

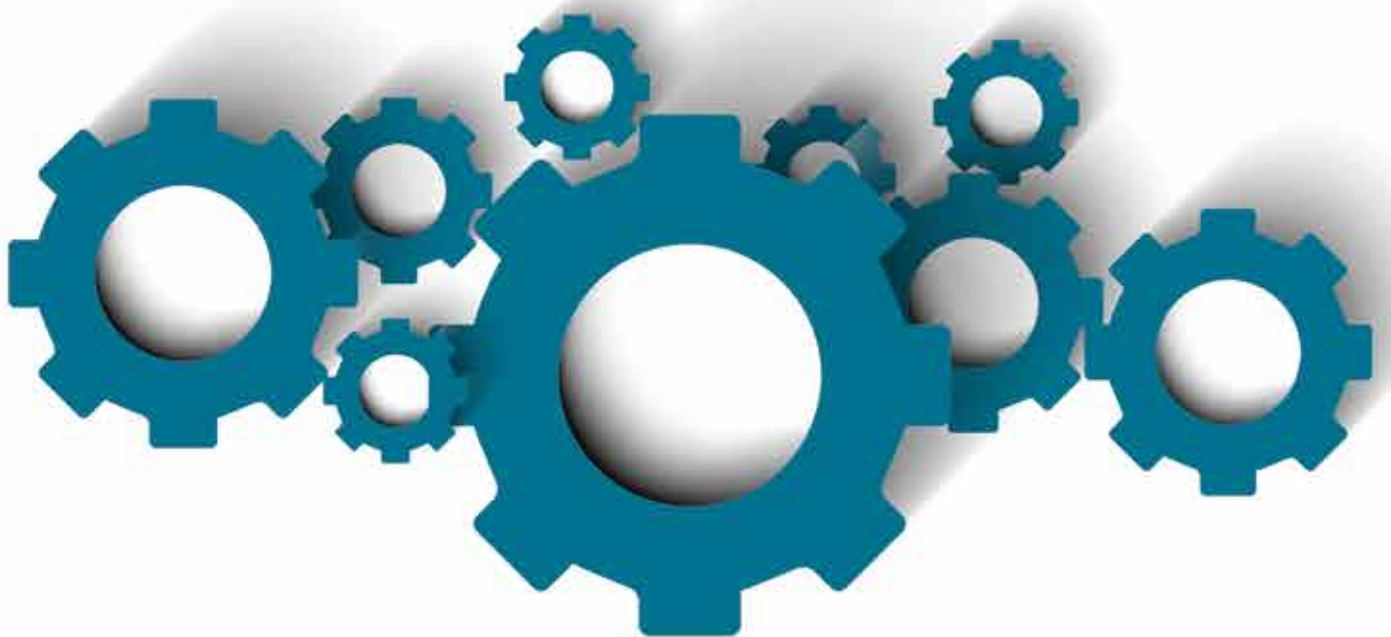


INTERIM REPORT

Q2 - 2017/18

ENGAGE.

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CEO's Review

Hemas Holdings PLC (HHL) and its subsidiaries achieved a consolidated revenue of Rs.23.0Bn; a year-on-year (YoY) growth of 11.6% and profit attributable to equity holders of Rs.1.4Bn, a decline of 8.0% for the six months ending September 30, 2017. Year to date operating profit reached Rs.1.96Bn; a YoY decline of 5.4%. Despite consolidated revenue growing aided by higher turnover from the healthcare and mobility sectors, group earnings indicate a decline due to our Bangladesh personal care business, pharmaceutical distribution, leisure and travel all facing margin challenges. Further cost escalations were experienced as we invest in expanding our consumer portfolio and build new pharmaceutical and logistics facilities. Domestic consumer demand remains soft impacted by higher headline inflation, drought conditions persisting in parts of the country, and headwinds from currency fluctuations and VAT increase.

The home and personal care sector revenue of Rs.8.1Bn for the first six months ending September 30, 2017 indicates a decline of 2.6% over the previous financial year. Operating profits were Rs.968.7Mn, 16.4% YoY decline. Despite the challenging domestic macro environment, our Sri Lanka business reported steady growth in key personal care categories with market shares being maintained across most major categories. The decline in operational performance has been impacted by our Bangladesh operations where bad weather conditions during Q1, the restructuring of our sales and distribution network, increased competition and the expansion of our portfolio resulted in lower margins. We are now seeing signs of increased stability in our revamped sales and distribution network in Bangladesh and have introduced the first ever marbled herbal-beauty soap "Kumarika Herbal Soap" in Bangladesh during August 2017. With regard to new markets, we incurred start-up losses in West Bengal as we commenced operations.

During the six months under review, our consolidated healthcare sector registered a revenue of Rs.10.6Bn, a YoY increase of 16.5% whilst operating profit and PAT grew at 8.0% and 18.0%. Our healthcare sector was the main contributor to Group growth year to date. Hemas pharmaceutical distribution operation registered strong revenue growth increasing its market leadership position. However, profitability in the industry remains challenging due to price regulation and devaluations in the wake of depreciation of the rupee. As a result, pharmaceutical distribution profitability was negatively impacted. In order to drive future growth, Hemas Pharmaceuticals ventured into regional markets for the first time with its entry into Myanmar during Q2.

