

MAKING HEALTHFUL LIVING HAPPEN

Financial Year 2020/21 - First Half Performance

Chief Executive Officer's Review

Hemas Holdings PLC (HHL) posted a Group revenue of Rs.17.4 billion for the quarter ended 30 September 2020, an increase of 11 per cent over corresponding period last year. Group operating profit for the quarter under review at Rs.2.0 billion is a growth of 188 per cent over Rs.0.7 billion recorded last year. Year on year increase in earnings amounted to Rs.1.1 billion to reach Rs.1.3 billion for the quarter.

Cumulative revenue of Rs.30.4 billion recorded during the first half of financial year 2020/21 is a growth of 5 per cent against the same period last year. Similarly, the Group operating profit of Rs.2.4 billion for the first six-month period is a notable year on year increase over Rs.0.7 billion recorded last year.

Growth in profitability during the quarter and first six months under review against the corresponding periods last year is reflective of the strong rebound in key sectors, Consumer and Healthcare which were impacted in the aftermath of Easter Sunday attacks. Robust year on year performance was also driven by the realization of margin improvements, and cost savings resulting from lean and efficiency initiatives across the Group.

Quarter under review also witnessed a strong recovery from the subdued performance of the preceding quarter with a revenue growth of 34 per cent and an operating profit growth of Rs.1.6 billion, indicating the resumption of business activities to near normal levels for most of the businesses in the Group which were affected by the first wave of COVID-19 pandemic.

During the period under review, Group managed to surpass the performance of the corresponding period of financial year 2018/19 where no anomalies were experienced, reassuring our resilience and faster than anticipated recovery from Easter Sunday attacks and the first wave of COVID-19. I would like to extend my sincere gratitude to all teams across Hemas Group for this noteworthy achievement under trying circumstances.

We achieved an important milestone in our journey as a Group, with the launch of our Group purpose, 'Make Healthful Living Happen', in the month of September 2020. Going forward, this will be the 'North Star' in what we do and all core sectors of the Group would anchor growth around our purpose, and ensure the goods and services we supply foster wellbeing of individuals and families we serve.

Consumer

The Consumer sector reported a revenue of Rs.7.5 billion during the quarter, a growth of 11 per cent over corresponding quarter last year. The cumulative revenue for first six months remained flat at Rs.11.3 billion compared to last year, with the prolonged closure of schools having an impact on the sales of our school and office stationery business, Atlas.

Operating profit for the quarter at Rs.1.1 billion with a year on year increase of 85 per cent was driven by the aforementioned increase in revenues, and more importantly through rigorous cost containment initiatives supported by realization of supply chain and process efficiencies.

During the period under review Home and Personal Care (HPC) industry landscape experienced a growth in volumes across both general and modern trade channels, driven by the shift in consumer preference towards personal hygiene and home care products. Performance of Hemas HPC segment also witnessed same growth trajectory across major categories. Our personal wash brand '*Shield*' which was launched to meet the growing demand for products with anti-bacterial and germ-killing properties continued to be well received in the market, expanded into hand sanitizer and hand wash spaces. *Baby Cheramy* became the first brand in Sri Lanka in the baby category to obtain the coveted SLSI (Sri Lankan Standards) quality accreditation reiterating our commitment to offer superior products. The innovation pipeline continued to expand the product offering of HPC segment with the introduction of a new variant under our flagship brand '*Clogard*', leveraging on the new natural ingredient 'salt'.

HPC international segment continued to focus on strengthening its business model and gained traction in Bangladesh with the launch of hand sanitizers and a new brand of soap.

School and Office Stationery business, Atlas experienced an increase in demand during the quarter under review with the re-opening of schools despite the overall drop in revenue during the first half. It was encouraging to note the capability to build on lean manufacturing practices and realizing substantial cost savings to offset the negative impact on profitability stemming from the drop in revenue. *Atlas* launched the first ever anti-bacterial stationery range at Colombo International Book Fair, re-emphasizing its ability to keep up to emerging market needs. Re-opening of schools remains the single most decisive factor for *Atlas* in influencing the performance of ensuing quarters of the financial year.

Over the Counter (OTC) segment of Morison experienced a growth in demand for its own brands against the corresponding period last year, as consumers invested more in preventative healthcare, contributing positively towards the performance of the sector.

Healthcare

Healthcare sector recorded a revenue for the quarter amounting to Rs.9.3 billion against Rs.7.7 billion, which is an increase of 22 per cent. Operating profits for the quarter recorded a year on year increase of 60 per cent to deliver Rs.936 million. Cumulative revenue for first six months of the financial year under review at Rs.18.0 billion and an operating profit of Rs.1.6 billion registered a growth of 24 per cent and 64 per cent respectively over the corresponding period last year.

Pharmaceutical distribution business, being the leader in private market space witnessed a revenue growth with the onboarding of innovative drugs for better healthcare outcomes. Performance was also supported by the opening up of distribution channels during the quarter under review, whilst ensuring easy access and availability of medicine to patients. However, the businesses faced cost escalations as a result of exchange rate fluctuations coupled with restrictions in movement and global supply chain bottlenecks due to COVID-19.

