

Enriching lives, embracing opportunities



Interim Report, 2nd Quarter 2011/12

CEO's Review

For the six months ended 30 September 2011, your company grew its topline by 17% to record a consolidated turnover of Rs 10.0Bn. Revenue growth was driven by Leisure and Power sectors, which posted 37% and 31% increases in revenue respectively. Group gross profit showed a growth of 9%, reflecting a marginal decline in the gross profit margins to 31%, from 33% achieved the previous year. This was largely due to the increase in raw material prices of our FMCG sector and the pass-through effect of higher oil prices in the Power sector. Group earnings declined by 17% to close at Rs. 486Mn. However, after adjusting for one-off items during the first half of 2010/11 and the first half of 2011/12, Group earnings have declined only by 9%.

FMCG sector recorded a turnover of Rs. 3.1Bn, a growth of 8% over the previous year. Kumarika was relaunched during the period under review, with new variants and improved packaging, whilst the brand also introduced a Face wash as a first step towards building a franchise in the fast growing skin cleansing market. It was heartening to see Diva Detergent soap, win the Bronze award for the Best new entrant of the year at the recently concluded SLIM Brand Excellence awards. Although the sector profits dropped by 13% during the first six months, the three months ended 30 September 2011 saw an 8% growth in earnings. The Quarter performance was fuelled by strong earnings growth of 15% in the domestic business.

The Healthcare sector has seen an inspiring first half with a revenue growth of 16% to record Rs. 3.6Bn and a profit growth of 81% to record Rs. 190Mn. Our pharmaceutical business has seen a top line growth of 15%, largely driven by the growth in industry. The company continues to remain in the lead with a market share of 16.75% (IMS, Q2-2011). Strong focus on operational efficiencies and processes has enabled us to manage the overheads whilst benefiting from a growing topline. Our hospitals too have seen an impressive growth in topline of 25%. Whilst we have further strengthened the hospital lab chain by setting up a branch of the Hemas Hospital laboratory at Ja-Ela during the quarter, we also intend expanding our footprint by developing two new hospitals in the near future, in the suburbs of Colombo.

In our Leisure sector, Hotel Dolphin and Hotel Sigiriya have been performing exceptionally well, but the closure of Hotel Serendib, on account of repositioning it as a design hotel, has impacted the results during the first half. The sector achieved a revenue growth of 37%, but showed a decline in profits to record a loss of Rs. 23Mn. In addition to the closure of Hotel Serendib, the negative growth over last year was also impacted by the capital gains on the sale of shares of Hotel Sigiriya that took place during the corresponding period last year. On average, our hotels recorded occupancy rates in excess of 70% and we look forward to a good winter complemented by the reopening of Hotel Serendib in November.

Our Transportation sector showed a 4% decline in topline to record Rs. 359Mn and a decrease in profits of 23% to close at Rs 102Mn. Despite the overall decline in the cargo market, the steady growth in the passenger business, both in Travel Agency and Airline Representation has been the key positive factor in the sector.

Our Power sector recorded a growth in revenue of 31% to close at Rs. 2.1Bn brought about by the pass through effect of high furnace oil prices and higher generation at Heladhanavi in comparison to the previous year. The hydro power plants recorded low utilization levels as a result of poor rain fall experienced in the catchment areas contributing to lower sector profitability of Rs. 165Mn, a drop of 19%. The hydro power contribution to profitability decreased to 23% from 45% recorded the previous year, whilst the contribution from our thermal power plant was boosted by the financial restructuring that took place during the latter half of the second quarter the previous year. Our third hydro power plant at Magal Ganga was commissioned in October this year adding another 2.4MW to the portfolio taking the total hydro power generation capacity to 7.0MW. The sector is looking out for new opportunities in renewable energy both locally and overseas, particularly in East Africa.

