

# HEMAS

HEMAS HOLDINGS PLC

## EMPOWER EXECUTE

INTERIM REPORT  
2018/2019 - Q1

## CEO's Review

Hemas Holdings PLC (HHL) recorded a consolidated revenue of Rs.13.5Bn for the first quarter ended June 30, 2018, a year-on-year (YoY) growth of 21.3%, led by higher contributions in our consumer and healthcare sectors. The Group operating profit at Rs.895.7Mn in the first quarter of the financial year is an increase of 3.5% over the previous financial year. Operating profit growth has been impacted by losses at N\*Able, our IT technology solutions business, coupled with a weaker macroeconomic environment with sluggish consumer demand as disposable incomes have been dampened by rising costs from Rupee depreciation and increased taxes. The profit attributable to equity holders of the parent at Rs.554.3Mn is a decrease of 20.2% in the corresponding period of the previous financial year. This is due to reduced interest income post utilisation of cash reserves to acquire Atlas in January 2018 and increased interest costs relating to higher working capital due to strong growth in Pharmaceutical Distribution and the loan financing for our new logistics park. All three of these investments should contribute to earnings from Q3. Excluding the first quarter performance of Atlas, HHL recorded a revenue and an operating profit growth of 10.9% and 1.5% correspondingly.

Our consumer business revenue stood at Rs.5.4Bn for the three months ending June 30, 2018, indicating a YoY growth of 36.2%. Growth in the consumer sector excluding Atlas stands at 6.8%. Operating profit of Rs.569.3Mn grew by 8.1% during the quarter. Market conditions domestically remain depressed with most market commentaries indicating low or negative growth in most major FMCG categories. Against this backdrop, our business has performed well. Our Bangladesh business experienced revenue growth of 6.1% following the *Kumarika* relaunch last December. However, profitability still remains a challenge due to heavy marketing spend post launch. Atlas performance has been on track in Q1 with revenues up by 8.8% over last year and break even in operating profits in line with its normal seasonal performance trend.

Consolidated healthcare sector revenue for the first three months under review stood at Rs.6.4Bn, a YoY increase of 24.7% whilst operating profit and earnings indicated a decline of 2.0% and 6.0%. Hemas pharmaceutical distribution operation registered strong revenue growth. However, managing the impact of price regulation and devaluations in the wake of depreciation of the rupee was a key operational challenge. Hemas Hospitals achieved an overall occupancy of 60%, recording a satisfactory performance. Revenues and profitability were flat compared to Q1 last year when occupancy levels were higher due to the dengue epidemic. Morison posted a revenue of Rs.844.3Mn and operating profit of Rs.83.0Mn for the three months ended June 30, 2018. Morison's underlying revenue, excluding Alcon distribution business, which we exited during the latter part of FY2017/18, was 4.2% whilst the earnings recorded a decline of 31.5% primarily due to increased operating costs.

Meanwhile, Hemas Leisure, Travel and Aviation business recorded a total revenue of Rs.792.4Mn, reflecting a growth of 16.2% for the three months under consideration. Overall, the country experienced an upward trend in tourist arrivals during the quarter. Serendib Hotels reported a 11.0% growth in revenue due to rise in average room rates and occupancies across the group. Anantara Peace Haven Tangalle too had a satisfactory performance during the year. Furthermore, Travel and Aviation segment indicated a growth in revenue of 17.1%. Overall the sector reduced operating losses by 30.0%, reporting a loss of Rs.140.2Mn despite the exchange losses incurred at Anantara Peace Haven Tangalle. The improvement is mainly attributable to the rebound in the travel and aviation segment.

Hemas Logistics and Maritime recorded revenue growth of 15.4% over last year with revenues of Rs.718.3Mn. During this period, the Port of Colombo witnessed a YoY growth of 15%. Increased contributions from 3PL operations improved the profitability of the segment. Construction of the new logistics park facility is now almost finalized with our first customer moving into our new 3PL warehouse in early August.

Our technology business, N\*Able got the year off to a slower start with revenue decline of 68.5% due to delays in project completion during the quarter in contrast to its strong start in FY2017/18.

Overall we have had a satisfactory start to the year in a difficult macro environment. Solid performance in our core Sri Lanka Consumer businesses supported by improvements in Leisure and Travel sector performance and the seasonality effect of Atlas, position us well to improve operating profit growth in the coming quarters of the financial year.



