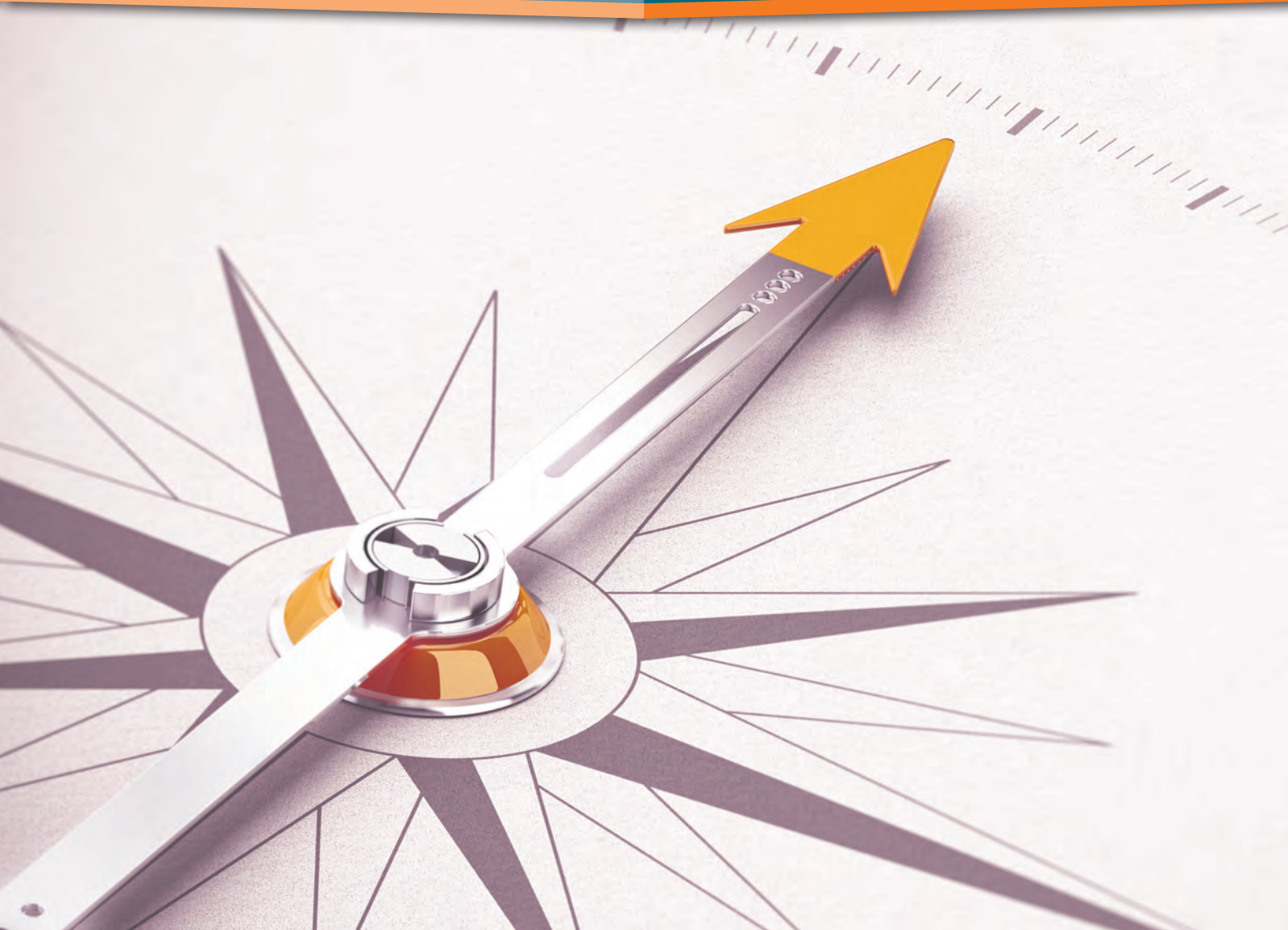




INTERIM REPORT Q3 - 2016/17

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## CEO's Review

Group revenue for the first nine months of FY 2016/17, rose by 12.9% to achieve Rs.31.9Bn compared with the same period a year ago, operating profit reached Rs.3.3Bn and earnings Rs.2.4Bn, growth of 18.3% and 26.1% respectively. However, during the period under review, we have seen increasingly challenging operating conditions across most sectors. Increasing VAT rates and the introduction of VAT at hospitals, new pharmaceutical pricing regulation, and increasing inflation have impacted Q3 profitability. In addition, we have seen higher sales and distribution costs incurred in Bangladesh as we grow our operations there. Further, we have experienced continued losses at our new hotel, Anantara Peace Haven Resort in Tangalle and N\*Able performing behind last year. As a result, Q3 saw revenue growth of 14% and PAT growth of 1.9% over the corresponding period last year.

During the first nine months of the year under review, the Group's consumer sector delivered revenues of Rs.12.3Bn, a 10.1% increase over the previous financial year. Operating profits were Rs.1.7Bn, 22.9% YoY growth, whilst earnings grew at 29.8% to stand at Rs.1.4 Bn. With a view to expand our footprint in personal care and build our position in skincare within Sri Lanka, we launched a *new lotion and personal wash range* under the Velvet brand. This product range is designed specifically for Sri Lankan skin. Our local consumer sector growth is driven by market share improvement in our personal care and personal wash portfolio. Further, relatively benign commodity prices during the first half of the year contributed towards the sector gross margin improvement. Bangladesh Consumer sector growth was mainly driven by extended reach attained through our own distribution channels and strong marketing activities.

