



Enriching a Nation

70 years of nurturing lives and serving the nation

CEO's Review

Hemas Holdings PLC witnessed a recovery in Q2 with group revenue up by 19.2%, over Q1 FY20 and operating profit and earnings growing by Rs.662.7Mn and Rs.633.1Mn. The growth was driven by an improvement in our Consumer and Healthcare businesses and the normal positive seasonal trend at Atlas.

The Group recorded a consolidated revenue of Rs.28.9Bn for the 6 months ended September 30 2019, 3.6% lower than last year. Operating profits for the first half of the financial year were Rs.701.5Mn, a Year-on-Year (YoY) decline of 70.8% in comparison to previous year. Group reported a loss of Rs.218.8Mn for the 6 months. As discussed in detail in our Q1 release, profits were significantly compressed by the impact of the Easter Sunday terrorist attacks and their aftermath. In addition, the disposal of N*able coupled with increased dividend tax and adoption of SLFRS 16 has reduced earnings by Rs.566.0Mn.

On an underlying basis, excluding the impact from, N*able, our technology business sold in Q2 FY20 and Hemas Southern Hospitals which we exited in Q3 FY19, Group revenue was Rs.28.5Bn and earnings Rs.58.6Mn.

Consumer

During the quarter, both our Consumer businesses have witnessed a steady recovery following subdued performance in the first quarter amid a general economic slowdown and the adverse impact of Easter Sunday attacks. Our monthly revenues from this segment returned to prior year levels by the end of Q2 and we reported a quarter on quarter growth in operating profit and earnings of Rs.598.6Mn and Rs.346.4Mn respectively for the three months period in consideration.

Due to the sharp slowdown in the first quarter, year-to-date consumer sector revenue stood at Rs.11.3Bn for the six months ending September 30, 2019, indicating a YoY decline of 6.8%. Segment profits of Rs.630.7Mn witnessed a drop of 57.5% over last year due to increased costs incurred with regard to promotional activities in further strengthening the Hemas brands. Home and Personal care international segment remained depressed during the quarter due to 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 half of the year stood at Rs.14.5Bn, a YoY increase of 8.3% whilst operating profit and earnings fell by 3.8% and 8.5%, due to declines at Morison and Hemas Hospitals during the first quarter. The sector witnessed a significant recovery during the second quarter with revenues reporting a YoY growth of 9.0% and operating profits growth of 16.3% over last year. Hemas pharmaceutical distribution operation registered satisfactory performance with the price increase on price-controlled pharmaceuticals becoming effective in May. Hemas Hospitals achieved an overall average occupancy of 54%, with profitability down on last year. Hemas Hospitals improved Q2 profitability over Q1 by approximately Rs.80.0Mn.

Morison PLC, our pharmaceutical manufacturing arm, achieved a revenue of Rs.1.3Bn and operating profit of Rs.101.2Mn for the six months ended September 30, 2019, a growth of 3.3% and a decline of 8.9% respectively. In line with many of our other businesses we have seen an improvement in performance in Q2. 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. The sector also recorded increased finance costs

on account of increased working capital financing at pharmaceutical distribution segment and the expenditure on the new Morison manufacturing plant.

Leisure, Travel and Aviation

Hemas Leisure, Travel and Aviation business performance declined sharply with revenues down Rs.399.5Mn compared to last year. Although the tourist arrivals picked up moderately during the period from July to September compared to the previous quarter, the arrivals were still 35% lower than last year. Serendib Group of Hotels recorded a revenue of Rs.535.4Mn, a 31.8% decline over last year with an average occupancy of 56% across its hotels during the quarter, 21% 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.

However, a series of stringent cost control initiatives partially offset the unfavorable impact to profitability from a significant revenue loss. Against this backdrop, the Travel and Aviation segment also recorded a revenue decline of 16.6%, whilst the operating loss was at Rs.35.2Mn during the first half ending September 30, 2019. This is primarily driven by cancellation of tour groups in our inbound segment.

Mobility

Hemas Logistics and Maritime recorded a revenue decrease of 16.4% over last year with revenues of Rs.1.2Bn. This is mainly attributable to the delays in the new Spectra distribution center ramp-up plans. Additionally, the segment profitability is impacted by the increased depreciation and finance costs resulting from the new facility.

In early Q2, we concluded the sale of our stake in N*able, our technology services business. This disposal has had a negative impact on our Group P&L of Rs.230Mn.