Going forward, we expect better results from our underlying businesses during the second half of the year. This will be augmented with the buildup of hospital revenues, the new mini hydro project commissioned in October and the re-opening of Hotel Serendib in Bentota



Husein Esufally

Chief Executive Officer

Colombo

November 02, 2011

Consolidated Balance Sheet

As at Rs '000	30.09.2011	30.09.2010	31.03.2011
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	8,657,544	7,206,359	7,457,601
Investment Properties	309,965	1,273,410	1,309,965
Intangible Assets	302,476	331,425	323,895
Leasehold Property	57,246	60,312	58,779
Deferred Tax Assets	23,656	21,398	25,489
Other Long Term Receivables	53,318	43,318	43,318
Other Investments	384,133	388,962	433,661
	9,788,338	9,325,184	9,652,708
Current Assets			
Inventories	1,975,249	1,771,536	1,680,772
Trade and Other Receivables	5,179,313	4,147,426	4,575,929
Other Investments	68	68	68
Tax Recoverable	161,832	153,413	148,020
Short Term Cash Investments	1,314,973	1,310,256	2,025,097
Cash and Cash Equivalents	925,309	904,479	1,133,280
	9,556,744	8,287,178	9,563,166
Total Assets	19,345,082	17,612,362	19,215,874
EQUITY AND LIABILITIES			
Equity Attributable to Equity Holders of the Parent			
Stated Capital	1,600,603	1,369,223	1,468,425
Reserves	1,109,845	959,331	1,045,977
Retained Earnings	6,637,000	5,868,132	6,359,603
Shareholders' Funds	9,347,448	8,196,686	8,874,005
Minority Interests	1,943,169	1,510,507	1,701,635
Total Shareholders' Funds and Minority Interests	11,290,617	9,707,193	10,575,640
Non-Current Liabilities			
Other Non-Current Liabilities	7,399	10,302	10,243
Interest Bearing Loans and Borrowings	1,365,544	2,072,885	1,700,040
Deferred Tax Liabilities	115,048	146,804	123,609
Retirement Benefit Liability	258,633	205,765	230,298
	1,746,624	2,435,756	2,064,190
Current Liabilities			
Trade and Other Payables	4,107,317	3,786,563	4,104,683
Income Tax Liabilities	86,724	60,401	89,890
Other Borrowings	1,207	1,207	1,207
Interest Bearing Loans and Borrowings	675,268	477,768	991,267
Bank overdraft	1,437,325	1,143,474	1,388,997
	6,307,841	5,469,413	6,576,044
Total Shareholders' Funds, Minority Interests and Liabilities	19,345,082	17,612,362	19,215,874
Net Asset per share - (Rs)	18.14	16.08	17.33

The above figures are provisional and subject to audit.

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



Malinga Arsakularatne

Chief Financial Officer

The Board of Directors is responsible for the preparation and presentation of these financial statements.

Signed for and on behalf of the Board by,



Husein Esufally

Chief Executive Officer

Colombo

November 02, 2011



Lalith De Mel
Chairman

Consolidated Income Statement

	Three Months Ended 30.09.2011	Three Months Ended 30.09.2010	Change %	Six Months Ended 30.09.2011	Six Months Ended 30.09.2010	Change %
<i>Rs '000</i>						
Revenue	5,013,749	4,334,886	15.7	9,990,569	8,513,654	17.3
Cost of Sales	(3,478,150)	(2,897,739)	20.0	(6,904,682)	(5,689,235)	21.4
Gross Profit	1,535,599	1,437,147	6.9	3,085,887	2,824,419	9.3
Dividend Income	-	80	(100.0)	2	84	(97.6)
Loss on disposal of Non Current Investments	(957)	-	(100.0)	(1,716)	-	(100.0)
Change in Fair Value of Investment Properties	-	6,000	(100.0)	-	12,000	(100.0)
Other Income and Gains	12,671	16,381	(22.6)	52,289	66,305	(21.1)
Selling and Distribution Costs	(400,127)	(346,375)	15.5	(838,126)	(695,294)	20.5
Administrative Expenses	(818,020)	(714,472)	14.6	(1,610,539)	(1,381,191)	16.7
Finance Cost	(62,512)	(73,727)	(15.2)	(124,922)	(148,577)	(15.9)
Finance Income	46,556	33,965	37.1	83,767	65,195	28.5
Profit Before Tax	313,210	358,999	(12.8)	646,642	742,941	(13.0)
Income Tax Expenses	(69,013)	(44,629)	54.6	(119,915)	(109,720)	9.3
Profit for the Period	244,197	314,370	(22.3)	526,727	633,221	(16.8)
Attributable to:						
Equity Holders of the Parent	224,473	296,165	(24.2)	486,438	587,648	(17.2)
Minority Interests	19,724	18,205	8.3	40,289	45,573	(11.6)
	244,197	314,370	(22.3)	526,727	633,221	(16.8)
Earnings Per Share (Rs)	0.47	0.57		1.02	1.15	
Earnings Per Share (Rs)-Annualised	1.90	2.29		2.04	2.31	
Dividends Per Share	0.25	0.45		0.25	0.45	

