



# Enriching a Nation

*70 years of nurturing lives and serving the nation*

## CEO's Review

Q1 FY2019/20 has been a challenging period for Hemas with revenues 2.3% below last year. This has been, primarily, a result of the terrorist attacks of 21st April, with the aftermath causing economic slowdown and difficult trading conditions. Our profitability has been more significantly impacted as we recorded a loss before tax of Rs.140Mn. Key factors in this have been in the business mix with our higher margin Consumer businesses experiencing a slowdown while our lower margin healthcare businesses grew revenue by 7.6%. In line with the sharp downturn in the tourism industry, our Leisure and Travel interests incurred a loss at earnings level of Rs.129Mn. The generally depressed economic environment has resulted in weak performance across the Group in particular at Morisons and N\*able. We were also impacted by a number of one-offs totaling Rs.130Mn including a charge from the adoption of SLFRS 16. We incurred a dividend tax charge of Rs.278Mn following the upstreaming of dividends to pay our final dividend and redeem our listed debenture.

### Consumer

During the quarter, both our Consumer businesses have been impacted by market wide weak consumer sentiment and baseless ethnically divisive attacks on our business and brands. Many of these attacks appear designed to mislead the public and exacerbate already strained communal relationships. We continue our efforts to ensure everyone understands that building great Sri Lankan consumer and healthcare brands and services is an important component of the national economy generating employment and taxes, developing great suppliers and sales and distribution teams across the country, and ultimately driving the livelihoods of thousands of families. As our teams across the Group work to ensure this message is understood, we are seeing a steady recovery in the performance of our consumer businesses from the lows of May. There is ongoing improvement into Q2 as we push hard to return to normal business levels as quickly as possible.

Our consumer sector revenue stood at Rs.4.6Bn for the three months ending June 30, 2019, a YoY decline of 14.3%. Latest market data indicates an overall contraction of the Personal Care market by 4% in Q1. Morison OTC segment recorded a drop in revenue by 28.4% amounting to Rs.177.2Mn although OTC products such as Lacto are now gaining traction. Atlas performance was subdued due to the factors referred to above and during the month of May schools were closed as a result of the prolonged emergency situation in the country.

Home and Personal Care international revenues increased by 7.4% following the relaunch of Kumarika in May, contributing positively towards the segment results. However, profitability still remains a challenge due to heavy marketing spend post launch.

### Healthcare

Consolidated healthcare sector revenue for the first three months under review stood at Rs.6.9Bn, a YoY increase of 7.6% whilst operating profit and earnings fell by 23.9% and 29.8%, due to depressed profits at Morison's and Hemas Hospitals. Hemas Pharmaceutical Distribution operation registered satisfactory performance with the price increase on price-controlled pharmaceuticals becoming effective in May. Hemas Hospitals achieved an overall average occupancy of 50%, with profitability down on last year.

Morison pharmaceutical manufacturing arm posted a revenue of Rs.488.9Mn and operating profit of Rs.21.9Mn for the three months ended June 30, 2019, a decline of 18.1% and 61.1% respectively. The YoY decline is mainly attributable to the loss of working hours in the manufacturing plant post the terrorist attacks due to its location. As we continue to invest behind new initiatives within the healthcare space, pharmaceutical distribution in Myanmar and digital healthcare business are still in the ramp-up stage making start-up losses amounting to Rs.41Mn approximately for the quarter. The sector also recorded increased finance costs on account of higher working capital financing in our pharmaceutical distribution business and the expenditure on the new Morison manufacturing plant.

### **Leisure, Travel and Aviation**

Hemas Leisure, Travel and Aviation business performance declined sharply with revenues down Rs.105.3Mn compared to last year. This is mainly driven by the loss of tourist arrivals in May and June by 71% and 57% respectively. However, a series of stringent cost control initiatives offset the unfavorable impact to profitability from a significant revenue loss. Serendib Hotels reported a revenue decline of 27.8% at 42% occupancy across the Serendib Hotel group portfolio. Against this backdrop, the Travel and Aviation segment recorded a revenue decline of 2.6%, and an operating loss of Rs.24.5Mn during the quarter. This is primarily driven by cancellation of tour groups in our inbound segment. We are now seeing early signs of recovery in the sector.

### **Mobility**

Hemas Logistics and Maritime recorded a revenue decrease of 14.6% over last year with revenues of Rs.613.6Mn. This is mainly attributable to the delays in the new Spectra distribution center ramp-up plans. Additionally, the segment profitability is impacted by the increased depreciation and finance costs resulting from the new facility.

N\*able recorded a net loss of Rs.163.6Mn for the quarter. In line with our strategy of focusing on our core businesses, in early Q2, we concluded the sale of our stake in N\*able, our technology services business. The loss from the sale of approximately Rs.114Mn will impact our Q2 financials.

