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POSSIBILITIES

Financial Year 2023/24 – First Three Months Performance

Chief Executive Officer’s Review

Hemas delivered a healthy performance for the first three months of the financial year 2023/24, effectively navigating the macroeconomic headwinds as the country moves towards an economic stabilising phase. The Group posted a revenue of Rs. 29.1 billion, a 17.2 per cent growth over previous year while the operating profits witnessed a growth of 6.0 per cent to Rs. 2.2 billion. Amidst the increased finance cost, the Group's earnings growth was limited, witnessing a marginal improvement of 1.2 per cent to Rs. 1.1 billion.

Operating Environment

Sri Lanka successfully secured the initial tranche of the International Monetary Fund (IMF) extended fund facility and progress was made in both domestic and external debt restructuring efforts. Year-on-year growth in the inflation rate, which stood above 70 per cent in September 2022, witnessed a significant decline and currently rests at 10.8 per cent as of June 2023. This progress can be attributed, in part, to the improved liquidity in the foreign exchange market, which resulted in the Sri Lankan Rupee appreciating by over 14 per cent during the first quarter.

Despite the positive indicators, it is important to acknowledge that consumers continue to face challenges as their disposable income levels are impacted by the increased cost of living. Although there has been a slowdown in the year-on-year inflation and interest rates, the ratios should be carefully interpreted as the current inflation figures are based on an already inflated base. Consequently, affordability continues to be a concerning issue for the public and consumption remains contracted.

Consumer Brands

Market-wide price reductions were witnessed during the quarter, attributed to the reduction in global commodity prices and appreciation in the domestic currency. However, a noticeable slowdown in consumer demand was seen across the modern and general trade channels post festive season. The increase in taxes, higher tariffs on electricity and high borrowing costs had an ongoing influence on buying patterns, despite the price reductions.

In the stationery market, the demand for value-for-money alternatives continues to surge at a significant rate as consumers remain cautious amidst the increased pressures on disposable income. The relaxation of import restrictions, the appreciation of the rupee, and the decline in paper prices have resulted in the market experiencing an influx of brands. There has been a slowdown in secondary purchases from retailers due to the anticipation of future price reductions.

The Bangladesh economy continues to face challenges as its local currency, foreign reserves, and economic growth encounter notable risks stemming from inflation and the persisting global economic slowdown. With over 9 per cent

LKR Mn	Quarterly Financial Snapshot		
	FY24 Q1	Vs FY23 Q1	Vs FY23 Q4
Consumer Brands	11,054.6	26.9%	-27.0%
Healthcare	17,638.6	12.5%	5.5%
Mobility	417.5	-5.9%	21.1%
Other	10.7	16.0%	-37.3%
Revenue	29,121.4	17.2%	-9.6%
Gross Profit	7,855.4	23.9%	-20.5%
Gross Profit Margin	27.0%	1.5pt	-3.7pt
EBITDA	2,556.9	6.0%	-26.2%
EBITDA Margin	8.8%	-0.9pt	-2.0pt
Operating Profit	2,153.2	6.0%	-28.3%
Operating Profit Margin	7.4%	-0.8pt	-1.9pt
Net Interest Cost	(741.3)	>100%	-45.0%
Income Tax Expenses	(285.8)	59.2%	51.1%
Earnings	1,093.6	1.2%	3.3%

growth in year-on-year inflation, consumers have curtailed their consumption of non-essential items and are opting for more cost-effective generic brand offerings and smaller pack sizes.

The Consumer Brands Sector reported a revenue of Rs. 11.1 billion for the quarter, a growth of 26.9 per cent over last year driven by relatively high market prices. In line with revenue growth, operating profit and earnings for the quarter improved by 62.8 per cent and 84.2 per cent to reach Rs. 1.1 billion and Rs.919.2 million respectively. Continuous efforts on improving supply chain efficiency and internal processes coupled with improved performance of the export portfolio positively contributed to the growth in profitability of the Sector.

Home and Personal Care

With the slowdown in the global commodity prices and appreciation of the domestic currency, price revisions were made across the portfolio to a greater extent. However, the benefit was partially negated by the escalation of domestic overhead costs under inflationary environment. With the increasing pressure on consumer spending, recent launches of value-for-money products continued to perform well while the newest additions to the Hemas Consumer Brands Portfolio, 'Prasara' and 'Vivya' have been gaining traction amidst multiple product extensions made to the range.

Learning Segment

The Learning Segment witnessed a reduction in demand in comparison to the previous quarters attributed to the slowdown in back-to-school season and market anticipations of future price reductions. Premium market segment witnessed over 10 percentage points growth in market share owing to the success of the brand 'Innovate'. For the fourth consecutive year, Atlas was honoured as the 'School Supply Brand of the Year 2023' at the esteemed SLIM-Kantar People's Choice Awards, a testament to the brand's enduring strength and reach.

During the quarter, the Group acquired the remaining 24.9 per cent stake in Atlas Axillia Company (Pvt) Ltd for a total consideration of Rs 3.4 billion, making it a fully owned subsidiary of the Hemas Group. The increase in stake was in line with the commitments made to the prior shareholders and aligns seamlessly with our investment mandate, which focuses on investing in consumer and healthcare companies that bring value accretive opportunities to the Group.