Consolidated healthcare sector revenue stood at Rs.13.9Bn, a growth of 17.0%. Operating profit and earnings grew at 14.6% and 13.5%, to achieve Rs.1.5Bn and Rs.964Mn respectively. During the last quarter, healthcare sector experienced challenges arising from new pharmaceutical price regulation and the introduction of VAT on specified hospital services. Our pharmaceutical distribution operation recorded a solid performance over last year with an increased volume growth. Our hospitals also delivered good growth over last year with its latest investments in bed expansion in Hemas Hospital Wattala and a range of new surgical specialties and medical equipment.

J. L. Morison posted a YoY growth of 6.0% and operating profit growth of 1.3% for the nine months ended December 31, 2016. Our Rx Pharma portfolio continued to do well benefiting from new product launches. We continue to focus more on new product launches to increase our manufacturing presence in Sri Lanka, and have exited from the agricultural supply operations which have been part of J. L. Morison's for many years. As a result, underlying revenue excluding agricultural operations grew by 15.1% and EBIT by 11.8%.

Our Leisure, Travel and Aviation (LTA) business recorded a total revenue of Rs.2.9Bn, reflecting 5.4% YoY growth for the first nine months. Hotels sector recorded a revenue growth of 2.8% over last year recording a topline of Rs.1.2Bn. LTA experienced a decline in segmental profitability during the first nine month compounded by losses at Anantara Peace Haven Tangalle Resort which is in its first full year of operations. However, the performance of Anantara Peace Haven Tangalle Resort ramped up during the last quarter under review with more tourist arrivals kicking in during the start of the peak season. We continue our efforts to enhance and develop the luxury travel market in Sri Lanka through our close relationship with Minor Group. Travel and Aviation segment continued to show mixed results with some GSAs showing improvements in both yields and number of passengers handled while others faced competitive operating environments. Air cargo handling experienced a stronger growth compared to passenger growth over the last quarter and as a result, this segment recorded YTD growth in revenues of 6.1%. Hemas travel and aviation sector is strived to seek new growth opportunities in a competitive marketplace via new agency representation for airlines.

Hemas Logistics and Maritime recorded a growth of 95.5% over last year recording a topline of Rs.1.3Bn. This growth has been driven by our new maritime agency, Evergreen. The acquisition of this agency gives us a stronger position in the logistics and maritime space. Hemas is further strengthening its presence in the logistics space by constructing a new state-of-the-art Logistics Park to consolidate warehousing, improve capacity and provide a range of new services to clients. This new investment is through a joint venture with GAC.

We anticipate a challenging last quarter for our businesses with the latest developments in the macroeconomic context. However, we continue to work hard to sustain our strong growth in the final quarter of the financial year and achieve our highest ever levels of revenue and profitability.



**Steven Enderby**  
**Group Chief Executive Officer**

**Colombo**  
**February 07, 2017**

## Consolidated Statement of Profit or Loss

Rs. '000	Three Months Ended		Change %	Nine Months Ended		Change %
	31.12.2016	31.12.2015		31.12.2016	31.12.2015	
<b>Continuing Operations</b>						
Revenue	11,301,063	9,875,357	14.4	31,931,813	28,287,001	12.9
Cost of Sales	(7,131,013)	(6,236,870)	14.3	(19,872,999)	(17,978,094)	10.5
<b>Gross Profit</b>	<b>4,170,050</b>	<b>3,638,487</b>	<b>14.6</b>	<b>12,058,814</b>	<b>10,308,907</b>	<b>17.0</b>
Other Operating Income	118,094	83,244	41.9	315,993	217,673	45.2
Selling and Distribution Expenses	(1,168,782)	(918,917)	27.2	(3,588,289)	(2,986,131)	20.2
Administrative Expenses	(1,852,023)	(1,585,685)	16.8	(5,390,978)	(4,677,527)	15.3
Share of Results of Joint Ventures & Associates	(48,436)	(44,130)	9.8	(100,095)	(78,374)	27.7
<b>Operating Profit</b>	<b>1,218,903</b>	<b>1,172,999</b>	<b>3.9</b>	<b>3,295,445</b>	<b>2,784,548</b>	<b>18.3</b>
Finance Cost	(153,174)	(125,902)	21.7	(406,702)	(366,280)	11.0
Finance Income	204,008	178,969	14.0	616,764	448,150	37.6
<b>Profit Before Tax</b>	<b>1,269,737</b>	<b>1,226,066</b>	<b>3.6</b>	<b>3,505,507</b>	<b>2,866,418</b>	<b>22.3</b>
Income Tax Expenses	(332,631)	(306,690)	8.5	(969,434)	(830,615)	16.7
<b>Profit for the period</b>	<b>937,106</b>	<b>919,376</b>	<b>1.9</b>	<b>2,536,073</b>	<b>2,035,803</b>	<b>24.6</b>
<b>Attributable to:</b>						
Equity Holders of the Parent	863,515	858,662	0.6	2,407,400	1,908,971	26.1
Non-Controlling Interests	73,591	60,714	21.2	128,673	126,832	1.5
	<b>937,106</b>	<b>919,376</b>	<b>1.9</b>	<b>2,536,073</b>	<b>2,035,803</b>	<b>24.6</b>
Earnings Per Share (Rs.)	1.51	1.50		4.20	3.41	
Annualised Earnings Per Share (Rs.)	6.04	6.00		5.61	4.55	
Diluted Earnings Per Share (Rs.)	1.51	1.50		4.20	3.41	
Dividend per share (Rs.)	0.40	0.40		1.40	1.10	