During these challenging times, we remain committed to our role in serving the community. Assisting communities directly affected by the Easter Sunday attack has been a priority for us. Through our Hemas Outreach Foundation, we have reached out to families in Katuwapitiya. From May, we commenced providing professional psychological first aid to the residents and these services will continue as long as they are needed by the community. Our flagship project Piyawara focusing on early childhood development in Sri Lanka opened its 53rd pre-school in Bandarawela during this quarter. We have three more pre-schools in the pipeline. The completion and the successful launch of AYATI, the first national center for children with disabilities remains a priority for us as we look to assist the Government of Sri Lanka in addressing a national need. The construction of the centre was recently completed by the Sri Lankan Army and handed over to the Faculty of Medicine, University of Kelaniya by the Commander of the Sri Lanka Army. We aim to open AYATI to the public on December 3, 2019.

We remain shocked and saddened by the events that unfolded on Easter Sunday and strongly condemn these terrorist attacks. However, we are optimistic that Sri Lanka is on its path to recovery displaying its customary resilience. At Hemas, throughout our 70 years we have learned resilience is an essential component of any successful Sri Lankan business. I have been hugely impressed with my team's hard work and energy over this quarter as they have visited every corner of the country ensuring everyone understands we are a great Sri Lankan business playing its part in building a better Sri Lanka. Success for us, and for the country, is founded on unity. We are working together to continue the recovery we have seen over the last two months, as we target a return to normal levels of business activity.



Steven Enderby  
Chief Executive Officer

August 08, 2019  
Colombo

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Three Months Ended 30 June		
	2019	2018	Change %
<b>Revenue from Contracts with Customers</b>	<b>13,198,428</b>	13,505,197	-2.3%
Cost of Sales	<b>(8,964,892)</b>	(8,835,603)	1.5%
<b>Gross Profit</b>	<b>4,233,536</b>	4,669,594	-9.3%
Other Operating Income	<b>91,899</b>	107,432	-14.5%
Selling and Distribution Expenses	<b>(1,538,088)</b>	(1,407,310)	9.3%
Administrative Expenses	<b>(2,716,009)</b>	(2,397,304)	13.3%
Share of Results of Joint Ventures and Associates	<b>(51,592)</b>	(76,713)	-32.7%
<b>Operating Profit</b>	<b>19,746</b>	895,699	-97.8%
Finance Cost	<b>(240,769)</b>	(197,510)	21.9%
Finance Income	<b>80,808</b>	95,372	-15.3%
<b>Profit/ (Loss) Before Tax</b>	<b>(140,215)</b>	793,561	-117.7%
Income Tax Expense	<b>(401,240)</b>	(251,452)	59.6%
<b>Profit/ (Loss) for the Period</b>	<b>(541,455)</b>	542,109	-199.9%
<b>Attributable to:</b>			
Equity Holders of the Parent	<b>(425,894)</b>	554,306	-176.8%
Non-Controlling Interests	<b>(115,561)</b>	(12,197)	847.5%
	<b>(541,455)</b>	542,109	-199.9%
	<b>LKR</b>	<b>LKR</b>	
<b>Earnings/ (Loss) Per Share</b>			
Basic	<b>(0.71)</b>	0.93	
Annualised	<b>(2.84)</b>	3.72	
Diluted	<b>(0.71)</b>	0.93	
<b>Dividend Per Share</b>	<b>1.45</b>	1.45	

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## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Three Months Ended 30 June	
	2019	2018
Profit/ (Loss) for the Period	(541,455)	542,109
<b>Other Comprehensive Income</b>		
<b>Other Comprehensive Income to be Reclassified to Profit or Loss in Subsequent Periods</b>		
Net Profit on Available-for-Sale Financial Assets	-	40
Net Movement on Cash Flow Hedges	2,050	2,201
Income Tax Effect	(574)	-
Exchange Differences on Translation of Foreign Operations	(2,861)	18,115
	<b>(1,385)</b>	20,356
<b>Other Comprehensive Income not to be Reclassified to Profit or Loss in Subsequent Periods</b>		
Net Loss on Financial Assets at FVOCI (Equity)	(17)	-
	<b>(17)</b>	-
<b>Other Comprehensive Income/ (Loss) for the Period, Net of Tax</b>	<b>(1,402)</b>	20,356
<b>Total Comprehensive Income/ (Loss) for the Period, Net of Tax</b>	<b>(542,857)</b>	562,465
<b>Attributable to:</b>		
Equity Holders of the Parent	(429,744)	571,755
Non-Controlling Interests	(113,113)	(9,290)
	<b>(542,857)</b>	562,465