Consumer Brands International

In line with the Group's strategic objective of promoting internationalisation and exports, Consumer Brands International Sector made significant steps during the quarter.

Despite the market contraction, the Bangladesh business witnessed volume growth, primarily driven by the increased traction for the personal care brand "Actisef," which was launched to reduce high single category concentration. Revenue growth in the face of mounting economic pressure was supported by consumer promotions and recent launches featuring reduced pack sizes, while the total revenue of the segment received a substantial boost of over 16 percent from the contributions of new product launches.

While the Home and Personal Care Sri Lanka business successfully extended its operations to new geographies in East Africa, The Learning Segment demonstrated substantial advancement in the export arena through the initiation of manufacturing for globally recognised brands and the launch of its newest brand 'ignite' in the Gulf region.

Healthcare

Sri Lanka's free healthcare system, which stood as a benchmark in South Asia, continues to grapple with challenges, including shortages of essential drugs and the migration of doctors, exacerbating the critical situation. Contraction witnessed in the demand for pharmaceuticals under deteriorating income levels, continued to be present where the private market witnessed a double-digit contraction resulting from volume decline in both essential and non-essential categories. With the recent appreciation of the domestic currency, the National Medicines Regulatory Authority (NMRA) granted approval for a 16 per cent reduction in the maximum retail price of NMRA registered medicine. Nevertheless, the industry remains concerned about the ad-hoc nature of price changes and

acknowledges the urgent need for a transparent pricing mechanism that effectively reflects the real movement of relevant market drivers, ensuring equity for all stakeholders.

The Healthcare Sector posted a revenue of Rs. 17.6 billion for the quarter, a growth of 12.5 per cent over last year mainly due to the improved performance of the Pharmaceutical Business. However, the Sector failed to convert the growth momentum in revenue into profits, primarily due to increased finance costs and taxes. The operating profit for the quarter declined marginally to Rs. 1.1 billion while the earnings declined by 33.3 per cent to Rs. 475.3 million.

Pharmaceuticals

During the year the Pharmaceutical Distribution Business introduced over 30 products into the market in many key categories including urology, anti-infective and respiratory spaces providing the customers with wider variety of choices in chronic therapeutic segments. Despite the double-digit contraction witnessed in the market, Pharmaceutical Business volume contraction remained a low single digit range as Hemas continued to prioritise availability of medication in the country.

In response to the request made by the Sri Lanka College of Cardiologists, Hemas Pharmaceutical Distribution business has collaborated with multiple stakeholders on a special project to address the need for training in Heart Failure clinical procedures. This initiative aims to provide comprehensive training to Cardiologists, Cardiology Medical Officers, and Nurses, ensuring that they are well-equipped to meet the challenges in the field.

In line with the strategic objective to drive the Morison branded portfolio, the Pharmaceutical Manufacturing Business, introduced 5 mg and 2.5 mg variants of '*BisoMor*', a medication used in treatment of high blood pressure. The success of '*Empamor*,' the flagship product for type 2 diabetes, as the top-selling empagliflozin brand in terms of volume, exemplifies the trust consumers have in the Morison brand.

Amidst heightened volumes and ongoing pipeline expansions, the '*Homagama*' factory demonstrated commendable capacity utilisation in both tablet and liquid manufacturing, showcasing effective production management, with a targeted capacity utilisation of over 40 per cent by the end of the financial year.

Hospitals

Occupancy at both the hospitals remained high with over 60 per cent overall occupancy under improved medical admissions. Despite the decline in overall surgical admissions due to reduced disposable income, many key anchor specialties including Urology and Gastro-Enterology witnessed significant growth in value and volume terms.

Mobility

Amidst the global economic slowdown, the Port of Colombo demonstrated notable resilience with a significant increase of 7.8 per cent in total throughput and 11.5 per cent in transshipment volumes during the quarter, partially attributed to a lower base from the previous year. However, the Maritime sector was adversely impacted by the global slowdown, despite observing a greater extent of stabilisation in global freight rates.

The global demand for passenger air travel is on a growth trajectory, even though it has not yet reached pre-pandemic levels. While there has been a resurgence in travel from Colombo, particularly in student and labour travel, the cargo market faced a decline in volumes for perishables and general cargo to key markets.

During the quarter, the Mobility Sector achieved a revenue of Rs. 417.5 million. However, the operating profit and earnings experienced a contraction of over 40 per cent, reaching Rs. 224.5 million and Rs. 121.7 million, respectively, primarily due to the impacts of currency appreciation, volume decline, and reduced demand.

Leading with ESG

The Group continued to monitor its relevant ESG topics to identify, manage, and address potential risks. The Group achieved reductions in its carbon footprint, with emissions per million rupees of revenue decreasing by 13.3 per cent to 0.13 MT and water withdrawal reduced by 11.8 per cent to 1.5 cubic meters per million rupees of revenue. The employee training hours increased by 3 per cent to 11,953 hours, demonstrating its dedication to fostering professional growth and skill development within the organisation. Investing in renewable energy solutions, the Group installed rooftop solar panels at key operational locations, resulting in a 342 per cent increase in the use of renewable energy.