I would like to thank my team for their significant efforts over the last six months in a very challenging environment. Their efforts are delivering results as evidenced by the improvement in operating performance in Q2. We are committed to working hard during the remainder of the year to get Hemas back to our normal growth trajectory.



Steven Enderby
Group Chief Executive Officer

November 14, 2019
Colombo

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Three Months Ended 30 September			Six Months Ended 30 September		
	2019	2018	Change %	2019	2018	Change %
Revenue from Contracts with Customers	15,738,239	16,513,992	-4.7%	28,936,667	30,019,189	-3.6%
Cost of Sales	(10,530,413)	(11,127,036)	-5.4%	(19,495,305)	(19,962,639)	-2.3%
Gross Profit	5,207,826	5,386,956	-3.3%	9,441,362	10,056,550	-6.1%
Other Operating Income	123,637	197,692	-37.5%	215,536	305,124	-29.4%
Selling and Distribution Expenses	(1,672,234)	(1,472,673)	13.6%	(3,210,322)	(2,879,983)	11.5%
Administrative Expenses	(2,888,962)	(2,524,531)	14.4%	(5,604,971)	(4,921,835)	13.9%
Share of Results of Joint Ventures and Associates	(88,473)	(76,798)	15.2%	(140,065)	(153,511)	-8.8%
Operating Profit	681,794	1,510,646	-54.9%	701,540	2,406,345	-70.8%
Finance Cost	(243,718)	(264,852)	-8.0%	(484,487)	(462,362)	4.8%
Finance Income	77,489	109,766	-29.4%	158,297	205,138	-22.8%
Profit Before Tax	515,565	1,355,560	-62.0%	375,350	2,149,121	-82.5%
Income Tax Expense	(271,830)	(355,827)	-23.6%	(673,070)	(607,279)	10.8%
Profit/ (Loss) for the Period	243,735	999,733	-75.6%	(297,720)	1,541,842	-119.3%
Attributable to:						
Equity Holders of the Parent	207,129	926,655	-77.65%	(218,765)	1,480,961	-114.8%
Non-Controlling Interests	36,606	73,078	-49.91%	(78,955)	60,881	-229.7%
	243,735	999,733	-75.62%	(297,720)	1,541,842	-119.3%
	LKR	LKR		LKR	LKR	
Earnings/ (Loss) Per Share						
Basic	0.35	1.55		(0.37)	2.48	
Annualised	1.39	6.22		(0.73)	4.97	
Diluted	0.35	1.55		(0.37)	2.48	
Dividend Per Share	-	-		1.45	1.45	

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Three Months Ended 30 September		Six Months Ended 30 September	
	2019	2018	2019	2018
Profit/ (Loss) for the Period	243,735	999,733	(297,720)	1,541,842
Other Comprehensive Income				
Other Comprehensive Income to be Reclassified to Profit or Loss in Subsequent Periods				
Net Loss on Available-for-Sale Financial Assets	-	(102)	-	(62)
Net Movement on Cash Flow Hedges	(7,796)	(2,070)	(5,746)	131
Income Tax Effect	648	-	-	-
Exchange Differences on Translation of Foreign Operations	30,813	71,726	28,026	89,841
	23,665	69,554	22,280	89,910
Other Comprehensive Income not to be Reclassified to Profit or Loss in Subsequent Periods				
Net Gain on Financial Assets at FVOCI (Equity)	25	-	8	-
	25	-	8	-
Other Comprehensive Income for the Period, Net of Tax	23,690	69,554	22,288	89,910
Total Comprehensive Income/ (Loss) for the Period, Net of Tax	267,425	1,069,287	(275,432)	1,631,752
Attributable to:				
Equity Holders of the Parent	232,082	990,952	(197,662)	1,562,707
Non-Controlling Interests	35,343	78,335	(77,770)	69,045
	267,425	1,069,287	(275,432)	1,631,752