The above figures are provisional and subject to audit.

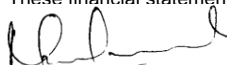
Company Balance Sheet

As at Rs '000	30.09.2011	30.09.2010	31.03.2011
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	88,220	53,470	105,306
Investment Properties	309,965	330,410	309,965
Loans Due from Related Parties	156,236	23,036	15,000
Investment in Subsidiaries	5,919,336	5,574,781	5,696,001
Investment in Joint Ventures	49,806	38,519	38,519
Other Investments	114,008	114,008	114,008
	6,637,571	6,134,224	6,278,799
Current Assets			
Trade and Other Receivables	450,768	161,408	176,187
Loans Due from Related Parties	448,723	573,293	519,272
Other Investments	49	49	49
Tax Recoverable	-	3,532	-
Amounts Due from Related Parties	127,829	231,085	130,726
Short Term Cash Investments	9,610	207	210
Cash and Cash Equivalents	51,889	62,114	23,679
	1,088,868	1,031,688	850,123
Total Assets	7,726,439	7,165,912	7,128,922
EQUITY AND LIABILITIES			
Equity Attributable to Equity Holders of the Parent			
Stated Capital	1,600,603	1,369,223	1,468,425
Reserves	257,032	257,032	257,032
Retained Earnings	4,253,683	4,203,935	4,077,851
Shareholders' Funds	6,111,318	5,830,190	5,803,308
Non-Current Liabilities			
Other Non-Current liabilities	360	-	-
Interest Bearing Loans and Borrowings	730,972	419,710	686,502
Deferred Tax Liabilities	42,324	60,856	42,022
Retirement Benefit Liability	20,683	19,559	18,676
	794,339	500,125	747,200
Current Liabilities			
Trade and Other Payables	50,095	50,467	42,072
Income Tax Liabilities	3,079	680	13,385
Amounts Due to Related Parties	147,453	114,322	167,812
Interest Bearing Loans and Borrowings	586,140	666,258	321,640
Bank overdraft	34,015	3,870	33,505
	820,782	835,597	578,414
Total Shareholders' Funds, Minority Interests and Liabilities	7,726,439	7,165,912	7,128,922

Net Asset per share - (Rs) 11.86 11.44 11.33

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Malinga Arsakularatne

Chief Financial Officer

The Board of Directors is responsible for the preparation and presentation of these financial statements.

Signed for and on behalf of the Board by,



Husein Esufally

Chief Executive Officer

Colombo

November 02, 2011



Lalith De Mel
Chairman

Company Income Statement

	Three Months Ended 30.09.2011	Three Months Ended 30.09.2010	Change %	Six Months Ended 30.09.2011	Six Months Ended 30.09.2010	Change %
<i>Rs '000</i>						
Revenue	83,221	86,023	(3.3)	171,286	159,911	7.1
Cost of Sales	-	-	-	-	-	-
Gross Profit	83,221	86,023	(3.3)	171,286	159,911	7.1
Dividend Income	105,983	30,902	243.0	293,785	299,431	(1.9)
Loss on disposal of Non Current Investments	(8,175)	-	-	(8,175)	-	-
Other Income and Gains	2,076	35	5,831.4	3,861	520	642.5
Administrative Expenses	(70,613)	(50,818)	39.0	(133,309)	(110,340)	20.8
Finance Cost	(20,964)	(13,218)	58.6	(32,514)	(26,835)	21.2
Finance Income	11,403	12,266	(7.0)	23,229	22,421	3.6
Profit Before Tax	102,931	65,190	57.9	318,163	345,108	(7.8)
Income Tax Expenses	(6,510)	(2,890)	125.3	(13,692)	(8,152)	68.0
Profit for the Period	96,421	62,300	54.8	304,471	336,956	(9.6)
Dividends Per Share (Rs)	0.25	0.45		0.25	0.45	