The Group's focus on offsetting its plastic waste through initiatives across the island saw the collection of over 30,500 kg of plastic waste, to date collection is over 78,000 kg of plastic waste.

In line with its purpose-driven initiatives, the Group continued its efforts to empower families to aspire for a better tomorrow. The Group facilitated learning by creating quality education experiences to over 17,000 children, while over 7,000 children, teachers, and parents were provided with equal learning opportunities. Additionally, the Group supported cancer patients undergoing chemotherapy by providing natural hair wigs and emphasised women's strength, positively impacting over 400 women.

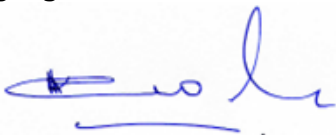
The Group's dedication to addressing period poverty was recognised at the prestigious Top50 Global Professional & Career Women Awards 2023, where 'Fems Aya', received the "Best Community Initiatives Focusing on Women Led Project of the Year" award. Furthermore, the Group's commitment to supporting vulnerable communities and building a social security net had a positive impact on over 8,000 families.

Outlook

During the recent quarter, the Sri Lankan economy experienced noteworthy improvements in several vital economic indicators, encompassing interest rates, inflation and exchange rates. Progress has been made in external and internal debt restructuring initiatives, accompanied by efforts towards comprehensive implementation of an integrated restructuring programme in collaboration with the IMF.

We acknowledge the challenges present in the macro economy and maintain a cautious yet optimistic outlook on the immediate future. Drawing from its 75 years of experience, Hemas will anchor its strategy around the Group's purpose and continue to drive long-term value growth, staying true to its roots by prioritising its core operations while actively pursuing internationalisation as a key strategic priority. The Group will embark on a transformation journey to improve efficiency, deploy cost-saving initiatives, and prioritise digitisation to foster sustained growth. Understanding the ever-evolving shifts in consumer needs and catering to them through innovative solutions would be the core of our business strategy.

Our commitment to investing in teams remain a primary focus area as we propel our growth to the next level. Empowering our teams to embrace challenges and pursue growth will continue to be a cornerstone of our strategy going forward.



Kasturi C. Wilson

Group Chief Executive Officer
August 10, 2023
Colombo

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Three Months Ended 30 June		
	2023	2022	Change %
Continuing Operations			
Revenue from Contracts with Customers	29,121,435	24,841,247	17.2%
Cost of Sales	(21,266,056)	(18,501,896)	14.9%
Gross Profit	7,855,379	6,339,351	23.9%
Other Operating Income	116,405	256,333	-54.6%
Selling and Distribution Expenses	(2,173,969)	(1,753,004)	24.0%
Administrative Expenses	(3,617,738)	(2,835,609)	27.6%
Share of Results of Equity Accounted Investees (Net of Tax)	(26,918)	23,898	-212.6%
Operating Profit	2,153,159	2,030,969	6.0%
Finance Cost	(970,529)	(375,196)	158.7%
Finance Income	229,189	264,188	-13.2%
Profit Before Tax	1,411,819	1,919,961	-26.5%
Income Tax Expense	(285,834)	(700,715)	-59.2%
Profit for the Period	1,125,985	1,219,246	-7.6%
Attributable to:			
Equity Holders of the Parent	1,093,645	1,080,150	1.2%
Non-Controlling Interests	32,340	139,096	-76.7%
	1,125,985	1,219,246	-7.6%
	LKR	LKR	
Earnings Per Share			
Basic	1.83	1.81	
Diluted	1.83	1.81	
Dividend Per Share			
	1.95	1.95	

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

	Three Months Ended 30 June	
	2023	2022
Profit for the Period	1,125,985	1,219,246
Other Comprehensive Income		
Other Comprehensive Income to be Reclassified to Profit or Loss in Subsequent Periods		
Net Movement on Cash Flow Hedges	-	(16,764)
Exchange Differences on Translation of Foreign Operations	(104,276)	156,838
	(104,276)	140,074
Other Comprehensive Income not to be Reclassified to Profit or Loss in Subsequent Periods		
Net Profit / (Loss) on Financial Assets at FVOCI (Equity)	(7,795)	(10,633)
	(7,795)	(10,633)
Other Comprehensive Income for the Period, Net of Tax	(112,071)	129,441
Total Comprehensive Income for the Period, Net of Tax	1,013,914	1,348,687
Attributable to:		
Equity Holders of the Parent	981,574	1,209,591
Non-Controlling Interests	32,340	139,096
	1,013,914	1,348,687

