

STATEMENTS OF FINANCIAL POSITION

	GROUP	
	31 March 2022 Rs'000	31 December 2021 Rs'000
ASSETS		
Non-current assets	2,311,959	2,302,569
Current assets	1,860,525	2,006,361
Total assets	4,172,484	4,308,930
EQUITY AND LIABILITIES		
Capital and reserves		
Owners' interest	1,250,645	1,246,736
Non controlling interests	183,415	182,015
Total equity	1,434,060	1,428,751
Non-current liabilities	997,511	956,148
Current liabilities	1,740,913	1,922,031
Total equity and liabilities	4,172,484	4,308,930
Net assets per share (Rs)	111.08	110.73
Number of ordinary shares	11,259,388	11,259,388

STATEMENTS OF PROFIT OR LOSS

	GROUP	
	Quarter to 31 March 2022 Rs'000	Quarter to 31 March 2021 Rs'000
Revenue	893,735	689,824
Profit/(loss) before finance costs	2,903	(15,110)
Finance costs	(21,377)	(15,433)
Share of results of associates & joint ventures	14,633	(11,924)
Impairment of receivables	(6,641)	(10,592)
Profit on disposal of subsidiary	-	24,418
Loss before tax	(10,482)	(28,641)
Income tax	(5,711)	(1,439)
Post tax profit/(loss) from discontinued operations	16,417	(226)
Profit/(loss) for the period	224	(30,306)
Attributable to:		
Owners of the parent	(1,176)	(28,063)
Non controlling interests	1,400	(2,243)
Profit/(loss) for the period	224	(30,306)
Other comprehensive income for the period net of tax	5,085	(1,898)
Total comprehensive income/(loss) for the period	5,309	(32,204)
Other comprehensive income/(loss) attributable to:		
Owners of the parent	5,085	(2,608)
Non controlling interests	-	710
	5,085	(1,898)
Loss per share from continuing operations (Rs/cents)	(1.56)	(2.47)
Earnings/(loss) per share from discontinued operations (Rs/cents)	1.46	(0.02)

PROFILE

Harel Mallac (the Group) operates mainly in Mauritius, and additionally in six countries in Africa and the Indian Ocean. Strong with some 860 employees, it comprises of four divisions: Investments & Corporate, Technology, Chemicals and Equipment & Systems.

OVERALL PERFORMANCE

For the first three months of 2022, the Group achieved a consolidated revenue from continuing operations of Rs 894 million, representing a 30% increase compared to the same period last year. This rise was driven by all operational divisions of the Group and by the additional turnover generated by Aerolik Ltd (formerly known as Aldes Mauritius Ltd.) and its subsidiary in Reunion Island, two entities acquired by the Group in May 2021.

The Group posted a Profit Before Finance Costs (PBFC) of Rs 3 million for the first quarter, on the back of higher sales and enhanced margin within some of our divisions, showing an improvement against the loss of Rs 15 million recorded in 2021.

The Group experienced negative cash flows from operating activities of Rs 141 million for the first quarter of 2022, compared to a cash outflow of Rs 26 million in 2021, reflects step increases in importation costs and stock buffering strategy to mitigate risks of disruption in the global supply chain.

DIVISION OVERVIEW

Our **Investments & Corporate division** shows better results as the Group's investments in the hospitality sector moved into positive territory; the share of results of Associates and joint ventures shows a profit of Rs 15 million in the first quarter of 2022, compared to a loss of Rs 12 million in the corresponding period last year.

Our **Technology division** posted higher revenues than last year. However, its margins remained under pressure (product-mix issue) and its operational costs registered a slight increase compared to the previous year thus impacting profitability. The division ended the quarter with a segmental loss of Rs 6 million compared with a loss of Rs 0.5 million last year.

NOTES TO THE AUDITED CONDENSED FINANCIAL STATEMENTS

The reportable segments are strategic business units that offer different products and services.

	Investment & Corporate Rs'000	Technology Rs'000	Chemicals Rs'000	Equipment & Systems Rs'000	Consolidation adjustments Rs'000	Total Rs'000
Period ended 31 March 2022						
Total segment revenues	31,851	188,204	425,303	339,291	-	984,649
Inter-segment sales	(344)	(24,084)	(1,240)	(8,576)	(56,670)	(90,914)
Revenues from external customers	31,507	164,120	424,063	330,715	(56,670)	893,735
Segment (loss)/profit	(2,423)	(6,017)	11,530	6,507	(6,694)	2,903
Share of result of associates and joint ventures	14,633	-	-	-	-	14,633
Impairment of receivables	-	(1,649)	(4,992)	-	-	(6,641)
Finance costs	(4,327)	(3,733)	(7,973)	(6,231)	887	(21,377)
Profit/(loss) before tax	7,883	(11,399)	(1,435)	276	(5,807)	(10,482)
Income tax	-	(738)	(3,246)	(1,727)	-	(5,711)
Post tax profit from discontinued operations	16,417	-	-	-	-	16,417
Net profit/(loss) after tax	24,300	(12,137)	(4,681)	(1,451)	(5,807)	224
Total assets						
31 March 2022	2,547,290	469,262	1,571,233	1,171,431	(1,586,732)	4,172,484
31 December 2021	2,738,214	486,774	1,657,211	1,318,775	(1,892,044)	4,308,930

