

*e v o l u t i o n*



Hemas Holdings PLC  
Interim Report- Q1 2014/15

## CEO's Review

It gives me pleasure to present the first quarter performance of your Company for the financial year 2014/15. The Group recorded a consolidated revenue of Rs. 7.3Bn, a growth of 20%. Group operating profit closed at Rs. 452Mn while earnings stood at Rs. 247Mn, a decline of 12%. The variance between top line growth and decline in earnings is explained by sharp variations in performance of the different sectors within the Group.

The FMCG sector performed well during the first quarter registering a revenue of Rs. 2.9Bn, a strong growth in comparison to last year. All categories contributed positively. Our Bangladesh operation recorded significant growth on account of the higher sales generated from our hair care segment. The multiple re-launches that took place during 2013/14 financial year have started to deliver results and operating profits have grown in line with sales.

The Healthcare sector registered a revenue of Rs. 3.0Bn, a growth of 9% driven by the strong performance of our hospitals. The Pharmaceuticals business faced weak market conditions during the quarter in review impacting sales and resulting in low growth. In these difficult trading conditions we retained our industry leadership position with a market share of 21.05% (Source: IMS). The Hospitals business performed well with overall revenue growing by 42% over last year. The revenue growth was driven by the notable performance of our Wattala Hospital along with the improving performance of Thalawathugoda Hospital, which completed its first year in operations during the quarter under review.

Our newest addition, J. L. Morison experienced an 8% drop in sales due to production being disrupted by a machine breakdown, which resulted in the closure of the manufacturing plant for several weeks. The plant is now back in its full production and we used this period to upgrade the factory. On a positive note, the distributed pharmaceuticals segment showed growth against the previous year's turnover.

Our Leisure sector posted a revenue of Rs. 515Mn, a growth of 34% over the last year. Revenue growth was driven by our Hotels business which recorded a topline of Rs. 287Mn, a growth of 78%. However, last year's numbers were impacted by the partial closure of Club Hotel Dolphin and Hotel Sigiriya for refurbishment during the corresponding period. Hotels enjoyed a healthy occupancy rate of 70%, a significant improvement over the last year. The sector closed the quarter on a positive note registering a profit before tax of Rs. 11Mn an improvement from its last year's loss during the same period.

The Transportation sector experienced a strong performance with turnover growing by 19% to Rs. 334Mn over last year mainly due to top-line growth in the logistics segment, while earnings grew by 13% to Rs.99Mn. The maritime segment saw an increase in earnings arising out of the joint venture with Far Shipping Agency, while operations at the new container depot were a significant contributor towards the topline growth of the sector.

During the quarter, the turnover of the Power sector experienced a dip due to the low rainfall experienced at all five of its power plants and as a result, the accumulated power generation reduced to 7.6Mn Kwh, a 42% drop over the last year. With the introduction of SLFRS 11, the equity method has been adopted in accounting for Heladhanavi, thermal power plant. The power sector loss is mainly due to the heat rate reserve for Heladhanavi being charged to the income statement from this quarter onwards. The power sector overall earnings declined by Rs. 128Mn compared to last year.

N-Able, our IT solutions business, had a difficult quarter with the delay in finalization of key contracts resulting in a loss of Rs. 34Mn despite revenue being up by 14% compared to the last year.

The strong performance of our healthcare, personal care, leisure and transportation businesses is encouraging in tough market conditions and these have driven good revenue growth. However the plant closure at J.L. Morison, poor rainfall impacting our mini hydro power plants and the charging of the heat rate reserve at our thermal plant and weak results of N-able have been a drag on profits resulting a 12% decline in Group Profit After Tax.

The team continue to work hard to improve the profit performance of the Group. J.L. Morison is now back on track, however the thermal power plant coming to the end of its power purchase agreement will continue to impact financial performance.



Steven Enderby  
CEO  
Colombo  
August 8, 2014

**Consolidated Income Statement**

| <i>Rs '000</i>                                  | Three Months Ended |             | Change<br>% |
|---|--------------------|-------------|-------------|
|   | 30.06.2014         | 30.06.2013  |             |
| <b>Revenue</b>                                  | <b>7,266,981</b>   | 6,078,248   | 19.6        |
| Cost of Sales                                   | <b>(4,667,130)</b> | (3,954,915) | 18.0        |
| <b>Gross Profit</b>                             | <b>2,599,851</b>   | 2,123,333   | 22.4        |
| Other Operating Income                          | <b>32,488</b>      | 66,210      | (50.9)      |
| Selling and Distribution Costs                  | <b>(795,384)</b>   | (607,364)   | 31.0        |
| Administrative Expenses                         | <b>(1,364,513)</b> | (1,099,177) | 24.1        |
| Share of results of Joint ventures & Associates | <b>(20,186)</b>    | 4,686       | (530.8)     |
| <b>Operating Profit</b>                         | <b>452,256</b>     | 487,688     | (7.3)       |
| Finance Cost                                    | <b>(132,962)</b>   | (133,162)   | (0.2)       |
| Finance Income                                  | <b>34,264</b>      | 57,767      | (40.7)      |
| <b>Profit Before Tax</b>                        | <b>353,558</b>     | 412,293     | (14.2)      |
| Income Tax Expense                              | <b>(108,312)</b>   | (131,931)   | (17.9)      |
| <b>Profit for the Period</b>                    | <b>245,246</b>     | 280,362     | (12.5)      |
| <b>Attributable to:</b>                         |                    |             |             |
| Equity Holders of the Parent                    | <b>246,742</b>     | 276,708     | (10.8)      |
| Non-Controlling Interests                       | <b>(1,496)</b>     | 3,654       | (140.9)     |
|   | <b>245,246</b>     | 280,362     | (12.5)      |
| Earnings Per Share (Rs)                         | <b>0.48</b>        | 0.54        |             |
| Annualised Earnings Per Share (Rs)              | <b>1.92</b>        | 2.15        |             |