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 30 September		As at 31 March
	2019	2018 <i>Restated</i>	2019
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	19,213,613	18,615,448	18,685,435
Right of Use Assets	1,659,924	-	-
Investment Properties	1,647,591	1,507,475	1,647,591
Leasehold Rights	-	767,398	731,276
Intangible Assets	3,545,983	3,498,597	3,468,946
Investment in Joint Ventures	743,555	895,520	883,620
Investment in Associates	15,442	25,947	5,868
Other Non-Current Financial Assets	936,116	844,463	655,457
Deferred Tax Asset	121,906	76,934	107,862
	27,884,130	26,231,782	26,186,055
Current Assets			
Inventories	11,998,579	10,889,522	11,200,949
Trade and Other Receivables	16,591,165	17,970,085	18,434,020
Tax Recoverable	232,616	281,354	299,270
Other Current Financial Assets	207,622	140,260	155,475
Cash and Short Term Deposits	5,668,426	6,947,398	6,473,631
	34,698,408	36,228,619	36,563,345
Total Assets	62,582,538	62,460,401	62,749,400
EQUITY AND LIABILITIES			
Equity			
Stated Capital	7,734,054	5,962,424	7,734,054
Other Capital and Revenue Reserves	200,328	157,301	185,449
Other Components of Equity	1,661,632	2,037,643	1,682,492
Retained Earnings	17,455,033	18,067,810	18,496,649
Equity Attributable to Equity Holders of the Parent	27,051,047	26,225,178	28,098,644
Non-Controlling Interests	3,568,800	3,560,149	3,771,078
Total Equity	30,619,847	29,785,327	31,869,722
Non-Current Liabilities			
Interest Bearing Loans and Borrowings	2,634,693	1,573,961	1,369,067
Other Non-Current Financial Liabilities	1,885,834	1,975,539	1,955,697
Deferred Tax Liability	1,800,362	1,833,588	1,811,865
Employee Benefit Liability	974,123	894,262	968,964
	7,295,012	6,277,350	6,105,593
Current Liabilities			
Trade and Other Payables	15,490,106	16,225,094	18,599,450
Income Tax Liabilities	193,793	361,834	439,083
Interest Bearing Loans and Borrowings	7,248,055	6,726,278	3,553,237
Bank Overdraft	1,735,725	3,084,518	2,182,315
	24,667,679	26,397,724	24,774,085
Total Equity and Liabilities	62,582,538	62,460,401	62,749,400
Net Assets per share - (LKR)	45.38	45.61	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
November 14, 2019



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	-	-	-	-	-	-	-	1,480,961	1,480,961	60,881	1,541,842
Other Comprehensive Income	-	-	-	81,509	(62)	-	299	-	81,746	8,164	89,910
Total Comprehensive Income	-	-	-	81,509	(62)	-	299	1,480,961	1,562,707	69,045	1,631,752
Final Dividend - 2017/18	-	-	-	-	-	-	-	(833,655)	(833,655)	(32,816)	(866,471)
Exercise of Share Options	1,974	-	-	-	-	-	-	-	-	1,974	1,974
Share Based Payments	-	15,526	-	-	-	-	-	-	15,526	-	15,526
Reclassification of Non-Controlling Interest to be Acquired	-	-	-	-	-	-	-	-	-	(66,782)	(66,782)
Acquisition/ Adjustment in Respect of Changes In Group Holding	-	-	-	-	-	-	-	(257)	(257)	257	-
As at 30 September 2018	5,962,424	157,301	1,928,834	123,163	(15,883)	-	1,529	18,067,810	26,225,178	3,560,149	29,785,327
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
Loss for the Period	-	-	-	-	-	-	-	(218,765)	(218,765)	(78,955)	(297,720)
Other Comprehensive Income	-	-	-	23,983	-	8	(2,888)	-	21,103	1,185	22,288
Total Comprehensive Income	-	-	-	23,983	-	8	(2,888)	(218,765)	(197,662)	(77,770)	(275,432)
Final Dividend - 2018/19	-	-	-	-	-	-	-	(864,263)	(864,263)	-	(864,263)
Subsidiary Dividend to Non-Controlling Interest	-	-	-	-	-	-	-	-	-	(87,002)	(87,002)
Transfers	-	-	-	(41,963)	-	-	-	41,963	-	-	-
Share Based Payments	-	14,879	-	-	-	-	-	-	14,879	-	14,879
Reclassification of Non-Controlling Interest to be Acquired	-	-	-	-	-	-	-	-	-	21,737	21,737
Adjustment on Disposal of Subsidiary	-	-	-	-	-	-	-	-	-	3,520	3,520
Adjustment in Respect of Changes In Group Holding	-	-	-	-	-	-	-	(551)	(551)	(62,763)	(63,314)
As at 30 September 2019	7,734,054	200,328	1,760,794	129,434	-	(116,041)	(112,555)	17,455,033	27,051,047	3,568,800	30,619,847

