



Enriching a Nation

70 years of nurturing lives and serving the nation

CEO's Review

Hemas Holdings PLC continued its recovery from a challenging first six months with Q3 FY 19/20 Group revenue and operating profit broadly in line with Q3 FY18/19. On a Quarter on Quarter (Q-o-Q) basis, we grew strongly over Q2 FY19/20. Revenue grew by Rs.2.3Bn, 14.9% over Q2 while operating profit and earnings rose by Rs.1.2Bn and Rs.767.5Mn. This growth was driven by our Consumer and Healthcare businesses with strong performance by Atlas during the important back to school season.

On a year-to-date basis, the Group's performance has been impacted by the aftermath of the Easter Sunday attacks during Q1 and Q2, recording a consolidated revenue of Rs.47.0Bn for the 9 months ended December 31, 2019, 2.1% lower than last year. Operating profits for the first nine months of the financial year were Rs.2.6Bn, a Year-on-Year (YoY) decline of 39.9%. Group earnings stood at Rs.755.9Mn for the nine months. Q3 indicated a significant recovery in profitability to Rs.974.7Mn from the cumulative loss of Rs.218.8Mn during Q1 and Q2.

The Group delivered an underlying revenue of Rs.46.6Bn and earnings of Rs.1.1Bn, 1.8% growth and 57.0% decline over last year, excluding the negative impact of Rs.230Mn from N*able, our technology business sold in Q2 FY20 and Hemas Southern Hospitals which we exited in Q3 FY19.

Consumer

During the quarter, both our Consumer businesses witnessed a steady recovery following subdued performance in the first half amid a general economic slowdown and the adverse impact from the aftermath of the Easter Sunday attacks. Atlas delivered robust back to school seasonal results, surpassing last year's revenues and profitability. Our monthly Consumer revenues returned to prior year levels by the end of Q2 and we reported a Q-o-Q growth in revenue and operating profits of Rs.1.7Bn and Rs.538.3Mn respectively for the three months period in consideration. Despite this challenging environment, Q3 has been an active quarter with a number of launches and relaunches in our Home & Personal Care range in Sri Lanka. Subsequent to the recent reduction in VAT rates by the Government, price reductions have been taken across our consumer portfolio ensuring this benefit is passed on to our consumers.

Due to the sharp slowdown in the first quarter, year-to-date consumer sector revenue stood at Rs.19.7Bn for the nine months ending December 31, 2019, indicating a YoY decline of 2.8%. Sector profits of Rs.1.8Bn witnessed a drop of 35.7% over last year due to higher spends in marketing and sales and distribution, to strengthen the Hemas brands.

Our Home and Personal care international business remained depressed during the quarter as a result of heavy competition in the value-added hair oil segment in Bangladesh coupled with increased duty and tariff under the new budget.

Healthcare

Consolidated healthcare sector revenue for the first nine months of the year stood at Rs.22.5Bn, a YoY increase of 9.8% whilst operating profit and earnings increased by 6.1% and 1.3%, due to steady recovery at Morison and Hemas Hospitals compared to the first half. Our pharmaceutical distribution registered satisfactory performance with the price increase on price-controlled pharmaceuticals becoming effective in May. Further, we have seen increased volume growth in our distribution segment. Both Thalawathugoda and Wattala hospitals recorded a strong recovery in revenues and profitability aided by improved operating metrics with average occupancy of 70% during the quarter. Hemas Hospitals improved Q3 operating profitability over Q2 by approximately Rs.100.0Mn with EBITDA margins nearing prior year levels.

Morison PLC, our pharmaceutical manufacturing arm achieved a revenue of Rs.2.7Bn and operating profit of Rs.187.0Mn for the nine months ended December 31, 2019. Revenue growth was 7.2% with profitability flat against last year. During the period we signed a new 5year buyback agreement with the Ministry of Health continuing to build on our growing reputation as a high quality, cost effective pharmaceutical supplier to the nation. The construction of our new plant is progressing well and we are now installing machinery and equipment. We continue to invest behind new initiatives within the healthcare space, with our pharmaceutical distribution in Myanmar and digital healthcare businesses incurring start-up losses of approximately Rs.50.0Mn for the quarter. Net finance cost increased due to working capital financing at pharmaceutical distribution and the expenditure on the new Morison manufacturing plant.

