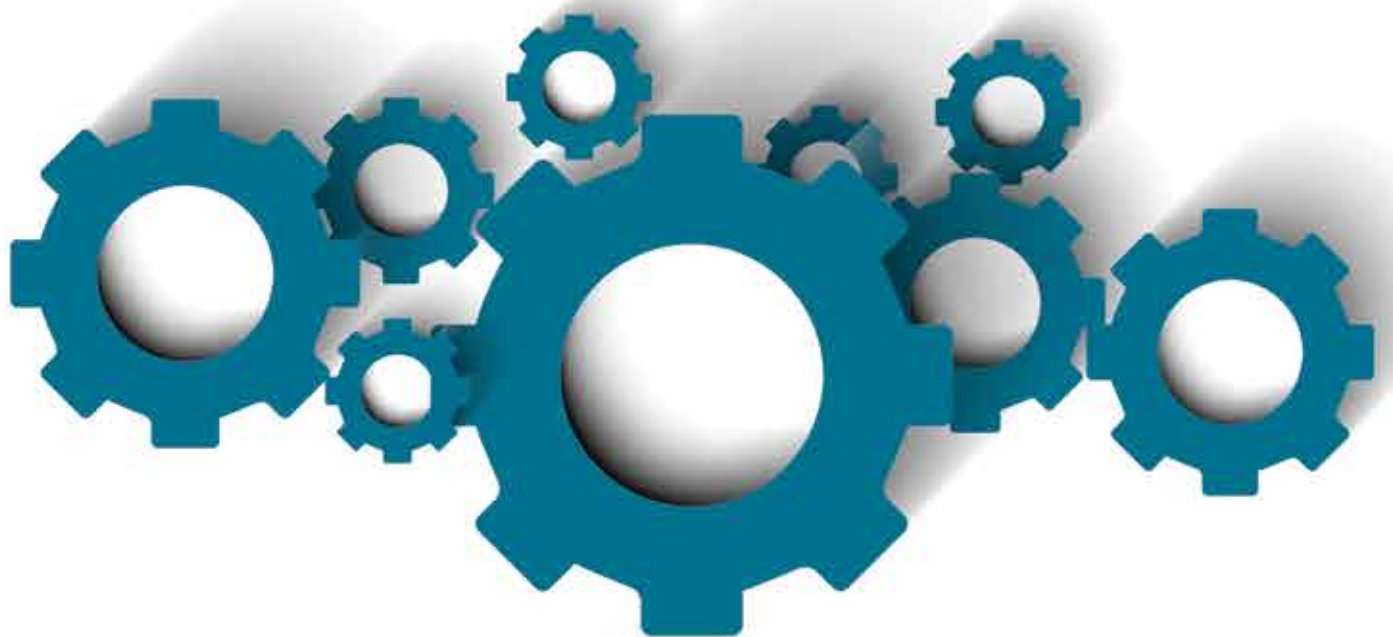




# INTERIM REPORT Q4 - 2017/18

**ENGAGE.**

**EMPOWER.**



## CEO's Review

Hemas Holdings PLC (HHL) reported full year consolidated revenue of Rs.50.9Bn, an increase of 17.2% over last year for the period ended March 31, 2018. Revenue growth was primarily driven by enhanced performance in our healthcare and mobility sectors. HHL registered an operating profit of Rs.4.2Bn during FY 18, a 11.3% y-o-y decline together with earnings of Rs.2.7Bn, 23.0% y-o-y decline. Adjusting for our investments in growing our businesses, the Atlas acquisition and asset disposals indicate a revenue growth of 14.9% while operating profit and earnings remained flat.

### Investing for Growth in Personal Care and Digital

We have made significant investments in growing our businesses which have reduced our operating profits for the year. These have included, commencing Home and Personal Care (HPC) operations in West Bengal, India, investments in digital health start-ups, and a major profit improvement project for our Home and Personal Care business. These investments have reduced operating profit by Rs.397.9Mn.

### Acquisition of Atlas

We acquired Atlas Axillia, Sri Lanka's leading school and office stationery business, in January 2018. The seasonal nature of this business with Q4 of the financial year being low season coupled with the loss of interest income from rights issue proceeds and other cash reserves used to fund the acquisition have impacted our performance. We have also had an increased tax charge resulting from higher dividend tax as we have up streamed dividends in part to finance the acquisition.

As a result, the acquisition has had a negative impact on operating profit of Rs.197.0Mn and on earnings of Rs.295.1Mn. We have now fully utilized the capital raised in the rights issue.

### Core Business Performance

Adjusting for the costs associated with these investments and acquisition including one off gains from asset disposals in both the current and previous years indicate our performance in FY 18 of revenue growth of 14.9% while operating profit and earnings remained flat. This has been partly due to broader macroeconomic factors with increased inflationary pressure and the impact on consumer purchasing power of increased VAT and prolonged drought and flooding in the earlier part of the financial year. We have also had mixed operating performance across the Group with Leisure and Travel and HPC Bangladesh underperforming, while price controls on pharmaceuticals continues to put pressure on operating margins. Conversely, our HPC Sri Lanka business has performed robustly against the backdrop of a declining Personal Care market and we have seen good growth at Hospitals and Logistics and Maritime.

Looking at the performance of our major businesses in more detail.

### Consumer Brands

The consumer sector comprising of Home and Personal Care and School and Office Stationery posted a revenue of Rs.17.4Bn during FY 18, indicating a growth of 8.6% over the previous financial year, revenue growth excluding Atlas was 3.6%. Operating profits stood at Rs.1.4Bn, 31.3% YoY decline, a 22.7% decline excluding Atlas. Our HPC Sri Lanka business reported steady growth in key personal care categories with market shares being maintained across most major categories. We witnessed early signs of revival in consumer sentiment in Q4. Excluding costs associated with our profit improvement initiative, profit growth was in line with expectations in Sri Lanka but was depressed overall on account of our Bangladesh operations and the seasonality impact from Atlas.

