



Hemas Power PLC

Interim Report
1st Quarter 2014-2015

MANAGING DIRECTOR'S REVIEW

With the application of financial reporting standard, SLFRS 11, the presentation of our interest in the joint venture - Heladhanavi Ltd - in the financial statements has been changed to the Equity method. This means that Heladhanavi's financial results will not be proportionately consolidated hereafter and instead only our share of its net-profit-after-tax and net-assets will be shown. Accordingly, the quarterly results of the comparative period are also restated for comparison purposes.

The company recorded a consolidated net loss of Rs.54.3 million in the quarter ending 30th June 2014 owing to the loss of Rs.77 million in Heladhanavi. The Heladhanavi loss was offset by the profit of Rs. 48.4 million made by the hydropower segment.

The loss reported in Heladhanavi arose largely from a "heat rate bonus" payment. Under the Operations and Maintenance (O&M) Contract entered into between Heladhanavi and Lakdhanavi Ltd, Heladhanavi will either pay a bonus to or receive a penalty from Lakdhanavi Ltd based on the difference between the actual fuel consumption rate at the power plant and that guaranteed by Lakdhanavi. This arrangement incentivizes Lakdhanavi to run the plant more efficiently. Based on the monthly fuel consumption relative to the units of energy delivered, a provision had been made according to the agreed formula. Given that the O&M contract is now in its final year, a monthly charge-out is being made to the income statement from the provision built over the preceding nine years. This charge out has no impact on Heladhanavi's retained earnings.

On the other hand, the net profit of the three fully-owned hydropower plants and the two plants owned via Panasian Power PLC stood at Rs.48.4 million for the quarter under review. This reduction of 60% relative to the comparative quarter of the previous year is due to the delay in the south-west monsoon and a lower rainfall experienced in the catchment areas.

Consequently the revenue from the hydropower sector decreased 45% to Rs.94.0 million, whereas, Heladhanavi recorded an 8% increase over the comparable period. However, with the application of SLFRS 11 as described above, the revenue at Heladhanavi has not been shown under the group revenue figures. Owing to the above reasons, the group revenue reduced 45% to Rs. 94 million for the period under review.



G A K Nanayakkara

Managing Director

31st July 2014

HEMAS POWER PLC

Interim Report 1st Quarter 2014-2015

Provisional Financial Statements

STATEMENT OF FINANCIAL POSITION - GROUP

	30.06.2014	31.03.2014	30.06.2013
	Rs.	Rs.	Rs.
		<i>Restated</i>	<i>Restated</i>
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	1,692,176,325	1,693,441,460	1,473,823,405
Intangible Asset	575,112,728	575,514,883	618,829,311
Other Investments	276,450,000	276,450,000	276,450,000
Investments in Joint Venture	735,252,315	808,451,752	1,377,999,497
Other Non-Current Financial Assets	29,497,606	29,497,606	40,318,883
Other Non-Current Receivables	42,964,191	38,817,977	19,699,415
Deferred Tax Asset	4,148,940	4,148,939	4,265,879
	<u>3,355,602,105</u>	<u>3,426,322,618</u>	<u>3,811,386,390</u>
Current Assets			
Inventories	6,396,509	6,396,509	6,396,509
Trade and Other Receivables	143,804,623	84,885,883	205,813,892
Other Current Financial Assets	15,437,400	4,612,257	3,966,491
Income Tax Recoverable	10,638,895	10,335,973	10,628,133
Cash and Short-term Deposits	44,514,798	104,485,850	51,593,733
	<u>220,792,225</u>	<u>210,716,472</u>	<u>278,398,758</u>
Total Assets	<u>3,576,394,329</u>	<u>3,637,039,090</u>	<u>4,089,785,148</u>
EQUITY AND LIABILITIES			
Equity			
Stated Capital	1,539,882,957	1,539,882,957	1,539,882,957
Revenue Reserves	227,210,998	364,598,286	330,392,222
Other Components of Equity	12,256,245	8,452,677	(17,054,846)
Retained Earnings	664,675,748	596,179,424	1,085,255,729
Equity attributable to owners of the Parent	<u>2,444,025,947</u>	<u>2,509,113,344</u>	<u>2,938,476,062</u>
Non-controlling Interest	752,512,620	737,916,000	608,991,184
Total Equity	<u>3,196,538,567</u>	<u>3,247,029,344</u>	<u>3,547,467,246</u>
Non-Current Liabilities			
Other Non-Current Financial Liabilities	145,058,625	211,697,695	215,342,956
Interest Bearing Loans and Borrowings	1,792,723	1,709,281	4,135,350
Retirement Benefit Obligation	8,879,859	8,471,374	7,702,926
Deferred Tax Liability	25,738,695	25,029,967	2,683,931
	<u>181,469,900</u>	<u>246,908,317</u>	<u>229,865,163</u>
Current Liabilities			
Trade and Other Payables	33,556,336	25,703,470	50,810,386
Income Tax Liabilities	12,670,630	11,835,073	7,365,877
Interest Bearing Loans and Borrowings	152,158,897	105,562,885	254,276,475
	<u>198,385,862</u>	<u>143,101,429</u>	<u>312,452,739</u>
Total Equity And Liabilities	<u>3,576,394,329</u>	<u>3,637,039,090</u>	<u>4,089,785,148</u>
Net Assets per Share	19.52	20.04	23.47

Note : 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.