Leisure, Travel and Aviation

Hemas Leisure, Travel and Aviation business performance declined sharply with revenues and earnings down Rs.584.8Mn and Rs.112.5Mn compared to last year. A series of stringent cost control initiatives partially offset this fall in profitability. Although tourist arrivals in Q3 indicate a 11% shortfall over last year, arrivals to Sri Lanka for the quarter ended December 2019 picked up by 46% compared to the quarter ended September 2019. Serendib Group of Hotels recorded a revenue of Rs.995.3Mn, a 26.3% decline over last year with an average occupancy of 73% across its hotels during the quarter, 13% below the occupancy achieved in the same quarter last year. Rates across all properties reduced during the period under review, in order to boost occupancy, which led to a drop in profitability during the peak season.

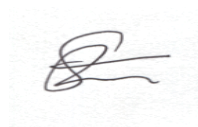
Against this backdrop, our Travel and Aviation interests also recorded a revenue decline of 13.2%, and an operating loss of Rs.12.8Mn during the nine months ending December 31, 2019. This is primarily driven by cancellation of tour groups in our inbound segment.

Mobility

Hemas Logistics and Maritime recorded a revenue decrease of 15.6% over last year, with revenues of Rs.1.8Bn. New business volumes in our new Spectra distribution center have built up more slowly than planned. By December 31, 2019, the distribution centre was operating at 70% capacity. In maritime, due to weakened local economic conditions and global slowdown, year-to-date throughput has declined.

Conclusion

The Group has seen an on-going recovery in a period of weak economic growth. This performance demonstrates the resilience of our business model and the dedication of our team. We continue to work hard to sustain our growth in the final quarter. We anticipate an improvement in consumer sentiment and economic activity due to the fiscal stimulus measures, announced by the new Government, feeding through into the economy.



Steven Enderby
Chief Executive Officer

February 13, 2020
Colombo

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Three Months Ended 31 December			Nine Months Ended 31 December		
	2019	2018	Change %	2019	2018	Change %
Revenue from Contracts with Customers	18,080,014	18,008,748	0.4%	47,016,681	48,027,937	-2.1%
Cost of Sales	(11,787,167)	(12,211,417)	-3.5%	(31,282,472)	(32,174,056)	-2.8%
Gross Profit	6,292,847	5,797,331	8.5%	15,734,209	15,853,881	-0.8%
Other Operating Income	131,902	319,111	-58.7%	347,438	624,235	-44.3%
Selling and Distribution Expenses	(1,944,321)	(1,475,986)	31.7%	(5,154,643)	(4,355,969)	18.3%
Administrative Expenses	(2,571,751)	(2,694,987)	-4.6%	(8,176,722)	(7,616,822)	7.4%
Share of Results of Joint Ventures and Associates	(34,470)	(65,487)	-47.4%	(174,535)	(218,998)	-20.3%
Operating Profit	1,874,207	1,879,982	-0.3%	2,575,747	4,286,327	-39.9%
Finance Cost	(308,959)	(346,047)	-10.7%	(793,446)	(808,409)	-1.9%
Finance Income	51,411	122,488	-58.0%	209,708	327,626	-36.0%
Profit Before Tax	1,616,659	1,656,423	-2.4%	1,992,009	3,805,544	-47.7%
Income Tax Expense	(483,313)	(418,937)	15.4%	(1,156,383)	(1,026,216)	12.7%
Profit for the Period	1,133,346	1,237,486	-8.4%	835,626	2,779,328	-69.9%
Attributable to:						
Equity Holders of the Parent	974,708	1,025,275	-4.93%	755,943	2,506,236	-69.8%
Non-Controlling Interests	158,638	212,211	-25.25%	79,683	273,092	-70.8%
	1,133,346	1,237,486	-8.42%	835,626	2,779,328	-69.9%

	LKR		LKR	
Earnings Per Share				
Basic	1.64	1.72	1.27	4.20
Annualised	6.54	6.88	1.69	5.61
Diluted	1.64	1.72	1.27	4.20
Dividend Per Share	-	0.40	1.45	1.85

