

POWER OF



Financial Year 2022/23 – First Three Months Performance

Chief Executive Officer's Review

Hemas Holdings PLC (HHL) continued to be resilient amidst challenging macroeconomic conditions to post a Group revenue of Rs. 24.8 billion, an increase of 51.4 per cent over same period last year. A quarter-on-quarter comparison is provided where necessary to deliver a holistic view of the Group performance, as COVID-19 related disruptions resulted in lower performance during the first quarter of last financial year. Whilst the COVID-19 pandemic had minimum impact on the quarter under review, continued economic pressure hindered the Group performance, with Sri Lanka facing its worst economic crisis since independence. Lack of foreign exchange liquidity resulted in challenges to access essentials such as fuel, food, and medicine. The country also defaulted its external debt obligations, resulting in the downgrading of the country's long term credit rating to a 'Restricted Default'. Steep currency depreciation, volatile global commodity prices and supply chain disruptions further challenged the businesses resulting in a significant increase in headline inflation. Consequently, an increase in civil unrest and political instability was witnessed in comparison to the previous quarter.

Despite the macroeconomic challenges, continued strategic focus on our defensive core sectors resulted in a growth in revenue of 17.7 per cent for the Group against last quarter. Consumer and Healthcare Sectors contributed to improved earnings of Rs 1.1 billion, a growth of 69.5 per cent against last year and 1.6 per cent against last quarter. Groupwide synergies and customer centric new product launches and line extensions coupled with effective savings through collaboration with all stakeholders, improved lean initiatives and digital transformation projects drove the performance for the quarter. Operating profit for the quarter stood at Rs. 2.0 billion compared to Rs. 1.1 billion recorded last year and Rs. 1.5 billion reported last quarter.

LKR 000	Financial Snapshot		
	FY23 Q1	Growth Vs FY22 Q1	Growth Vs FY22 Q4
Consumer Brands	8,712,721	62.7%	5.5%
Healthcare	15,675,379	49.9%	26.1%
Mobility	443,910	-24.3%	8.3%
Other	9,237	122.1%	-6.8%
Revenue	24,841,247	51.4%	17.7%
Gross Profit	6,339,351	36.1%	10.7%
Gross Profit Margin	25.5%	-2.9pt	-1.6pt
Operating Profit	2,030,969	86.1%	32.9%
Operating Profit Margin	8.2%	1.5pt	1.0pt
Earnings	1,080,150	69.5%	1.6%

Consumer Brands

In June 2022 both the Colombo Consumer Price Index (CCPI) and the National Consumer Price Index (NCPI) increased for the ninth consecutive month, a growth of 54.6 per cent and 58.9 per cent respectively on a year-on-year basis. Soaring inflation led to a shift in consumer behaviour, and customer purchase decisions were weighted towards affordability instead of brand loyalty. Industry also witnessed value growth while the corresponding volume recorded a degrowth across all verticals. Both basket values and footfall to stores recorded higher values with increased prices and customers opting for multiple visits for the same basket of items.

An increase in trader and consumer stock up for the back-to-school season coupled with lower availability of imported products improved the market demand for locally manufactured stationery items. Subsequent school closures towards the latter part of the quarter had minimal effect on demand. Teacher engagement on online platforms reduced with less concentration on grades that are not exam focused, adversely impacting the e-learning momentum amongst school children. Further, the challenges of rising paper prices accompanied by difficulties in accessing foreign exchange for imports with paper been considered a non-essential item continued to the quarter under review.

The operating environment of Bangladesh experienced challenges with the rising inflation since mid-last year coupled with a quarterly trade deficit. Both food and non-food inflation rose over 7 per cent, adversely impacting

the disposable income levels. With the country's slow phased vaccination drive, a rise in COVID-19 cases and related deaths were witnessed towards the latter part of the quarter. On the back of a visible slowdown in worker remittances and increased import payments, Taka faced marginal depreciation pressure. However, Bangladesh remains a highly attractive investment hub with double digit growth in export earnings and above average growth expectations.

Consumer Brands Sector recorded a revenue of Rs. 8.7 billion, an increase of 62.7 per cent over last year driven by improved performance of all business units. Our purpose-led core portfolio and extensive value adding new product launches collectively resulted in increased market share across multiple categories. Expansions made in overseas footprint in both Home and Personal Care and Learning Segment resulted in a 74.2 per cent growth in year-on-year export and international revenue. Consequently, the sector reported an operating profit of Rs. 704.3 million and earnings of Rs 499.0 million, a growth of over 100 per cent over last year stemming from the revenue growth and efficiency improvements. However, the Sector witnessed a 15.2 per cent degrowth in operating profit against last quarter with the slowdown in seasonal revenue of the learning segment and overall input cost pressure on margins.

Home and Personal Care

Both the modern and general trade channels witnessed a double-digit growth across personal care, personal wash, and laundry verticals. During the quarter, multiple products were launched improving Hemas' innovative and strategic position in the market. Understanding the shift in consumer behaviour, pack size choices were introduced for many key brands including 'Diva' and 'Baby Cheramy' providing the customers an affordable alternative amidst the increasing inflationary pressure. All launches and relaunches of key brands gained traction despite the adverse market conditions resulting in over 10 per cent contribution to the revenue.

Foreign exchange liquidity pressure continued to adversely impact the supply chain. Global commodity prices affected the margins leading to a margin erosion despite implementing cost saving initiatives and efficiency improvement projects to negate the adverse impact. Cautious price adjustments were also made during the quarter in line with the market.

Learning

Improved performance of the last quarter was partially continued to the current quarter with the back-to-school season being shifted to April. The business' key brand 'Atlas' gained market share across all sectors with double digit volume led growth across both general and modern trade channels. Recent new products introduced to the market under the brands 'Atlas' and 'Innovate' gained significant momentum in the market.

