

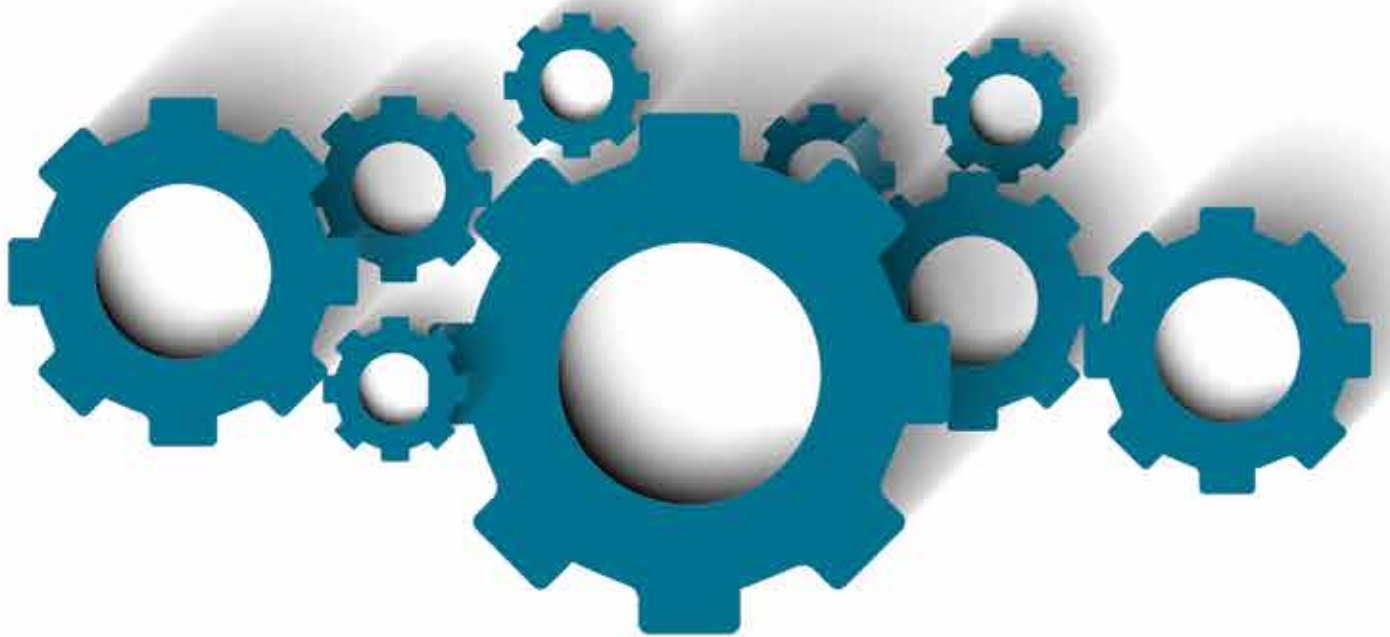


# INTERIM REPORT

## Q3 - 2017/18

**ENGAGE.**

**EMPOWER.**



## CEO's Review

Hemas Holdings PLC (HHL) and its subsidiaries reported a consolidated revenue of Rs.35.6Bn; a year-on-year (YoY) growth of 11.4% and profit attributable to equity holders of Rs.2.1Bn, a decline of 12.7% for the nine months ending December 31, 2017. Cumulative operating profit for the first nine months of the FY18 stood at Rs.2.9Bn; a YoY decline of 10.8%. Our double-digit growth in consolidated revenue is preliminary driven by healthcare and mobility sectors. Despite consolidated revenue growth, our Bangladesh consumer business, pharmaceutical distribution, leisure and travel segments are all facing margin challenges resulting in reduced group earnings. Domestic consumer demand, mainly in the rural sector, remains soft impacted by higher headline inflation, poor climatic conditions persisting in parts of the country, lower levels of inward remittances and the VAT increase. While recognising the pressures this exerts on operating profits we continue to invest in expanding our portfolio of consumer products both here and in Bangladesh, developing our digital footprint and driving profit improvement in our home and personal care business.

On January 19, 2018, we acquired 75.1% of Atlas Axillia Company (Private) Limited, for a purchase consideration of Rs.5.7Bn. Atlas holds a leading position in School and Office with over 40% market share and has been voted the most loved brand in Sri Lanka on multiple occasions, including the most recent award in 2017. With the acquisition of Atlas, Hemas is consolidating its leadership in Sri Lankan consumer brands and we look forward to bringing our brand building excellence to this new category. The business has a strong profit and dividend track record. Atlas will be the third largest business in the Hemas Holdings Group and will operate independently as a subsidiary of Hemas Holdings PLC. Based on the historic performance of Atlas and HHL, we anticipate Atlas will add approximately 15% to our revenues. During FY17/18 we will consolidate only from the date of acquisition and will consolidate on a full year basis in FY 18/19. It will also introduce increased seasonality to our earnings due to the importance of the back to school season in Q3 of the financial year. Following the acquisition, we have fully utilized the proceeds from the rights issue raised in 2015.

The consumer sector posted a revenue of Rs.12.4Bn for the first nine months ending December 31, 2017, indicating a growth of 1.0% over the previous financial year. Year-to-date operating profits were Rs.1.4Bn, 18.6% YoY decline. We saw signs of recovery in the consumer segment during Q3 with a revenue growth of 8.6% for the three months in consideration despite challenging domestic macro environment seen in the first six months. Our Sri Lanka business reported steady growth in key personal care categories with market shares being maintained across most major categories. However, overall profitability growth was below expectations on-account of our Bangladesh operations. We continue to work hard on improving profitability in Bangladesh. We have completed the restructure of our sales and distribution network and are now investing behind our market leading brand Kumarika. We relaunched Kumarika with an improved hair oil formulation in December.