**Statement of Comprehensive Income**

| <i>Rs '000</i>   | Three Months Ended |            |
|--|--------------------|------------|
|  | 30.06.2014         | 30.06.2013 |
| <b>Profit for the Period</b>                                 | <b>245,246</b>     | 280,362    |
| <b>Other Comprehensive Income</b>                            |                    |            |
| Net (loss)/gain on available-for-sale financial assets       | <b>6</b>           | 17,123     |
| Exchange differences on translation of foreign operations    | <b>(168)</b>       | (583)      |
| Net movement on cash flow hedges                             | <b>10,574</b>      | (8,558)    |
| Revaluation of land and buildings                            | -                  | -          |
| Income Tax on other comprehensive income                     | -                  | -          |
| <b>Other Comprehensive Income for the period, net of tax</b> | <b>10,412</b>      | 7,982      |
| <b>Total Comprehensive Income for the period, net of tax</b> | <b>255,658</b>     | 288,344    |
| <b>Attributable to:</b>                                      |                    |            |
| Equity Holders of the Parent                                 | <b>252,382</b>     | 285,536    |
| Non-Controlling Interests                                    | <b>3,276</b>       | 2,808      |
|  | <b>255,658</b>     | 288,344    |

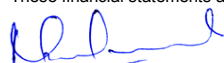
The above figures are provisional and subject to audit.

## Consolidated Statement of Financial Position

| As at  | 30.06.2014        | 30.06.2013 | 31.03.2014 |
|--|-------------------|------------|------------|
| Rs '000  |                   |            |            |
| <b>ASSETS</b>  |                   |            |            |
| <b>Non-Current Assets</b>                                  |                   |            |            |
| Property, Plant and Equipment                              | 12,509,880        | 11,763,364 | 12,563,633 |
| Investment Properties                                      | 1,683,130         | 578,453    | 1,683,130  |
| Leasehold Right  | 142,315           | 89,608     | 145,847    |
| Intangible Assets  | 1,326,277         | 1,230,386  | 1,333,219  |
| Investment in Joint Ventures                               | 1,986,325         | 1,411,018  | 2,018,096  |
| Investment in Associates                                   | 393,959           | 220,536    | 380,303    |
| Other Non Current Financial Assets                         | 470,999           | 320,911    | 464,257    |
| Deferred Tax Assets  | 58,775            | 35,833     | 58,581     |
|  | <b>18,571,660</b> | 15,650,109 | 18,647,066 |
| <b>Current Assets</b>                                      |                   |            |            |
| Inventories  | 3,847,255         | 2,906,386  | 3,822,873  |
| Trade and Other Receivables                                | 6,965,407         | 6,509,072  | 6,575,911  |
| Tax Recoverable  | 108,006           | 68,979     | 120,436    |
| Other Current Financial Assets                             | 511,152           | 438,620    | 507,758    |
| Cash and Short Term Deposits                               | 2,157,404         | 1,752,791  | 2,449,586  |
|  | <b>13,589,224</b> | 11,675,848 | 13,476,564 |
| <b>Total Assets</b>  | <b>32,160,884</b> | 27,325,957 | 32,123,630 |
| <b>EQUITY AND LIABILITIES</b>                              |                   |            |            |
| <b>Capital and Reserves</b>                                |                   |            |            |
| Stated Capital   | 1,600,603         | 1,600,603  | 1,600,603  |
| Other Capital and Revenue Reserves                         | 217,101           | 366,082    | 400,289    |
| Other Components of Equity                                 | 928,065           | 1,308,742  | 922,551    |
| Retained Earnings  | 11,710,260        | 9,098,521  | 11,377,081 |
| <b>Equity attributable to equity holders of the parent</b> | <b>14,456,029</b> | 12,373,948 | 14,300,524 |
| Non-Controlling Interests                                  | 3,282,430         | 3,292,798  | 3,329,111  |
| <b>Total Equity</b>  | <b>17,738,459</b> | 15,666,746 | 17,629,635 |
| <b>Non-Current Liabilities</b>                             |                   |            |            |
| Interest Bearing Loans and Borrowings                      | 3,945,844         | 2,229,665  | 3,464,922  |
| Other Non Current Financial Liabilities                    | 99,170            | 145,334    | 158,010    |
| Deferred Tax Liabilities                                   | 281,072           | 220,854    | 273,055    |
| Employee Benefit Liability                                 | 417,979           | 387,741    | 426,642    |
|  | <b>4,744,065</b>  | 2,983,594  | 4,322,629  |
| <b>Current Liabilities</b>                                 |                   |            |            |
| Trade and Other Payables                                   | 7,383,733         | 6,440,651  | 7,373,718  |
| Income Tax Liabilities                                     | 63,813            | 178,323    | 109,199    |
| Interest Bearing Loans and Borrowings                      | 1,517,003         | 1,281,347  | 1,767,786  |
| Bank Overdraft   | 713,811           | 775,296    | 920,663    |
|  | <b>9,678,360</b>  | 8,675,617  | 10,171,366 |
| <b>Total Equity and Liabilities</b>                        | <b>32,160,884</b> | 27,325,957 | 32,123,630 |
| <b>Net Asset per share - (Rs)</b>                          | <b>28.05</b>      | 24.01      | 27.75      |