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 30 June		As at 31 March
	2023	2022	2023
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	18,319,546	17,940,584	19,912,878
Investment Properties	3,739,720	2,100,161	2,310,150
Right-of-Use Assets	1,319,263	1,135,665	995,097
Intangible Assets	3,305,104	3,293,304	3,311,373
Investment in Equity Accounted Investees	674,814	108,985	702,063
Lease Receivables	118,600	120,312	122,186
Other Non-Current Financial Assets	178,467	192,080	181,515
Deferred Tax Asset	113,455	35,455	87,366
	27,768,969	24,926,546	27,622,628
Current Assets			
Inventories	27,988,085	21,233,582	28,602,360
Trade and Other Receivables	24,138,457	26,537,334	25,456,335
Tax Recoverable	286,579	369,920	323,854
Lease Receivables	9,193	49,646	22,761
Other Current Financial Assets	160,014	358,907	139,171
Cash and Short-Term Deposits	14,843,722	10,999,347	16,330,774
	67,426,050	59,548,736	70,875,255
Total Assets	95,195,019	84,475,282	98,497,883
EQUITY AND LIABILITIES			
Equity			
Stated Capital	7,776,461	7,776,111	7,776,111
Other Capital and Revenue Reserves	125,022	171,181	119,164
Other Components of Equity	6,429,564	4,575,550	6,541,635
Retained Earnings	23,433,120	21,573,890	23,967,649
Equity Attributable to Equity Holders of the Parent	37,764,167	34,096,732	38,404,559
Non-Controlling Interests	752,478	714,984	715,842
Total Equity	38,516,645	34,811,716	39,120,401
Non-Current Liabilities			
Interest-Bearing Loans and Borrowings	7,169,099	3,075,725	5,449,482
Other Non-Current Financial Liabilities	275,505	276,188	275,505
Deferred Tax Liability	2,670,366	1,885,522	2,901,176
Employee Benefit Liability	1,225,776	1,009,539	1,198,963
	11,340,746	6,246,974	9,825,126
Current Liabilities			
Trade and Other Payables	28,987,918	29,564,990	29,625,732
Dividend Payable	1,163,265	1,163,265	-
Income Tax Liabilities	838,317	1,533,819	969,224
Other Financial Liabilities	-	2,273,844	2,949,482
Interest-Bearing Loans and Borrowings	12,769,340	5,918,646	11,739,284
Bank Overdraft	1,578,788	2,962,028	4,268,634
	45,337,628	43,416,592	49,552,356
Total Equity and Liabilities	95,195,019	84,475,282	98,497,883
Net Assets per share - (LKR)	63.30	57.16	64.38

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




Moiz Rehmanjee

Group 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 10, 2023



Kasturi C. Wilson
Group 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 2022	7,776,111	159,834	4,373,663	642,174	(330,746)	(238,982)	23,205,732	35,587,786	919,517	36,507,303
Adjustment for Surcharge Tax levied under Surcharge Tax Act	-	-	-	-	-	-	(1,548,726)	(1,548,726)	(119,604)	(1,668,330)
As at 1 April 2022	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
Subsidiary Dividend to Non-Controlling Interest	-	-	-	-	-	-	-	-	(222,480)	(222,480)
Share Based Payments	-	11,347	-	-	-	-	-	11,347	-	11,347
Final Dividend - 2021/22	-	-	-	-	-	-	(1,163,265)	(1,163,265)	-	(1,163,265)
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
As at 1 April 2023	7,776,111	119,164	6,845,833	522,611	(51,775)	(775,034)	23,967,649	38,404,559	715,842	39,120,401
Profit for the Period	-	-	-	-	-	-	1,093,645	1,093,645	32,340	1,125,985
Other Comprehensive Income	-	-	-	(104,276)	(7,795)	-	-	(112,071)	-	(112,071)
Total Comprehensive Income	-	-	-	(104,276)	(7,795)	-	1,093,645	981,574	32,340	1,013,914
Final Dividend - 2022/23	-	-	-	-	-	-	(1,163,265)	(1,163,265)	-	(1,163,265)
Exercise of ESOS	350	-	-	-	-	-	-	350	-	350
Share Based Payments	-	5,858	-	-	-	-	-	5,858	-	5,858
Reclassification of Non-Controlling Interest to be Acquired	-	-	-	-	-	-	-	-	4,296	4,296
Fair Value Changes in Non-Controlling Interest to be Acquired	-	-	-	-	-	-	(464,909)	(464,909)	-	(464,909)
As at 30 June 2023	7,776,461	125,022	6,845,833	418,335	(59,570)	(775,034)	23,433,120	37,764,167	752,478	38,516,645

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COMPANY STATEMENT OF PROFIT OR LOSS

	Three Months Ended 30 June		
	2023	2022	Change %
Revenue from Contracts with Customers	266,295	241,027	10.5%
Cost of Sales	-	-	-
Gross Profit	266,295	241,027	10.5%
Other Operating Income	1,477	1,957,463	-99.9%
Administrative Expenses	(383,458)	(317,413)	20.8%
Operating Profit	(115,686)	1,881,077	-106.1%
Finance Cost	(101,095)	(71,423)	41.5%
Finance Income	49,750	16,000	210.9%
Profit Before Tax	(167,031)	1,825,654	-109.1%
Income Tax Expense	(8,345)	(601)	1288.5%
Profit for the Period	(175,376)	1,825,053	-109.6%