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## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 30 June		As at 31 March
	2019	2018 <i>Restated</i>	2019
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant and Equipment	18,667,113	18,204,553	18,685,435
Right of Use Assets	1,640,937	-	-
Investment Properties	1,647,591	1,507,474	1,647,591
Leasehold Rights	-	775,399	731,276
Intangible Assets	3,458,193	3,474,586	3,468,946
Investment in Joint Ventures	832,028	965,431	883,620
Investment in Associates	15,442	30,135	5,868
Other Non-Current Financial Assets	1,010,529	698,917	655,457
Deferred Tax Asset	130,150	68,408	107,862
	<b>27,401,983</b>	<b>25,724,903</b>	<b>26,186,055</b>
<b>Current Assets</b>			
Inventories	12,079,664	10,499,329	11,200,949
Trade and Other Receivables	17,429,231	14,492,863	18,434,020
Tax Recoverable	428,007	234,677	299,270
Other Current Financial Assets	292,972	208,463	155,475
Cash and Short Term Deposits	7,690,019	7,248,586	6,473,631
	<b>37,919,893</b>	<b>32,683,918</b>	<b>36,563,345</b>
<b>Total Assets</b>	<b>65,321,876</b>	<b>58,408,821</b>	<b>62,749,400</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Stated Capital	7,734,054	5,960,450	7,734,054
Other Capital and Revenue Reserves	200,961	162,989	185,449
Other Components of Equity	1,678,642	1,973,346	1,682,492
Retained Earnings	17,206,492	17,141,412	18,496,649
<b>Equity Attributable to Equity Holders of the Parent</b>	<b>26,820,149</b>	<b>25,238,197</b>	<b>28,098,644</b>
Non-Controlling Interests	3,673,494	3,580,463	3,771,078
<b>Total Equity</b>	<b>30,493,643</b>	<b>28,818,660</b>	<b>31,869,722</b>
<b>Non-Current Liabilities</b>			
Interest Bearing Loans and Borrowings	2,417,009	2,313,540	1,369,067
Other Non-Current Financial Liabilities	1,855,876	1,910,091	1,955,697
Deferred Tax Liability	1,807,125	1,823,605	1,811,865
Employee Benefit Liability	995,667	870,126	968,964
	<b>7,075,677</b>	<b>6,917,362</b>	<b>6,105,593</b>
<b>Current Liabilities</b>			
Trade and Other Payables	16,833,281	15,019,725	18,599,450
Dividend Payable	864,263	833,655	-
Income Tax Liabilities	403,004	419,919	439,083
Interest Bearing Loans and Borrowings	5,812,467	4,495,495	3,553,237
Bank Overdraft	3,839,541	1,904,005	2,182,315
	<b>27,752,556</b>	<b>22,672,799</b>	<b>24,774,085</b>
<b>Total Equity and Liabilities</b>	<b>65,321,876</b>	<b>58,408,821</b>	<b>62,749,400</b>
<b>Net Assets per share - (LKR)</b>	<b>45.00</b>	<b>43.90</b>	<b>47.14</b>


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**Zalmi Fazeel**  
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 08, 2019



**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	Revaluation Reserve	Foreign Currency Translation Reserve	Available for Sale Reserve	Fair Value Reserve of Financial Assets at FVOCI	Cash Flow Hedge Reserve				
<b>As at 31 March 2018</b>	5,960,450	141,775	1,928,834	41,654	(15,821)	-	1,230	18,522,441	26,580,563	4,440,044	31,020,607
Reclassification of Non-Controlling Interest to be Acquired	-	-	-	-	-	-	-	-	-	(790,720)	(790,720)
Fair Value Changes in Non-Controlling Interest to be Acquired	-	-	-	-	-	-	-	(1,101,680)	(1,101,680)	-	(1,101,680)
Adjustment on Acquisition	-	-	-	-	-	-	-	-	-	(58,879)	(58,879)
<b>As at 31 March 2018 (Restated)</b>	5,960,450	141,775	1,928,834	41,654	(15,821)	-	1,230	17,420,761	25,478,883	3,590,445	29,069,328
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
Reclassification of Non-Controlling Interest to be Acquired	-	-	-	-	-	-	-	-	-	(692)	(692)
<b>As at 30 June 2018</b>	5,960,450	162,989	1,928,834	57,834	(15,781)	-	2,459	17,141,412	25,238,197	3,580,463	28,818,660
<b>As at 1 April 2019</b>	7,734,054	185,449	1,760,794	147,414	-	(116,049)	(109,667)	18,496,649	28,098,644	3,771,078	31,869,722
Loss for the Period	-	-	-	-	-	-	-	(425,894)	(425,894)	(115,561)	(541,455)
Other Comprehensive Income	-	-	-	(4,519)	-	(17)	686	-	(3,850)	2,448	(1,402)
<b>Total Comprehensive Income</b>	-	-	-	(4,519)	-	(17)	686	(425,894)	(429,744)	(113,113)	(542,857)
Final Dividend - 2018/19	-	-	-	-	-	-	-	(864,263)	(864,263)	-	(864,263)
Subsidiary Dividend to Non-Controlling Interest	-	-	-	-	-	-	-	-	-	(62,250)	(62,250)
Share Based Payments	-	15,512	-	-	-	-	-	-	15,512	-	15,512
Reclassification of Non-Controlling Interest to be Acquired	-	-	-	-	-	-	-	-	-	91,666	91,666
Adjustments in Respect of Changes in Group Holding	-	-	-	-	-	-	-	-	-	(13,887)	(13,887)
<b>As at 30 June 2019</b>	7,734,054	200,961	1,760,794	142,895	-	(116,066)	(108,981)	17,206,492	26,820,149	3,673,494	30,493,643

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## COMPANY STATEMENT OF PROFIT OR LOSS