All values are in LKR'000s, unless otherwise stated.
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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Three Months Ended 31 December		Nine Months Ended 31 December	
	2019	2018	2019	2018
Profit for the Period	1,133,346	1,237,486	835,626	2,779,328
Other Comprehensive Income				
Other Comprehensive Income to be Reclassified to Profit or Loss in Subsequent Periods				
Net Loss on Available-for-Sale Financial Assets	-	(29)		(91)
Net Movement on Cash Flow Hedges	5,294	521	(452)	652
Exchange Differences on Translation of Foreign Operations /Reclassification of Foreign Translation Reserve	(38,222)	103,787	(10,196)	193,629
	(32,928)	104,279	(10,648)	194,190
Other Comprehensive Income not to be Reclassified to Profit or Loss in Subsequent Periods				
Net Gain on Financial Assets at FVOCI (Equity)	656	-	664	-
	656	-	664	-
Other Comprehensive Income/ (Loss) for the Period, Net of Tax	(32,272)	104,279	(9,984)	194,190
Total Comprehensive Income for the Period, Net of Tax	1,101,074	1,341,765	825,642	2,973,518
Attributable to:				
Equity Holders of the Parent	933,532	1,120,609	735,870	2,683,317
Non-Controlling Interests	167,542	221,156	89,772	290,201
	1,101,074	1,341,765	825,642	2,973,518

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31 December		As at 31 March
	2019	2018 <i>Restated</i>	2019
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	19,611,814	18,263,139	18,685,435
Right of Use Assets	1,610,955	-	-
Investment Properties	1,647,591	1,507,474	1,647,591
Leasehold Rights	-	757,940	731,276
Intangible Assets	3,528,030	3,491,395	3,468,946
Investment in Joint Ventures	709,085	838,065	883,620
Investment in Associates	15,442	20,716	5,868
Other Non-Current Financial Assets	848,566	802,124	655,457
Deferred Tax Asset	157,542	83,204	107,862
	28,129,025	25,764,057	26,186,055
Current Assets			
Inventories	12,427,736	10,627,708	11,200,949
Trade and Other Receivables	19,096,353	20,373,099	18,434,020
Tax Recoverable	274,869	264,920	299,270
Other Current Financial Assets	203,935	147,363	155,475
Cash and Short Term Deposits	6,810,024	7,776,282	6,473,631
	38,812,917	39,189,372	36,563,345
Total Assets	66,941,942	64,953,429	62,749,400
EQUITY AND LIABILITIES			
Equity			
Stated Capital	7,734,054	5,962,424	7,734,054
Other Capital and Revenue Reserves	209,379	172,063	185,449
Other Components of Equity	1,663,955	1,956,615	1,682,492
Retained Earnings	18,385,502	19,039,220	18,496,649
Equity Attributable to Equity Holders of the Parent	27,992,890	27,130,322	28,098,644
Non-Controlling Interests	3,578,722	3,643,920	3,771,078
Total Equity	31,571,612	30,774,242	31,869,722
Non-Current Liabilities			
Interest Bearing Loans and Borrowings	4,757,627	1,175,995	1,369,067
Other Non-Current Financial Liabilities	2,041,652	2,124,743	1,955,697
Deferred Tax Liability	1,791,251	1,797,297	1,811,865
Employee Benefit Liability	982,688	890,661	968,964
	9,573,218	5,988,696	6,105,593
Current Liabilities			
Trade and Other Payables	17,888,222	16,939,313	18,599,450
Income Tax Liabilities	478,570	437,390	439,083
Interest Bearing Loans and Borrowings	5,596,094	8,294,883	3,553,237
Bank Overdraft	1,834,226	2,518,905	2,182,315
	25,797,112	28,190,491	24,774,085
Total Equity and Liabilities	66,941,942	64,953,429	62,749,400
Net Assets per share - (LKR)	46.96	47.19	47.14

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These financial statements are in compliance with the requirements of the Companies Act No. 07 of 2007.