Period ended 31 March 2021

	Investment & Corporate Rs'000	Technology Rs'000	Chemicals Rs'000	Equipment & Systems Rs'000	Consolidation adjustments Rs'000	Total Rs'000
Total segment revenues	25,836	160,715	354,931	184,401	-	725,883
Inter-segment sales	(673)	(8,279)	(1,418)	(6,326)	(19,363)	(36,059)
Revenues from external customers	25,163	152,436	353,513	178,075	(19,363)	689,824
Segment loss	(864)	(528)	(1,844)	(3,588)	(8,286)	(15,110)
Share of result of associates and joint ventures	(10,416)	-	(1,508)	-	-	(11,924)
Profit on disposal of Subsidiary	-	-	-	24,418	-	24,418
Impairment of receivables	(440)	(1,674)	(7,582)	(896)	-	(10,592)
Finance costs	(5,177)	(1,079)	(8,128)	(4,540)	3,491	(15,433)
(Loss)/Profit before tax	(16,897)	(3,281)	(19,062)	15,394	(4,795)	(28,641)
Income tax	-	(655)	(594)	(190)	-	(1,439)
Post tax loss from discontinued operations	(226)	-	-	-	(226)	(226)
Net (loss)/profit after tax	(17,123)	(3,936)	(19,656)	15,204	(4,795)	(30,306)
Total assets						
31 March 2021	1,597,782	323,903	1,350,090	534,363	-	3,806,138
31 December 2020	1,580,934	332,237	1,403,805	564,885	-	3,881,861

STATEMENTS OF CHANGES IN EQUITY

	Owners of the parent Rs'000	Non-controlling Interests Rs'000	Total Rs'000
GROUP			
Balance at 1 January 2022	1,246,736	182,015	1,428,751
(Loss)/profit for the period	(1,176)	1,400	224
Other comprehensive income for the period	5,085	-	5,085
Balance at 31 March 2022	1,250,645	183,415	1,434,060
Balance at 1 January 2021	1,263,866	150,755	1,414,621
Loss for the period	(28,063)	(2,243)	(30,306)
Other comprehensive (loss)/income for the period	(2,608)	710	(1,898)
Balance at 31 March 2021	1,233,195	149,222	1,382,417

STATEMENTS OF CASH FLOWS

	GROUP	
	Quarter to 31 March 2022 Rs'000	Quarter to 31 March 2021 Rs'000
Continuing operations		
Net cash absorbed in operating activities	(140,511)	(26,024)
Net cash (absorbed in)/generated from investing activities	(1,817)	45,211
Net cash generated from financing activities	41,930	46,900
Net (decrease)/increase in cash and cash equivalents	(100,398)	66,087
At 01 January	28,604	(167,273)
Effect of foreign exchange difference	-	(23)
At 31 March	(71,794)	(101,209)

Our **Chemicals division** achieved significantly better results than last year on the back of a pick-up in activities in its local and international operations which helped mitigate the increase in supply-chain related costs. The division ended the quarter with a segmental profit of Rs 12 million compared with a loss of Rs 2 million last year.

The results of the **Equipment & Systems division** improved over the corresponding period last year, on the back of the addition of Aerolik entities. The latter complements the offering in controlled mechanical ventilation systems and air distribution equipment and in the manufacture of ducting. Despite this positive performance, the division remained under the negative impact of increasing import costs, extended lead time as well as forex losses. The division ended the quarter with a segmental profit of Rs 7 million compared with a loss of Rs 4 million last year.

OUTLOOK

The repercussions of the Russia-Ukraine conflict have compounded the already difficult economic situation post Covid-19

pandemic. Delays in supply chains lead time, a highly inflationary environment on imports as well as continued foreign currency volatility and scarcity result in a reduced visibility on pricing as well as availability of goods to trade. Consumer purchasing power has clearly been impacted and will naturally impact the consumers' spending pattern going forward. The Group will build on its resilience to fare amidst what is emerging as another challenging year.

These quarterly condensed financial statements have been prepared using the same accounting policies as for the statutory financial statements for the year ended 31 December 2021, except for the adoption of published Standards that are now effective.

The statement of direct and indirect interests of officers of the Company required under the rule 8(2)(m) of the Securities (Disclosure Obligations of Reporting Issuers) Rules 2007 is available upon request from the Company Secretary, HM Secretaries Ltd, 18 Edith Cavell street, Port-Louis.

Copies of the abridged unaudited financial

statements are available free of charge upon request at the Company's registered office, 18 Edith Cavell street, Port-Louis.

This report is issued pursuant to Listing Rule 12.20 and the Securities Act 2005. The Board of Directors of Harel Mallac & Co. Ltd accepts full responsibility for the accuracy of the information contained therein.

By order of the Board

HM Secretaries Ltd
Company Secretary

12 May 2022