Consumer Brands International

During the quarter the Bangladesh business maintained its market position with a stable volume growth. Contribution from new products increased to 18.9 percent during the quarter as against 7.1 per cent recorded last year with gained traction on the personal wash brand 'Acticef' and improved performance of 'Eva by Kumarika', an entry point value added hair oil launched last year.

Healthcare

The state Healthcare sector was adversely affected with shortage in medicine supply, amidst constraints on government spending on healthcare due to lower forex liquidity. The country relied heavily on donations and credit lines for essentials for supplies, whilst prioritising requirements for urgent critical surgeries. Despite the lower spread of COVID-19, a surge in cases was witnessed in early July 2022. In addition, the World Health Organisation (WHO) has declared a global health emergency over monkeypox due to the rapid spread of the disease. This could have significant shocks to the healthcare system of Sri Lanka if transmitted given the vulnerable status of the economy.

Hemas Healthcare sector recorded a revenue of Rs. 15.7 billion, a growth of 49.9 per cent over last year. Both, Hospitals and Pharmaceuticals Businesses collectively contributed to the strong performance of the sector. Operating profit and earnings of Rs. 1.2 billion and Rs. 713.1 million for the year was an increase of 38.1 per cent

and 14.8 per cent respectively. On a quarter-on-quarter basis the Sector reported an operating profit growth of 30.2 per cent and an earnings growth of 11.8 per cent.

Pharmaceuticals

The Pharmaceutical business of the Group delivered a steady performance during the quarter leading to a double-digit year-on-year revenue growth of 57.5 per cent. Price increases introduced in March 2022 were followed by further adjustments in April 2022 due to the industry facing immense pressure amidst steep rupee depreciation.

In line with our vision to increase access to affordable quality healthcare, Hemas liaised with principals, financial institutions, supply chain partners and authorities to ensure uninterrupted supply of critical medication into the market. Accordingly, multiple lifesaving medicines and medical surgical devices were also introduced to the portfolio. During the quarter, Hemas Pharmaceuticals was recognised by Bureau Veritas as a Good Distribution Practices (GDP) organisation, marking yet another milestone.

During the quarter, Group's pharmaceutical manufacturing business, Morison commenced commercial production at its EU-GMP compliant facility. As a part of its strategy to minimise the dependency on government buy back scheme, Morison welcomed its latest addition to the branded generics portfolio *Ros-10*, Rosuvastatin 10 mg tablet targeted for cardiovascular diseases at a significantly lower price point. *Empamor*, the first locally manufactured Sodium-Glucose Co-Transporter-2 (SGLT2) inhibitor in Sri Lanka, introduced last year continued to gain traction leading to a collective revenue contribution from new product launches of 4.0 per cent.

Hospitals

Increased footfall and occupancy witnessed during last quarter continued with hospitals recording an underlying revenue of Rs 1.5 billion, a growth of 37.8 per cent over same period last year. Increase in surgical patients coupled with continued focus on digital and lean initiatives positively impacted the margins.

Mobility

During the quarter total throughput volumes and transshipment volumes of the Port of Colombo experienced a decline of 6.6 percent and 4.6 per cent respectively. The increases in global freight rates and devaluation of the rupee positively impacted the Maritime industry despite the marginal degrowth in volume. The Aviation industry continued to witness challenges with both the cargo and passenger volumes reporting a degrowth under escalating air rates. Shortage of refuelling capacity in Colombo has resulted in multiple airlines reducing operating capacity to/from Colombo.

The Mobility Sector reported an underlying revenue of Rs. 443.9 million, a growth of 53.1 per cent over last year mainly due to increased yields. Similarly, operating profits and earnings witnessed a growth of 65.9 per cent and 70.3 respectively. Despite the 8.3 per cent growth in revenue, earnings reported a degrowth of 27.7 per cent against last quarter due to increased volatility in the business environment.

Our Commitment to ESG

During the quarter, the Group's carbon footprint per million rupees of revenue decreased by 11 per cent to 3,761 MT while the water withdrawal per million rupees of revenue decreased by 10 per cent to 4,3178 cubic meters. The Group continued investing in its teams and as a result training hours increased by 120 per cent to 2.4 hours per employee.

As Sri Lanka navigates its worst economic crisis, Hemas continued to focus on supporting our communities by creating a social security safety net and providing emergency relief to adversely affected families.

Being the leader in Pharmaceuticals, the Group partnered with UNDP to ensure vulnerable communities had access to essential and near essential medicine. In addition, the Group partnered with a few like-minded corporates and launched 'Manudam Mehewera' an initiative committed to provide dry ration packs to 100,000

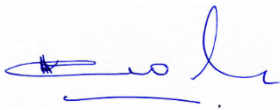
adversely affected families who are facing hardship as a result of the economic crisis. As a part of our social commitment to champion inclusivity and eliminate inequality, Hemas Outreach Foundation partnered with 'Hoppers' a well-known chain of restaurants in UK to provide nutrition packs to children of our Piyawara pre-schools from the most affected areas.

Outlook

Hemas unlocked group synergies and remained agile and resilient to deliver exceptional results amidst a challenging environment. The operating environment will continue to be challenging in the next few months and from a national perspective, arriving at a staff level agreement with the International Monetary Fund (IMF) will be a key priority. With a clear strategic focus in place and resilient core sectors, Hemas, is equipped to battle the upcoming challenges. Prudent and pre-emptive liquidity management measures are in place to further strengthen the cash position of the Group.