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
February 13, 2020



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	Revaluation Reserve	Foreign Currency Translation Reserve	Available for Sale Reserve	Fair Value Reserve of Financial Assets at FVOCI	Cash Flow Hedge Reserve				Retained Earnings
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
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)
As at 31 March 2018 (Restated)	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	-	-	-	-	-	-	-	2,506,236	2,506,236	273,092	2,779,328
Other Comprehensive Income	-	-	-	176,649	(91)	-	523	-	177,081	17,109	194,190
Total Comprehensive Income	-	-	-	176,649	(91)	-	523	2,506,236	2,683,317	290,201	2,973,518
Final Dividend - 2017/18	-	-	-	-	-	-	-	(833,655)	(833,655)	(32,816)	(866,471)
Interim Dividend - 2018/19	-	-	-	-	-	-	-	(229,981)	(229,981)	-	(229,981)
Transfer	-	-	(175,535)	-	-	-	-	175,535	-	-	-
Exercise of Share Options	1,974	-	-	-	-	-	-	-	1,974	-	1,974
Share Based Payments	-	30,288	-	-	-	-	-	-	30,288	-	30,288
Reclassification of Non-Controlling Interest to be Acquired	-	-	-	-	-	-	-	-	-	(204,167)	(204,167)
Adjustment in Respect of Changes In Group Holding	-	-	-	(828)	-	-	-	324	(504)	257	(247)
As at 31 December 2018	5,962,424	172,063	1,753,299	217,475	(15,912)	-	1,753	19,039,220	27,130,322	3,643,920	30,774,242
As at 1 April 2019	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
Profit for the Period	-	-	-	-	-	-	-	755,943	755,943	79,683	835,626
Other Comprehensive Income	-	-	-	(20,496)	-	664	(241)	-	(20,073)	10,089	(9,984)
Total Comprehensive Income	-	-	-	(20,496)	-	664	(241)	755,943	735,870	89,772	825,642
Final Dividend - 2018/19	-	-	-	-	-	-	-	(864,263)	(864,263)	-	(864,263)
Subsidiary Dividend to Non-Controlling Interest	-	-	-	-	-	-	-	-	-	(115,802)	(115,802)
Share Based Payments	-	23,930	-	-	-	-	-	-	23,930	-	23,930
Reclassification of Non-Controlling Interest to be Acquired	-	-	-	-	-	-	-	-	-	(118,930)	(118,930)
Adjustment on Disposal of Subsidiary	-	-	-	-	-	-	-	-	-	3,520	3,520
Adjustment in Respect of Changes In Group Holding	-	-	-	1,536	-	-	-	(2,827)	(1,291)	(50,916)	(52,207)
As at 31 December 2019	7,734,054	209,379	1,760,794	128,454	-	(115,385)	(109,908)	18,385,502	27,992,890	3,578,722	31,571,612

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COMPANY STATEMENT OF PROFIT OR LOSS

	Three Months Ended 31 December			Nine Months Ended 31 December		
	2019	2018	Change %	2019	2018	Change %
Revenue from Contracts with Customers	197,322	254,407	-22.44%	615,969	672,606	-8.42%
Cost of Sales	-	-	-	-	-	-
Gross Profit	197,322	254,407	-22.44%	615,969	672,606	-8.42%
Other Operating Income	38,081	151,282	-74.83%	1,750,692	218,224	702.25%
Administrative Expenses	(192,123)	(260,991)	-26.39%	(677,932)	(721,814)	-6.08%
Operating Profit	43,280	144,698	-70.09%	1,688,729	169,016	899.15%
Finance Cost	(18,411)	(55,016)	-66.54%	(89,425)	(137,590)	-35.01%
Finance Income	6,608	12,462	-46.97%	24,012	36,061	-33.41%
Profit Before Tax	31,477	102,144	-69.18%	1,623,316	67,487	2305.38%
Income Tax Expense	(8,763)	(18,431)	-52.46%	(20,404)	(21,137)	-3.47%
Profit for the Period	22,714	83,713	-72.87%	1,602,912	46,350	3358.28%

COMPANY STATEMENT OF COMPREHENSIVE INCOME

	Three Months Ended 31 December		Nine Months Ended 31 December	
	2019	2018	2019	2018
Profit for the Period	22,714	83,713	1,602,912	46,350
Other Comprehensive Income				
Net (Loss)/Gain on Financial Assets at FVOCI/Available-for-Sale Financial Assets	29	59	24	(1)
Other Comprehensive Income/ (Loss) for the Period, Net of Tax	29	59	24	(1)
Total Comprehensive Income for the Period, Net of Tax	22,743	83,772	1,602,936	46,349

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COMPANY STATEMENT OF FINANCIAL POSITION

	As at 31 December		As at 31 March
	2019	2018	2019
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	129,616	138,776	150,359
Investment Properties	657,950	592,125	657,950
Intangible Assets	60,326	77,836	72,946
Investment in Subsidiaries	17,515,879	17,918,954	17,498,412
Other Non-Current Financial Assets	243,070	309,708	243,046
	18,606,841	19,037,399	18,622,713
Current Assets			
Trade and Other Receivables	470,691	478,875	348,111
Tax Recoverable	21,248	30,960	22,558
Other Current Financial Assets	362,387	531,270	20,028
Cash and Short Term Deposits	181,004	286,940	524,287
	1,035,330	1,328,045	914,984
Total Assets	19,642,171	20,365,444	19,537,697
EQUITY AND LIABILITIES			
Equity			
Stated Capital	7,734,054	5,962,424	7,734,054
Other Capital and Revenue Reserves	430,730	393,414	406,800
Other Components of Equity	(51,461)	15,176	(51,485)
Retained Earnings	9,941,869	11,007,466	9,203,220
Total Equity	18,055,192	17,378,480	17,292,589
Non-Current Liabilities			
Deferred Tax Liability	127,803	136,798	136,782
Employee Benefit Liability	52,431	52,397	47,394
	180,234	189,195	184,176
Current Liabilities			
Trade and Other Payables	466,382	301,838	505,919
Income Tax Liabilities	-	24,927	-
Interest Bearing Loans and Borrowings	781,252	1,510,075	1,554,640
Bank Overdraft	159,111	960,929	373
	1,406,745	2,797,769	2,060,932
Total Equity and Liabilities	19,642,171	20,365,444	19,537,697
Net Assets per share - (LKR)	30.29	30.23	29.01


