

HERMES PACIFIC INVESTMENTS PLC
(AIM: HPAC)

Unaudited interim results for the six months ended 30 September 2016

Chairman's Statement

I am pleased to bring investors up to date with the results and developments at Hermes Pacific Investments plc ("HPAC" or the "Company") in this Chairman's statement. The results of HPAC for the six-month period ended 30 September 2016 show a loss for the period of £31,000, which is marginally less than a loss of £44,000 for the corresponding period in the previous year. During the period the Company had no revenues as it does not have any operating business. The Company continues to carefully control its costs. At the period end the Company had net assets of £3,963,000 of which cash was £3,873,000.

Review of the Company's activities

The Company has made some investments in line with its investing policy in companies involved in trade finance for emerging countries and other financial activities operating from the Far East region. These investments have performed as expected. No further investments were made in the period.

The financial markets began the third quarter in the shadow of Brexit, when UK voters shocked investors by deciding to leave the European Union (EU). Within a short period of time, however, markets had largely recovered and volatility had fallen to levels seen last year. The shift in mood was largely driven by evidence that the initial impact of Brexit was shallower than many feared. Economic growth indicators were slightly better than expected, and investors were heartened by the belief that central banks would be forced by Brexit to keep monetary policies loose.

Because of their higher economic growth and potentially higher returns, emerging markets have received increasing attention from investors in the developed world. Despite the attractiveness of emerging markets, investing in them has many issues and associated risks that are not present in the developed world. In the past several years, a great deal of research has been conducted on emerging market issues. The prominent areas are those concerning returns, corporate governance, and currency issues.

In the light of the above factors the Company may now look at investment opportunities in developed countries such as those in mainland Europe as well as in emerging countries in the Far East although no such investments will be made unless shareholders' approval to a change of investing policy is obtained.

I would like to thank shareholders for their continued support.

Haresh Kanabar
Chairman

19 December 2016

Contacts:

Hermes Pacific Investments plc
Haresh Kanabar, Chairman

www.hermespacificinvestments.com
+44 (0) 207 290 3340

WH Ireland Limited
Mike Coe, Ed Allsopp

www.wh-ireland.co.uk
+44 (0) 117 945 3470

Unaudited Income Statement for the year ended 30 September 2016

	Note	Unaudited 6 Months ended 30 September 2016 £'000	Unaudited 6 Months ended 30 September 2015 £'000	Audited Year ended 31 March 2016 £'000
Continuing activities				
Revenue		-	-	-
Cost of sales		-	-	-
		<hr/>	<hr/>	<hr/>
Gross loss/profit				
Other operating income		-	-	-
Administrative expenses		(39)	(51)	(104)
		<hr/>	<hr/>	<hr/>
Operating loss				
		(39)	(51)	(104)
Finance income		8	7	13
Finance costs		-	-	-
		<hr/>	<hr/>	<hr/>
Loss on ordinary activities before taxation				
		(31)	(44)	(91)
Tax expense		-	-	-
		<hr/>	<hr/>	<hr/>
Loss for the period from continuing activities				
		(31)	(44)	(91)
Other comprehensive income				
Gain/(Loss) arising in the year		6	-	(38)
		<hr/>	<hr/>	<hr/>
Loss for the period				
		(25)	(44)	(129)
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Basic and diluted loss per share				
From continuing operations	3	(1.9)p	(1.9)p	(3.9)p
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Unaudited Balance Sheet as at 30 September 2016

	Unaudited 6 Months ended 30 September 2016 £'000	Unaudited 6 Months ended 30 September 2015 £'000	Audited Year ended 31 March 2016 £'000
Assets			
Non-current assets			
Investments	112	99	106
	112	99	106
Current assets			
Trade and other receivables	5	5	1
Cash and cash equivalents	3,873	3,954	3,916
	3,878	3,959	3,917
Total current assets			
	3,990	4,058	4,023
Liabilities			
Current liabilities			
Trade and other Payables	(27)	(30)	(35)
Net assets	3,963	4,028	3,988
	3,963	4,028	3,988
Equity			
Share Capital	2,333	2,333	2,333
Deferred Share capital	1,243	1,243	1,243
Share premium account	5,781	5,781	5,781
Share Based payments reserves	139	139	139
Revaluation reserve	(61)	(74)	(67)
Retained losses	(5,472)	(5,394)	(5,441)
	3,963	4,028	3,988
Equity attributable to equity holders of the parent	3,963	4,028	3,988

Unaudited Statement of Changes in Equity

	Ordinary share capital £'000	Deferred share capital £'000	Share premium £'000	Share Based payments reserves £'000	Revaluation reserve £'000	Retained earnings £'000	Total £'000
Six months ended 30 September 2015							
At 31 March 2015	2,333	1,243	5,781	139	(29)	(5,350)	4,117
Total comprehensive loss for the period	-	-	-	-	(45)	(44)	(89)
At 30 September 2015	<u>2,333</u>	<u>1,243</u>	<u>5,781</u>	<u>139</u>	<u>(74)</u>	<u>(5,394)</u>	<u>4,028</u>
Period ended 31 March 2016							
At 30 September 2015	2,333	1,243	5,781	139	(74)	(5,394)	4,028
Total comprehensive gain/loss for the period	-	-	-	-	7	(47)	(40)
At 31 March 2016	<u>2,333</u>	<u>1,243</u>	<u>5,781</u>	<u>139</u>	<u>(67)</u>	<u>(5,441)</u>	<u>3,988</u>
Six months ended 30 September 2016							
At 31 March 2016	2,333	1,243	5,781	139	(67)	(5,441)	3,988
Total comprehensive loss for the period	-	-	-	-	6	(31)	(25)
At 30 September 2016	<u>2,333</u>	<u>1,243</u>	<u>5,781</u>	<u>139</u>	<u>(61)</u>	<u>(5,472)</u>	<u>3,963</u>