We have made significant investments in the growth of our core consumer business this year. During FY 18, HPC, expanded its portfolio of consumer products both here and in Bangladesh by way of new launches, relaunched and improved product formulation. As we strive to improve our operating margins in HPC, we have engaged with a major consulting firm to assist us in these efforts. The costs of this exercise have been incurred in FY18 while the benefits are starting to accrue in FY19.

Our HPC business in Bangladesh experienced a challenging year during FY18. During first half, HPC Bangladesh restructured its sales and distribution network which had an impact on sales growth and profitability compared to previous financial year. Continuous investment behind the brand has been made as the competitive intensity in the market has increased. In December, we relaunched Kumarika hair oil with an improved formulation. We have also entered the herbal beauty soap category in Bangladesh and continued our regional expansion launching Kumarika hair oil in West Bengal.

## **Healthcare**

Our healthcare sector delivered strong financial performance registering a consolidated revenue of Rs.23.1Bn, a YoY increase of 22.6%, driven by the performance of our Pharmaceutical distribution and hospitals. However, profitability in pharmaceuticals remains challenging due to price regulation and devaluation of the rupee. During the year, we expanded our healthcare footprint with Hemas Pharmaceutical and Morison both entering Myanmar to distribute Rx and OTC products. With a view to drive digital initiatives, including finding better ways to reach our customers through E--Commerce across our evolving healthcare businesses, we have made a number of investments in early stage technology businesses in the digital healthcare space.

Our hospitals have shown good performance with higher occupancy levels and increased focus on surgeries contributing towards a revenue growth of 16.4%. We also see improved contributions from our laboratory network of 34 diagnostic centres across the country.

Morison's posted a revenue of Rs.3.8Bn and operating profit of Rs.598.1Mn during FY 18. As we streamline our core operations at Morison's, underlying operating profit excluding exit from certain businesses and agencies stood at Rs.541.1Mn, a y-o-y decline of 2.0%. Morison's Healthcare segment recorded an underlying operating profit of Rs.393.4Mn, an increase of 5.0% over last year.

## **Logistics and Maritime**

Hemas Logistics and Maritime recorded revenue growth of 45.7% over last year with revenues of Rs.2.8Bn. During the year, Spectra, our logistics joint venture with GAC and McLarens has shown improved results, mainly driven by the 3PL operations. Spectra expanded operations with a new container yard in the Muthurajawela Industrial Zone on January 22, 2018. Construction of the new warehousing complex is on track to be completed in early FY 2019.

## **Leisure Travel and Aviation**

Our Leisure, Travel and Aviation (LTA) business posted a total revenue of Rs.4.2Bn, reflecting a decline of 3.0% over last financial year. Overall profitability of the LTA sector continued to be below expectations stemming from poor performance in our inbound travel arm primarily caused by a contraction of its Asian market segment and compounded by a decrease in arrivals during the summer. Serendib Hotels improved performance in Q4 by attracting higher volumes during the peak season. Anantara Peace Haven Tangalle performed comparatively better than last year, however losses incurred year-to-date have impacted Group profitability. Capitalizing on the increasing number of discerning travelers who are looking for authentic experiences in a more intimate setting, Serendib

Hotels entered the villa space by acquiring a 51.15% stake in Lantern, a position it increased to a fully owned subsidiary in March 2018.

### **Overview**

FY 2018 has been challenging, with robust revenue growth in tough economic conditions and depressed earnings being seen throughout the financial year. Investing for a better future is a priority and we have made significant investments and acquisitions. We continue to work hard at translating these investments into improved profitability in 18/19.

A handwritten signature in black ink, consisting of a large, stylized 'S' followed by a horizontal line and a small flourish.

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

**May 25, 2018**  
**Colombo**

## Consolidated Statement of Profit or Loss

Rs. '000	Three Months Ended		Change	Twelve Months Ended		Change
	31.03.2018	31.03.2017	%	31.03.2018	31.03.2017	%
<b>Revenue</b>	<b>15,279,679</b>	11,472,639	33.2	<b>50,860,017</b>	43,404,452	17.2
Cost of Sales	(10,005,026)	(6,789,612)	47.4	(32,206,161)	(26,662,611)	20.8
<b>Gross Profit</b>	<b>5,274,653</b>	4,683,027	12.6	<b>18,653,856</b>	16,741,841	11.4
Other Operating Income	176,563	116,019	52.2	414,487	432,012	(4.1)
Selling and Distribution Expenses	(1,710,229)	(1,160,632)	47.4	(5,608,121)	(4,748,921)	18.1
Administrative Expenses	(2,496,197)	(2,126,350)	17.4	(9,098,645)	(7,517,328)	21.0
Share of Results of Joint Ventures & Associates	59,459	(23,708)	(350.8)	(116,482)	(123,803)	(5.9)
<b>Operating Profit</b>	<b>1,304,249</b>	1,488,356	(12.4)	<b>4,245,095</b>	4,783,801	(11.3)
Finance Cost	(211,673)	(112,550)	88.1	(618,109)	(519,252)	19.0
Finance Income	116,880	205,581	(43.1)	765,350	822,345	(6.9)
<b>Profit Before Tax</b>	<b>1,209,456</b>	1,581,387	(23.5)	<b>4,392,336</b>	5,086,894	(13.7)
Income Tax Expenses	(486,547)	(363,610)	33.8	(1,441,523)	(1,333,044)	8.1
<b>Profit for the Period</b>	<b>722,909</b>	1,217,777	(40.6)	<b>2,950,813</b>	3,753,850	(21.4)
<b>Attributable to:</b>						
Equity Holders of the Parent	585,343	1,084,078	(46.0)	2,687,457	3,491,478	(23.0)
Non-Controlling Interests	137,566	133,699	2.9	263,356	262,372	0.4
	<b>722,909</b>	<b>1,217,777</b>	<b>(40.6)</b>	<b>2,950,813</b>	<b>3,753,850</b>	<b>(21.4)</b>
<b>Earnings Per Share</b>						
Basic Earnings Per Share (Rs.)	1.02	1.89		4.68	6.10	
Diluted Earnings Per Share (Rs.)	1.02	1.89		4.66	6.09	
Dividend per share (Rs.)	-	-		1.85	1.40	