Pharmaceutical manufacturing segment Morison experienced a strong rebound in the second quarter with the easing of country-wide lockdowns and also through the prioritization of medical supplies to the Government. Opening of the new manufacturing plant and the research facility in Homagama marked a significant milestone for Morison in positioning itself to grow in-line with Government's policy of promoting domestic manufacturing. Being the first European Union-Good Manufacturing Practice (EU-GMP) compliant oral solid dosage manufacturing plant, Morison aims to begin commercial production by the second quarter of next financial year, barring any unforeseen events arising due to the prevailing environment. Morison completed its voluntary delisting from the Colombo Stock Exchange during the quarter, increasing HHL's majority stake to 95.5 per cent from previously held 90.6 per cent.

Hospital business experienced normalized level of activity during the quarter, with more patients opting for previously postponed elective surgeries. Accordingly, an increase in patient footfall and laboratory volumes of both inhouse and outside facilities was witnessed. Both Thalawathugoda and Wattala facilities reported an average occupancy of 57 per cent for the quarter, in line with last year. Hemas Hospitals was approved by the Ministry of Health for PCR sample extraction for which a growing demand for voluntary testing is anticipated.

Mobility

Mobility sector revenue for the quarter under review at Rs. 503 million is a decline of 28 per cent over corresponding period last year, and the operating profit for the quarter at Rs.212 million is an increase of Rs. 150 million against the previous year. Cumulative revenue for the first half at Rs.959 million is a drop of 31 per cent year on year and the cumulative operating profits at Rs.256 million is a year on year growth of 37 per cent.

The Port of Colombo handled 3.4 million TEUs during the first six months of the financial year under review resulting in a year on year volume drop of 7 per cent due to slowdown in global trade due to the pandemic. Contrastingly, domestic logistics space witnessed an uptick in demand due to businesses and end consumers showing interest in non-conventional logistics and distribution solutions which I believe is a phenomenon which will hold true for the future.

Improved performance of the Mobility sector was primarily driven by the consolidation of the Maritime segment where a successful rightsizing exercise was concluded to drive profitability. Group's logistics business, Spectra witnessed growth in storage and handling volumes at the container depot and the distribution center. Aviation business, despite the drop-in passenger revenue due to restrictions in air travel managed to remain profitable in the backdrop of continued demand for air cargo space.

Leisure

During the quarter under review Leisure segment contained its operating losses to Rs.144 million against an operating loss of Rs.212 million recorded in the corresponding period last year despite the drop in year on year revenue by 76 per cent to Rs.152.5 million, supported by rigorous cost control measures.


Notwithstanding the drop in tourist arrivals and closure of airports, sector's Villa properties managed to achieve satisfactory level of occupancies, buoyed by local patrons, and the other properties were converted as paid quarantine centers under the supervision of Sri Lanka Army to bring in additional revenue streams.

Outlook

Outbreak of the second wave of COVID-19 pandemic and the likelihood of subsequent waves is expected to give rise to significant challenges in managing our day-to-day business operations. Whilst we extend our fullest corporation to the Government in its efforts towards curtailing the spread of the virus, we are mindful of the possible slowdown in the strong recovery momentum witnessed during the second quarter of the financial year and possible business interruptions which may lead to sub-optimization of our capacity. This reinforces the need to remain committed to cash conservation and resource optimization measures while harnessing the learnings from the first wave of the pandemic to operate effectively within the parameters of 'the new normal'.

More importantly, as the pandemic evolves, we recognize the opportunities presented to us with the growing consumer sentiment towards being healthy, which is aligned with our purpose. Towards unleashing this potential, we are focused on de-risking our businesses from possible interruptions, building agile capacities and also leveraging on enabling capabilities of our mobility sector.

In conclusion, I would like to place on record my sincere appreciation to Steven, for his immense contribution towards building a sustainable portfolio of businesses and a competent pool of talent and more importantly for embarking on our Group's purpose, as I take over this exciting leadership journey of guiding Hemas Group through to the next phase of growth.



Kasturi C. Wilson
Group Chief Executive Officer
November 12, 2020
Colombo

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Three Months Ended 30 September			Six Months Ended 30 September		
	2020	2019	Change %	2020	2019	Change %
Revenue from Contracts with Customers	17,437,138	15,738,239	10.8%	30,428,401	28,936,667	5.2%
Cost of Sales	(11,796,329)	(10,530,413)	12.0%	(21,274,832)	(19,495,305)	9.1%
Gross Profit	5,640,809	5,207,826	8.3%	9,153,569	9,441,362	-3.0%
Other Operating Income	84,637	123,637	-31.5%	335,908	215,536	55.8%
Selling and Distribution Expenses	(1,660,997)	(1,672,234)	-0.7%	(2,948,114)	(3,210,322)	-8.2%
Administrative Expenses	(2,031,468)	(2,888,962)	-29.7%	(4,031,799)	(5,604,971)	-28.1%
Share of Results of Equity Accounted Investees	(66,704)	(88,473)	-24.6%	(128,428)	(140,065)	-8.3%
Operating Profit	1,966,277	681,794	188.4%	2,381,136	701,540	239.4%
Finance Cost	(193,618)	(243,718)	-20.6%	(428,882)	(484,487)	-11.5%
Finance Income	74,676	77,489	-3.6%	125,925	158,297	-20.5%
Profit Before Tax	1,847,335	515,565	258.3%	2,078,179	375,350	453.7%
Income Tax Expense	(447,360)	(271,830)	64.6%	(580,859)	(673,070)	-13.7%
Profit/ (Loss) for the Period	1,399,975	243,735	474.4%	1,497,320	(297,720)	602.9%
Attributable to:						
Equity Holders of the Parent	1,285,964	207,129	520.9%	1,555,342	(218,765)	811.0%
Non-Controlling Interests	114,011	36,606	211.5%	(58,022)	(78,955)	-26.5%
	1,399,975	243,735	474.4%	1,497,320	(297,720)	602.9%