	Three Months Ended 30 June		
	2019	2018	Change %
<b>Revenue from Contracts with Customers</b>	<b>205,509</b>	194,522	6%
Cost of Sales	-	-	-
<b>Gross Profit</b>	<b>205,509</b>	194,522	6%
Other Operating Income	<b>1,710,686</b>	1,248	136974%
Administrative Expenses	<b>(241,893)</b>	(234,013)	3%
<b>Operating Profit/ (Loss)</b>	<b>1,674,302</b>	(38,243)	4478%
Finance Cost	<b>(48,819)</b>	(31,963)	53%
Finance Income	<b>9,443</b>	12,836	-26%
<b>Profit/ (Loss) Before Tax</b>	<b>1,634,926</b>	(57,370)	2950%
Income Tax Expense	<b>(5,978)</b>	332	-1901%
<b>Profit/ (Loss) for the Period</b>	<b>1,628,948</b>	(57,038)	2956%

## COMPANY STATEMENT OF COMPREHENSIVE INCOME

	Three Months Ended 30 June	
	2019	2018
Profit for the Period	<b>1,628,948</b>	(57,038)
<b>Other Comprehensive Income</b>		
Net (Loss)/Gain on Financial Assets at FVOCI/Available-for-Sale Financial Assets	<b>(18)</b>	41
<b>Other Comprehensive Income/ (Loss) for the Period, Net of Tax</b>	<b>(18)</b>	41
<b>Total Comprehensive Income/ (Loss) for the Period, Net of Tax</b>	<b>1,628,930</b>	(56,997)

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## COMPANY STATEMENT OF FINANCIAL POSITION

	As at 30 June		As at 31 March
	2019	2018	2019
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant and Equipment	150,385	150,923	150,359
Investment Properties	657,950	592,125	657,950
Intangible Assets	68,508	74,868	72,946
Investment in Subsidiaries	17,498,412	17,885,594	17,498,412
Other Non-Current Financial Assets	243,028	369,749	243,046
	<b>18,618,283</b>	<b>19,073,259</b>	<b>18,622,713</b>
<b>Current Assets</b>			
Trade and Other Receivables	488,035	444,157	348,111
Tax Recoverable	16,551	26,581	22,558
Other Current Financial Assets	320,816	362,664	20,028
Cash and Short Term Deposits	2,011,101	199,850	524,287
	<b>2,836,503</b>	<b>1,033,252</b>	<b>914,984</b>
<b>Total Assets</b>	<b>21,454,786</b>	<b>20,106,511</b>	<b>19,537,697</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Stated Capital	7,734,054	5,960,450	7,734,054
Other Capital and Revenue Reserves	422,312	384,340	406,800
Other Components of Equity	(51,503)	15,218	(51,485)
Retained Earnings	9,967,905	11,134,058	9,203,220
<b>Total Equity</b>	<b>18,072,768</b>	<b>17,494,066</b>	<b>17,292,589</b>
<b>Non-Current Liabilities</b>			
Interest Bearing Loans and Borrowings	-	912,478	-
Deferred Tax Liability	134,935	134,496	136,782
Employee Benefit Liability	49,901	49,801	47,394
	<b>184,836</b>	<b>1,096,775</b>	<b>184,176</b>
<b>Current Liabilities</b>			
Trade and Other Payables	520,307	400,177	505,919
Dividend Payable	864,263	833,655	-
Income Tax Liabilities	-	20,445	-
Interest Bearing Loans and Borrowings	1,801,500	160,489	1,554,640
Bank Overdraft	11,112	100,904	373
	<b>3,197,182</b>	<b>1,515,670</b>	<b>2,060,932</b>
<b>Total Equity and Liabilities</b>	<b>21,454,786</b>	<b>20,106,511</b>	<b>19,537,697</b>
<b>Net Assets per share - (LKR)</b>	<b>30.32</b>	<b>30.43</b>	<b>29.01</b>


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**Zalmi Fazeel**  
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 08, 2019



**Steven Enderby**  
Chief Executive Officer

## COMPANY STATEMENT OF CHANGES IN EQUITY

	Stated Capital	Other Capital Reserves	Other Components of Equity		Retained Earnings	Total Equity
			Available for Sale Reserve	Fair Value Reserve of Financial Assets at FVOCI		
<b>As at 1 April 2018</b>	5,960,450	363,126	15,177	-	12,024,751	18,363,504
Loss for the Period	-	-	-	-	(57,038)	(57,038)
Other Comprehensive Income	-	-	41	-	-	41
<b>Total Comprehensive Income</b>	-	-	41	-	(57,038)	(56,997)
Share Based Payments	-	21,214	-	-	-	21,214
Final Dividend 2017/18	-	-	-	-	(833,655)	(833,655)
<b>As at 30 June 2018</b>	<b>5,960,450</b>	<b>384,340</b>	<b>15,218</b>	<b>-</b>	<b>11,134,058</b>	<b>17,494,066</b>
<b>As at 1 April 2019</b>	7,734,054	406,800	-	(51,485)	9,203,220	17,292,589
Profit for the Period	-	-	-	-	1,628,948	1,628,948
Other Comprehensive Loss	-	-	-	(18)	-	(18)
<b>Total Comprehensive Income</b>	-	-	-	(18)	1,628,948	1,628,930
Share Based Payments	-	15,512	-	-	-	15,512
Final Dividend 2018/19	-	-	-	-	(864,263)	(864,263)
<b>As at 30 June 2019</b>	<b>7,734,054</b>	<b>422,312</b>	<b>-</b>	<b>(51,503)</b>	<b>9,967,905</b>	<b>18,072,768</b>