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Statement of Changes in Equity- Group

	Attributable to Equity Holders of the Parent				Total	Minority Interests	Total Equity
	Stated Capital	Exchange Reserve	Revaluation and Other Capital Reserve	Retained Earnings			
Rs '000							
As at 01 April 2011	1,468,425	(1,179)	1,047,156	6,359,603	8,874,005	1,701,635	10,575,640
Profit for the period	-	-	-	486,438	486,438	40,289	526,727
Issue of Ordinary shares under ESOP	132,178	-	-	-	132,178	-	132,178
Redemption of Preference Shares of Joint Venture Company	-	-	-	(7,843)	(7,843)	-	(7,843)
Dividends Paid							
- Ordinary Shares 2010/2011	-	-	-	(128,010)	(128,010)	(62,626)	(190,636)
- Preference Shares of Joint Venture Company	-	-	-	(5,999)	(5,999)	(2,000)	(7,999)
Transfer to/from during the Period							
- Overhaul, Heat Rate and Lube Oil Reserves	-	-	65,464	(65,464)	-	-	-
- Revaluation Reserve	-	-	(805)	805	-	-	-
Transaction cost on Issue of Serendib shares	-	-	-	(2,530)	(2,530)	(1,852)	(4,382)
Shares Issued to Minority Shareholders	-	-	-	-	-	267,723	267,723
Net Gain/(Loss) Recognised Directly in Equity							
- Exchange Reserve	-	(791)	-	-	(791)	-	(791)
As at 30 September 2011	1,600,603	(1,970)	1,111,815	6,637,000	9,347,448	1,943,169	11,290,617
As at 01 April 2010	1,369,223	(29,971)	835,953	5,516,911	7,692,116	1,488,104	9,180,220
Profit for the period	-	-	-	587,648	587,648	45,573	633,221
Redemption of Preference Shares of Joint Venture Company	-	-	-	(7,843)	(7,843)	-	(7,843)
Dividends Paid							
- Ordinary Shares 2009/2010	-	-	-	(229,406)	(229,406)	(40,980)	(270,386)
- Preference Shares	-	-	-	(1,050)	(1,050)	(350)	(1,400)
Transfer to/from during the Period							
- Overhaul Reserve, Heat Rate and Lube Oil	-	-	(1,470)	1,470	-	-	-
- Revaluation Reserve	-	-	(402)	402	-	-	-
Adjustment in respect of changes in Group Holding	-	-	-	-	-	18,047	18,047
Preference Share issue	-	-	135,000	-	135,000	-	135,000
Net Gain/(Loss) Recognised Directly in Equity							
- Deferred Income Tax	-	-	398	-	398	113	511
- Exchange Reserve	-	19,823	-	-	19,823	-	19,823
As at 30 September 2010	1,369,223	(10,148)	969,479	5,868,132	8,196,686	1,510,507	9,707,193

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Statement of Changes in Equity- Company

	Stated Capital	Capital & Revenue Reserve	Retained Earnings	Total
<i>Rs '000</i>				
As at 01 April 2011	1,468,425	257,032	4,077,851	5,803,308
Issue of Ordinary shares under ESOP	132,178	-	-	132,178
Profit for the period	-	-	304,471	304,471
Final Dividends Paid - 2010/2011	-	-	(128,010)	(128,010)
Transaction cost on Issue of shares under ESOP	-	-	(629)	(629)
As at 30 September 2011	1,600,603	257,032	4,253,683	6,111,318
As at 01 April 2010	1,369,223	257,032	4,096,385	5,722,640
Profit for the period	-	-	336,956	336,956
Final Dividends Paid - 2009/2010	-	-	(229,406)	(229,406)
As at 30 September 2010	1,369,223	257,032	4,203,935	5,830,190