Steven Enderby  
Chief Executive Officer

August 14, 2018  
Colombo

## Consolidated Statement of Profit or Loss

Rs. '000	Three Months Ended		Change
	30.06.2018	30.06.2017 <i>Restated</i>	%
<b>Revenue</b>	<b>13,505,197</b>	11,130,907	21.3
Cost of Sales	<b>(8,835,603)</b>	(7,160,326)	23.4
<b>Gross Profit</b>	<b>4,669,594</b>	3,970,581	17.6
Other Operating Income	<b>107,432</b>	96,512	11.3
Selling and Distribution Expenses	<b>(1,407,310)</b>	(988,705)	42.3
Administrative Expenses	<b>(2,397,304)</b>	(2,140,211)	12.0
Share of Results of Joint Ventures & Associates	<b>(76,713)</b>	(72,515)	5.8
<b>Operating Profit</b>	<b>895,699</b>	865,662	3.5
Finance Cost	<b>(197,510)</b>	(119,202)	65.7
Finance Income	<b>95,372</b>	220,185	(56.7)
<b>Profit Before Tax</b>	<b>793,561</b>	966,645	(17.9)
Income Tax Expenses	<b>(251,452)</b>	(289,408)	(13.1)
<b>Profit for the Period</b>	<b>542,109</b>	677,237	(20.0)
<b>Attributable to:</b>			
Equity Holders of the Parent	<b>554,306</b>	694,233	(20.2)
Non-Controlling Interests	<b>(12,197)</b>	(16,996)	(28.2)
	<b>542,109</b>	677,237	(20.0)
<b>Earnings Per Share</b>			
Basic Earnings Per Share (Rs.)	<b>0.96</b>	1.21	
Annualised Earnings Per Share (Rs.)	<b>3.84</b>	4.85	
Diluted Earnings Per Share (Rs.)	<b>0.96</b>	1.21	
Dividend Per Share (Rs.)	<b>1.45</b>	1.45	

## Consolidated Statement of Comprehensive Income

Rs. '000	Three Months Ended	
	30.06.2018	30.06.2017
<b>Profit for the Period</b>	<b>542,109</b>	677,237
<b>Other Comprehensive Income</b>		
<b>Other Comprehensive Income to be reclassified to Profit or Loss in Subsequent Periods</b>		
Net Gain on Available-for-Sale Financial Assets	<b>40</b>	118
Net Movement on Cash Flow Hedges	<b>2,201</b>	(15,249)
Exchange Differences on Translation of Foreign Operations	<b>18,115</b>	2,336
<b>Other Comprehensive Income for the Period, Net of Tax</b>	<b>20,356</b>	(12,795)
<b>Total Comprehensive Income for the Period, Net of Tax</b>	<b>562,465</b>	664,442
<b>Attributable to:</b>		
Equity Holders of the Parent	<b>571,755</b>	691,575
Non-Controlling Interests	<b>(9,290)</b>	(27,133)
	<b>562,465</b>	664,442

The above figures are provisional and subject to audit.

## Consolidated Statement of Financial Position

As at Rs. '000	30.06.2018	30.06.2017	31.03.2018
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant and Equipment	18,204,553	13,572,782	18,069,039
Investment Properties	1,507,474	1,472,928	1,507,474
Leasehold Rights	775,399	820,885	766,809
Intangible Assets	3,425,771	934,214	3,445,167
Investment in Joint Ventures	965,431	1,035,664	1,025,855
Investment in Associates	30,135	1,030	28,394
Other Non-Current Financial Assets	718,917	865,954	731,335
Deferred Tax Asset	68,408	61,032	61,510
	<b>25,696,088</b>	<b>18,764,489</b>	<b>25,635,583</b>
<b>Current Assets</b>			
Inventories	10,535,263	6,284,698	9,909,384
Trade and Other Receivables	14,549,303	10,093,438	14,178,651
Tax Recoverable	234,677	277,457	196,263
Other Current Financial Assets	208,463	123,348	130,857
Cash and Short Term Deposits	7,248,586	10,974,772	7,711,402
	<b>32,776,292</b>	<b>27,753,713</b>	<b>32,126,557</b>
<b>Total Assets</b>	<b>58,472,380</b>	<b>46,518,202</b>	<b>57,762,140</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Stated Capital	5,960,450	5,798,319	5,960,450
Other Capital and Revenue Reserves	162,989	108,781	141,775
Other Components of Equity	1,973,346	2,155,399	1,955,897
Retained Earnings	18,243,092	16,770,253	18,522,441
<b>Equity Attributable to Equity Holders of the Parent</b>	<b>26,339,877</b>	<b>24,832,752</b>	<b>26,580,563</b>
Non-Controlling Interests	4,430,754	3,186,211	4,440,044
<b>Total Equity</b>	<b>30,770,631</b>	<b>28,018,963</b>	<b>31,020,607</b>
<b>Non-Current Liabilities</b>			
Interest Bearing Loans and Borrowings	2,313,540	2,174,399	2,243,540
Other Non-Current Financial Liabilities	16,999	16,023	16,941
Deferred Tax Liability	1,853,099	505,612	1,844,002
Employee Benefit Liability	870,126	691,154	850,448
	<b>5,053,764</b>	<b>3,387,188</b>	<b>4,954,931</b>
<b>Current Liabilities</b>			
Trade and Other Payables	14,994,911	10,614,163	16,390,081
Dividend Payable	833,655	831,198	-
Income Tax Liabilities	419,919	615,414	493,525
Interest Bearing Loans and Borrowings	4,495,495	1,660,624	2,931,913
Bank Overdraft	1,904,005	1,390,652	1,971,083
	<b>22,647,985</b>	<b>15,112,051</b>	<b>21,786,602</b>
<b>Total Equity and Liabilities</b>	<b>58,472,380</b>	<b>46,518,202</b>	<b>57,762,140</b>
<b>Net Assets per share - (Rs.)</b>	<b>45.81</b>	<b>43.32</b>	<b>46.23</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 these financial statements.