Our consolidated healthcare sector revenue stood at Rs.16.6Bn, a YoY increase of 19.4% whilst operating profit and earnings grew at 14.5% and 19.3% during the past nine months ending December 31, 2017. Our healthcare sector was the main contributor to growth year-to-date. Hemas pharmaceutical distribution operation registered strong revenue growth increasing its market leadership position owing to new additions to our pharmaceutical portfolio. However, profitability in the industry remains challenging due to price regulation and devaluations in the wake of depreciation of the rupee. As a result, pharmaceutical distribution profitability was negatively impacted. On December 15, 2017, the Government approved an increase of 5% on the Maximum Retail Price of 48 molecules that were under price control.

Our Hospitals have performed well throughout the financial year to date. Higher occupancy levels and increased focus on surgeries have contributed towards a revenue growth of 21.2%. We are also seeing growth from increased specialised surgeries as we continue to expand our services, push to higher levels of clinical excellence and generate improved performance from investments made. We also see improved contributions from the laboratory network.

Morison's posted a revenue of Rs.2.8Bn and operating profit of Rs.503.6Mn for this interim period. Morison's underlying operating profit growth, excluding Agro, which we exited during the latter part of FY17, was 38%. Growth against the previous year was primarily driven by pharma manufacturing and pharma distribution. In December, Morison PLC ventured into Myanmar with distribution of its baby diaper brand "Bunnies". This is the initial step towards establishing Morison PLC's presence in a regional market.

Hemas Logistics and Maritime recorded revenue growth of 52.2% over last year with revenues of Rs.2.1Bn. This growth has been driven by both our agencies and logistics. During the year, Spectra, our logistics joint venture with GAC and McLarens has shown improved results, mainly driven by the 3PL operations. Spectra Integrated logistics expanded operations with a new state-of-the-art container yard in the Muthurajawela Industrial Zone on January 22, 2018. Construction of the new warehousing complex is on track to be completed in early FY 2019.

Our Leisure, Travel and Aviation business posted a total revenue of Rs.2.6Bn, reflecting a decline of 11.0% YoY for the nine months under consideration. Our hotel portfolio performed negatively resulting from softening room rates and a rise in operating expenses. As a result, operating loss for the segment during the first nine months stood at Rs.34.7Mn, a 112.0% decline in YoY operating profitability. During Q1, overall arrivals to Sri Lanka witnessed a moderation in growth due to the negative publicity and travel warnings due to flooding and landslides in May. After two quarters of decline in revenue growth, Serendib Hotels reported stabilised revenue resulting from increased occupancies across the hotel portfolio. Lantern, the latest addition to our hotel portfolio contributed positively towards revenue. Travel and Aviation segment indicated a decline in revenue of 4.2%. Overall profitability of this segment continued to be below expectations stemming from poor performance in inbound travels and hotels. Anantara Peace Haven Tangalle performed comparatively better than last year on occupancy, however losses incurred year-to-date have impacted Group profitability.

Our technology business, N\*Able generated strong revenue growth due to the successful completion of three major projects during the quarter in contrast to its weak start in FY17.

FY 2018 has been a challenging year with the trend of good revenue growth in tough economic conditions but depressed earnings continuing throughout the nine months.



Steven Enderby  
Chief Executive Officer

Colombo  
09 February 2018

**Consolidated Statement of Profit or Loss**

Rs. '000	Three Months Ended		Change %	Nine Months Ended		Change %
	31.12.2017	31.12.2016		31.12.2017	31.12.2016	
<b>Revenue</b>	<b>12,549,178</b>	11,301,063	11.0	<b>35,580,338</b>	31,931,813	11.4
Cost of Sales	<b>(7,779,002)</b>	(7,131,013)	9.1	<b>(22,201,135)</b>	(19,872,999)	11.7
<b>Gross Profit</b>	<b>4,770,176</b>	4,170,050	14.4	<b>13,379,203</b>	12,058,814	10.9
Other Operating Income	<b>70,720</b>	118,094	(40.1)	<b>237,924</b>	315,993	(24.7)
Selling and Distribution Expenses	<b>(1,442,152)</b>	(1,168,782)	23.4	<b>(3,897,892)</b>	(3,588,289)	8.6
Administrative Expenses	<b>(2,358,865)</b>	(1,852,023)	27.4	<b>(6,602,448)</b>	(5,390,978)	22.5
Share of Results of Joint Ventures & Associates	<b>(63,627)</b>	(48,436)	31.4	<b>(175,941)</b>	(100,095)	75.8
<b>Operating Profit</b>	<b>976,252</b>	1,218,903	(19.9)	<b>2,940,846</b>	3,295,445	(10.8)
Finance Cost	<b>(143,262)</b>	(153,174)	(6.5)	<b>(406,436)</b>	(406,702)	(0.1)
Finance Income	<b>213,255</b>	204,008	4.5	<b>648,470</b>	616,764	5.1
<b>Profit Before Tax</b>	<b>1,046,245</b>	1,269,737	(17.6)	<b>3,182,880</b>	3,505,507	(9.2)
Income Tax Expenses	<b>(298,069)</b>	(332,631)	(10.4)	<b>(954,976)</b>	(969,434)	(1.5)
<b>Profit for the Period</b>	<b>748,176</b>	937,106	(20.2)	<b>2,227,904</b>	2,536,073	(12.2)
<b>Attributable to:</b>						
Equity Holders of the Parent	<b>681,868</b>	863,515	(21.0)	<b>2,102,114</b>	2,407,400	(12.7)
Non-Controlling Interests	<b>66,308</b>	73,591	(9.9)	<b>125,790</b>	128,673	(2.2)
	<b>748,176</b>	937,106	(20.2)	<b>2,227,904</b>	2,536,073	(12.2)
Earnings Per Share (Rs.)	<b>1.19</b>	1.51		<b>3.66</b>	4.20	
Annualised Earnings Per Share (Rs.)	<b>4.75</b>	6.04		<b>4.89</b>	5.61	
Diluted Earnings Per Share (Rs.)	<b>1.18</b>	1.51		<b>3.65</b>	4.20	
Dividend per share (Rs.)	<b>0.40</b>	0.40		<b>1.85</b>	1.40	