## Consolidated Statement of Comprehensive Income

Rs. '000	Three Months Ended		Twelve Months Ended	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017
<b>Profit for the period</b>	<b>722,909</b>	1,217,777	<b>2,950,813</b>	3,753,850
<b>Other Comprehensive Income</b>				
<b>Other Comprehensive Income to be reclassified to Profit or Loss in subsequent periods</b>				
Net Gain/(Loss) on Available-for-Sale Financial Assets	(175,543)	133,323	(173,964)	131,869
Net Movement on Cash Flow Hedges	(6,434)	(9,843)	(28,247)	5,141
Exchange Differences on Translation of Foreign Operations	(4,371)	(4,213)	(13,747)	22,460
Share of Other Comprehensive Income of Joint Venture / Associates	2,165	269	2,165	269
<b>Other Comprehensive Income not to be reclassified to Profit or Loss in subsequent periods</b>				
Actuarial (Loss)/Gain on Defined Benefit Plans	(15,527)	(24,750)	(15,527)	(24,750)
Revaluation of Land and Building	774,785	-	774,785	-
Income Tax Effect on Other Comprehensive Income	(864,002)	(10,878)	(871,204)	(10,878)
Share of Other Comprehensive Income of Joint Venture / Associates	(1,569)	(565)	(1,569)	(565)
<b>Other Comprehensive Income for the Period, Net of Tax</b>	<b>(290,496)</b>	83,343	<b>(327,308)</b>	123,546
<b>Total Comprehensive Income for the Period, Net of Tax</b>	<b>432,413</b>	1,301,120	<b>2,623,505</b>	3,877,396
<b>Attributable to:</b>				
Equity Holders of the Parent	355,193	1,183,047	2,429,463	3,622,756
Non-Controlling Interests	77,220	118,073	194,042	254,640
	<b>432,413</b>	<b>1,301,120</b>	<b>2,623,505</b>	<b>3,877,396</b>

The above figures are provisional and subject to audit.

## Consolidated Statement of Financial Position

As at

Rs. '000

31.03.2018

31.03.2017

**ASSETS****Non-Current Assets**

Property, Plant and Equipment	18,069,039	13,525,589
Investment Properties	1,507,474	1,472,928
Leasehold Rights	766,809	828,405
Intangible Assets	3,445,167	954,060
Investment in Joint Ventures	1,025,855	1,102,479
Investment in Associates	28,394	1,636
Other Non Current Financial Assets	731,335	907,207
Deferred Tax Asset	61,510	57,400
	<b>25,635,583</b>	<b>18,849,704</b>

**Current Assets**

Inventories	9,909,384	6,288,357
Trade and Other Receivables	14,178,651	9,904,009
Tax Recoverable	196,263	181,104
Other Current Financial Assets	130,857	103,377
Cash and Short Term Deposits	7,711,402	11,992,000
	<b>32,126,557</b>	<b>28,468,847</b>
<b>Total Assets</b>	<b>57,762,140</b>	<b>47,318,551</b>

**EQUITY AND LIABILITIES****Equity**

Stated Capital	5,960,450	5,741,038
Other Capital and Revenue Reserves	141,775	104,938
Other Components of Equity	1,955,897	2,158,057
Retained Earnings	18,522,441	16,907,218
<b>Equity Attributable to Equity Holders of the Parent</b>	<b>26,580,563</b>	<b>24,911,251</b>
Non-Controlling Interests	4,440,044	3,217,800
<b>Total Equity</b>	<b>31,020,607</b>	<b>28,129,051</b>

**Non-Current Liabilities**

Interest Bearing Loans and Borrowings	2,243,540	2,044,817
Other Non-Current Financial Liabilities	16,941	10,178
Deferred Tax Liability	1,844,002	490,437
Employee Benefit Liability	850,448	650,125
	<b>4,954,931</b>	<b>3,195,557</b>

**Current Liabilities**

Trade and Other Payables	16,390,081	12,179,714
Income Tax Liabilities	493,525	486,263
Interest Bearing Loans and Borrowings	2,931,913	1,954,903
Bank Overdraft	1,971,083	1,373,063
	<b>21,786,602</b>	<b>15,993,943</b>
<b>Total Equity and Liabilities</b>	<b>57,762,140</b>	<b>47,318,551</b>

**Net Assets per share - (Rs.)**

46.23

43.50

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.