Signed for and on behalf of the Board by,



**Husein Esufally**

Chairman

Colombo

August 14, 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				
<i>Rs. '000</i>										
<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 Period	-	-	-	-	-	-	694,233	694,233	(16,996)	677,237
Other Comprehensive Income	-	-	-	4,705	102	(7,465)	-	(2,658)	(10,137)	(12,795)
<b>Total Comprehensive Income</b>	-	-	-	4,705	102	(7,465)	694,233	691,575	(27,133)	664,442
Final Dividend - 2016/17	-	-	-	-	-	-	(831,198)	(831,198)	(4,456)	(835,654)
Exercise of Share Options	57,281	-	-	-	-	-	-	57,281	-	57,281
Share Based Payments	-	3,843	-	-	-	-	-	3,843	-	3,843
<b>Balance as at 30 June 2017</b>	<b>5,798,319</b>	<b>108,781</b>	<b>1,961,868</b>	<b>54,112</b>	<b>133,286</b>	<b>6,133</b>	<b>16,770,253</b>	<b>24,832,752</b>	<b>3,186,211</b>	<b>28,018,963</b>
<b>Balance as at 1 April 2018</b>	<b>5,960,450</b>	<b>141,775</b>	<b>1,928,834</b>	<b>41,654</b>	<b>(15,821)</b>	<b>1,230</b>	<b>18,522,441</b>	<b>26,580,563</b>	<b>4,440,044</b>	<b>31,020,607</b>
Profit for the Period	-	-	-	-	-	-	554,306	554,306	(12,197)	542,109
Other Comprehensive Income	-	-	-	16,180	40	1,229	-	17,449	2,907	20,356
<b>Total Comprehensive Income</b>	-	-	-	16,180	40	1,229	554,306	571,755	(9,290)	562,465
Final Dividend - 2017/18	-	-	-	-	-	-	(833,655)	(833,655)	-	(833,655)
Share Based Payments	-	21,214	-	-	-	-	-	21,214	-	21,214
<b>Balance as at 30 June 2018</b>	<b>5,960,450</b>	<b>162,989</b>	<b>1,928,834</b>	<b>57,834</b>	<b>(15,781)</b>	<b>2,459</b>	<b>18,243,092</b>	<b>26,339,877</b>	<b>4,430,754</b>	<b>30,770,631</b>

The above figures are provisional and subject to audit.