Although a contraction is being witnessed across all consumer segments, in the short to medium term our focus will be to drive market share improvements by continuing to cater to the ever-evolving needs of consumers. The Group will also continue to invest in research and development capabilities in both Consumer and Healthcare spaces to fulfil the changing needs of the nation. Internationalisation and expanding our regional footprint will also be a key focus area for both Home and Personal care and Learning segments while digitisation, efficiency improvement and prudent cost management will be integral pillars of strengths across the Group in the coming months.

I am extremely proud of our collaborative nature that brings all internal and external stakeholders together as one team to create meaningful relationships and synergies to strengthen the Group's drive in helping rebuild the economy in the months to come.



Kasturi C. Wilson

Group Chief Executive Officer
August 9, 2022
Colombo

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Three Months Ended 30 June		
	2022	2021	Change %
Continuing Operations			
Revenue from Contracts with Customers	24,841,247	16,404,119	51.4%
Cost of Sales	(18,501,896)	(11,747,439)	57.5%
Gross Profit	6,339,351	4,656,680	36.1%
Other Operating Income	256,333	133,652	91.8%
Selling and Distribution Expenses	(1,753,004)	(1,485,813)	18.0%
Administrative Expenses	(2,835,609)	(2,148,843)	32.0%
Share of Results of Equity Accounted Investees (Net of Tax)	23,898	(64,090)	137.3%
Operating Profit	2,030,969	1,091,586	86.1%
Finance Cost	(375,196)	(141,087)	165.9%
Finance Income	264,188	95,275	177.3%
Profit Before Tax	1,919,961	1,045,774	83.6%
Income Tax Expense	(700,715)	(376,413)	86.2%
Profit for the Period	1,219,246	669,361	82.2%
Attributable to:			
Equity Holders of the Parent	1,080,150	637,305	69.5%
Non-Controlling Interests	139,096	32,056	333.9%
	1,219,246	669,361	82.2%
	LKR	LKR	
Earnings Per Share			
Basic Earnings Per Share	1.81	1.07	
Annualised Earnings Per Share	7.24	4.27	
Diluted Earnings Per Share	1.81	1.07	
Dividend Per Share	1.95	1.45	

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Three Months Ended 30 June	
	2022	2021
Profit for the Period	1,219,246	669,361
Other Comprehensive Income		
Other Comprehensive Income to be Reclassified to Profit or Loss in Subsequent Periods		
Net Movement on Cash Flow Hedges	(16,764)	(19,823)
Exchange Differences on Translation of Foreign Operations	156,838	33,351
	140,074	13,528
Other Comprehensive Income not to be Reclassified to Profit or Loss in Subsequent Periods		
Net Gain /(Loss) on Financial Assets at FVOCI (Equity)	(10,633)	1,737
	(10,633)	1,737
Other Comprehensive Income for the Period, Net of Tax	129,441	15,265
Total Comprehensive Income for the Period, Net of Tax	1,348,687	684,626
Attributable to:		
Equity Holders of the Parent	1,209,591	640,107
Non-Controlling Interests	139,096	44,519
	1,348,687	684,626

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 30 June		As at 31 March
	2022	2021 (Adjusted)	2022 (Adjusted)
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	17,940,584	17,602,537	18,006,908
Investment Properties	2,100,161	1,942,099	2,100,161
Right-of-Use Assets	1,135,665	1,872,933	1,177,653
Intangible Assets	3,293,304	3,273,149	3,295,464
Investment in Equity Accounted Investees	108,985	492,538	85,088
Lease Receivables	120,312	131,996	125,306
Other Non-Current Financial Assets	192,080	207,346	210,100
Deferred Tax Asset	35,455	143,644	85,621
	24,926,546	25,666,242	25,086,301
Current Assets			
Inventories	21,233,582	17,062,024	16,807,120
Trade and Other Receivables	26,537,334	14,237,629	19,771,795
Tax Recoverable	369,920	205,075	328,811
Lease Receivables	49,646	64,609	59,520
Other Current Financial Assets	358,907	69,619	359,197
Cash and Short-Term Deposits	10,999,347	6,663,737	13,894,926
	59,548,736	38,302,693	51,221,369
TOTAL ASSETS	84,475,282	63,968,935	76,307,670
EQUITY AND LIABILITIES			
Equity			
Stated Capital	7,776,111	7,776,111	7,776,111
Other Capital and Revenue Reserves	171,181	184,540	159,834
Other Components of Equity	4,575,550	2,163,728	4,446,109
Retained Earnings	21,573,890	20,001,125	21,657,005
Equity Attributable to Equity Holders of the Parent	34,096,732	30,125,504	34,039,059
Non-Controlling Interests	714,984	1,483,251	799,913
Total Equity	34,811,716	31,608,755	34,838,972
Non-Current Liabilities			
Interest-Bearing Loans and Borrowings	3,075,725	3,568,496	3,092,910
Other Non-Current Financial Liabilities	276,188	292,869	276,538
Deferred Tax Liability	1,885,522	1,361,001	1,723,527
Employee Benefit Liability	1,009,539	1,036,439	991,714
	6,246,974	6,258,805	6,084,689
Current Liabilities			
Trade and Other Payables	29,564,990	16,599,518	27,165,394
Dividend Payable	1,163,265	864,992	-
Income Tax Liabilities	1,533,819	2,238,283	2,471,948
Other Financial Liabilities	2,273,844	1,708,658	2,272,299
Interest-Bearing Loans and Borrowings	5,918,646	3,942,462	2,678,177
Bank Overdraft	2,962,028	747,462	796,191
	43,416,592	26,101,375	35,384,009
TOTAL EQUITY & LIABILITIES	84,475,282	63,968,935	76,307,670
Net Assets per share - (LKR)	57.16	50.50	57.06

