

The Audit Committee reviews on a regular basis, the reports, policies and procedures to ensure that a comprehensive internal control framework is in place. More details in this regard can be seen on pages 60 and 61 of the Annual Report.

The Board has conducted a review of the internal controls covering financial, operational and compliance controls and risk management, and have obtained reasonable assurance of their effectiveness and successful adherence therewith for the period up to the date of signing the Financial Statements.

34.3 Audit Committee

The composition of the Audit Committee and their Report is given on pages 60 and 61 of the Annual Report.

35. Corporate Governance

The Company is committed to high standards of Corporate Governance. The main Corporate Governance practices of the Company are set out in pages 46 to 53 of the Annual Report.

The Directors acknowledge their responsibility for the Group's Corporate Governance and the system of internal control.

36. Compliance with Applicable Laws and Regulations

To the best of their knowledge, the Board believes that the Company has not engaged in any activity which contravenes laws and regulations. There have been no irregularities involving management or employees that could have material financial effect or otherwise.

37. Outstanding Litigation

In the opinion of the Directors, and as confirmed by the Company Lawyers, there is no litigation currently pending against the Company, which will have a material impact on the reported financial results or future operations of the Company.

38. Appointment of External Auditors

The Financial Statements for the year under review have been audited by Messrs. Ernst & Young, Chartered Accountants, who offer themselves for re-appointment. A resolution to re-appoint them as Auditors and authorise the Directors to fix their remuneration will be proposed at the Annual General Meeting.

39. Auditors' Remuneration and Interest in Contracts with the Company

The Company's External Auditors, Messrs. Ernst & Young were paid Rs 9.0 Mn (Rs. 9.2 Mn in 2014) as audit fees by the Company. The Company has also engaged the External Auditors to advise on taxation and accounting matters for the year under consideration. As far as the Directors are aware, the Auditors do not have any other relationship or interest in contracts with the Company.

40. Relevant Audit Information

As at 29 May 2015, so far as each Director is aware, there is no relevant audit information needed by the auditors in connection with preparing their report, which the auditors are unaware and each Director has taken all steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the auditors are aware of that information.

41. Annual General meeting

The 2015 Annual General Meeting of the Company will be held at the Auditorium of The Institute of Chartered Accountants of Sri Lanka, No. 30A, Malalasekera Mawatha, Colombo 07 on Friday the 03rd day of July 2015 at 3.30 p.m. Shareholders who are unable to attend in person may submit questions beforehand via email to info@hemas.com.

42. Notice of Meeting

Details of the Annual General Meeting are given in the Notice of Meeting on page 170 of the Annual Report.

43. Acknowledgement of the Contents of the Report

As required by Section 168 (1) (k) of the Companies Act the Board of Directors hereby acknowledge the contents of this Report.

For and behalf of the Board,

Chairman

Chief Executive Officer

Secretaries

29 May 2015

DIRECTORS' INTEREST IN CONTRACTS WITH THE COMPANY

Related Party disclosures as required by the Sri Lanka Accounting Standards LKAS 24 on Related Party Disclosures is detailed in Note 35 to the Financial Statement. In addition, the Company carried out transactions in the ordinary course of business with entities where the Directors of the Company are Directors of such entities.

Company	Directors	Nature of Transaction	Value 2015 Rs.000	Value 2014 Rs.000
Hemas Manufacturing (Pvt) Ltd.	Mr. H. Esufally	Dividend Income	645,653	218,000
	Mr. Steven Enderby	Services Rendered	107,914	105,652
	Mr. Malinga Arsakularatne	IT Charges	35,658	31,633
		Interest Expense	(2,443)	(44,942)
		Centralised Services	1,669	1,165
Hemas Pharmaceuticals (Pvt) Ltd.	Mr. M. Esufally	Services Rendered	256,486	251,861
	Mr. Steven Enderby	IT Charges	21,081	20,340
	Mr. Malinga Arsakularatne	Interest Income	19,178	1,573
		Interest Expense	-	(274)
		Dividend Income	58,050	151,401
		Centralised Services	1,904	1,775
Hemas Hospitals (Pvt) Ltd.	Mr. M. Esufally	Corporate Guarantee Charges	510	2,381
	Mr. Steven Enderby	Services Rendered	269	269
	Mr. Malinga Arsakularatne	IT Charges	8,256	7,144
		Interest Income	7,193	9,854
		Centralised Services	17	40
		Rental expenses	(540)	(540)
Hemas Southern Hospitals (Pvt) Ltd.	Mr. M. Esufally	Corporate Guarantee Charges	67	415
	Mr. Steven Enderby	IT Charges	1,854	1,679
		Interest Income	173	-
		Centralised Services	-	81
Hemas Capital Hospital (Pvt) Ltd.	Mr. M. Esufally	Services Rendered	1,914	3,189
	Mr. Steven Enderby	Corporate Guarantee Charges	62	-
		IT Charges	5,851	4,996
Hemtours (Pvt) Ltd.	Mr. A. Esufally	Interest Income	-	7,351
	Mr. Steven Enderby	Dividend Income	171,683	19,370
	Mr. Malinga Arsakularatne	Interest Expense	(3,943)	(420)
Diethem Travel Lanka (Pvt) Ltd.	Mr. A. Esufally	IT Charges	10,862	10,105
	Mr. Malinga Arsakularatne	Services Rendered	269	269
		Interest Expense	(420)	(4,918)
		Transport and Accommodation Charges	(2,246)	(2,301)
		Centralised Services	538	305

DIRECTORS' INTEREST IN CONTRACTS WITH THE COMPANY

Company	Directors	Nature of Transaction	Value 2015 Rs.000	Value 2014 Rs.000
Diethem Travel The Maldives (Pvt) Ltd.	Mr. A. Esufally	Centralised Services	77	-
Serendib Hotels PLC	Mr. A. Esufally	Interest Expense	(833)	(1,683)
	Mr. Steven Enderby	Corporate Guarantee Charges	2,262	2,137
	Mr. Malinga Arsakularatne	Centralised Services	-	18
Serendib Leisure Management Ltd	Mr. A. Esufally	IT Charges	2,882	1,676
		Interest Expense	(3,417)	(21,999)
		Centralised Services	2,001	66
Dolphin Hotels PLC	Mr. A. Esufally	Dividend Income	52	-
	Mr. Malinga Arsakularatne	Interest Expense	(9,872)	(17,792)
		IT Charges	1,569	464
Hotel Sigiriya PLC	Mr. A. Esufally	Interest Expense	(610)	(2,568)
	Mr. Malinga Arsakularatne	IT Charges	673	186
Forbes Air Services (Pvt) Ltd.	Mr. H. Esufally	Services Rendered	60,158	92,493
	Mr. A. Esufally	IT Charges	1,413	1,327
	Mr. I. Esufally	Dividend Income	8,550	7,768
	Mr. M. Esufally	Interest Expense	-	(4,856)
	Mr. Steven Enderby	Interest Income	7,845	-
		Corporate Guarantee Charges	-	383
		Centralised Services	3,482	4,657
Hemas Air Services (Pvt) Ltd.	Mr. I. Esufally	Services Rendered	35,973	44,390
	Mr. Malinga Arsakularatne	Interest Expense	(2,957)	(12,723)
	Mr. Steven Enderby	IT Charges	2,186	1,858
		Dividend Income	2,700	1,800
		Centralised Services	1,268	83
Hemas Travels (Pvt) Ltd.	Mr. I. Esufally	Air Line Ticket Sales	(28,271)	(23,542)
	Mr. Steven Enderby	Services Rendered	1,978	1,831
	Mr. Malinga Arsakularatne	Interest Expense	(2,274)	(872)
		IT Charges	6,409	4,840
		Dividend Income	90,000	37,530
		Centralised Services	97	38

