

STATEMENTS OF FINANCIAL POSITION

	GROUP	
	2021 Rs'000	2020 Rs'000
ASSETS		
Non-current assets	2,302,569	2,380,602
Current assets	2,006,361	1,449,814
Assets classified as held for sale	-	51,445
Total assets	4,308,930	3,881,861
EQUITY AND LIABILITIES		
Capital and reserves		
Owners' interest	1,246,736	1,263,866
Non controlling interests	182,015	150,755
Total equity	1,428,751	1,414,621
Non-current liabilities	958,148	784,843
Current liabilities	1,922,031	1,631,387
Liabilities directly associated with assets classified as held for sale	-	51,010
Total equity and liabilities	4,308,930	3,881,861
Net assets per share (Rs)	110.73	112.25
Number of ordinary shares	11,259,388	11,259,388

STATEMENTS OF PROFIT OR LOSS

	GROUP	
	2021 Rs'000	2020 Rs'000
Revenue	3,634,553	2,914,132
Profit/(loss) before finance costs	133,163	(32,868)
Finance costs	(80,467)	(79,388)
Share of results of associates & joint ventures	(66,069)	(129,268)
Net profit/(loss) on disposal of investments	24,609	(5,288)
Net impairment of asset	(14,715)	(82,476)
Profit/(loss) before tax	(3,479)	(329,288)
Income tax	(11,603)	11,366
Profit/(loss) for the year from continuing operations	(15,082)	(317,922)
Discontinued operations	-	(18,652)
Post tax profit/(loss) from discontinued operations	(15,082)	(336,574)
Attributable to:		
Owners of the parent	(24,289)	(289,807)
Non controlling interests	9,207	(46,767)
Profit/(loss) for the year	(15,082)	(336,574)
Other comprehensive income/(loss) for the year net of tax	(673)	(2,747)
Total comprehensive income/(loss) for the year	(15,755)	(339,321)
Total comprehensive income/(loss) attributable to:		
Owners of the parent	(17,130)	(295,608)
Non controlling interests	1,375	(43,713)
	(15,755)	(339,321)
Loss per share from continuing operations (Rs/cents)	(2.16)	(24.99)
Loss per share from discontinued operations (Rs/cents)	-	(0.75)

STATEMENTS OF CHANGES IN EQUITY

	Controlling	Non-	Total
	Interests	controlling	
	Rs'000	Interests	Rs'000
GROUP			
Balance at 1 January 2021	1,263,866	150,755	1,414,621
Profit/(loss) for the year	(24,289)	9,207	(15,082)
Total comprehensive income/(loss) for the year	7,159	(7,832)	(673)
Acquisition of subsidiary	-	27,379	27,379
Disposal of Subsidiary	-	2,506	2,506
Balance at 31 December 2021	1,246,736	182,015	1,428,751
Balance at 1 January 2020	1,582,294	178,722	1,761,016
Profit/(loss) for the year	(289,807)	(46,767)	(336,574)
Other comprehensive income/(loss) for the year	(5,801)	3,054	(2,747)
Change in ownership interest in subsidiary that does not result in loss of control	(22,820)	18,655	(4,165)
Disposal of Subsidiary	-	(825)	(825)
Dividends payable to non controlling shareholders	-	(2,084)	(2,084)
Balance at 31 December 2020	1,263,866	150,755	1,414,621

STATEMENTS OF CASH FLOWS

	GROUP	
	2021 Rs'000	2020 Rs'000
Continuing operations		
Net cash generated from/(absorbed in) operating activities	58,449	(70,817)
Net cash generated from/(absorbed in) investing activities	(11,018)	12,443
Net cash generated from/(absorbed in) financing activities	159,462	(36,424)
Net increase/(decrease) in cash and cash equivalents	206,893	(94,798)
At 01 January	(167,273)	(84,740)
Effect of foreign exchange difference	(11,016)	12,265
At 31 December	28,604	(167,273)

NOTES TO THE AUDITED CONDENSED FINANCIAL STATEMENTS

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

	Investment & Corporate	Technology	Chemicals	Equipment & Systems	Consolidation adjustments	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Year ended 31 December 2021						
Total segment revenues	171,120	892,925	1,749,962	1,285,974	-	4,099,982
Inter-segment sales	(4,344)	(120,755)	(37,112)	(36,299)	(266,919)	(465,429)
Revenues from external customers	166,776	772,170	1,712,850	1,249,675	(266,919)	3,634,553
Segment profit/(loss)	19,689	17,270	53,209	60,174	(17,179)	133,163
Share of result of associates and joint ventures	(52,672)	-	(13,397)	-	-	(66,069)
Finance costs	(22,351)	(10,731)	(38,926)	(19,615)	11,155	(80,467)
Net profit on disposal of investments	-	-	-	27,680	(3,071)	24,609
Net impairment of receivables	(595)	(265)	(1,037)	(12,818)	-	(14,715)
Profit/(Loss) before tax	(55,929)	6,274	(151)	55,422	(9,094)	(3,479)
Income tax	1,108	(2,722)	(3,663)	(6,326)	-	(11,603)
Net profit/(loss) after tax	(54,821)	3,552	(3,814)	49,096	(9,094)	(15,082)
Total assets						
31 December 2021	2,738,214	486,774	1,657,211	1,318,775	(1,892,044)	4,308,930
31 December 2020	1,580,934	332,237	1,510,966	457,724	-	3,881,861