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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
August 09, 2022



Kasturi C. Wilson
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	Fair Value Reserve of Financial Assets at FVOCI	Cash Flow Hedge Reserve	Retained Earnings			
As at 31 March 2021	7,776,111	180,806	2,637,592	173,403	(342,165)	(307,904)	21,777,539	31,895,382	1,542,904	33,438,286
Surcharge Tax Expense	-	-	-	-	-	-	(1,548,727)	(1,548,727)	(119,604)	(1,668,331)
As at 1 April 2021 (Adjusted)	7,776,111	180,806	2,637,592	173,403	(342,165)	(307,904)	20,228,812	30,346,655	1,423,300	31,769,955
Profit for the Period	-	-	-	-	-	-	637,305	637,305	32,056	669,361
Other Comprehensive Income	-	-	-	22,901	1,736	(21,835)	-	2,802	12,463	15,265
Total Comprehensive Income	-	-	-	22,901	1,736	(21,835)	637,305	640,107	44,519	684,626
Final Dividend - 2020/21	-	-	-	-	-	-	(864,992)	(864,992)	-	(864,992)
Subsidiary Dividend to Non-Controlling Interest	-	-	-	-	-	-	-	-	(249,154)	(249,154)
Share Based Payments	-	3,734	-	-	-	-	-	3,734	-	3,734
Reclassification of Non-Controlling Interest to be Acquired	-	-	-	-	-	-	-	-	264,586	264,586
As at 30 June 2021 (Adjusted)	7,776,111	184,540	2,637,592	196,304	(340,429)	(329,739)	20,001,125	30,125,504	1,483,251	31,608,755
As at 1 April 2022 (Adjusted)	7,776,111	159,834	4,373,663	642,174	(330,746)	(238,982)	21,657,005	34,039,059	799,913	34,838,972
Profit for the Period	-	-	-	-	-	-	1,080,150	1,080,150	139,096	1,219,246
Other Comprehensive Income	-	-	-	156,838	(10,634)	(16,763)	-	129,441	-	129,441
Total Comprehensive Income	-	-	-	156,838	(10,634)	(16,763)	1,080,150	1,209,591	139,096	1,348,687
Final Dividend - 2021/22	-	-	-	-	-	-	(1,163,265)	(1,163,265)	-	(1,163,265)
Subsidiary Dividend to Non-Controlling Interest	-	-	-	-	-	-	-	-	(222,480)	(222,480)
Share Based Payments	-	11,347	-	-	-	-	-	11,347	-	11,347
Reclassification of Non-Controlling Interest to be Acquired	-	-	-	-	-	-	-	-	(1,545)	(1,545)
As at 30 June 2022	7,776,111	171,181	4,373,663	799,012	(341,380)	(255,745)	21,573,890	34,096,732	714,984	34,811,716

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COMPANY STATEMENT OF PROFIT OR LOSS

	Three Months Ended 30 June		
	2022	2021	Change %
Revenue from Contracts with Customers	241,027	228,135	5.7%
Cost of Sales	-	-	-
Gross Profit	241,027	228,135	5.7%
Other Operating Income	1,957,463	752,018	160.3%
Administrative Expenses	(317,413)	(280,236)	13.3%
Operating Profit	1,881,077	699,917	168.8%
Finance Cost	(71,423)	(8,205)	770.5%
Finance Income	16,000	6,958	130.0%
Profit Before Tax	1,825,654	698,670	161.3%
Income Tax Expense	(601)	(121,483)	-99.5%
Profit for the Period	1,825,053	577,187	216.2%

COMPANY STATEMENT OF COMPREHENSIVE INCOME

	Three Months Ended 30 June	
	2022	2021
Profit for the Period	1,825,053	577,187
Other Comprehensive Income		
Net Gain/ (Loss) on Financial Assets at FVOCI	(1,971)	274
Other Comprehensive Income for the Period, Net of Tax	(1,971)	274
Total Comprehensive Income for the Period, Net of Tax	1,823,082	577,461

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COMPANY STATEMENT OF FINANCIAL POSITION

	As at 30 June		As at 31 March
	2022	2021 (Adjusted)	2022 (Adjusted)
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	58,835	69,640	62,434
Investment Properties	851,300	728,800	851,300
Right-of-Use Assets	42,167	98,391	56,223
Intangible Assets	43,792	73,027	50,282
Investment in Subsidiaries	17,685,757	17,456,468	17,592,558
Other Non-Current Financial Assets	11,681	13,263	14,023
	18,693,532	18,439,589	18,626,820
Current Assets			
Trade and Other Receivables	614,767	360,234	291,958
Tax Recoverable	6,289	18,680	6,288
Other Current Financial Assets	1,410,383	182,731	1,132
Cash and Short-Term Deposits	182,937	221,808	90,348
	2,214,376	783,453	389,726
TOTAL ASSETS	20,907,908	19,223,042	19,016,546
EQUITY AND LIABILITIES			
Equity			
Stated Capital	7,776,111	7,776,111	7,776,111
Other Capital and Revenue Reserves	392,532	405,891	381,185
Other Components of Equity	(295,590)	(295,448)	(293,619)
Retained Earnings	9,506,329	9,233,295	8,844,541
Total Equity	17,379,382	17,119,849	16,708,218
Non-Current Liabilities			
Deferred Tax Liability	144,743	119,999	147,963
Employee Benefit Liability	64,852	67,926	66,507
	209,595	187,925	214,470
Current Liabilities			
Trade and Other Payables	871,030	509,605	795,540
Dividend Payable	1,163,265	864,992	-
Income Tax Liabilities	15,880	133,422	108,552
Interest-Bearing Loans and Borrowings	1,214,982	383,611	1,188,944
Bank Overdraft	53,774	23,638	822
	3,318,931	1,915,268	2,093,858
TOTAL EQUITY & LIABILITIES	20,907,908	19,223,042	19,016,546
Net Assets per share - (LKR)	29.13	28.70	28.01