Company	Directors	Nature of Transaction	Value 2015 Rs.000	Value 2014 Rs.000
Far shipping Lanka (Pvt) Ltd.	Mr. I. Esufally	IT Charges	-	1,213
		Interest Income	215	54,000
		Dividend Income	90,000	(4,846)
		Interest Expense	10	44
		Centralised Services	-	
Far Shipping Agency Lanka (Pvt) Ltd	Mr. I. Esufally	IT Charges	1,825	-
		Centralised Services	153	-
		Interest Income	369	-
Exchange & Finance Investments Ltd.	Mr. Malinga Arsakularatne	Dividend Income	7,768	-
		Interest Expense	(157)	(350)
Hemas Aviation (Pvt) Ltd.	Mr. I. Esufally	IT Charges	769	651
	Mr. Malinga Arsakularatne	Centralised Services	6.00	
Hemas Transportation (Pvt) Ltd	Mr. I. Esufally	Dividend Income	1,260	-
	Mr. Malinga Arsakularatne	Centralised Services	10	-
	Mr. Steven Enderby	Interest Expense	(143)	-
Skynet worldwide express (Pvt) Ltd	Mr. I. Esufally	IT Charges	-	471
		Centralised Services	-	5
Hemas Logistics (Pvt) Ltd	Mr. I. Esufally	Rental Income	18,937	12,049
		Centralised Services	102	-
		IT Charges	2,468	1,727
		Interest Income	1,494	(1,626)
		Interest Expense	-	
Peace Haven Resorts Ltd.	Mr. A. Esufally	Interest Income	28,636	30,905
		Centralised Services	22	135
Hemas Developments (Pvt) Ltd.	Mr. A. Esufally	Services Rendered	269	269
	Mr. Malinga Arsakularatne	Interest Expense	(7,845)	(12,524)
		IT Charges	49	62
		Dividend Income	19,464	3,653
		Centralised Services	135	288
		Rental Expense and Service Charges	(31,321)	(37,188)
		Car parking expenses	(1,667)	(1,776)

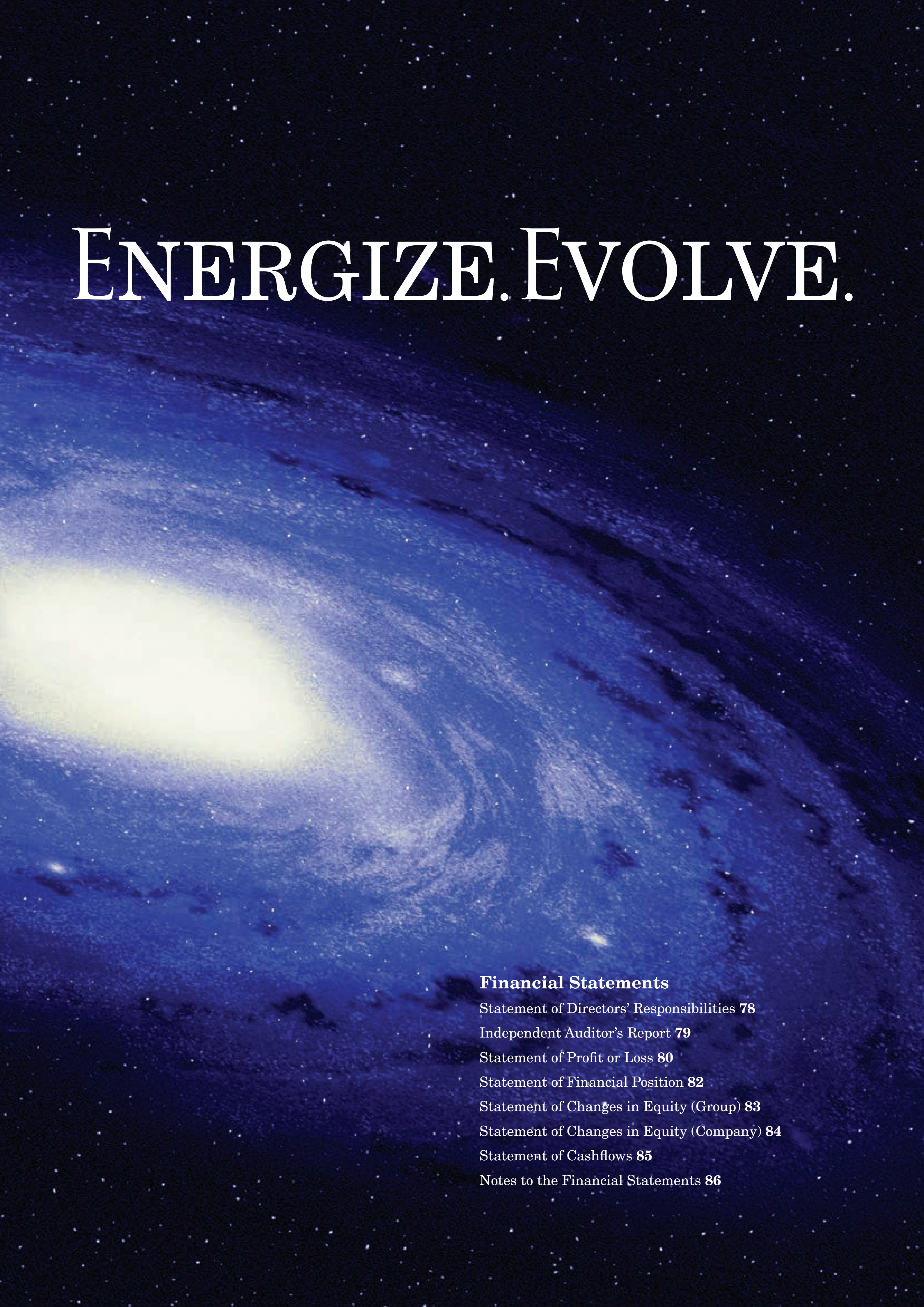
DIRECTORS' INTEREST IN CONTRACTS WITH THE COMPANY

Company	Directors	Nature of Transaction	Value 2015 Rs.000	Value 2014 Rs.000
Vishwa BPO (Pvt) Ltd.	Mr. Steven Enderby	Services Rendered	404	404
	Mr. Malinga Arsakularatne	Shared Services Expenses	(12,666)	(9,814)
		IT Charges	3,641	3,175
		Interest Expense	(945)	(4,437)
		Dividend Income	7,927	2,875
		Centralised Services	54	20
Hemas Corporate Services (Pvt) Ltd.	Mr. Steven Enderby	Centralised Corporate Services	(15,601)	(13,569)
	Mr. Malinga Arsakularatne	Interest Income	1,307	3,622
N-able (Pvt) Ltd.	Mr. Malinga Arsakularatne	Services Rendered	135	135
		IT Charges	656	631
		Interest Income	9,342	12,229
		Corporate Guarantee Charges	1,365	1,998
		Centralised Services	1,004	918
		IT equipment and services	(30,238)	(16,279)
J L Morison Son & Jones (Ceylon) PLC	Mr. H. Esufally	Corporate Guarantee Charges	339	213
	Mr. Steven Enderby	IT Charges	3456	0
		Interest Expense	(4,319)	-
		Centralised Services	54	244
Hemas Surgicals & Diagnostics (Pvt) Ltd	Mr. Malinga Arsakularatne	Services Rendered	35,281	31,756
		Dividend Income	134	3,600
Hemas Marketing (Pvt) Ltd.	Mr. Malinga Arsakularatne	Interest Expense	(1,423)	(2,575)
		Dividend Income	-	4,185
Hemas Trading (Pvt) Ltd.	Mr. Malinga Arsakularatne	Interest Expense	(1,012)	(1,837)
		Dividend Income	-	486
Mowbray Hotels (Pvt) Ltd.	Mr. A. Esufally	Interest Income	295	215
Leisure Asia Investments Ltd.	Mr. H. Esufally	Interest Income	35	19
	Mr. A. Esufally			
	Mr. I. Esufally			
P H Resorts (Pvt) Ltd.	Mr. A. Esufally	Interest Income	2,055	1,082
	Mr. Steven Enderby	Interest Expense	(10)	(4,218)
Hemas Maritime (Pvt) Ltd.	Mr. I. Esufally	IT Charges	420	323

Company	Directors	Nature of Transaction	Value 2015 Rs.000	Value 2014 Rs.000
Subsidiaries Disposed by during the Year				
Hemas Power PLC	Mr. H. Esufally	Corporate Guarantee Charges	26	51
	Mr. I. Esufally		90	337
	Mr. Malinga Arsakularatne	Services Rendered	945	1,279
		IT Charges	-	1,798
		Interest Income	(554)	(846)
		Interest Expense	-	70,425
		Dividend Income	18	-
		Centralised Services		
Heladhanavi Ltd.	Mr. H. Esufally Mr. A. Esufally	Corporate Guarantee Charges	383	638
Giddawa Hydro Power (Pvt) Ltd.	Mr. H. Esufally	IT Charges	13	19
	Mr. Malinga Arsakularatne	Dividend Income	-	4,950

We will build even stronger relationships with our clients and customers. Deep, long-term client relationships have always been the foundation of our business, but we have to get even better: more relevant, more committed and more responsive.