W P Sugathapala
Head of Finance

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



G A K Nanayakkara
Managing Director



W M De F Arsakularatne
Director

31st July 2014

HEMAS POWER PLC**Interim Report 1st Quarter 2014-2015****Provisional Financial Statements****STATEMENT OF FINANCIAL POSITION - COMPANY**

	30.06.2014	31.03.2014	30.06.2013
	Rs.	Rs.	Rs.
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	35,933,559	37,715,197	28,784,130
Investments in Subsidiaries	1,243,780,467	1,243,780,467	1,132,180,467
Investments in Joint Ventures	600,000,000	600,000,000	600,000,000
Other Non-Current Receivables	42,964,191	38,817,977	19,699,415
Other Non-Current Financial Assets	308,837,515	308,610,497	318,139,909
	<u>2,231,515,732</u>	<u>2,228,924,138</u>	<u>2,098,803,921</u>
Current Assets			
Trade and Other Receivables	229,925,087	208,705,388	172,766,424
Other Current Financial Assets	14,545,191	4,054,516	3,624,283
Tax Recoverable	10,156,234	9,856,066	9,385,417
Cash and Short-term Deposits	6,838,693	23,978,421	11,353,922
	<u>261,465,205</u>	<u>246,594,391</u>	<u>197,130,046</u>
Total Assets	<u>2,492,980,937</u>	<u>2,475,518,529</u>	<u>2,295,933,967</u>
EQUITY AND LIABILITIES			
Equity			
Stated Capital	1,539,882,957	1,539,882,957	1,539,882,957
Retained Earnings	129,109,264	145,460,039	139,662,141
Total Equity	<u>1,668,992,221</u>	<u>1,685,342,997</u>	<u>1,679,545,098</u>
Non-Current Liabilities			
Other Non-current Financial Liabilities	59,037,045	125,503,324	127,615,408
Retirement Benefit Obligation	5,706,463	5,392,680	4,574,128
	<u>64,743,508</u>	<u>130,896,004</u>	<u>132,189,536</u>
Current Liabilities			
Trade and Other Payables	679,516,674	658,121,216	323,524,805
Interest Bearing Loans and Borrowings	79,728,534	1,158,312	160,674,528
	<u>759,245,208</u>	<u>659,279,528</u>	<u>484,199,333</u>
Total Shareholders' Funds and Liabilities	<u>2,492,980,937</u>	<u>2,475,518,529</u>	<u>2,295,933,967</u>
Net Assets Per Share	13.33	13.46	13.41

Note : 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.



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W P Sugathapala
Head of Finance

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



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G A K Nanayakkara
Managing Director



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W M De F Arsakularatne
Director

31st July 2014

HEMAS POWER PLC
Interim Report 1st Quarter 2014-2015
Provisional Financial Statements
CONSOLIDATED INCOME STATEMENT
Three Months Ended 30th June

	2014 Rs.	2013 Rs. <i>Restated</i>	Change %
Revenue	94,303,441	172,625,737	(45)
Cost of Electricity Generated	<u>(24,426,041)</u>	<u>(24,409,677)</u>	0
Gross Profit	69,877,400	148,216,060	(53)
Other Income and Gains	-	20,471,386	(100)
Administrative Expenses	(33,043,448)	(24,628,332)	34
Operating Profit	<u>36,833,952</u>	<u>144,059,114</u>	(74)
Exchange Gain/(Loss)	-	-	-
Finance Income	251,911	63,741	75
Finance Cost	(12,832,100)	(13,397,618)	(4)
Share of Profit/ (Loss) from Joint Venture	(77,003,829)	10,448,841	-
Profit/(Loss) Before Tax	<u>(52,750,066)</u>	<u>141,174,078</u>	(137)
Income Tax Expense	(1,544,284)	(4,062,139)	(62)
Profit/(Loss) for the Period	<u><u>(54,294,350)</u></u>	<u><u>137,111,939</u></u>	(140)
Attributable to:			
Owners of the Parent	(68,890,970)	101,931,452	(168)
Non-Controlling Interest	<u>14,596,620</u>	<u>35,180,486</u>	
	<u><u>(54,294,350)</u></u>	<u><u>137,111,939</u></u>	(140)
Earnings per Share	-0.55	0.81	
Dividends per Share			