Unaudited Cash Flow Statement for the Year ended 30 September 2016

	Unaudited 6 Months ended 30 September 2016 £'000	Unaudited 6 Months ended 30 September 2015 £'000	Audited Year ended 31 March 2016 £'000
Cash outflow from operating activities	(51)	(61)	(105)
Net cash flow from operating activities	<u>(51)</u>	<u>(61)</u>	<u>(105)</u>
Cash flows from financing activities			
Other income	8	7	13
Net cash used in financing activities-continuing operations	<u>87</u>	<u>7</u>	<u>13</u>
Net cash from financing activities	<u>8</u>	<u>7</u>	<u>13</u>
Decrease in cash and cash equivalents	(43)	(54)	(92)
Cash and cash equivalents at start of the period	3,916	4,008	4,008
Cash and cash equivalents at end of the period	<u><u>3,873</u></u>	<u><u>3,954</u></u>	<u><u>3,916</u></u>

Notes to the unaudited consolidated interim statement for the period ended 30 September 2016

1. Basis of preparation

Hermes Pacific Investments Plc. is a public limited company incorporated and domiciled in United Kingdom. The Company is an AIM listed investment vehicle.

These Interim accounts have been prepared using the accounting policies to be applied in the annual report and accounts for the period ending 31 March 2017. These are consistent with those included in the previously published annual report and accounts for the period ended 31 March 2016, which have been prepared in accordance with IFRS as adopted by the European Union.

The preparation of the interim statement requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The interim financial statements are unaudited and do not constitute statutory accounts as defined in section 434(3) of the Companies Act 2006.

The figures for the year ended 31 March 2016 have been extracted from the audited annual report and accounts that have been delivered to the Registrar of Companies. BSG Valentine, the Company's auditors, reported on those accounts. Their report was unqualified and did not contain a statement under section 498 of that Companies Act 2006.

2. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Going concern

The financial statements have been prepared on a going concern basis as, after making appropriate enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future at the time of approving the financial statements.

Critical accounting estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of the company's accounting policies with respect to the carrying amounts of assets and liabilities at the date of the financial statements, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. The judgements, estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, including current and expected economic conditions. Although these judgements, estimates and associated assumptions are based on management's best knowledge of current events and circumstances, the actual results may differ. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in any future years affected.

The judgements, estimates and assumptions which are of most significance to the Company are detailed below:

Valuation of share based payments

The charge for share based payments is calculated in accordance with the accounting policy as set out below. The model requires highly subjective assumptions to be made including the future volatility of the Company's share price, expected dividend yield and risk-free interest rates.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Company's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill is included in intangible assets and is tested annually for impairment or when there is an indication of impairment. Any impairment is recognised immediately in the income statement and is not subsequently reversed.

Revenue recognition

Revenue represents the fair value of the consideration received or receivable, net of Value Added Tax, for goods sold and services provided to customers after deducting discounts. Revenue is recognised when the significant risks and rewards of ownership are transferred.

Deferred taxation

Deferred taxation is provided in full using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax is determined using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Share based payments

The Company operates an employee share scheme under which it makes equity-settled share based payments to certain employees. For share based payments to employees of the Company, the fair value is determined at the date of grant using a Black Scholes model, and is expensed on a straight line basis together with a corresponding increase in equity over the vesting period, based on the group's estimate of the number of shares that will vest.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid funds with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowing in current liabilities on the balance sheet.

Investments available for sale

Investments classified as available for sale are initially recorded at fair value including transaction costs. Quoted investments are held at fair value and measured either at bid price or latest traded price, depending on convention of the exchange on which the investment is quoted. Such instruments are subsequently measured at fair value with gains and losses being recognised directly in equity until the instrument is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is recycled to the income statement and recognised in profit or loss for the period. Impairment losses are recognised in the Income Statement when there is objective evidence of impairment.

Financial instruments

Financial assets and liabilities are recognised in the balance sheet when the company becomes party to the contractual provisions of the instrument.

Trade and other receivables

Trade receivables are measured at cost less any provision necessary when there is objective evidence that the Company will not be able to collect all amounts due.

Trade and other payables

Trade and other payables are not interest bearing and are measured at original invoice amount.

3. Loss per ordinary share

	Unaudited 6 Months ended 30 September 2016 £'000	Unaudited 6 Months ended 30 September 2015 £'000	Audited Year ended 31 March 2016 £'000
Basic			
Loss from continuing activities	(25)	(44)	(91)
Total loss	<u>(25)</u>	<u>(44)</u>	<u>(91)</u>
Basic loss per share (pence) From continuing operations	(1.07)p	(1.9)p	(3.9)p
	<u>(1.07)p</u>	<u>(1.9)p</u>	<u>(3.9)p</u>
Weighted average number of shares	2,333,295	2,333,295	2,333,295

There was no dilutive effect from the share options outstanding during the period.

4. Copies of this statement will be available on the Company's website www.hermespacificinvestments.com.