

HEMAS

HEMAS HOLDINGS PLC



EMPOWER EXECUTE

INTERIM REPORT
2018/2019 - Q2

CEO's Review

The Group recorded a consolidated revenue of Rs.30.0Bn for the first six months ended September 30, 2018, a year-on-year (YoY) growth of 33.0% driven by our recent acquisition of Atlas and our healthcare sector. Group operating profit stood at Rs.2.4Bn, a growth of 22.5% over the previous financial year. Operating profit growth resulted from stronger performance in our home and personal care segment in Sri Lanka and the contribution by Atlas. Despite aggressive growth in revenue, we see a lag in operating profit primarily due to weaker performance at Morisons and N*able and margin compression at pharmaceutical distribution. The profit attributable to equity holders of the parent at Rs.1.5Bn is a YoY growth of 4.3%. The lower growth in earnings is due to increased net interest expense post utilisation of cash reserves to acquire Atlas in January 2018, higher working capital due to strong revenue growth in pharmaceutical distribution and the loan financing for our new logistics park. Excluding the first six months performance of Atlas, HHL recorded a consolidated revenue and operating profit growth of 16.1% and 2.3% correspondingly.

During the period under review, our consumer business recorded a revenue of Rs.12.2Bn, indicating a YoY growth of 57.7%. Revenue growth in the consumer sector excluding Atlas stood at 8.2%. Operating profit of Rs.1.5Bn grew by 54.3% during the first six months compared to last year. The Sri Lankan home and personal care market continues to be challenging, however we experienced growth from brand relaunches in our core personal care categories. Further, we are also seeing the benefits of our profit improvement programme initiated last year improving operating margins. Our Bangladesh business still continues to experience challenges where intense competition in a weak market environment has resulted in revenue growth of only 1.4% during the first six months of the financial year 2018-19. Profitability remains a challenge due to heavy marketing spend. Atlas performance has been on track in Q2 with revenues up by 12.4% over the same period last year.

Consolidated healthcare sector revenue for the first six months under review stood at Rs.13.4Bn, a YoY increase of 27.3% while operating profit and earnings indicated a decline of 8.3% and 12.6%. Hemas pharmaceutical distribution operation registered strong revenue growth. However, the impact of price regulation and significant currency depreciation continues to compress margins. Hemas Hospitals achieved an overall occupancy of 57%, with revenues and profitability improving significantly during Q2 compared to the first three months of the financial year and over last year. The key driver of growth is the continued enhancement in surgical capability. Our pharmaceutical manufacturing business, Morison posted a revenue of Rs.1.7Bn and operating profit of Rs.162.7Mn for the six months ended September 30, 2018. Morison's underlying revenue, excluding Alcon distribution business, which we exited during the latter part of FY2017/18, was 1.8%. Operating profit has been impacted by poor performance in our OTC Pharma segment which has resulted in earnings recording a decline of 37.5% excluding Alcon.

Hemas Leisure, Travel and Aviation (LTA) interests achieved revenues of Rs.1.8Bn, reflecting a growth of 16.7% for the six months under consideration. Broader industry fundamentals remain favorable with tourist arrivals up during the year. Serendib Hotels reported a 10.2% growth in revenue due to an increase in average room rates and average occupancies across the group reaching 69% against 64% reported last year. During the review period, Anantara Peace Haven Tangalle had a satisfactory performance in occupancy. Travel and Aviation segment indicated a growth in revenue of 22.1% driven by newly secured agents under inbound travel. However, overall, profitability remained a challenge, declining by 12.5%, owing to ongoing soft refurbishment at Avani Bentota and Hotel Sigiriya coupled with exchange losses attributed to forex loan financing at Anantara.

Hemas Logistics and Maritime recorded a revenue growth of 10.9% over last year with revenues of Rs.1.4Bn. During the period in review, Port of Colombo was ranked as the world's fastest growing port with a growth of 15.6% in container handling during the first half of 2018, fueled by 20% growth in transshipment volumes. Profitability of the maritime sector increased as a result. Our logistics business saw 3PL and warehousing segments make a notable contribution to profitability. The new logistics park facility is now up and running with newly secured customers moving in August. However, with the hike in fuel prices there was pressure on operating margins.

Our technology business, N*able witnessed a gradual improvement in the second quarter with increased revenues over last year by 31.7% However, a significant drop in revenue due to delays in project completion during the first quarter continues to have an impact on year to date profitability.