**Sanjeeva 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,


**Imtiaz Esufally**

Director

Colombo

May 25, 2018


**Steven Enderby**

Chief Executive Officer

## Consolidated Statement of Changes in Equity

	Attributable to Equity Holders of the Parent						Total	Non Controlling Interests	Total Equity	
	Stated Capital	Other Capital & Revenue Reserves	Other Component of Equity							Retained Earnings
			Revaluation Reserve	Foreign Currency Translation Reserve	Available for Sale Reserve	Cash Flow Hedge Reserve				
Rs. '000										
Balance as at 1 April 2016	5,722,837	58,542	1,986,673	24,814	761	10,396	14,187,670	21,991,693	2,661,619	24,653,312
Profit for the Year	-	-	-	-	-	-	3,491,478	3,491,478	262,372	3,753,850
Other Comprehensive Income	-	-	(11,134)	24,593	132,423	3,202	(17,806)	131,278	(7,732)	123,546
Total Comprehensive Income	-	-	(11,134)	24,593	132,423	3,202	3,473,672	3,622,756	254,640	3,877,396
Dividends Paid	-	-	-	-	-	-	(801,619)	(801,619)	(192,459)	(994,078)
Transfer (to)/from During the Year	-	-	(13,671)	-	-	-	13,671	-	-	-
Exercise of Share Options	18,201	-	-	-	-	-	-	18,201	-	18,201
Share Based Payments	-	46,396	-	-	-	-	-	46,396	-	46,396
Adjustment in Respect of Changes In Group Holding	-	-	-	-	-	-	33,824	33,824	494,000	527,824
Balance as at 31 March 2017	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
Balance as at 1 April 2017	5,741,038	104,938	1,961,868	49,407	133,184	13,598	16,907,218	24,911,251	3,217,800	28,129,051
Profit for the Year	-	-	-	-	-	-	2,687,457	2,687,457	263,356	2,950,813
Other Comprehensive Income	-	-	(74,708)	(9,452)	(149,015)	(12,174)	(12,645)	(257,994)	(69,314)	(327,308)
Total Comprehensive Income	-	-	(74,708)	(9,452)	(149,015)	(12,174)	2,674,812	2,429,463	194,042	2,623,505
Dividends Paid	-	-	-	-	-	-	(1,061,024)	(1,061,024)	(370,144)	(1,431,168)
Transfers	-	-	-	-	-	-	-	-	-	-
Exercise of Share Options	219,412	-	-	-	-	-	-	219,412	-	219,412
Share Based Payments	-	36,837	-	-	-	-	-	36,837	-	36,837
Acquisition/ Adjustment in Respect of Changes In Group Holding	-	-	41,674	1,699	10	(194)	1,435	44,624	1,398,346	1,442,970
Balance as at 31 March 2018	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

The above figures are provisional and subject to audit.

## Statement of Profit or Loss Company

	Three Months Ended		Change	Twelve Months Ended		Change
	31.03.2018	31.03.2017	%	31.03.2018	31.03.2017	%
<i>Rs. '000</i>						
<b>Revenue</b>	<b>228,967</b>	252,188	(9.2)	<b>831,364</b>	876,004	(5.1)
Cost of Sales	-	-	-	-	-	-
<b>Gross Profit</b>	<b>228,967</b>	252,188	(9.2)	<b>831,364</b>	876,004	(5.1)
Other Operating Income	<b>2,228,739</b>	5,614,620	(60.3)	<b>2,804,991</b>	6,065,647	(53.8)
Administrative Expenses	<b>(284,400)</b>	(283,247)	0.4	<b>(987,003)</b>	(946,517)	4.3
<b>Operating Profit</b>	<b>2,173,306</b>	5,583,561	(61.1)	<b>2,649,352</b>	5,995,134	(55.8)
Finance Cost	<b>(87,597)</b>	(58,376)	50.1	<b>(231,138)</b>	(242,393)	(4.6)
Finance Income	<b>41,096</b>	156,140	(73.7)	<b>446,339</b>	620,483	(28.1)
<b>Profit Before Tax</b>	<b>2,126,805</b>	5,681,325	(62.6)	<b>2,864,553</b>	6,373,224	(55.1)
Income Tax Expenses	<b>(70,783)</b>	(19,316)	266.4	<b>(112,846)</b>	(46,285)	143.8
<b>Profit for the Period</b>	<b>2,056,022</b>	5,662,009	(63.7)	<b>2,751,707</b>	6,326,939	(56.5)

## Statement of Comprehensive Income Company

	Three Months Ended		Twelve Months Ended	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017
<i>Rs. '000</i>				
<b>Profit for the period</b>	<b>2,056,022</b>	5,662,009	<b>2,751,707</b>	6,326,939
<b>Other Comprehensive Income</b>				
Net Gain/(Loss) on Available-for-Sale Financial Assets	<b>(119,516)</b>	134,414	<b>(119,495)</b>	134,406
Actuarial Gain/(Loss) on Defined Benefit Plans	<b>84</b>	(354)	<b>84</b>	(354)
Income Tax on Other Comprehensive Income	<b>(24)</b>	99	<b>(24)</b>	99
<b>Other Comprehensive Income for the Period, Net of Tax</b>	<b>(119,456)</b>	134,159	<b>(119,435)</b>	134,151
<b>Total Comprehensive Income for the Period, Net of Tax</b>	<b>1,936,566</b>	5,796,168	<b>2,632,272</b>	6,461,090

The above figures are provisional and subject to audit.



## Statement of Financial Position Company

As at	31.03.2018	31.03.2017
Rs. '000		
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, Plant and Equipment	162,547	112,079
Investment Properties	592,125	569,141
Intangible Assets	80,248	102,109
Investment in Subsidiaries	17,850,805	12,029,811
Other Non-Current Financial Assets	369,708	489,204
	<b>19,055,433</b>	<b>13,302,344</b>
<b>Current Assets</b>		
Trade and Other Receivables	333,263	571,048
Tax Recoverable	14,418	24,862
Other Current Financial Assets	342,094	110,611
Cash and Short Term Deposits	285,729	4,794,005
	<b>975,504</b>	<b>5,500,526</b>
<b>Total Assets</b>	<b>20,030,937</b>	<b>18,802,870</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Stated Capital	5,960,450	5,741,038
Other Capital Reserves	363,126	326,289
Other Components of Equity	15,177	134,672
Retained Earnings	12,024,751	10,334,008
<b>Total Equity</b>	<b>18,363,504</b>	<b>16,536,007</b>
<b>Non-Current Liabilities</b>		
Interest Bearing Loans and Borrowings	955,048	1,180,804
Deferred Tax Liability	138,076	57,139
Employee Benefit Liability	48,248	54,591
	<b>1,141,372</b>	<b>1,292,534</b>
<b>Current Liabilities</b>		
Trade and Other Payables	288,569	236,252
Income Tax Liabilities	17,197	19,347
Interest Bearing Loans and Borrowings	185,097	718,730
Bank Overdraft	35,199	-
	<b>526,061</b>	<b>974,329</b>
<b>Total Equity and Liabilities</b>	<b>20,030,937</b>	<b>18,802,870</b>
<b>Net Assets per share - (Rs.)</b>	<b>31.94</b>	<b>28.87</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.