## Consolidated Statement of Comprehensive Income

Rs. '000	Three Months Ended		Nine Months Ended	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
<b>Profit for the period</b>	<b>937,106</b>	<b>919,376</b>	<b>2,536,073</b>	<b>2,035,803</b>
<b>Other Comprehensive Income</b>				
Net Loss on Available-for-Sale Financial Assets	(1,465)	(3,468)	(1,454)	(10,907)
Exchange Differences on Translation of Foreign Operations	13,358	10,293	26,673	24,961
Net Movement on Cash Flow Hedges	4,027	2,391	14,984	(43,837)
Income Tax on Other Comprehensive Income	-	-	-	-
<b>Other Comprehensive Income for the period, net of tax</b>	<b>15,920</b>	<b>9,216</b>	<b>40,203</b>	<b>(29,783)</b>
<b>Total Comprehensive Income for the period, net of tax</b>	<b>953,026</b>	<b>928,592</b>	<b>2,576,276</b>	<b>2,006,020</b>
<b>Attributable to:</b>				
Equity Holders of the Parent	865,856	867,843	2,439,709	1,901,849
Non-Controlling Interests	87,170	60,749	136,567	104,171
	<b>953,026</b>	<b>928,592</b>	<b>2,576,276</b>	<b>2,006,020</b>

The above figures are provisional and subject to audit.

## Consolidated Statement of Financial Position

As at Rs. '000	31.12.2016	31.12.2015	31.03.2016
<b>Non-Current Assets</b>			
Property, Plant and Equipment	13,651,276	11,521,506	12,764,329
Investment Properties	1,439,649	1,763,665	1,735,779
Leasehold Rights	112,089	99,625	115,751
Intangible Assets	892,606	732,387	852,339
Investment in Joint Ventures	1,106,138	1,349,285	1,323,506
Investment in Associates	-	352,138	359,064
Other Non Current Financial Assets	771,240	468,738	420,392
Deferred Tax Asset	56,107	56,463	47,829
	<b>18,029,105</b>	<b>16,343,807</b>	<b>17,618,989</b>
<b>Current Assets</b>			
Inventories	6,046,847	4,749,601	5,232,312
Trade and Other Receivables	10,285,442	8,070,199	7,462,326
Tax Recoverable	444,134	128,937	39,724
Other Current Financial Assets	170,587	580,015	84,861
Cash and Short Term Deposits	10,785,582	10,522,311	11,888,963
	<b>27,732,592</b>	<b>24,051,063</b>	<b>24,708,186</b>
<b>Total Assets</b>	<b>45,761,697</b>	<b>40,394,870</b>	<b>42,327,175</b>
<b>Equity</b>			
Stated Capital	5,738,903	5,722,837	5,722,837
Other Capital and Revenue Reserves	92,741	50,116	58,542
Other Components of Equity	2,054,952	1,285,184	2,022,644
Retained Earnings	15,885,625	13,378,497	14,187,670
<b>Equity attributable to equity holders of the parent</b>	<b>23,772,221</b>	<b>20,436,634</b>	<b>21,991,693</b>
Non-Controlling Interests	2,380,477	2,254,923	2,661,619
<b>Total Equity</b>	<b>26,152,698</b>	<b>22,691,557</b>	<b>24,653,312</b>
<b>Non-Current Liabilities</b>			
Interest Bearing Loans and Borrowings	3,144,586	3,399,009	3,241,655
Other Non Current Financial Liabilities	52,505	10,311	4,247
Deferred Tax Liability	421,288	302,582	424,484
Employee Benefit Liability	627,212	592,220	566,044
	<b>4,245,591</b>	<b>4,304,122</b>	<b>4,236,430</b>
<b>Current Liabilities</b>			
Trade and Other Payables	11,563,740	9,905,913	10,542,074
Income Tax Payable	750,303	454,199	523,074
Interest Bearing Loans and Borrowings	1,465,149	2,059,111	1,370,454
Bank Overdraft	1,584,216	979,968	1,001,831
	<b>15,363,408</b>	<b>13,399,191</b>	<b>13,437,433</b>
<b>Total Equity and Liabilities</b>	<b>45,761,697</b>	<b>40,394,870</b>	<b>42,327,175</b>
<b>Net Asset per share - (Rs.)</b>	<b>41.51</b>	<b>35.69</b>	<b>38.41</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 Samaranyake**  
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 07, 2017