While we have grown revenues strongly in the first six months we have had mixed performance in the profitability in our core sectors. The business environment remains challenging with significant and ongoing currency devaluation through September and October and political uncertainty impacting the domestic economy the source of our major business activity.



Steven Enderby
Chief Executive Officer

November 13, 2018
Colombo

Consolidated Statement of Profit or Loss

Rs. '000	Three Months Ended		Change %	Six Months Ended		Change %
	30.09.2018	30.09.2017 Restated		30.09.2018	30.09.2017 Restated	
Revenue	16,513,992	11,446,869	44.3	30,019,189	22,577,776	33.0
Cost of Sales	(11,127,036)	(7,246,748)	53.5	(19,962,639)	(14,407,074)	38.6
Gross Profit	5,386,956	4,200,121	28.3	10,056,550	8,170,702	23.1
Other Operating Income	197,692	70,692	179.7	305,124	167,204	82.5
Selling and Distribution Expenses	(1,472,673)	(1,040,776)	41.5	(2,879,983)	(2,029,481)	41.9
Administrative Expenses	(2,524,531)	(2,091,306)	20.7	(4,921,835)	(4,231,517)	16.3
Share of Results of Joint Ventures & Associates	(76,798)	(39,799)	93.0	(153,511)	(112,314)	36.7
Operating Profit	1,510,646	1,098,932	37.5	2,406,345	1,964,594	22.5
Finance Cost	(264,852)	(143,972)	84.0	(462,362)	(263,174)	75.7
Finance Income	109,766	215,030	(49.0)	205,138	435,215	(52.9)
Profit Before Tax	1,355,560	1,169,990	15.9	2,149,121	2,136,635	0.6
Income Tax Expenses	(355,827)	(367,499)	(3.2)	(607,279)	(656,907)	(7.6)
Profit for the Period	999,733	802,491	24.6	1,541,842	1,479,728	4.2
Attributable to:						
Equity Holders of the Parent	926,655	726,013	27.6	1,480,961	1,420,246	4.3
Non-Controlling Interests	73,078	76,478	(4.4)	60,881	59,482	2.4
	999,733	802,491	24.6	1,541,842	1,479,728	4.2
Earnings Per Share						
Basic Earnings Per Share (Rs.)	1.62	1.27		2.58	2.48	
Annualised Earnings Per Share (Rs.)	6.48	5.07		5.16	4.96	
Diluted Earnings Per Share (Rs.)	1.62	1.26		2.58	2.47	
Dividend per share (Rs.)	1.45	1.45		1.45	1.45	

Consolidated Statement of Comprehensive Income

Rs. '000	Three Months Ended		Six Months Ended	
	30.09.2018	30.09.2017	30.09.2018	30.09.2017
Profit for the Period	999,733	802,491	1,541,842	1,479,728
Other Comprehensive Income				
Other Comprehensive Income to be reclassified to Profit or Loss in Subsequent Periods				
Net Gain on Available-for-Sale Financial Assets	(102)	1,442	(62)	1,560
Net Movement on Cash Flow Hedges	(2,070)	(3,437)	131	(18,686)
Exchange Differences on Translation of Foreign Operations	71,726	(8,586)	89,841	(6,250)
Income Tax Effect on Other Comprehensive Income	-	(7,202)	-	(7,202)
Other Comprehensive Income for the Period, Net of Tax	69,554	(17,783)	89,910	(30,578)
Total Comprehensive Income for the Period, Net of Tax	1,069,287	784,708	1,631,752	1,449,150
Attributable to:				
Equity Holders of the Parent	990,952	706,805	1,562,707	1,398,380
Non-Controlling Interests	78,335	77,903	69,045	50,770
	1,069,287	784,708	1,631,752	1,449,150

The above figures are provisional and subject to audit.

Consolidated Statement of Financial Position

As at

Rs. '000

30.09.2018

30.09.2017

31.03.2018

ASSETS**Non-Current Assets**

Property, Plant and Equipment	18,615,448	14,293,447	18,069,039
Investment Properties	1,507,475	1,472,928	1,507,474
Leasehold Rights	767,398	800,599	766,809
Intangible Assets	3,449,782	1,218,588	3,445,167
Investment in Joint Ventures	895,520	995,734	1,025,855
Investment in Associates	25,947	1,161	28,394
Other Financial Assets	864,463	866,659	731,335
Deferred Tax Asset	76,934	66,001	61,510
	26,202,967	19,715,117	25,635,583