We will accelerate the next generation of leaders. Taking a long-term perspective means building a strong succession pipeline of diverse leaders. Finally, we will deliver superior financial performance. By focusing on the fundamentals, sticking to our strategy, focusing on quality and value and keeping a tight grip on risks and costs, we can continue to deliver a distinctive combination of growth and returns for our investors.



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Financial Statements

Statement of Directors' Responsibility

The Board of Directors (Board) of the company is responsible for the adequacy of the company's system of internal control and for reviewing its design and effectiveness regularly. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives of the Group. Accordingly, the system of internal control can only provide reasonable and not absolute assurance against material misstatements of losses or fraud.

The Board is of the view that the prevalent internal control systems instituted by them and which comprise internal checks, internal audit, risk management policies and financial and other controls are so designed that, there is reasonable assurance that all assets are safeguarded and transactions properly authorized and recorded, so that material misstatements and irregularities are either prevented or detected within a reasonable period of time.

The Board of Management (BOM) assists the Board in the implementation of the Board's policies and procedures on risk and control by identifying potential risks and its implications and in the design, operation and monitoring of the suitable internal controls to mitigate and control such risks identified.

Further, the board have established various committees such as, Audit Committee, Remuneration Committee to strengthen the process of identifying and reviewing the adequacy and integrity of the system of internal controls and risk management.

The Directors are of the view that the Company and its Group have adequate resources to continue operations in the foreseeable future and have continued to use the going concern basis in the preparation of these financial statements.

The Directors have provided the Auditors M/s. Ernst & Young Chartered Accountants with every opportunity to carry out reviews and tests that they consider appropriate and necessary for the performance of their responsibilities. The Auditors have examined the financial statements together with all financial records and related data and expressed their opinion, which appears as reported by them on page 79 of this report.

The directors are responsible for:

- preparing the annual report and the Group and parent company financial statements in accordance with applicable laws and regulations;
- preparing financial statements which give a true and fair view of the state of affairs as at the balance sheet date and the profit or loss for the period then ended of the Company and the Group in accordance with SLFRSs and LKASs;
- keeping proper accounting records which disclose with reasonable accuracy, at any time the financial position of the Group and the Company and enable them to ensure that the Group financial statements comply with applicable laws and regulations;
- establishing an ongoing process for identifying, evaluating and managing the significant risks faced by the Group, and to regularly review the effectiveness of such process;
- taking such steps as are reasonably open to them to safeguard the assets of the Company and the Group, and to prevent and detect fraud and other irregularities; and
- the maintenance and integrity of the statutory and audited information on the Company's website.

In addition, the directors consider that, in preparing the financial statements:

- suitable accounting policies have been selected and applied consistently;
- judgments and estimates made have been reasonable and prudent;
- the financial statements comply with IFRS as adopted for use in Sri Lanka (SLFRSs/LKASs);
- all Accounting Standards which they consider applicable have been followed in preparing the parent company financial statements; and
- it is appropriate that the Group and parent company financial statements have been prepared on a "Going Concern" basis.

The Directors also confirm that to the best of their knowledge, the financial statements are prepared in accordance with the applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the Company and the Group taken as a whole; and this Directors' Report contains a fair review of the development and performance of the business and the position of the Company and the Group taken as a whole, together with a description of the principal risks and uncertainties that they face.

Chief Financial Officer

Chief Executive Officer

Chairman

Independent Auditor's Report

Ernst & Young
Chartered Accountants
201 De Saram Place
P.O. Box 101
Colombo 10
Sri Lanka

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Fax Gen : +94 11 2697369
Tax : +94 11 5578180
eysl@lk.ey.com
ey.com

TO THE SHAREHOLDERS OF HEMAS HOLDINGS PLC

Report on the Financial Statements

We have audited the accompanying financial statements of Hemas Holdings PLC, ("the Company"), and the consolidated financial statements of the Company and its subsidiaries ("Group"), which comprise the statement of financial position as at 31 March 2015, and the statement of profit or loss, statement of comprehensive income, statement of changes in equity and, statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board's Responsibility for the Financial Statements

The Board of Directors ("Board") is responsible for the preparation of these financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal controls as Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 March 2015, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Report on other legal and regulatory requirements

As required by Section 163(2) of the Companies Act No. 7 of 2007, we state the following:

(a) The basis of opinion, Scope and Limitations of the audit are as stated above.

(b) In our opinion :

- we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company,

- the financial statements of the Company give a true and fair view of the financial position as at 31 March 2015, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards, and

- the financial statements of the Company and the Group comply with the requirements of Section 151 and 153 of the Companies Act No. 07 of 2007.

29 May 2015
Colombo

Statement of Profit or Loss

Year ended 31 March	Notes	Group 2015 Rs.'000	Group Restated 2014 Rs.'000	Company 2015 Rs.'000	Company 2014 Rs.'000
Continuing Operations					
Revenue	3	32,496,953	27,259,281	656,735	664,710
Cost of Sales		(21,108,953)	(17,868,049)	-	-
Gross Profit		11,388,000	9,391,232	656,735	664,710
Other Operating Income	4	546,289	1,363,742	869,916	770,834
Selling and Distribution Expenses		(3,368,704)	(2,736,037)	-	-
Administrative Expenses		(5,329,192)	(4,550,279)	(689,167)	(488,589)
Share of Results of Joint Ventures	16	128,661	3,906	-	-
Share of Results of Associates	17	6,122	11,651	-	-
Operating Profit		3,371,176	3,484,215	837,484	946,955
Finance Cost	5	(459,659)	(518,795)	(230,887)	(270,267)
Finance Income	5	183,422	226,924	142,314	97,573
Profit before Tax	6	3,094,939	3,192,344	748,911	774,261
Income Tax Expenses	7	(704,200)	(469,673)	(22,171)	2,089
Profit for the Period from Continuing Operations		2,390,739	2,722,671	726,740	776,350
Discontinued Operations					
Loss After Tax from Discontinued Operations	8	(194,823)	(161,766)	-	-
Profit for the Year		2,195,916	2,560,905	726,740	776,350

		2015	2014
Attributable to:			
Equity Holders of the Parent		1,927,051	2,409,276
Non-Controlling Interests		268,865	151,629
		2,195,916	2,560,905
		Rs.	Rs.
Earnings Per Share	9	3.74	4.68
Earnings Per Share for Continuing Operations	9	4.22	5.05
Dividend Per Share	10	1.10	0.75

The Accounting policies and Notes on pages 86 to 163 form an integral part of these financial statements.

Statement of Comprehensive Income

Year ended 31 March	Group 2015 Rs.'000	Group 2014 Rs.'000	Company 2015 Rs.'000	Company 2014 Rs.'000
Profit for the Year	2,195,916	2,560,905	726,740	776,350
Other Comprehensive Income				
Other Comprehensive Income to be reclassified to Profit or Loss in subsequent periods				
Net loss on Available-For-Sale Financial Assets	(531)	(5,877)	(605)	(11,164)
Net Movement on Cash Flow Hedges	153,964	(53,782)	-	-
Exchange Differences on Translation of Foreign Operations	1,342	(1,615)	-	-
Other Comprehensive Income not to be reclassified to Profit or Loss in subsequent periods				
Actuarial Loss on Defined Benefit Plans	(103,579)	(39,648)	(10,897)	(2,905)
Income Tax Effect	22,972	7,563	3,051	664
Revaluation of Land and Buildings	138,761	197,443	-	-
Income Tax Effect	-	1,443	-	-
Other Comprehensive Income for the Year, Net of Tax	212,929	105,527	(8,451)	(13,405)
Total Comprehensive Income for the Year, Net of Tax	2,408,845	2,666,432	718,289	762,945
Attributable to:				
Equity Holders of the Parent	2,063,130	2,531,615		
Non-Controlling Interests	345,715	134,817		
	2,408,845	2,666,432		

The Accounting policies and Notes on pages 86 to 163 form an integral part of these financial statements.