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,



**Steven Enderby**  
Chief Executive Officer  
Colombo  
August 8, 2014



**Husein Esufally**  
Chairman

**Consolidated Statement of Changes in Equity**

|  | Atributable to Equity Holders of the Parent |                                  |                           |                  |                            |                         | Retained Earnings | Total      | Non Controlling Interests | Total Equity |
|--|---|----------------------------------|---------------------------|------------------|----------------------------|-------------------------|-------------------|------------|---------------------------|--------------|
|  | Stated Capital                              | Other Capital & Revenue Reserves | Other Component Of Equity |                  |                            |                         |                   |            |                           |              |
|  |   |                                  | Revaluation Reserve       | Exchange Reserve | Available for sale Reserve | Cash flow hedge Reserve |                   |            |                           |              |
| <i>Rs '000</i>                                     |   |                                  |                           |                  |                            |                         |                   |            |                           |              |
| <b>Balance as at 1 April 2013</b>                  | 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 period                              | -   | -                                | -                         | -                | -                          | -                       | 276,708           | 276,708    | 3,654                     | 280,362      |
| Other comprehensive income                         | -   | -                                | -                         | (714)            | 15,961                     | (6,419)                 | -                 | 8,828      | (846)                     | 7,982        |
| <b>Total comprehensive income</b>                  | -   | -                                | -                         | (714)            | 15,961                     | (6,419)                 | 276,708           | 285,536    | 2,808                     | 288,344      |
| Dividends Paid - Ordinary Shares                   | -   | -                                | -                         | -                | -                          | -                       | -                 | -          | (5,000)                   | (5,000)      |
| Transfer to/from during the period                 |   |                                  |                           |                  |                            |                         |                   |            |                           |              |
| - Overhaul Reserve/ Heat and Lube oil Reserve      | -   | (43,669)                         | -                         | -                | -                          | -                       | 32,752            | (10,917)   | 10,917                    | -            |
| - Available for sale reserve                       | -   | -                                | -                         | -                | (14,563)                   | -                       | -                 | (14,563)   | (4,854)                   | (19,417)     |
| Adjustment in respect of changes in Group Holding  | -   | -                                | -                         | -                | -                          | -                       | (39,450)          | (39,450)   | 1,029,890                 | 990,440      |
| <b>Balance as at 30 June 2013</b>                  | 1,600,603                                   | 366,082                          | 1,302,730                 | (2,444)          | 30,440                     | (21,984)                | 9,098,521         | 12,373,948 | 3,292,798                 | 15,666,746   |
| <b>Balance as at 1 April 2014</b>                  | 1,600,603                                   | 400,289                          | 951,147                   | (3,515)          | 7,370                      | (32,451)                | 11,377,081        | 14,300,524 | 3,329,111                 | 17,629,635   |
| Profit for the period                              | -   | -                                | -                         | -                | -                          | -                       | 246,742           | 246,742    | (1,496)                   | 245,246      |
| Other comprehensive income                         | -   | -                                | -                         | (119)            | 6                          | 5,753                   | -                 | 5,640      | 4,772                     | 10,412       |
| <b>Total comprehensive income</b>                  | -   | -                                | -                         | (119)            | 6                          | 5,753                   | 246,742           | 252,382    | 3,276                     | 255,658      |
| Transfer to/from during the period                 |   |                                  |                           |                  |                            |                         |                   |            |                           |              |
| - Overhaul Reserve/ Heat and Lube oil Reserve      | -   | (183,188)                        | -                         | -                | -                          | -                       | 137,391           | (45,797)   | 45,797                    | -            |
| - Deferred Tax Attributable to Revaluation Reserve | -   | -                                | (126)                     | -                | -                          | -                       | -                 | (126)      | (250)                     | (376)        |
| Transaction cost on Issue of shares                | -   | -                                | -                         | -                | -                          | -                       | (6,186)           | (6,186)    | (1,204)                   | (7,390)      |
| Adjustment in respect of changes in Group Holding  | -   | -                                | -                         | -                | -                          | -                       | (44,768)          | (44,768)   | (94,300)                  | (139,068)    |
| <b>Balance as at 30 June 2014</b>                  | 1,600,603                                   | 217,101                          | 951,021                   | (3,634)          | 7,376                      | (26,698)                | 11,710,260        | 14,456,029 | 3,282,430                 | 17,738,459   |

## Company Income Statement

| <i>Rs '000</i>               | Three Months Ended |               | Change<br>% |
|------------------------------|--------------------|---------------|-------------|
|                              | 30.06.2014         | 30.06.2013    |             |
| <b>Revenue</b>               | <b>168,371</b>     | 130,824       | 28.7        |
| Cost of Sales                | -                  | -             | -           |
| <b>Gross Profit</b>          | <b>168,371</b>     | 130,824       | 28.7        |
| Other Operating Income       | <b>1,744</b>       | 1,867         | (6.6)       |
| Administrative Expenses      | <b>(132,987)</b>   | (107,653)     | 23.5        |
| <b>Operating Profit</b>      | <b>37,128</b>      | <b>25,038</b> | <b>48.3</b> |
| Finance Cost                 | <b>(45,753)</b>    | (88,036)      | (48.0)      |
| Finance Income               | <b>28,468</b>      | 28,841        | (1.3)       |
| <b>Profit Before Tax</b>     | <b>19,843</b>      | (34,157)      | (158.1)     |
| Income Tax Expenses          | <b>(26,864)</b>    | (6,089)       | 341.2       |
| <b>Profit for the Period</b> | <b>(7,021)</b>     | (40,246)      | (82.6)      |