**Sanjeeva 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,



**Imtiaz Esufally**

Director

Colombo

May 25, 2018



**Steven Enderby**

Chief Executive Officer

## Statement of Changes in Equity Company

	Stated Capital	Other Capital Reserves	Other Components Of Equity Available for Sale Reserve	Retained Earnings	Total Equity
<i>Rs. '000</i>					
<b>Balance as at 1 April 2016</b>	<b>5,722,837</b>	<b>279,893</b>	<b>266</b>	<b>4,808,943</b>	<b>10,811,939</b>
Profit for the Year	-	-	-	6,326,939	6,326,939
Other Comprehensive Income	-	-	134,406	(255)	134,151
<b>Total Comprehensive Income</b>	<b>-</b>	<b>-</b>	<b>134,406</b>	<b>6,326,684</b>	<b>6,461,090</b>
Exercise of Share Options	18,201	-	-	-	18,201
Share Based Payments	-	46,396	-	-	46,396
Final Dividend Paid 2015/16	-	-	-	(572,545)	(572,545)
Interim Dividend Paid 2016/17	-	-	-	(229,074)	(229,074)
<b>Balance as at 31 March 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>
<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 Year	-	-	-	2,751,707	2,751,707
Other Comprehensive Income	-	-	(119,495)	60	(119,435)
<b>Total Comprehensive Income</b>	<b>-</b>	<b>-</b>	<b>(119,495)</b>	<b>2,751,767</b>	<b>2,632,272</b>
Exercise of Share Options	219,412	-	-	-	219,412
Share Based Payments	-	36,837	-	-	36,837
Final Dividend Paid 2016/17	-	-	-	(831,198)	(831,198)
Interim Dividend Paid 2017/18	-	-	-	(229,826)	(229,826)
<b>Balance as at 31 March 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>

The above figures are provisional and subject to audit.

## Statement of Cash Flows

For twelve months ended Rs. '000	Group		Company	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017
<b>Operating Activities</b>				
<b>Profit before taxation</b>	<b>4,392,336</b>	5,086,894	<b>2,864,553</b>	6,373,224
<b>Adjustments for,</b>				
Depreciation	1,071,018	988,068	34,462	42,868
Gain on Disposal of Property, Plant and Equipment, Investment Properties	(24,344)	(113,168)	(8,439)	(82,673)
(Gain)/Loss on Sale of Non-Current Investments	(5,364)	(3,899)	-	(5,157,913)
Provision for Share Based Payment Expense	72,436	49,154	20,205	18,068
Provision for Impairment of Trade Receivables	99,746	58,965	11,450	5,638
Amortisation of Intangible Assets	92,180	68,700	21,861	22,723
Amortisation of Leasehold Rights	36,208	6,117	-	-
Gain on Fair Value Adjustment of Investment Properties	(34,546)	(35,051)	(22,984)	(40,863)
Impairment of Investment in Subsidiaries/Joint Ventures/Other Financial Assets	24,572	-	-	(4)
Exchange (Gain)/Loss on Foreign Currency Borrowings	(8,169)	(27,894)	-	-
Provision for Obsolete Stocks	(9,028)	19,435	-	-
Finance Cost	618,109	519,252	231,138	242,393
Finance Income	(765,350)	(822,345)	(446,339)	(620,483)
Share of Results of Joint Ventures & Associates	116,482	123,803	-	-
Investment Income	-	-	(2,764,812)	(781,016)
Movement in Employee Benefit Liability	164,700	137,484	2,209	28,362
<b>Operating Cash Flows before Working Capital Adjustments</b>	<b>5,840,986</b>	6,055,514	<b>(56,696)</b>	50,324
<b>Working Capital Adjustments</b>				
(Increase)/Decrease in Inventories	(2,453,528)	(1,075,480)	-	-
(Increase)/Decrease in Trade and Other Receivables	285,143	(2,328,212)	279,374	(54,852)
Increase/(Decrease) in Trade and Other Payables	3,608,047	1,537,868	52,318	(260,536)
Increase/(Decrease) in Other Non Current Financial Liabilities	6,762	4,431	-	-
<b>Cash Generated from Operations</b>	<b>7,287,410</b>	4,194,121	<b>274,996</b>	(265,064)
Finance Cost Paid	(611,408)	(518,804)	(231,138)	(240,314)
Finance Income Received	761,020	817,023	446,339	565,649
Income Tax Paid	(1,571,491)	(1,405,586)	(23,638)	(76,907)
Employee Retirement Benefit Paid	(83,385)	(81,381)	(8,468)	(857)
<b>Net Cash Flows From/(Used in) Operating Activities</b>	<b>5,782,146</b>	3,005,374	<b>458,091</b>	(17,493)
<b>Investing Activities</b>				
Purchase of Property, Plant and Equipment	(2,416,892)	(1,827,820)	(88,382)	(35,317)
Investment in Intangible Assets	(16,667)	(172,509)	-	(27,242)
Disposal of /(Investment in) Financial Assets	(30,951)	7,743	-	337,264
Investment in Joint Ventures	(26,000)	(8,564)	-	-
Investment in Leasehold Rights	-	(718,771)	-	-
Acquisition of /Investment in Subsidiaries	(5,036,944)	(14,598)	(5,820,994)	(2,364,075)
Proceeds from Disposal of Investments	-	-	-	694,458
Dividend Received from Joint Ventures & Associates	-	25,200	-	-
Investment Income Received	-	-	2,764,812	781,016
Proceeds on Disposal of Property, Plant and Equipment/ Intangible Assets / Leasehold Properties/ Investment Properties	169,849	500,311	11,891	262,569
<b>Net Cash Flows From/(Used in) Investing Activities</b>	<b>(7,357,605)</b>	(2,209,008)	<b>(3,132,673)</b>	(351,327)
<b>Financing Activities</b>				
Interest Bearing Loans and Borrowings (Net)	(2,162,685)	(584,491)	(991,682)	100,862
Proceed from Exercise of Share Options	183,813	15,443	183,813	15,443
Proceeds (to)/from Non-Controlling Interests	118,463	475,836	-	-
Dividends Paid - Equity Holders of the Parent	(1,061,024)	(801,619)	(1,061,024)	(801,619)
Dividends Paid - Non-Controlling Interests	(370,144)	(192,459)	-	-
<b>Net Cash Flows From/(Used in) Financing Activities</b>	<b>(3,291,577)</b>	(1,087,290)	<b>(1,868,893)</b>	(685,314)
Net Increase/(Decrease) in Cash and Cash Equivalents	(4,867,036)	(290,924)	(4,543,475)	(1,054,134)
Net Foreign Exchange Difference	(11,582)	22,729	-	-
Cash and Cash Equivalents at the Beginning of the Period	10,618,937	10,887,132	4,794,005	5,848,139
<b>Cash and Cash Equivalents at the End of the Period</b>	<b>5,740,319</b>	10,618,937	<b>250,530</b>	4,794,005