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COMPANY STATEMENT OF PROFIT OR LOSS

	Three Months Ended 30 September			Six Months Ended 30 September		
	2019	2018	Change %	2019	2018	Change %
Revenue from Contracts with Customers	213,138	223,677	-4.71%	418,647	418,199	0.11%
Cost of Sales	-	-	-	-	-	-
Gross Profit	213,138	223,677	-4.71%	418,647	418,199	0.11%
Other Operating Income	1,925	65,694	-97.07%	1,712,611	66,942	2458.35%
Administrative Expenses	(243,916)	(226,810)	7.54%	(485,809)	(460,823)	5.42%
Operating Profit/ (Loss)	(28,853)	62,561	-146.12%	1,645,449	24,318	6666.38%
Finance Cost	(22,195)	(50,611)	-56.15%	(71,014)	(82,574)	-14.00%
Finance Income	7,961	10,763	-26.03%	17,404	23,599	-26.25%
Profit/ (Loss) Before Tax	(43,087)	22,713	-289.70%	1,591,839	(34,657)	-4693.12%
Income Tax Expense	(5,663)	(3,038)	86.41%	(11,641)	(2,706)	330.19%
Profit/ (Loss) for the Period	(48,750)	19,675	-347.78%	1,580,198	(37,363)	-4329.31%

COMPANY STATEMENT OF COMPREHENSIVE INCOME

	Three Months Ended 30 September		Six Months Ended 30 September	
	2019	2018	2019	2018
Profit/ (Loss) for the Period	(48,750)	19,675	1,580,198	(37,363)
Other Comprehensive Income				
Net (Loss)/Gain on Financial Assets at FVOCI/Available-for-Sale Financial Assets	13	(101)	(5)	(60)
Other Comprehensive Income/ (Loss) for the Period, Net of Tax	13	(101)	(5)	(60)
Total Comprehensive Income/ (Loss) for the Period, Net of Tax	(48,737)	19,574	1,580,193	(37,423)

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COMPANY STATEMENT OF FINANCIAL POSITION

	As at 30 September		As at 31 March
	2019	2018	2019
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	137,319	146,503	150,359
Investment Properties	657,950	592,125	657,950
Intangible Assets	65,180	82,726	72,946
Investment in Subsidiaries	17,515,879	17,918,954	17,498,412
Other Non-Current Financial Assets	243,042	334,649	243,046
	18,619,370	19,074,957	18,622,713
Current Assets			
Trade and Other Receivables	538,622	446,550	348,111
Tax Recoverable	11,469	28,853	22,558
Other Current Financial Assets	261,943	337,686	20,028
Cash and Short Term Deposits	178,604	196,432	524,287
	990,638	1,009,521	914,984
Total Assets	19,610,008	20,084,478	19,537,697
EQUITY AND LIABILITIES			
Equity			
Stated Capital	7,734,054	5,962,424	7,734,054
Other Capital and Revenue Reserves	421,679	378,652	406,800
Other Components of Equity	(51,490)	15,117	(51,485)
Retained Earnings	9,919,155	11,153,733	9,203,220
Total Equity	18,023,398	17,509,926	17,292,589
Non-Current Liabilities			
Interest Bearing Loans and Borrowings	-	-	-
Deferred Tax Liability	134,030	134,793	136,782
Employee Benefit Liability	51,386	50,950	47,394
	185,416	185,743	184,176
Current Liabilities			
Trade and Other Payables	460,045	299,601	505,919
Income Tax Liabilities	-	15,772	-
Interest Bearing Loans and Borrowings	829,835	1,087,966	1,554,640
Bank Overdraft	111,314	985,470	373
	1,401,194	2,388,809	2,060,932
Total Equity and Liabilities	19,610,008	20,084,478	19,537,697
Net Assets per share - (LKR)	30.24	30.45	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
November 14, 2019