**Consolidated Statement of Comprehensive Income**

Rs. '000	Three Months Ended		Nine Months Ended	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
<b>Profit for the period</b>	<b>748,176</b>	937,106	<b>2,227,904</b>	2,536,073
<b>Other Comprehensive Income</b>				
<b>Other Comprehensive Income to be reclassified to Profit or Loss in subsequent periods</b>				
Net Gain/(Loss) on Available-for-Sale Financial Assets	<b>19</b>	(1,465)	<b>1,579</b>	(1,454)
Net Movement on Cash Flow Hedges	<b>(3,127)</b>	4,027	<b>(21,813)</b>	14,984
Exchange Differences on Translation of Foreign Operations	<b>(3,126)</b>	13,358	<b>(9,376)</b>	26,673
Income Tax Effect on Other Comprehensive Income	<b>-</b>	-	<b>(7,202)</b>	-
<b>Other Comprehensive Income for the Period, Net of Tax</b>	<b>(6,234)</b>	15,920	<b>(36,812)</b>	40,203
<b>Total Comprehensive Income for the Period, Net of Tax</b>	<b>741,942</b>	953,026	<b>2,191,092</b>	2,576,276
<b>Attributable to:</b>				
Equity Holders of the Parent	<b>675,890</b>	865,856	<b>2,074,270</b>	2,439,709
Non-Controlling Interests	<b>66,052</b>	87,170	<b>116,822</b>	136,567
	<b>741,942</b>	953,026	<b>2,191,092</b>	2,576,276

The above figures are provisional and subject to audit.

## Consolidated Statement of Financial Position

As at		31.12.2017	31.12.2016	31.03.2017
Rs. '000				
<b>Non-Current Assets</b>				
Property, Plant and Equipment		14,723,005	13,651,276	13,525,589
Investment Properties		1,472,929	1,439,649	1,472,928
Leasehold Rights		780,081	112,089	828,405
Intangible Assets		1,200,444	892,606	954,060
Investment in Joint Ventures		959,335	1,106,138	1,102,479
Investment in Associates		23,931	-	1,636
Other Non Current Financial Assets		867,314	771,240	907,207
Deferred Tax Asset		71,101	56,107	57,400
		<b>20,098,140</b>	<b>18,029,105</b>	<b>18,849,704</b>
<b>Current Assets</b>				
Inventories		8,209,896	6,046,847	6,288,357
Trade and Other Receivables		11,983,864	10,285,442	9,904,009
Tax Recoverable		180,069	444,134	181,104
Other Current Financial Assets		245,787	170,587	103,377
Cash and Short Term Deposits		10,327,856	10,785,582	11,992,000
		<b>30,947,472</b>	<b>27,732,592</b>	<b>28,468,847</b>
<b>Total Assets</b>		<b>51,045,612</b>	<b>45,761,697</b>	<b>47,318,551</b>
<b>Equity</b>				
Stated Capital		5,955,825	5,738,903	5,741,038
Other Capital and Revenue Reserves		121,654	92,741	104,938
Other Components of Equity		2,129,469	2,054,952	2,158,057
Retained Earnings		17,929,479	15,885,625	16,907,218
<b>Equity attributable to equity holders of the parent</b>		<b>26,136,427</b>	<b>23,772,221</b>	<b>24,911,251</b>
Non-Controlling Interests		3,280,471	2,380,477	3,217,800
<b>Total Equity</b>		<b>29,416,898</b>	<b>26,152,698</b>	<b>28,129,051</b>
<b>Non-Current Liabilities</b>				
Interest Bearing Loans and Borrowings		2,735,568	3,144,586	2,044,817
Other Non Current Financial Liabilities		26,616	52,505	10,178
Deferred Tax Liability		515,848	421,288	490,437
Employee Benefit Liability		692,147	627,212	650,125
		<b>3,970,179</b>	<b>4,245,591</b>	<b>3,195,557</b>
<b>Current Liabilities</b>				
Trade and Other Payables		13,565,341	11,563,740	12,179,714
Income Tax Payable		389,077	750,303	486,263
Interest Bearing Loans and Borrowings		1,774,277	1,465,149	1,954,903
Bank Overdraft		1,929,840	1,584,216	1,373,063
		<b>17,658,535</b>	<b>15,363,408</b>	<b>15,993,943</b>
<b>Total Equity and Liabilities</b>		<b>51,045,612</b>	<b>45,761,697</b>	<b>47,318,551</b>
<b>Net Asset per share - (Rs.)</b>		<b>45.46</b>	<b>41.51</b>	<b>43.50</b>

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.