**Steven Enderby**  
Chief Executive Officer

**Consolidated Statement of Changes in Equity**

	Stated	Other	Other Component of Equity				Retained	Total	Non	Total
	Capital	Capital & Revenue Reserves	Revaluation Reserve	Exchange Reserve	Available for Sale Reserve	Cash Flow Hedge Reserve	Earnings		Controlling Interests	Equity
<i>Rs. '000</i>										
<b>Balance as at 1 April 2015</b>	1,600,603	35,681	1,249,962	(2,288)	6,831	37,534	12,730,653	15,658,976	2,263,623	17,922,599
Super Gain Tax	-	-	-	-	-	-	(565,524)	(565,524)	(22,969)	(588,493)
Profit for the period	-	-	-	-	-	-	1,908,971	1,908,971	126,832	2,035,803
Other Comprehensive Income	-	-	-	24,677	(10,885)	(20,914)	-	(7,122)	(22,661)	(29,783)
<b>Total comprehensive income</b>	-	-	-	24,677	(10,885)	(20,914)	1,343,447	1,336,325	81,202	1,417,527
Rights Issue	4,122,234	-	-	-	-	-	-	4,122,234	-	4,122,234
Dividends Paid - Ordinary Shares	-	-	-	-	-	-	(629,800)	(629,800)	-	(629,800)
Transfer to/from During the Period	-	-	-	-	-	-	-	-	-	-
- Deferred Tax Attributable to Revaluation Reserve	-	-	267	-	-	-	-	267	152	419
Share Based Payments	-	14,435	-	-	-	-	-	14,435	-	14,435
Transaction Cost on Issue of Shares	-	-	-	-	-	-	(66,749)	(66,749)	-	(66,749)
Dividends to Non Controlling Interests	-	-	-	-	-	-	-	-	(100,965)	(100,965)
Adjustment in Respect of Changes In Group Holding	-	-	-	-	-	-	946	946	10,911	11,857
<b>Balance as at 31 December 2015</b>	5,722,837	50,116	1,250,229	22,389	(4,054)	16,620	13,378,497	20,436,634	2,254,923	22,691,557
<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 period	-	-	-	-	-	-	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 Base 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>

### Statement of Profit or Loss (Company)

	Three Months Ended		Change %	Nine Months Ended		Change %
	31.12.2016	31.12.2015		31.12.2016	31.12.2015	
<i>Rs.'000</i>						
<b>Revenue</b>	220,354	174,894	26.0	623,816	498,105	25.2
Cost of Sales	-	-	-	-	-	-
<b>Gross Profit</b>	220,354	174,894	26.0	623,816	498,105	25.2
Other Operating Income	(80)	7,500	(101.1)	451,027	299,242	50.7
Administrative Expenses	(234,849)	(171,344)	37.1	(663,270)	(486,969)	36.2
<b>Operating Profit</b>	(14,575)	11,050	(231.9)	411,573	310,378	32.6
Finance Cost	(64,073)	(50,802)	26.1	(184,017)	(160,601)	14.6
Finance Income	160,916	139,485	15.4	464,343	362,466	28.1
<b>Profit Before Tax</b>	82,268	99,733	(17.5)	691,899	512,243	35.1
Income Tax Expenses	(12,124)	608	(2,094.1)	(26,969)	(34,076)	(20.9)
<b>Profit for the period</b>	70,144	100,341	(30.1)	664,930	478,167	39.1

### Statement of Comprehensive Income (Company)

	Three Months Ended		Nine Months Ended	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
<i>Rs. '000</i>				
<b>Profit for the period</b>	70,144	100,341	664,930	478,167
<b>Other Comprehensive Income</b>				
Net Loss on Available-for-Sale Financial Assets	(19)	(2,999)	(8)	(10,712)
<b>Other Comprehensive Income for the period, net of tax</b>	(19)	(2,999)	(8)	(10,712)
<b>Total Comprehensive Income for the period, net of tax</b>	70,125	97,342	664,922	467,455

The above figures are provisional and subject to audit.

## Statement of Financial Position (Company)

As at	31.12.2016	31.12.2015	31.03.2016
Rs. '000			
<b>Non-Current Assets</b>			
Property, Plant and Equipment	99,390	137,113	127,324
Investment Properties	528,278	675,750	700,480
Intangible Assets	80,341	19,255	97,590
Investment in Subsidiaries	5,625,281	4,548,889	4,550,098
Other Non Current Financial Assets	1,125,560	410,644	363,048
	<b>7,458,850</b>	<b>5,791,651</b>	<b>5,838,540</b>
<b>Current Assets</b>			
Trade and Other Receivables	700,076	743,980	490,752
Tax Recoverable	12,955	11,043	9,071
Other Current Financial Assets	1,029,871	1,503,759	1,036,966
Cash and Short Term Deposits	4,475,640	5,702,702	5,949,460
	<b>6,218,542</b>	<b>7,961,484</b>	<b>7,486,249</b>
<b>Total Assets</b>	<b>13,677,392</b>	<b>13,753,135</b>	<b>13,324,789</b>
<b>Equity</b>			
Stated Capital	5,738,903	5,722,837	5,722,837
Other Capital Reserves	314,092	271,467	279,893
Other Components of Equity	258	(4,692)	266
Retained Earnings	4,672,254	4,881,378	4,808,943
<b>Total Equity</b>	<b>10,725,507</b>	<b>10,870,990</b>	<b>10,811,939</b>
<b>Non-Current Liabilities</b>			
Interest Bearing Loans and Borrowings	1,716,955	1,428,521	1,447,947
Other Non Current Financial Liabilities	-	5,051	-
Deferred Tax Liability	60,152	51,669	63,066
Employee Benefit Liability	29,625	27,595	26,732
	<b>1,806,732</b>	<b>1,512,836</b>	<b>1,537,745</b>
<b>Current Liabilities</b>			
Trade and Other Payables	274,715	434,340	432,577
Income Tax Payable	46,031	-	92,560
Interest Bearing Loans and Borrowings	494,554	677,043	348,647
Bank Overdraft	329,853	257,926	101,321
	<b>1,145,153</b>	<b>1,369,309</b>	<b>975,105</b>
<b>Total Equity and Liabilities</b>	<b>13,677,392</b>	<b>13,753,135</b>	<b>13,324,789</b>
<b>Net Asset per share - (Rs.)</b>	<b>18.73</b>	<b>18.99</b>	<b>18.88</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 07, 2017