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
Loss for the Period	-	-	-	-	(37,363)	(37,363)
Other Comprehensive Loss	-	-	(60)	-	-	(60)
Total Comprehensive Loss	-	-	(60)	-	(37,363)	(37,423)
Exercise of Share Options	1,974	-	-	-	-	1,974
Share Based Payments	-	15,526	-	-	-	15,526
Final Dividend 2017/18	-	-	-	-	(833,655)	(833,655)
As at 30 September 2018	5,962,424	378,652	15,117	-	11,153,733	17,509,926
As at 1 April 2019	7,734,054	406,800	-	(51,485)	9,203,220	17,292,589
Profit for the Period	-	-	-	-	1,580,198	1,580,198
Other Comprehensive Loss	-	-	-	(5)	-	(5)
Total Comprehensive Income/ (Loss)	-	-	-	(5)	1,580,198	1,580,193
Share Based Payments	-	14,879	-	-	-	14,879
Final Dividend 2018/19	-	-	-	-	(864,263)	(864,263)
As at 30 September 2019	7,734,054	421,679	-	(51,490)	9,919,155	18,023,398

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STATEMENT OF CASH FLOWS

Six Months Ended 30 September	Group		Company	
	2019	2018	2019	2018
Operating Activities				
Profit/ (Loss) before taxation	375,350	2,149,121	1,591,839	(34,657)
Adjustments for,				
Depreciation	765,065	624,219	17,179	17,730
(Gain)/ Loss on Disposal of Property, Plant and Equipment, Investment Properties	(20,975)	(10,692)	(1,279)	2,748
(Gain)/Loss on Sale of Non-Current Investments	117,838	(9,894)	-	-
Provision for Share Based Payment Expense	14,879	15,896	3,044	1,015
Provision for Impairment of Trade and Other Receivables	97,006	76,260	58,042	-
(Reversal)/Provision for Obsolete Stocks	66,342	(24,052)	-	-
Amortisation of Intangible Assets	38,224	38,403	9,595	10,431
Amortisation of Leasehold Rights	-	18,747	-	-
Exchange Loss on Foreign Currency Borrowings	-	43,099	-	-
Finance Cost	484,487	462,362	71,014	82,574
Finance Income	(158,297)	(205,138)	(17,404)	(23,599)
Share of Results of Joint Ventures & Associates	140,065	153,511	-	-
Investment Income	-	-	(1,709,467)	(64,575)
Movement in Employee Benefit Liability	85,389	78,586	5,016	3,107
Operating Cash Flows before Working Capital Changes	2,005,373	3,410,428	27,579	(5,226)
Working Capital Adjustments				
(Increase)/Decrease in Inventories	(850,649)	(992,020)	-	-
(Increase)/Decrease in Trade and Other Receivables	(972,125)	(3,950,147)	(236,063)	(98,998)
Increase/(Decrease) in Trade and Other Payables	(1,658,877)	(189,669)	(45,873)	11,031
Increase/(Decrease) in Other Non-Current Financial Liabilities	(48,125)	(583)	-	-
Cash Generated from Operations	(1,524,403)	(1,721,991)	(254,357)	(93,193)
Finance Cost Paid	(446,751)	(408,234)	(71,014)	(82,574)
Finance Income Received	156,619	202,411	17,334	23,599
Income Tax Paid	(943,797)	(820,786)	(3,306)	(21,851)
Employee Retirement Benefit Paid	(27,154)	(34,776)	(1,024)	(405)
Net Cash Flows From/(Used in) Operating Activities	(2,785,486)	(2,783,376)	(312,367)	(174,424)
Investing Activities				
Purchase of Property, Plant and Equipment	(1,523,076)	(1,265,955)	(13,035)	(4,454)
Investment in Intangible Assets	(21,599)	(44,080)	(1,829)	(12,909)
Disposal of/(Investment in) Financial Assets	(86,540)	(133,003)	-	35,000
Investment in Joint Ventures/ Associate	(1,400)	(10,254)	-	-
Acquisition of/Investment in Subsidiaries	(23,784)	-	(17,469)	(68,150)
Disposal of Subsidiaries	668,267	-	-	-
Investment Income Received	-	-	1,709,468	64,575
Proceeds on Disposal of Property, Plant and Equipment/ Intangible Assets / Leasehold Properties/ Investment Properties	60,696	131,596	10,177	22
Net Cash Flows From/(Used in) Investing Activities	(927,436)	(1,321,696)	1,687,312	14,084
Financing Activities				
Interest Bearing Loans and Borrowings (Net)	4,321,397	3,027,560	(967,305)	(47,177)
Proceed from Exercise of Share Options	-	1,604	-	1,604
Proceed from/to Non-Controlling Interest	(34,752)	-	-	-
Dividends Paid to Equity Holders of the Parent	(864,263)	(833,655)	(864,263)	(833,655)
Dividends Paid to Non-Controlling Interest	(87,002)	(32,816)	-	-
Net Cash Flows From/(Used in) Financing Activities	3,335,380	2,162,693	(1,831,568)	(879,228)
Net Increase/(Decrease) in Cash and Cash Equivalents	(377,542)	(1,942,379)	(456,623)	(1,039,568)
Net Foreign Exchange Difference	18,927	64,940	-	-
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	3,932,701	3,862,880	67,290	(789,038)