COMPANY STATEMENT OF COMPREHENSIVE INCOME

	Three Months Ended 30 June	
	2023	2022
Profit for the Period	(175,376)	1,825,053
Other Comprehensive Income		
Net Gain on Financial Assets at FVOCI	(1,449)	(1,971)
Other Comprehensive Income for the Period, Net of Tax	(1,449)	(1,971)
Total Comprehensive Income for the Period, Net of Tax	(176,825)	1,823,082

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COMPANY STATEMENT OF FINANCIAL POSITION

	As at 30 June		As at 31 March
	2023	2022	2023
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	59,515	58,835	60,543
Investment Properties	1,065,305	851,300	1,065,305
Right-of-Use Assets	90,974	42,167	-
Intangible Assets	41,924	43,792	49,484
Investment in Subsidiaries	18,039,897	17,685,757	17,999,897
Other Non-Current Financial Assets	11,639	11,681	13,928
	19,309,254	18,693,532	19,189,157
Current Assets			
Trade and Other Receivables	555,157	614,767	1,026,689
Tax Recoverable	15,813	6,289	32,433
Other Current Financial Assets	1,043,063	1,410,383	536,063
Cash and Short-Term Deposits	58,650	182,937	23,712
	1,672,683	2,214,376	1,618,897
Total Assets	20,981,937	20,907,908	20,808,054
EQUITY AND LIABILITIES			
Equity			
Stated Capital	7,776,461	7,776,111	7,776,111
Other Capital and Revenue Reserves	346,373	392,532	340,515
Other Components of Equity	115	(295,590)	1,564
Retained Earnings	8,256,990	9,506,329	9,595,631
Total Equity	16,379,939	17,379,382	17,713,821
Non-Current Liabilities			
Interest-Bearing Loans and Borrowings	648,750	-	692,000
Deferred Tax Liability	233,372	144,743	239,951
Employee Benefit Liability	81,439	64,852	79,692
	963,561	209,595	1,011,643
Current Liabilities			
Trade and Other Payables	850,504	871,030	776,928
Dividend Payable	1,163,265	1,163,265	-
Income Tax Liabilities	-	15,880	-
Interest-Bearing Loans and Borrowings	987,341	1,214,982	570,240
Bank Overdraft	637,327	53,774	735,422
	3,638,437	3,318,931	2,082,590
Total Equity and Liabilities	20,981,937	20,907,908	20,808,054
Net Assets per share - (LKR)	27.46	29.13	29.69


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Moiz Rehmanjee
Group 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 10, 2023



Kasturi C. Wilson
Group Chief Executive Officer

COMPANY STATEMENT OF CHANGES IN EQUITY

	Stated Capital	Other Capital Reserves	Other Components Of Equity	Retained Earnings	Total Equity
			Fair Value Reserve of Financial Assets at FVOCI		
As at 31 March 2022	7,776,111	381,185	(293,619)	8,856,168	16,719,845
Adjustment for Surcharge Tax levied under Surcharge Tax Act				(11,627)	(11,627)
As at 1 April 2022	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
Interim 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
As at 1 April 2023	7,776,111	340,515	1,564	9,595,631	17,713,821
Profit for the Period	-	-	-	(175,376)	(175,376)
Other Comprehensive Income	-	-	(1,449)	-	(1,449)
Total Comprehensive Income	-	-	(1,449)	(175,376)	(176,825)
Share Based Payments	-	5,858	-	-	5,858
Exercise of Share Options	350	-	-	-	350
Final Dividend 2022/23	-	-	-	(1,163,265)	(1,163,265)
As at 30 June 2023	7,776,461	346,373	115	8,256,990	16,379,939