**Steven Enderby**

Chief Executive Officer



## Statement of Changes in Equity (Company)

	Stated Capital	Other Capital Reserves	Other Component Of Equity	Retained Earnings	Total Equity
			Available for Sale Reserve		
<b>Rs. '000</b>					
<b>Balance as at 1 April 2015</b>	<b>1,600,603</b>	<b>257,032</b>	<b>6,020</b>	<b>5,130,187</b>	<b>6,993,842</b>
Super Gain Tax	-	-	-	(31,615)	(31,615)
Profit for the period	-	-	-	478,167	478,167
Other Comprehensive Income	-	-	(10,712)	-	(10,712)
<b>Total Comprehensive Income</b>	<b>-</b>	<b>-</b>	<b>(10,712)</b>	<b>446,552</b>	<b>435,840</b>
Rights Issue	4,122,234	-	-	-	4,122,234
Transaction Cost of Rights Issue	-	-	-	(65,561)	(65,561)
Share Based Payments	-	14,435	-	-	14,435
Final Dividend Paid 2014/15	-	-	-	(229,018)	(229,018)
Interim Dividend Paid 2015/16	-	-	-	(400,782)	(400,782)
<b>Balance as at 31 December 2015</b>	<b>5,722,837</b>	<b>271,467</b>	<b>(4,692)</b>	<b>4,881,378</b>	<b>10,870,990</b>
Balance as at 1 April 2016	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>	<b>-</b>	<b>-</b>	<b>(8)</b>	<b>664,930</b>	<b>664,922</b>
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>

The above figures are provisional and subject to audit.

## Statement of Cash Flows

For nine months ended Rs. '000	Group		Company	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
<b>Operating Activities</b>				
<b>Profit before taxation</b>	<b>3,505,507</b>	2,866,418	<b>691,899</b>	512,243
<b>Adjustments for,</b>				
Depreciation	679,823	652,617	34,383	41,373
Gain on Disposal of Property, Plant and Equipment, Investment Property	(106,499)	(13,282)	(79,580)	(5,566)
Loss on Sale of Non-Current Investments	-	-	-	1,086
Provision for Share based payment expense	36,633	14,435	15,900	3,336
Amortisation/ Impairment of Intangible Assets	44,275	24,717	17,266	-
Amortisation of Leasehold Rights	3,087	9,920	-	-
Exchange Gain or Loss on Foreign Currency Borrowings	(32,163)	10,741	-	-
Finance Cost	406,702	366,280	184,017	160,601
Finance Income	(616,764)	(448,150)	(464,343)	(362,466)
Share of results of Joint Ventures & Associates	100,095	78,374	-	-
Investment Income	-	-	(368,957)	(288,954)
Movement in Employee Benefit Liability	90,219	78,311	3,750	2,775
<b>Working Capital Adjustments</b>				
(Increase)/Decrease in Inventories	(814,533)	(614,017)	-	-
(Increase)/Decrease in Trade and Other Receivables	(2,709,372)	(856,089)	(188,592)	496,767
Increase/(Decrease) in Trade and Other Payables	996,661	941,676	(157,862)	46,895
Increase/(Decrease) in Other Non Current Financial Liabilities	46,757	(19,572)	-	(4,383)
Finance Cost Paid	(404,381)	(365,621)	(184,017)	(160,601)
Finance Income Received	612,829	444,675	464,144	362,466
Income Tax Paid	(1,156,807)	(524,417)	(80,295)	(29,403)
Employee Retirement Benefit Paid	(32,371)	(19,693)	(857)	(2,866)
<b>Net Cash flows from/(Used in) Operating Activities</b>	<b>649,698</b>	2,627,323	<b>(113,144)</b>	773,303
<b>Investing Activities</b>				
Purchase of Property, Plant and Equipment	(1,604,646)	(802,917)	(9,556)	(42,988)
Investment in Intangible Assets	(85,540)	(1,149)	(17)	(134)
Disposal /Investment in Financial Assets	6,762	450,492	553	303,243
Acquisition/Investment in Joint Ventures	-	(250,512)	-	(16,352)
Acquisition/Investment of subsidiaries	(17,939)	-	(1,075,183)	-
Purchase of investment property	(1,771)	-	-	-
Dividend Received from Joint Ventures & Associates	25,200	80,700	-	-
Investment Income Received	-	-	368,957	288,953
Proceeds on Disposal of Property, Plant and Equipment/ Intangible Assets / Leasehold Property/ Investment Property	452,497	106,666	254,889	25,188
<b>Net Cash flows from/(Used in) Investing Activities</b>	<b>(1,225,437)</b>	(416,720)	<b>(460,357)</b>	557,910
<b>Financing Activities</b>				
Interest Bearing Loans and Borrowings (Net)	27,468	334,146	(340,864)	(541,995)
Transaction Cost of Right Issue	-	(66,749)	-	(65,561)
Proceeds from Right Issue	-	4,122,234	-	4,122,234
Proceed from exercise of Share Option	13,633	-	13,633	-
Proceeds to Non-Controlling Interests	(245,828)	10,911	-	-
Dividends Paid - Equity Holders of the Parent	(801,619)	(629,800)	(801,619)	(629,800)
- Non-Controlling Interests	(130,620)	(100,965)	-	-
<b>Net Cash flows from/(Used in) Financing Activities</b>	<b>(1,136,966)</b>	3,669,777	<b>(1,128,851)</b>	2,884,878
Net Increase/(Decrease) in Cash and Cash Equivalents	(1,712,706)	5,880,380	(1,702,352)	4,216,091
Super gain tax	-	(588,493)	-	(31,615)
Net Foreign Exchange Difference	26,939	25,463	-	-
Cash and Cash Equivalents at the beginning of the Year	10,887,133	4,224,993	5,848,139	1,260,300
<b>Cash and Cash Equivalents at the end of the period</b>	<b>9,201,366</b>	9,542,343	<b>4,145,787</b>	5,444,776