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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
February 13, 2020



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		
As at 31 March 2018	5,960,450	363,126	15,177	-	12,024,751	18,363,504
Profits for the Period	-	-	-	-	46,350	46,350
Other Comprehensive Loss	-	-	(1)	-	-	(1)
Total Comprehensive Income/ (Loss)	-	-	(1)	-	46,350	46,349
Exercise of Share Options	1,974	-	-	-	-	1,974
Share Based Payments	-	30,288	-	-	-	30,288
Final Dividend 2017/18	-	-	-	-	(833,655)	(833,655)
Interim Dividend 2018/19	-	-	-	-	(229,981)	(229,981)
As at 31 December 2018	5,962,424	393,414	15,176	-	11,007,465.80	17,378,480
As at 1 April 2019	7,734,054	406,800	-	(51,485)	9,203,220	17,292,589
Profit for the Period	-	-	-	-	1,602,912	1,602,912
Other Comprehensive Income	-	-	-	24	-	24
Total Comprehensive Income	-	-	-	24	1,602,912	1,602,936
Share Based Payments	-	23,930	-	-	-	23,930
Final Dividend 2018/19	-	-	-	-	(864,263)	(864,263)
As at 31 December 2019	7,734,054	430,730	-	(51,461)	9,941,869	18,055,192

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STATEMENT OF CASH FLOWS

Nine Months Ended 31 December	Group		Company	
	2019	2018	2019	2018
Operating Activities				
Profit before taxation	1,992,009	3,805,544	1,623,316	67,487
Adjustments for,				
Depreciation	1,141,433	945,974	25,059	26,135
(Gain)/ Loss on Disposal of Property, Plant and Equipment, Investment Properties	(23,445)	(19,401)	(1,279)	846
(Gain)/Loss on Sale of Non-Current Investments	75,875	(84,157)	-	-
Provision for Share Based Payment Expense	23,930	30,658	4,910	3,933
Provision for Impairment of Trade and Other Receivables	284,199	88,140	73,353	-
Provision/ (Reversal) for Obsolete Stocks	119,363	(38,386)	-	-
Amortisation of Intangible Assets	55,501	50,088	14,450	15,321
Amortisation of Leasehold Rights	-	28,461	-	-
Finance Cost	793,446	808,409	89,425	137,590
Finance Income	(209,708)	(327,626)	(24,012)	(36,061)
Share of Results of Joint Ventures & Associates	174,535	218,998	-	-
Investment Income	-	-	(1,746,622)	(214,934)
Movement in Employee Benefit Liability	131,732	107,477	7,524	4,661
Operating Cash Flows before Working Capital Changes	4,558,870	5,614,179	66,124	4,980
Working Capital Adjustments				
(Increase)/Decrease in Inventories	(1,332,827)	(733,321)	-	-
(Increase)/Decrease in Trade and Other Receivables	(3,527,942)	(6,415,458)	(176,202)	(119,508)
Increase/(Decrease) in Trade and Other Payables	536,149	598,430	(62,647)	13,269
Increase/(Decrease) in Other Non-Current Financial Liabilities	(32,975)	11,235	-	-
Cash Generated from Operations	201,275	(924,935)	(172,725)	(101,259)
Finance Cost Paid	(737,308)	(807,072)	(89,425)	(137,590)
Finance Income Received	207,198	323,604	23,943	36,061
Income Tax Paid	(1,229,373)	(1,143,897)	(4,964)	(31,230)
Employee Retirement Benefit Paid	(67,760)	(55,409)	(2,487)	(512)
Net Cash Flows From/(Used in) Operating Activities	(1,625,968)	(2,607,709)	(245,658)	(234,530)
Investing Activities				
Purchase of Property, Plant and Equipment	(2,218,726)	(1,820,374)	(13,212)	(16,243)
Investment in Intangible Assets	(28,452)	(47,419)	(1,829)	(12,909)
Disposal of /(Investment in) Financial Assets	(28,309)	(90,879)	-	-
Investment in Joint Ventures/ Associate	(1,400)	(13,054)	-	(68,150)
Acquisition of /Investment in Subsidiaries	34,746	442,825	(17,469)	-
Disposal of Subsidiaries	668,267	-	-	-
Proceeds from Disposal of Preference Shares	-	-	-	60,000
Investment Income Received	-	-	1,746,622	214,934
Proceeds on Disposal of Property, Plant and Equipment/ Intangible Assets / Leasehold Properties/ Investment Properties	63,436	67,927	10,177	13,033
Net Cash Flows From/(Used in) Investing Activities	(1,510,438)	(1,460,974)	1,724,289	190,666
Financing Activities				
Interest Bearing Loans and Borrowings (Net)	4,792,595	4,539,356	(1,116,388)	181,377
Proceed from Exercise of Share Options	-	1,604	-	1,604
Proceed from/to Non-Controlling Interest	(15,716)	-	-	-
Dividends Paid to Equity Holders of the Parent	(864,263)	(1,063,636)	(864,263)	(1,063,636)
Dividends Paid to Non-Controlling Interest	(115,802)	(32,816)	-	-
Net Cash Flows From/(Used in) Financing Activities	3,796,814	3,444,508	(1,980,651)	(880,654)
Net Increase/(Decrease) in Cash and Cash Equivalents	660,408	(624,175)	(502,020)	(924,519)
Net Foreign Exchange Difference	24,074	141,233	-	-
Cash and Cash Equivalents at the Beginning of the Period	4,291,316	5,740,319	523,913	250,530
Cash and Cash Equivalents at the End of the Period	4,975,798	5,257,377	21,893	(673,989)