Our Hospitals have operated at high occupancy levels during the first six months of the financial year. In part, this has been due to the dengue epidemic. We are also seeing growth from increased surgeries as we continue to expand our services, push to higher levels of clinical excellence and generate improved performance from investments made in the sector.

We have now renamed and rebranded J.L. Morison Son & Jones (Ceylon) PLC (JLM) to Morison PLC. The company launched its new identity with the unveiling of its new logo, signifying the company's strong focus on being a leader in technical excellence and innovation. Morison's posted a revenue of Rs.1.9Bn and operating profit Rs.282.7Mn for this interim period. Morison's underlying revenue and operating profit growth, excluding Agro, which we exited during the latter part of FY17, was 4.0% and 28.0% respectively. Growth against the previous year was primarily driven by pharma manufacturing and pharma distribution. Construction of the new manufacturing facility is ongoing.

Our Leisure, Travel and Aviation business recorded a total revenue of Rs.1.6Bn, reflecting a decline of 14.7% YoY for the six months under consideration. During Q1, overall arrivals to Sri Lanka witnessed a moderation in growth as a result of the negative publicity and travel warnings due to flooding and landslides in May. Serendib Hotels reported a 5.6% fall in revenue due to decline in occupancies and average room rates primarily due to increase in room inventory. During the second quarter, Serendib Group announced the acquisition of a 51.15% stake of the 'Lantern' Group for an investment of Rs.309.5Mn. This is a significant milestone in Serendib Leisure's quest to grow in boutique luxury villas in Sri Lanka, enabling us to provide superior and diverse hospitality options to the discerning traveler. Travel and Aviation segment indicated a growth in revenue of 1.3%. Overall profitability of this segment continued to be below expectations stemming from travels and hotels. Anantara Peace Haven Tangalle performed comparatively better than last year, however losses incurred year-to-date has impacted Group profitability.

Hemas Logistics and Maritime recorded revenue growth of 54.0% over last year with revenues of Rs.1.3Bn. This growth has been driven by both our agencies and logistics. During the year, our logistics joint venture with GAC and Maclaren's has shown improved results, mainly driven by the 3PL operations. Construction of our new logistics and container yard facility is ongoing and on track to complete by early FY 2019.

Our technology business, N*Able generated strong revenue growth due to the successful completion of three major projects during the quarter in contrast to its weak start in FY17.

The overall business environment appears challenging for the second half of the year. We have developed plans to drive improved profitability and address areas of weaker performance identified during the period to September 30, 2017. The team will continue to push hard to drive growth and efficiently manage emerging risks and challenges.



Steven Enderby
Chief Executive Officer

Colombo
10 November 2017

Consolidated Statement of Profit or Loss

Rs. '000	Three Months Ended		Change %	Six Months Ended		Change %
	30.09.2017	30.09.2016		30.09.2017	30.09.2016	
Revenue	11,667,629	10,745,028	8.6	23,031,160	20,630,750	11.6
Cost of Sales	(7,256,401)	(6,618,789)	9.6	(14,422,133)	(12,741,986)	13.2
Gross Profit	4,411,228	4,126,239	6.9	8,609,027	7,888,764	9.1
Other Operating Income	70,692	138,989	(49.1)	167,204	197,899	(15.5)
Selling and Distribution Expenses	(1,245,429)	(1,235,353)	0.8	(2,455,740)	(2,419,507)	1.5
Administrative Expenses	(2,097,760)	(1,844,664)	13.7	(4,243,583)	(3,538,955)	19.9
Share of Results of Joint Ventures & Associates	(39,799)	(16,387)	142.9	(112,314)	(51,659)	117.4
Operating Profit	1,098,932	1,168,824	(6.0)	1,964,594	2,076,542	(5.4)
Finance Cost	(143,972)	(149,737)	(3.9)	(263,174)	(253,528)	3.8
Finance Income	215,030	206,817	4.0	435,215	412,756	5.4
Profit Before Tax	1,169,990	1,225,904	(4.6)	2,136,635	2,235,770	(4.4)
Income Tax Expenses	(367,499)	(327,643)	12.2	(656,907)	(636,803)	3.2
Profit for the Period	802,491	898,261	(10.7)	1,479,728	1,598,967	(7.5)
Attributable to:						
Equity Holders of the Parent	726,013	847,476	(14.3)	1,420,246	1,543,885	(8.0)
Non-Controlling Interests	76,478	50,785	50.6	59,482	55,082	8.0
	802,491	898,261	(10.7)	1,479,728	1,598,967	(7.5)
Earnings Per Share (Rs.)	1.27	1.48		2.48	2.70	
Annualised Earnings Per Share (Rs.)	5.07	5.92		4.96	5.39	
Diluted Earnings Per Share (Rs.)	1.26	1.48		2.47	2.70	
Dividend per share (Rs.)	1.45	1.00		1.45	1.00	