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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
August 09, 2022



Kasturi C. Wilson
Chief Executive Officer

COMPANY STATEMENT OF CHANGES IN EQUITY

	Stated Capital	Other Capital Reserves	Other Components Of Equity Fair Value Reserve of Financial Assets at FVOCI	Retained Earnings	Total Equity
As at 31 March 2021	7,776,111	402,157	(295,722)	9,532,727	17,415,273
Surcharge Tax Expense	-	-	-	(11,627)	(11,627)
As at 1 April 2021 (Adjusted)	7,776,111	402,157	(295,722)	9,521,100	17,403,646
Profit for the Period	-	-	-	577,187	577,187
Other Comprehensive Income	-	-	274	-	274
Total Comprehensive Income	-	-	274	577,187	577,461
Share Based Payments	-	3,734	-	-	3,734
Interim Dividend 2020/21	-	-	-	(864,992)	(864,992)
As at 30 June 2021 (Adjusted)	7,776,111	405,891	(295,448)	9,233,295	17,119,849
As at 1 April 2022 (Adjusted)	7,776,111	381,185	(293,619)	8,844,541	16,708,218
Profit for the Period	-	-	-	1,825,053	1,825,053
Other Comprehensive Income	-	-	(1,971)	-	(1,971)
Total Comprehensive Income	-	-	(1,971)	1,825,053	1,823,082
Share Based Payments	-	11,347	-	-	11,347
Final Dividend 2021/22	-	-	-	(1,163,265)	(1,163,265)
As at 30 June 2022	7,776,111	392,532	(295,590)	9,506,329	17,379,382

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STATEMENT OF CASH FLOWS

Three Months Ended 30 June	Group		Company	
	2022	2021	2022	2021
Operating Activities				
Profit Before Taxation	1,919,961	1,045,774	1,825,654	698,670
Adjustments for,				
Depreciation	303,324	274,011	5,142	5,696
Amortisation of Right-of-Use Assets	59,215	72,181	14,056	14,056
(Gain) on Disposal of Property, Plant and Equipment, Investment Properties	(5,168)	(7,728)	-	(15)
Provision for Share Based Payment Expense	11,347	3,734	1,939	348
Provision/(Reversal) for Impairment of Trade and Other Receivables	26,542	12,829	1,786	(2,303)
Provision for Obsolete Stocks	60,027	15,164	-	-
Amortisation of Intangible Assets	18,509	17,387	6,490	8,536
Finance Cost	375,196	141,087	71,423	8,205
Finance Income	(264,188)	(95,275)	(16,000)	(6,958)
Share of Results of Equity Accounted Investees (Net of Tax)	(23,898)	64,090	-	-
Investment Income	-	-	(1,939,040)	(751,467)
Provision for Employee Benefit Liability	51,962	42,588	4,125	3,750
Operating Cash Flows before Working Capital Changes	2,532,829	1,585,842	(24,425)	(21,482)
Working Capital Adjustments				
(Increase)/Decrease in Inventories	(4,486,487)	(1,626,609)	-	-
(Increase)/Decrease in Trade and Other Receivables	(6,660,571)	(595,580)	(314,746)	(112,010)
Increase/(Decrease) in Trade and Other Payables	2,399,596	(1,347,677)	75,492	100,618
Increase/(Decrease) in Other Non-Current Financial Liabilities	(350)	-	-	-
Cash Generated from Operations	(6,214,983)	(1,984,024)	(263,679)	(32,874)
Finance Cost Paid	(341,719)	(107,692)	(70,672)	(7,208)
Finance Income Received	132,232	94,556	15,926	6,863
Income Tax Paid	(633,936)	(459,057)	(90,681)	(16,503)
Surcharge Tax Paid	(834,165)	-	(5,813)	-
Employee Retirement Benefit Paid	(34,140)	(39,129)	(5,780)	(13,829)
Net Cash Flows From/(Used in) Operating Activities	(7,926,711)	(2,495,346)	(420,699)	(63,551)
Investing Activities				
Purchase of Property, Plant and Equipment	(181,657)	(336,080)	(1,543)	(417)
Investment in Intangible Assets	(20,302)	(310)	-	-
Net Movement in Financial Assets	17,901	15,789	(1,409,250)	188,748
Acquisition of /Investment in Subsidiaries	-	-	(93,200)	(886,600)
Investment Income Received	-	-	1,939,040	751,467
Proceeds on Disposal of Property, Plant and Equipment/ Intangible Assets	21,176	12,953	-	15
Net Cash Flows From/(Used in) Investing Activities	(162,882)	(307,648)	435,047	53,213
Financing Activities				
Interest-Bearing Loans and Borrowings (Net)	3,160,903	981,033	25,288	(4,832)
Dividends Paid to Non-Controlling Interest	(222,480)	(249,154)	-	-
Net Cash Flows From/(Used in) Financing Activities	2,938,423	731,879	25,288	(4,832)
Net Increase/(Decrease) in Cash and Cash Equivalents	(5,151,170)	(2,071,115)	39,636	(15,170)
Net Foreign Exchange Difference	89,754	33,351	-	-
Cash and Cash Equivalents at the Beginning of the Period	13,098,735	7,954,039	89,527	213,340
Cash and Cash Equivalents at the End of the Period	8,037,319	5,916,275	129,163	198,170