STATEMENT OF COMPREHENSIVE INCOME
Three Months Ended 30th June

	2014 Rs.	2013 Rs.	
Profit/(Loss) for the Period	(54,294,350)	137,111,939	
Other Comprehensive Income			
Net (loss)/gain on available-for-sale financial assets	-	4,650,000	(100)
Actuarial Gain/(Loss) on Defined Benefit Plans	-	-	
Deferred Tax effect on Actuarial Gain	-	-	
Net movement in Cashflow Hedges	3,803,568	(6,166,032)	(162)
Land Valuation	-	-	
Other Comprehensive Income/(Expense) for the period, net of tax	<u>3,803,568</u>	<u>(1,516,032)</u>	(351)
Total Comprehensive Income/(Expense) for the period, net of tax	<u><u>(50,490,782)</u></u>	<u><u>135,595,906</u></u>	(137)
Attributable to:			
Owners of the Parent	(65,087,402)	135,595,907	
Non-Controlling Interest	<u>14,596,620</u>	<u>-</u>	
	<u><u>(50,490,782)</u></u>	<u><u>135,595,906</u></u>	

HEMAS POWER PLC
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COMPANY INCOME STATEMENT
Three Months Ended 30th June

	2014 Rs.	2013 Rs.	Change %
Revenue	9,293,765	10,503,356	(12)
Cost of Electricity Generated	-	-	
Gross Profit	9,293,765	10,503,356	(12)
Other Income and Gains	-	1,054,319	(100)
Administrative Expenses	(16,635,656)	(14,074,519)	18
Operating Profit	(7,341,891)	(2,516,844)	192
Finance Income	36,814	-	100
Finance Cost	(9,045,694)	(11,432,368)	(21)
Profit/(Loss) Before Tax	(16,350,771)	(13,949,212)	17
Income Tax Expense	-	-	
Profit/(Loss) for the Period	<u>(16,350,771)</u>	<u>(13,949,212)</u>	17
Attributable to:			
Owners of the Parent	(16,350,771)	(13,949,212)	17
Non-Controlling Interest	-	-	
	<u>(16,350,771)</u>	<u>(13,949,212)</u>	17
Total Comprehensive income/(expense) for the Period	<u>(16,350,771)</u>	<u>(13,949,212)</u>	17
Earnings per Share	(0.13)	(0.11)	
Dividends per Share	-	-	

STATEMENT OF COMPREHENSIVE INCOME
Three Months Ended 30th June

	2014 Rs.	2013 Rs.	
Profit/(Loss) for the Period	(16,350,771)	(13,949,212)	17
Other Comprehensive Income			
Actuarial Gain/(Loss) on Defined Benefit Plans	-	-	
Other Comprehensive Income/(Expense) for the period, net of tax	-	-	
Total Comprehensive Income/(Expense) for the period, net of tax	<u>(16,350,771)</u>	<u>(13,949,212)</u>	17
Attributable to:			
Owners of the Parent	(16,350,771)	(13,949,212)	17
Non-Controlling Interest	-	-	
	<u>(16,350,771)</u>	<u>(13,949,212)</u>	17

Note : The above figures are provisional and subject to audit.

HEMAS POWER PLC
Interim Report 1st Quarter 2014-2015
Provisional Financial Statements
STATEMENT OF CHANGES IN EQUITY - GROUP

	Stated Capital	Heat Rate & Lube Oil Reserve	Overhaul Reserves	Other Component of Equity			Retained Earnings	Equity attributable to the Owners of the Parent	Non-controlling Interest	Total Equity
				Revaluation Reserves	Cashflow Hedge Reserve	Available for Sale Reserve				
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
<u>Three Months Ended 30th June 2014</u>										
Balance as at 1st April 2014	1,539,882,957	301,176,826	63,421,460	12,256,245	(3,803,568)	-	596,179,424	2,509,113,344	737,916,000	3,247,029,344
Profit for the Period	-	-	-	-	-	-	(68,890,970)	(68,890,970)	14,596,620	(54,294,350)
Other Comprehensive Income/(Expense)	-	-	-	-	3,803,568	-	-	3,803,568	-	3,803,568
Total Comprehensive Income/(Expense) for the period	-	-	-	-	3,803,568	-	(68,890,970)	(65,087,401)	14,596,620	(50,490,781)
Transferred to Heat Rate & Lube Oil Reserve - Net	-	(96,365,362)	-	-	-	-	96,365,362	-	-	-
Transfer to revenue reserves	-	-	(41,021,930)	-	-	-	41,021,930	-	-	-
Balance as at 30th June 2014	1,539,882,957	204,811,468	22,399,529	12,256,245	-	-	664,675,751	2,444,025,947	752,512,620	3,196,538,567

Note : The above figures are provisional and subject to audit.