Current Assets

Inventories	10,925,456	6,553,556	9,909,384
Trade and Other Receivables	18,026,525	10,737,118	14,178,651
Tax Recoverable	281,354	150,153	196,263
Other Financial Assets	140,260	198,253	130,857
Cash and Short Term Deposits	6,947,398	10,577,576	7,711,402
	36,320,993	28,216,656	32,126,557

Total Assets

62,523,960

47,931,773

57,762,140

EQUITY AND LIABILITIES**Equity**

Stated Capital	5,962,424	5,884,862	5,960,450
Other Capital and Revenue Reserves	157,301	112,709	141,775
Other Components of Equity	2,037,643	2,136,191	1,955,897
Retained Earnings	19,169,490	17,496,266	18,522,441
Equity Attributable to Equity Holders of the Parent	27,326,858	25,630,028	26,580,563
Non-Controlling Interests	4,476,530	3,258,434	4,440,044
Total Equity	31,803,388	28,888,462	31,020,607

Non-Current Liabilities

Interest Bearing Loans and Borrowings	1,573,961	2,481,571	2,243,540
Other Financial Liabilities	16,357	24,110	16,941
Deferred Tax Liability	1,863,082	512,343	1,844,002
Employee Benefit Liability	894,262	697,154	850,448
	4,347,662	3,715,178	4,954,931

Current Liabilities

Trade and Other Payables	16,200,280	10,598,345	16,390,081
Income Tax Liabilities	361,834	316,007	493,525
Interest Bearing Loans and Borrowings	6,726,278	2,428,919	2,931,913
Bank Overdraft	3,084,518	1,984,862	1,971,083
	26,372,910	15,328,133	21,786,602

Total Equity and Liabilities

62,523,960

47,931,773

57,762,140

Net Assets per share - (Rs.)

47.53

44.64

46.23

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.


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 13, 2018


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	Foreign Currency Translation Reserve	Available for Sale Reserve	Cash Flow Hedge Reserve				
<i>Rs. '000</i>										
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 Period	-	-	-	-	-	-	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
Final Dividend - 2016/17	-	-	-	-	-	-	(831,198)	(831,198)	(14,406)	(845,604)
Exercise of Share Options	143,824	-	-	-	-	-	-	143,824	-	143,824
Share Based Payments	-	7,771	-	-	-	-	-	7,771	-	7,771
Adjustment in Respect of Changes In Group Holding	-	-	-	-	-	-	-	-	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
Balance as at 1 April 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
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
Acquisition/ Adjustment in Respect of Changes In Group Holding	-	-	-	-	-	-	(257)	(257)	257	-
Balance as at 30 September 2018	5,962,424	157,301	1,928,834	123,163	(15,883)	1,529	19,169,490	27,326,858	4,476,530	31,803,388

The above figures are provisional and subject to audit.

Statement of Profit or Loss Company

	Three Months Ended		Change	Six Months Ended		Change
	30.09.2018	30.09.2017	%	30.09.2018	30.09.2017	%
<i>Rs.'000</i>						
Revenue	223,677	199,267	12.2	418,199	395,898	5.6
Cost of Sales	-	-	-	-	-	-
Gross Profit	223,677	199,267	12.2	418,199	395,898	5.6
Other Operating Income	65,694	6,903	851.7	66,942	229,231	(70.8)
Administrative Expenses	(226,810)	(228,857)	(0.9)	(460,823)	(451,341)	2.1
Operating Profit	62,561	(22,687)	(375.8)	24,318	173,788	(86.0)
Finance Cost	(50,611)	(52,901)	(4.3)	(82,574)	(99,146)	(16.7)
Finance Income	10,763	137,093	(92.1)	23,599	273,375	(91.4)
Profit Before Tax	22,713	61,505	(63.1)	(34,657)	348,017	(110.0)
Income Tax Expenses	(3,038)	(15,260)	(80.1)	(2,706)	(29,200)	(90.7)
Profit for the Period	19,675	46,245	(57.5)	(37,363)	318,817	(111.7)

Statement of Comprehensive Income Company

	Three Months Ended		Six Months Ended	
	30.09.2018	30.09.2017	30.09.2018	30.09.2017
<i>Rs. '000</i>				
Profit for the period	19,675	46,245	(37,363)	318,817
Other Comprehensive Income				
Net Gain/(Loss) on Available-for-Sale Financial Assets	(101)	(35)	(60)	50
Other Comprehensive Income for the Period, Net of Tax	(101)	(35)	(60)	50
Total Comprehensive Income for the Period, Net of Tax	19,574	46,210	(37,423)	318,867

The above figures are provisional and subject to audit.

