



**Rs 11,895  
Million**

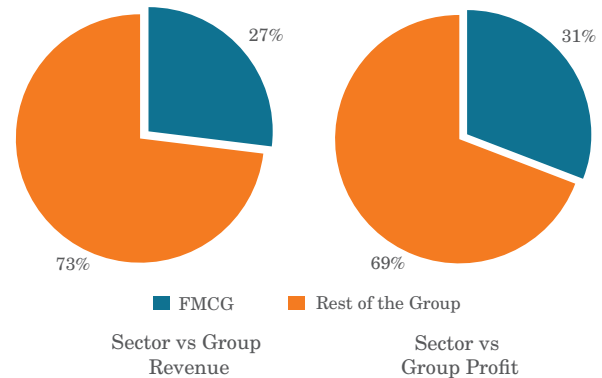
Revenue

**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

## FMCG



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.

Divya, 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 Valmillex 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.*

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.

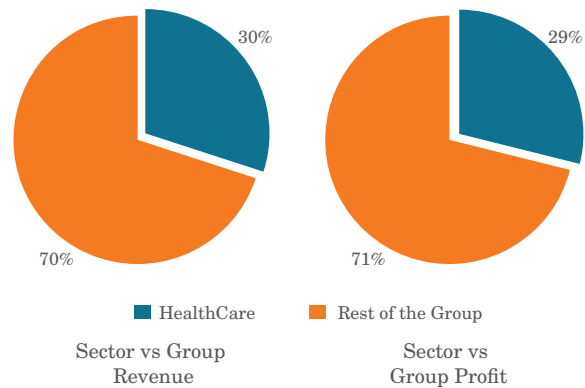
### Hemas Hospitals

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 Surgical & 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 Surgical & 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**

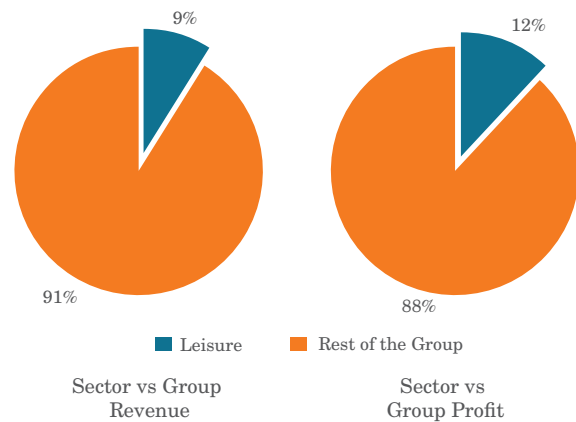
Revenue

**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, in spite 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.

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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**

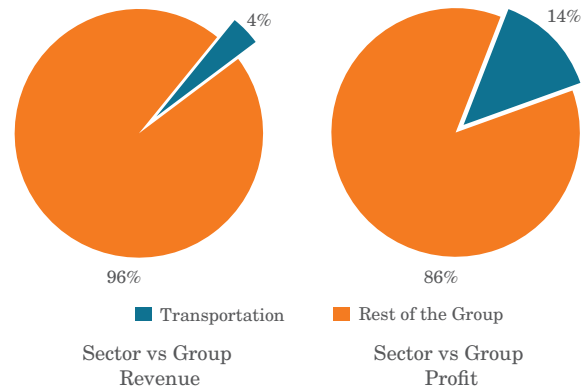
Revenue

**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](http://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.