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Cash Flow Statement

For the Six months ended 30 September <i>Rs '000</i>	Group		Company	
	2011	2010	2011	2010
Operating Activities				
Profit Before Taxation	646,642	742,941	318,162	345,108
Adjustments for				
Depreciation	312,535	291,918	12,055	7,938
Profit on Disposal of Property, Plant and Equipment	(16,275)	(135)	4,731	703
Retirement Benefit Plan	32,726	28,521	2,007	3,300
Finance Cost	124,922	148,577	32,514	26,835
Investment Income	(2)	(84)	(293,785)	(299,431)
(Profit)/Loss on Sale of Non current Investment	1,716	-	8,175	(234)
Change in Fair Value of Investment Properties	-	(12,000)	-	-
Exchange (Gain)/Loss on USD Loan	3,013	2,880	-	-
Amortisation/Impairment of Intangibles	22,566	3,181	-	-
Amortisation of Leasehold Property	1,533	-	-	-
Working Capital Adjustments				
(Increase)/Decrease in Trade and Other Receivables	(608,888)	(214,100)	(274,582)	(44,582)
(Increase)/Decrease in Inventories	(294,479)	(226,977)	-	-
(Increase)/Decrease in Amounts Due from Related Parties	-	-	2,897	(16,994)
Increase/(Decrease) in Amounts Due to Related Parties	-	-	(20,359)	(2,619)
Increase/(Decrease) in Trade and Other Payables	12,377	356,840	8,386	7,513
Increase/(Decrease) in other non current assets	(10,000)	-	-	-
Finance Cost Paid	(124,922)	(148,577)	(32,514)	(26,835)
Income Tax Paid	(144,498)	(151,668)	(23,696)	(13,718)
Gratuity Paid	(3,885)	(7,719)	-	(766)
Net Cash from/(Used in) Operating Activities	(44,919)	813,598	(256,009)	(13,782)
Investing Activities				
Purchase of Property, Plant and Equipment	(522,036)	(478,225)	(4,641)	(7,052)
Acquisitions and Disposals of Subsidiaries	3,173	18,048	(242,796)	-
Investment in Intangible Assets	(1,146)	-	-	-
Other Investments	49,528	(185,994)	-	474
Proceeds from Disposal of Property, Plant and Equipment	23,860	13,698	4,941	4,624
Redemption of Preference Shares of Joint Venture Company	(7,843)	(7,843)	-	-
Investment Income Received	2	84	293,785	299,431
Net Cash from/(Used in) Investing Activities	(454,462)	(640,232)	51,289	297,477
Financing Activities				
Interest Bearing Loans and Borrowings (Net)				
- Rupee Loan	(605,836)	443,548	238,281	(72,420)
- USD Loan	(49,742)	(91,328)	-	-
Proceeds from Issue of Ordinary shares under ESOS	132,178	-	132,178	-
Proceeds from issue of Preference Shares	-	135,000	-	-
Proceeds from Minority Shareholders	267,723	-	-	-
Dividends Paid				
- Ordinary Shares	(200,192)	(270,545)	(128,010)	(229,406)
- Preference Shares	(5,999)	(1,050)	-	-
Transaction cost on subsidiary share issue	(4,382)	-	(629)	-
Net Cash from/(Used in) Financing Activities	(466,250)	215,625	241,820	(301,826)
Net Increase/(Decrease) in Cash and Cash Equivalents	(965,631)	388,991	37,100	(18,131)
Exchange Loss	(791)	-	-	-
Cash and Cash Equivalents at the beginning of the Year	1,769,379	682,270	(9,616)	76,582
Cash and Cash Equivalents at the end of the period	802,957	1,071,261	27,484	58,451