The above figures are provisional and subject to audit.

## Segmental Information

For three months ended 31 December	FMCG		Healthcare		Leisure, Travel & Aviation		Logistic & Maritime		Others		Group	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
<b>Rs. '000</b>												
<b>Revenue</b>												
Segmental Revenue - Gross	3,991,365	3,793,912	4,904,896	4,210,440	1,062,411	1,056,696	506,384	254,246	1,243,825	876,535	11,708,881	10,191,829
Intra Segmental Revenue	(49,021)	(28,145)	(45,482)	(44,331)	-	-	-	-	(25,612)	(23,620)	(120,115)	(96,096)
<b>Segmental Revenue</b>	<b>3,942,344</b>	<b>3,765,767</b>	<b>4,859,414</b>	<b>4,166,109</b>	<b>1,062,411</b>	<b>1,056,696</b>	<b>506,384</b>	<b>254,246</b>	<b>1,218,213</b>	<b>852,915</b>	<b>11,588,766</b>	<b>10,095,733</b>
Inter Segmental Revenue	(3,150)	-	-	-	-	-	-	-	(284,553)	(220,376)	(287,703)	(220,376)
<b>Total Revenue</b>	<b>3,939,194</b>	<b>3,765,767</b>	<b>4,859,414</b>	<b>4,166,109</b>	<b>1,062,411</b>	<b>1,056,696</b>	<b>506,384</b>	<b>254,246</b>	<b>933,660</b>	<b>632,539</b>	<b>11,301,063</b>	<b>9,875,357</b>
<b>Segmental Results</b>												
Finance Cost	1	-	(52,061)	(48,556)	(15,658)	(3,852)	(11,141)	(14,630)	(74,315)	(58,864)	(153,174)	(125,902)
Finance Income	38,685	33,073	2,483	1,422	11,804	8,665	2,292	762	148,744	135,047	204,008	178,969
Share of Results of Joint Ventures & Associate:	-	-	-	-	(48,436)	(69,399)	-	25,269	-	-	(48,436)	(44,130)
<b>Profit/(Loss) before Tax</b>	<b>580,010</b>	<b>621,896</b>	<b>419,081</b>	<b>479,162</b>	<b>111,902</b>	<b>104,936</b>	<b>142,975</b>	<b>30,129</b>	<b>15,769</b>	<b>(10,057)</b>	<b>1,269,737</b>	<b>1,226,066</b>
Income Tax	(135,631)	(166,414)	(87,644)	(110,343)	(21,046)	(23,861)	(25,888)	(2,923)	(62,422)	(3,149)	(332,631)	(306,690)
<b>Profit / (Loss) for the period</b>	<b>444,379</b>	<b>455,482</b>	<b>331,437</b>	<b>368,819</b>	<b>90,856</b>	<b>81,075</b>	<b>117,087</b>	<b>27,206</b>	<b>(46,653)</b>	<b>(13,206)</b>	<b>937,106</b>	<b>919,376</b>
<b>Attributable to:</b>												
Equity Holders of the Parent	442,612	452,199	320,413	355,513	48,893	41,567	101,305	23,029	(49,708)	(13,646)	863,515	858,662
Non-Controlling Interests	1,767	3,283	11,024	13,306	41,963	39,508	15,782	4,177	3,055	440	73,591	60,714
	<b>444,379</b>	<b>455,482</b>	<b>331,437</b>	<b>368,819</b>	<b>90,856</b>	<b>81,075</b>	<b>117,087</b>	<b>27,206</b>	<b>(46,653)</b>	<b>(13,206)</b>	<b>937,106</b>	<b>919,376</b>

The above figures are provisional and subject to audit.