**Sanjeewa Samaranayake**  
Chief Financial Officer

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



**Husein Esufally**  
Chairman  
Colombo  
February 09, 2018



**Steven Enderby**  
Chief Executive Officer

### Consolidated Statement of Changes in Equity

	Attributable 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	Foreign Currency Translation Reserve	Available for Sale Reserve	Cash Flow Hedge Reserve				
<b>Rs. '000</b>										
<b>Balance as at 1 April 2016</b>	5,722,837	58,542	1,986,673	24,814	761	10,396	14,187,670	21,991,693	2,661,619	24,653,312
Profit for the Year	-	-	-	-	-	-	2,407,400	2,407,400	128,673	2,536,073
Other Comprehensive Income	-	-	-	25,588	(759)	7,479	-	32,309	7,894	40,203
<b>Total Comprehensive Income</b>	-	-	-	25,588	(759)	7,479	2,407,400	2,439,709	136,567	2,576,276
Dividends Paid	-	-	-	-	-	-	(801,619)	(801,619)	(134,807)	(936,426)
Exercise of share option	16,066	-	-	-	-	-	-	16,066	-	16,066
Share Based Payments	-	34,199	-	-	-	-	-	34,199	-	34,199
Adjustment in Respect of Changes In Group Holding	-	-	-	-	-	-	92,173	92,173	(282,902)	(190,729)
<b>Balance as at 31 December 2016</b>	<b>5,738,903</b>	<b>92,741</b>	<b>1,986,673</b>	<b>50,402</b>	<b>2</b>	<b>17,875</b>	<b>15,885,625</b>	<b>23,772,221</b>	<b>2,380,477</b>	<b>26,152,698</b>
<b>Balance as at 1 April 2017</b>	5,741,038	104,938	1,961,868	49,407	133,184	13,598	16,907,218	24,911,251	3,217,800	28,129,051
Profit for the Year	-	-	-	-	-	-	2,102,114	2,102,114	125,790	2,227,904
Other Comprehensive Income	-	-	(6,145)	(13,040)	890	(9,550)	-	(27,844)	(8,968)	(36,812)
<b>Total Comprehensive Income</b>	-	-	(6,145)	(13,040)	890	(9,550)	2,102,114	2,074,270	116,822	2,191,092
Dividends Paid	-	-	-	-	-	-	(1,061,024)	(1,061,024)	(68,497)	(1,129,521)
Exercise of Share Option	214,787	-	-	-	-	-	-	214,787	-	214,787
Share Based Payments	-	16,716	-	-	-	-	-	16,716	-	16,716
Acquisition/ Adjustment in Respect of Changes In Group Holding	-	-	(560)	-	10	(194)	(18,829)	(19,573)	14,347	(5,226)
<b>Balance as at 31 December 2017</b>	<b>5,955,825</b>	<b>121,654</b>	<b>1,955,163</b>	<b>36,367</b>	<b>134,085</b>	<b>3,854</b>	<b>17,929,479</b>	<b>26,136,427</b>	<b>3,280,471</b>	<b>29,416,898</b>

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## Statement of Profit or Loss Company

	Three Months Ended		Change	Nine Months Ended		Change
	31.12.2017	31.12.2016	%	31.12.2017	31.12.2016	%
<i>Rs. '000</i>						
<b>Revenue</b>	206,499	220,354	(6.3)	602,397	623,816	(3.4)
Cost of Sales	-	-	-	-	-	-
<b>Gross Profit</b>	206,499	220,354	(6.3)	602,397	623,816	(3.4)
Other Operating Income	347,020	(80)	(433,875.2)	576,251	451,027	27.8
Administrative Expenses	(251,261)	(234,849)	7.0	(702,603)	(663,270)	5.9
<b>Operating Profit</b>	302,257	(14,575)	(2,173.8)	476,045	411,573	15.7
Finance Cost	(44,395)	(64,073)	(30.7)	(143,541)	(184,017)	(22.0)
Finance Income	131,869	160,916	(18.1)	405,244	464,343	(12.7)
<b>Profit Before Tax</b>	389,731	82,268	373.7	737,748	691,899	6.6
Income Tax Expenses	(12,863)	(12,124)	6.1	(42,063)	(26,969)	56.0
<b>Profit for the Period</b>	376,868	70,144	437.3	695,685	664,930	4.6

## Statement of Comprehensive Income Company

	Three Months Ended		Nine Months Ended	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
<i>Rs. '000</i>				
<b>Profit for the period</b>	376,868	70,144	695,685	664,930
<b>Other Comprehensive Income</b>				
Net Gain/(Loss) on Available-for-Sale Financial Assets	(29)	(19)	21	(8)
<b>Other Comprehensive Income for the Period, Net of Tax</b>	(29)	(19)	21	(8)
<b>Total Comprehensive Income for the Period, Net of Tax</b>	376,840	70,125	695,706	664,922

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## Statement of Financial Position Company

As at Rs. '000	31.12.2017	31.12.2016	31.03.2017
<b>Non-Current Assets</b>			
Property, Plant and Equipment	170,864	99,390	112,079
Investment Properties	569,141	528,278	569,141
Intangible Assets	85,628	80,341	102,109
Investment in Subsidiaries	11,618,414	5,625,281	11,546,321
Other Non Current Financial Assets	972,715	1,125,560	972,694
	<b>13,416,762</b>	<b>7,458,850</b>	<b>13,302,344</b>
<b>Current Assets</b>			
Trade and Other Receivables	441,380	700,076	571,048
Tax Recoverable	36,407	12,955	24,862
Other Current Financial Assets	505,992	1,029,871	110,611
Cash and Short Term Deposits	4,217,588	4,475,640	4,794,005
	<b>5,201,368</b>	<b>6,218,542</b>	<b>5,500,526</b>
<b>Total Assets</b>	<b>18,618,130</b>	<b>13,677,392</b>	<b>18,802,870</b>
<b>Equity</b>			
Stated Capital	5,955,825	5,738,903	5,741,038
Other Capital Reserves	343,005	314,092	326,289
Other Components of Equity	134,693	258	134,672
Retained Earnings	9,968,669	4,672,254	10,334,008
<b>Total Equity</b>	<b>16,402,192</b>	<b>10,725,507</b>	<b>16,536,007</b>
<b>Non-Current Liabilities</b>			
Interest Bearing Loans and Borrowings	982,915	1,716,955	1,180,804
Deferred Tax Liability	60,750	60,152	57,139
Employee Benefit Liability	54,027	29,625	54,591
	<b>1,097,692</b>	<b>1,806,732</b>	<b>1,292,534</b>
<b>Current Liabilities</b>			
Trade and Other Payables	256,623	274,715	236,252
Income Tax Payable	36,593	46,031	19,347
Interest Bearing Loans and Borrowings	243,467	494,554	718,730
Bank Overdraft	581,563	329,853	-
	<b>1,118,246</b>	<b>1,145,153</b>	<b>974,329</b>
<b>Total Equity and Liabilities</b>	<b>18,618,130</b>	<b>13,677,392</b>	<b>18,802,870</b>
<b>Net Asset per share - (Rs.)</b>	<b>28.53</b>	<b>18.73</b>	<b>28.87</b>