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Segmental Information

	FMCG		Health Care		Leisure		Transportation		Power		Others		Group	
For Three months ended 30 September	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
<i>Rs '000</i>														
Revenue														
Segmental Revenue - Gross	1,570,588	1,450,452	1,816,535	1,561,175	244,539	186,545	177,790	199,282	1,100,225	877,603	229,335	182,166	5,139,012	4,457,223
Intra Segmental Revenue	-	-	(15,858)	(16,006)	-	-	-	-	-	-	(2,897)	(4,217)	(18,755)	(20,223)
Segmental Revenue	1,570,588	1,450,452	1,800,677	1,545,169	244,539	186,545	177,790	199,282	1,100,225	877,603	226,438	177,949	5,120,257	4,437,000
Inter Segmental Revenue	-	-	-	-	-	-	-	-	-	-	(106,508)	(102,114)	(106,508)	(102,114)
Total Revenue	1,570,588	1,450,452	1,800,677	1,545,169	244,539	186,545	177,790	199,282	1,100,225	877,603	119,930	75,835	5,013,749	4,334,886
Segmental Results	132,230	128,348	129,701	113,189	10,119	(6,721)	62,877	73,597	75,363	134,613	(81,124)	(50,265)	329,166	392,761
Finance Cost	36	(9,155)	(28,058)	(33,848)	(12,044)	(2,294)	(1,435)	(3,974)	(10,885)	(24,153)	(10,126)	(303)	(62,512)	(73,727)
Finance Income	11,759	10,620	3,696	2,173	9,089	647	7,226	4,119	13,791	13,936	995	2,470	46,556	33,965
Change in Fair Value of Investment Properties	-	-	-	-	-	-	-	-	-	-	-	6,000	-	6,000
Profit/(Loss) before Tax	144,025	129,813	105,339	81,514	7,164	(8,368)	68,668	73,742	78,269	124,396	(90,255)	(42,098)	313,210	358,999
Income Tax	(4,989)	(1,427)	(26,891)	(24,758)	(7,933)	(2,817)	(9,026)	(7,758)	(328)	-	(19,846)	(7,869)	(69,013)	(44,629)
Profit / (Loss) for the Period	139,036	128,386	78,448	56,756	(769)	(11,185)	59,642	65,984	77,941	124,396	(110,101)	(49,967)	244,197	314,370
Attributable to:														
Equity Holders of the Parent	139,036	128,386	84,618	65,780	(7,141)	(7,289)	59,642	65,984	58,473	93,315	(110,155)	(50,011)	224,473	296,165
Minority Interests	-	-	(6,170)	(9,024)	6,372	(3,896)	-	-	19,468	31,081	54	44	19,724	18,205
	139,036	128,386	78,448	56,756	(769)	(11,185)	59,642	65,984	77,941	124,396	(110,101)	(49,967)	244,197	314,370

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Segmental Information

For Six months ended 30 September

	FMCG		Health Care		Leisure		Transportation		Power		Others		Group	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
<i>Rs '000</i>														
Revenue														
Segmental Revenue - Gross	3,139,155	2,893,727	3,664,171	3,157,730	453,142	331,065	358,981	374,078	2,087,675	1,593,196	547,016	391,714	10,250,140	8,741,510
Intra Segmental Revenue	-	-	(33,055)	(28,711)	-	-	-	-	-	-	(6,396)	(8,007)	(39,451)	(36,718)
Segmental Revenue	3,139,155	2,893,727	3,631,116	3,129,019	453,142	331,065	358,981	374,078	2,087,675	1,593,196	540,620	383,707	10,210,689	8,704,792
Inter Segmental Revenue	-	-	-	-	-	-	-	-	-	-	(220,120)	(191,138)	(220,120)	(191,138)
Total Revenue	3,139,155	2,893,727	3,631,116	3,129,019	453,142	331,065	358,981	374,078	2,087,675	1,593,196	320,500	192,569	9,990,569	8,513,654
Segmental Results	239,243	294,751	312,270	223,915	(9,207)	11,518	112,978	143,879	157,589	229,388	(125,076)	(89,128)	687,797	814,323
Finance Cost	(2,714)	(19,307)	(53,491)	(64,575)	(27,818)	(4,647)	(4,805)	(4,992)	(24,233)	(54,406)	(11,861)	(650)	(124,922)	(148,577)
Finance Income	24,063	21,181	3,696	2,761	9,754	727	11,793	7,704	32,140	29,508	2,321	3,315	83,767	65,195
Change in Fair Value of Investment Properties	-	-	-	-	-	-	-	-	-	-	-	12,000	-	12,000
Profit/(Loss) before Tax	260,592	296,625	262,475	162,101	(27,271)	7,598	119,966	146,590	165,496	204,490	(134,616)	(74,463)	646,642	742,941
Income Tax	(3,931)	(2,504)	(72,651)	(57,307)	4,215	(3,607)	(18,275)	(14,037)	(238)	-	(29,035)	(32,265)	(119,915)	(109,720)
Profit / (Loss) for the Period	256,661	294,121	189,824	104,794	(23,056)	3,990	101,691	132,554	165,258	204,490	(163,651)	(106,728)	526,727	633,221
Attributable to:														
Equity Holders of the Parent	256,661	294,121	200,554	122,121	(32,831)	(7,730)	101,691	132,554	123,978	153,403	(163,615)	(106,821)	486,438	587,648
Minority Interests	-	-	(10,730)	(17,327)	9,775	11,720	-	-	41,280	51,087	(36)	93	40,289	45,573
	256,661	294,121	189,824	104,794	(23,056)	3,990	101,691	132,554	165,258	204,490	(163,651)	(106,728)	526,727	633,221