Statement of Financial Position Company

As at	30.09.2018	30.09.2017	31.03.2018
Rs. '000			
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	146,503	128,284	162,547
Investment Properties	592,125	569,141	592,125
Intangible Assets	82,726	91,008	80,248
Investment in Subsidiaries	17,918,954	11,546,321	17,850,805
Other Non-Current Financial Assets	334,649	972,744	369,708
	19,074,957	13,307,498	19,055,433
Current Assets			
Trade and Other Receivables	446,550	477,998	333,263
Tax Recoverable	28,853	34,712	14,418
Other Current Financial Assets	337,686	465,401	342,094
Cash and Short Term Deposits	196,432	4,367,598	285,729
	1,009,521	5,345,709	975,504
Total Assets	20,084,478	18,653,207	20,030,937
EQUITY AND LIABILITIES			
Equity			
Stated Capital	5,962,424	5,884,862	5,960,450
Other Capital Reserves	378,652	334,010	363,126
Other Components of Equity	15,117	134,722	15,177
Retained Earnings	11,153,733	9,821,626	12,024,751
Total Equity	17,509,926	16,175,220	18,363,504
Non-Current Liabilities			
Interest Bearing Loans and Borrowings	-	1,008,962	955,048
Deferred Tax Liability	134,793	56,198	138,076
Employee Benefit Liability	50,950	53,850	48,248
	185,743	1,119,010	1,141,372
Current Liabilities			
Trade and Other Payables	299,601	240,810	288,569
Income Tax Liabilities	15,772	34,312	17,196
Interest Bearing Loans and Borrowings	1,087,966	403,956	185,097
Bank Overdraft	985,470	679,899	35,199
	2,388,809	1,358,977	526,061
Total Equity and Liabilities	20,084,478	18,653,207	20,030,937
Net Assets per share - (Rs.)	30.45	28.17	31.94

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.



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 13, 2018



Steven Enderby
Chief Executive Officer

Statement of Changes in Equity Company

	Stated Capital	Other Capital Reserves	Other Components Of Equity Available for Sale Reserve	Retained Earnings	Total Equity
<i>Rs. '000</i>					
Balance as at 1 April 2017	5,741,038	326,289	134,672	10,334,008	16,536,007
Profit for the Period	-	-	-	318,817	318,817
Other Comprehensive Income	-	-	50	-	50
Total Comprehensive Income	-	-	50	318,817	318,867
Exercise of Share Options	143,824	-	-	-	143,824
Share Based Payments	-	7,721	-	-	7,721
Final Dividend 2016/17	-	-	-	(831,198)	(831,198)
Balance as at 30 September 2017	5,884,862	334,010	134,722	9,821,627	16,175,220
Balance as at 1 April 2018	5,960,450	363,126	15,177	12,024,751	18,363,504
Profit for the Period	-	-	-	(37,363)	(37,363)
Other Comprehensive Income	-	-	(60)	-	(60)
Total Comprehensive Income	-	-	(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)
Balance as at 30 September 2018	5,962,424	378,652	15,117	11,153,733	17,509,926

The above figures are provisional and subject to audit.