	LKR	LKR	LKR	LKR
Earnings Per Share				
Basic	2.16	0.35	2.61	(0.37)
Annualised	8.63	1.39	5.22	(0.73)
Diluted	2.16	0.35	2.61	(0.37)
Dividend Per Share	-	-	-	1.45

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

	Three Months Ended 30 September		Six Months Ended 30 September	
	2020	2019	2020	2019
Profit/ (Loss) for the Period	1,399,974	243,735	1,497,320	(297,720)
Other Comprehensive Income				
Other Comprehensive Income to be Reclassified to Profit or Loss in Subsequent Periods				
Net Movement on Cash Flow Hedges	(53,749)	(7,796)	(8,707)	(5,746)
Income Tax Effect	(355)	574	(2,133)	-
Exchange Differences on Translation of Foreign Operations	(14,584)	30,887	(21,420)	28,026
	(68,688)	23,665	(32,260)	22,280
Other Comprehensive Income not to be Reclassified to Profit or Loss in Subsequent Periods				
Net Gain on Financial Assets at FVOCI (Equity)	344	25	198	8
	344	25	198	8
Other Comprehensive Income for the Period, Net of Tax	(68,344)	23,690	(32,062)	22,288
Total Comprehensive Income for the Period, Net of Tax	1,331,630	267,425	1,465,258	(275,432)
Attributable to:				
Equity Holders of the Parent	1,217,163	232,082	1,520,538	(197,662)
Non-Controlling Interests	114,467	35,343	(55,280)	(77,770)
	1,331,630	267,425	1,465,258	(275,432)

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 30 September		As at 31 March
	2020	2019	2020
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	20,081,513	19,213,613	20,032,726
Investment Properties	1,647,591	1,647,591	1,647,591
Right-of-Use Assets	2,036,865	1,659,924	2,028,296
Intangible Assets	3,410,245	3,545,983	3,439,125
Investment in Joint Ventures	554,837	743,555	701,461
Investment in Associates	105,223	15,442	-
Lease Receivables	176,738	-	172,486
Other Non-Current Financial Assets	548,865	936,116	540,670
Deferred Tax Asset	207,309	121,906	164,426
	28,769,186	27,884,130	28,726,781
Current Assets			
Inventories	14,973,565	11,998,579	13,559,991
Trade and Other Receivables	15,585,643	16,591,165	16,093,960
Tax Recoverable	243,939	232,616	240,567
Lease Receivables	60,525	-	58,385
Other Current Financial Assets	83,319	207,622	83,761
Cash and Short-Term Deposits	7,139,396	5,668,426	5,616,972
	38,086,387	34,698,408	35,653,636
Total Assets	66,855,573	62,582,538	64,380,417
EQUITY AND LIABILITIES			
Equity			
Stated Capital	7,734,054	7,734,054	7,734,054
Other Capital and Revenue Reserves	228,751	200,328	216,800
Other Components of Equity	1,395,973	1,661,632	1,389,205
Retained Earnings	19,940,993	17,455,033	18,574,233
Equity Attributable to Equity Holders of the Parent	29,299,771	27,051,047	27,914,292
Non-Controlling Interests	3,065,205	3,568,800	3,560,170
Total Equity	32,364,976	30,619,847	31,474,462
Non-Current Liabilities			
Interest-Bearing Loans and Borrowings	4,915,886	2,634,693	4,738,157
Other Non-Current Financial Liabilities	2,303,624	1,885,834	2,206,681
Deferred Tax Liability	1,697,622	1,800,362	1,733,238
Employee Benefit Liability	1,066,096	974,123	1,018,623
	9,983,228	7,295,012	9,696,699
Current Liabilities			
Trade and Other Payables	20,094,815	15,490,106	17,937,272
Income Tax Liabilities	457,057	193,793	512,791
Interest-Bearing Loans and Borrowings	2,730,552	7,248,055	3,363,156
Bank Overdraft	1,224,945	1,735,725	1,396,037
	24,507,369	24,667,679	23,209,256
Total Equity and Liabilities	66,855,573	62,582,538	64,380,417
Net Assets per share - (LKR)	49.16	45.38	46.83

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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
November 12, 2020
Colombo