	Stated Capital	Heat Rate & Lube Oil Reserve	Overhaul Reserves	Other Component of Equity			Retained Earnings	Equity attributable to the Owners of the Parent	Non-controlling Interest	Total Equity
				Revaluation Reserves	Cashflow Hedge Reserve	Available for Sale Reserve				
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
<u>Year Ended 30th June 2013</u>										
Balance as at 1st April 2013	1,539,882,957	250,997,950	123,062,093	12,256,245	(23,145,056)	14,767,067	939,656,446	2,857,477,702	2,500,846	2,859,978,548
Profit for the Period	-	-	-	-	-	-	101,931,452	101,931,452	35,180,486	137,111,939
Other Comprehensive Income/(Expense)	-	-	-	-	(6,166,032)	4,650,000	-	(1,516,032)	-	(1,516,032)
Total Comprehensive Income/(Expense) for the period	-	-	-	-	(6,166,032)	4,650,000	101,931,452	100,415,420	35,180,486	135,595,907
Non controlling Interest	-	-	-	-	-	-	-	-	571,309,852	571,309,852
Transferred to Heat Rate & Lube Oil Reserve - Net	-	(2,867,784)	-	-	-	-	2,867,784	-	-	-
Amount Transfer from AFS Reserve	-	-	-	-	-	(19,417,067)	-	(19,417,067)	-	(19,417,067)
Transfer to revenue reserves	-	-	(40,800,039)	-	-	-	40,800,039	-	-	-
Balance as at 30th June 2013	1,539,882,957	248,130,166	82,262,054	12,256,245	(29,311,088)	-	1,085,255,729	2,938,476,062	608,991,184	3,547,467,246

Note : The above figures are provisional and subject to audit.

HEMAS POWER PLC**Interim Report 1st Quarter 2014-2015****Provisional Financial Statements****STATEMENT OF CHANGES IN EQUITY - COMPANY**

	Stated Capital Rs.	Retained Earnings Rs.	Total Rs.
<i>Three Months Ended 30th June 2014</i>			
Balance as at 1st April 2014	1,539,882,957	145,460,036	1,685,342,993
Profit/(Loss) for the Period	-	(16,350,771)	(16,350,771)
Other Comprehensive Income/(Expense)	-	-	-
Total Comprehensive Income/(Expense) for the period	-	(16,350,771)	(16,350,771)
Dividends Paid - Ordinary Shares	-	-	-
Balance as at 30th June 2014	1,539,882,957	129,109,264	1,668,992,221

Note : The above figures are provisional and subject to audit.

	Stated Capital Rs.	Retained Earnings Rs.	Total Rs.
<i>Three Months Ended 30th June 2013</i>			
Balance as at 1st April 2013	1,539,882,957	153,611,354	1,693,494,311
Profit/(Loss) for the Period	-	(13,949,212)	(13,949,212)
Other Comprehensive Income/(Expense)	-	-	-
Total Comprehensive Income/(Expense) for the period	-	(13,949,212)	(13,949,212)
Dividends Paid - Ordinary Shares	-	-	-
Balance as at 30th June 2013	1,539,882,957	139,662,142	1,679,545,099

Note : The above figures are provisional and subject to audit.

HEMAS POWER PLC
Interim Report 1st Quarter 2014-2015
Provisional Financial Statements
CONSOLIDATED CASH FLOW STATEMENT
For the Three Months Ended 30th June