Statement of Cash Flows

For Six months ended	Group		Company	
	30.09.2018	30.09.2017	30.09.2018	30.09.2017
Rs. '000				
Operating Activities				
Profit before taxation	2,149,121	2,136,635	(34,657)	348,017
Adjustments for,				
Depreciation	624,219	504,754	17,730	16,102
(Gain)/ Loss on Disposal of Property, Plant and Equipment, Investment Properties	(10,692)	(3,666)	2,748	(1,687)
(Gain)/Loss on Sale of Non-Current Investments	(9,894)	(5,093)	-	-
Provision for Share Based Payment Expense	15,896	29,770	1,015	8,591
Amortisation of Intangible Assets	38,403	42,068	10,431	11,101
Amortisation of Leasehold Rights	18,747	15,113	-	-
Exchange (Gain)/Loss on Foreign Currency Borrowings	43,099	9,455	-	-
Finance Cost	462,362	263,174	82,574	99,146
Finance Income	(205,138)	(435,215)	(23,599)	(273,375)
Share of Results of Joint Ventures & Associates	153,511	112,314	-	-
Investment Income	-	-	(64,575)	(221,761)
Movement in Employee Benefit Liability	78,586	75,408	3,107	2,825
Operating Cash Flows before Working Capital Adjustments	3,358,220	2,744,717	(5,226)	(11,041)
Working Capital Adjustments				
(Increase)/Decrease in Inventories	(1,016,072)	(262,580)	-	-
(Increase)/Decrease in Trade and Other Receivables	(3,873,887)	(867,941)	(98,998)	115,260
Increase/(Decrease) in Trade and Other Payables	(189,669)	(1,830,037)	11,031	4,559
Increase/(Decrease) in Other Non Current Financial Liabilities	(583)	13,932	-	-
Cash Generated from Operations	(1,721,991)	(201,909)	(93,193)	108,778
Finance Cost Paid	(408,234)	(260,792)	(82,574)	(99,146)
Finance Income Received	202,411	433,143	23,599	273,375
Income Tax Paid	(820,786)	(788,947)	(21,851)	(25,028)
Employee Retirement Benefit Paid	(34,776)	(28,840)	(405)	(3,565)
Net Cash Flows From/(Used in) Operating Activities	(2,783,376)	(847,345)	(174,424)	254,414
Investing Activities				
Purchase of Property, Plant and Equipment	(1,265,955)	(888,778)	(4,454)	(34,261)
Investment in Intangible Assets	(44,080)	(1,499)	(12,909)	-
Disposal of /(Investment in) Financial Assets	(133,003)	(1,251)	35,000	-
Investment in Joint Ventures	(10,254)	-	-	-
Acquisition of /Investment in Subsidiaries	-	(323,845)	(68,150)	-
Investment Income Received	-	-	64,575	221,761
Proceeds on Disposal of Property, Plant and Equipment/ Intangible Assets / Leasehold Properties/ Investment Properties	131,596	29,410	22	3,642
Net Cash Flows From/(Used in) Investing Activities	(1,321,696)	(1,185,963)	14,084	191,142
Financing Activities				
Interest Bearing Loans and Borrowings (Net)	3,027,560	737,114	(47,177)	(842,489)
Proceed from Exercise of Share Options	1,604	121,825	1,604	121,825
Dividends Paid - Equity Holders of the Parent	(833,655)	(831,198)	(833,655)	(831,198)
Dividends Paid - Non-Controlling Interests	(32,816)	(14,406)	-	-
Net Cash Flows From/(Used in) Financing Activities	2,162,693	13,335	(879,228)	(1,551,862)
Net Increase/(Decrease) in Cash and Cash Equivalents	(1,942,379)	(2,019,973)	(1,039,568)	(1,106,306)
Net Foreign Exchange Difference	64,940	(6,250)	-	-
Cash and Cash Equivalents at the Beginning of the Period	5,740,319	10,618,937	250,530	4,794,005
Cash and Cash Equivalents at the End of the Period	3,862,880	8,592,714	(789,038)	3,687,699

The above figures are provisional and subject to audit.

Segmental Information

For three months ended 30 September Rs. '000	Consumer		Healthcare		Leisure, Travels & Aviation		Mobility		Others		Group	
	2018	2017 Restated	2018	2017 Restated	2018	2017	2018	2017	2018	2017	2018	2017 Restated
Revenue												
Segmental Revenue - Gross	6,847,866	3,829,764	7,092,185	5,478,257	1,045,190	892,485	765,353	682,435	1,239,834	991,842	16,990,428	11,874,783
Intra Segmental Revenue	(46,796)	(47,966)	(66,825)	(66,198)	-	-	(12,114)	(8,910)	(40,346)	(38,710)	(166,081)	(161,784)
Segmental Revenue	6,801,070	3,781,798	7,025,360	5,412,059	1,045,190	892,485	753,239	673,525	1,199,488	953,132	16,824,347	11,712,999
Inter Segmental Revenue	-	(3,300)	-	-	-	-	(34,072)	-	(276,283)	(262,830)	(310,355)	(266,130)
Total Revenue	6,801,070	3,778,498	7,025,360	5,412,059	1,045,190	892,485	719,167	673,525	923,205	690,302	16,513,992	11,446,869
Results												
Segmental Results	915,967	436,214	501,211	581,924	(2,419)	50,549	226,297	231,546	(53,612)	(161,502)	1,587,444	1,138,731
Finance Cost	(41,807)	(1)	(103,783)	(70,061)	(23,128)	(5,561)	(43,783)	(6,862)	(52,351)	(61,487)	(264,852)	(143,972)
Finance Income	45,956	27,501	25,606	4,050	11,995	9,815	19,407	1,781	6,802	171,883	109,766	215,030
Change in Fair Value of Investment Properties	-	-	-	-	-	-	-	-	-	-	-	-
Share of Results of Joint Ventures & Associates	-	-	-	-	(70,346)	(39,799)	-	-	(6,452)	-	(76,798)	(39,799)
Profit/(Loss) before Tax	920,116	463,714	423,034	515,913	(83,898)	15,004	201,921	226,465	(105,613)	(51,106)	1,355,560	1,169,990
Income Tax	(198,353)	(116,957)	(100,237)	(109,246)	(21,020)	(21,413)	(26,630)	(32,947)	(9,587)	(86,936)	(355,827)	(367,499)
Profit / (Loss) for the Period	721,763	346,757	322,797	406,667	(104,918)	(6,409)	175,291	193,518	(115,200)	(138,042)	999,733	802,491
Attributable to:												
Equity Holders of the Parent	653,333	343,795	319,840	392,630	(83,953)	(17,812)	152,375	148,457	(114,940)	(141,057)	926,655	726,013
Non-Controlling Interests	68,430	2,962	2,957	14,037	(20,965)	11,403	22,916	45,061	(260)	3,015	73,078	76,478
	721,763	346,757	322,797	406,667	(104,918)	(6,409)	175,291	193,518	(115,200)	(138,042)	999,733	802,491