## Statement of Comprehensive Income

| <i>Rs '000</i>   | Three Months Ended |            |
|--|--------------------|------------|
|  | 30.06.2014         | 30.06.2013 |
| <b>Profit for the Period</b>                                 | <b>(7,021)</b>     | (40,246)   |
| <b>Other Comprehensive Income</b>                            |                    |            |
| Net (loss)/gain on available-for-sale financial assets       | <b>6</b>           | 12,471     |
| Exchange differences on translation of foreign operations    | -                  | -          |
| Net movement on cash flow hedges                             | -                  | -          |
| Revaluation of land and buildings                            | -                  | -          |
| Income Tax on other comprehensive income                     | -                  | -          |
| <b>Other Comprehensive Income for the period, net of tax</b> | <b>6</b>           | 12,471     |
| <b>Total Comprehensive Income for the period, net of tax</b> | <b>(7,015)</b>     | (27,775)   |

The above figures are provisional and subject to audit

## Statement of Financial Position -Company

| As at                                   | 30.06.2014       | 30.06.2013       | 31.03.2014       |
|---|------------------|------------------|------------------|
| Rs '000                                 |                  |                  |                  |
| <b>ASSETS</b>                           |                  |                  |                  |
| <b>Non-Current Assets</b>               |                  |                  |                  |
| Property, Plant and Equipment           | 158,666          | 149,173          | 169,472          |
| Investment Properties                   | 617,615          | 566,289          | 617,615          |
| Intangible Assets                       | 21,672           | 1,815            | 23,192           |
| Investment in Subsidiaries              | 6,499,454        | 6,425,343        | 6,334,445        |
| Investment in Joint Ventures            | 30,044           | 38,519           | 30,044           |
| Other Non Current Financial Assets      | 427,446          | 240,211          | 425,455          |
|   | <b>7,754,897</b> | <b>7,421,350</b> | <b>7,600,223</b> |
| <b>Current Assets</b>                   |                  |                  |                  |
| Trade and Other Receivables             | 472,614          | 1,215,552        | 317,644          |
| Tax Recoverable                         | 7,252            | 5,324            | 17,940           |
| Other Current Financial Assets          | 1,035,120        | 297,056          | 480,030          |
| Cash and Short Term Deposits            | 502,309          | 148,288          | 364,468          |
|   | <b>2,017,295</b> | <b>1,666,220</b> | <b>1,180,082</b> |
| <b>Total Assets</b>                     | <b>9,772,192</b> | <b>9,087,570</b> | <b>8,780,305</b> |
| <b>EQUITY AND LIABILITIES</b>           |                  |                  |                  |
| <b>Capital and Reserves</b>             |                  |                  |                  |
| Stated Capital                          | 1,600,603        | 1,600,603        | 1,600,603        |
| Other Capital Reserves                  | 257,032          | 257,032          | 257,032          |
| Other Components of Equity              | 6,631            | 30,260           | 6,625            |
| Retained Earnings                       | 4,971,092        | 4,550,226        | 4,978,113        |
| <b>Total Equity</b>                     | <b>6,835,358</b> | <b>6,438,121</b> | <b>6,842,373</b> |
| <b>Non-Current Liabilities</b>          |                  |                  |                  |
| Interest Bearing Loans and Borrowings   | 1,938,503        | 1,434,896        | 890,161          |
| Other Non Current Financial Liabilities | 8,840            | 4,383            | 8,840            |
| Deferred Tax Liabilities                | 57,961           | 57,285           | 53,917           |
| Employee Benefit Liability              | 16,619           | 27,260           | 33,809           |
|   | <b>2,021,923</b> | <b>1,523,824</b> | <b>986,727</b>   |
| <b>Current Liabilities</b>              |                  |                  |                  |
| Trade and Other Payables                | 180,625          | 131,223          | 133,451          |
| Interest Bearing Loans and Borrowings   | 726,045          | 977,993          | 719,580          |
| Bank Overdraft                          | 8,241            | 16,409           | 98,174           |
|   | <b>914,911</b>   | <b>1,125,625</b> | <b>951,205</b>   |
| <b>Total Equity and Liabilities</b>     | <b>9,772,192</b> | <b>9,087,570</b> | <b>8,780,305</b> |
| <b>Net Asset per share - (Rs)</b>       | <b>13.27</b>     | <b>12.49</b>     | <b>13.28</b>     |

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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,