## Segmental Information

	FMCG		Healthcare		Leisure, Travel & Aviation		Logistic & Maritime		Others		Group	
For nine months ended 31 December	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Rs. '000												
<b>Revenue</b>												
Segmental Revenue - Gross	12,429,646	11,257,678	14,061,151	12,017,944	2,908,182	2,759,213	1,347,943	689,653	2,334,398	2,470,194	33,081,320	29,194,682
Intra Segmental Revenue	(136,327)	(99,987)	(129,861)	(112,211)	-	-	-	-	(91,496)	(75,393)	(357,684)	(287,591)
<b>Segmental Revenue</b>	<b>12,293,319</b>	<b>11,157,691</b>	<b>13,931,290</b>	<b>11,905,733</b>	<b>2,908,182</b>	<b>2,759,213</b>	<b>1,347,943</b>	<b>689,653</b>	<b>2,242,902</b>	<b>2,394,801</b>	<b>32,723,636</b>	<b>28,907,091</b>
Inter Segmental Revenue	(4,200)	-	-	-	-	-	-	-	(787,623)	(620,090)	(791,823)	(620,090)
<b>Total Revenue</b>	<b>12,289,119</b>	<b>11,157,691</b>	<b>13,931,290</b>	<b>11,905,733</b>	<b>2,908,182</b>	<b>2,759,213</b>	<b>1,347,943</b>	<b>689,653</b>	<b>1,455,279</b>	<b>1,774,711</b>	<b>31,931,813</b>	<b>28,287,001</b>
<b>Segmental Results</b>	<b>1,700,183</b>	<b>1,383,847</b>	<b>1,472,735</b>	<b>1,285,415</b>	<b>333,351</b>	<b>402,626</b>	<b>293,070</b>	<b>59,812</b>	<b>(403,799)</b>	<b>(268,778)</b>	<b>3,395,540</b>	<b>2,862,922</b>
Finance Cost	-	(16)	(163,282)	(146,207)	(11,659)	(16,818)	(21,820)	(24,892)	(209,941)	(178,347)	(406,702)	(366,280)
Finance Income	121,530	55,223	6,197	5,611	30,955	27,395	4,521	3,451	453,561	356,470	616,764	448,150
Share of Results of Joint Ventures & Associates	-	-	-	-	(157,726)	(157,819)	57,631	79,445	-	-	(100,095)	(78,374)
<b>Profit/(Loss) before Tax</b>	<b>1,821,713</b>	<b>1,439,054</b>	<b>1,315,650</b>	<b>1,144,819</b>	<b>194,921</b>	<b>255,384</b>	<b>333,402</b>	<b>117,816</b>	<b>(160,179)</b>	<b>(90,655)</b>	<b>3,505,507</b>	<b>2,866,418</b>
Income Tax	(432,023)	(367,544)	(327,913)	(274,243)	(56,037)	(68,727)	(53,794)	(14,809)	(99,667)	(105,292)	(969,434)	(830,615)
<b>Profit / (Loss) for the period</b>	<b>1,389,690</b>	<b>1,071,510</b>	<b>987,737</b>	<b>870,576</b>	<b>138,884</b>	<b>186,657</b>	<b>279,608</b>	<b>103,007</b>	<b>(259,846)</b>	<b>(195,947)</b>	<b>2,536,073</b>	<b>2,035,803</b>
<b>Attributable to:</b>												
Equity Holders of the Parent	1,384,860	1,066,883	964,213	849,696	76,912	109,628	249,256	83,710	(267,841)	(200,946)	2,407,400	1,908,971
Non-Controlling Interests	4,830	4,627	23,524	20,880	61,972	77,029	30,352	19,297	7,995	4,999	128,673	126,832
	<b>1,389,690</b>	<b>1,071,510</b>	<b>987,737</b>	<b>870,576</b>	<b>138,884</b>	<b>186,657</b>	<b>279,608</b>	<b>103,007</b>	<b>(259,846)</b>	<b>(195,947)</b>	<b>2,536,073</b>	<b>2,035,803</b>

The above figures are provisional and subject to audit.

## Notes to the Financial Statements

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### 1 Basis of preparation

The condensed interim financial statements have been prepared in accordance with Sri Lanka Accounting Standard LKAS- 34, Interim Financial Reporting. The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 March 2016. 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-Ika, by Fitch Rating Lanka Limited) unsecured redeemable debentures carrying a coupon rate of 11% p.a., payable semi-annually issued on 29th April 2014 are to be matured on 29th April 2019.
- 3 The Company paid a final dividend of Rs.1/- per share for the financial year ended 31 March 2016.
- 4 The Company paid an interim dividend of Rs. 0.40/- per share for the financial year ending 31 March 2017.
- 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 10th 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 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 27th July 2015 and exercise period of 3 years starting from 27th August 2016, out of which 2,578,590 employee share options were vested during the current period.

Further, 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 August 2017.

- 6 The Group ceased its significant influence had over Jada Resorts & Spa (Pvt) Ltd with the restructuring of its shareholding. As a result, the Group discontinued accounting of Jada Resorts & Spa (Pvt) Ltd on equity method effective from 1 April 2016 and it was reclassified the same under "Other Financial Assets – Available for Sale Investments" as required by the accounting standards.
- 7 The Group discontinued the accounting of FAR Agencies Lanka (Pvt) Ltd. under equity method with effect from 1 October 2016 and reclassified the same as an "Investment in Subsidiaries" and accounted based on the relevant accounting standard.
- 8 The Group has changed its internal organisation and the composition of its reportable segments. Accordingly, the Group has restated the operating segment information for the nine months ended 31 December 2015.
- 9 There have been no other events subsequent to the reporting date, which require disclosure in the interim financial statements.
- 10 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 2016.