The above figures are provisional and subject to audit.

Segmental Information

For six months ended 30 September Rs. '000	Consumer		Healthcare		Leisure, Travel & Aviation		Mobility		Others		Group	
	2018	2017 Restated	2018	2017 Restated	2018	2017	2018	2017	2018	2017	2018	2017 Restated
Revenue												
Segmental Revenue - Gross	12,282,237	7,820,732	13,538,521	10,659,718	1,837,639	1,574,564	1,489,680	1,304,951	1,796,410	2,043,430	30,944,487	23,403,395
Intra Segmental Revenue	(114,947)	(96,252)	(131,934)	(131,194)	-	-	(18,095)	(8,910)	(103,090)	(68,693)	(368,066)	(305,049)
Segmental Revenue	12,167,290	7,724,480	13,406,587	10,528,524	1,837,639	1,574,564	1,471,585	1,296,041	1,693,320	1,974,737	30,576,421	23,098,346
Inter Segmental Revenue	-	(6,600)	-	-	-	-	(34,072)	-	(523,160)	(513,970)	(557,232)	(520,570)
Total Revenue	12,167,290	7,717,880	13,406,587	10,528,524	1,837,639	1,574,564	1,437,513	1,296,041	1,170,160	1,460,767	30,019,189	22,577,776
Results												
Segmental Results	1,485,301	962,660	1,000,022	1,090,890	(70,617)	(77,028)	442,885	419,525	(297,735)	(319,139)	2,559,856	2,076,908
Finance Cost	(58,833)	(2)	(207,516)	(121,931)	(45,073)	(9,925)	(64,740)	(12,958)	(86,200)	(118,358)	(462,362)	(263,174)
Finance Income	90,219	58,716	50,938	6,712	23,307	19,451	27,165	7,302	13,509	343,034	205,138	435,215
Share of Results of Joint Ventures & Associates	-	-	-	-	(142,307)	(112,314)	-	-	(11,204)	-	(153,511)	(112,314)
Profit/(Loss) before Tax	1,516,687	1,021,374	843,444	975,671	(234,690)	(179,816)	405,310	413,869	(381,630)	(94,463)	2,149,121	2,136,635
Income Tax	(327,013)	(249,346)	(181,180)	(196,978)	(31,891)	(37,295)	(58,104)	(64,309)	(9,091)	(108,979)	(607,279)	(656,907)
Profit / (Loss) for the Period	1,189,674	772,028	662,264	778,693	(266,581)	(217,111)	347,206	349,560	(390,721)	(203,442)	1,541,842	1,479,728
Attributable to:												
Equity Holders of the Parent	1,118,311	766,624	651,211	745,077	(194,081)	(152,472)	296,242	270,317	(390,722)	(209,300)	1,480,961	1,420,246
Non-Controlling Interests	71,363	5,404	11,053	33,616	(72,500)	(64,639)	50,964	79,243	1	5,858	60,881	59,482
	1,189,674	772,028	662,264	778,693	(266,581)	(217,111)	347,206	349,560	(390,721)	(203,442)	1,541,842	1,479,728

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 2018. Further, provisions of the Companies Act No. 7 of 2007 have been considered in preparing the interim financial statements.