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

SEGMENTAL INFORMATION

Three Months Ended 30 June	Consumer Brands		Healthcare		Mobility		Others		Group	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Continuing Operation										
Revenue from Contract with Customers										
Segmental Revenue	8,791,695	5,572,736	17,197,098	11,242,634	449,696	653,068	321,369	309,017	26,759,858	17,777,455
Intra Segmental Revenue	(78,974)	(169,296)	(1,521,165)	(783,256)	(5,786)	(9,660)	(34,456)	(63,774)	(1,640,381)	(1,025,986)
Segment Revenue	8,712,721	5,403,440	15,675,933	10,459,378	443,910	643,408	286,913	245,243	25,119,477	16,751,469
Inter Segmental Revenue	-	(49,475)	(554)	-	-	(56,791)	(277,676)	(241,084)	(278,230)	(347,350)
Total Revenue from Contract with Customers	8,712,721	5,353,965	15,675,379	10,459,378	443,910	586,617	9,237	4,159	24,841,247	16,404,119
Results										
Segmental Results										
Finance Cost	(115,313)	(5,713)	(241,064)	(103,323)	(3,375)	(25,431)	(15,444)	(6,620)	(375,196)	(141,087)
Finance Income	64,434	45,779	54,631	17,222	144,287	28,370	836	3,904	264,188	95,275
Share of Results of Equity Accounted Investees (Net of Tax)	-	-	-	-	23,898	8,363	-	(72,453)	23,898	(64,090)
Profit/(Loss) before Tax	653,393	256,968	966,661	748,969	574,427	244,619	(274,520)	(204,782)	1,919,961	1,045,774
Income Tax	(153,220)	(42,696)	(232,437)	(147,598)	(237,957)	(46,458)	(77,101)	(139,661)	(700,715)	(376,413)
Profit/(Loss) for the Period	500,173	214,272	734,224	601,371	336,470	198,161	(351,621)	(344,443)	1,219,246	669,361
Attributable to:										
Equity Holders of the Parent	498,980	230,149	713,072	621,268	219,719	130,331	(351,621)	(344,443)	1,080,150	637,305
Non-Controlling Interests	1,193	(15,877)	21,152	(19,897)	116,751	67,830	-	-	139,096	32,056
	500,173	214,272	734,224	601,371	336,470	198,161	(351,621)	(344,443)	1,219,246	669,361

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

SEGMENTAL INFORMATION

As at	Consumer Brands		Healthcare		Mobility		Others		Group	
	30.06.2022	31.03.2022	30.06.2022	31.03.2022	30.06.2022	31.03.2022	30.06.2022	31.03.2022	30.06.2022	31.03.2022
ASSETS										
Non-Current Assets										
Property, Plant and Equipment	4,764,714	4,754,402	10,132,925	10,191,775	24,302	25,240	115,603	120,618	15,037,544	15,092,035
Right of Use Assets	191,308	206,882	876,411	905,345	92,667	82,986	65,496	82,211	1,225,882	1,277,424
Investment Property	-	-	-	-	-	-	4,878,462	4,878,462	4,878,462	4,878,462
Other Non Current Financial Assets	259,333	24,552	191,150	216,058	-	-	104,637	116,311	555,120	356,921
Other Non Current Assets	3,090,345	3,092,696	1,527,394	1,470,550	84,512	60,758	24,486,397	24,399,717	29,188,648	29,023,721
Segmental Non Current Assets	8,305,700	8,078,532	12,727,880	12,783,728	201,481	168,984	29,650,595	29,597,319	50,885,656	50,628,563
Deferred Tax Assets									35,455	85,621
Eliminations/Adjustments									(25,994,565)	(25,627,883)
Total Non Current Assets	8,305,700	8,078,532	12,727,880	12,783,728	201,481	168,984	29,650,595	29,597,319	24,926,546	25,086,301
Current Assets										
Other Current Financial Assets	25,863	21,470	1,106,572	1,078,275	959,217	1,768,669	2,847,132	1,340,158	4,938,784	4,208,572
Segmental Current Assets	18,476,545	16,977,985	36,533,868	28,344,685	5,297,811	6,306,967	2,094,935	1,587,577	62,403,159	53,217,214
Tax Recoverable									369,920	328,782
Eliminations/Adjustments									(8,163,127)	(6,533,199)
Total Current Assets	18,502,408	16,999,455	37,640,440	29,422,960	6,257,028	8,075,636	4,942,067	2,927,735	59,548,736	51,221,369
Total Assets	26,808,108	25,077,987	50,368,320	42,206,688	6,458,509	8,244,620	34,592,662	32,525,054	84,475,282	76,307,670
Non Current Liabilities										
Segmental Non Current Liabilities	778,770	539,075	3,379,157	3,601,560	94,680	100,806	109,236	110,822	4,361,843	4,352,263
Other Non-current Financial Liabilities	-	145	723	928	465	465	275,000	275,000	276,188	276,538
Deferred Tax Liability									1,885,522	1,723,527
Eliminations/Adjustments									(276,579)	(267,639)
Total Non Current Liabilities	778,770	539,220	3,379,880	3,602,488	95,145	101,271	384,236	385,822	6,246,974	6,084,689
Current Liabilities										
Segmental Current Liabilities	11,088,335	9,582,928	29,304,036	21,368,672	4,521,593	4,402,046	3,384,323	1,990,976	48,298,287	37,344,622
Income Tax Liability									1,533,819	2,471,948
Eliminations/Adjustments									(6,415,514)	(4,432,561)
Total Current Liabilities	11,088,335	9,582,928	29,304,036	21,368,672	4,521,593	4,402,046	3,384,323	1,990,976	43,416,592	35,384,009
Total Liabilities	11,867,105	10,122,148	32,683,916	24,971,160	4,616,738	4,503,317	3,768,559	2,376,798	49,663,566	41,468,698
Total Segment Assets	26,808,108	25,077,987	50,368,320	42,206,688	6,458,509	8,244,620	34,592,662	32,525,054	118,227,599	108,054,349
Total Segment Liabilities	11,867,105	10,122,148	32,683,916	24,971,160	4,616,738	4,503,317	3,768,559	2,376,798	52,936,318	41,973,423
Other Segmental Information										
Acquisition Cost of Property Plant and Equipment	52,638	403,908	124,760	1,046,183	2,332	52,167	1,927	28,981	181,657	1,531,239
Depreciation of Segmental Assets	108,085	361,173	173,142	563,813	3,271	85,984	18,826	80,888	303,324	1,091,858
Provision for Employee Benefit Liability	19,204	69,190	26,196	94,123	1,288	7,822	5,274	14,925	51,962	186,060
Impairment/Amortisation of Intangibles	2,578	5,264	9,267	36,983	144	2,494	6,520	31,802	18,509	76,543
Amortisation of Right-of-Use Assets	7,029	77,390	42,974	168,983	6,552	38,389	2,660	8,182	59,215	292,944