Statement of Financial Position

As at 31st March	Notes	Group 2015 Rs.'000	Group 2014 Restated Rs.'000	Group 2013 Restated Rs.'000	Company 2015 Rs.'000	Company 2014 Rs.'000
Non Current Assets						
Property, Plant and Equipment	11	11,465,089	12,563,655	10,038,723	146,940	169,472
Investment Properties	12	1,763,665	1,683,130	578,453	675,750	617,615
Leasehold Right	13	109,545	145,847	90,592	-	-
Intangible Assets	14	755,953	1,333,219	436,670	27,299	23,192
Investment in Subsidiaries	15	-	-		4,532,536	6,334,445
Investment in Joint Ventures	16	1,235,763	2,018,096	1,414,699	-	30,044
Investment in Associates	17	383,561	380,303	221,325	-	-
Other Non Current Financial Assets	18	1,060,198	456,081	397,969	423,355	425,455
Deferred Tax Asset	25	72,731	58,581	39,596	-	-
		16,846,505	18,638,912	13,218,027	5,805,880	7,600,223
Current Assets						
Inventories	19	4,135,584	3,822,874	2,369,427	-	-
Trade and Other Receivables	20	7,214,110	6,578,887	5,053,722	1,229,648	317,644
Tax Recoverable		59,229	120,436	76,455	17,054	17,940
Other Current Financial Assets	18	446,479	515,933	172,919	1,129,426	480,030
Cash and Short Term Deposits	28	5,736,413	2,449,587	2,892,401	1,992,990	364,468
		17,591,815	13,487,717	10,564,924	4,369,118	1,180,082
TOTAL ASSETS		34,438,320	32,126,629	23,782,951	10,174,998	8,780,305
Equity						
Stated Capital	21	1,600,603	1,600,603	1,600,603	1,600,603	1,600,603
Other Capital and Revenue Reserves	22	35,681	400,289	409,751	257,032	257,032
Other Components of Equity		1,292,039	1,092,206	1,314,477	6,020	6,625
Retained Earnings		12,730,653	11,207,426	8,828,511	5,130,187	4,978,113
Equity Attributable to Equity Holders of the Parent		15,658,976	14,300,524	12,153,342	6,993,842	6,842,373
Non-Controlling Interests		2,263,623	3,329,111	2,259,037	-	-
Total Equity		17,922,599	17,629,635	14,412,379	6,993,842	6,842,373
Non Current Liabilities						
Interest Bearing Loans and Borrowings	23	3,420,154	3,464,922	1,995,886	1,680,698	890,161
Other Non Current Financial Liabilities	24	29,883	158,010	140,343	9,434	8,840
Deferred Tax Liability	25	260,979	273,055	192,943	53,002	53,917
Employee Benefit Liability	26	533,599	426,640	284,012	27,686	33,809
		4,244,615	4,322,627	2,613,184	1,770,820	986,727
Current Liabilities						
Trade & Other Payables	27	8,964,237	7,376,684	5,300,758	387,445	133,451
Income Tax Payable		146,207	109,202	137,904	-	-
Interest Bearing Loans and Borrowings	23	1,649,242	1,767,786	362,351	290,201	719,580
Bank Overdraft	28	1,511,420	920,695	956,375	732,690	98,174
		12,271,106	10,174,367	6,757,388	1,410,336	951,205
TOTAL EQUITY & LIABILITIES		34,438,320	32,126,629	23,782,951	10,174,998	8,780,305

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

Malinga Arsakularatne
Chief Financial Officer

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

Husein Esufally
Chairman

Steven Enderby
Chief Executive Officer

The Accounting policies and Notes on pages 86 to 163 form an integral part of these financial statements.

29 May 2015
Colombo

Statement of Changes in Equity (Group)

	Attributable to Equity Holders of the Parent									
	Stated Capital	Other Capital and Revenue Reserves	Other Components of Equity: Revaluation Reserve Restated	Other Components of Equity: Exchange Reserve	Other Components of Equity: Available For Sale Reserve	Other Components of Equity: Cash Flow Hedge Reserve	Retained Earnings	Total	Non Controlling Interests	Total Equity
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
As at 1 April 2013	1,600,603	409,751	1,302,730	(1,730)	29,042	(15,565)	8,828,511	12,153,342	2,259,037	14,412,379
Profit for the Year	-	-	-	-	-	-	2,409,276	2,409,276	151,629	2,560,905
Other Comprehensive Income	-	-	178,167	(1,785)	(7,109)	(16,886)	(30,048)	122,339	(16,812)	105,527
Total Comprehensive Income	-	-	178,167	(1,785)	(7,109)	(16,886)	2,379,228	2,531,615	134,817	2,666,432
Dividends Paid - Ordinary Shares	-	-	-	-	-	-	(386,468)	(386,468)	-	(386,468)
Transfer to/from During the Year										
- Overhaul Reserve	-	(9,462)	-	-	-	-	7,096	(2,366)	2,366	-
- Revaluation Reserve	-	-	(361,136)	-	-	-	361,136	-	-	-
- Available for Sale Reserve	-	-	-	-	(14,563)	-	-	(14,563)	(4,854)	(19,417)
Transaction Cost on Issue of Shares	-	-	-	-	-	-	(16,195)	(16,195)	(727)	(16,922)
Dividends to Non Controlling Interests	-	-	-	-	-	-	-	-	(71,189)	(71,189)
Adjustment in Respect of Changes in Group Holding	-	-	1,041	-	-	-	34,118	35,159	1,009,661	1,044,820
As at 31 March 2014	1,600,603	400,289	1,120,802	(3,515)	7,370	(32,451)	11,207,426	14,300,524	3,329,111	17,629,635
Profit for the Year	-	-	-	-	-	-	1,927,051	1,927,051	268,865	2,195,916
Other Comprehensive Income	-	-	138,761	1,227	(539)	69,985	(73,355)	136,079	76,850	212,929
Total Comprehensive Income	-	-	138,761	1,227	(539)	69,985	1,853,696	2,063,130	345,715	2,408,845
Dividends Paid - Ordinary Shares	-	-	-	-	-	-	(566,820)	(566,820)		(566,820)
Transfer to/from During the Year										
- Overhaul Reserve	-	(291,924)	-	-	-	-	218,943	(72,981)	72,981	-
- Revaluation Reserve	-	-	(515)	-	-	-	515	-	-	-
- Deferred Tax Attributable to Revaluation Reserve	-	-	106	-	-	-	-	106	80	186
Transaction Cost on Issue of Shares	-	-	-	-	-	-	(6,188)	(6,188)	(1,281)	(7,469)
Dividends to Non Controlling Interests	-	-	-	-	-	-	-	-	(30,388)	(30,388)
Adjustment in Respect of Changes in Group Holding	-	(72,684)	(9,192)	-	-	-	23,081	(58,795)	(1,452,595)	(1,511,390)
As at 31 March 2015	1,600,603	35,681	1,249,962	(2,288)	6,831	37,534	12,730,653	15,658,976	2,263,623	17,922,599

The Accounting policies and Notes on pages 86 to 163 form an integral part of these financial statements.

Statement of Changes in Equity (Company)

	Stated Capital	Other Capital Reserves	Other Components of Equity	Retained Earnings	Total
			Available For Sale Reserve		
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
As at 1 April 2013	1,600,603	257,032	17,789	4,590,472	6,465,896
Profit for the Year	-	-	-	776,350	776,350
Other Comprehensive Income	-	-	(11,164)	(2,241)	(13,405)
Total Comprehensive Income	-	-	(11,164)	774,109	762,945
Final Dividend Paid	-	-	-	(231,881)	(231,881)
Interim Dividend Paid	-	-	-	(154,587)	(154,587)
As at 31 March 2014	1,600,603	257,032	6,625	4,978,113	6,842,373
Profit for the Year	-	-	-	726,740	726,740
Other Comprehensive Income	-	-	(605)	(7,846)	(8,451)
Total Comprehensive Income	-	-	(605)	718,894	718,289
Final Dividend Paid	-	-	-	(360,704)	(360,704)
Interim Dividend Paid	-	-	-	(206,116)	(206,116)
As at 31 March 2015	1,600,603	257,032	6,020	5,130,187	6,993,842

The Accounting policies and Notes on the pages 86 to 163 form an integral part of these financial statements.