The presentation and classification of the financial statements of the previous period have been amended, where relevant, for better presentation and to be comparable with those of the current period.

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 2018, except for the adoption of SLFRS 15 which is effective as of 1 April 2018. The Group has not early adopted any other standard, interpretation or amendment that have been issued but is not yet effective.

The Sri Lanka Accounting Standard – SLFRS 9 (Financial Instruments) is effective for annual periods beginning on or after 1 January 2018. However, CA Sri Lanka has 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). As permitted by the above SoAT, the Group/ Company prepared Interim Financial Statements based on LKAS 39.

The Group applies, SLFRS 15 Revenue from Contracts with Customers for the first time using the full retrospective method of adoption. As required by LKAS 34, the nature and effect of these changes are disclosed below.

Basis of preparation and changes to the Group's accounting policies on SLFRS 15 - Revenue from Contracts with Customers

SLFRS 15 supersedes LKAS 11 Construction Contracts, LKAS 18 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under SLFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

The effect of adopting SLFRS 15 is, as follows:

For the Period Ended

	30 September 2017		
	As Previously Reported	Impact on SLFRS 15	SLFRS 15 Adjusted
Revenue	23,031,160	(453,384)	22,577,776
Cost of Sales	(14,422,133)	15,059	(14,407,074)
Gross Profit	8,609,027	(438,325)	8,170,702
Other Operating Income	167,204		167,204
Selling and Distribution Expenses	(2,455,740)	426,259	(2,029,481)
Administrative Expenses	(4,243,583)	12,066	(4,231,517)
Share of Results of Joint Ventures & Associates	(112,314)		(112,314)
Operating Profit	1,964,594	-	1,964,594
Finance Cost	(263,174)		(263,174)
Finance Income	435,215		435,215
Profit Before Tax	2,136,635	-	2,136,635
Income Tax Expenses	(656,907)		(656,907)
Profit for the Period	1,479,728	-	1,479,728
Profit attributable to:			
Equity Holders of the Parent	1,420,246		1,420,246
Non-Controlling Interests	59,482		59,482
	1,479,728	-	1,479,728

There is no material impact on the statement of other comprehensive income, Statement of financial position, statement of cash flows and Earnings Per Share.

The different business segments of the group are in the course of providing variety of goods and services. The impacts of SLFRS 15 identified in Consumer and Healthcare sectors, stemming from variable consideration and customer allowances and incentives.

- The unsecured redeemable debentures of 10M, (rated AA-Ika, by Fitch Rating Lanka Limited) carrying a coupon rate of 11% p.a payable semi-annually, issued on 29 April 2014, will mature on 29 April 2019.
- 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 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.

At the third Grant, 3,420,000 employee share options were granted with the exercise price of Rs.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.

Further, at the fourth Grant of 3,491,250 employee share options were granted on 27 July 2018 with the exercise price of Rs.108.81 with a one year vesting period starting from 27 July 2018.

- MSJ Industries (Ceylon) (Pvt) Ltd.(MSJI) has been amalgamated with Morison PLC (Morison) with effect from 02 July, 2018 in accordance of the provisions of the Companies Act No.07 of 2007. The regulatory approval and the approval of the shareholders have been duly obtained.
Hence w.e.f. 02 July, 2018, the net assets of MSJI were absorbed into Morison and Morison continues its activities as public limited company which 91% effectively owned by Hemas Holdings PLC.
- Except below, there have been no events subsequent to the reporting date, which require disclosure in the interim financial statements.
Hemas Hospitals (Pvt) Ltd., a subsidiary of Hemas Holdings PLC divested its 100% stake in Hemas Southern Hospital (Pvt) Ltd. at a total Consideration of Rs. 450Mn on 02 November 2018.
- 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 2018.