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

SEGMENTAL INFORMATION

Three Months Ended 31 December	Consumer		Healthcare		Leisure, Travel & Aviation		Mobility		Others		Group	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Revenue from Contract with Customers												
Segmental Revenue - Gross	8,433,568	8,187,100	8,328,605	7,133,644	1,066,561	1,251,783	704,244	782,645	288,625	1,134,204	18,821,603	18,489,376
Intra Segmental Revenue	(35,723)	(46,236)	(354,506)	(56,425)	-	-	(23,517)	(8,371)	(31,348)	(38,130)	(445,094)	(149,162)
Segment Revenue	8,397,845	8,140,864	7,974,099	7,077,219	1,066,561	1,251,783	680,727	774,274	257,277	1,096,074	18,376,509	18,340,214
Inter Segmental Revenue	-	-	-	-	-	-	(41,440)	(30,736)	(255,055)	(300,730)	(296,495)	(331,466)
Total Revenue from Contract with Customers	8,397,845	8,140,864	7,974,099	7,077,219	1,066,561	1,251,783	639,287	743,538	2,222	795,344	18,080,014	18,008,748
Results												
Segmental Results												
Segmental Results	1,152,886	1,289,592	638,794	509,729	83,153	158,600	94,006	178,075	(60,162)	(190,527)	1,908,677	1,945,469
Finance Cost	(123,115)	(94,029)	(108,886)	(98,488)	(35,834)	(41,431)	(33,166)	(53,833)	(7,958)	(58,266)	(308,959)	(346,047)
Finance Income	32,472	55,305	4,134	26,570	6,053	11,114	5,128	23,259	3,624	6,240	51,411	122,488
Share of Results of Joint Ventures & Associates	-	-	-	-	(34,470)	(58,015)	-	-	-	(7,472)	(34,470)	(65,487)
Profit/(Loss) before Tax	1,062,243	1,250,868	534,042	437,811	18,902	70,268	65,968	147,501	(64,496)	(250,025)	1,616,659	1,656,423
Income Tax	(288,930)	(271,334)	(139,242)	(79,227)	(15,459)	(22,152)	(19,749)	(27,602)	(19,933)	(18,622)	(483,313)	(418,937)
Profit/(Loss) for the Period	773,313	979,534	394,800	358,584	3,443	48,116	46,219	119,899	(84,429)	(268,647)	1,133,346	1,237,486
Attributable to:												
Equity Holders of the Parent	631,211	841,667	407,129	338,790	(17,872)	4,453	38,669	109,011	(84,429)	(268,646)	974,708	1,025,275
Non-Controlling Interests	142,102	137,867	(12,329)	19,794	21,315	43,663	7,550	10,888	-	(1)	158,638	212,211
	773,313	979,534	394,800	358,584	3,443	48,116	46,219	119,899	(84,429)	(268,647)	1,133,346	1,237,486