## Statement of Profit or Loss Company

	Three Months Ended		Change
	30.06.2018	30.06.2017	%
<i>Rs. '000</i>			
<b>Revenue</b>	<b>194,522</b>	196,631	(1.1)
Cost of Sales	-	-	-
<b>Gross Profit</b>	<b>194,522</b>	196,631	(1.1)
Other Operating Income	<b>1,248</b>	222,328	(99.4)
Administrative Expenses	<b>(234,013)</b>	(222,484)	5.2
<b>Operating Profit</b>	<b>(38,243)</b>	196,475	(119.5)
Finance Cost	<b>(31,963)</b>	(46,245)	(30.9)
Finance Income	<b>12,836</b>	136,282	(90.6)
<b>Profit Before Tax</b>	<b>(57,370)</b>	286,512	(120.0)
Income Tax Expenses	<b>332</b>	(13,940)	(102.4)
<b>Profit for the Period</b>	<b>(57,038)</b>	272,572	(120.9)

## Statement of Comprehensive Income Company

	Three Months Ended	
	30.06.2018	30.06.2017
<i>Rs. '000</i>		
<b>Profit for the period</b>	<b>(57,038)</b>	272,572
<b>Other Comprehensive Income</b>		
Net Gain on Available-for-Sale Financial Assets	<b>41</b>	85
<b>Other Comprehensive Income for the Period, Net of Tax</b>	<b>41</b>	85
<b>Total Comprehensive Income for the Period, Net of Tax</b>	<b>(56,997)</b>	272,657

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## Statement of Financial Position Company

As at	30.06.2018	30.06.2017	31.03.2018
Rs. '000			
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant and Equipment	150,923	107,404	162,547
Investment Properties	592,125	569,141	592,125
Intangible Assets	74,868	96,524	80,248
Investment in Subsidiaries	17,885,594	11,546,321	17,850,805
Other Non-Current Financial Assets	369,749	972,779	369,708
	<b>19,073,259</b>	<b>13,292,169</b>	19,055,433
<b>Current Assets</b>			
Trade and Other Receivables	444,157	593,777	333,263
Tax Recoverable	26,581	31,288	14,418
Other Current Financial Assets	362,664	176,214	342,094
Cash and Short Term Deposits	199,850	4,692,079	285,729
	<b>1,033,252</b>	<b>5,493,358</b>	975,504
<b>Total Assets</b>	<b>20,106,511</b>	<b>18,785,527</b>	20,030,937
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Stated Capital	5,960,450	5,798,319	5,960,450
Other Capital Reserves	384,340	330,132	363,126
Other Components of Equity	15,218	134,757	15,177
Retained Earnings	11,134,058	9,775,382	12,024,751
<b>Total Equity</b>	<b>17,494,066</b>	<b>16,038,590</b>	18,363,504
<b>Non-Current Liabilities</b>			
Interest Bearing Loans and Borrowings	912,478	1,098,026	955,048
Deferred Tax Liability	134,496	54,072	138,076
Employee Benefit Liability	49,801	55,626	48,248
	<b>1,096,775</b>	<b>1,207,724</b>	1,141,372
<b>Current Liabilities</b>			
Trade and Other Payables	400,177	200,232	288,569
Dividend Payable	833,655	831,198	-
Income Tax Liabilities	20,445	35,040	17,196
Interest Bearing Loans and Borrowings	160,489	268,956	185,097
Bank Overdraft	100,904	203,787	35,199
	<b>1,515,670</b>	<b>1,539,213</b>	526,061
<b>Total Equity and Liabilities</b>	<b>20,106,511</b>	<b>18,785,527</b>	20,030,937
<b>Net Assets per share - (Rs.)</b>	<b>30.43</b>	27.98	31.94

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**Sanjeewa Samaranayake**

Chief Financial Officer

The Board of Directors is responsible for these financial statements.

Signed for and on behalf of the Board by,



**Husein Esufally**

Chairman

Colombo

August 14, 2018



**Steven Enderby**

Chief Executive Officer



## Statement of Changes in Equity Company

	Stated Capital	Other Capital Reserves	Other Components Of	Retained Earnings	Total Equity
			Equity		
			Available for Sale Reserve		
<b>Rs. '000</b>					
<b>Balance as at 1 April 2017</b>	<b>5,741,038</b>	<b>326,289</b>	<b>134,672</b>	<b>10,334,008</b>	<b>16,536,007</b>
Profit for the Period	-	-	-	272,572	272,572
Other Comprehensive Income	-	-	85	-	85
<b>Total Comprehensive Income</b>	<b>-</b>	<b>-</b>	<b>85</b>	<b>272,572</b>	<b>272,657</b>
Exercise of Share Options	57,281	-	-	-	57,281
Share Based Payments	-	3,843	-	-	3,843
Final Dividend 2016/17	-	-	-	(831,198)	(831,198)
<b>Balance as at 30 June 2017</b>	<b>5,798,319</b>	<b>330,132</b>	<b>134,757</b>	<b>9,775,382</b>	<b>16,038,590</b>
<b>Balance as at 1 April 2018</b>	<b>5,960,450</b>	<b>363,126</b>	<b>15,177</b>	<b>12,024,751</b>	<b>18,363,504</b>
Profit for the Period	-	-	-	(57,038)	(57,038)
Other Comprehensive Income	-	-	41	-	41
<b>Total Comprehensive Income</b>	<b>-</b>	<b>-</b>	<b>41</b>	<b>(57,038)</b>	<b>(56,997)</b>
Share Based Payments	-	21,214	-	-	21,214
Final Dividend 2017/18	-	-	-	(833,655)	(833,655)
<b>Balance as at 30 June 2018</b>	<b>5,960,450</b>	<b>384,340</b>	<b>15,218</b>	<b>11,134,058</b>	<b>17,494,066</b>