Consolidated Statement of Comprehensive Income

Rs. '000	Three Months Ended		Six Months Ended	
	30.09.2017	30.09.2016	30.09.2017	30.09.2016
Profit for the period	802,491	898,261	1,479,728	1,598,967
Other Comprehensive Income				
Other Comprehensive Income to be reclassified to Profit or Loss in subsequent periods				
Net Gain/(Loss) on Available-for-Sale Financial Assets	1,442	14	1,560	11
Net Movement on Cash Flow Hedges	(3,437)	(1,135)	(18,686)	10,957
Exchange Differences on Translation of Foreign Operations	(8,586)	9,289	(6,250)	13,315
Income Tax Effect on Other Comprehensive Income	(7,202)	-	(7,202)	-
Other Comprehensive Income for the Period, Net of Tax	(17,783)	8,168	(30,578)	24,283
Total Comprehensive Income for the Period, Net of Tax	784,708	906,429	1,449,150	1,623,250
Attributable to:				
Equity Holders of the Parent	706,805	867,728	1,398,380	1,573,853
Non-Controlling Interests	77,903	38,701	50,770	49,397
	784,708	906,429	1,449,150	1,623,250

The above figures are provisional and subject to audit.

Consolidated Statement of Financial Position

As at				
Rs. '000		30.09.2017	30.09.2016	31.03.2017
Non-Current Assets				
Property, Plant and Equipment		14,293,447	12,711,462	13,525,589
Investment Properties		1,472,928	1,437,878	1,472,928
Leasehold Rights		800,599	112,926	828,405
Intangible Assets		1,218,588	833,841	954,060
Investment in Joint Ventures		995,734	1,239,679	1,102,479
Investment in Associates		1,161	-	1,636
Other Non Current Financial Assets		866,659	779,900	907,207
Deferred Tax Asset		66,001	53,625	57,400
		19,715,117	17,169,311	18,849,704
Current Assets				
Inventories		6,553,556	5,469,056	6,288,357
Trade and Other Receivables		10,737,118	9,798,539	9,904,009
Tax Recoverable		150,153	327,726	181,104
Other Current Financial Assets		198,253	162,780	103,377
Cash and Short Term Deposits		10,577,576	10,865,540	11,992,000
		28,216,656	26,623,641	28,468,847
Total Assets		47,931,773	43,792,952	47,318,551
Equity				
Stated Capital		5,884,862	5,722,837	5,741,038
Other Capital and Revenue Reserves		112,709	82,516	104,938
Other Components of Equity		2,136,191	2,052,612	2,158,057
Retained Earnings		17,496,266	15,228,450	16,907,218
Equity attributable to equity holders of the parent		25,630,028	23,086,415	24,911,251
Non-Controlling Interests		3,258,434	2,286,771	3,217,800
Total Equity		28,888,462	25,373,186	28,129,051
Non-Current Liabilities				
Interest Bearing Loans and Borrowings		2,481,571	2,852,830	2,044,817
Other Non Current Financial Liabilities		24,110	4,442	10,178
Deferred Tax Liability		512,343	422,236	490,437
Employee Benefit Liability		697,154	606,053	650,125
		3,715,178	3,885,561	3,195,557
Current Liabilities				
Trade and Other Payables		10,598,345	10,696,285	12,179,714
Income Tax Payable		316,007	599,541	486,263
Interest Bearing Loans and Borrowings		2,428,919	1,641,867	1,954,903
Bank Overdraft		1,984,862	1,596,512	1,373,063
		15,328,133	14,534,205	15,993,943
Total Equity and Liabilities		47,931,773	43,792,952	47,318,551
Net Asset per share - (Rs.)		44.64	40.32	43.51

The above figures are provisional and subject to audit.

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



Sanjeewa Samaranyake
Chief Financial Officer

The Board of Directors is responsible for the preparation and presentation of these financial statements. Signed for and on behalf of the Board by,



Husein Esufally
Chairman
Colombo
November 10, 2017



Steven Enderby
Chief Executive Officer

Consolidated Statement of Changes in Equity

	Attributable to Equity Holders of the Parent						Retained Earnings	Total	Non Controlling Interests	Total Equity
	Stated Capital	Other Capital & Revenue Reserves	Other Component of Equity							
			Revaluation Reserve	Exchange Reserve	Available for Sale Reserve	Cash Flow Hedge Reserve				
<i>Rs. '000</i>										
Balance as at 1 April 2016	5,722,837	58,542	1,986,673	24,814	761	10,396	14,187,670	21,991,693	2,661,619	24,653,312
Profit for the Year	-	-	-	-	-	-	1,543,885	1,543,885	55,082	1,598,967
Other Comprehensive Income	-	-	-	13,315	11	16,642	-	29,968	(5,685)	24,283
Total Comprehensive Income	-	-	-	13,315	11	16,642	1,543,885	1,573,853	49,397	1,623,250
Dividends Paid	-	-	-	-	-	-	(572,545)	(572,545)	(109,777)	(682,322)
Share Based Payments	-	23,974	-	-	-	-	-	23,974	-	23,974
Adjustment in Respect of Changes In Group Holding	-	-	-	-	-	-	69,440	69,440	(314,468)	(245,028)
Balance as at 30 September 2016	5,722,837	82,516	1,986,673	38,129	772	27,038	15,228,450	23,086,415	2,286,771	25,373,186
Balance as at 1 April 2017	5,741,038	104,938	1,961,868	49,407	133,184	13,598	16,907,218	24,911,251	3,217,800	28,129,051
Profit for the Year	-	-	-	-	-	-	1,420,246	1,420,246	59,482	1,479,728
Other Comprehensive Income	-	-	(5,998)	(8,219)	888	(8,537)	-	(21,866)	(8,712)	(30,578)
Total Comprehensive Income	-	-	(5,998)	(8,219)	888	(8,537)	1,420,246	1,398,380	50,770	1,449,150
Dividends Paid	-	-	-	-	-	-	(831,198)	(831,198)	(14,406)	(845,604)
Exercise of Share Option	143,824	-	-	-	-	-	-	143,824	-	143,824
Share Based Payments	-	7,771	-	-	-	-	-	7,771	-	7,771
Acquisition of Non Controlling Interest	-	-	-	-	-	-	-	-	4,270	4,270
Balance as at 30 September 2017	5,884,862	112,709	1,955,870	41,188	134,072	5,061	17,496,266	25,630,028	3,258,434	28,888,462