Kasturi Chellaraja Wilson
Chief Executive Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to Equity Holders of the Parent							Non - Controlling Interests	Total Equity
	Stated Capital	Other Capital & Revenue Reserves	Revaluation Reserve	Foreign Currency Translation Reserve	Other Component of Equity Fair Value Reserve of Financial Assets at FVOCI	Cash Flow Hedge Reserve	Retained Earnings	Total	
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	31,869,722
Loss for the Period	-	-	-	-	-	-	(218,765)	(218,765)	(297,720)
Other Comprehensive Income	-	-	-	(17,980)	8	(2,888)	41,963	21,103	22,288
Total Comprehensive Income	-	-	-	(17,980)	8	(2,888)	(176,802)	(197,662)	(275,432)
Final Dividend - 2018/19	-	-	-	-	-	-	(864,263)	(864,263)	(864,263)
Subsidiary Dividend to Non-Controlling Interest	-	-	-	-	-	-	-	(87,002)	(87,002)
Share Based Payments	-	14,879	-	-	-	-	-	14,879	14,879
Reclassification of Non-Controlling Interest to be Acquired	-	-	-	-	-	-	-	21,737	21,737
Adjustment in Respect of Changes in Group Holding	-	-	-	-	-	-	(551)	(551)	(59,794)
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	30,619,847
As at 1 April 2020	7,734,054	216,800	1,781,625	121,847	(259,597)	(254,670)	18,574,233	27,914,292	31,474,462
Profit/ (Loss) for the Period	-	-	-	-	-	-	1,555,342	1,555,342	1,497,320
Other Comprehensive Income	-	-	-	(21,420)	198	(13,582)	-	(34,804)	(32,062)
Total Comprehensive Income	-	-	-	(21,420)	198	(13,582)	1,555,342	1,520,538	1,465,258
Subsidiary Dividend to Non-Controlling Interest	-	-	-	-	-	-	-	(120,960)	(120,960)
Share Based Payments	-	11,951	-	-	-	-	-	11,951	11,951
Reclassification of Non-Controlling Interest to be Acquired	-	-	-	-	-	-	-	(33,491)	(33,491)
Adjustment in Respect of Changes in Group Holding	-	-	41,572	-	-	-	(188,582)	(147,010)	(432,244)
As at 30 September 2020	7,734,054	228,751	1,823,197	100,427	(259,399)	(268,252)	19,940,993	29,299,771	32,364,976

All values are in LKR'000s, unless otherwise stated.
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COMPANY STATEMENT OF PROFIT OR LOSS

	Three Months Ended 30 September			Six Months Ended 30 September		
	2020	2019	Change %	2020	2019	Change %
Revenue from Contracts with Customers	212,191	213,138	-0.4%	424,043	418,647	1.3%
Cost of Sales	-	-	-	-	-	-
Gross Profit	212,191	213,138	-0.4%	424,043	418,647	1.3%
Other Operating Income	54,808	1,925	2747.2%	154,808	1,712,611	-91.0%
Administrative Expenses	(200,685)	(243,916)	-17.7%	(343,994)	(485,809)	-29.2%
Operating Profit/ (Loss)	66,314	(28,853)	329.8%	234,857	1,645,449	-85.7%
Finance Cost	(16,049)	(22,195)	-27.7%	(33,157)	(71,014)	-53.3%
Finance Income	12,434	7,961	56.2%	19,274	17,404	10.7%
Profit/ (Loss) Before Tax	62,699	(43,087)	245.5%	220,974	1,591,839	-86.1%
Income Tax Expense	(9,481)	(5,663)	67.4%	(14,175)	(11,641)	21.8%
Profit/ (Loss) for the Period	53,218	(48,750)	209.2%	206,799	1,580,198	-86.9%

COMPANY STATEMENT OF COMPREHENSIVE INCOME

	Three Months Ended 30 September		Six Months Ended 30 September	
	2020	2019	2020	2019
Profit/ (Loss) for the Period	53,218	(48,750)	206,799	1,580,198
Other Comprehensive Income				
Net Gain/ (Loss) on Financial Assets at FVOCI	66	13	81	(5)
Other Comprehensive Income for the Period, Net of Tax	66	13	81	(5)
Total Comprehensive Income for the Period, Net of Tax	53,284	(48,737)	206,880	1,580,193

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COMPANY STATEMENT OF FINANCIAL POSITION

	As at 30 September		As at 31 March
	2020	2019	2020
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	86,827	137,319	118,835
Investment Properties	699,300	657,950	699,300
Right-of-Use Assets	25,960	-	51,920
Intangible Assets	84,756	65,180	99,897
Investment in Subsidiaries	17,730,406	17,515,879	17,330,481
Other Non-Current Financial Assets	149,081	243,042	148,999
	18,776,330	18,619,370	18,449,432
Current Assets			
Trade and Other Receivables	346,492	538,622	244,303
Tax Recoverable	20,829	11,469	29,360
Other Current Financial Assets	237,002	261,943	199,711
Cash and Short-Term Deposits	40,078	178,604	347,738
	644,401	990,638	821,112
Total Assets	19,420,731	19,610,008	19,270,544
EQUITY AND LIABILITIES			
Equity			
Stated Capital	7,734,054	7,734,054	7,734,054
Other Capital and Revenue Reserves	450,102	421,679	438,151
Other Components of Equity	(148,891)	(51,490)	(148,972)
Retained Earnings	9,951,383	9,919,155	9,744,584
Total Equity	17,986,648	18,023,398	17,767,817
Non-Current Liabilities			
Deferred Tax Liability	144,159	134,030	138,528
Employee Benefit Liability	51,315	51,386	45,776
	195,474	185,416	184,304
Current Liabilities			
Trade and Other Payables	424,668	460,045	480,645
Interest-Bearing Loans and Borrowings	800,818	829,835	834,525
Bank Overdraft	13,123	111,314	3,253
	1,238,609	1,401,194	1,318,423
Total Equity and Liabilities	19,420,731	19,610,008	19,270,544
Net Assets per share - (LKR)	30.18	30.24	29.81