The above figures are provisional and subject to audit.

## Segmental Information

	Consumer		Healthcare		Leisure, Travels & Aviation		Mobility		Others		Group	
For three months ended 31 March	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
<b>Rs. '000</b>												
<b>Revenue</b>												
Segmental Revenue - Gross	5,052,868	3,762,590	6,525,041	4,961,483	1,583,221	1,394,166	772,972	583,501	1,955,679	1,253,040	15,889,781	11,954,780
Intra Segmental Revenue	(61,873)	(35,815)	(52,065)	(50,496)	-	-	(9,675)	-	(204,803)	(102,379)	(328,416)	(188,690)
<b>Segmental Revenue</b>	<b>4,990,995</b>	<b>3,726,775</b>	<b>6,472,976</b>	<b>4,910,987</b>	<b>1,583,221</b>	<b>1,394,166</b>	<b>763,297</b>	<b>583,501</b>	<b>1,750,876</b>	<b>1,150,661</b>	<b>15,561,365</b>	<b>11,766,090</b>
Inter Segmental Revenue	(4,085)	(3,150)	-	-	-	-	-	-	(277,601)	(290,301)	(281,686)	(293,451)
<b>Total Revenue</b>	<b>4,986,910</b>	<b>3,723,625</b>	<b>6,472,976</b>	<b>4,910,987</b>	<b>1,583,221</b>	<b>1,394,166</b>	<b>763,297</b>	<b>583,501</b>	<b>1,473,275</b>	<b>860,360</b>	<b>15,279,679</b>	<b>11,472,639</b>
<b>Results</b>												
<b>Segmental Results</b>	<b>41,229</b>	<b>373,966</b>	<b>618,562</b>	<b>591,897</b>	<b>297,923</b>	<b>213,672</b>	<b>206,937</b>	<b>158,052</b>	<b>45,592</b>	<b>139,426</b>	<b>1,210,244</b>	<b>1,477,013</b>
Finance Cost	(39,933)	(64)	(58,923)	(41,658)	(8,962)	(3,350)	(5,765)	(366)	(98,090)	(67,112)	(211,673)	(112,550)
Finance Income	22,719	35,150	4,265	3,751	13,085	8,729	7,182	5,170	69,629	152,781	116,880	205,581
Change in Fair Value of Investment Properties	-	-	-	-	34,612	21,738	-	-	(66)	13,313	34,546	35,051
Share of Results of Joint Ventures & Associates	-	-	-	-	66,222	(10,400)	-	(13,308)	(6,763)	-	59,459	(23,708)
<b>Profit/(Loss) before Tax</b>	<b>24,015</b>	<b>409,052</b>	<b>563,904</b>	<b>553,990</b>	<b>402,880</b>	<b>230,389</b>	<b>208,354</b>	<b>149,548</b>	<b>10,302</b>	<b>238,408</b>	<b>1,209,456</b>	<b>1,581,387</b>
Income Tax	7,482	(107,464)	(121,986)	(116,813)	(60,611)	(28,690)	(33,976)	(24,658)	(277,456)	(85,985)	(486,547)	(363,610)
<b>Profit / (Loss) for the Period</b>	<b>31,497</b>	<b>301,588</b>	<b>441,918</b>	<b>437,177</b>	<b>342,269</b>	<b>201,699</b>	<b>174,378</b>	<b>124,890</b>	<b>(267,154)</b>	<b>152,423</b>	<b>722,909</b>	<b>1,217,777</b>
<b>Attributable to:</b>												
Equity Holders of the Parent	75,173	294,846	433,384	420,382	203,278	134,744	146,270	86,291	(272,764)	147,815	585,343	1,084,078
Non-Controlling Interests	(43,676)	6,742	8,534	16,795	138,991	66,955	28,108	38,599	5,610	4,607	137,566	133,699
	<b>31,497</b>	<b>301,588</b>	<b>441,918</b>	<b>437,177</b>	<b>342,269</b>	<b>201,699</b>	<b>174,378</b>	<b>124,890</b>	<b>(267,154)</b>	<b>152,423</b>	<b>722,909</b>	<b>1,217,777</b>

The above figures are provisional and subject to audit.