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STATEMENT OF CASH FLOWS

Three Months Ended 30 June	Group		Company	
	2023	2022	2023	2022
Operating Activities				
Profit Before Taxation from Continuing Operations	1,411,819	1,919,961	(167,031)	1,825,654
Adjustments for,				
Depreciation	316,292	303,324	6,001	5,142
Amortisation of Right-of-Use Assets	56,963	59,215	12,996	14,056
Gain on Disposal of Property, Plant and Equipment, Investment Properties	(5,367)	(5,168)	(8)	-
Provision for Share Based Payment Expense	5,858	11,347	918	1,939
(Reversal)/ Provision for Impairment of Trade and Other Receivables	48,082	26,542	(26,113)	1,786
Provision for Obsolete Stocks	41,484	60,027	-	-
Amortisation of Intangible Assets	30,528	18,509	7,560	6,490
Finance Cost	970,529	375,196	101,095	71,423
Finance Income	(229,185)	(264,188)	(49,750)	(16,000)
Share of Results of Equity Accounted Investees (Net of Tax)	26,918	(23,898)	-	-
Investment Income	-	-	(1)	(1,939,040)
Movement in Employee Benefit Liability	58,667	51,962	5,475	4,125
Operating Cash Flows before Working Capital Changes	2,732,588	2,532,829	(108,858)	(24,425)
Working Capital Adjustments				
(Increase)/Decrease in Inventories	572,792	(4,486,487)	-	-
(Increase)/Decrease in Trade and Other Receivables	1,296,271	(6,660,571)	503,826	(314,746)
Increase/(Decrease) in Trade and Other Payables	(776,393)	2,399,596	73,226	75,492
Increase/(Decrease) in Other Non-Current Financial Liabilities	(10,096)	(350)	-	-
Cash Generated from Operations	3,815,162	(6,214,983)	468,194	(263,679)
Finance Cost Paid	(929,586)	(341,719)	(98,950)	(70,672)
Finance Income Received	225,895	132,232	49,750	15,926
Income Tax Paid	(636,056)	(633,936)	1,697	(90,681)
Surcharge Tax Paid	-	(834,165)	-	(5,813)
Employee Retirement Benefit Paid	(31,934)	(34,140)	(3,730)	(5,780)
Net Cash Flows From/(Used in) Operating Activities	2,443,481	(7,926,711)	416,961	(420,699)
Investing Activities				
Purchase of Property, Plant and Equipment	(230,846)	(181,657)	(4,985)	(1,543)
Investment in Intangible Assets	(6,042)	(20,302)	-	-
Net Movement in Financial Assets	(8,157)	17,901	(507,000)	(1,409,250)
Acquisition of /Investment in Subsidiaries	(3,261,421)	-	(40,000)	(93,200)
Investment Income Received	-	-	1	1,939,040
Proceeds on Disposal of Property, Plant and Equipment/ Intangible Assets	6,325	21,176	21	-
Net Cash Flows From/(Used in) Investing Activities	(3,500,141)	(162,882)	(551,963)	435,047
Financing Activities				
Interest-Bearing Loans and Borrowings (Net)	2,329,200	3,160,903	267,736	25,288
Exercise of ESOS	300	-	300	-
Dividends Paid to Non-Controlling Interest	-	(222,480)	-	-
Net Cash Flows From/(Used in) Financing Activities	2,329,500	2,938,423	268,036	25,288
Net Increase/(Decrease) in Cash and Cash Equivalents	1,272,840	(5,151,170)	133,034	39,636
Net Foreign Exchange Difference	(70,045)	89,754	-	-
Cash and Cash Equivalents at the Beginning of the Period	12,062,139	13,098,735	(711,711)	89,527
Cash and Cash Equivalents at the End of the Period	13,264,934	8,037,319	(578,677)	129,163

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	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Continuing Operation										
Revenue from Contract with Customers										
Segmental Revenue - Gross	11,113,898	8,791,695	19,234,561	17,197,098	417,544	449,696	369,866	321,369	31,135,869	26,759,858
Intra Segmental Revenue	(59,344)	(78,974)	(1,593,863)	(1,521,165)	-	(5,786)	(42,692)	(34,456)	(1,695,899)	(1,640,381)
Segment Revenue	11,054,554	8,712,721	17,640,698	15,675,933	417,544	443,910	327,174	286,913	29,439,970	25,119,477
Inter Segmental Revenue	-	-	(2,079)	(554)	-	-	(316,456)	(277,676)	(318,535)	(278,230)
Total Revenue from Contract with Customers	11,054,554	8,712,721	17,638,619	15,675,379	417,544	443,910	10,718	9,237	29,121,435	24,841,247
Results										
Segmental Results										
Finance Cost	1,146,604	704,272	1,090,022	1,153,094	219,841	409,617	(276,390)	(259,912)	2,180,077	2,007,071
Finance Income	(176,823)	(115,313)	(693,309)	(241,064)	(22,549)	(3,375)	(77,848)	(15,444)	(970,529)	(375,196)
Share of Results of Equity Accounted Investees (Net of Tax)	93,854	64,434	99,237	54,631	37,916	144,287	(1,818)	836	229,189	264,188
	-	-	-	-	4,690	23,898	(31,608)	-	(26,918)	23,898
Profit/(Loss) before Tax	1,063,635	653,393	495,950	966,661	239,898	574,427	(387,664)	(274,520)	1,411,819	1,919,961
Income Tax	(148,551)	(153,220)	(823)	(232,437)	(101,601)	(237,957)	(34,859)	(77,101)	(285,834)	(700,715)
Profit/(Loss) for the Period	915,084	500,173	495,127	734,224	138,297	336,470	(422,523)	(351,621)	1,125,985	1,219,246
Attributable to:										
Equity Holders of the Parent	919,221	498,980	475,271	713,072	121,676	219,719	(422,523)	(351,621)	1,093,645	1,080,150
Non-Controlling Interests	(4,137)	1,193	19,856	21,152	16,621	116,751	-	-	32,340	139,096
	915,084	500,173	495,127	734,224	138,297	336,470	(422,523)	(351,621)	1,125,985	1,219,246