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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
November 12, 2020
Colombo



Kasturi Chellaraja Wilson
Chief Executive Officer

COMPANY STATEMENT OF CHANGES IN EQUITY

	Stated Capital	Other Capital Reserves	Other Components of Equity Fair Value Reserve of Financial Assets at FVOCI	Retained Earnings	Total Equity
As at 1 April 2019	7,734,054	406,800	(51,485)	9,203,220	17,292,589
Profits for the Period	-	-	-	1,580,198	1,580,198
Other Comprehensive Income	-	-	(5)	-	(5)
Total Comprehensive Income	-	-	(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
As at 1 April 2020	7,734,054	438,151	(148,972)	9,744,584	17,767,817
Profit for the Period	-	-	-	206,799	206,799
Other Comprehensive Income	-	-	81	-	81
Total Comprehensive Income	-	-	81	206,799	206,880
Share Based Payments	-	11,951	-	-	11,951
As at 30 September 2020	7,734,054	450,102	(148,891)	9,951,383	17,986,648

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STATEMENT OF CASH FLOWS

Six Months Ended 30 September	Group		Company	
	2020	2019	2020	2019
Operating Activities				
Profit before taxation	2,078,179	375,350	220,974	1,591,839
Adjustments for,				
Depreciation	614,424	646,858	12,494	17,179
Amortisation of Right-of-Use Assets	151,695	94,621	25,960	-
(Gain)/ Loss on Disposal of Property, Plant and Equipment, Investment Properties	(4,173)	(20,975)	2,674	(1,279)
Net (Gain)/Loss on Sale of Non-Current Investments	(11,331)	117,838	(54,806)	-
Provision for Share Based Payment Expense	11,951	14,879	2,022	3,044
Provision for Impairment of Trade and Other Receivables	138,059	97,006	(30,783)	58,042
Provision for Obsolete Stocks	76,473	66,342	-	-
Amortisation of Intangible Assets	39,506	38,224	15,140	9,595
Finance Cost	428,882	484,487	33,157	71,014
Finance Income	(125,925)	(158,297)	(19,274)	(17,404)
Share of Results of Equity Accounted Investees	128,428	140,065	-	-
Investment Income	-	-	(100,001)	(1,709,467)
Movement in Employee Benefit Liability	88,046	85,389	6,000	5,016
Operating Cash Flows before Working Capital Changes	3,614,214	1,981,787	113,557	27,579
Working Capital Adjustments				
(Increase)/Decrease in Inventories	(1,490,046)	(850,649)	-	-
(Increase)/Decrease in Trade and Other Receivables	20,664	(972,125)	(101,126)	(236,063)
Increase/(Decrease) in Trade and Other Payables	2,303,916	(1,658,877)	(55,978)	(45,873)
Increase/(Decrease) in Other Non-Current Financial Liabilities	(410)	(48,125)	-	-
Cash Generated from Operations	4,448,338	(1,547,989)	(43,547)	(254,357)
Finance Cost Paid	(349,377)	(446,751)	(30,649)	(71,014)
Finance Income Received	123,065	156,619	19,131	17,334
Income Tax Paid	(711,313)	(943,797)	(12)	(3,306)
Employee Retirement Benefit Paid	(32,949)	(27,154)	(462)	(1,024)
Net Cash Flows From/(Used in) Operating Activities	3,477,764	(2,809,072)	(55,539)	(312,367)
Investing Activities				
Purchase of Property, Plant and Equipment	(826,054)	(1,523,076)	(1,067)	(13,035)
Investment in Intangible Assets	(10,809)	(21,599)	-	(1,829)
Net Movement in Financial Assets	(15,131)	(86,540)	(37,000)	(241,915)
Investment in Joint Ventures/ Associate	-	(1,400)	-	-
Dividend received from Associate	45,000	-	-	-
Acquisition of /Investment in Subsidiaries	-	(23,784)	(404,390)	(17,469)
Disposal of Subsidiaries	(76,214)	668,267	98,770	-
Investment Income Received	-	-	100,001	1,709,468
Proceeds on Disposal of Property, Plant and Equipment/ Intangible Assets / Investment Properties	91,672	84,282	17,907	10,177
Net Cash Flows From/(Used in) Investing Activities	(791,536)	(903,850)	(225,779)	1,445,397
Financing Activities				
Interest-Bearing Loans and Borrowings (Net)	(636,919)	4,321,397	(36,213)	(725,390)
Proceeds from/ (to) Non-Controlling Interest	(285,547)	(34,752)	-	-
Dividends Paid to Equity Holders of the Parent	-	(864,263)	-	(864,263)
Dividends Paid to Non-Controlling Interest	(120,960)	(87,002)	-	-
Net Cash Flows From/(Used in) Financing Activities	(1,043,426)	3,335,380	(36,213)	(1,589,653)
Net Increase/(Decrease) in Cash and Cash Equivalents	1,642,802	(377,542)	(317,531)	(456,623)
Net Foreign Exchange Difference	50,715	18,927	-	-
Cash and Cash Equivalents at the Beginning of the Period	4,220,934	4,291,316	344,486	523,913
Cash and Cash Equivalents at the End of the Period	5,914,451	3,932,701	26,955	67,290