## Segmental Information

	Consumer		Healthcare		Leisure, Travel & Aviation		Mobility		Others		Group	
For twelve months ended 31 March Rs. '000	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
<b>Revenue</b>												
Segmental Revenue - Gross	17,600,369	16,192,236	23,345,965	19,022,634	4,171,976	4,302,348	2,837,321	1,931,444	4,733,279	3,587,438	52,688,910	45,036,100
Intra Segmental Revenue	(189,667)	(172,142)	(240,746)	(180,357)	-	-	(23,040)	-	(308,278)	(193,875)	(761,731)	(546,374)
<b>Segmental Revenue</b>	<b>17,410,702</b>	<b>16,020,094</b>	<b>23,105,219</b>	<b>18,842,277</b>	<b>4,171,976</b>	<b>4,302,348</b>	<b>2,814,281</b>	<b>1,931,444</b>	<b>4,425,001</b>	<b>3,393,563</b>	<b>51,927,179</b>	<b>44,489,726</b>
Inter Segmental Revenue	(13,985)	(7,350)	-	-	-	-	-	-	(1,053,177)	(1,077,924)	(1,067,162)	(1,085,274)
<b>Total Revenue</b>	<b>17,396,717</b>	<b>16,012,744</b>	<b>23,105,219</b>	<b>18,842,277</b>	<b>4,171,976</b>	<b>4,302,348</b>	<b>2,814,281</b>	<b>1,931,444</b>	<b>3,371,824</b>	<b>2,315,639</b>	<b>50,860,017</b>	<b>43,404,452</b>
<b>Results</b>												
<b>Segmental Results</b>	<b>1,424,681</b>	<b>2,074,149</b>	<b>2,305,117</b>	<b>2,064,632</b>	<b>263,201</b>	<b>502,839</b>	<b>835,972</b>	<b>451,122</b>	<b>(501,940)</b>	<b>(220,189)</b>	<b>4,327,031</b>	<b>4,872,553</b>
Finance Cost	(39,960)	(64)	(248,159)	(204,940)	(32,443)	(15,009)	(28,349)	(22,186)	(269,198)	(277,053)	(618,109)	(519,252)
Finance Income	110,356	156,680	17,942	9,948	47,106	39,684	19,850	9,691	570,096	606,342	765,350	822,345
Change in Fair Value of Investment Properties	-	-	-	-	34,612	21,738	-	-	(66)	13,313	34,546	35,051
Share of Results of Joint Ventures & Associates	-	-	-	-	(83,593)	(168,126)	-	44,323	(32,889)	-	(116,482)	(123,803)
<b>Profit/(Loss) before Tax</b>	<b>1,495,077</b>	<b>2,230,765</b>	<b>2,074,900</b>	<b>1,869,640</b>	<b>228,883</b>	<b>381,126</b>	<b>827,473</b>	<b>482,950</b>	<b>(233,997)</b>	<b>122,413</b>	<b>4,392,336</b>	<b>5,086,894</b>
Income Tax	(340,149)	(539,487)	(438,888)	(444,726)	(118,820)	(84,733)	(126,962)	(78,452)	(416,704)	(185,646)	(1,441,523)	(1,333,044)
<b>Profit / (Loss) for the Period</b>	<b>1,154,928</b>	<b>1,691,278</b>	<b>1,636,012</b>	<b>1,424,914</b>	<b>110,063</b>	<b>296,393</b>	<b>700,511</b>	<b>404,498</b>	<b>(650,701)</b>	<b>(63,233)</b>	<b>2,950,813</b>	<b>3,753,850</b>
<b>Attributable to:</b>												
Equity Holders of the Parent	1,190,422	1,679,706	1,583,564	1,384,595	35,547	167,421	542,670	335,547	(664,747)	(75,791)	2,687,457	3,491,478
Non-Controlling Interests	(35,494)	11,572	52,448	40,319	74,516	128,972	157,841	68,951	14,046	12,558	263,356	262,372
	<b>1,154,928</b>	<b>1,691,278</b>	<b>1,636,012</b>	<b>1,424,914</b>	<b>110,063</b>	<b>296,393</b>	<b>700,511</b>	<b>404,498</b>	<b>(650,701)</b>	<b>(63,233)</b>	<b>2,950,813</b>	<b>3,753,850</b>

The above figures are provisional and subject to audit.

## Notes to the Financial Statements

### 1 Basis of preparation

The condensed interim financial statements have been prepared in accordance with Sri Lanka Accounting Standard LKAS- 34, Interim Financial Reporting. The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 March 2017. Further, provisions of the Companies Act No. 7 of 2007 have been considered in preparing the interim financial statements.

The previous years'/periods' figures and phrases have been amended where relevant, for better presentation and to be comparable with those of the current period.

### 2 10Mn unsecured redeemable debentures (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 Company paid a final dividend of Rs.1.45 per share for the financial year ended 31 March 2017.

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

### 5 The Board of Directors 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 an 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.

### 6 The current status of the funds raised through the Rights Issue (RI) is provided in the following table.

Objective as per Circular	Amount allocated as per circular in LKR	Proposed date of utilisation as per circular	Amount allocated from proceeds in LKR (A)	% of total proceeds	Amounts utilised in LKR (B)	% of utilisation against allocation ( B / A)	Clarification if not utilised including where the funds are invested
Proceeds to be utilized to fund strategic investment opportunities in the Healthcare and FMCG Sectors.	4.1 Bn	2015/16	4.1 Bn	100%	4.1 Bn	100%	N/A

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

The Board of Directors of the Company has declared a final dividend of Rs. 1.45 per share for the financial year ended 31 March 2018. As required by section 56(2) of the companies Act No 07 of 2007, the Board of Directors has confirmed that the Company satisfies the solvency test in accordance with section 57 of the companies Act No. 07 of 2007, and has obtained a certificate from the Auditors, prior to declaring the final dividend which is to be paid on 10 July 2018.