The above figures are provisional and subject to audit.

## Statement of Cash Flows

For three months ended Rs. '000	Group		Company	
	30.06.2018	30.06.2017	30.06.2018	30.06.2017
<b>Operating Activities</b>				
<b>Profit before taxation</b>	793,561	966,645	(57,370)	286,512
<b>Adjustments for,</b>				
Depreciation	311,492	250,537	9,038	8,047
(Gain)/ Loss on Disposal of Property, Plant and Equipment, Investment Properties	(764)	(696)	2,748	28
(Gain)/Loss on Sale of Non-Current Investments	(10,475)	(5,093)	-	-
Provision for Share Based Payment Expense	21,214	12,520	5,807	4,601
Provision/(Reversal) for Impairment of Trade Receivables	9,133	12,990	(9,698)	-
Amortisation of Intangible Assets	21,244	21,091	5,380	5,585
Amortisation of Leasehold Rights	5,060	7,521	-	-
Exchange (Gain)/Loss on Foreign Currency Borrowings	8,605	8,685	-	-
Finance Cost	197,510	119,202	31,963	46,245
Finance Income	(95,372)	(220,185)	(12,836)	(136,282)
Share of Results of Joint Ventures & Associates	76,713	72,515	-	-
Investment Income	-	-	(1)	(220,655)
Movement in Employee Benefit Liability	35,729	47,544	1,554	1,035
<b>Operating Cash Flows before Working Capital Adjustments</b>	<b>1,373,650</b>	<b>1,293,276</b>	<b>(23,415)</b>	<b>(4,884)</b>
<b>Working Capital Adjustments</b>				
(Increase)/Decrease in Inventories	(625,879)	3,660	-	-
(Increase)/Decrease in Trade and Other Receivables	(469,823)	(213,893)	(86,358)	(15,254)
Increase/(Decrease) in Trade and Other Payables	(1,392,968)	(1,609,412)	111,608	23,450
Increase/(Decrease) in Other Non Current Financial Liabilities	58	5,844	-	-
<b>Cash Generated from Operations</b>	<b>(1,114,962)</b>	<b>(520,525)</b>	<b>1,835</b>	<b>3,312</b>
Finance Cost Paid	(182,564)	(119,202)	(31,963)	(46,245)
Finance Income Received	94,153	220,185	12,836	136,233
Income Tax Paid	(361,673)	(186,179)	(12,164)	(66,764)
Employee Retirement Benefit Paid	(16,055)	(6,518)	-	-
<b>Net Cash Flows From/(Used in) Operating Activities</b>	<b>(1,581,101)</b>	<b>(612,239)</b>	<b>(29,456)</b>	<b>26,536</b>
<b>Investing Activities</b>				
Purchase of Property, Plant and Equipment	(445,494)	(300,798)	(183)	(3,404)
Investment in Intangible Assets	(1,769)	(1,258)	-	-
Disposal of /(Investment in) Financial Assets	12,459	(1,987)	-	445
Investment in Joint Ventures	(7,554)	-	-	-
Acquisition of /Investment in Subsidiaries	-	-	(34,790)	-
Investment Income Received	-	-	1	220,655
Proceeds on Disposal of Property, Plant and Equipment/ Intangible Assets / Leasehold Properties/ Investment Properties	8,472	3,907	22	4
<b>Net Cash Flows From/(Used in) Investing Activities</b>	<b>(433,886)</b>	<b>(300,136)</b>	<b>(34,950)</b>	<b>217,700</b>
<b>Financing Activities</b>				
Interest Bearing Loans and Borrowings (Net)	1,610,259	(173,382)	(87,178)	(598,553)
Proceed from Exercise of Share Options	-	48,604	-	48,604
<b>Net Cash Flows From/(Used in) Financing Activities</b>	<b>1,610,259</b>	<b>(124,778)</b>	<b>(87,178)</b>	<b>(549,949)</b>
Net Increase/(Decrease) in Cash and Cash Equivalents	(404,728)	(1,037,153)	(151,584)	(305,713)
Net Foreign Exchange Difference	8,990	2,336	-	-
Cash and Cash Equivalents at the Beginning of the Period	5,740,319	10,618,937	250,530	4,794,005
<b>Cash and Cash Equivalents at the End of the Period</b>	<b>5,344,581</b>	<b>9,584,120</b>	<b>98,946</b>	<b>4,488,292</b>