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	
	30.06.2023	31.03.2023	30.06.2023	31.03.2023	30.06.2023	31.03.2023	30.06.2023	31.03.2023	30.06.2023	31.03.2023
ASSETS										
Non-Current Assets										
Property, Plant and Equipment	5,336,612	5,385,962	9,848,823	9,960,147	1,293,721	19,768	112,372	1,377,582	16,591,528	16,743,459
Right of Use Assets	625,307	138,474	800,923	787,451	97,089	54,992	120,367	14,179	1,643,686	995,096
Investment Property	2,100	2,100	-	-	-	-	5,389,105	5,389,105	5,391,205	5,391,205
Other Non Current Financial Assets	192,970	286,805	188,618	190,518	-	-	302,768	68,083	684,356	545,406
Other Non Current Assets	6,076,390	2,827,790	1,520,567	1,506,413	1,256,454	1,251,784	25,504,981	25,504,178	34,358,392	31,090,164
Segmental Non Current Assets	12,233,379	8,641,131	12,358,931	12,444,529	2,647,264	1,326,544	31,429,593	32,353,127	58,669,167	54,765,331
Deferred Tax Assets									113,455	87,366
Eliminations/Adjustments									(31,013,653)	(27,230,070)
Total Non Current Assets	12,233,379	8,641,131	12,358,931	12,444,529	2,647,264	1,326,544	31,429,593	32,353,127	27,768,969	27,622,628
Current Assets										
Other Current Financial Assets	378,556	53,324	842,083	1,170,435	140,201	130,145	1,740,967	2,156,945	3,101,807	3,510,849
Segmental Current Assets	19,371,421	23,285,127	44,812,019	43,161,913	3,723,510	3,849,990	1,719,201	1,971,950	69,626,151	72,268,980
Tax Refunds									286,579	323,854
Eliminations/Adjustments									(5,572,124)	(5,228,429)
Total Current Assets	19,749,977	23,338,451	45,654,102	44,332,348	3,863,711	3,980,135	3,460,168	4,128,895	67,442,413	70,875,255
Total Assets	31,983,356	31,979,582	58,013,033	56,776,877	6,510,975	5,306,679	34,889,761	36,482,022	95,211,382	98,497,883
Non Current Liabilities										
Segmental Non Current Liabilities	1,281,490	820,398	5,078,417	5,425,320	72,783	80,285	777,593	800,574	7,210,283	7,126,577
Other Non-current Financial Liabilities	-	-	40	40	465	465	275,000	275,000	275,505	275,505
Deferred Tax Liability									2,670,366	2,901,176
Eliminations/Adjustments									(27,255)	(478,132)
Total Non Current Liabilities	1,281,490	820,398	5,078,457	5,425,360	73,248	80,750	1,052,593	1,075,574	10,128,899	9,825,126
Current Liabilities										
Segmental Current Liabilities	11,693,254	12,497,652	33,840,734	32,358,421	2,757,441	2,942,023	3,760,277	3,064,412	52,051,706	50,862,508
Income Tax Liability									838,317	969,224
Eliminations/Adjustments									(6,241,548)	(2,279,376)
Total Current Liabilities	11,693,254	12,497,652	33,840,734	32,358,421	2,757,441	2,942,023	3,760,277	3,064,412	46,648,475	49,552,356
Total Liabilities	12,974,744	13,318,050	38,919,191	37,783,781	2,830,689	3,022,773	4,812,870	4,139,986	56,777,374	59,377,482
Total Segment Assets	31,983,356	31,979,582	58,013,033	56,776,877	6,510,975	5,306,679	34,889,761	36,482,023	131,397,125	130,545,160
Total Segment Liabilities	12,974,744	13,318,050	38,919,191	37,783,781	2,830,689	3,022,773	4,812,870	4,139,986	59,537,494	58,264,590
Other Segmental Information										
Acquisition Cost of Property Plant and Equipment	115,694	493,651	96,210	844,819	12,855	7,749	6,087	73,511	230,846	1,419,730
Depreciation of Segmental Assets	117,209	421,168	176,845	706,138	2,817	12,219	19,421	80,408	316,292	1,219,933
Provision for Retiring Gratuity	21,394	80,634	29,842	109,687	666	6,191	6,765	17,910	58,667	214,422
Impairment/Amortization of Intangibles	12,757	11,289	10,161	38,811	21	208	7,589	26,079	30,528	76,387
Amortisation of Right-of-Use Assets	9,201	94,438	41,417	185,892	6,345	25,790	-	-	56,963	306,120

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 2023. 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 on the performance due to the volatility in interest rates, inflation and other factors that may affect future profitability adversely. Furthermore, Management is currently not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern.

2 Employee Share Option Scheme (ESOS)

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

The Board of Directors, with the approval in principal of the Colombo Stock Exchange, and authorised by the shareholders at an Extraordinary General Meeting dated 10 April 2015, to create a Employee Share Option Scheme (ESOS) to offer 13,900,000 ordinary shares being 2.4% of the total number of shares in issue to Executive Directors and Senior Executives of the Company and its Subsidiaries whom the Board deems to be eligible to be awarded the shares.

Accordingly 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	1,924,064	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 principal of the Colombo Stock Exchange, and authorised by the shareholders at an Extraordinary General Meeting dated 30 June 2021, to create a 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	1,156,726	5 Years
Grant 2	20.07.2022	3,071,647	43.84	1 Year	927,454	5 Years

3 Changes to the Group

Hemas Holdings PLC Group has acquired remaining stake (24.9%) of Atlas Axillia Company (Pvt) Ltd on 13 June 2023 for a total consideration of LKR 3.4Bn. Following the above transaction, Atlas Axillia Company (Private) Limited is now a wholly owned subsidiary of the Hemas Group.