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## STATEMENT OF CASH FLOWS

Three Months Ended 30 June	Group		Company	
	2019	2018	2019	2018
<b>Operating Activities</b>				
Profit before taxation	(140,215)	793,561	1,634,926	(57,370)
<b>Adjustments for,</b>				
Depreciation	393,769	311,492	8,768	9,038
(Gain)/ Loss on Disposal of Property, Plant and Equipment, Investment Properties	(18,270)	(764)	(286)	2,748
(Gain)/Loss on Sale of Non-Current Investments	-	(10,475)	-	-
Provision for Share Based Payment Expense	15,512	21,214	3,870	5,807
Provision for Obsolete Stock	13,154	4,713	-	-
Provision/(Reversal) for Impairment of Trade Receivables	119,019	9,133	23,779	(9,698)
Amortisation of Intangible Assets	19,766	21,244	4,765	5,380
Amortisation of Leasehold Rights	-	5,060	-	-
Exchange Loss on Foreign Currency Borrowings	2,050	8,605	-	-
Finance Cost	240,769	197,510	48,819	31,963
Finance Income	(80,808)	(95,372)	(9,443)	(12,836)
Share of Results of Joint Ventures & Associates	51,592	76,713	-	-
Investment Income	-	-	(1,709,468)	(1)
Movement in Employee Benefit Liability	45,484	35,729	2,508	1,554
<b>Operating Cash Flows before Working Capital Changes</b>	<b>661,822</b>	<b>1,378,363</b>	<b>8,238</b>	<b>(23,415)</b>
<b>Working Capital Changes</b>				
(Increase)/Decrease in Inventories	(891,870)	(630,592)	-	-
(Increase)/Decrease in Trade and Other Receivables	825,757	(469,823)	(152,846)	(86,358)
Increase/(Decrease) in Trade and Other Payables	(2,086,566)	(1,392,968)	14,387	111,608
Increase/(Decrease) in Other Non Current Financial Liabilities	(8,155)	58	-	-
<b>Cash Generated from Operations</b>	<b>(1,499,012)</b>	<b>(1,114,962)</b>	<b>(130,221)</b>	<b>1,835</b>
Finance Cost Paid	(219,481)	(182,564)	(48,819)	(31,963)
Finance Income Received	79,954	94,153	9,443	12,836
Income Tax Paid	(315,493)	(361,673)	(1,823)	(12,164)
Employee Retirement Benefit Paid	(18,776)	(16,055)	-	-
<b>Net Cash Flows From/(Used in) Operating Activities</b>	<b>(1,972,808)</b>	<b>(1,581,101)</b>	<b>(171,420)</b>	<b>(29,456)</b>
<b>Investing Activities</b>				
Purchase of Property, Plant and Equipment	(564,301)	(445,494)	(11,758)	(183)
Investment in Intangible Assets	(9,007)	(1,769)	(326)	-
Disposal of/(Investment in) Financial Assets	(157,444)	12,459	-	-
Investment in Joint Ventures/ Associate	(1,400)	(7,554)	-	-
Acquisition of/Investment in Subsidiaries	10,966	-	-	(34,790)
Investment Income Received	-	-	1,709,468	1
Proceeds on Disposal of Property, Plant and Equipment/ Intangible Assets / Leasehold Properties/ Investment Properties	28,133	8,472	3,252	22
<b>Net Cash Flows From/(Used in) Investing Activities</b>	<b>(693,053)</b>	<b>(433,886)</b>	<b>1,700,636</b>	<b>(34,950)</b>
<b>Financing Activities</b>				
Interest Bearing Loans and Borrowings (Net)	2,287,713	1,610,259	(53,140)	(87,178)
Dividends Paid to Non-Controlling Interest	(62,250)	-	-	-
<b>Net Cash Flows From/(Used in) Financing Activities</b>	<b>2,225,463</b>	<b>1,610,259</b>	<b>(53,140)</b>	<b>(87,178)</b>
Net Increase/(Decrease) in Cash and Cash Equivalents	(440,398)	(404,728)	1,476,076	(151,584)
Net Foreign Exchange Difference	(440)	8,990	-	-
Cash and Cash Equivalents at the Beginning of the Period	4,291,316	5,740,319	523,913	250,530
<b>Cash and Cash Equivalents at the End of the Period</b>	<b>3,850,478</b>	<b>5,344,581</b>	<b>1,999,989</b>	<b>98,946</b>

All values are in LKR'000s, unless otherwise stated.  
The above figures are provisional and subject to audit.