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

SEGMENTAL INFORMATION

Three Months Ended 30 September	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	6,799,969	6,847,866	7,707,689	7,092,185	750,927	1,045,190	645,494	765,353	304,877	1,239,834	16,208,956	16,990,428
Intra Segmental Revenue	(63,670)	(46,796)	(51,543)	(66,825)	-	-	(9,831)	(12,114)	(32,371)	(40,346)	(157,415)	(166,081)
Segment Revenue	6,736,299	6,801,070	7,656,146	7,025,360	750,927	1,045,190	635,663	753,239	272,506	1,199,488	16,051,541	16,824,347
Inter Segmental Revenue	-	-	-	-	-	-	(46,937)	(34,072)	(266,365)	(276,283)	(313,302)	(310,355)
Total Revenue from Contract with Customers	6,736,299	6,801,070	7,656,146	7,025,360	750,927	1,045,190	588,726	719,167	6,141	923,205	15,738,239	16,513,992
Results												
Segmental Results												
Finance Cost	(60,978)	(41,807)	(127,657)	(103,783)	(10,635)	(23,128)	(32,881)	(43,783)	(11,567)	(52,351)	(243,718)	(264,852)
Finance Income	41,557	45,956	(3,052)	25,606	12,431	11,995	24,477	19,407	2,076	6,802	77,489	109,766
Share of Results of Joint Ventures & Associates	-	-	-	-	(88,473)	(70,346)	-	-	-	(6,452)	(88,473)	(76,798)
Profit/(Loss) before Tax	595,197	920,116	452,454	423,034	(189,708)	(83,898)	33,751	201,921	(376,129)	(105,613)	515,565	1,355,560
Income Tax	(138,927)	(198,353)	(92,476)	(100,237)	(2,888)	(21,020)	(26,030)	(26,630)	(11,509)	(9,587)	(271,830)	(355,827)
Profit/(Loss) for the Period	456,270	721,763	359,978	322,797	(192,596)	(104,918)	7,721	175,291	(387,638)	(115,200)	243,735	999,733
Attributable to:												
Equity Holders of the Parent	385,079	653,333	363,423	319,840	(155,100)	(83,953)	1,365	152,375	(387,638)	(114,940)	207,129	926,655
Non-Controlling Interests	71,191	68,430	(3,445)	2,957	(37,496)	(20,965)	6,356	22,916	-	(260)	36,606	73,078
	456,270	721,763	359,978	322,797	(192,596)	(104,918)	7,721	175,291	(387,638)	(115,200)	243,735	999,733

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

SEGMENTAL INFORMATION

Six Months Ended 30 September	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	11,450,977	12,282,237	14,622,279	13,538,521	1,438,096	1,837,639	1,317,053	1,489,680	1,031,019	1,796,410	29,859,424	30,944,487
Intra Segmental Revenue	(115,808)	(114,947)	(102,227)	(131,934)	-	-	(25,157)	(18,095)	(65,991)	(103,090)	(309,183)	(368,066)
Segment Revenue	11,335,169	12,167,290	14,520,052	13,406,587	1,438,096	1,837,639	1,291,896	1,471,585	965,028	1,693,320	29,550,241	30,576,421
Inter Segmental Revenue	-	-	-	-	-	-	(89,618)	(34,072)	(523,956)	(523,160)	(613,574)	(557,232)
Total Revenue from Contract with Customers	11,335,169	12,167,290	14,520,052	13,406,587	1,438,096	1,837,639	1,202,278	1,437,513	441,072	1,170,160	28,936,667	30,019,189
Results												
Segmental Results												
Finance Cost	(79,488)	(58,833)	(247,073)	(207,516)	(28,094)	(45,073)	(69,425)	(64,740)	(60,407)	(86,200)	(484,487)	(462,362)
Finance Income	55,311	90,219	36,509	50,938	27,290	23,307	32,989	27,165	6,198	13,509	158,297	205,138
Share of Results of Joint Ventures & Associates	-	-	-	-	(140,065)	(142,307)	-	-	-	(11,204)	(140,065)	(153,511)
Profit/(Loss) before Tax	606,477	1,516,687	752,420	843,444	(370,832)	(234,690)	125,894	405,310	(738,610)	(381,630)	375,350	2,149,121
Income Tax	(142,986)	(327,013)	(177,278)	(181,180)	(6,429)	(31,891)	(48,306)	(58,104)	(298,071)	(9,091)	(673,070)	(607,279)
Profit/(Loss) for the Period	463,491	1,189,674	575,142	662,264	(377,261)	(266,581)	77,588	347,206	(1,036,681)	(390,721)	(297,720)	1,541,842
Attributable to:												
Equity Holders of the Parent	423,736	1,118,311	595,893	651,211	(284,302)	(194,081)	82,588	296,242	(1,036,681)	(390,722)	(218,765)	1,480,961
Non-Controlling Interests	39,755	71,363	(20,751)	11,053	(92,959)	(72,500)	(5,000)	50,964	-	1	(78,955)	60,881
	463,491	1,189,674	575,142	662,264	(377,261)	(266,581)	77,588	347,206	(1,036,681)	(390,721)	(297,720)	1,541,842