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

NOTES TO THE FINANCIAL STATEMENTS

1 Basis of Preparation

The condensed interim financial statements have been prepared in accordance with Sri Lanka Accounting Standard LKAS- 34, Interim Financial Reporting. The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 March 2022. Further, provisions of the Companies Act No. 7 of 2007 have been considered in preparing the interim financial statements.

The Management of the Group continues to monitor the potential impact for the performance due to the COVID-19 pandemic, current economic downturn & political instability. Consequently, these financial statements have been prepared incorporating judgments and assumptions relating to macroeconomic variables. Management is currently not aware of any material uncertainties that may cast significant doubt upon the Group's continuing performance.

2 Employee Share Option Scheme (ESOS)

(a) Employee Share Option Scheme (ESOS) - 2015

The Board of Directors, with the approval in principle of the Colombo Stock Exchange, and authorised by the shareholders at an Extraordinary General Meeting dated 10 April 2015, to create an 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 the options were granted to the Executive Directors and Senior Executives of the Company and its subsidiaries as follows,

	Date Of Grant	No of Shares Granted	Grant Price (LKR)	Vesting Period	No of Shares Vested	Exercise Period
Grant 1	27.07.2015	3,053,750	82.00	1 Year	2,574,423	3 Years
Grant 2	27.07.2016	3,008,750	87.50	1 Year	2,421,867	3 Years
Grant 3	27.07.2017	3,420,000	149.50	1 Year	2,034,796	3 Years
Grant 4	27.07.2018	3,491,250	108.81	1 Year	2,032,822	3 Years
Grant 5	27.07.2019	4,115,000	69.00	1 Year	2,204,212	3 Years
Grant 6	27.07.2020	2,630,758	60.00	1 Year	1,924,065	3 Years

Under the Group's Employee Share Option Scheme (ESOS), share options of the parent are granted to executives of the Group/ Company generally with more than 12 months of service. The exercise price of the share options is equal to the 30 day volume weighted average market price of the underlying shares on the date of grant. The share options vested after period of one year from the date of grant and it depends on the performance criteria and time criteria. The fair value of the share options is estimated at the grant date using the Black Scholes option pricing model taking into account the terms and conditions upon which the share options were granted.

The exercise period for each option granted is three years. There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these share options.

(b) Employee Share Option Scheme (ESOS) - 2021

The Board of Directors, with the approval in principle of the Colombo Stock Exchange, and authorised by the shareholders at an Extraordinary General Meeting dated 30 June 2021, to create an Employee Share Option Scheme (ESOS) to offer 13,500,000 ordinary shares being 2.26% of the total issued and fully paid ordinary voting shares of the Company. The ESOS 2021 is applicable to Eligible Employees, who are employees of a company in the Hemas Group (i.e. the Company and subsidiaries of the Company as identified by the Board whose employees are eligible to participate in the Scheme)

The Grant Period under the ESOS 2021 shall commence on 20 July 2021 and end on 19 July 2026.

	Date Of Grant	No of Shares Granted	Grant Price (LKR)	Vesting Period	No of Shares Vested	Exercise Period
Grant 1	20.07.2021	3,538,112	82.46	1 Year	N/A	5 Years

3 Surcharge Tax

As per the Surcharge Tax Act No. 14 of 2022 which was certified on 8 April 2022, each company of a group of companies, of which the aggregate of the taxable income of all subsidiaries and the holding company in that Group of companies that have earned a taxable income in excess of LKR 2,000 million for the year of assessment 2020/2021 is liable for a surcharge tax at the rate of 25% on the taxable income of each entity within that group. The tax liability arising from the Surcharge Tax has been accounted as recommended by the Statement of Alternative Treatment (SoAT) issued by the Institute of Chartered Accountants of Sri Lanka.

As a result, the Group and the Company have been identified as having respective surcharge tax liabilities of LKR 1.7Bn and LKR 11.6Mn. According to the Statement of Alternative Treatment (SoAT) published by The Institute of Chartered Accountants of Sri Lanka, these figures were adjusted as an opening adjustment to the retained earnings as of 1 April 2021 in the statement of Changes in Equity. In accordance with the aforementioned Act, the surcharge tax will be treated as an expense in the financial statements for the assessment year that began on 1 April 2020.

The Group and the Company paid the first installment of LKR 834.2Mn and LKR 5.8Mn tax charge respectively on 20 April 2022. The final installment of Surcharge Tax due as of 30 June 2022, has been paid by July 20, 2022.