## Investor Information

Nine Months Ended

	2016	2015
<b>Market Value of Shares</b>		
Closing Price on 31 December (Rs.)	98.00	93.00
Highest Price during the Period (Rs.)	108.50	93.00
Lowest Price during the Period (Rs.)	94.60	80.00
Market Capitalization on 31 December (Rs. Mn)	56,126	53,247
<b>Ratios</b>		
Net Asset Per Share on 31 December (Rs.)	41.51	35.69
Price Earnings Ratio on 31 December (times)	17.48	20.92
<b>Debt security related ratios</b>		
Debt/Equity Ratio	0.24	0.28
Quick Asset Ratio	1.41	1.44
Interest Cover (times)	8.10	8.83
Interest yield as at date of last trade	-	10.47%
Yield to maturity of trade done	-	10.47%
Interest rate of comparable Government security (5 Year Treasury Bond rate )	12.16%	9.79%
<b>Share Trading</b>		
No of transactions during the Period	570	1,123
No of shares traded during the Period	14,141,436	4,153,338
Value of shares traded during the Period (Rs. Mn)	1,482	357
<b>Number of Shares</b>	<b>572,711,383</b>	<b>572,545,133</b>
<b>Debentures 11% fixed - Unsecured redeemable</b>		
Closing Price on 31 December (Rs.)	-	101.49
Highest Price during the Period (Rs.)	-	101.49
Lowest Price during the period (Rs.)	-	101.49
<b>Number of Debentures</b>	<b>10,000,000</b>	<b>10,000,000</b>

## Share Information

LIST OF 20 MAJOR SHAREHOLDERS	31.12.2016		31.12.2015	
	No. of Shares	%	No. of Shares	%
1 A Z Holdings (Pvt) Ltd.	90,762,875	15.85	90,762,875	15.85
2 Saraz Investments (Pvt) Ltd.	86,396,035	15.09	86,396,035	15.09
3 Blueberry Investments (Pvt) Ltd.	85,781,250	14.98	85,781,250	14.98
4 Amagroup (Pvt) Ltd.	85,780,665	14.98	85,780,665	14.98
5 HSBC Intl Nominees Ltd-JPMLU-Franklin Templeton Investment Funds	44,673,822	7.80	56,968,238	9.95
6 HSBC International Nominees Ltd. -JPMCB- Templeton Global Investment Trust-Templeton Emerging Markets S	14,964,257	2.61	14,964,257	2.61
7 HSBC Intl Nom Ltd-SSBT-First State Investments ICVC-Stewart Investors Indian Subcontinent Fund.	11,962,613	2.09	-	-
8 HSBC International Nom Ltd-Morgan Stanley and Co Intl PLC-Own A/C	10,258,300	1.79	-	-
9 Pemberton Asian Opportunities Fund	9,000,000	1.57	10,000,000	1.75
10 HSBC Intl Nom Ltd-SSBT-First State Investments ICVC-Stewart Investors Asia Pacific Sustainability Fund.	8,286,047	1.45	-	-
11 HSBC Intl. Nominees Ltd. -JPMCB- Scottish ORL SML TR GTI 6018	8,006,561	1.40	8,006,561	1.40
12 HSBC Intl Nom Ltd-SSBT- First State Investments ICVC-Stewart Investors Asia Pacific Fund	6,435,960	1.12	4,935,960	0.86
13 Mr. M.A.H. Esufally	5,946,500	1.04	5,946,500	1.04
14 Mr. H.N. Esufally	5,586,705	0.98	5,836,705	1.02
15 Mr. I.A.H. Esufally	4,424,000	0.77	4,424,000	0.77
16 HSBC Intl Nom Ltd-JPMCB- Pacific Assets Trust PLC	4,344,132	0.76	4,344,132	0.76
17 HSBC Intl Nom Ltd-State Street Luxembourg c/o SSBT - Alliancebernstein next 50 emerging Markets (MASTE)	3,949,115	0.69	3,949,115	0.69
18 HSBC Intl. Nom. LTD-BBH-Grandeur Peak Emerging Markets Opportunities Fund	3,804,326	0.66	3,571,426	0.62
19 HSBC Intl Nom Ltd-SSBT-First State Investments ICVC-Stewart Investors Global Emergine Market Sustainability Fund.	3,317,420	0.58	-	-
20 BNYM SA/NV -Frontier Market Opportunities Master FD , L.P	2,752,207	0.48	-	-
<b>DIRECTORS' SHAREHOLDING</b>	<b>31.12.2016</b>		<b>31.12.2015</b>	
	<b>No. of Shares</b>		<b>No. of Shares</b>	
<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		5,836,705	
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. Pradipta Kumar Mohapatra	-		-	
Mr. R. Gopalakrishnan	-		-	
Dr S.A.B Ekanayake	-		-	
Mr. D.S. Weerakkody	-		-	
Mr. S.M Enderby (Chief Executive Officer)	-		-	
Mr. W.M.De F. Arsakularatne	-		-	
Mr. A.S. Amaratunga	-		-	
	<b>366,961,615</b>		<b>367,211,615</b>	
<b>PUBLIC HOLDING</b>	<b>31.12.2016</b>		<b>31.12.2015</b>	
	<b>No. of Shares</b>		<b>No. of Shares</b>	
Issued Share Capital	572,711,383		572,545,133	
Less: Directors' Direct and Indirect Shareholding	366,961,615		367,224,115	
Close Family Members	2,750,000		2,500,000	
Public Holding	202,999,768		202,821,018	
Public Holding as a % of Issued Share Capital	35.45%		35.42%	
Total Number of Shareholders	4,308		4,544	
Number of persons holdings Shares Excluded when computing Public Holding %	12		12	
Number of Shareholders representing the Public Holding	4,296		4,532	

## 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  
Pradipta Mohapatra  
Ramabadran Gopalakrishnan  
Dr Anura Ekanayake  
Dinesh Weerakkody  
Malinga Arsakularatne  
Amitha Saktha Amaratunga

### Secretaries

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

### Registrars

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

### Lawyers to the Company

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

### Bankers

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