Statement of Profit or Loss Company

	Three Months Ended		Change	Six Months Ended		Change
	30.09.2017	30.09.2016	%	30.09.2017	30.09.2016	%
<i>Rs.'000</i>						
Revenue	199,267	215,436	(7.5)	395,898	403,462	(1.9)
Cost of Sales	-	-	-	-	-	-
Gross Profit	199,267	215,436	(7.5)	395,898	403,462	(1.9)
Other Operating Income	6,903	450,278	(98.5)	229,231	451,107	(49.2)
Administrative Expenses	(228,857)	(246,818)	(7.3)	(451,341)	(428,421)	5.3
Operating Profit	(22,687)	418,896	(105.4)	173,788	426,148	(59.2)
Finance Cost	(52,901)	(74,224)	(28.7)	(99,146)	(119,944)	(17.3)
Finance Income	137,093	154,865	(11.5)	273,375	303,427	(9.9)
Profit Before Tax	61,505	499,537	(87.7)	348,017	609,631	(42.9)
Income Tax Expenses	(15,260)	(7,318)	108.5	(29,200)	(14,845)	96.7
Profit for the period	46,244	492,219	(90.6)	318,816	594,786	(46.4)

Statement of Comprehensive Income Company

	Three Months Ended		Six Months Ended	
	30.09.2017	30.09.2016	30.09.2017	30.09.2016
<i>Rs. '000</i>				
Profit for the period	46,244	492,219	318,816	594,786
Other Comprehensive Income				
Net Gain/(Loss) on Available-for-Sale Financial Assets	(35)	38	50	11
Other Comprehensive Income for the Period, Net of Tax	(35)	38	50	11
Total Comprehensive Income for the Period, Net of Tax	46,209	492,257	318,866	594,797

The above figures are provisional and subject to audit.

Statement of Financial Position (Company)

As at Rs. '000	30.09.2017	30.09.2016	31.03.2017
Non-Current Assets			
Property, Plant and Equipment	128,284	111,888	112,079
Investment Properties	569,141	528,278	569,141
Intangible Assets	91,008	86,063	102,109
Investment in Subsidiaries	11,546,321	5,609,369	11,546,321
Other Non Current Financial Assets	972,744	1,079,730	972,694
	13,307,498	7,415,328	13,302,344
Current Assets			
Trade and Other Receivables	477,998	771,193	571,048
Tax Recoverable	34,712	10,022	24,862
Other Current Financial Assets	465,401	1,148,612	110,611
Cash and Short Term Deposits	4,367,598	4,847,748	4,794,005
	5,345,710	6,777,575	5,500,526
Total Assets	18,653,208	14,192,903	18,802,870
Equity			
Stated Capital	5,884,862	5,722,837	5,741,038
Other Capital Reserves	334,010	303,867	326,289
Other Components of Equity	134,722	277	134,672
Retained Earnings	9,821,626	4,831,184	10,334,008
Total Equity	16,175,220	10,858,165	16,536,007
Non-Current Liabilities			
Interest Bearing Loans and Borrowings	1,008,962	1,749,214	1,180,804
Deferred Tax Liability	56,198	61,679	57,139
Employee Benefit Liability	53,850	28,576	54,591
	1,119,010	1,839,469	1,292,534
Current Liabilities			
Trade and Other Payables	240,810	857,699	236,252
Income Tax Payable	34,312	32,379	19,347
Interest Bearing Loans and Borrowings	403,956	428,211	718,730
Bank Overdraft	679,899	176,980	-
	1,358,977	1,495,269	974,329
Total Equity and Liabilities	18,653,208	14,192,903	18,802,870
Net Asset per share - (Rs.)	28.17	18.96	28.88

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



Sanjeewa Samaranyake
Chief Financial Officer

The Board of Directors is responsible for the preparation and presentation of these financial statements. Signed for and on behalf of the Board by,



Husein Esufally
Chairman
Colombo
November 10, 2017



Steven Enderby
Chief Executive Officer

Statement of Changes in Equity (Company)