	2014	2013
	Rs.	Rs.
		<i>Restated</i>
Cash Flows From/(Used in) Operating Activities		
Profit before Tax	(52,750,066)	141,174,078
Adjustments for		
Depreciation	12,111,209	16,815,946
Impairment of Assets	-	-
Amortization Charge	402,155	-
Provision for Defined Benefit Plan	408,484	255,881
Finance Cost	12,832,100	13,397,618
Profit on Sale of Fixed Assets	-	-
Exchange Loss on loans	-	-
Share of (Profit)/ Loss from Joint Venture	77,003,829	(10,448,841)
Amount Transfer from AFS Reserve	-	(19,417,067)
Finance Income	(251,911)	(63,741)
Operating Profit before Working Capital Changes	49,755,799	141,713,874
Decrease / (Increase) in Inventories	-	(38,645,725)
Decrease / (Increase) in Trade and Other Receivables	(63,064,953)	(57,528,034)
Decrease / (Increase) Financial Assets	(10,825,143)	68,165,383
(Decrease)/ Increase Financial Liabilities	(66,639,070)	(154,970)
Increase in Trade and Other Payables	7,852,866	33,645,306
Cash Generated from Operations	(82,920,501)	147,195,834
Finance Cost Paid	(5,258,156)	(5,823,674)
Employee Benefit paid	-	-
Income Tax Paid	(303,747)	(901,120)
Net Cash Flows From/(Used in) Operating Activities	(88,482,405)	140,471,040
Cash Flows From/(Used in) Investing Activities		
Acquisition of Property Plant and Equipment	(10,846,072)	(7,589,094)
Proceed From Sale of Property, Plant and Equipment	-	-
Acquisition of Intangible Assets	-	254,763
Acquisition of Investments	-	(90,000,000)
Acquisition in Subsidiaries	-	(286,752,880)
Investments in Equity Shares	-	-
Finance Income Received	251,911	63,741
Net Cash Flows Used in Investing Activities	(10,594,161)	(384,023,469)
Cash Flows From/(Used in) Financing Activities		
Proceeds From Interest Bearing Loans and Borrowings	75,160,000	247,223,758
Repayment of Interest Bearing Loans and Borrowings	(30,330,661)	-
Proceeds From Finance Lease	(377,358)	(277,734)
Dividends Paid - Preference Shares	(7,573,944)	(7,573,944)
Net Cash Flows Used in Financing Activities	36,878,037	239,372,080
Net Increase/(Decrease) in Cash and Cash Equivalents	(62,198,528)	(4,180,349)
Cash and Cash Equivalents at the beginning of the Year	92,474,155	52,079,294
Cash and Cash Equivalents at the end of the Year	30,275,626	47,898,945
Analysis of Cash and Cash Equivalents		
Cash and Bank Balances	44,514,798	51,593,734
Bank Overdraft	(14,239,172)	(3,694,789)
	30,275,626	47,898,945

HEMAS POWER PLC
Interim Report 1st Quarter 2014-2015
Provisional Financial Statements
COMPANY CASH FLOW STATEMENT

For the Three Months Ended 30th June

	2014	2015
	Rs.	Rs.
Cash Flows From/(Used in) Operating Activities		
Profit before Tax	(16,350,771)	(13,949,212)
Adjustments for		
Depreciation	2,132,639	1,988,355
Provision for Defined Benefit Plan	313,783	196,598
Finance Cost	9,045,694	11,432,368
Profit on sale of Fixed Assets	-	-
Finance Income	(36,814)	(1,054,319)
Operating Profit before Working Capital Changes	<u>(4,895,469)</u>	<u>(1,386,211)</u>
Decrease / (Increase) in Inventories		
Decrease / (Increase) in Trade and Other Receivables	(25,365,847)	(636,626)
Decrease / (Increase) in Amounts Due from Related Parties	-	-
Decrease / (Increase) in Financial Assets	(10,717,696)	67,682,162
Decrease / (Increase) in Financial Liabilities	(66,466,279)	
Increase/(Decrease) in Trade and Other Payables	21,395,390	49,140,359
Cash Generated from /(Used in) Operations	<u>(86,049,901)</u>	<u>114,799,685</u>
Finance Cost Paid	(1,471,750)	(3,858,424)
Income Tax Paid	(300,169)	(40,876)
Net Cash Flows From/ (Used in) Operating Activities	<u>(87,821,820)</u>	<u>110,900,385</u>
Cash Flows From/(Used in) Investing Activities		
Acquisition of Property Plant and Equipment	(351,000)	(119,835)
Proceeds from Sale of Property, Plant and Equipment	-	
Loans Proceed from Related Parties	-	
Investments in Equity Shares	-	(300,000,000)
Dividend Income	-	
Finance Income Received	36,814	1,054,319
Net Cash Flows From/(Used in) Investing Activities	<u>(314,186)</u>	<u>(299,065,516)</u>
Cash Flows From/(Used in) Financing Activities		
Proceeds from Interest Bearing Loans and Borrowings	75,160,000	157,500,000
Repayment of Interest Bearing Loans and Borrowings		
Ordinary share issue cost paid	-	-
Dividends paid - Preference Shares	(7,573,944)	(7,573,944)
Dividends paid - Ordinary Shares	-	-
Net Cash Flows From/(Used in) Financing Activities	<u>67,586,056</u>	<u>149,926,056</u>
Net Increase / (Decrease) in Cash and Cash Equivalents	<u>(20,549,950)</u>	<u>(38,239,075)</u>
Cash and Cash Equivalents at the Beginning	<u>22,820,108</u>	<u>46,418,470</u>
Cash and Cash Equivalents at the End	<u>2,270,159</u>	<u>8,179,395</u>
Analysis of Cash and Cash Equivalents at the End of the Period		
Cash and Short-term Deposits	6,838,693	11,353,924
Bank Overdraft	(4,568,534)	(3,174,529)
Cash and Cash Equivalents at the End of the Period	<u>2,270,159</u>	<u>8,179,395</u>

Note : The above figures are provisional and subject to audit.