**Steven Enderby**  
Chief Executive Officer  
Colombo  
August 8, 2014



**Husein Esufally**  
Chairman



## Statement of Changes in Equity- Company

| <i>Rs '000</i>                    | Stated Capital   | Other Capital Reserves | Other Component            | Retained Earnings | Total Equity     |
|-----------------------------------|------------------|------------------------|----------------------------|-------------------|------------------|
|                                   |                  |                        | Of Equity                  |                   |                  |
|                                   |                  |                        | Available for Sale Reserve |                   |                  |
| <b>Balance as at 1 April 2013</b> | <b>1,600,603</b> | <b>257,032</b>         | <b>17,789</b>              | <b>4,590,472</b>  | <b>6,465,896</b> |
| Profit for the period             | -                | -                      | -                          | (40,246)          | (40,246)         |
| Other comprehensive income        | -                | -                      | 12,471                     | -                 | 12,471           |
| Total comprehensive income        | -                | -                      | 12,471                     | (40,246)          | (27,775)         |
| <b>Balance as at 30 June 2013</b> | <b>1,600,603</b> | <b>257,032</b>         | <b>30,260</b>              | <b>4,550,226</b>  | <b>6,438,121</b> |
| <b>Balance as at 1 April 2014</b> | <b>1,600,603</b> | <b>257,032</b>         | <b>6,625</b>               | <b>4,978,113</b>  | <b>6,842,373</b> |
| Profit for the period             | -                | -                      | -                          | (7,021)           | (7,021)          |
| Other comprehensive income        | -                | -                      | 6                          | -                 | 6                |
| Total comprehensive income        | -                | -                      | 6                          | (7,021)           | (7,015)          |
| <b>Balance as at 30 June 2014</b> | <b>1,600,603</b> | <b>257,032</b>         | <b>6,631</b>               | <b>4,971,092</b>  | <b>6,835,358</b> |

The above figures are provisional and subject to audit

## Cash Flow Statement

| For Three months ended 30 June<br><i>Rs '000</i>                   | Group            |                    | Company          |                  |
|--|------------------|--------------------|------------------|------------------|
|  | 2014             | 2013               | 2014             | 2013             |
| <b>Operating Activities</b>  |                  |                    |                  |                  |
| Profit Before Taxation   | 353,558          | 412,293            | 19,843           | (34,157)         |
| <b>Adjustments for</b>   |                  |                    |                  |                  |
| Depreciation   | 202,341          | 161,780            | 11,325           | 8,885            |
| (Gain)/Loss on Disposal of Property, Plant and Equipment           | (296)            | 376                | -                | 24               |
| Amortisation/ Impairment of Intangibles                            | 7,184            | 1,957              | 1,520            | 185              |
| Amortisation of Leasehold Rights                                   | 3,531            | 984                | -                | -                |
| Exchange gain or loss on foreign currency borrowings               | 4,940            | 31,448             | -                | -                |
| Re-classification of Available for sale reserve to Profit and Loss | -                | (19,417)           | -                | -                |
| Finance Cost   | 132,962          | 133,162            | 45,753           | 88,036           |
| Finance Income   | (34,264)         | (57,767)           | (28,468)         | (28,841)         |
| Share of results of Associates                                     | (13,656)         | (4,686)            | -                | -                |
| Share of results of Joint Ventures                                 | 33,842           | -                  | -                | -                |
| Investment Income  | -                | -                  | (6)              | (3)              |
| Movement in Employee Benefit Liability                             | 24,813           | 16,960             | 2,061            | 828              |
| <b>Working Capital Adjustments</b>                                 |                  |                    |                  |                  |
| (Increase)/Decrease in Inventories                                 | (24,382)         | 46,435             | -                | -                |
| (Increase)/Decrease in Trade and Other Receivables                 | (389,496)        | (540,015)          | (154,971)        | (187,963)        |
| Increase/(Decrease) in Trade and Other Payables                    | 10,017           | 791,381            | 47,175           | (28,579)         |
| Increase/(Decrease) in Other Non Current Liabilities               | -                | -                  | -                | -                |
| Increase/(Decrease) in Other Non Current Financial Liabilities     | (58,841)         | 4,992              | -                | -                |
| Finance Cost Paid  | (132,962)        | (133,022)          | (45,753)         | (88,036)         |
| Finance Income Received  | 29,911           | 47,094             | 26,331           | 24,003           |
| Income Tax Paid  | (129,081)        | (62,290)           | (12,130)         | -                |
| Employee Retirement Benefit Paid                                   | (33,476)         | (3,874)            | (19,251)         | -                |
| <b>Net Cash flows from/(Used in) Operating Activities</b>          | <b>(13,355)</b>  | <b>827,791</b>     | <b>(106,571)</b> | <b>(245,618)</b> |
| <b>Investing Activities</b>  |                  |                    |                  |                  |
| Purchase of Property, Plant and Equipment                          | (154,694)        | (589,441)          | (517)            | (6,390)          |
| Investment in Intangible Assets                                    | (375)            | (1,757)            | -                | (1,601)          |
| Disposal of/ Investment in Financial Assets                        | (5,783)          | (23,891)           | 239              | (989)            |
| Investment in Joint Ventures                                       | (3,000)          | -                  | -                | -                |
| Acquisition/ Disposal of Subsidiary                                | -                | (2,082,483)        | (165,009)        | (81,211)         |
| Investment Income Received   | -                | -                  | 6                | 3                |
| Proceeds from Disposal of Property, Plant and Equipment            | 6,482            | 9,753              | -                | 2,038            |
| <b>Net Cash flows from/(Used in) Investing Activities</b>          | <b>(157,370)</b> | <b>(2,687,819)</b> | <b>(165,281)</b> | <b>(88,150)</b>  |
| <b>Financing Activities</b>  |                  |                    |                  |                  |
| Interest Bearing Loans and Borrowings (Net)                        | 231,968          | 905,936            | 499,626          | 421,629          |
| Transaction cost on subsidiary share issue                         | (7,390)          | -                  | -                | -                |
| Proceeds from Non-Controlling interest                             | (139,068)        | -                  | -                | -                |
| Dividends Paid - Non-Controlling Interest                          | -                | (5,000)            | -                | -                |
| <b>Net Cash flows from/(Used in) Financing Activities</b>          | <b>85,510</b>    | <b>900,936</b>     | <b>499,626</b>   | <b>421,629</b>   |
| Net Increase/(Decrease) in Cash and Cash Equivalents               | (85,215)         | (959,092)          | 227,774          | 87,861           |
| Net Foreign Exchange Difference                                    | (115)            | 561                | -                | -                |
| Cash and Cash Equivalents at the beginning of the Year             | 1,528,923        | 1,936,026          | 266,294          | 44,018           |
| <b>Cash and Cash Equivalents at the end of the period</b>          | <b>1,443,593</b> | <b>977,495</b>     | <b>494,068</b>   | <b>131,879</b>   |