	Stated Capital	Other Capital Reserves	Other Components Of Equity	Retained Earnings	Total Equity
			Available for Sale Reserve		
Rs. '000					
Balance as at 1 April 2016	5,722,837	279,893	266	4,808,943	10,811,939
Profit for the period	-	-	-	594,786	594,786
Other Comprehensive Income	-	-	11	-	11
Total Comprehensive Income	-	-	11	594,786	594,797
Share Based Payments	-	23,974	-	-	23,974
Final Dividend Paid 2015/16	-	-	-	(572,545)	(572,545)
Balance as at 30 September 2016	5,722,837	303,867	277	4,831,184	10,858,165
Balance as at 1 April 2017	5,741,038	326,289	134,672	10,334,008	16,536,007
Profit for the period	-	-	-	318,816	318,816
Other Comprehensive Income	-	-	50	-	50
Total Comprehensive Income	-	-	50	318,816	318,866
Exercise of Share Option	143,824	-	-	-	143,824
Share Based Payments	-	7,721	-	-	7,721
Final Dividend Paid 2016/17	-	-	-	(831,198)	(831,198)
Balance as at 30 September 2017	5,884,862	334,010	134,722	9,821,626	16,175,220

The above figures are provisional and subject to audit.

Statement of Cash Flows

For six months ended Rs. '000	Group		Company	
	30.09.2017	30.09.2016	30.09.2017	30.09.2016
Operating Activities				
Profit before taxation	2,136,635	2,235,770	348,017	609,631
Adjustments for,				
Depreciation	504,754	433,423	16,102	22,766
Gain on Disposal of Property, Plant and Equipment, Investment Property	(3,666)	(97,904)	(1,687)	(80,490)
(Gain)/Loss on Sale of Non-Current Investments	(5,093)	-	-	-
Provision for Share Based Payment Expense	29,770	23,974	8,591	8,815
Amortisation/ Impairment of Intangible Assets	42,068	28,968	11,101	11,544
Amortisation of Leasehold Rights	15,113	2,569	-	-
Exchange (Gain)/Loss on Foreign Currency Borrowings	9,455	(12,141)	-	-
Investment in Associate De-Recognition	-	1,559	-	-
Finance Cost	263,174	253,528	99,146	119,944
Finance Income	(435,215)	(412,756)	(273,375)	(303,427)
Share of Results of Joint Ventures & Associates	112,314	51,659	-	-
Investment Income	-	-	(221,761)	(368,951)
Movement in Employee Benefit Liability	75,408	59,741	2,825	2,500
Operating Cash Flows before Working Capital Adjustments	2,744,717	2,568,390	(11,041)	22,332
Working Capital Adjustments				
(Increase)/Decrease in Inventories	(262,580)	(236,743)	-	-
(Increase)/Decrease in Trade and Other Receivables	(867,941)	(2,336,212)	115,260	(265,282)
Increase/(Decrease) in Trade and Other Payables	(1,830,037)	154,050	4,559	425,121
Increase/(Decrease) in Other Non Current Financial Liabilities	13,932	195	-	-
Cash Generated from Operations	(201,909)	149,680	108,778	182,171
Finance Cost Paid	(260,792)	(253,528)	(99,146)	(119,944)
Finance Income Received	433,143	410,485	273,375	303,304
Income Tax Paid	(788,947)	(845,362)	(25,028)	(77,365)
Employee Retirement Benefit Paid	(28,840)	(19,736)	(3,565)	(655)
Net Cash Flows From/(Used in) Operating Activities	(847,345)	(558,461)	254,414	287,511
Investing Activities				
Purchase of Property, Plant and Equipment	(888,778)	(390,616)	(34,261)	(7,330)
Investment in Intangible Assets	(1,499)	(10,501)	-	(17)
Disposal /Investment in Financial Assets	(1,251)	(81,482)	-	352
Acquisition/Investment of Subsidiaries	(323,845)	(8,564)	-	(1,059,271)
Dividend Received from Joint Ventures & Associates	-	25,200	-	-
Investment Income Received	-	-	221,761	368,951
Proceeds on Disposal of Property, Plant and Equipment/ Intangible Assets / Leasehold Property/ Investment Property	29,410	416,101	3,642	252,692
Net Cash Flows From/(Used in) Investing Activities	(1,185,963)	(49,862)	191,142	(444,623)
Financing Activities				
Interest Bearing Loans and Borrowings (Net)	737,114	(95,747)	(842,489)	(447,714)
Proceed from Exercise of Share Option	121,825	-	121,825	-
Proceeds (to)/ from Non-Controlling Interests	-	(245,028)	-	-
Dividends Paid - Equity Holders of the Parent	(831,198)	(572,545)	(831,198)	(572,545)
Dividends Paid - Non-Controlling Interests	(14,406)	(109,777)	-	-
Net Cash Flows From/(Used in) Financing Activities	13,335	(1,023,097)	(1,551,862)	(1,020,259)
Net Increase/(Decrease) in Cash and Cash Equivalents	(2,019,973)	(1,631,420)	(1,106,306)	(1,177,371)
Net Foreign Exchange Difference	(6,250)	13,315	-	-
Cash and Cash Equivalents at the Beginning of the Period	10,618,937	10,887,133	4,794,005	5,848,139
Cash and Cash Equivalents at the End of the Period	8,592,714	9,269,028	3,687,699	4,670,768

The above figures are provisional and subject to audit.