## SEGMENTAL INFORMATION

Three Months Ended 30 June	Consumer		Healthcare		Leisure, Travel & Aviation		Mobility		Others		Group	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
<b>Revenue from Contract with Customers</b>												
Segmental Revenue - Gross	4,651,008	5,434,371	6,914,590	6,446,336	687,169	792,449	671,559	724,327	726,142	556,576	13,650,468	13,954,059
Intra Segmental Revenue	(52,138)	(68,151)	(50,684)	(65,109)	-	-	(15,326)	(5,981)	(33,620)	(62,744)	(151,768)	(201,985)
Segment Revenue	4,598,870	5,366,220	6,863,906	6,381,227	687,169	792,449	656,233	718,346	692,522	493,832	13,498,700	13,752,074
Inter Segmental Revenue	-	-	-	-	-	-	(42,681)	-	(257,591)	(246,877)	(300,272)	(246,877)
<b>Total Revenue from Contract with Customers</b>	<b>4,598,870</b>	<b>5,366,220</b>	<b>6,863,906</b>	<b>6,381,227</b>	<b>687,169</b>	<b>792,449</b>	<b>613,552</b>	<b>718,346</b>	<b>434,931</b>	<b>246,955</b>	<b>13,198,428</b>	<b>13,505,197</b>
<b>Results</b>												
<b>Segmental Results</b>												
Finance Cost	16,036	569,334	379,821	498,811	(126,931)	(68,198)	120,175	216,588	(317,763)	(244,123)	71,338	972,412
Finance Income	(18,510)	(17,026)	(119,416)	(103,733)	(17,459)	(21,945)	(36,544)	(20,957)	(48,840)	(33,849)	(240,769)	(197,510)
Share of Results of Joint Ventures & Associates	13,754	44,263	39,561	25,332	14,859	11,312	8,512	7,758	4,122	6,707	80,808	95,372
Profit/(Loss) before Tax	-	-	-	-	(51,592)	(71,961)	-	-	-	(4,752)	(51,592)	(76,713)
Income Tax	11,280	596,571	299,966	420,410	(181,123)	(150,792)	92,143	203,389	(362,481)	(276,017)	(140,215)	793,561
<b>Profit/(Loss) for the Period</b>	<b>(4,059)</b>	<b>(128,660)</b>	<b>(84,802)</b>	<b>(80,943)</b>	<b>(3,541)</b>	<b>(10,871)</b>	<b>(22,276)</b>	<b>(31,474)</b>	<b>(286,562)</b>	<b>496</b>	<b>(401,240)</b>	<b>(251,452)</b>
<b>Attributable to:</b>												
Equity Holders of the Parent	7,221	467,911	215,164	339,467	(184,664)	(161,663)	69,867	171,915	(649,043)	(275,521)	(541,455)	542,109
Non-Controlling Interests	38,657	464,978	232,470	331,371	(129,201)	(110,128)	81,223	143,867	(649,043)	(275,782)	(425,894)	554,306
	(31,436)	2,933	(17,306)	8,096	(55,463)	(51,535)	(11,356)	28,048	-	261	(115,561)	(12,197)
	<b>7,221</b>	<b>467,911</b>	<b>215,164</b>	<b>339,467</b>	<b>(184,664)</b>	<b>(161,663)</b>	<b>69,867</b>	<b>171,915</b>	<b>(649,043)</b>	<b>(275,521)</b>	<b>(541,455)</b>	<b>542,109</b>

All values are in LKR'000s, unless otherwise stated.

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 2019. Further, provisions of the Companies Act No. 7 of 2007 have been considered in preparing the interim financial statements.

#### (A) Prior Year Adjustments

The Consolidated Financial Statements have been restated in accordance with Sri Lanka Accounting Standard LKAS 8-Accounting Policies, Changes in Accounting Estimates and Errors, to reflect the followings,

##### Adjustment to Fair Value - SLFRS 3

Hemas Holdings PLC acquired Atlas Axilia in January 2018 and the Financial Statements of the Group for the period ended 30 June 2018 were drawn up applying provisional amounts relating to the fair value of assets and liabilities acquired on Business Combination.

With the completion of the acquisition, the carrying value of assets and liabilities acquired have been adjusted retrospectively in the Financial Statements in accordance with SLFRS 3; Business Combinations

##### Recognition of NCI to be acquired

Where the Group has an obligation to acquire the outstanding shares of non-controlling interests at a future date (Put Option), the Group firstly considers whether the terms of the transaction gives it present access to the returns associated with the shares subject option. If so, the shares are accounted for as if they had been acquired by the entity. When the terms of the transaction do not provide a present ownership interest, management recognises the non controlling interest and the related financial liability

#### (B) 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 2019, except for the adoption of SLFRS 16 which is effective as of 1 April 2019. The Group has not early adopted any other standard, interpretation or amendment that have been issued but is not yet effective.

##### SLFRS 09 - Financial Instruments

The Sri Lanka Accounting Standard – SLFRS 9 (Financial Instruments) was effective for annual periods beginning on or after 01 January 2018. However, CA Sri Lanka had 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), with disclosures on impact to the Statement of Comprehensive Income for the period, if SLFRS 9 has been applied. As permitted by the above SoAT, the Company/Group, prepared its interim Financial Statements for the period ended 30 June 2018, based on LKAS 39. The entire impact on adoption of SLFRS 9 was recorded in the last quarter of 2018/19. The financial statements for the quarter ended 30 June 2019 have been prepared in accordance with SLFRS 9 and the financial statements for the corresponding previous period have not been restated.