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**Sanjeewa Samaranayake**

Chief Financial Officer

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



**Husein Esufally**

Chairman

Colombo

February 09, 2018



**Steven Enderby**

Chief Executive Officer



## Statement of Changes in Equity Company

	Stated Capital	Other Capital Reserves	Other Components Of Equity	Retained Earnings	Total Equity
			Available for Sale Reserve		
<b>Rs. '000</b>					
<b>Balance as at 1 April 2016</b>	5,722,837	279,893	266	4,808,943	10,811,939
Profit for the period	-	-	-	664,930	664,930
Other Comprehensive Income	-	-	(8)	-	(8)
<b>Total Comprehensive Income</b>	-	-	(8)	664,930	664,922
Exercise of share option	16,066	-	-	-	16,066
Share Based Payments	-	34,199	-	-	34,199
Final Dividend Paid 2015/16	-	-	-	(572,545)	(572,545)
Interim Dividend Paid 2016/17	-	-	-	(229,074)	(229,074)
<b>Balance as at 31 December 2016</b>	<b>5,738,903</b>	<b>314,092</b>	<b>258</b>	<b>4,672,254</b>	<b>10,725,507</b>
<b>Balance as at 1 April 2017</b>	5,741,038	326,289	134,672	10,334,008	16,536,007
Profit for the period	-	-	-	695,685	695,685
Other Comprehensive Income	-	-	21	-	21
<b>Total Comprehensive Income</b>	-	-	21	695,685	695,706
Exercise of Share Option	214,787	-	-	-	214,787
Share Based Payments	-	16,716	-	-	16,716
Final Dividend Paid 2016/17	-	-	-	(831,198)	(831,198)
Interim Dividend Paid 2017/18	-	-	-	(229,826)	(229,826)
<b>Balance as at 31 December 2017</b>	<b>5,955,825</b>	<b>343,005</b>	<b>134,693</b>	<b>9,968,669</b>	<b>16,402,192</b>

The above figures are provisional and subject to audit.

## Statement of Cash Flows

For nine months ended <i>Rs. '000</i>	Group		Company	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
<b>Operating Activities</b>				
<b>Profit before taxation</b>	<b>3,182,880</b>	3,505,507	<b>737,748</b>	691,899
<b>Adjustments for,</b>				
Depreciation	769,105	679,823	24,845	34,383
Gain on Disposal of Property, Plant and Equipment, Investment Property	(11,280)	(106,499)	(877)	(79,580)
(Gain)/Loss on Sale of Non-Current Investments	(5,093)	-	-	-
Provision for Share Based Payment Expense	50,496	36,633	14,462	15,900
Amortisation/ Impairment of Intangible Assets	66,739	44,275	16,481	17,266
Amortisation of Leasehold Rights	29,283	3,087	-	-
Exchange (Gain)/Loss on Foreign Currency Borrowings	2,968	(32,163)	-	-
Finance Cost	406,436	406,702	143,541	184,017
Finance Income	(648,470)	(616,764)	(405,244)	(464,343)
Share of Results of Joint Ventures & Associates	175,941	100,095	-	-
Investment Income	-	-	(568,118)	(368,957)
Movement in Employee Benefit Liability	85,425	90,219	2,825	3,750
<b>Operating Cash Flows before Working Capital Adjustments</b>	<b>4,104,430</b>	4,110,915	<b>(34,337)</b>	34,335
<b>Working Capital Adjustments</b>				
(Increase)/Decrease in Inventories	(1,918,920)	(814,533)	-	-
(Increase)/Decrease in Trade and Other Receivables	(2,199,972)	(2,709,372)	166,561	(188,592)
Increase/(Decrease) in Trade and Other Payables	1,127,034	996,661	20,373	(157,862)
Increase/(Decrease) in Other Non Current Financial Liabilities	16,438	46,757	-	-
<b>Cash Generated from Operations</b>	<b>1,129,010</b>	1,630,428	<b>152,597</b>	(312,119)
Finance Cost Paid	(399,613)	(404,381)	(143,541)	(184,017)
Finance Income Received	645,393	612,829	405,244	464,144
Income Tax Paid	(1,045,612)	(1,156,807)	(32,754)	(80,295)
Employee Retirement Benefit Paid	(43,864)	(32,371)	(3,388)	(857)
<b>Net Cash Flows From/(Used in) Operating Activities</b>	<b>285,314</b>	649,698	<b>378,158</b>	(113,144)
<b>Investing Activities</b>				
Purchase of Property, Plant and Equipment	(1,610,737)	(1,606,417)	(86,398)	(9,556)
Investment in Intangible Assets	(8,208)	(85,540)	-	(17)
Disposal /Investment in Financial Assets	(1,886)	6,762	-	553
Acquisition/Investment of Subsidiaries	(323,845)	(17,939)	(72,094)	(1,075,183)
Dividend Received from Joint Ventures & Associates	-	25,200	-	-
Investment Income Received	-	-	568,118	368,957
Proceeds on Disposal of Property, Plant and Equipment/ Intangible Assets / Leasehold Property/ Investment Property	64,817	452,497	3,646	254,889
<b>Net Cash Flows From/(Used in) Investing Activities</b>	<b>(1,879,859)</b>	(1,225,437)	<b>413,272</b>	(460,357)
<b>Financing Activities</b>				
Interest Bearing Loans and Borrowings (Net)	340,368	27,468	(1,069,393)	(340,864)
Proceed from Exercise of Share Option	181,007	13,633	181,007	13,633
Proceeds (to)/from Non-Controlling Interests	(8,854)	(245,828)	-	-
Dividends Paid - Equity Holders of the Parent	(1,061,024)	(801,619)	(1,061,024)	(801,619)
Dividends Paid - Non-Controlling Interests	(68,497)	(130,620)	-	-
<b>Net Cash Flows From/(Used in) Financing Activities</b>	<b>(617,000)</b>	(1,136,967)	<b>(1,949,410)</b>	(1,128,851)
Net Increase/(Decrease) in Cash and Cash Equivalents	(2,211,545)	(1,712,706)	(1,157,980)	(1,702,352)
Net Foreign Exchange Difference	(9,376)	26,939	-	-
Cash and Cash Equivalents at the Beginning of the Period	10,618,937	10,887,133	4,794,005	5,848,139
<b>Cash and Cash Equivalents at the End of the Period</b>	<b>8,398,016</b>	9,201,366	<b>3,636,025</b>	4,145,787

The above figures are provisional and subject to audit.