The above figures are provisional and subject to audit.

## Segmental Information

For three months ended 30 June Rs. '000	Consumer		Healthcare		Leisure, Travel & Aviation		Mobility		Others		Group	
	2018	2017 Restated	2018	2017 Restated	2018	2017	2018	2017	2018	2017	2018	2017 Restated
<b>Revenue</b>												
Segmental Revenue - Gross	5,434,371	3,990,968	6,446,336	5,181,461	792,449	682,079	724,327	622,516	556,576	1,051,588	13,954,059	11,528,612
Intra Segmental Revenue	(68,151)	(48,286)	(65,109)	(64,996)	-	-	(5,981)	-	(62,744)	(29,983)	(201,985)	(143,265)
<b>Segmental Revenue</b>	<b>5,366,220</b>	<b>3,942,682</b>	<b>6,381,227</b>	<b>5,116,465</b>	<b>792,449</b>	<b>682,079</b>	<b>718,346</b>	<b>622,516</b>	<b>493,832</b>	<b>1,021,605</b>	<b>13,752,074</b>	<b>11,385,347</b>
Inter Segmental Revenue	-	(3,300)	-	-	-	-	-	-	(246,877)	(251,140)	(246,877)	(254,440)
<b>Total Revenue</b>	<b>5,366,220</b>	<b>3,939,382</b>	<b>6,381,227</b>	<b>5,116,465</b>	<b>792,449</b>	<b>682,079</b>	<b>718,346</b>	<b>622,516</b>	<b>246,955</b>	<b>770,465</b>	<b>13,505,197</b>	<b>11,130,907</b>
<b>Results</b>												
<b>Segmental Results</b>	<b>569,334</b>	<b>526,446</b>	<b>498,811</b>	<b>508,966</b>	<b>(68,198)</b>	<b>(127,577)</b>	<b>216,588</b>	<b>187,979</b>	<b>(244,123)</b>	<b>(157,637)</b>	<b>972,412</b>	<b>938,177</b>
Finance Cost	(17,026)	(1)	(103,733)	(51,870)	(21,945)	(4,364)	(20,957)	(6,096)	(33,849)	(56,871)	(197,510)	(119,202)
Finance Income	44,263	31,215	25,332	2,662	11,312	9,636	7,758	5,521	6,707	171,151	95,372	220,185
Share of Results of Joint Ventures & Associates	-	-	-	-	(71,961)	(72,515)	-	-	(4,752)	-	(76,713)	(72,515)
<b>Profit/(Loss) before Tax</b>	<b>596,571</b>	<b>557,660</b>	<b>420,410</b>	<b>459,758</b>	<b>(150,792)</b>	<b>(194,820)</b>	<b>203,389</b>	<b>187,404</b>	<b>(276,017)</b>	<b>(43,357)</b>	<b>793,561</b>	<b>966,645</b>
Income Tax	(128,660)	(132,389)	(80,943)	(87,732)	(10,871)	(15,882)	(31,474)	(31,362)	496	(22,043)	(251,452)	(289,408)
<b>Profit / (Loss) for the Period</b>	<b>467,911</b>	<b>425,271</b>	<b>339,467</b>	<b>372,026</b>	<b>(161,663)</b>	<b>(210,702)</b>	<b>171,915</b>	<b>156,042</b>	<b>(275,521)</b>	<b>(65,400)</b>	<b>542,109</b>	<b>677,237</b>
<b>Attributable to:</b>												
Equity Holders of the Parent	464,978	422,829	331,371	352,447	(110,128)	(134,660)	143,867	121,860	(275,782)	(68,243)	554,306	694,233
Non-Controlling Interests	2,933	2,442	8,096	19,579	(51,535)	(76,042)	28,048	34,182	261	2,843	(12,197)	(16,996)
	<b>467,911</b>	<b>425,271</b>	<b>339,467</b>	<b>372,026</b>	<b>(161,663)</b>	<b>(210,702)</b>	<b>171,915</b>	<b>156,042</b>	<b>(275,521)</b>	<b>(65,400)</b>	<b>542,109</b>	<b>677,237</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 2018. Further, provisions of the Companies Act No. 7 of 2007 have been considered in preparing the interim financial statements.