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

SEGMENTAL INFORMATION

Nine Months Ended 31 December	Consumer		Healthcare		Leisure, Travel & Aviation		Mobility		Others		Group	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Revenue from Contract with Customers												
Segmental Revenue - Gross	19,884,545	20,469,337	22,950,884	20,672,165	2,504,657	3,089,422	2,021,297	2,272,325	1,319,644	2,930,614	48,681,027	49,433,863
Intra Segmental Revenue	(151,531)	(161,183)	(456,733)	(188,359)	-	-	(48,674)	(26,466)	(97,339)	(141,220)	(754,277)	(517,228)
Segment Revenue	19,733,014	20,308,154	22,494,151	20,483,806	2,504,657	3,089,422	1,972,623	2,245,859	1,222,305	2,789,394	47,926,750	48,916,635
Inter Segmental Revenue	-	-	-	-	-	-	(131,058)	(64,808)	(779,011)	(823,890)	(910,069)	(888,698)
Total Revenue from Contract with Customers	19,733,014	20,308,154	22,494,151	20,483,806	2,504,657	3,089,422	1,841,565	2,181,051	443,294	1,965,504	47,016,681	48,027,937
Results												
Segmental Results												
Finance Cost	(202,603)	(152,862)	(355,959)	(306,004)	(63,928)	(86,504)	(102,591)	(118,573)	(68,365)	(144,466)	(793,446)	(808,409)
Finance Income	87,783	145,524	40,643	77,508	33,343	34,421	38,117	50,424	9,822	19,749	209,708	327,626
Share of Results of Joint Ventures & Associates	-	-	-	-	(174,535)	(200,322)	-	-	-	(18,676)	(174,535)	(218,998)
Profit/(Loss) before Tax	1,668,720	2,767,555	1,286,462	1,281,255	(351,930)	(164,422)	191,862	552,811	(803,105)	(631,655)	1,992,009	3,805,544
Income Tax	(431,916)	(598,347)	(316,520)	(260,407)	(21,888)	(54,043)	(68,055)	(85,706)	(318,004)	(27,713)	(1,156,383)	(1,026,216)
Profit/(Loss) for the Period	1,236,804	2,169,208	969,942	1,020,848	(373,818)	(218,465)	123,807	467,105	(1,121,109)	(659,368)	835,626	2,779,328
Attributable to:												
Equity Holders of the Parent	1,054,947	1,959,978	1,003,022	990,001	(302,174)	(189,628)	121,257	405,253	(1,121,107)	(659,368)	755,943	2,506,236
Non-Controlling Interests	181,857	209,230	(33,080)	30,847	(71,644)	(28,837)	2,550	61,852	-	-	79,683	273,092
	1,236,804	2,169,208	969,942	1,020,848	(373,818)	(218,465)	123,807	467,105	(1,121,107)	(659,368)	835,626	2,779,328

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

The above figures are provisional and subject to audit.

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.

Adjustments to Fair Value - SLFRS 3

Hemas Holdings PLC acquired Atlas Axillia in January 2018 and the Financial Statements of the Group for the period ended 31 December 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 Combination.

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 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 31 December 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 nine months ended 31 December 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;

LKR 000

Assets	
Right of use assets	1,755,910
Prepayments	(811,896)
Liabilities	
Lease liabilities	(944,014)

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 31 December 2019.

	Right of use Assets	Lease Liability
As at 1 April 2019	1,755,910	944,014
Depreciation/ Amortisation	(144,955)	-
Interest Expense	-	81,825
Payments	-	(140,480)
As at 31 December 2019	1,610,955	885,359

NOTES TO THE FINANCIAL STATEMENTS (CONTD...)

- 2 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 at 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 at 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 3,491,250 employee share options were granted at the exercise price of LKR 108.81 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 2,032,822 employee share options were vested on 27 July 2019.

Further, at the fifth Grant 4,115,000 employee share options were granted on 27 July 2019 at the exercise price of LKR 69.00 with a one year vesting period starting from 28 July 2019.

- 3 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.