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		Mobility		Others		Group	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Revenue from Contract with Customers												
Segmental Revenue - Gross	7,527,548	6,799,969	10,018,615	7,707,689	152,457	642,283	610,015	754,138	291,838	304,877	18,600,473	16,208,956
Intra Segmental Revenue	(68,558)	(63,670)	(707,169)	(51,543)	-	-	(37,613)	(9,831)	(34,334)	(32,371)	(847,674)	(157,415)
Segment Revenue	7,458,990	6,736,299	9,311,446	7,656,146	152,457	642,283	572,402	744,307	257,504	272,506	17,752,799	16,051,541
Inter Segmental Revenue	-	-	-	-	-	-	(69,616)	(46,937)	(246,045)	(266,365)	(315,661)	(313,302)
Total Revenue from Contract with Customers	7,458,990	6,736,299	9,311,446	7,656,146	152,457	642,283	502,786	697,370	11,459	6,141	17,437,138	15,738,239
Results												
Segmental Results	1,137,089	614,618	935,787	583,163	(68,226)	(123,053)	203,445	62,528	(175,114)	(366,989)	2,032,981	770,267
Finance Cost	(9,884)	(60,978)	(109,881)	(127,657)	(40,341)	(12,051)	(27,914)	(31,466)	(5,598)	(11,566)	(193,618)	(243,718)
Finance Income	33,485	41,557	9,790	(3,052)	2,073	5,684	10,172	30,089	19,156	3,211	74,676	77,489
Share of Results of Joint Ventures & Associates	-	-	-	-	(75,722)	(88,473)	9,018	-	-	-	(66,704)	(88,473)
Profit/(Loss) before Tax	1,160,690	595,197	835,696	452,454	(182,216)	(217,893)	194,721	61,151	(161,557)	(375,344)	1,847,335	515,565
Income Tax	(240,920)	(138,927)	(157,047)	(92,476)	6,848	6,183	(38,408)	(35,100)	(17,833)	(11,510)	(447,360)	(271,830)
Profit/(Loss) for the Period	919,770	456,270	678,649	359,978	(175,368)	(211,710)	156,314	26,051	(179,390)	(386,854)	1,399,975	243,735
Attributable to:												
Equity Holders of the Parent	834,354	385,079	654,876	363,423	(130,602)	(174,214)	106,726	19,695	(179,390)	(386,854)	1,285,964	207,129
Non-Controlling Interests	85,416	71,191	23,773	(3,445)	(44,766)	(37,496)	49,588	6,356	-	-	114,011	36,606
	919,770	456,270	678,649	359,978	(175,368)	(211,710)	156,314	26,051	(179,390)	(386,854)	1,399,975	243,735

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		Mobility		Others		Group	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Revenue from Contract with Customers												
Segmental Revenue - Gross	11,412,563	11,450,977	19,082,638	14,622,279	194,780	1,248,211	1,143,398	1,506,938	591,656	1,031,019	32,425,035	29,859,424
Intra Segmental Revenue	(116,615)	(115,808)	(1,131,347)	(102,227)	-	-	(58,112)	(25,157)	(66,863)	(65,991)	(1,372,937)	(309,183)
Segment Revenue	11,295,948	11,335,169	17,951,291	14,520,052	194,780	1,248,211	1,085,286	1,481,781	524,793	965,028	31,052,098	29,550,241
Inter Segmental Revenue							(126,718)	(89,618)	(496,979)	(523,956)	(623,697)	(613,574)
Total Revenue from Contract with Customers	11,295,948	11,335,169	17,951,291	14,520,052	194,780	1,248,211	958,568	1,392,163	27,814	441,072	30,428,401	28,936,667
Results												
Segmental Results	1,089,404	630,654	1,583,017	962,984	(274,147)	(252,892)	237,408	186,148	(126,118)	(685,289)	2,509,564	841,605
Finance Cost	(63,580)	(79,488)	(246,163)	(247,073)	(50,058)	(28,803)	(56,418)	(68,717)	(12,663)	(60,406)	(428,882)	(484,487)
Finance Income	59,772	55,311	18,036	36,509	3,326	14,636	15,162	43,393	29,629	8,448	125,925	158,297
Share of Results of Joint Ventures & Associates					(146,623)	(140,065)	18,195	-	-	-	(128,428)	(140,065)
Profit/(Loss) Before Tax	1,085,596	606,477	1,354,890	752,420	(467,502)	(407,124)	214,347	160,824	(109,153)	(737,247)	2,078,179	375,350
Income Tax	(240,613)	(142,986)	(253,430)	(177,278)	21,956	8,828	(74,712)	(63,562)	(34,060)	(298,072)	(580,859)	(673,070)
Profit/(Loss) for the Period	844,983	463,491	1,101,460	575,142	(445,546)	(398,296)	139,635	97,262	(143,213)	(1,035,319)	1,497,320	(297,720)
Attributable to:												
Equity Holders of the Parent	811,786	423,736	1,124,655	595,893	(301,562)	(305,337)	63,675	102,262	(143,213)	(1,035,319)	1,555,342	(218,765)
Non-Controlling Interests	33,197	39,755	(23,195)	(20,751)	(143,984)	(92,959)	75,960	(5,000)	-	-	(58,022)	(78,955)
	844,983	463,491	1,101,460	575,142	(445,546)	(398,296)	139,635	97,262	(143,213)	(1,035,319)	1,497,320	(297,720)

