

STATEMENTS OF FINANCIAL POSITION

	GROUP	
	2019	2018
	Rs'000	Rs'000
ASSETS		
Non-current assets	2,620,196	2,431,429
Current assets	1,720,496	2,200,863
Total assets	4,340,692	4,632,292
EQUITY AND LIABILITIES		
Capital and reserves		
Owners' interest	1,582,294	1,843,842
Non controlling interests	178,722	293,068
Total equity	1,761,016	2,136,910
Non-current liabilities		
Current liabilities	767,941	519,994
Total equity and liabilities	1,811,735	1,975,388
Total equity and liabilities	4,340,692	4,632,292
Net assets per share (Rs)	140.53	163.76
Number of ordinary shares	11,259,388	11,259,388

STATEMENTS OF PROFIT OR LOSS

	GROUP	
	2019	2018
	Rs'000	Rs'000
Revenue	3,558,058	4,265,370
(Loss)/profit before finance costs	(2,544)	117,753
Finance costs	(74,411)	(55,103)
Reorganisation and restructuring costs	(40,217)	(18,625)
Impairment of receivables	(87,094)	(47,633)
Share of results of associates & joint ventures	75,863	128,050
Net profit on disposal of investments	1,033	2,102
Impairment of asset	(4,088)	(27,069)
(Loss)/profit before tax	(131,458)	99,475
Income tax	(15,015)	(29,881)
(Loss)/profit for the year from continuing operations	(146,473)	69,594
Discontinued operations		
Post tax loss from discontinued operations	-	(2,458)
Total (loss)/profit after tax	(146,473)	67,136

Attributable to:

Owners of the parent	(85,138)	67,824
Non controlling interests	(61,335)	(688)
(Loss)/profit for the year	(146,473)	67,136
Other comprehensive (loss)/income for the year net of tax	(145,222)	24,770
Total comprehensive (loss)/income for the year	(291,695)	91,906
Total comprehensive income attributable to:		
Owners of the parent	(231,670)	94,544
Non controlling interests	(60,025)	(2,638)
Total comprehensive (loss)/profit for the year	(291,695)	91,906
Earnings per share from continuing operations(Rs/cents)	(7.56)	6.24
Loss per share from discontinued operations(Rs/cents)	-	(0.22)
Total (Loss)/earnings per share	(7.56)	6.02

STATEMENTS OF CHANGES IN EQUITY

	Controlling Interests	Non-controlling Interests	Total
	Rs'000	Rs'000	Rs'000
GROUP			
Balance at 1 January 2019	1,843,842	293,068	2,136,910
Loss for the year	(85,138)	(61,335)	(146,473)
Other comprehensive (loss)/income for the year	(146,532)	1,310	(145,222)
Total comprehensive loss for the year	(231,670)	(60,025)	(291,695)
Change in ownership interest in subsidiary that does not result in loss of control	(37,294)	(41,912)	(79,206)
Adjustment to pre-acquisition reserves	-	(7,850)	(7,850)
Dividends	(15,763)	-	(15,763)
Dividends payable to non controlling shareholders	-	(4,559)	(4,559)
Movement in associate reserves	23,179	-	23,179
	(29,878)	(54,321)	(84,199)
Balance at 31 December 2019	1,582,294	178,722	1,761,016

Balance at 1 January 2018	1,773,582	296,680	2,070,262
Profit/(loss) for the year	67,824	(688)	67,136
Other comprehensive income/(loss) for the year	26,720	(1,950)	24,770
Total comprehensive income/(loss) for the year	94,544	(2,638)	91,906
Change in ownership interest in subsidiaries that does not result in loss of control	(4,017)	4,017	-
Acquisition of subsidiary	-	2,393	2,393
Dividends	(20,267)	-	(20,267)
Dividends payable to non controlling shareholders	-	(7,384)	(7,384)
	(24,284)	(974)	(25,258)
Balance at 31 December 2018	1,843,842	293,068	2,136,910

STATEMENTS OF CASH FLOWS

	GROUP	
	2019	2018
	Rs'000	Rs'000
Continuing operations		
Net cash generated from operating activities	80,361	45,321
Net cash absorbed in investing activities	(84,039)	(320)
Net cash absorbed in financing activities	(185,000)	(12,909)
Net(decrease)/increase in cash and cash equivalents	(188,678)	32,092
Discontinued operations		
Increase in cash and cash equivalents	-	2,236
Net (Decrease)/increase in cash and cash equivalents	(188,678)	34,328
At 01 January	98,479	54,574
Effect of foreign exchange difference	5,459	9,577
At 31 December	(84,740)	98,479

PROFILE

Based in Mauritius, Harel Mallac (the Group) also operates in five countries in Africa and the Indian Ocean and employs some 900 people. It comprises four segments of activities: *Equipment & Systems, Chemicals, Technology and Asset Management & Others.*

PERFORMANCE

The Group achieved a consolidated revenue from continuing operations of Rs 3.6 billion, representing a decrease of 17% over 2018. This drop is mainly attributable to both the Manufacturing & Trading and Business Services clusters.

This decrease in revenue, coupled with an increase in one-off costs arising mainly from the MCFI Group, resulted in a deterioration in profitability, as the Group posted a Loss before Finance Costs of Rs 3 million in 2019, compared to a Profit before Finance Costs of Rs 118 million in 2018. It should be noted that the application of IFRS 16 in 2019 resulted in Rs 20 million of additional finance costs.

The *Manufacturing & Trading* cluster, which consists of the Equipment & Systems and Chemicals divisions, posted a lower profitability than 2018. The Equipment & Systems division was affected by a drop in revenue (linked to lower sales of consumer electronics) and no one-off material contracts in 2019 in the engineering segment, as opposed to 2018. Higher costs of an exceptional nature linked to operational reorganisation initiatives and some asset impairments also affected the profitability of this division. The Chemicals division also affected the cluster, mainly due to the lower performance of the regional activities of the MCFI Group. On top of a reduction in revenue noted in its trading activities in the region and Africa, impairment of receivables of Rs 88 million and reorganisation and restructuring costs of Rs 38 million were expended during the year to achieve a leaner and more sustainable structure given the current challenges of this industry.

These abridged financial statements, prepared in line with International Financial Reporting Standards and audited by BDO & Co., were authorised for issue on 30 June 2020 by the Board of Directors.

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.

The core activity of the *Business Services* cluster lies within its Technology division. The latter performed better than in 2018, though the turnover was negatively impacted by delays in the realisation of key projects in 2019.

In the *Asset Management* cluster, the share of results from our associates and joint ventures was lower than 2018. This is due to the renovation works that some hotels in our portfolio undertook, thereby resulting in a drop in both revenues and profitability.

Overall, the Group posted a Loss after Tax of Rs 146 million in 2019, compared to a Profit after Tax of Rs 67 million for the preceding year.

GROUP UPDATES

The Group's investment in the photovoltaic (PV) energy segment, Corexsol International, completed the construction of the Henrietta 2MW PV farm (for the CEB, in May 2019) and the Petite Riviere 5MW PV Farm (delivered in January 2020), in line with its objective of becoming a major player in the industry.

Harel Mallac started a digital transformation program, Athena, to modernise its processes and saw, as a first step, the group wide implementation of a new ERP. Most of its business units also underwent a Design Thinking initiative to better embrace a culture of innovation and consumer-centricity.

On the sustainability side, we have identified key Planet Goals to achieve by 2025 on the topics of Water, Energy, Waste, Diversity and Ethical Trade.

We are also happy to announce the nomination of Mrs. Christine Nguyen Thac Lam as the new Group Head of Finance since January 2020.

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
30 June 2020