## Segmental Information

For three months ended 31 December	Consumer		Healthcare		Leisure, Travels & Aviation		Logistics & Maritime		Others		Group	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
<b>Rs. '000</b>												
<b>Revenue</b>												
Segmental Revenue - Gross	4,312,790	3,991,365	6,121,801	4,904,896	1,014,191	1,062,411	759,398	506,384	734,170	1,243,825	12,942,350	11,708,881
Intra Segmental Revenue	(31,542)	(49,021)	(57,487)	(45,482)	-	-	(4,455)	-	(34,782)	(25,612)	(128,266)	(120,115)
<b>Segmental Revenue</b>	<b>4,281,248</b>	<b>3,942,344</b>	<b>6,064,314</b>	<b>4,859,414</b>	<b>1,014,191</b>	<b>1,062,411</b>	<b>754,943</b>	<b>506,384</b>	<b>699,388</b>	<b>1,218,213</b>	<b>12,814,084</b>	<b>11,588,766</b>
Inter Segmental Revenue	(3,300)	(3,150)	-	-	-	-	-	-	(261,606)	(284,553)	(264,906)	(287,703)
<b>Total Revenue</b>	<b>4,277,948</b>	<b>3,939,194</b>	<b>6,064,314</b>	<b>4,859,414</b>	<b>1,014,191</b>	<b>1,062,411</b>	<b>754,943</b>	<b>506,384</b>	<b>437,782</b>	<b>933,660</b>	<b>12,549,178</b>	<b>11,301,063</b>
<b>Segmental Results</b>												
Finance Cost	(25)	1	(67,305)	(52,061)	(13,556)	(15,658)	(9,626)	(11,141)	(52,750)	(74,315)	(143,262)	(153,174)
Finance Income	28,921	38,685	6,965	2,483	14,570	11,804	5,366	2,292	157,433	148,744	213,255	204,008
Share of Results of Joint Ventures & Associates	-	-	-	-	(37,501)	(48,436)	-	-	(26,126)	-	(63,627)	(48,436)
<b>Profit/(Loss) before Tax</b>	<b>443,624</b>	<b>580,010</b>	<b>541,388</b>	<b>419,081</b>	<b>5,819</b>	<b>97,420</b>	<b>205,250</b>	<b>142,975</b>	<b>(149,836)</b>	<b>30,251</b>	<b>1,046,245</b>	<b>1,269,737</b>
Income Tax	(96,587)	(135,631)	(121,621)	(87,644)	(20,914)	(21,044)	(28,677)	(25,888)	(30,270)	(62,424)	(298,069)	(332,631)
<b>Profit / (Loss) for the Period</b>	<b>347,037</b>	<b>444,379</b>	<b>419,767</b>	<b>331,437</b>	<b>(15,095)</b>	<b>76,375</b>	<b>176,573</b>	<b>117,087</b>	<b>(180,106)</b>	<b>(32,172)</b>	<b>748,176</b>	<b>937,106</b>
<b>Attributable to:</b>												
Equity Holders of the Parent	344,654	442,612	409,073	320,413	(15,259)	34,338	126,083	101,305	(182,683)	(35,153)	681,868	863,515
Non-Controlling Interests	2,383	1,767	10,694	11,024	164	42,037	50,490	15,782	2,577	2,981	66,308	73,591
	<b>347,037</b>	<b>444,379</b>	<b>419,767</b>	<b>331,437</b>	<b>(15,095)</b>	<b>76,375</b>	<b>176,573</b>	<b>117,087</b>	<b>(180,106)</b>	<b>(32,172)</b>	<b>748,176</b>	<b>937,106</b>

The above figures are provisional and subject to audit.