The following would have been the impact of the surcharge tax under the Surcharge Tax Act on the comparative year:
LKR 000

	Group	Company
Profit after tax for the year ended 31 March 2021	3,342,026	(4,091)
Surcharge Tax Expense	(1,668,331)	(11,627)
Adjusted Profit for the year ended 31 March 2021	1,673,695	(15,718)

4 Events After The Reporting Date

There were no circumstances that have arisen since the reporting date, which would require adjustment to or disclosure in the financial statements.

5 There have been no significant changes in the nature of the contingent liabilities which were disclosed in the Audited Financial Statements for the year ended 31 March 2022.

INVESTOR INFORMATION

	Three Months Ended 30 June	
	2022	2021
Market Value of Shares		
Closing Price on 30 June (LKR)	41.60	81.60
Last Traded Price on 30 June (LKR)	42.00	81.90
Highest Price During the Period (LKR)	54.00	87.00
Lowest Price During the Period (LKR)	39.20	79.00
Market Capitalisation on 30 June (LKR Mn)	24,816	48,678
Ratios		
Net Asset Per Share on 30 June (LKR)	57.16	53.10
Price Earnings Ratio on 30 June (Times)	5.74	19.10
Share Trading		
No of Transactions During the Period	2,702	4,577
No of Shares Traded During the Period	4,723,294	10,632,694
Value of Shares Traded During the Period (LKR. Mn)	207	870
Number of Shares	596,546,025	596,546,025

SHARE INFORMATION

List of 20 Major Shareholders as at 30 June

	2022		2021	
	No. of Shares	%	No. of Shares	%
1 A Z Holdings (Pvt) Ltd.	94,092,305	15.77	94,092,305	15.77
2 Amagroup (Pvt) Ltd.	91,427,333	15.33	88,927,333	14.91
3 Saraz Investments (Pvt) Ltd.	89,565,277	15.01	89,565,277	15.01
4 Blueberry Investments (Pvt) Ltd.	88,927,940	14.91	88,927,940	14.91
5 BBH-Kopernik Global All Cap Fund	16,019,905	2.69	16,019,905	2.69
6 HSBC Intl Nominees Ltd-JPMLU-Franklin Templeton Investment Funds	12,862,845	2.16	12,862,845	2.16
7 BBH-Kopernik Global All Cap Equity Fund	12,263,194	2.06	12,263,194	2.06
8 Phoenix Ventures (Pvt) Limited.	9,796,683	1.64	9,796,683	1.64
9 Rubber Investment Trust Ltd Account 1	8,532,332	1.43	6,791,308	1.14
10 Citibank Newyork S/A Norges Bank Account 2	7,146,662	1.20	-	-
11 Mr. I.A.H. Esufally	7,086,284	1.19	4,586,284	0.77
12 Ceylon Investment PLC	6,450,208	1.08	4,021,719	0.67
13 Mr. M.A.H. Esufally	6,164,633	1.03	6,164,633	1.03
14 Ceylon Guardian Investment Trust PLC Account 2	5,863,483	0.98	-	-
15 Mr. H.H. Abdulhusein	5,500,000	0.92	-	-
16 Mellon Bank N.A-United Technologies CORP	5,488,757	0.92	5,488,757	0.92
17 Mr. M.J.Fernando	5,448,160	0.91	5,448,160	0.91
18 CB London s/a Verdipapirfondet Holberg Rurik	5,289,130	0.89	5,520,000	0.93
19 BBH-Tundara Sustainable Frontier Fund	4,001,928	0.67	-	-
20 BBH-Kopernik Global All Cap Master Fund,LP	3,252,575	0.55	-	-

Directors' Shareholding as at 30 June

	2022	2021
	No. of Shares	No. of Shares
DIRECTORS' INDIRECT SHAREHOLDING		
A Z Holdings (Pvt) Ltd.	94,092,305	94,092,305
Saraz Investments (Pvt) Ltd.	89,565,277	89,565,277
Blueberry Investments (Pvt) Ltd.	88,927,940	88,927,940
Amagroup (Pvt) Ltd.	91,427,333	88,927,333
DIRECTORS' DIRECT SHAREHOLDING		
Mr. H.N. Esufally (Chairman)	2,291,640	5,791,640
Ms. K.C. Wilson (CEO)	-	-
Mr. A.N. Esufally	2,617,353	117,353
Mr. I.A.H. Esufally	7,086,284	4,586,284
Mr. M. A. H. Esufally	6,164,633	6,164,633
Mr. J. M Trivedi	-	-
Mr. A.S. Amaratunga	-	-
Dr. S.A.B Ekanayake	-	-
Mr.S.J. De Silva Wijeratne	-	-
Mr.P. Subasinghe	-	-
	382,172,765	378,172,765

Public Holding as at 30 June

	2022	2021
Issued Share Capital (No. of Shares)	596,546,025	596,546,025
Public Holding as a % of Issued Share Capital	35.08%	35.75%
Total Number of Shareholders	9,144	7,065
Number of Shareholders representing the Public Holding	9,128	7,050

Minimum Public Holding Requirement as per Listing Rules 7.13.1

	Float Adjusted Market Capitalisation - (LKR)	Public Holding Percentage	No of Shareholders	Option
Minimum Public Holding as at 30 June 2022	8,705,563,176	35.08%	9,128	2

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)
Kasturi Chellarja Wilson (CEO)
Imtiaz Esufally
Murtaza Esufally
Abbas Esufally
Dr. Anura Ekanayake
Amitha Saktha Amaratunga
Jyotindra Manibhai Trivedi
Sriyan De Silva Wijeyeratne
Prabhash Subasinghe

Secretaries

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No.75, Braybrooke Place, Colombo 02.
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Registrars

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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.
Bank of Ceylon