The above figures are provisional and subject to audit

## Segmental Information

| For Three months ended 30 June                  | FMCG             |                  | Healthcare       |                  | Leisure        |                 | Transportation |                | Power           |                | Others           |                  | Group            |                  |
|---|------------------|------------------|------------------|------------------|----------------|-----------------|----------------|----------------|-----------------|----------------|------------------|------------------|------------------|------------------|
|   | 2014             | 2013             | 2014             | 2013             | 2014           | 2013            | 2014           | 2013           | 2014            | 2013           | 2014             | 2013             | 2014             | 2013             |
| <i>Rs '000</i>                                  |                  |                  |                  |                  |                |                 |                |                |                 |                |                  |                  |                  |                  |
| <b>Revenue</b>                                  |                  |                  |                  |                  |                |                 |                |                |                 |                |                  |                  |                  |                  |
| Segmental Revenue - Gross                       | 2,873,675        | 2,236,951        | 3,037,952        | 2,776,480        | 514,903        | 383,576         | 334,359        | 280,681        | 94,025          | 171,341        | 668,052          | 441,348          | 7,522,966        | 6,290,377        |
| Intra Segmental Revenue                         | -                | -                | (32,149)         | (27,519)         | -              | -               | -              | -              | -               | -              | (22,814)         | (20,028)         | (54,963)         | (47,547)         |
| <b>Segmental Revenue</b>                        | <b>2,873,675</b> | <b>2,236,951</b> | <b>3,005,803</b> | <b>2,748,961</b> | <b>514,903</b> | <b>383,576</b>  | <b>334,359</b> | <b>280,681</b> | <b>94,025</b>   | <b>171,341</b> | <b>645,238</b>   | <b>421,320</b>   | <b>7,468,003</b> | <b>6,242,830</b> |
| Inter Segmental Revenue                         | -                | -                | -                | -                | -              | -               | -              | -              | -               | -              | (201,022)        | (164,582)        | (201,022)        | (164,582)        |
| <b>Total Revenue</b>                            | <b>2,873,675</b> | <b>2,236,951</b> | <b>3,005,803</b> | <b>2,748,961</b> | <b>514,903</b> | <b>383,576</b>  | <b>334,359</b> | <b>280,681</b> | <b>94,025</b>   | <b>171,341</b> | <b>444,216</b>   | <b>256,738</b>   | <b>7,266,981</b> | <b>6,078,248</b> |
| <b>Segmental Results</b>                        | <b>255,811</b>   | <b>224,386</b>   | <b>224,756</b>   | <b>168,509</b>   | <b>(3,638)</b> | <b>(31,099)</b> | <b>81,769</b>  | <b>110,622</b> | <b>35,111</b>   | <b>137,417</b> | <b>(121,367)</b> | <b>(126,833)</b> | <b>472,442</b>   | <b>483,002</b>   |
| Finance Cost                                    | (1,379)          | (790)            | (69,182)         | (39,720)         | (10,985)       | (54,133)        | (6,283)        | (4,672)        | (11,199)        | (8,248)        | (33,934)         | (25,599)         | (132,962)        | (133,162)        |
| Finance Income                                  | 3,894            | 27,797           | 1,483            | 5,101            | 3,155          | 2,867           | 6,674          | 14,592         | 342             | 1,556          | 18,716           | 5,854            | 34,264           | 57,767           |
| Share of results of Joint ventures & Associates | -                | -                | -                | -                | 22,816         | (789)           | 34,204         | (5,107)        | (77,006)        | 10,582         | -                | -                | (20,186)         | 4,686            |
| Profit/(Loss) before Tax                        | 258,326          | 251,393          | 157,057          | 133,890          | 11,148         | (83,154)        | 116,364        | 115,435        | (52,752)        | 141,307        | (136,585)        | (146,578)        | 353,558          | 412,293          |
| Income Tax                                      | (26,087)         | (30,283)         | (25,433)         | (62,108)         | (4,917)        | 1,774           | (14,176)       | (25,224)       | (1,544)         | (4,062)        | (36,155)         | (12,028)         | (108,312)        | (131,931)        |
| <b>Profit / (Loss) for the Period</b>           | <b>232,239</b>   | <b>221,110</b>   | <b>131,624</b>   | <b>71,782</b>    | <b>6,231</b>   | <b>(81,380)</b> | <b>102,188</b> | <b>90,211</b>  | <b>(54,296)</b> | <b>137,245</b> | <b>(172,740)</b> | <b>(158,606)</b> | <b>245,246</b>   | <b>280,362</b>   |
| <b>Attributable to:</b>                         |                  |                  |                  |                  |                |                 |                |                |                 |                |                  |                  |                  |                  |
| Equity Holders of the Parent                    | 231,972          | 220,173          | 135,686          | 92,550           | 5,416          | (39,900)        | 98,652         | 87,053         | (51,669)        | 76,549         | (173,315)        | (159,717)        | 246,742          | 276,708          |
| Non-Controlling Interests                       | 267              | 937              | (4,062)          | (20,768)         | 815            | (41,480)        | 3,536          | 3,158          | (2,627)         | 60,696         | 575              | 1,111            | (1,496)          | 3,654            |
|   | <b>232,239</b>   | <b>221,110</b>   | <b>131,624</b>   | <b>71,782</b>    | <b>6,231</b>   | <b>(81,380)</b> | <b>102,188</b> | <b>90,211</b>  | <b>(54,296)</b> | <b>137,245</b> | <b>(172,740)</b> | <b>(158,606)</b> | <b>245,246</b>   | <b>280,362</b>   |