Statement of Cash Flows

Year ended 31 March	Notes	Group 2015 Rs.'000	Group 2014 Rs.'000	Company 2015 Rs.'000	Company 2014 Rs.'000
Profit Before Taxation from Continuing Operations		3,094,939	3,192,344	748,911	774,261
Loss Before Taxation from Discontinued Operations	8	(177,007)	(145,105)	-	-
Adjustments for					
Depreciation	11	828,003	709,804	45,285	39,322
(Profit)/Loss on Disposal of Property, Plant and Equipment/ Intangible Assets/Leasehold Properties	4	(101,395)	(386,505)	(424)	454
Gain on Fair Value Adjustment of Investment Properties	12	(281,624)	(729,269)	(58,135)	(40,386)
Amortisation/Impairment of Intangible Assets	14	28,120	47,388	10,637	3,151
Fair Value Adjustment of Prepaid Leasehold Rental/Deposit	12	-	(24,316)	-	-
Amortisation of Leasehold Right	13	22,683	31,663	-	-
Impairment of Investment in Subsidiaries/Joint Ventures/ Other Financial Assets		-	-	39,456	
(Gain)/Loss on Sale of Non Current Investments	8	300,077	(41,071)	299,154	(148,503)
Exchange Gain or Loss on Foreign Currency Borrowings	22	5,331	48,151	-	-
Finance Cost	5	459,659	518,795	230,887	270,267
Finance Income	5	(183,422)	(226,924)	(142,314)	(97,573)
Investment Income		-	-	(1,103,251)	(575,098)
Share of Results of Associates	17	(6,122)	(11,651)	-	-
Share of Results of Joint Ventures	16	3,287	474,664	-	-
Movement in Employee Benefit Liability	26	99,709	74,927	6,731	4,419
Working Capital Adjustments					
(Increase)/Decrease in Inventories		(319,107)	(868,494)	-	-
(Increase)/Decrease in Trade and Other Receivables		(886,918)	(802,494)	(912,004)	709,269
Increase/(Decrease) in Trade and Other Payables		1,402,105	1,736,960	253,994	(26,351)
Increase/(Decrease) in Other Non Current Financial Liabilities		20,141	17,667	-	4,187
Finance Cost Paid	5	(458,233)	(515,368)	(230,293)	(269,997)
Finance Income Received	5	171,786	181,148	138,516	80,589
Income Tax Paid		(606,192)	(535,076)	(19,145)	(7,144)
Employee Retirement Benefit Paid	26	(86,768)	(60,579)	(23,751)	(507)
Net Cash Flows from/(Used in) Operating Activities		3,329,052	2,686,659	(715,746)	720,360
Investing Activities					
Purchase of Property, Plant and Equipment	11	(1,187,533)	(2,648,407)	(30,672)	(66,200)
Purchase of Investment Property	12	-	(5,563)	-	(10,940)
Investment in Intangible Assets	14	(53,521)	(962,107)	(14,744)	(25,945)
Acquisition of Subsidiaries	29	(536,665)	(1,998,792)	(188,489)	(341,058)
Investment in Joint Ventures	16	(3,000)	-	-	-
Disposal/Derecognition of Joint Ventures		531,753	12,500	-	-
Disposal of/(Investment in) Financial Assets		(443,453)	(358,777)	(24,298)	(4,662)
Dividend received from Joint Ventures	16	87,000	106,303	-	-
Investment in Lease Hold Right	12	-	(62,602)	-	-
Proceeds from Disposal of Investments	29	941,905	-	1,684,332	507,724
Proceeds from Disposal of Property, Plant and Equipment/ Intangible Assets/Leasehold Properties		196,536	1,156,392	8,343	10,682
Investment Income received		-	-	1,103,251	575,098
Net Cash Flows from/(Used in) Investing Activities		(466,978)	(4,761,053)	2,537,723	644,699
Financing Activities					
Interest Bearing Loans and Borrowings (Net)	23	515,544	2,569,399	(261,151)	(756,315)
Transaction Cost on Subsidiary Share Issue		(7,469)	(16,922)	-	-
Proceeds from/to Non-Controlling Interest		(75,820)	(426,588)	-	-
Dividends Paid to Equity Holders of the Parent		(566,820)	(386,468)	(566,820)	(386,468)
Dividends Paid to Non-Controlling Interest		(30,388)	(71,189)	-	-
Net Cash Flows from/(Used in) Financing Activities		(164,953)	1,668,232	(827,971)	(1,142,783)
Net Increase/(Decrease) in Cash and Cash Equivalents		2,697,121	(406,162)	994,006	222,276
Net Foreign Exchange Difference		(1,020)	(972)	-	-
Cash and Cash Equivalents at the Beginning of the Year	28	1,528,892	1,936,026	266,294	44,018
Cash and Cash Equivalents at the End of the Year	28	4,224,993	1,528,892	1,260,300	266,294

The Accounting policies and Notes on pages 86 to 163 form an integral part of these financial statements.

Notes to the Financial Statements

1. CORPORATE INFORMATION

1.1 General

Hemas Holdings PLC is a public limited liability Company listed on the Colombo Stock Exchange incorporated and domiciled in Sri Lanka. The registered office and the principal place of business is situated at No. 75, Braybrooke Place, Colombo 02.

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

1.2 Consolidated Financial Statements

The Consolidated Financial Statements of the Company for the year ended 31 March 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

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.

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%

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.

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.

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 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 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.

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.

Phase1: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	2014	2015	2014
	Rs.'000	Rs.'000	Rs.'000	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	2014	2015	2014
	Rs.'000	Rs.'000	Rs.'000	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	2014	2015	2014
	Rs.'000	Rs.'000	Rs.'000	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.)

5.2 Finance Income

	Group 2015 Rs.'000	Group 2014 Rs.'000	Company 2015 Rs.'000	Company 2014 Rs.'000
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 2015 Rs.'000	Group 2014 Rs.'000	Company 2015 Rs.'000	Company 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	2014	2015	2014
	Rs.'000	Rs.'000	Rs.'000	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

	Group 2015	Group 2014	Company 2015	Company 2014
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.

11 PROPERTY, PLANT AND EQUIPMENT

11.1 Group

	Freehold Land Rs.'000	Freehold Buildings Rs.'000	Buildings on Leasehold Land Rs.'000	Plant and Machinery Rs.'000	Furniture, Fittings and Equipment Rs.'000	Motor Vehicles Rs.'000	Capital Work-in-Progress Rs.'000	Total 2015 Rs.'000	Total 2014 Rs.'000
Cost or Valuation									
Balance at the Beginning of the Year	2,048,354	4,630,263	2,377,689	2,552,124	2,530,057	1,065,833	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	
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		12,563,655

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	Rs. 1,000 - 4,000	137,249	
		- Depreciation Rate	30% & 35%		
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	Rs. 4,000 - 10,250	949,200	31-Mar-2012
		- Depreciation Rate	10%		
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	Rs. 7,150 - 7,350	268,000	
		- Depreciation Rate	10%		
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	Rs. 2,000 to 3,500		
		- Depreciation Rate	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		Market Comparable Method			
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	Rs.1,650 - 5,000	216,500	
		- Depreciation Rate	30%		
Perera Sivaskantha & Co Incorporated Valuers		Market Comparable Method			
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	Rs.2,750 - 3,250	5,000	
		- Depreciation Rate	45%		
Hemas Developments (Pvt) Ltd.					
Perera Sivaskantha & Co Incorporated Valuers		Investment Method			
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 Freehold Property at Braybrook Place		Investment Method			
Building	12,483 sq.ft.	Gross Monthly Rental	Rs. 175 - 200 per Sq. Ft.	181,215	31-Mar-2015
		Risk Yield	+10% - 1,587 Mn -10% - 1,299 Mn		
Peace Haven Resorts Limited					
Sunil Fernando & Associates (Pvt) Ltd		Market Comparable Method			
Freehold Property at Tangalle	A19- R02-P34.16			1,340,000	31-Mar-2015
		Risk Yield	9% - 1,692 Mn 11% 1,055 Mn		