HEMAS POWER PLC**Interim Report 1st Quarter 2014-2015****Provisional Financial Statements****SEGMENTAL INFORMATION**

Information based on the primary segments (Business Segments)

For the three months ended 30th June	Thermal Power		Hydro Power		Others		Group	
	2014	2013	2014	2013	2014	2013	2014	2013
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Revenue								
Segmental revenue	-	-	94,025,050	171,341,359	278,391	1,284,378	94,303,441	172,625,737
Total Revenue	-	-	94,025,050	171,341,359	278,391	172,625,737	94,303,441	172,625,737
Results								
Segmental Results	-	-	53,710,619	127,235,016	(16,624,756)	16,887,839	37,085,863	144,122,855
Finance Cost	-	-	(3,786,364)	(1,965,251)	(9,045,736)	(11,432,368)	(12,832,100)	(13,397,618)
Share of Profit/ (Loss) from Joint Venture	(77,003,829)	10,448,841					(77,003,829)	10,448,841
Profit before Tax	-	-	49,924,254	125,269,766	(25,670,491)	5,455,471	(52,750,066)	141,174,078
Income Tax	-	-	(1,544,284)	(4,062,139)	-		(1,544,284)	(4,062,139)
Profit/(Loss) for the Period	(77,003,829)	10,448,841	48,379,971	121,207,627	(25,670,491)	5,455,471	(54,294,349)	137,111,939

Note : The above figures are provisional and subject to audit.

Values in the proceeding priod have restated.

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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 31st March 2014, including the changes to accounting policies as a result of convergence to revised Sri Lanka Accounting Standards (SLFRSs/LKASs). Further, provisions of the Companies Act No. 7 of 2007 have been considered in preparing the interim financial statements.

2 Basis of consolidation

The interim condensed consolidated financial statements comprise the financial statements of the Company, its subsidiaries and jointly controlled entities as at 30th June 2014.

With the implementation of SLFRSs the basis of consolidation will include the following changes;

- Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.
- A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.
- If the Group loses control over a subsidiary, it:
 - Derecognises the assets (including goodwill) and liabilities of the subsidiary
 - Derecognises the carrying amount of any non-controlling interest
 - Derecognises the cumulative translation differences, recorded in equity
 - Recognises the fair value of the consideration received
 - Recognises the fair value of any investment retained
 - Recognises any surplus or deficit in profit or loss
 - Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.
- Upon loss of joint control the Group measures and recognises its remaining investment at its fair value. Any difference between the carrying amount of the former joint controlled entity upon loss of joint control and the fair value of the remaining investment and proceeds from disposal is recognised in profit or loss. When the remaining investment constitutes significant influence, it is accounted for as investment in an associate.

3 Changes in accounting policies

The accounting policies adopted for quarter ended 30th June 2014 are consistent with those of the previous financial year except as described below.

3.1 Business combinations and goodwill

Definition of a business is an integrated set of assets (inputs) and activities (processes) which are capable of being conducted and managed to provide a return, as opposed to a mere asset acquisition. Business combinations are accounted for using the acquisition method. For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date through profit or loss.

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3.2 Property, plant and equipment

All items of Property, Plant and Equipment are initially recorded at cost. If payment is deferred beyond normal credit terms, the difference between the cash price equivalent and the total payment is recognized as interest over the period, unless such interest is capitalized in accordance with LKAS 23-Borrowing Costs. Significant components of an asset are identified and depreciated separately. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group de-recognises the replaced part, and recognises the new part with its own associated useful life and depreciation. All other repair and maintenance costs are recognised in the income statement as incurred. Group has decided to continue the present classification of Hydro power plants under property, plant and equipment until the accounting treatment for power purchase agreements is finalised under SLFRS/LKAS

3.3 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfillment of the arrangement is dependent on the use of specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

For arrangements entered prior to 1 April 2011, the date of inception is deemed to be 1 April 2011 in accordance with SLFRS 1.

3.4 Employee Benefit Plan

Defined Benefit Plan

Actuarial gains and losses for defined benefit plans are recognised in full in the period in which they occur in the income statement.

3.5 Share-based payment transactions

Equity-settled transactions

The cost of equity-settled transactions is recognised, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

Cash-settled transactions

The cost of cash-settled transactions is measured initially at fair value at the grant date. This fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The liability is remeasured to fair value at each reporting date up to and including the settlement date, with changes in fair value recognised in employee benefits expense.