### 8 Serendib Hotels PLC, a subsidiary of Hemas Holdings PLC, acquired a controlling stake (51.15%) in Frontier Capital Lanka (Pvt) Limited (Group) on 15 September 2017 which resulted a goodwill of Rs. 94 Mn and acquired the remaining stake of 48.85% on 23 March 2018. The total consideration paid was Rs. 417.6Mn. Hemas Holdings PLC acquired a controlling stake (75.1%) in Atlas Axillia Co. (Pvt) Ltd. for Rs.5.7 Bn on 19 January 2018, which resulted in a goodwill of Rs.1,719 Mn and Brand value of Rs. 613 Mn.

In accordance with SLFRS 3, the amounts recorded for the transaction are provisional and are subject to adjustments during the measurement period if new information is obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognised as of that date.

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

### 9 There have been no significant changes in the nature of the contingent liabilities which were disclosed in the Audited Financial Statements for the year ended 31 March 2017.

## Investor Information

Twelve Months Ended

	2018	2017
<b>Market Value of Shares</b>		
Closing Price on 29 March (Rs.)	124.90	108.70
Highest Price During the Period (Rs.)	126.00	110.00
Lowest Price During the Period (Rs.)	115.20	81.00
Market Capitalization on 29 March (Rs. Mn)	71,809	62,256
<b>Ratios</b>		
Net Asset Per Share on 31 March (Rs.)	46.23	43.50
Price Earnings Ratio on 31 March (Times)	26.68	17.82
<b>Debt security related ratios</b>		
Debt/Equity Ratio	23.0%	19.0%
Quick Asset Ratio	1.02	1.44
Interest Cover (Times)	6.87	9.21
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 )	9.4%	12.6%
<b>Share Trading</b>		
No of Transactions During the Period	3,216	3,224
No of Shares Traded During the Period	45,206,524	51,533,534
Value of Shares Traded During the Period (Rs. Mn)	6,114	5,193
<b>Number of Shares</b>	<b>574,934,259</b>	<b>572,733,467</b>
<b>Debentures 11% Fixed - Unsecured Redeemable</b>		
Closing Price on 31 March (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 twelve months period ended 31 March 2018.		
<b>Number of Debentures</b>	<b>10,000,000</b>	<b>10,000,000</b>

## Share Information

LIST OF 20 MAJOR SHAREHOLDERS	31.03.2018		31.03.2017	
	No. of Shares	%	No. of Shares	%
1 A Z Holdings (Pvt) Ltd.	90,762,875	15.79	90,762,875	15.85
2 Saraz Investments (Pvt) Ltd.	86,396,035	15.03	86,396,035	15.08
3 Blueberry Investments (Pvt) Ltd.	85,781,250	14.92	85,781,250	14.98
4 Amagroup (Pvt) Ltd.	85,780,665	14.92	85,780,665	14.98
5 HSBC Intl Nominees Ltd-JPMLU-Franklin Templeton Investment Funds	40,804,579	7.10	44,673,822	7.80
6 Citi Bank New York S/A Norges Bank Account 2	17,184,764	2.99	-	-
7 HSBC International Nominees Ltd. -JPMCB- Templeton Global Investment Trust-Templeton Emerging Markets S	14,964,257	2.60	14,964,257	2.61
8 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	8,286,047	1.45
10 CB London s/a Verdpapirfondet Holberg Rurik	7,863,006	1.37	-	-
11 HSBC Intl Nom Ltd-JPMCB- Pacific Assets Trust PLC	6,793,862	1.18	4,344,132	0.76
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	8,006,561	1.40
14 Mr. H.N. Esufally	5,586,705	0.97	5,586,705	0.98
15 Bnymsanv Re-First State Investments ICVC-Stewart Investors Global Emerging Market Sustainability Fund	5,036,288	0.88	-	-
16 Mr. I.A.H. Esufally	4,424,000	0.77	4,424,000	0.77
17 Mellon Bank N.A.-Florida Retirement System	4,407,711	0.77	-	-
18 HSBC Intl. Nom. LTD-State Street Luxembourg c/o SSBT- Alliancebernstein Next 50 Emerging Markets(MASTE)	4,066,195	0.71	-	-
19 HSBC Intl Nom Ltd-SSBT-Allianz Global Investors Fund-Allianz Emerging Asia Equity	3,655,431	0.64	3,804,326	0.66
20 Bnymsanv Re-First State Investments ICVC-First State Asia All Cap Fund	3,600,452	0.63	-	-

DIRECTORS' SHAREHOLDING	31.03.2018	31.03.2017
	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 (Appointed w.e.f 11 August 2017)	-	-
	<b>366,961,615</b>	<b>366,961,615</b>

PUBLIC HOLDING	31.03.2018	31.03.2017
Issued Share Capital (No. of Shares)	574,934,259	572,733,467
Public Holding as a % of Issued Share Capital	35.69%	35.45%
Total Number of Shareholders	4,108	4,221
Number of Shareholders representing the Public Holding	4,096	4,209

**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
25,628,690,649	35.69%	4,096	01



# Corporate Information

## Legal Form

Quoted Public Company with limited liability listed on the Colombo Stock Exchange on 15 October 2003.

## Date of Incorporation

10 December 1948

## Date of Re-Registration

30 May 2007

## New Registration Number

PQ 6

## Accounting year end

31 March

## Registered Office

Hemas House  
No. 75, Braybrooke Place, Colombo 2.

## Website

[www.hemas.com](http://www.hemas.com)

## Auditors

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

## Directors

Husein Esufally (Chairman)  
Steven Enderby (CEO)  
Imtiaz Esufally  
Murtaza Esufally  
Abbas Esufally  
Ramabadran Gopalakrishnan  
Dr Anura Ekanayake  
Dinesh Weerakkody  
Malinga Arsakularatne  
Amitha Saktha Amaratunga  
Jyotindra Manibhai Trivedi (Appointed w.e.f 11 August 2017)

## Secretaries

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