## Segmental Information

For nine months ended 31 December Rs. '000	Consumer		Healthcare		Leisure, Travel & Aviation		Logistic & Maritime		Others		Group	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
<b>Revenue</b>												
Segmental Revenue - Gross	12,547,501	12,429,646	16,820,924	14,061,151	2,588,755	2,908,182	2,064,349	1,347,943	2,777,600	2,334,398	36,799,129	33,081,320
Intra Segmental Revenue	(127,794)	(136,327)	(188,681)	(129,861)	-	-	(13,365)	-	(103,475)	(91,496)	(433,315)	(357,684)
<b>Segmental Revenue</b>	<b>12,419,707</b>	<b>12,293,319</b>	<b>16,632,243</b>	<b>13,931,290</b>	<b>2,588,755</b>	<b>2,908,182</b>	<b>2,050,984</b>	<b>1,347,943</b>	<b>2,674,125</b>	<b>2,242,902</b>	<b>36,365,814</b>	<b>32,723,636</b>
Inter Segmental Revenue	(9,900)	(4,200)	-	-	-	-	-	-	(775,576)	(787,623)	(785,476)	(791,823)
<b>Total Revenue</b>	<b>12,409,807</b>	<b>12,289,119</b>	<b>16,632,243</b>	<b>13,931,290</b>	<b>2,588,755</b>	<b>2,908,182</b>	<b>2,050,984</b>	<b>1,347,943</b>	<b>1,898,549</b>	<b>1,455,279</b>	<b>35,580,338</b>	<b>31,931,813</b>
<b>Segmental Results</b>	<b>1,383,452</b>	<b>1,700,183</b>	<b>1,686,554</b>	<b>1,472,735</b>	<b>(34,722)</b>	<b>289,167</b>	<b>629,035</b>	<b>293,070</b>	<b>(547,532)</b>	<b>(359,615)</b>	<b>3,116,787</b>	<b>3,395,540</b>
Finance Cost	(27)	-	(189,236)	(163,282)	(23,481)	(11,659)	(22,584)	(21,820)	(171,108)	(209,941)	(406,436)	(406,702)
Finance Income	87,637	121,530	13,677	6,197	34,021	30,955	12,668	4,521	500,467	453,561	648,470	616,764
Share of Results of Joint Ventures & Associates	-	-	-	-	(149,815)	(157,726)	-	57,631	(26,126)	-	(175,941)	(100,095)
<b>Profit(Loss) before Tax</b>	<b>1,471,062</b>	<b>1,821,713</b>	<b>1,510,995</b>	<b>1,315,650</b>	<b>(173,997)</b>	<b>150,737</b>	<b>619,119</b>	<b>333,402</b>	<b>(244,299)</b>	<b>(115,995)</b>	<b>3,182,880</b>	<b>3,505,507</b>
Income Tax	(347,631)	(432,023)	(316,902)	(327,913)	(58,209)	(56,043)	(92,986)	(53,794)	(139,248)	(99,661)	(954,976)	(969,434)
<b>Profit / (Loss) for the Period</b>	<b>1,123,431</b>	<b>1,389,690</b>	<b>1,194,093</b>	<b>987,737</b>	<b>(232,206)</b>	<b>94,693</b>	<b>526,133</b>	<b>279,608</b>	<b>(383,547)</b>	<b>(215,655)</b>	<b>2,227,904</b>	<b>2,536,073</b>
<b>Attributable to:</b>												
Equity Holders of the Parent	1,115,249	1,384,860	1,150,179	964,213	(167,731)	32,677	396,400	249,256	(391,983)	(223,606)	2,102,114	2,407,400
Non-Controlling Interests	8,182	4,830	43,914	23,524	(64,475)	62,016	129,733	30,352	8,436	7,951	125,790	128,673
	<b>1,123,431</b>	<b>1,389,690</b>	<b>1,194,093</b>	<b>987,737</b>	<b>(232,206)</b>	<b>94,693</b>	<b>526,133</b>	<b>279,608</b>	<b>(383,547)</b>	<b>(215,655)</b>	<b>2,227,904</b>	<b>2,536,073</b>

The above figures are provisional and subject to audit.

## Notes to the Financial Statements

**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 2017. 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** The ten million, rated (AA-lka, by Fitch Rating Lanka Limited) unsecured redeemable debentures carrying a coupon rate of 11% p.a., payable semi-annually issued on 29 April 2014 are to be matured on 29 April 2019.

**3** The Company paid a final dividend of Rs.1.45 per share for the financial year ended 31 March 2017.

**4** The Company paid an interim dividend of Rs.0.40 per share for the financial year ending 31 March 2018.

**5** The Board of Directors decided, with the approval in principal of the Colombo Stock Exchange, and authorized by the shareholders at an Extraordinary General Meeting dated 10 April 2015, to create a Employee Share Option Scheme (ESOS) to offer 13,900,000 ordinary shares being 2.4% of the total number of shares in issue to Executive Directors and Senior Executives of the company and its subsidiaries whom the Board deems to be eligible to be awarded the shares.

Accordingly, 3,053,750 employee share options were granted on the first Grant to the Executive Directors and Senior Executives of the company and its subsidiaries at the exercise price of Rs.82/- with a vesting period of one year starting from 27 July 2015 and exercise period of 3 years starting from 27 July 2016, out of which 2,574,423 employee share options were vested during the year ended 31 March 2017.

At the second Grant, 3,008,750 employee share options were granted with the exercise price of Rs.87.50 with a one year vesting period starting from 27 July 2016 and exercise period of 3 years starting from 27 July 2017, out of which 2,421,867 employee share options were vested on 27 July 2017.

Further, a third Grant of 3,420,000 employee share options were granted on 27 July 2017 at the exercise price of Rs. 149.50 with a one year vesting period starting from 27 July 2017.

**6** The current status of the funds raised through the Rights Issue (RI) has been provided in the following table.

Objective as per Circular	Amount allocated as per circular in LKR	Proposed date of utilisation as per circular	Amount allocated from proceeds in LKR (A)	% of total proceeds	Amounts utilised in LKR (B)	% of utilisation against allocation ( B / A)	Clarification if not utilised including where the funds are invested
Proceeds to be utilized to fund strategic investment opportunities in the Healthcare and FMCG Sectors.	4.1 Bn	2015/16	4.1 Bn	100%	-	-	At the Extraordinary General meeting held on 30 June 2017, shareholders approved the extension of utilisation period up to 31 March 2019 and to invest the funds, pending such utilisation, in investment grade short term instruments.

**7** Except below, there have been no events subsequent to the reporting date, which require disclosure in the interim financial statements.

Prior to the utilisation of the commitment of Rights Issue proceeds by Morison PLC, Hemas Holdings PLC acquired 75.1% of Atlas Axillia Company (Pvt) Limited for a purchase consideration of Rs. 5.7Bn on 19 January 2018. Atlas Axillia is Sri Lanka's leading FMCG school and office brand. With this acquisition, Hemas Holdings PLC has fully utilized the funds raised in the Rights Issue. Hemas Holdings PLC will continue its financial commitment of Rs. 1.45Bn to Morison PLC for its new manufacturing facility.

**8** Serendib Hotels PLC, a subsidiary of Hemas Holdings PLC acquired controlling stake (51.15% Holding) in Frontier Capital Lanka (Pvt) Limited for Rs. 309.5 Mn on 15 of September, 2017 and resulted a goodwill of Rs 304.9 Mn.

The fair value of net assets acquired are stated on provisional amount which will be revised when the final fair values of acquired net assets are determined.

Non-Controlling Interest has been valued at proportionate share of net assets.