3.6 Financial Instruments

LKAS 32 – Financial Instruments: Presentation, LKAS 39 – Financial Instruments: Recognition and Measurement and SLFRS 7 – Financial Instruments: Disclosures result in changes to the current method of recognizing financial assets, financial liabilities and equity instruments. These standards require measurement of financial assets and financial liabilities at fair value at initial measurement. Transaction costs that are directly attributable to the acquisition or issue of a financial asset or a liability (other than financial assets and financial liabilities at fair value through profit or loss) are added or deducted from the fair value of the financial asset or liability as appropriate on initial recognition. Transaction costs that are directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit or loss are recognized immediately in the income statement.

The subsequent measurement of financial assets classified as fair value through profit and loss and available for sale are at fair value, with the gains and losses routed through the income statement and other comprehensive income respectively.

Financial assets classified as held to maturity and loans and receivables are measured subsequently at amortized cost. These assets have been assessed for any objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') coupled with a reliable estimate of the loss event (or events) impact on the estimated future cash flows of the financial asset or group of financial assets.

Financial assets are derecognized when the contractual rights to the cash flows from the asset has expired, or when the group has transferred the financial asset and substantially all the risk and rewards of ownership to another entity.

Financial liabilities are either classified as financial liabilities at fair value through profit or loss or other financial liabilities measured at amortized cost.

Financial liabilities are derecognised when and only when they are extinguished, that is when the obligation is discharged, cancelled or expired.

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3.7 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

Revenue recognition policy for following elements has been changed.

Interest income

For all financial instruments measured at amortised cost and interest bearing financial assets classified as available for sale, interest income or expense is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the income statement.

Dividends

Revenue is recognised when the Group's right to receive the payment is established.

3.8 Operating Segment

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Chief Executive Officer (CEO) to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

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4 Contingent Liabilities

The Department of Inland Revenue raised assessments for income tax by challenging the venture capital company status and the treatment of interest income as business income, for the years of assessment 2008/2009, 2009/2010, 2010/2011 & 2011/2012. For the years of assessment 2008/2009 & 2009/2010, the determination of the Commissioner General of Inland Revenue was unfavorable to the Company. However, the Company has appealed to the Tax Appeals Commission and no provision has been made in these financial statements. For the years of assessment 2010/2011 & 2011/2012 the Company has filed appeals against the assessments.

Other than above, there has been no significant change in the nature of the contingent liabilities, which were disclosed in the audited financial statements for the period ended 30th June 2014.

5 Standards issued but not yet effective

The Institute of Chartered Accountants of Sri Lanka has issued the following standard which become effective for annual periods beginning after the current financial year. Accordingly this standard has not been applied in preparing these financial statements.
SLFRS 9 – Financial Instruments

6 Events occurring after the reporting period

There have been no other events subsequent to 30th June 2014, which would require adjustments to or disclosure in the interim financial statements.

7 Changes in Accounting policies and Disclosures

The application of SLFRS 11 impact the Group's accounting of its interest in a joint venture, Heladhanavi Limited. The Group has a 47.06% interest in Heladhanavi Limited. Prior to revised SLFRS 11, Heladhanavi Ltd was classified as a jointly controlled entity and the Group's share of the assets, liabilities, revenue, income and expenses were proportionately consolidated in the consolidated financial statements. The accounting policies of joint ventures have been changed upon adaptation of revised SLFRS 11 and Heladhanavi Limited has accordingly been accounted for using the equity method.

8 Other Non-Current Receivables includes company investments, in new Hydro Power Projects.

9 Interest in a joint venture

The Group has a 47.06% interest in Heladhanavi Limited, a joint venture involved in the thermal power generation. The Group's interest in Heladhanavi Limited is accounted for using the equity method in the consolidated financial statements. Summarised financial information of the joint venture, based on its financial statements, are set out below:

	30.06.2014	30.06.2013
Current assets	4,901,879,445	4,760,429,028
Non-current assets	893,558,418	2,459,045,150
Current liabilities	(4,226,883,690)	(3,253,613,183)
Non-current liabilities	(6,142,917)	(1,037,611,903)
Equity	<u>1,562,411,256</u>	<u>2,928,249,092</u>
Proportion of the Group's ownership	47.06%	47.06%
Carrying amount of the investment	<u>735,252,315</u>	<u>1,377,999,497</u>

Summarised statement of profit or loss of the Heladhanavi Limited:

	2014	2013
	Rs.	Rs.
Revenue	2,946,610,127	2,752,001,596
Cost of sales	(2,976,998,289)	(2,583,112,818)
Other Operating Income	5,324,085	5,472,197
Other Operating Expenses	(42,740,423)	(34,429,291)
Administrative expenses	(3,326,512)	(5,549,661)
Finance costs	(84,045,590)	(74,973,566)
Exchange Gain / (Loss)	(8,456,544)	(37,204,668)
Profit before tax	<u>(163,633,146)</u>	<u>22,203,789</u>
Income tax expense	-	-
Profit for the year (continuing operations)	<u>(163,633,146)</u>	<u>22,203,789</u>
Group's share of profit for the quarter (47.06%)	<u>(77,003,829)</u>	<u>10,448,841</u>

**Provisional Financial Statements
Share Information as at 30th June 2014**

1	Market Price per Share	2014	2013
		Rs.	Rs.
	Highest	20.00	22.50
	Lowest	17.10	19.00
	Closing	17.90	19.30
	Number of Shares	125,200,002	125,200,002
	Market Capitalisation on 30th June 2014	2,241,080,036	2,416,360,039

2 The percentage of shares held by the public as at 30th June 2014 was 24.83% (31st March 2014 - 24.83%).

3 Shares of the Company were listed on the Colombo Stock Exchange on 8th October 2009.

4 The number of shares held by the Board of Directors are as follows;

As at	30-06-2014	30-06-2013
I A H Esufally (Chairman)	1	1
G A K Nanayakkara (Managing Director)	182,000	115,000
W M De F Arsakularatne	2,900	2,900
M R Ameen	8,100	8,100
S K G Senanayake	-	-
C L De Silva	-	-
S M Enderby	-	-
	193,001	126,001

5 Twenty major shareholders of the company are as follows;

	30-06-2014		30-06-2013
	No. of Shares	%	No. of Shares
1 Hemas Holdings PLC	93,900,000	75.00	93,900,000
2 Employees Trust Fund	1,586,400	1.27	1,586,400
3 Bank of Ceylon Account No 1	1,117,700	0.89	1,117,700
3 National Savings Bank	924,800	0.74	424,800
5 Hallsville Trading Group INC	677,910	0.54	400,000
6 Sandwave Limited	618,463	0.49	384,500
7 E.W. Balasuriya & Co. (Pvt) Ltd	607,157	0.48	-
8 Commercial Bank of Ceylon PLC A/C No. 04	600,000	0.48	-
9 Peoples Bank	600,000	0.48	500,000
10 Almar Trading Co (Pvt) Ltd	492,200	0.39	492,200
11 D.P.Pieris	452,340	0.36	300,000
12 H. Beruwalage	419,200	0.33	419,200
13 D.V. K Siritunga	408,578	0.33	408,578
14 Almar International (Pvt) Ltd	398,700	0.32	398,700
15 Cocoshell Activated Carbon Company Ltd	380,000	0.30	-
16 Dee Investmments (Pvt) Ltd	375,700	0.30	-
17 Elgin Investments Ltd	353,000	0.28	363,000
18 H A Cabral	350,000	0.28	300,000
18 M F Hashim	342,900	0.27	380,500
20 Mendis	310,000	0.25	-
	104,915,048	83.78	
Shares held by the balance shareholders	20,284,954	16.22	
Total Issued Shares	125,200,002	100.00	

CORPORATE INFORMATION

Legal Form

Quoted Public Company with limited liability listed on the Colombo Stock Exchange on 8 October 2009

Date of Incorporation

11 June 2003

Date of Re-Registration

11 September 2007

Company Registration Number

PV 415 PB PQ

Accounting Year End

31 March

Registered Office

Hemas House
No.75, Braybrook place, Colombo 2.

Directors

Imtiaz Esufally - Chairman
Kishan Nanayakkara - Managing Director
Sanjiva Senanayake
Malinga Arsakularatne
Riad Ameen
Chandana de Silva
Steven Enderby

Audit Committee

Chandana de Silva (Chairman)
Sanjiva Senanayake
Malinga Arsakularatne

Secretaries

Hemas Corporate Services (Pvt) Ltd
Hemas House, No.75, Braybrook place, Colombo 2.
Tel : 4731731
Fax : 4731777

Registrars

S S P Corporate Services (Pvt) Limited
No. 101, Inner Flower Road, Colombo 3.
Tel : 2573894

Auditors

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

Bankers

Hong Kong & Shanghai Banking Corporation Limited
Standard Chartered Bank
Commercial Bank of Ceylon PLC

Investor Relations

Hemas Power PLC
Hemas House
No.75, Braybrook place,
Colombo 2.
Sri Lanka
Telephone : +(94) 11 4731999
Facsimile : +(94) 11 4731555
Internet : www.hemas.com