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		Market Comparable Method			
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	1,650 to 5,000		
		- Depreciation Rate	30%		
Sunil Fernando & Associates (Pvt) Ltd					
Freehold Property at Tangalle		Market Comparable Method			
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		Market Comparable Method			
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		Market Comparable Method			
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	Rs. 2,750 - 3,250		
		- Depreciation Rate	45%		

13 LEASEHOLD RIGHT/PREPAID LEASE RENTAL

	Group	
	2015	2014
	Rs.'000	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

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	2014
	Rs.'000	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

15 INVESTMENT IN SUBSIDIARIES

	Holding			
	2015	2014	2015	2014
	%	%	Rs.'000	Rs.'000
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 %	Holding 2014 %	2015 Rs.'000	2014 Rs.'000
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 %	Holding 2014 %	2015 Rs.'000	2014 Rs.'000
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 %	2014 %	2015 Rs.'000	2014 Rs.'000
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 2015 Rs.'000	Group 2014 Rs.'000	Company 2015 Rs.'000	Company 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 2015 Rs.'000	Group 2014 Rs.'000	Company 2015 Rs.'000	Company 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

18 Other Financial Assets (Contd.)

18.1.1 Investment In Equity Securities - Non Current

		No. of Shares		Carrying Value		Fair Value	
	Group	2015	2014	2015	2014	2015	2014
				Rs.'000	Rs.'000	Rs.'000	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	2014	2015	2014
(c)	Quoted			Rs.'000	Rs.'000	Rs.'000	Rs.'000
	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	2014
			Rs.'000	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	2014	2015	2014
	Rs.'000	Rs.'000	Rs.'000	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	2014	2015	2014
	Rs.'000	Rs.'000	Rs.'000	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

		Company	
	Relationship	2015	2014
		Rs.'000	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

19 INVENTORIES

	Group	
	2015	2014
	Rs'000	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	2014	2015	2014
	Rs'000	Rs'000	Rs'000	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	Current	< 30	31-60 days	61-90 days	91-120 days	> 120 days
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	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	Current	< 30	31-60 days	61-90 days	91-120 days	> 120 days
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	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

		Company	
		2015	2014
	Relationship	Rs.'000	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

20 Trade and Other Receivables (Contd.)

20.2 Other Dues From Related Parties

	Relationship	Company 2015 Rs'000	Company 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	2014	2015	2014
	Rs.'000	Rs.'000	Rs.'000	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	2014
	Rs.'000	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
	NDB	Term Loan	8.75% Fixed	Repayable in 48 instalments starting from Oct 2014	42,593	-
Hemas Pharmaceuticals (Pvt)Ltd.	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.)

H & M Shipping (Pvt) Ltd	SCB	Term Loan	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
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

	2015 Rs.'000	2014 Rs.'000
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*

Subsidiaries	As at 01.04.2014 Rs.'000	Obtained During the Year Rs.'000	Repayment/ Transfer Rs.'000	As at 31.03.2015 Rs.'000	Non Current Rs.'000	Current 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 Rs.'000	Obtained During the Year Rs.'000	Repayment/ Transfer Rs.'000	As at 31.03.2014 Rs.'000	Non Current	Current
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	2014	2015	2014
	Rs.'000	Rs.'000	Rs.'000	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	2014	2015	2014
	Rs.'000	Rs.'000	Rs.'000	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	2014
	Rs.'000	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	2014	2015	2014
	Rs.'000	Rs.'000	Rs.'000	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

26 EMPLOYEE BENEFIT LIABILITY

	Group		Company	
	2015	2014	2015	2014
	Rs.'000	Rs.'000	Rs.'000	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.

	Group		Company	
Assumed change in Financial Assumptions	Effect on Profit or Loss	Performa Post Employment Benefit Liability	Effect on Profit or Loss	Performa Post Employment Benefit Liability
	Rs.'000	Rs.'000	Rs.'000	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	2014	2015	2014
		Rs.'000	Rs.'000	Rs.'000	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

		Company	
	Relationship	2015	2014
		Rs.'000	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

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

		Group		Company	
		2015	2014	2015	2014
		Rs.'000	Rs.'000	Rs.'000	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

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	2014	2015	2014
	Rs.'000	Rs.'000	Rs.'000	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.

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				*Rs.'000*
Financial Assets Measured at Fair Value	31-Mar-2015	Level 1	Level 2	Level 3
Available for Sale Financial Assets	744,310	57,662	593,643	93,005
Financial Assets Measured at Fair Value	31-Mar-2014	Level 1	Level 2	Level 3
Available for Sale Financial Assets	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	31-Mar-2015	Level 1	Level 2	Level 3
Available for Sale Financial Assets	117,577	57,577	-	60,000
Financial Assets Measured at Fair Value	31-Mar-2014	Level 1	Level 2	Level 3
Available for Sale Financial Assets	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

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 Mystifly 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 Charted 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 Charted 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 Charted 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 Charted 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 Charted Bank favouring Airport & Aviation Services (Pvt) Ltd amounting to Rs.12,615,000.

The Company has obtained a guarantee from Standard Charted 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 Charted 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 Charted 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 Charted 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 Charted 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

Lease rental due on non cancellable operating leases:	2015 Rs.'000	2014 Rs.'000
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 2015 Rs.'000	2014 Rs.'000	Included Under
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) 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.	965,417	980,000	Property , Plant and Equipment

33 Assets Pledged (Contd.)

Name Of the Company	Nature Of Asset	Nature of Liability	Carrying Amount of the Assets Pledged 2015 Rs.'000	2014 Rs.'000	Included Under
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 b) Indemnity of the Company c) Agreement to mortgage the machinery imported	640,000	550,900	Inventory
	Trade Debtors	Charged over trade finance facilities (import credit)	559,300	518,400	Trade Debtors

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%.

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

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.

	Subsidiaries		Joint Ventures		Associates		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
Nature of Transaction	Rs.	Rs.	Rs.	Rs.	Rs.		Rs.	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.

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	2,560,852	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	464,883	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		Healthcare		Leisure		Transportation		Power		Others		Group	
	2015 Rs.'000	2014 Rs.'000	2015 Rs.'000	2014 Rs.'000	2015 Rs.'000	2014 Rs.'000	2015 Rs.'000	2014 Rs.'000	2015 Rs.'000	2014 Rs.'000	2015 Rs.'000	2014 Rs.'000	2015 Rs.'000	2014 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	-	-	-	-	-	-	-	-	-	-	3,458,750	3,038,365	3,458,750	3,038,365
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													**16,846,505**	**18,638,912**
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											-		17,591,815	13,487,717
Total Assets													**34,438,320**	**32,126,629**
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													**4,244,615**	**4,322,627**
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	2,931,578	1,733,999	14,750,488	12,445,690
Income Tax Liability													146,207	109,202
Eliminations/Adjustments													(2,625,589)	(2,380,525)
Total Current Liabilities													12,271,106	10,174,367
Total Liabilities													**16,515,721**	**14,496,994**
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	189,523	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