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

NOTES TO THE FINANCIAL STATEMENTS

1 Basis of Preparation

The condensed interim financial statements have been prepared in accordance with Sri Lanka Accounting Standard LKAS- 34, Interim Financial Reporting. The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 March 2020. Further, provisions of the Companies Act No. 7 of 2007 have been considered in preparing the interim financial statements.

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 authorised 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 2018 and exercise period of 3 years starting from 27 July 2019, out of which 2,032,822 employee share options were vested on 27 July 2019.

At the fifth Grant 4,115,000 employee share options were granted at the exercise price of LKR 69.00 with a one year vesting period starting from 27 July 2019 and exercise period of 3 years starting from 27 July 2020, out of which 2,204,212 employee share options were vested on 27 July 2020.

Further, a sixth Grant 2,639,275 employee share options were granted on 27 July 2020 at the exercise price of Rs. 60.00 with a one year vesting period starting from 27 July 2021.

3 Changes to the Group

Hemas Transportation (Pvt) Ltd, a subsidiary of Hemas Holdings PLC, restructured its investment in FAR Shipping Agency (Pvt) Ltd with its investment in the company being revised to that of an associate from subsidiary w.e.f 01 April 2020.

Concept Ventures (Pvt) Ltd, a subsidiary of Hemas Holdings PLC, divested 80.1% stake in Digital Healthcare Solutions (Pvt) Ltd on 29 June 2020.

The assets and liabilities disposed were as follows:

In LKR '000

	Far Shipping Agency Lanka (Pvt) Ltd.	Digital Healthcare Solutions (Pvt) Ltd.
Assets		
Cash and Cash Equivalents	96,990	1,292
Other Current Financial Assets	1,186	-
Trade and Other Receivables	338,939	10,654
Deferred Tax Assets	845	851
Investment in Subsidiaries	-	1,103
Intangible Assets	192	-
Property, Plant and Equipment	2,389	874
Liabilities		
Bank Overdrafts	(16,751)	(1,117)
Interest Bearing Loans and Borrowings	-	(3,000)
Trade & Other Payables	(42,252)	(104,118)
Income Tax Liability	(8,783)	(74)
Employee Benefit Liability	(6,011)	(1,615)
Total Identifiable Net Assets	366,744	(95,150)
Non-Controlling Interests	(146,697)	-
Investment in Associate	(132,028)	-
(Loss)/Gain on Disposal	(86,819)	98,150
Sales Consideration	1,200	3,000
Cash and Cash Equivalent Disposed	(80,239)	(175)
Net Cash (Outflow)/Inflow on Disposal	(79,039)	2,825

4 The Group results improved significantly against the previous quarter as the impact of the COVID-19 pandemic receded. However, with the subsequent rise in the rate of infection, the future impact of the pandemic on the economy, demand and supply cannot be reasonably ascertained. Based on the available information and best estimates of the management, no material impact are expected on the reported financial statements as at the balance sheet date from recent developments.

5 Except the ones stated below, there have been no events subsequent to the reporting date which require disclosure in the interim financial statements.

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 2021. 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 or before 11 December 2020.

6 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 2020.

INVESTOR INFORMATION

	Three Months Ended 30 September	
	2020	2019
Market Value of Shares		
Closing Price on 30 September (LKR)	74.70	73.50
Highest Price During the Period (LKR)	78.00	82.50
Lowest Price During the Period (LKR)	56.00	61.80
Market Capitalisation on 30 September (LKR Mn)	44,524	43,809
Ratios		
Net Asset Per Share on 30 September (LKR)	49.16	45.38
Price Earnings Ratio on 30 September - Annualised (Times)	14.31	N/A
Share Trading		
No of Transactions During the Period	8,662	974
No of Shares Traded During the Period	51,365,267	6,708,925
Value of Shares Traded During the Period (LKR Mn)	3,275	491
Number of Shares	596,043,425	596,043,425