	Investment & Corporate	Technology	Chemicals	Equipment & Systems	Consolidation adjustments	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Year ended 31 December 2020						
Total segment revenues	161,607	714,634	1,510,436	877,500	-	3,264,177
Inter-segment sales	(5,410)	(94,734)	(41,122)	(35,942)	(172,837)	(350,045)
Revenues from external customers	156,197	619,900	1,469,314	841,558	(172,837)	2,914,132
Segment profit/(loss)	21,464	(21,288)	(29,629)	(3,415)	-	(32,868)
Share of result of associates and joint ventures	(104,479)	-	(24,789)	-	-	(129,268)
Finance costs	(33,148)	(5,629)	(37,707)	(20,711)	17,808	(79,388)
Net loss on disposal of investments	(5,288)	-	-	-	-	(5,288)
Net impairment of receivables	(8,339)	(2,250)	(31,913)	(39,975)	-	(82,476)
Profit/(Loss) before tax	(129,790)	(29,167)	(124,038)	(64,101)	17,808	(329,288)
Income tax	4,529	2,876	183	3,778	-	11,366
Post tax profit/(loss) from discontinued operations	2,184	-	-	(20,836)	-	(18,652)
Net profit/(loss) after tax	(123,077)	(26,291)	(123,855)	(81,159)	17,808	(336,574)
Total assets						
31 December 2020	1,580,934	332,237	1,510,966	457,724	-	3,881,861
31 December 2019	1,797,349	381,882	1,520,486	640,975	-	4,340,692

PROFILE

Based in Mauritius, Harel Mallac (the Group) also operates in six countries in Africa and the Indian Ocean and employs some 860 persons. It comprises of four divisions: Technology, Chemicals, Equipment & Systems and Investments & Corporate.

OVERALL PERFORMANCE

For the year ended 2021, the Group achieved a consolidated revenue from continuing operations of Rs 3.6 billion compared to Rs 2.9 billion for the previous year.

This increase in revenue for the period under review was driven by a better performance from all the operational divisions of the Group as well as the turnover generated by Aerolik Ltd. (formerly known as Aldes (Mauritius) Limited) and Aerolik.OI (formerly known as Aldes Réunion), two entities acquired by the Group in May 2021.

The Group posted a Profit Before Finance Costs (PBFC) of Rs 133m for the year, showing a marked improvement on the loss situation recorded in 2020 on the back of higher sales and cost containment across the Group.

The Group ended the year with net losses after tax of Rs 15m, compared to losses of Rs 337m in 2020 after accounting for finance costs and share of losses from associates of Rs 80m and Rs 66m respectively, as well as a gain of Rs 25m from disposal of a subsidiary.

The Group cash flow from operating activities continued to improve during 2021 with net cash generated of Rs 58m for the year, compared to Rs 71m being absorbed in 2020.

Our Investments & Corporate division which consists of the Group's investment in associates and property portfolio (in Hospitality, Energy and Engineering & Construction) remained severely impacted during the first semester of 2021 with the closure of the Mauritian borders. Our share of losses did however register a significant improvement to a loss of Rs 55m compared to 2020. Our investment in the energy sector showed a marked progress in results whereas our investments in the hospitality sector remained in a loss-making position even though signs of recovery were felt as from October 2021 when Mauritius opened itself to the world again.

Our Technology division posted revenues higher than last year by Rs 152m (+25%). Despite the impact of the marked increase in the cost of imports, the division recorded an improved performance compared to the previous year due to the rise in sales and cost containment measures. The division's PBFC shows an improvement to Rs 17m compared to losses of Rs 21m in 2020.

Our Chemicals division achieved significantly better results than last year even though the division suffered from the closure of the hospitality sector which accounts for an important part of its business portfolio. The main contributor to the division's improved turnover and operational profitability is the MCFI Group. The division's PBFC shows a marked improvement to Rs 53m compared to losses of Rs 30m in 2020.

The results of the Equipment & Systems division include the figures generated by its new subsidiaries Aerolik Ltd. and Aerolik.OI trading in controlled mechanical ventilation (CMEV) systems and air distribution equipment and in the manufacture of ducting. The division's traditional activities, although negatively impacted by the global scarcity of supply in certain lines of products, still managed through the support of its trading partners to improve its operational performance versus last year. The division's PBFC shows an improvement to Rs 60m compared to losses of Rs 3m in 2020.

GROUP UPDATES

Harel Mallac's sustainability programme – the Planet Goals 2025 - was further deployed, with a focus on waste (record amounts of 18.9 tonnes of paper and 3.6 tonnes of e-waste were channelled to recycling in 2021) and gender equity (notably with the setting up of the Women Circle forum).

OUTLOOK

The Russia-Ukraine conflict and the Covid-19 pandemic pose significant risks to the global economy and Mauritius will undoubtedly be impacted. Delays in supply chains lead time, increased costs of imports and foreign currency volatility and scarcity are expected to remain major challenges for the business community in 2022. The Group will build on its resilience to fare amidst what could be yet another challenging year.

These abridged financial statements, prepared in line with International Financial Reporting Standards and audited by Nexia Baker and Arenson, were authorised for issue by the Board of Directors on 31 March 2022.

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 audited 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 12.14 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

31 March 2022