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

Ten Year Summary

Year Ended 31st March Rs'000	2015	2014 Restated	2013 Restated	2012	2011
Operating Results					
Group Revenue	32,496,953	27,259,281	26,974,910	22,210,017	18,552,220
Profit Before Taxation	3,094,939	3,192,344	2,406,155	1,521,080	1,569,345
Taxation	704,239	469,673	472,422	259,772	214,154
Profit After Taxation	2,390,700	2,722,671	1,933,733	1,261,308	1,355,191
Profit Attributable to the Parent	1,927,012	2,409,276	1,657,656	1,164,525	1,210,159
Equity & Liabilities					
Stated capital	1,600,603	1,600,603	1,600,603	1,600,603	1,468,426
Reserves	1,327,720	1,492,495	1,724,228	1,601,854	646,083
Retained Earnings	12,730,653	11,207,426	8,828,511	7,447,822	6,613,376
Non Controlling Interests	2,263,623	3,329,111	2,259,037	1,990,665	1,589,630
Non Current Liabilities	4,244,618	4,322,629	2,613,184	1,938,996	2,203,470
Current Liabilities	12,271,101	10,174,363	6,757,388	8,075,746	6,585,210
	34,438,318	32,126,627	23,782,951	22,655,686	19,106,195
Assets					
Property, Plant and Equipment	11,465,089	12,563,655	10,038,723	10,283,616	7,446,650
Investment Property	1,763,665	1,683,130	578,453	474,685	1,309,965
Leasehold Property	109,545	145,847	90,592	94,455	98,386
Intangible Assets	755,953	1,333,219	436,670	461,499	491,318
Investments (Joint ventures, Associate & Others)	2,679,522	2,854,479	2,033,993	503,468	445,257
Deferred Tax Assets	72,730	58,580	39,596	35,621	35,014
Current Assets	17,591,815	13,487,717	10,564,924	10,802,342	9,279,605
	34,438,318	32,126,627	23,782,951	22,655,686	19,106,195
Key Indicators					
Earnings Per Share (Rs.)*	3.74	4.68	3.22	2.27	2.36
Dividends Per Share (Rs.)*	1.10	0.75	0.55	0.50	0.70
Dividend Cover (No. of Times)	3.22	6.05	5.82	4.5	3.4
Interest Cover (No. of Times)	7.73	7.2	7.5	4.3	6.2
Net Asset Per Share (Rs.)*	66.8	62.3	46.2	20.7	17.3
Cash from Operating Activities (Rs.'000)	3,329,052	2,686,659	1,863,616	1,096,261	1,994,663
Current Ratio (No. of Times)	1.4	1.3	1.6	1.3	1.4
Gearing (%)	22.0%	23.0	14.0	25.0	27.8
ROE (%)	12.9%	18.2%	14.6%	12.0	14.6

Highlighted information is based on SLFRSs

	2010	2009	2008	2007	2006
	15,221,418	15,342,278	14,163,805	11,778,136	9,779,338
	1,094,719	856,932	1,259,455	1,407,185	1,247,374
	160,075	137,854	108,625	387,648	281,838
	934,644	719,078	1,150,830	1,019,537	965,536
	901,730	775,128	1,135,419	1,005,727	958,599
	1,369,223	1,369,223	1,329,013	1,329,013	1,185,529
	805,983	837,675	856,452	693,777	673,917
	5,516,910	4,821,392	4,248,232	3,251,349	2,459,641
	1,488,104	837,062	604,966	588,527	496,967
	1,570,430	2,000,989	1,155,771	1,597,455	1,922,112
	5,316,281	4,969,471	4,936,190	3,935,729	3,286,596
	16,066,931	14,835,812	13,130,626	11,395,855	10,024,762
	7,033,615	7,180,680	5,182,389	4,704,921	4,664,939
	1,261,410	1,178,710	1,178,710	963,710	570,152
	61,845	64,911	67,976	71,042	75,346
	333,073	191,214	173,622	155,563	107,268
	241,564	257,924	297,041	66,751	138,082
	22,805	21,832			
	7,112,619	5,940,541	6,230,887	5,433,868	4,468,975
	16,066,931	14,835,812	13,130,626	11,395,855	10,024,762
	1.76	1.51	11.13	9.90	9.52
	0.36	0.25	1.25	2.50	2.50
	4.9	6.0	8.9	4.0	4.0
	3.3	2.8	4.2	5.5	5.4
	15.1	13.8	63.5	52.3	42.5
	1,407,985	1,458,434	929,277	176,992	1,035,785
	1.3	1.2	1.3	1.4	1.4
	25.8	32.9	31.4	33	36.1
	12.3	11.5	19.4	21.0	24.1

Share Information

Analysis of Shareholders According to the Number of Shares as at 31 March 2015

	Resident			Non Resident			Total		
Shareholdings	Number of Shareholders	Number of Shares	(%)	Number of Shareholders	Number of Shares	(%)	Number of Shareholders	Number of Shares	(%)
1 to 1,000 Shares	3,118	1,345,036	0.26	23	13,277	-	3,141	1,358,313	0.26
1,001 to 10,000 Shares	1,124	3,779,459	0.73	22	102,500	0.02	1,146	3,881,959	0.75
10,001 to 100,000 Shares	243	7,071,046	1.37	14	493,270	0.10	257	7,564,316	1.47
100,001 to 1,000,000 Shares	49	18,100,486	3.51	17	6,969,456	1.35	66	25,069,942	4.86
Over 1,000,000 Shares	11	375,866,490	72.95	21	101,549,600	19.71	32	477,416,090	92.66
	4,545	406,162,517	78.82	97	109,128,103	21.18	4,642	515,290,620	100.00

Categories of Shareholders	Number of Shareholders	Number of Shares
Individual	4,370	38,644,899
Institutional	272	476,645,721
	4,642	515,290,620

Computation of Public Shareholding	
Issued Share Capital as at 31 March 2015	515,290,620
Less	
Parent Company	-
Subsidiaries of Parent	-
Directors' Shareholding (a)	18,502,040
Spouses of Directors and Chief Executive Officer	-
Key Management Personel	-
Close Family Members (b)	2,500,000
Controlling Interest (c)	348,720,825
Over 10% Holding	-
Public Holding	145,567,755
Public Holding as a % of Issued Share Capital	28.25%

Total Number of Shareholders	4,642
Number of Persons Holdings Shares Excluded when computing Public Holding %	12
Number of Shareholders representing the Public Holding	4,630

(a) Directors Shareholding

	31.03.2015	31.03.2014
Mr. A.N Esufally	2,283,585	2,283,585
Mr. H. N Esufally	5,836,705	5,836,705
Mr. I.A.H Esufally	4,424,000	4,424,000
Mr. M.A.H Esufally	5,946,500	5,946,500
Mr. M.E Wickremesinghe	11,250	11,250
Mr. P.K Mohapatra	-	-
Mr. R Gopalakrishnan	-	-
Mr. D.S Weerakkody	-	-
Dr. S.A.B Ekanayake	-	-
Mr. S.M Enderby	-	-
Mr. W.M.De F Arsakularatne	-	-
	18,502,040	18,502,040

(b) Close Family Members

	31.03.2015	31.03.2014
Ms. Sabrina Esufally	250,000	250,000
Mr. Adam Esufally	250,000	250,000
Ms. Sakina Imtiaz Esufally	2,000,000	2,000,000
	2,500,000	2,500,000

(c) Controlling Interest

	31.03.2015	%	31.03.2014	%
A Z Holdings (Pvt) Ltd	90,762,875	17.61	90,762,875	17.61
Saraz Investment (Pvt) Ltd	86,396,035	16.77	86,396,035	16.77
Blueberry Investments (Pvt) Ltd	85,781,250	16.55	85,781,250	16.55
Amagroup (Pvt) Ltd	85,780,665	16.65	85,780,665	16.65
	348,720,825		348,720,825	

Share Information

Share Trading

Market Price	2015		2014	
Highest (Rs.)	89.90	09/01/2015 and 16/02/2015	42.20	31/01/2014
Lowest (Rs.)	37.70	01/04/2014	26.70	04/04/2013 and 05/04/2013
As at Year End (Rs.)	73.70	31/03/2015	37.70	31/03/2014
No. of Trades	11,346		6,849	
No. of Shares Traded	105,534,776		28,777,453	
Value of Shares Traded (Rs.Mn)	5,697		999	
Market Capitalization (Rs.Mn)	37,977		19,426	