The above figures are provisional and subject to audit

## Notes to the Financial Statements

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### 1 Basis of preparation

The condensed interim financial statements have been prepared in accordance with Sri Lanka Accounting Standard LKAS- 34, Interim Financial Reporting. The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 March 2014. Further, provisions of the Companies Act No. 7 of 2007 have been considered in preparing the interim financial statements.

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.

### 2 Changes in Accounting Policies

#### (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 includes the issues raised in Standing Interpretations Committee (SIC) 12 Consolidation 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 management to exercise significant judgment to determine which entities are controlled, and therefore are required to be consolidated by a parent, compared with the requirements that were in LKAS 27.

SLFRS 10 has had no impact on the consolidation of investments held by the Group.

#### (b) SLFRS 11 – Joint Arrangements

SLFRS 11 replaces LKAS 31 Interests in joint ventures and SIC on Jointly-controlled entities and Non-monetary contributions by venturers. SLFRS 11 removes the option to account for Jointly Controlled Entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method.

Accordingly, previous years'/periods' figures and phrases have been amended due to the retrospective application of equity method of accounting and cessation of proportionate consolidation of joint ventures as recommended by the said standard.

#### (c) SLFRS 12 – Disclosure of Interest in Other Entities

SLFRS 12 sets out the requirements for disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. None of these disclosure requirements are applicable to the interim condensed consolidated financial statements, unless significant events and transactions in the interim period require that they are disclosed. Accordingly, the Group has not made any such disclosures.

#### (d) SLFRS 13 – Fair Value Measurement

SLFRS 13 establishes a single source of guidance under SLFRS for all fair value measurements. SLFRS 13 provides guidance on all fair value measurements under SLFRS.

The application of SLFRS 13 has not materially impacted the fair value measurements carried out by the Group.

- 3 The Group invested Rs. 165Mn in Serendib Hotels PLC on 6 June 2014 thereby increasing the group stake to 55%.
- 4 The Group invested Rs. 11.5 Mn in Hemas Logistics Private Limited on 2 April 2014 thereby increasing the group stake to 58%.
- 5 The Group invested Rs. 3 Mn in Far Shipping Agency Lanka (Private)Limited. on 27 May 2014 thereby obtaining 60% group stake in Far shipping Agency Lanka (Private)Limited.
- 6 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 2014. 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 was paid on 24 July 2014. 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 30 June 2014.
- 7 Hemas Holdings PLC issued ten million, rated (A+Ika, by Fitch Rating Lanka Limited) unsecured redeemable debentures carrying a coupon rate of 11% p.a., payable semi-annually, at the face value of LKR 100/- each on 23rd April 2014 to raise Rupees one billion to be matured on 29 April 2019.
- 8 There have been no other events subsequent to the reporting date, which require disclosure in the interim financial statements.
- 9 There have been no significant changes in the nature of the contingent liabilities which were disclosed in the Audited Financial Statements for the year ended 31 March 2014.

## Investor Information

|   | Three months Ended |                    |
|---|--------------------|--------------------|
|   | 30.06.2014         | 30.06.2013         |
| <b>Market Value of Shares</b>   |                    |                    |
| Closing Price on 30 June (Rs)   | 43.80              | 34.50              |
| Highest Price during the Period (Rs)  | 44.20              | 38.40              |
| Lowest Price during the Period (Rs)   | 37.70              | 26.70              |
| Market Capitalization on 30 June (Rs Mn)                                    | 22,570             | 17,778             |
| <b>Ratios</b>   |                    |                    |
| Net Asset Per Share on 30 June (Rs)   | 28.05              | 24.01              |
| Price Earnings Ratio on 30 June (times)                                     | 22.87              | 16.06              |
| <b>Market Value of Listed Debentures</b>                                    |                    |                    |
| Debt/Equity Ratio   | 0.35               | 0.27               |
| Quick Asset Ratio   | 1.01               | 1.01               |
| Interest Cover  | 3.66               | 4.10               |
| Interest Yield as at last traded date (17 June 2014)                        | 10.42%             | -                  |
| Yeild to Maturity of trade done on 17 June 2014                             | 10.42%             | -                  |
| Interest rate of comparable Government security (5 Year Treasury Bond rate) | 8.93%              | -                  |
| Closing Price on 30 June (Rs)   | 102.17             | -                  |
| Highest Price during the Period (Rs)  | 102.17             | -                  |
| Lowest Price during the Period (Rs)   | 102.17             | -                  |
| <b>Share Trading</b>  |                    |                    |
| No of transactions during the Period  | 1,902              | 2,966              |
| No of shares traded during the Period                                       | 12,481,787         | 8,431,998          |
| Value of shares traded during the Period (Rs Mn)                            | 531                | 288                |
| <b>Number of Shares</b>   | <b>515,290,620</b> | <b>515,290,620</b> |