The presentation and classification of the financial statements of the previous period have been amended, where relevant, for better presentation and to be comparable with those of the current period.

#### New standards, Interpretations and Amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 March 2018, except for the adoption of SLFRS 15 which is effective as of 1 April 2018. The Group has not early adopted any other standard, interpretation or amendment that have been issued but is not yet effective.

The Sri Lanka Accounting Standard – SLFRS 9 (Financial Instruments) is effective for annual periods beginning on or after 1 January 2018. However, CA Sri Lanka has granted the option, via the Statement of Alternative Treatment (SoAT) to prepare the interim financial statements continuing the application of LKAS 39 (Financial Instruments: Recognition and Measurement). As permitted by the above SoAT, the Group/ Company prepared Interim Financial Statements based on LKAS 39.

The Group applies, SLFRS 15 Revenue from Contracts with Customers for the first time using the full retrospective method of adoption. As required by LKAS 34, the nature and effect of these changes are disclosed below.

#### Basis of preparation and changes to the Group's accounting policies on SLFRS 15 - Revenue from Contracts with Customers

SLFRS 15 supersedes LKAS 11 Construction Contracts, LKAS 18 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under SLFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

The effect of adopting SLFRS 15 is, as follows:

#### For the Period Ended

	30 June 2017		
	As Previously Reported	Impact on SLFRS 15	SLFRS 15 Adjusted
<b>Revenue</b>	<b>11,363,531</b>	<b>(232,624)</b>	<b>11,130,907</b>
Cost of Sales	(7,165,732)	5,406	(7,160,326)
<b>Gross Profit</b>	<b>4,197,799</b>	<b>(227,218)</b>	<b>3,970,581</b>
Other Operating Income	96,512	-	96,512
Selling and Distribution Expenses	(1,210,311)	221,606	(988,705)
Administrative Expenses	(2,145,823)	5,612	(2,140,211)
Share of Results of Joint Ventures & Associates	(72,515)	-	(72,515)
<b>Operating Profit</b>	<b>865,662</b>	-	<b>865,662</b>
Finance Cost	(119,202)	-	(119,202)
Finance Income	220,185	-	220,185
<b>Profit Before Tax</b>	<b>966,645</b>	-	<b>966,645</b>
Income Tax Expenses	(289,408)	-	(289,408)
<b>Profit for the Period</b>	<b>677,237</b>	-	<b>677,237</b>
Profit attributable to:			
Equity Holders of the Parent	694,233	-	694,233
Non-Controlling Interests	(16,996)	-	(16,996)
	677,237	-	677,237

There is no material impact on the statement of other comprehensive income, Statement of financial position, statement of cash flows and Earnings Per Share.

The different business segments of the group are in the course of providing variety of goods and services. The impacts of SLFRS 15 identified in Consumer and Healthcare sectors, stemming from variable consideration and Customer allowances and incentives.

2 The unsecured redeemable debentures of 10M, (rated AA-lka, by Fitch Rating Lanka Limited) carrying a coupon rate of 11% p.a payable semi-annually, issued on 29 April 2014, will mature on 29 April 2019.

3 The Board of Directors decision (with the approval in principle of the Colombo Stock Exchange) 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 and create a Employee Share Option Scheme (ESOS), was authorized by shareholders at an Extraordinary General Meeting dated 10 April 2015.

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.

4 MSJ Industries (Ceylon) (Pvt) Ltd.(MSJI) has been amalgamated with Morison PLC (Morison) with effect from 02 July, 2018 in accordance of the provisions of the Companies Act No.07 of 2007. The regulatory approval and the approval of the shareholders have been duly obtained.

Hence w.e.f. 02 July, 2018, the net assets of MSJI were absorbed into Morison and Morison continues its activities as public limited company which 91% owned by Hemas Holdings PLC.

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

5 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 2018.