##### SLFRS 16 - Leases

SLFRS 16 supersedes LKAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. The Group has adopted SLFRS 16 using modified retrospective method from 1 April 2019, without restating comparatives for the 2018/19 reporting period, as permitted under the specific transitional provisions in the standard.

On adoption of SLFRS 16, the Group recognised right-of-use assets and lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of LKAS 17 - Leases.

##### The effect of adopting SLFRS 16 is, as follows

The effect on the Statement of Financial Position (increase/(decrease)) as at 1 April 2019 and thereon;

	<b>LKR 000</b>
<b>Assets</b>	
Right of Use Assets	1,682,964
Leashold Rights/ Prepayments	(762,340)
<b>Liabilities</b>	
Lease liabilities	(920,624)

Amounts recognised in the statement of financial position and income statement set out below, are the carrying amounts of the Group's right of use assets and lease liabilities and the movements for the period ended 30 June 2019.

	<b>Right of use Assets</b>	<b>Lease Liability</b>
<b>As at 1 April 2019</b>	<b>1,682,964</b>	<b>920,624</b>
Depreciation/ Amortisation	(42,027)	-
Interest Expense	-	30,106
Payments	-	(43,868)
<b>As at 30 June 2019</b>	<b>1,640,937</b>	<b>906,862</b>

2 On 29 April 2019 Company redeemed its unsecured redeemable debentures of ten million (AA-lka by Fitch Rating Lanka Limited) which carried coupon rate of 11% p.a.

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 LKR 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 LKR 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.

At the third Grant, 3,420,000 employee share options were granted with the exercise price of LKR 149.50 with a one year vesting period starting from 27 July 2017 and exercise period of 3 years starting from 27 July 2018, out of which 2,034,796 employee share options were vested on 27 July 2018.

At the fourth Grant of 3,491,250 employee share options were granted on 27 July 2018 with the exercise price of LKR 108.81 with a one year vesting period starting from 27 July 2018.

#### 4 Events After Reporting Date

Vishwa BPO (Private) Limited, a subsidiary of Hemas Holdings PLC, divested its 100% stake in N\*able (Pvt) Ltd. at a total Consideration of LKR 450Mn on 12 July 2019.

Other than those mentioned above, no circumstances have arisen since the reporting date, which would require adjustment to or disclosure in the 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 2019.

## INVESTOR INFORMATION

	Three Months Ended 30 June	
	2019	2018
<b>Market Value of Shares</b>		
Closing Price on 30 June (LKR)	62.00	113.10
Highest Price During the Period (LKR)	79.50	127.00
Lowest Price During the Period (LKR)	60.00	112.00
Market Capitalisation on 30 June (LKR Mn)	36,955	65,025
<b>Ratios</b>		
Net Asset Per Share on 30 June (LKR)	45.00	43.90
Price Earnings Ratio on 30 June (Times)	(87.32)	121.61
<b>Debt security related ratios</b>		
Debt/Equity Ratio	39.6%	30.2%
Quick Asset Ratio	0.93	0.98
Interest Cover (Times)	0.08	4.53
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 )	11.0%	10.5%
<b>Share Trading</b>		
No of Transactions During the Period	845	581
No of Shares Traded During the Period	6,358,604	11,188,905
Value of Shares Traded During the Period (LKR. Mn)	453	1,318
<b>Number of Shares</b>		
	596,043,425	574,934,259
<b>Debentures 11% Fixed - Unsecured Redeemable</b>		
Highest Price During the Period (LKR)	-	-
Lowest Price During the Period (LKR)	-	-
Number of Debentures	-	10,000,000

On 29 April 2019 Company redeemed its unsecured redeemable debentures of ten million (AA-lka by Fitch Rating Lanka Limited) which carried coupon rate of 11% p.a.

## SHARE INFORMATION

List of 20 Major Shareholders as at 30 June	2019		2018	
	No. of Shares	%	No. of Shares	%
1 A Z Holdings (Pvt) Ltd.	94,092,305	15.79	90,762,875	15.79
2 Saraz Investments (Pvt) Ltd.	89,565,277	15.03	86,396,035	15.03
3 Blueberry Investments (Pvt) Ltd.	88,927,940	14.92	85,781,250	14.92
4 Amagroup (Pvt) Ltd.	88,927,333	14.92	85,780,665	14.92
5 HSBC Intl Nominees Ltd-JPMLU-Franklin Templeton Investment Funds	34,134,070	5.73	40,762,434	7.09
6 Citi Bank New York S/A Norges Bank Account 2	17,815,148	2.99	17,184,764	2.99
7 HSBC International Nominees Ltd. -JPMCB- Templeton Global Investment Trust- Templeton Emerging Markets Small Cap Fund	15,513,186	2.60	14,964,257	2.60
8 BNYMSANV Re-First State Investments ICVC-Stewart Investors Indian Subcontinent Fund.	12,401,434	2.08	11,962,613	2.08
9 BBH-Kopernik Global All Cap Fund	9,846,711	1.65	3,990,379	0.69
10 CB London s/a Verdipapirfondet Holberg Rurik	8,899,078	1.49	7,584,187	1.32
11 HSBC Intl Nom Ltd-JPMCB- Pacific Assets Trust PLC	7,043,079	1.18	6,793,862	1.18
12 Mr. M.A.H. Esufally	6,164,633	1.03	5,946,500	1.03
13 BNYMSANV Re-First State Investments ICVC-Stewart Investors Asia Pacific Sustainability Fund.	6,085,356	1.02	9,745,440	1.70
14 Phoenix Ventures (Pvt) Limited.	5,985,804	1.00	5,773,998	1.00
15 Mr. H.N. Esufally	5,791,640	0.97	5,586,705	0.97
16 BBH-Kopernik Global All Cap Equity Fund	5,477,055	0.92	-	-
17 Mr. I.A.H. Esufally	4,586,284	0.77	4,424,000	0.77
18 BNYMSANV Re-First State Investments ICVC-Stewart Investors Global Emerging Market Sustainability Fund	4,315,390	0.72	5,036,288	0.88
19 HSBC Intl. Nom. LTD-State Street Luxembourg c/o SSBT- Alliancebernstein Next 50 Emerging Markets(MASTER) Fund SICAV-SIF	4,215,354	0.71	4,066,195	0.71
20 HSBC Bank PLC - First State Global Umbrella fund PLC - Stewart Investors Asia Pacific Sustainability Fund	4,017,572	0.67	-	-