## Share Information

| LIST OF 20 MAJOR SHAREHOLDERS   | 30.06.2014    |       | 30.06.2013    |       |
|---|---------------|-------|---------------|-------|
|   | No. of Shares | %     | No. of Shares | %     |
| 1 A Z Holdings (Pvt) Ltd.   | 90,762,875    | 17.61 | 90,762,875    | 17.61 |
| 2 Saraz Investments (Pvt) Ltd.  | 86,396,035    | 16.77 | 86,396,035    | 16.77 |
| 3 Bluberry Investments (Pvt) Ltd.   | 85,781,250    | 16.65 | 85,781,250    | 16.65 |
| 4 Amagroup (Pvt) Limited  | 85,780,665    | 16.65 | 85,780,665    | 16.65 |
| 5 Employees Provident Fund  | 27,259,122    | 5.29  | 27,309,276    | 5.30  |
| 6 HSBC Intl. Nom Ltd-SSBT-National Westminster Bank PLC<br>as a depository of First State Indian Subcontinent | 9,732,370     | 1.89  | 9,732,370     | 1.89  |
| 7 HSBC Intl. Nom Ltd-SSBT-National Westminster Bank PLC<br>as a depository of First State Asia Pacific Susta  | 6,272,899     | 1.22  | 6,272,899     | 1.22  |
| 8 Mr. M.A.H. Esufally   | 5,946,500     | 1.15  | 5,946,500     | 1.15  |
| 9 Mr. H.N. Esufally   | 5,836,705     | 1.13  | 5,836,705     | 1.13  |
| 10 HSBC Intl. Nominees Ltd. -JPMCB- Scottish ORL SML TR GTI   | 5,149,500     | 1.00  | 5,149,500     | 1.00  |
| 11 Lexinton Holdings (Pvt) Ltd.   | 4,847,500     | 0.94  | 4,947,500     | 0.96  |
| 12 Jacey Trust Services (Pvt) Ltd -Account No 2   | 4,750,000     | 0.92  | 5,750,000     | 1.12  |
| 13 Jacey Trust Services (Pvt) Ltd   | 4,597,500     | 0.89  | 4,613,750     | 0.90  |
| 14 Sri Lanka Insurance Corporation Ltd. - Life Fund   | 4,470,700     | 0.87  | 6,635,700     | 1.29  |
| 15 Mr. I.A.H. Esufally  | 4,424,000     | 0.86  | 6,424,000     | 1.25  |
| 16 Anverally and sons (pvt) Ltd A/C no 01   | 4,207,881     | 0.82  | 3,828,661     | 0.74  |
| 17 Employees Trust Fund Board   | 3,064,186     | 0.59  | 4,438,386     | 0.86  |
| 18 HSBC Intl Nom Ltd-JPMCB- Pacific Assests Trust PLC   | 3,051,800     | 0.59  | 3,051,800     | 0.59  |
| 19 Cocoshell Activated Carbon Company Ltd.  | 2,995,690     | 0.58  | 2,556,498     | 0.50  |
| 20 Mellon Bank N.A.-Frontier Market Select Fund II L.P  | 2,805,800     | 0.54  | -             | -     |

| DIRECTORS' SHAREHOLDING | 30.06.2014<br>No. of Shares | 30.06.2013<br>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' DIRECT SHAREHOLDING

|   |                    |                    |
|---|--------------------|--------------------|
| Mr. H.N. Esufally (Chairman)              | 5,836,705          | 5,836,705          |
| Mr. A.N. Esufally                         | 2,283,585          | 2,283,585          |
| Mr. I.A.H. Esufally                       | 4,424,000          | 6,424,000          |
| Mr. M.E. Wickremesinghe                   | 11,250             | 11,250             |
| Mr. M. A. H. Esufally                     | 5,946,500          | 5,946,500          |
| Mr. Pradipta Kumar Mohapatra              | -                  | -                  |
| Mr. R. Gopalakrishnan                     | -                  | -                  |
| Dr S.A.B Ekanayake                        | -                  | -                  |
| Mr. D.S. Weerakkody                       | -                  | -                  |
| Mr. S.M Enderby (Chief Executive Officer) | -                  | -                  |
| Mr. W.M.De F. Arsakularatne               | -                  | -                  |
|   | <b>367,222,865</b> | <b>369,222,865</b> |

| PUBLIC HOLDING                                   | No. of Shares | No. of Shares |
|--|---------------|---------------|
| Issued Share Capital                             | 515,290,620   | 515,290,620   |
| Less:Directors' Direct and Indirect Shareholding | 367,222,865   | 369,310,365   |
| Close Family Members                             | 2,500,000     | -             |
| Public Holding                                   | 145,567,755   | 145,980,255   |
| Public Holding as a % of Issued Share Capital    | 28.25%        | 28.33%        |

# 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 House  
No. 75, Braybrooke Place, Colombo 2.

## Website

[www.hemas.com](http://www.hemas.com)

## Auditors

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

## Directors

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

## Secretaries

Hemas Corporate Services (Pvt) Ltd.  
No.75, Braybrooke Place, Colombo 02.  
Telephone: 4 731731 (hunting)  
Facsimile: 4 731777

## Registrars

SSP Corporate Services (Pvt) Ltd  
101, Inner Flower Road  
Colombo 03

## Lawyers to the Company

D.L. & F De Saram  
No. 47, Alexandra Place, Colombo 7

## Bankers

Bank of Ceylon  
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  
DFCC Bank PLC  
National Development Bank PLC  
Sampath Bank PLC