## Investor Information

Three Months Ended

	2018	2017
<b>Market Value of Shares</b>		
Closing Price on 30 June (Rs.)	113.10	153.10
Highest Price During the Period (Rs.)	127.00	154.90
Lowest Price During the Period (Rs.)	112.00	108.00
Market Capitalisation on 30 June (Rs. Mn)	65,025	87,763
<b>Ratios</b>		
Net Asset Per Share on 30 June (Rs.)	45.81	43.32
Price Earnings Ratio on 30 June (Times)	117.81	126.53
<b>Debt security related ratios</b>		
Debt/Equity Ratio	28.3%	18.1%
Quick Asset Ratio	0.98	1.50
Interest Cover (Times)	4.53	7.26
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 )	10.5%	11.4%
<b>Share Trading</b>		
No of Transactions During the Period	581	1,228
No of Shares Traded During the Period	11,188,905	17,587,503
Value of Shares Traded During the Period (Rs. Mn)	1,318	2,472
<b>Number of Shares</b>	<b>574,934,259</b>	573,240,152
<b>Debentures 11% Fixed - Unsecured Redeemable</b>		
Closing Price on 30 June (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 three months period ended 30 June 2018.		
<b>Number of Debentures</b>	<b>10,000,000</b>	10,000,000

## Share Information

LIST OF 20 MAJOR SHAREHOLDERS	30.06.2018		30.06.2017	
	No. of Shares	%	No. of Shares	%
1 A Z Holdings (Pvt) Ltd.	90,762,875	15.79	90,762,875	15.83
2 Saraz Investments (Pvt) Ltd.	86,396,035	15.03	86,396,035	15.07
3 Blueberry Investments (Pvt) Ltd.	85,781,250	14.92	85,781,250	14.96
4 Amagroup (Pvt) Ltd.	85,780,665	14.92	85,780,665	14.96
5 HSBC Intl Nominees Ltd-JPMLU-Franklin Templeton Investment Funds	40,762,434	7.09	44,673,822	7.79
6 Citi Bank New York S/A Norges Bank Account 2	17,184,764	2.99	13,529,286	2.36
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 Bnymsanv Re-First State Investments ICVC-Stewart Investors Indian Subcontinent Fund.	11,962,613	2.08	11,962,613	2.09
9 Bnymsanv Re-First State Investments ICVC-Stewart Investors Asia Pacific Sustainability Fund.	9,745,440	1.70	9,745,440	1.70
10 CB London s/a Verdipapirfondet Holberg Rurik	7,584,187	1.32	-	-
11 HSBC Intl Nom Ltd-JPMCB- Pacific Assets Trust PLC	6,793,862	1.18	6,793,862	1.19
12 Mr. M.A.H. Esufally	5,946,500	1.03	5,946,500	1.04
13 HSBC Intl. Nominees Ltd. -JPMCB- Scottish ORL SML TR GTI 6018	5,884,769	1.02	5,884,769	1.03
14 Phoenix Venture (Pvt) Limited.	5,773,998	1.00	-	-
15 Mr. H.N. Esufally	5,586,705	0.97	5,586,705	0.97
16 Bnymsanv Re-First State Investments ICVC-Stewart Investors Global Emerging Market Sustainability Fund	5,036,288	0.88	5,036,288	0.88
17 Mr. I.A.H. Esufally	4,424,000	0.77	4,424,000	0.77
18 Mellon Bank N.A.-Florida Retirement System	4,407,711	0.77	3,341,646	0.58
19 HSBC Intl. Nom. LTD-State Street Luxembourg c/o SSBT- Alliancebernstein Next 50 Emerging Markets(MASTE)	4,066,195	0.71	3,949,115	0.69
20 HINL-BBH-Kopernik Global All Cap Fund	3,990,379	0.69	-	-

DIRECTORS' SHAREHOLDING	30.06.2018	30.06.2017
	No. of Shares	No. of Shares
<b>DIRECTORS' INDIRECT SHAREHOLDING</b>		
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
<b>DIRECTORS' DIRECT SHAREHOLDING</b>		
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	-	-
	<b>366,961,615</b>	<b>366,961,615</b>

PUBLIC HOLDING	30.06.2018	30.06.2017
Issued Share Capital (No. of Shares)	574,934,259	573,240,152
Public Holding as a % of Issued Share Capital	35.69%	35.50%
Total Number of Shareholders	4,096	4,187
Number of Shareholders representing the Public Holding	4,084	4,175

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

Minimum Public Holding

Float Adjusted Market Capitalisation - (Rs.)	Public Holding Percentage	No of Shareholders	Option
23,207,405,224	35.69%	4,084	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

## 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, 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  
Citi Bank, N.A.