The above figures are provisional and subject to audit

Notes to the Financial Statements

- 1 The Interim Financial Statements have been prepared in accordance with the accounting policies set out in the audited accounts for the year ended 31 March 2011, and also in compliance with Sri Lanka Accounting Standard 35 - Interim Financial Reporting. Further, provisions of the new Companies Act No. 7 of 2007 have been considered in preparing the interim financial statements.
- 2 The previous years'/periods' figures and phrases have been amended where relevant, for better presentation and to be comparable with those of the current period.
- 3 The company exercised its rights and invested Rs. 111Mn in Serendib Hotels PLC on 05 May 2011.
- 4 The group divested its stake in Solas Lanka (Pvt) Ltd on 30 June 2011.
- 5 The Company disposed 51% of shares in ACX International (Pvt) Ltd on 12 August 2011 and will be treated as a joint venture
- 6 Investment Property of Hemas Development (Pvt) Ltd was reclassified from the financial year 2011/12 onwards to Property, Plant & Equipment in the consolidated balance sheet, following the commencement of owner occupation by group subsidiaries and depreciated accordingly in the consolidated income statement
- 7 The Company issued ESOS 2008 final tranche of 3,250,000 ordinary shares on 26th September 2011 at Rs.40.67 per share for Rs.132Mn
- 8 The Company paid a final dividend of Rs.0.25 per share on 11 July 2011, for the financial year ended 31 March 2011.
- 9 The Board of Directors of the company has proposed a interim dividend of Rs.0.25 per share for the financial year ended 31 March 2012. 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 22 November 2011.

In accordance with the Sri Lanka Accounting Standard 12 (Revised 2005) - Events after the Balance Sheet date, the proposed interim dividend has not been recognised as a liability in the financial statements as at 30 September 2011.
- 10 There have been no other events subsequent to the balance sheet date, which require disclosure in the interim financial statements.
- 11 There has been no significant changes in the nature of the contingent liabilities which were disclosed in the Audited Accounts for the year ended 31 March 2011.

Investor Information

	Three months Ended 30.09.2011	Three months Ended 30.09.2010
Market Value of Shares		
Closing Price on 30th September (Rs)	39.00	51.50
Highest Price during the Period (Rs)	45.10	53.50
Lowest Price during the Period (Rs)	38.00	35.00
Market Capitalization on 30th September (Rs Mn)	19,970	26,254
Ratios		
Net Asset Per Share on 30th September (Rs)*	18.14	16.08
Price Earnings Ratio on 30th September (times)	19.08	22.29
Share Trading		
No of transactions during the Period	1,785	18,628
No of shares traded during the Period	4,455,100	57,982,100
Value of shares traded during the Period (Rs Mn)	186	2,491
Number of Shares	515,290,620	509,790,620