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 30 September 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 30 September 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 six months ended 30 September 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 30 September 2019.

	Right of use Assets	Lease Liability
As at 1 April 2019	1,755,910	944,014
Depreciation/ Amortisation	(95,986)	-
Interest Expense	-	52,079
Payments	-	(89,763)
As at 30 September 2019	1,659,924	906,330

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

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 30 September	
	2019	2018
Market Value of Shares		
Closing Price on 30 September (LKR)	73.50	85.40
Highest Price During the Period (LKR)	82.50	112.10
Lowest Price During the Period (LKR)	61.80	85.00
Market Capitalisation on 30 September (LKR Mn)	43,809	49,101
Ratios		
Net Asset Per Share on 30 September (LKR)	45.38	45.61
Price Earnings Ratio on 30 September (Times)	211.51	54.93
Debt security related ratios		
Debt/Equity Ratio	37.9%	38.2%
Quick Asset Ratio	0.92	0.96
Interest Cover (Times)	2.80	5.70
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)	11.0%	9.9%
Share Trading		
No of Transactions During the Period	974	870
No of Shares Traded During the Period	6,708,925	8,026,141
Value of Shares Traded During the Period (LKR. Mn)	491	803
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 30 September	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-JPLU-Franklin Templeton Investment Funds	34,134,070	5.73	40,762,434	7.09
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	10,996,266	1.84	3,990,379	0.69
10 CB London s/a Verdipapirfondet Holberg Rurik	8,899,078	1.49	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 Mr. M.A.H. Esufally	6,164,633	1.03	5,946,500	1.03
14 BBH-Kopernik Global All Cap Equity Fund	6,145,719	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	5,198,159	0.87	-	-
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 30 September	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	2,367,353	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. D.S. Weerakkody (Retired w.e.f 26.06.2019)	-	-
Mr. A.S. Amaratunga	-	-
Mr. W.M.De Fonseka Arsakularatne	-	-
Mr. S.M. Enderby (Chief Executive Officer)	-	-
Dr. S.A.B Ekanayake	-	-
Prof. N.R. De Silva	-	-
	380,422,765	366,961,615

Public Holding as at 30 September	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	4,241	4,134
Number of Shareholders representing the Public Holding	4,228	4,122

Minimum Public Holding Requirement as per Listing Rules 7.13.1

Float Adjusted Market Capitalisation - (LKR)	Public Holding Percentage	No of Shareholders	Option
15,639,881,450	35.70%	4,228	1

Minimum Public Holding as at 30 September 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
Ramabadrn Gopalakrishnan
D.S. Weerakkody (Retired w.e.f. 26.06.2019)
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

SSP Corporate Services (Pvt) Ltd.
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Lawyers to the Company

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No. 47, Alexandra Place, Colombo 7.

Investor Relations

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Telephone: +94 11 4731731
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.



ಶಿಕ್ಷಣ, ಆರೋಗ್ಯ, ಸಾಂಸ್ಕೃತಿಕ ಮತ್ತು ಮಾನವ ಸಂಪನ್ಮೂಲ
ಅಭಿವೃದ್ಧಿ, ಕೃಷಿ, ಮತ್ತು ಮಾನವ ಸಂಪನ್ಮೂಲ ಸೇವೆ
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