Investor Information

Six Months Ended

	2018	2017
Market Value of Shares		
Closing Price on 30 September (Rs.)	85.40	119.00
Highest Price During the Period (Rs.)	112.10	154.90
Lowest Price During the Period (Rs.)	85.00	108.00
Market Capitalisation on 30 September (Rs. Mn)	49,101	68,331
Ratios		
Net Asset Per Share on 30 September (Rs.)	47.53	44.64
Price Earnings Ratio on 30 September (Times)	33.10	48.02
Debt security related ratios		
Debt/Equity Ratio	35.8%	23.9%
Quick Asset Ratio	0.96	1.41
Interest Cover (Times)	5.20	9.12
Interest Yield as at Date of Last Trade	-	-
Yield to Maturity of Trade Done	-	-
Interest Rate of Comparable Government Security (5 Year Treasury Bond Rate)	9.9%	10.1%
Share Trading		
No of Transactions During the Period	870	859
No of Shares Traded During the Period	8,026,141	8,159,741
Value of Shares Traded During the Period (Rs. Mn)	803	1,156
Number of Shares	574,952,592	574,206,971
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 three months period ended 30 September 2018.		
Number of Debentures	10,000,000	10,000,000

Share Information

LIST OF 20 MAJOR SHAREHOLDERS	30.09.2018		30.09.2017	
	No. of Shares	%	No. of Shares	%
1 A Z Holdings (Pvt) Ltd.	90,762,875	15.79	90,762,875	15.81
2 Saraz Investments (Pvt) Ltd.	86,396,035	15.03	86,396,035	15.05
3 Blueberry Investments (Pvt) Ltd.	85,781,250	14.92	85,781,250	14.94
4 Amagroup (Pvt) Ltd.	85,780,665	14.92	85,780,665	14.94
5 HSBC Intl Nominees Ltd-JPMLU-Franklin Templeton Investment Funds	40,762,434	7.09	44,673,822	7.78
6 Citi Bank New York S/A Norges Bank Account 2	17,184,764	2.99	17,184,764	2.99
7 HSBC International Nominees Ltd. -JPMCB- Templeton Global Investment Trust- Templeton Emerging Markets S	14,964,257	2.60	14,964,257	2.61
8 Bnymсанv Re-First State Investments ICVC-Stewart Investors Indian Subcontinent Fund.	11,962,613	2.08	11,962,613	2.08
9 Bnymсанv Re-First State Investments ICVC-Stewart Investors Asia Pacific Sustainability Fund.	9,745,440	1.69	9,745,440	1.70
10 CB London s/a Verdipapirfondet Holberg Rurik	7,584,187	1.32	-	-
11 HSBC Intl Nom Ltd-JPMCB- Pacific Assets Trust PLC	6,793,862	1.18	6,793,862	1.18
12 Mr. M.A.H. Esufally	5,946,500	1.03	5,946,500	1.04
13 HSBC Intl. Nominees Ltd. -JPMCB- Scottish ORL SML TR GTI 6018	5,884,769	1.02	5,884,769	1.02
14 Phoenix Ventures (Pvt) Limited.	5,773,998	1.00	-	-
15 Mr. H.N. Esufally	5,586,705	0.97	5,586,705	0.97
16 Bnymсанv Re-First State Investments ICVC-Stewart Investors Global Emerging Market Sustainability Fund	5,036,288	0.88	5,036,288	0.88
17 Mr. I.A.H. Esufally	4,424,000	0.77	4,424,000	0.77
18 Mellon Bank N.A.-Florida Retirement System	4,407,711	0.77	3,849,646	0.67
19 HSBC Intl. Nom. LTD-State Street Luxembourg c/o SSBT- Alliancebernstein Next 50 Emerging Markets(MASTE)	4,066,195	0.71	4,066,195	0.71
20 HINL-BBH-Kopermik Global All Cap Fund	3,990,379	0.69	-	-

DIRECTORS' SHAREHOLDING	30.09.2018	30.09.2017
	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. Arsakularatne	-	-
Mr. A.S. Amaratunga	-	-
Mr. J.M. Trivedi	-	-
Prof. N.R. De Silva (w.e.f. 01.10.2018)	-	-
	366,961,615	366,961,615

PUBLIC HOLDING	30.09.2018	30.09.2017
Issued Share Capital (No. of Shares)	574,952,592	574,206,971
Public Holding as a % of Issued Share Capital	35.70%	35.61%
Total Number of Shareholders	4,134	4,170
Number of Shareholders representing the Public Holding	4,122	4,158

Minimum Public Holding Requirement as per Listing Rules 7.13.1

	Float Adjusted Market Capitalisation - (Rs.)	Public Holding Percentage	No of Shareholders	Option
Minimum Public Holding	17,529,009,146	35.70%	4,122	1

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
Prof. Nilanthi Renuka De Silva (w.e.f. 01.10.2018)

Secretaries

Hemas Corporate Services (Pvt) Ltd.
No.75, Braybrooke Place, Colombo 02.
Telephone: 4 731731 (hunting)
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
Citi Bank, N.A.