Directors' Shareholding as at 30 June	2019	2018
	No. of Shares	No. of Shares

### DIRECTORS' INDIRECT SHAREHOLDING

A Z Holdings (Pvt) Ltd.	94,092,305	90,762,875
Saraz Investments (Pvt) Ltd.	89,565,277	86,396,035
Blueberry Investments (Pvt) Ltd.	88,927,940	85,781,250
Amagroup (Pvt) Ltd.	88,927,333	85,780,665

### DIRECTORS' DIRECT SHAREHOLDING

Mr. H.N. Esufally (Chairman)	5,791,640	5,586,705
Mr. A.N. Esufally	2,367,353	2,283,585
Mr. I.A.H. Esufally	4,586,284	4,424,000
Mr. M. A. H. Esufally	6,164,633	5,946,500
Mr. J. M Trivedi	-	-
Mr. R. Gopalakrishnan	-	-
Mr. D.S. Weerakkody (Retired w.e.f. 26.06.2019)	-	-
Mr. A.S. Amaratunga	-	-
Mr. W.M.De Fonseka Arakularatne	-	-
Mr. S.M. Enderby (Chief Executive Officer)	-	-
Dr. S.A.B Ekanayake	-	-
Prof. N.R. De Silva	-	-
	<b>380,422,765</b>	<b>366,961,615</b>

Public Holding as at 30 June	2019	2018
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Issued Share Capital (No. of Shares)	596,043,425	574,934,259
Public Holding as a % of Issued Share Capital	35.70%	35.69%
Total Number of Shareholders	4,255	4,096
Number of Shareholders representing the Public Holding	4,242	4,084

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

	Float Adjusted Market Capitalisation - (LKR)	Public Holding Percentage	No of Shareholders	Option
Minimum Public Holding as at 30 June 2019	13,192,825,169	35.70%	4,242	1

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## CORPORATE INFORMATION

### Legal Form

A limited Liability Company incorporated in Sri Lanka and listed on the Colombo Stock Exchange on 15th October 2003.

### Date of Incorporation

10 December 1948

### Date of Re-Registration

30 May 2007

### Company Re-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)

### Telephone

+ 94 11 4731731

### 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  
D.S. Weerakkody (Retired w.e.f. 26.06.2019)  
Dr. Anura Ekanayake  
Malinga Arsakularatne  
Amitha Saktha Amaratunga  
Jyotindra Manibhai Trivedi  
Prof. Nilanthi Renuka De Silva

### Secretaries

Hemas Corporate Services (Pvt) Ltd.  
No.75, Braybrooke Place, Colombo 02.  
Telephone: +94 11 4731731 (hunting)  
Facsimile: +94 11 4731777

### Registrars

SSP Corporate Services (Pvt) Ltd.  
No. 101, Inner Flower Road, Colombo 03.  
Telephone: +94 11 2573894, +94 11 2576871  
Email: [sspsec@sltnet.lk](mailto:sspsec@sltnet.lk)

### Lawyers to the Company

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

### Investor Relations

Hemas Holdings PLC  
Hemas House, No 75, Braybrooke Place,  
Colombo 2  
Telephone: +94 11 4731731  
Email: [ir@hemas.com](mailto:ir@hemas.com)

### Bankers

Commercial Bank of Ceylon PLC  
Deutsche Bank AG  
The Hongkong & 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  
DFCC Bank PLC  
Citi Bank N.A.





ಶಿಕ್ಷಣ, ಆರೋಗ್ಯ, ಸಾಂಸ್ಕೃತಿಕ ಮತ್ತು ಮಾನವ ಸಂಪನ್ಮೂಲ  
ಅಭಿವೃದ್ಧಿ, ಕೃಷಿ, ಮತ್ತು ಮಾನವ ಸಂಪನ್ಮೂಲ ಸೇವೆ  
Nurturing lives. Serving the nation.