Segmental Information

For three months ended 30 September	Consumer		Healthcare		Leisure, Travels & Aviation		Logistics & Maritime		Others		Group	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Rs. '000												
Revenue												
Segmental Revenue - Gross	4,029,317	4,170,726	5,499,464	4,817,528	892,485	1,070,032	682,435	497,169	991,842	601,925	12,095,543	11,157,380
Intra Segmental Revenue	(47,966)	(36,887)	(66,198)	(70,756)	-	-	(8,910)	-	(38,710)	(37,688)	(161,784)	(145,331)
Segmental Revenue	3,981,351	4,133,839	5,433,266	4,746,772	892,485	1,070,032	673,525	497,169	953,132	564,237	11,933,759	11,012,049
Inter Segmental Revenue	(3,300)	(1,050)	-	-	-	-	-	-	(262,830)	(265,971)	(266,130)	(267,021)
Total Revenue	3,978,051	4,132,789	5,433,266	4,746,772	892,485	1,070,032	673,525	497,169	690,302	298,266	11,667,629	10,745,028
Segmental Results												
Finance Cost	(1)	(1)	(70,061)	(55,090)	(5,561)	(8,321)	(6,862)	(4,775)	(61,487)	(81,550)	(143,972)	(149,737)
Finance Income	27,501	42,319	4,050	1,811	9,815	9,812	1,781	769	171,883	152,106	215,030	206,817
Share of Results of Joint Ventures & Associates	-	-	-	-	(39,799)	(42,956)	-	26,569	-	-	(39,799)	(16,387)
Profit/(Loss) before Tax	469,778	564,311	509,849	534,899	15,004	96,657	226,466	113,585	(51,107)	(83,548)	1,169,990	1,225,904
Income Tax	(118,655)	(131,767)	(107,549)	(119,759)	(21,413)	(19,552)	(32,947)	(25,793)	(86,935)	(30,772)	(367,499)	(327,643)
Profit / (Loss) for the period	351,123	432,544	402,300	415,140	(6,409)	77,105	193,519	87,792	(138,042)	(114,320)	802,491	898,261
Attributable to:												
Equity Holders of the Parent	347,766	432,317	388,659	403,097	(17,812)	47,177	148,458	83,372	(141,058)	(118,487)	726,013	847,476
Non-Controlling Interests	3,357	227	13,641	12,043	11,403	29,928	45,061	4,420	3,016	4,167	76,478	50,785
	351,123	432,544	402,300	415,140	(6,409)	77,105	193,519	87,792	(138,042)	(114,320)	802,491	898,261

The above figures are provisional and subject to audit.

Segmental Information

For six months ended 30 September Rs. '000	Consumer		Healthcare		Leisure, Travel & Aviation		Logistic & Maritime		Others		Group	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Revenue												
Segmental Revenue - Gross	8,234,711	8,438,281	10,699,123	9,156,255	1,574,564	1,845,771	1,304,951	841,559	2,043,430	1,090,573	23,856,779	21,372,439
Intra Segmental Revenue	(96,252)	(87,306)	(131,194)	(84,379)	-	-	(8,910)	-	(68,693)	(65,884)	(305,049)	(237,569)
Segmental Revenue	8,138,459	8,350,975	10,567,929	9,071,876	1,574,564	1,845,771	1,296,041	841,559	1,974,737	1,024,689	23,551,730	21,134,870
Inter Segmental Revenue	(6,600)	(1,050)	-	-	-	-	-	-	(513,970)	(503,070)	(520,570)	(504,120)
Total Revenue	8,131,859	8,349,925	10,567,929	9,071,876	1,574,564	1,845,771	1,296,041	841,559	1,460,767	521,619	23,031,160	20,630,750
Segmental Results	968,724	1,158,859	1,084,826	1,004,076	(77,028)	139,457	419,525	141,246	(319,139)	(315,437)	2,076,908	2,128,201
Finance Cost	(2)	(1)	(121,931)	(111,221)	(9,925)	3,999	(12,958)	(10,679)	(118,358)	(135,626)	(263,174)	(253,528)
Finance Income	58,716	82,845	6,712	3,714	19,451	19,151	7,302	2,229	343,034	304,817	435,215	412,756
Share of Results of Joint Ventures & Associates	-	-	-	-	(112,314)	(109,290)	-	57,631	-	-	(112,314)	(51,659)
Profit/(Loss) before Tax	1,027,438	1,241,703	969,607	896,569	(179,816)	53,317	413,869	190,427	(94,463)	(146,246)	2,136,635	2,235,770
Income Tax	(251,044)	(296,392)	(195,281)	(240,269)	(37,295)	(34,999)	(64,309)	(27,906)	(108,978)	(37,237)	(656,907)	(636,803)
Profit / (Loss) for the period	776,394	945,311	774,326	656,300	(217,111)	18,318	349,560	162,521	(203,441)	(183,483)	1,479,728	1,598,967
Attributable to:												
Equity Holders of the Parent	770,595	942,248	741,106	643,800	(152,472)	(1,661)	270,317	147,951	(209,300)	(188,453)	1,420,246	1,543,885
Non-Controlling Interests	5,799	3,063	33,220	12,500	(64,639)	19,979	79,243	14,570	5,859	4,970	59,482	55,082
	776,394	945,311	774,326	656,300	(217,111)	18,318	349,560	162,521	(203,441)	(183,483)	1,479,728	1,598,967

The above figures are provisional and subject to audit.