List of Top 20 Major Shareholders	2015 Number of Shares	%	2014 Number of Shares	%
A Z Holdings (Pvt) Ltd.	90,762,875	17.61	90,762,875	17.61
Saraz Investments (Pvt) Ltd.	86,396,035	16.77	86,396,035	16.77
Blueberry Investments (Pvt) Ltd.	85,781,250	16.65	85,781,250	16.65
Amagroup (Pvt) Ltd.	85,780,665	16.65	85,780,665	16.65
HSBC Intl Nominees Ltd- JPMLU-Franklin Templeton Investment Funds	37,153,700	7.21	-	-
Pemberton Asian Opportunities Fund	10,000,000	1.94	-	-
HSBC Intl. Nom Ltd-SSBT-National Westminster Bank PLC a Depository of First State Indian Subcontinent	9,732,370	1.89	9,732,370	1.89
HSBC Intl. Nom Ltd-SSBT-National Westminster Bank PLC a Depository of First State Asia Pacific Susta	6,272,899	1.22	6,272,899	1.22
M A H Esufally	5,946,500	1.15	5,946,500	1.15
H N Esufally	5,836,705	1.13	5,836,705	1.13
HSBC Intl. Nominees Ltd. - JPMCB- Scottish ORL SML TR GTI 6018	5,149,500	1.00	5,149,500	1.00
Anverally and Sons (Pvt) Ltd A/C no 01	4,526,340	0.88	4,207,881	0.82
I A H Esufally	4,424,000	0.86	4,424,000	0.86
HSBC Intl Nom Ltd-SSBT- Wasatch Frontier Emerging Small Countries Fund	3,868,367	0.75	-	-
HSBC Intl Nom Ltd-JPMCB- Pacific Assests Trust PLC	3,051,800	0.59	3,051,800	0.59
HSBC Intl Nom Ltd-State Street Luxembourg c/o SSBT - Alliancebernstein Next 50 Emerging Markets (Maste)	2,915,348	0.57	-	-
HSBC Intl Nom Ltd-BBH-Grandeur Peak Emerging Markets Opportunities Fund	2,492,145	0.48	-	-
HSBC International Nominees Ltd.-JPMCB- Templeton Global Investment Trust - Templeton Emerging Markets	2,379,832	0.46	-	-
Mellon Bank N.A.-Frontier Market Opportunities Master Fund,L.P	2,319,087	0.45	-	-
A N Esufally	2,283,585	0.44	-	-
	457,073,003	88.70		

Glossary

Capital Employed

Total shareholders' funds plus debt and non controlling interests.

Capital Reserves

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

Current Ratio

Current assets divided by current liabilities.

Contingent Liabilities

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

Debt

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

Deferred Income Tax

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

Dividend Cover

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

Earnings

Profit after tax less non controlling interests.

Earnings Per Share

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

EBIT

Earnings before interest expense and tax.

EBITDA

Earnings before interest, tax, depreciation and amortisation.

Effective Rate of Taxation

Income tax over profit before tax.

Equity

Equity Attributable to Equity Holders of the Parent.

Gearing

Debt divided by the sum of equity, non controlling interests and debt.

Interest Cover

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

Market Capitalisation

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

Non Controlling Interests

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

Net Assets Per Share

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

Operating Profit

Profit before interest and tax.

Price Earnings Ratio

Market price per share divided by the earnings per share.

Return on Capital Employed

Earnings before interest expense and tax divided by average of capital employed at the beginning and end of the year.

Return on Equity

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

Revenue Reserves

Reserves set aside for future distributions and Investments.

Segment

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

Notice of Meeting

NOTICE IS HEREBY GIVEN that the Twelfth Annual General Meeting of Hemas Holdings PLC will be held at the Auditorium of The Institute of Chartered Accountants of Sri Lanka, No. 30A, Malalasekera Mawatha, Colombo 07 on Friday the 03rd day of July 2015 at 3.30 p.m. for the following purpose;

AGENDA

1. To receive and consider the Statements of Accounts of the Company and of the Group for the year ended 31st March 2015 together with the Reports of the Directors and Auditors thereon

2. To re-elect as Director, Mr. Imtiaz Esufally retiring by rotation in terms of Article 84 of the Articles of Association of the Company

3. To re-elect as Director, Mr. Ramabadran Gopalakrishnan retiring by rotation in terms of Article 84 of the Articles of Association of the Company.

4. To re-elect as Director, Mr. Husein Esufally retiring by rotation in terms of Article 84 of the Articles of Association of the Company.

5. To declare a final dividend of Rs. 0.70 per Ordinary share as recommended by the Board.

6. To re-appoint M/s Ernst & Young, Chartered Accountants, as Auditors of the Company for the ensuring year and to authorize the Directors to determine their remuneration.

7. To authorize the Directors to determine and make donations to Charity.

By order of the Board of,
HEMAS HOLDINGS PLC

Hemas Corporate Services (Private) Limited
Secretaries

11 June 2015

Note:
A Member entitled to attend and vote is entitled to appoint a Proxy to attend and vote in his/her place
A proxy need not be a Member of the Company
A Form of Proxy accompanies this Notice

Form of Proxy

I/We ....

of..

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

Mr. Husein Esufally	or failing him
Mr. Steven Enderby	or failing him
Mr. Abbas Esufally	or failing him
Mr. Imtiaz Esufally	or failing him
Mr. Maithri Wickremesinghe	or failing him
Mr. Murtaza Esufally	or failing him
Mr. Pradipta Mohapatra	or failing him
Mr. Ramabadran Gopalakrishnan	or failing him
Mr. Dinesh Weerakkody	or failing him
Dr. Anura Ekanayake	or failing him
Mr. Malinga Arsakularatne	or failing him

Mr./Mrs. ....

of..

as *my/our Proxy to *speak and /to vote for *me/us on *my/our behalf at the at the Twelfth Annual General Meeting of Hemas Holdings PLC to be held at 3.30 p.m. on Friday the 03rd day of July 2015 at the Auditorium of the Institute of Chartered Accountants of Sri Lanka, No. 30A, Malalasekera Mawatha, Colombo 07, Sri Lanka and at any adjournment thereof.

		For	Against
1.	To receive and consider the Statements of Accounts of the Company and of the Group for the year ended 31.03.2015 together with the Reports of the Directors and Auditors thereon		
2.	To re-elect as Director, Mr. Imtiaz Esufally retiring by rotation in terms of the Articles of Association of the Company		
3.	To re-elect as Director, Mr. Ramabadran Gopalakrishnan retiring by rotation in terms of the Articles of Association of the Company.		
4.	To re-elect as Director, Mr. Husein Esufally retiring by rotation in terms of the Articles of Association of the Company.		
5.	To declare a final dividend of Rs. 0.70 per share as recommended by the Board.		
6.	To re-appoint M/s Ernst & Young, Chartered Accountants, as Auditors of the Company and to authorize the Directors to determine their remuneration.		
7.	To authorize the Directors to determine and make donations to Charity.		

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

....   Date: ....

Signature/s

Note:

1. Please delete the inappropriate words.

2. Instructions as to completion are noted on the reverse hereof.

Form of Proxy

INSTRUCTIONS AS TO COMPLETION OF THE FORM OF PROXY

1. Kindly perfect the Form of Proxy after filling in legibly your full name and address and by signing in the space provided. Please fill in the date of signature.

2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him/her.

3. In the case of Corporate Members, the Form of Proxy must be completed under the Common Seal, which should be affixed and attested in the manner prescribed by the Articles of Association /Statutes.

4. If the Form of Proxy is signed by an Attorney, the relevant Power of Attorney should also accompany the completed Form of Proxy.

5. The completed Form of Proxy, address to the Secretaries should be deposited at No.75, Braybrooke Place, Colombo 2 not less than Forty Eight (48) hours before the time appointed for the meeting.

Corporate Information

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

Date of Incorporation
10th December 1948

Date of Re-Registration
30th May 2007

New Registration Number
P Q 6

Accounting year end
31st March

Registered Office
Hemas House
No. 75, Braybrooke Place,
Colombo 2.
Website : www.hemas.com

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

Directors
Husein Esufally (Chairman)
Steven Enderby (CEO)
Abbas Esufally
Imtiaz Esufally
Murtaza Esufally
Maithri Wickremesinghe
Pradipta Mohapatra
Ramabadran Gopalakrishnan
Dinesh Weerakkody
Dr. Anura Ekanayake
Malinga Arsakularatne (CFO)

Secretaries
Hemas Corporate Services (Pvt) Ltd
No. 75, Braybrooke Place,
Colombo 2
Telephone : 011 4 731731 (hunting)
Facsimile : 011 4 731777

Registrars
SSP Corporate Services (Pvt) Ltd
No. 101, Inner Flower Road,
Colombo 3 (w.e.f. 1st April 2014)

Lawyers to the Company
D.L& F De Saram
No. 47, Alexandra Place,
Colombo 7

Bankers
Commercial Bank of Ceylon PLC
Deutsche Bank AG
Hong Kong & Shanghai Banking Corp. Ltd
Hatton National Bank PLC
Standard Chartered Bank
Nations Trust Bank PLC
People's Bank
Sampath Bank PLC
National Development Bank PLC

Designed & produced by
emagewise
Digital Plates & Printing by
Softwave Printing and Publishing (Pvt) Ltd

www.hemas.com