**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 2017.

## Investor Information

Nine Months Ended

2017

2016

### Market Value of Shares

Closing Price on 31 December (Rs.)	126.00	98.00
Highest Price During the Period (Rs.)	134.90	108.50
Lowest Price During the Period (Rs.)	118.00	94.60
Market Capitalization on 31 December (Rs. Mn)	72,436	56,126

### Ratios

Net Asset Per Share on 31 December (Rs.)	45.46	41.51
Price Earnings Ratio on 31 December (Times)	34.39	23.31

### Debt security related ratios

Debt/Equity Ratio	21.9%	24.0%
Quick Asset Ratio	1.29	1.41
Interest Cover (Times)	8.83	8.10
Interest Yield as at Date of Last Trade	-	-
Yield to Maturity of Trade Done	-	-
Interest Rate of Comparable Government Security (5 Year Treasury Bond Rate )	10.2%	12.2%

### Share Trading

No of Transactions During the Period	601	570
No of Shares Traded During the Period	12,717,804	14,141,436
Value of Shares Traded During the Period (Rs. Mn)	1,632	1,482

### Number of Shares

574,890,446 572,711,383

### Debentures 11% Fixed - Unsecured Redeemable

Closing Price on 31 Decmeber (Rs.)	-	-
Highest Price During the Period (Rs.)	-	-
Lowest Price During the Period (Rs.)	-	-

There has been no trading in the listed Debentures of the Company during the nine months period ended 31 December 2017.

### Number of Debentures

10,000,000 10,000,000

## Share Information

LIST OF 20 MAJOR SHAREHOLDERS	31.12.2017		31.12.2016	
	No. of Shares	%	No. of Shares	%
1 A Z Holdings (Pvt) Ltd.	90,762,875	15.79	90,762,875	15.85
2 Saraz Investments (Pvt) Ltd.	86,396,035	15.03	86,396,035	15.09
3 Blueberry Investments (Pvt) Ltd.	85,781,250	14.92	85,781,250	14.98
4 Amagroup (Pvt) Ltd.	85,780,665	14.92	85,780,665	14.98
5 HSBC Intl Nominees Ltd-JPMLU-Franklin Templeton Investment Funds	41,867,475	7.28	44,673,822	7.80
6 Citi Bank New York S/A Norges Bank Account 2	17,184,764	2.99	-	-
7 HSBC International Nominees Ltd. -JPMCB- Templeton Global Investment Trust- Templeton Emerging Markets S	14,964,257	2.60	14,964,257	2.61
8 Bnymсанv Re-First State Investments ICVC-Stewart Investors Indian Subcontinent Fund.	11,962,613	2.08	11,962,613	2.09
9 Bnymсанv Re-First State Investments ICVC-Stewart Investors Asia Pacific Sustainability Fund.	9,745,440	1.70	8,286,047	1.45
10 HSBC Intl Nom Ltd-JPMCB- Pacific Assets Trust PLC	6,793,862	1.18	4,344,132	0.76
11 Mr. M.A.H. Esufally	5,946,500	1.03	9,000,000	1.57
12 HSBC Intl. Nominees Ltd. -JPMCB- Scottish ORL SML TR GTI 6018	5,884,769	1.02	5,946,500	1.04
13 Mr. H.N. Esufally	5,586,705	0.97	8,006,561	1.40
14 CB London s/a Verdipapirfondet Holberg Rurik	5,216,959	0.91	5,586,705	0.98
Bnymсанv Re-First State Investments ICVC-Stewart Investors Global Emerging 15 Markets SUSTAI.	5,036,288	0.88	3,317,420	0.58
16 Mr. I.A.H. Esufally	4,424,000	0.77	4,424,000	0.77
17 Mellon Bank N.A.-Florida Retirement System	4,407,711	0.77	3,949,115	0.69
18 HSBC Intl. Nom. LTD-State Street Luxembourg c/o SSBT- Alliancebernstein Next 50 Emerging Markets(MASTE)	4,066,195	0.71	-	-
19 HSBC Intl Nom Ltd-SSBT-Allianz Global Investors Fund-Allianz Emerging Asia Equity	4,000,000	0.70	3,804,326	0.66
20 Pemberton Asian Opportunities Fund	3,786,143	0.66	-	-

DIRECTORS' SHAREHOLDING	31.12.2017	31.12.2016
	No. of Shares	No. of Shares

### DIRECTORS' INDIRECT SHAREHOLDING

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

### DIRECTORS' DIRECT SHAREHOLDING

Mr. H.N. Esufally (Chairman)	5,586,705	5,586,705
Mr. A.N. Esufally	2,283,585	2,283,585
Mr. I.A.H. Esufally	4,424,000	4,424,000
Mr. M. A. H. Esufally	5,946,500	5,946,500
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	-	-
Mr. A.S. Amaratunga	-	-
Mr. J.M. Trivedi (Appointed w.e.f 11 August 2017)	-	-
	<b>366,961,615</b>	<b>366,961,615</b>

### PUBLIC HOLDING

	31.12.2017	31.12.2016
Issued Share Capital (No. of Shares)	574,890,446	572,711,383
Public Holding as a % of Issued Share Capital	35.69%	35.45%
Total Number of Shareholders	4,116	4,308
Number of Shareholders representing the Public Holding	4,104	4,296

### Minimum Public Holding Requirement as per Listing Rules 7.13.1

	Float Adjusted Market Capitalisation - (Rs.)	Public Holding Percentage	No of Shareholders	Option
Minimum Public Holding	25,852,433,453	35.69%	4104	1

# 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  
Ramabadran Gopalakrishnan  
Dr Anura Ekanayake  
Dinesh Weerakkody  
Malinga Arsakularatne  
Amitha Saktha Amaratunga  
Jyotindra Manibhai Trivedi (Appointed w.e.f 11 August 2017)

## Secretaries

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

## Registrars

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

## Lawyers to the Company

D.L. & F De Saram, Attorneys-at-law  
No. 47, Alexandra Place, Colombo 7.

## Bankers

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