The fair value of assets and liabilities disposed were as follows:

In LKR '000

Assets

Cash and Cash Equivalents	12,303
Other Current Financial Assets	4,583
Tax Receivables	73,467
Trade and Other Receivables	2,712,436
Deferred Tax Assets	19,618
Intangible Assets	463
Property, Plant and Equipment	36,646

Liabilities

Bank Overdrafts	(230,946)
Interest Bearing Loans and Borrowings	(458,541)
Trade & Other Payables	(1,521,979)
Income Tax Liability	(27,055)
Employee Benefit Liability	(56,837)
Total Identifiable Net Assets	564,158
Loss on Disposal	(114,158)
Sales Consideration	450,000
Cash and Cash Equivalent Disposed	218,643
Net cash inflow on disposal of non current investments	668,643

Reclassification of Other Comprehensive Income

Foreign Currency Translation Reserve	41,963
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- 4 There have been no events subsequent to the reporting date which require disclosure in the interim financial statements.

- 5 There have been no significant changes in the nature of the contingent liabilities which were disclosed in the Audited Financial Statements for the year ended 31 March 2019.

INVESTOR INFORMATION

	Three Months Ended 31 December	
	2019	2018
Market Value of Shares		
Closing Price on 31 December (LKR)	80.00	88.80
Highest Price During the Period (LKR)	86.70	94.90
Lowest Price During the Period (LKR)	70.00	83.50
Market Capitalisation on 31 December (LKR)	47,683	51,056
Ratios		
Net Asset Per Share on 31 December (LKR)	46.96	47.19
Price Earnings Ratio on 31 December (Times)	48.92	51.62
Debt Security Related Ratios		
Debt/Equity Ratio	38.6%	39.0%
Quick Asset Ratio	1.02	1.01
Interest Cover (Times)	6.07	5.43
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)	9.9%	11.7%
Share Trading		
No of Transactions During the Period	1,115	515
No of Shares Traded During the Period	5,781,897	3,240,520
Value of Shares Traded During the Period (LKR. Mn)	448	281
Number of Shares	596,043,425	574,952,592
Debentures 11% Fixed - Unsecured Redeemable		
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 31 December	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-JPLMU-Franklin Templeton Investment Funds	34,134,070	5.73	39,766,809	6.92
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 Sustainability Fund.	12,401,434	2.08	11,962,613	2.08
9 BBH-Kopernik Global All Cap Fund	11,607,272	1.95	4,565,701	0.79
10 CB London s/a Verdipapirfondet Holberg Rurik	8,087,315	1.36	7,584,187	1.32
11 Phoenix Ventures (Pvt) Limited.	7,985,804	1.34	5,773,998	1.00
12 HSBC Intl Nom Ltd-JPMCB- Pacific Assets Trust PLC	7,043,079	1.18	6,793,862	1.18
13 BBH-Kopernik Global All Cap Equity Fund	6,583,225	1.10	-	-
14 Mr. M.A.H. Esufally	6,164,633	1.03	5,946,500	1.03
15 BNYMSANV Re-First State Investments ICVC-Stewart Investors Asia Pacific Sustainability Fund.	6,085,356	1.02	9,745,440	1.69
16 Mr. H.N. Esufally	5,791,640	0.97	5,586,705	0.97
17 Mr. M.J.Fernando	5,448,159	0.91	-	-
18 Mr. I.A.H. Esufally	4,586,284	0.77	4,424,000	0.77
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 31 December	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	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. 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	-	-
	378,422,765	366,961,615

Public Holding as at 31 December	2019	2018
Issued Share Capital (No. of Shares)	596,043,425	574,952,592
Public Holding as a % of Issued Share Capital	35.70%	35.70%
Total Number of Shareholders	4,296	4,160
Number of Shareholders representing the Public Holding	4,282	4,148

Minimum Public Holding Requirement as per Listing Rules 7.13.1

Float Adjusted Market Capitalisation - (LKR)	Public Holding Percentage	No of Shareholders	Option
17,023,000,218	35.70%	4,282	1

Minimum Public Holding as at 31 December 2019

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 Registration

30 May 2007

Company Registration Number

PQ 6

Accounting year end

31 March

Registered Office

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

Website

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
Ramabadrán Gopalakrishnan
Dr. Anura Ekanayake
Malinga Arsakularatne
Amitha Saktha Amaratunga
Jyotindra Manibhai Trivedi
Prof. Nilanthi Renuka De Silva

Secretaries

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No.75, Braybrooke Place, Colombo 02.
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Facsimile: +94 11 4731777

Registrars

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Lawyers to the Company

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Investor Relations

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Email: 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.



கீழ், ஏழ், எலித் ஏழைப் பிழைப்பில்
அன்றம், இன்றம், என்றம் தேசத்திற்கே பணி
Nurturing lives. Serving the nation.