SHARE INFORMATION

List of 20 Major Shareholders as at 30 September

	2020		2019	
	No. of Shares	%	No. of Shares	%
1 A Z Holdings (Pvt) Ltd.	94,092,305	15.79	94,092,305	15.79
2 Saraz Investments (Pvt) Ltd.	89,565,277	15.03	89,565,277	15.03
3 Blueberry Investments (Pvt) Ltd.	88,927,940	14.92	88,927,940	14.92
4 Amagroup (Pvt) Ltd.	88,927,333	14.92	88,927,333	14.92
5 HSBC Intl Nominees Ltd-JPMLU-Franklin Templeton Investment Funds	25,559,060	4.29	34,134,070	5.73
6 BBH-Kopernik Global All Cap Fund	16,019,905	2.69	10,996,266	1.84
7 BBH-Kopernik Global All Cap Equity Fund	12,263,194	2.06	6,145,719	1.03
8 Citi Bank New York S/A Norges Bank Account 2	12,139,624	2.04	17,815,148	2.99
9 Phoenix Ventures (Pvt) Limited.	7,985,804	1.34	7,985,804	1.34
10 Sri Lanka Insurance Corporation Ltd - Life Fund	7,823,352	1.31	-	-
11 HSBC Intl Nom Ltd-JPMCB- Pacific Assets Trust PLC	7,043,079	1.18	7,043,079	1.18
12 BNYMSANV Re-First State Investments ICVC-Stewart Investors Indian Subcontinent Sustainability Fund.	6,459,827	1.08	12,401,434	2.08
13 Mr. M.A.H. Esufally	6,164,633	1.03	6,164,633	1.03
14 HSBC International Nominees Ltd. -JPMCB- Templeton Global Investment Trust-Templeton Emerging Markets Small Cap Fund	6,119,274	1.03	15,513,186	2.60
15 BNYMSANV Re-First State Investments ICVC-Stewart Investors Asia Pacific Sustainability Fund.	6,085,356	1.02	6,085,356	1.02
16 Mr. H.N. Esufally	5,791,640	0.97	5,791,640	0.97
17 CB London s/a Verdipapirfondet Holberg Rurik	5,520,000	0.93	8,899,078	1.49
18 Mr. M.J.Fernando	5,448,160	0.91	5,198,159	0.87
19 Rubber Investment Trust Ltd Account 1	5,382,525	0.90	-	-
20 J B Cocoshel (Pvt) Ltd	4,670,604	0.78	-	-

Directors' Shareholding as at 30 September

	2020	2019
	No. of Shares	No. of Shares
DIRECTORS' INDIRECT SHAREHOLDING		
A Z Holdings (Pvt) Ltd.	94,092,305	94,092,305
Saraz Investments (Pvt) Ltd.	89,565,277	89,565,277
Blueberry Investments (Pvt) Ltd.	88,927,940	88,927,940
Amagroup (Pvt) Ltd.	88,927,333	88,927,333
DIRECTORS' DIRECT SHAREHOLDING		
Mr. H.N. Esufally	5,791,640	5,791,640
Mr. A.N. Esufally	117,353	2,367,353
Mr. I.A.H. Esufally	4,586,284	4,586,284
Mr. M. A. H. Esufally	6,164,633	6,164,633
Ms. Kasturi Chellaraja Wilson - Appointed w.e.f 01.07.2020	-	-
Mr. J. M Trivedi	-	-
Mr. R. Gopalakrishnan	-	-
Mr. A.S. Amaratunga	-	-
Mr. S.M. Enderby - Retired w.e.f 30.09.2020	-	-
Dr. S.A.B Ekanayake	-	-
	378,172,765	380,422,765

Public Holding as at 30 September

	2020	2019
Issued Share Capital (No. of Shares)	596,043,425	596,043,425
Public Holding as a % of Issued Share Capital	35.7%	35.7%
Total Number of Shareholders	5,301	4,241
Number of Shareholders representing the Public Holding	5,286	4,228

Minimum Public Holding Requirement as per Listing Rules 7.13.1

	Float Adjusted Market Capitalisation - (LKR)	Public Holding Percentage	No of Shareholders	Option
Minimum Public Holding as at 30 September 2020	15,895,226,454	35.7%	5,286	1

CORPORATE INFORMATION

Legal Form

A limited Liability Company incorporated in Sri Lanka and listed on the Colombo Stock Exchange on 15th October 2003.

Date of Incorporation

10 December 1948

Date of Registration

30 May 2007

Company Registration Number

PQ 6

Accounting year end

31 March

Registered Office

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

Website

www.hemas.com

Telephone

+ 94 11 4731731

Auditors

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

Directors

Husein Esufally (Chairman)
Kasturi Chellaraja Wilson (CEO) - Appointed w.e.f. 01 July 2020
Steven Enderby - Retired w.e.f. 30 September 2020
Imtiaz Esufally
Murtaza Esufally
Abbas Esufally
Ramabadran Gopalakrishnan
Dr. Anura Ekanayake
Amitha Saktha Amaratunga
Jyotindra Manibhai Trivedi
Prof. Nilanthi Renuka De Silva - Resigned w.e.f. 28 August 2020
Sriyan De S Wijeyeratne - Appointed w.e.f. 01 October 2020

Secretaries

Hemas Corporate Services (Pvt) Ltd.
No.75, Braybrooke Place, Colombo 02.
Telephone: +94 11 4731731 (hunting)
Facsimile: +94 11 4731777

Registrars

SSP Corporate Services (Pvt) Ltd.
No. 101, Inner Flower Road, Colombo 03.
Telephone: +94 11 2573894, +94 11 2576871
Email: sspsec@sltnet.lk

Lawyers to the Company

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

Investor Relations

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Hemas House, No 75, Braybrooke Place,
Colombo 2
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.
Bank of Ceylon