Notes to the Financial Statements

1 Basis of preparation

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

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

- 2 The ten million, rated (AA-lka, by Fitch Rating Lanka Limited) unsecured redeemable debentures carrying a coupon rate of 11% p.a., payable semi-annually issued on 29 April 2014 are to be matured on 29 April 2019.
- 3 The Company paid a final dividend of Rs.1.45 per share for the financial year ended 31 March 2017.
- 4 The Board of Directors of the Company has declared an interim dividend of Rs. 0.40 per share for the financial year ending 31 March 2018 as required by section 56(2) of the companies Act No 07 of 2007, the Board of Directors has confirmed that the Company satisfies the solvency test in accordance with section 57 of the companies Act No. 07 of 2007, and has obtained a certificate from the Auditors, prior to declaring the interim dividend which is to be paid on 30 November 2017.

In accordance with the Sri Lanka Accounting Standard (LKAS 10) - Events after the reporting date, the interim dividend has not been recognized as a liability in the financial statements as at 30 September 2017.

- 5 The Board of Directors decided, with the approval in principal of the Colombo Stock Exchange, and authorized 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, 3,053,750 employee share options were granted on the first Grant to the Executive Directors and Senior Executives of the company and its subsidiaries at the exercise price of Rs.82/- with a vesting period of one year starting from 27 July 2015 and exercise period of 3 years starting from 27 July 2016, out of which 2,574,423 employee share options were vested during the year ended 31 March 2017.

At the second Grant, 3,008,750 employee share options were granted with the exercise price of Rs.87.50 with a one year vesting period starting from 27 July 2016 and exercise period of 3 years starting from 27 July 2017, out of which 2,421,867 employee share options were vested on 27 July 2017.

Further, a third Grant of 3,420,000 employee share options were granted on 27 July 2017 at the exercise price of Rs.149.50 with a one year vesting period starting from 27 July 2017.

- 6 The current status of the funds raised through the Rights Issue (RI) has been provided in the following table.

Objective as per Circular	Amount allocated as per circular in LKR	Proposed date of utilisation as per circular	Amount allocated from proceeds in LKR (A)	% of total proceeds	Amounts utilised in LKR (B)	% of utilisation against allocation (B / A)	Clarification if not utilised including where the funds are invested
Proceeds to be utilized to fund strategic investment opportunities in the Healthcare and FMCG Sectors.	4.1 Bn	2015/16	4.1 Bn	100%	-	-	At the Extraordinary General meeting held on 30 June 2017, shareholders approved the extension of utilisation period up to 31 March 2019 and to invest the funds, pending such utilisation, in investment grade short term instruments. Further it is committed to utilise approximately Rs. 1.45 Bn in healthcare sector during ensuing period.

- 7 Serendib Hotels PLC, a subsidiary of Hemas Holdings PLC acquired controlling stake (51.15% Holding) in Frontier Capital Lanka (Pvt) Limited for Rs. 309.5 Mn on 15 September, 2017 and resulted a goodwill of Rs 305.0 Mn.

The fair value of net assets acquired are stated on provisional amount which will be revised when the final fair values of acquired net assets are determined.

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

- 8 There have been no events subsequent to the reporting date, which require disclosure in the interim financial statements.
- 9 There have been no significant changes in the nature of the contingent liabilities which were disclosed in the Audited Financial Statements for the year ended 31 March 2017.

Investor Information

Six Months Ended

2017

2016

Market Value of Shares

Closing Price on 30 September (Rs.)	119.00	104.10
Highest Price during the Period (Rs.)	154.90	105.50
Lowest Price during the Period (Rs.)	118.00	85.00
Market Capitalization on 30 September (Rs. Mn)	68,331	59,602

Ratios

Net Asset Per Share on 30 September (Rs.)	44.64	40.32
Price Earnings Ratio on 30 September (times)	48.02	38.61

Debt security related ratios

Debt/Equity Ratio	23.9%	24.0%
Quick Asset Ratio	1.41	1.46
Interest Cover (times)	9.12	9.82
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)	10.1%	11.8%

Share Trading

No of transactions during the Period	859	1,107
No of shares traded during the Period	8,159,741	9,073,004
Value of shares traded during the Period (Rs. Mn)	1,156	861

Number of Shares	574,206,971	572,545,133
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Debentures 11% fixed - Unsecured redeemable

Closing Price on 30 September (Rs.)	-	-
Highest Price during the Period (Rs.)	-	-
Lowest Price during the period (Rs.)	-	-

There has been no trading in the listed Debentures of the Company during the six months period ended 30 September 2017.