Share Information

LIST OF 20 MAJOR SHAREHOLDERS	30.09.2011		30.09.2010	
	No. of Shares	%	No. of Shares	%
1 A Z Holdings (Pvt) Ltd.	90,762,875	17.61	90,762,875	17.80
2 Saraz Investments (Pvt) Ltd.	86,396,035	16.77	86,396,035	16.95
3 Blueberry Investments (Pvt) Ltd.	85,781,250	16.65	85,781,250	16.83
4 Amagroup (Pvt) Limited	85,780,665	16.65	85,780,665	16.83
5 Employees Provident Fund	26,650,875	5.17	26,401,375	5.18
6 HSBC Intl. Nominees Ltd-SSBT-The RBS as Dep of FS India Subcontinent Fund As S/F Of First State Investment	9,732,370	1.89	-	-
7 Jacey Trust Services (Pvt) Ltd -Account No 2	8,750,000	1.70	3,250,000	0.64
8 Sri Lanka Insurance Corporation Ltd. - Life Fund	6,635,700	1.29	15,044,000	2.95
9 HSBC Intl. Nominees Ltd-SSBT-The RBS PLC as Dep for first state Asia Pacific Sustainability Fund S/F of FS	6,272,899	1.22	-	-
10 Mr. I.A.H. Esufally	6,132,500	1.19	6,132,500	1.20
11 HSBC Intl. Nominees Ltd. - HSBC Bank PLC - CMG First State Global Umbrella Fund PLC CMG First State India	5,825,500	1.13	5,825,500	1.14
12 Mr. H.N. Esufally	5,795,205	1.12	5,795,205	1.14
13 Mr. M.A.H. Esufally	5,655,000	1.10	5,655,000	1.11
14 Lexinton Holdings (Pvt) Ltd.	4,738,200	0.92	-	-
15 Jacey Trust Services (Pvt) Ltd	4,613,750	0.90	4,613,750	0.91
16 HSBC Intl Nom Ltd-JPMCB- Pacific Assests Trust PLC	3,051,800	0.59	-	-
17 Cocoshell Activated Carbon Company Ltd.	2,938,275	0.57	3,045,575	0.60
18 Employees Trust Fund Board	2,795,100	0.54	1,615,500	0.32
19 Anverally and sons (pvt) Ltd A/C no 01	2,721,100	0.53	8,541,300	1.68
20 Mr.Udeshi	2,150,825	0.42	2,150,825	0.42

	30.09.2011	30.09.2010
	No. of Shares	No. of Shares

DIRECTORS INDIRECT SHAREHOLDING

A Z Holdings (Pvt) Ltd.	90,762,875	90,762,875
Saraz Investments (Pvt) Ltd.	86,396,035	86,396,035
Blueberry Investments (Pvt) Ltd.	85,781,250	85,781,250
Amagroup (Pvt) Ltd.	85,780,665	85,780,665

DIRECTORS SHAREHOLDING

Mr. J. C. L. De Mel (Chairman)	87,500	87,500
Mr. H.N. Esufally (Chief Executive Officer)	5,795,205	5,795,205
Mr. A.N. Esufally	1,992,085	1,992,085
Mr. I.A.H. Esufally	6,132,500	6,132,500
Mr. M.E. Wickremesinghe	11,250	11,250
Mr. M. A. H. Esufally	5,655,000	5,655,000
Mr. D. Bhatnagar	150	150

368,394,515	368,394,515
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PUBLIC HOLDING

Issued Share Capital	515,290,620	509,790,620
Less:Directors Direct and Indirect Shareholding	368,394,515	368,394,515
Public Holding	146,896,105	141,396,105
Public Holding as a % of Issued Share Capital	28.51%	27.74%

Corporate Information

Legal Form

Quoted Public Company with limited liability listed on the Colombo Stock Exchange on 15 October 2003

Date of Incorporation

10 December 1948

Date of Re-Registration

30 May 2007

New Registration Number

PQ 6

Accounting year end

31 March

Registered Office

Hemas Building
No. 36, Bristol Street, Colombo 1.

Website

www.hemas.com

Auditors

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

Directors

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

Secretaries & Registrars

Hemas Corporate Services (Pvt) Ltd.
No. 36, Bristol Street, Colombo 1
Telephone: 4 731731 (hunting)
Facsimile: 4 731777

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
People's Bank
DFCC Bank