4 Events After The Reporting Date

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

5 There have been no significant changes in the nature of the contingent liabilities which were disclosed in the Audited Financial Statements for the year ended 31 March 2023.

INVESTOR INFORMATION

	Three Months Ended 30 June	
	2023	2022
Market Value of Shares		
Closing Price on 30 June (LKR)	69.60	41.60
Last Traded Price on 30 June (LKR)	69.60	42.00
Highest Price During the Period (LKR)	70.20	54.00
Lowest Price During the Period (LKR)	60.00	39.20
Market Capitalisation on 30 June (LKR Mn)	41,520	24,816
Ratios		
Net Asset Per Share on 30 June (LKR)	63.30	57.16
Price Earnings Ratio on 30 June (Times)	9.49	5.74
Share Trading		
No of Transactions During the Period	2,406	2,702
No of Shares Traded During the Period	13,923,519	4,723,294
Value of Shares Traded During the Period (LKR. Mn)	904	207
Number of Shares	596,551,025	596,546,025

SHARE INFORMATION

List of 20 Major Shareholders as at 30 June	2023		2022	
	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	91,427,333	15.33
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 Citibank Newyork S/A Norges Bank Account 2	18,829,504	3.16	7,146,662	1.20
6 BBH-Kopernik Global All Cap Fund	16,019,905	2.69	16,019,905	2.69
7 BBH-Kopernik Global All Cap Equity Fund	12,263,194	2.06	12,263,194	2.06
8 J.B. Cocoshell (Pvt) Ltd	8,996,648	1.51	-	-
9 Rubber Investment Trust Ltd Account 1	7,339,008	1.23	8,532,332	1.43
10 Mr. I.A.H. Esufally	7,086,284	1.19	7,086,284	1.19
11 BBH-Tundara Sustainable Frontier Fund	7,001,928	1.17	4,001,928	0.67
12 Mr. M.A.H. Esufally	6,164,633	1.03	6,164,633	1.03
13 Mr. H.H. Abdulhusein	5,500,000	0.92	5,500,000	0.92
14 Mellon Bank N.A-United Technologies CORP	5,488,757	0.92	5,488,757	0.92
15 Mr. M.J.Fernando	5,448,160	0.91	5,448,160	0.91
16 CB London s/a Verdipapirfondet Holberg Rurik	5,289,130	0.89	5,289,130	0.89
17 Invenco Capital (Private) Limited	4,718,964	0.79	-	-
18 Pemberton Asian Opportunities Fund	4,282,370	0.72	-	-
19 Ceylon Investment PLC	3,706,719	0.62	6,450,208	1.08
20 Akbar Brothers (Pvt) Ltd	3,409,468	0.57	-	-

Directors' Shareholding as at 30 June	2023	2022
	No. of Shares	No. of Shares
DIRECTORS' INDIRECT SHAREHOLDING		
A Z Holdings (Pvt) Ltd.	94,092,305	94,092,305
Amagroup (Pvt) Ltd.	91,427,333	91,427,333
Saraz Investments (Pvt) Ltd.	89,565,277	89,565,277
Blueberry Investments (Pvt) Ltd.	88,927,940	88,927,940
DIRECTORS' DIRECT SHAREHOLDING		
Mr. H.N. Esufally (Chairman)	2,291,640	2,291,640
Dr. S.A.B Ekanayake (Deputy Chairman)	-	-
Ms. K.C. Wilson (CEO)	-	-
Mr. A.N. Esufally	167,353	2,617,353
Mr. I.A.H. Esufally	7,086,284	7,086,284
Mr. M. A. H. Esufally	6,164,633	6,164,633
Mr. A.S. Amaratunga	-	-
Mr. J. M Trivedi	-	-
Mr.P. Subasinghe	-	-
Mr. Ranil Pathirana	-	-
	379,722,765	382,172,765

Public Holding as at 30 June	2023	2022
Issued Share Capital (No. of Shares)	596,551,025	596,546,025
Public Holding as a % of Issued Share Capital	35.08%	35.08%
Total Number of Shareholders	8,442	9,144
Number of Shareholders representing the Public Holding	8,426	9,128

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 2023	14,565,198,930	35.08%	8,426	1

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)
Dr. Anura Ekanayake (Deputy Chairman)
Kasturi Chellarja Wilson (CEO)
Abbas Esufally
Imtiaz Esufally
Murtaza Esufally
Amitha Saktha Amaratunga
Jyotindra Manibhai Trivedi
Prabhath Subasighe
Ranil Pathirana

Secretaries

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Registrars

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Bankers

Bank of Ceylon
Citi Bank N.A.
Commercial Bank of Ceylon PLC
Deutsche Bank AG
DFCC Bank PLC
Hatton National Bank PLC
National Development Bank PLC
Nations Trust Bank PLC
People's Bank
Sampath Bank PLC
Standard Chartered Bank
Seylan Bank PLC
The Hongkong & Shanghai Banking Corp. Ltd.
Union Bank PLC