Number of Debentures	10,000,000	10,000,000
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Share Information

LIST OF 20 MAJOR SHAREHOLDERS	30.09.2017		30.09.2016	
	No. of Shares	%	No. of Shares	%
1 A Z Holdings (Pvt) Ltd.	90,762,875	15.81	90,762,875	15.85
2 Saraz Investments (Pvt) Ltd.	86,396,035	15.05	86,396,035	15.09
3 Blueberry Investments (Pvt) Ltd.	85,781,250	14.94	85,781,250	14.98
4 Amagroup (Pvt) Ltd.	85,780,665	14.94	85,780,665	14.98
5 HSBC Intl Nominees Ltd-JPMLU-Franklin Templeton Investment Funds	44,673,822	7.78	52,171,534	9.11
6 Citi Bank New York S/A Norges Bank Account 2	17,184,764	2.99	-	-
7 HSBC International Nominees Ltd. -JPMCB- Templeton Global Investment Trust- Templeton Emerging Markets S	14,964,257	2.61	14,964,257	2.61
8 Bnymnsanv Re-First State Investments ICVC-Stewart Investors Indian Subcontinent Fund.	11,962,613	2.08	11,962,613	2.09
9 Bnymnsanv Re-First State Investments ICVC-Stewart Investors Asia Pacific Sustainability Fund.	9,745,440	1.70	8,286,047	1.45
10 HSBC Intl Nom Ltd-JPMCB- Pacific Assets Trust PLC	6,793,862	1.18	4,344,132	0.76
11 Pemberton Asian Opportunities Fund	6,000,000	1.04	9,000,000	1.57
12 Mr. M.A.H. Esufally	5,946,500	1.04	5,946,500	1.04
13 HSBC Intl. Nominees Ltd. -JPMCB- Scottish ORL SML TR GTI 6018	5,884,769	1.02	8,006,561	1.40
14 Mr. H.N. Esufally	5,586,705	0.97	5,586,705	0.98
15 Bnymnsanv Re-First State Investments ICVC-Stewart Investors Global Emerging Markets SUSTAI.	5,036,288	0.88	3,317,420	0.58
16 Mr. I.A.H. Esufally	4,424,000	0.77	4,424,000	0.77
17 HSBC Intl. Nom. LTD-State Street Luxembourg c/o SSBT- Alliancebernstein Next 50 Emerging Markets(MASTE)	4,066,195	0.71	3,949,115	0.69
18 Mellon Bank N.A.-Florida Retirement System	3,849,646	0.67	-	-
19 HSBC Intl Nom Ltd-BBH Grandeur Peak Emerging Markets Opportunities Fund	3,255,526	0.57	3,804,326	0.66
20 HSBC International Nominees Ltd-SSBT-Aberdeen Institutional Commingled Funds, LLC	3,224,000	0.56	-	-

DIRECTORS' SHAREHOLDING	30.09.2017	30.09.2016
	No. of Shares	No. of Shares

DIRECTORS' INDIRECT SHAREHOLDING

A Z Holdings (Pvt) Ltd.	90,762,875	90,762,875
Saraz Investments (Pvt) Ltd.	86,396,035	86,396,035
Blueberry Investments (Pvt) Ltd.	85,781,250	85,781,250
Amagroup (Pvt) Ltd.	85,780,665	85,780,665

DIRECTORS' DIRECT SHAREHOLDING

Mr. H.N. Esufally (Chairman)	5,586,705	5,586,705
Mr. A.N. Esufally	2,283,585	2,283,585
Mr. I.A.H. Esufally	4,424,000	4,424,000
Mr. M. A. H. Esufally	5,946,500	5,946,500
Mr. R. Gopalakrishnan	-	-
Dr. S.A.B Ekanayake	-	-
Mr. D.S. Weerakkody	-	-
Mr. S.M Enderby (Chief Executive Officer)	-	-
Mr. W.M.De F. Arakularatne	-	-
Mr. A.S. Amaratunga	-	-
Mr. J.M. Trivedi (appointed w.e.f 11 August 2017)	-	-
	366,961,615	366,961,615

PUBLIC HOLDING	30.09.2017	30.09.2016
	No. of Shares	No. of Shares
Issued Share Capital	574,206,971	572,545,133
Less: Directors' Direct and Indirect Shareholding	366,961,615	366,961,615
Close Family Members	2,750,000	2,750,000
Public Holding	204,495,356	202,833,518
Public Holding as a % of Issued Share Capital	35.61%	35.43%
Total Number of Shareholders	4,170	4,338
Number of persons holdings Shares Excluded when computing Public Holding %	12	12
Number of Shareholders representing the Public Holding	4,158	4,326

Corporate Information

Legal Form

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

Date of Incorporation

10 December 1948

Date of Re-Registration

30 May 2007

New Registration Number

PQ 6

Accounting year end

31 March

Registered Office

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

Website

www.hemas.com

Auditors

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

Directors

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

Secretaries

Hemas Corporate Services (Pvt) Ltd.
No.75, Braybrooke Place, Colombo 02.
Telephone: 4 731731 (during)
Facsimile: 4 731777

Registrars

SSP Corporate Services (Pvt) Ltd.
101, Inner Flower Road, Colombo 03.

Lawyers to the Company

D.L. & F De Saram, Attorneys-at-law
No. 47, Alexandra Place, Colombo 7.

Bankers

Commercial Bank of Ceylon PLC
Deutsche Bank AG
Hong Kong & Shanghai Banking Corp. Ltd.
Hatton National Bank PLC
Standard Chartered Bank
Nations Trust Bank PLC
People's Bank
National Development Bank PLC
Sampath Bank PLC