

STATEMENTS OF FINANCIAL POSITION

	GROUP	
	30 June 2020	31 December 2019
	Rs'000	Rs'000
<b>ASSETS</b>		
Non-current assets	2,502,727	2,620,196
Current assets	1,530,472	1,720,496
<b>Total assets</b>	<b>4,033,199</b>	<b>4,340,692</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves</b>		
Owners' interest	1,423,890	1,582,294
Non controlling interests	158,401	178,722
<b>Total equity</b>	<b>1,582,291</b>	<b>1,761,016</b>
<b>Non-current liabilities</b>	<b>774,084</b>	<b>767,941</b>
Current liabilities	1,676,824	1,811,735
<b>Total equity and liabilities</b>	<b>4,033,199</b>	<b>4,340,692</b>
Net assets per share (Rs)	126.46	140.53
Number of ordinary shares	11,259,388	11,259,388

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	GROUP			
	Three months to 30 June 2020	Three months to 30 June 2019	Six months to 30 June 2020	Six months to 30 June 2019
	Rs'000	Rs'000	Rs'000	Rs'000
<b>Revenue</b>	<b>639,571</b>	<b>849,940</b>	<b>1,319,370</b>	<b>1,635,543</b>
<b>Loss before finance costs</b>	<b>(25,120)</b>	<b>(42,600)</b>	<b>(76,609)</b>	<b>(105,742)</b>
Finance costs	(16,934)	(17,747)	(37,904)	(33,372)
Share of results of associates & joint ventures	(28,822)	13,784	(52,807)	46,839
Loss before tax	(70,876)	(46,563)	(167,320)	(92,275)
Income tax	(8,808)	(1,293)	(2,718)	(2,004)
Loss for the period	(79,684)	(47,856)	(170,038)	(94,279)
<b>Attributable to:</b>				
Owners of the parent	(68,830)	(39,089)	(148,680)	(74,091)
Non controlling interests	(10,854)	(8,767)	(21,358)	(20,188)
<b>Loss for the period</b>	<b>(79,684)</b>	<b>(47,856)</b>	<b>(170,038)</b>	<b>(94,279)</b>
Other comprehensive loss for the period net of tax	(16,012)	(8,033)	(8,687)	(4,570)
<b>Total comprehensive loss for the period</b>	<b>(95,696)</b>	<b>(55,889)</b>	<b>(178,725)</b>	<b>(98,849)</b>
<b>Other comprehensive loss attributable to:</b>				
Owners of the parent	(15,219)	(7,274)	(9,724)	(3,833)
Non controlling interests	(793)	(759)	1,037	(737)
	(16,012)	(8,033)	(8,687)	(4,570)
Basic loss per share (Rs/cents)	(6.11)	(3.47)	(13.20)	(6.58)

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

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

	Investment, Corporate & Property	Business Services	Manufacturing & Trading	Consolidation adjustments	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
<b>Six months ended 30 June 2020</b>					
Total segment revenues	61,316	387,934	1,051,319	-	1,500,569
Inter-segment revenues	(1,367)	(15,727)	(33,315)	(130,790)	(181,199)
<b>Revenues from external customers</b>	<b>59,949</b>	<b>372,207</b>	<b>1,018,004</b>	<b>(130,790)</b>	<b>1,319,370</b>
<b>Segment (loss)/profit</b>	<b>3,990</b>	<b>(1,175)</b>	<b>(66,737)</b>	<b>(12,687)</b>	<b>(76,609)</b>
Share of results of associates & joint ventures	(52,807)	-	-	-	(52,807)
Finance costs	(21,166)	(2,970)	(26,607)	12,839	(37,904)
<b>Loss before tax</b>	<b>(69,983)</b>	<b>(4,145)</b>	<b>(93,344)</b>	<b>152</b>	<b>(167,320)</b>
<b>Total assets</b>					
<b>30 June 2020</b>	<b>1,632,980</b>	<b>334,522</b>	<b>2,065,697</b>	<b>-</b>	<b>4,033,199</b>
31 December 2019	1,797,349	381,882	2,161,461	-	4,340,692
<b>Six months ended 30 June 2019</b>					
Total segment revenues	184,766	317,424	1,429,670	-	1,931,860
Inter-segment revenues	(2,911)	(12,954)	(79,202)	(201,250)	(296,317)
<b>Revenues from external customers</b>	<b>181,855</b>	<b>304,470</b>	<b>1,350,468</b>	<b>(201,250)</b>	<b>1,635,543</b>
<b>Segment profit/(loss)</b>	<b>(18,214)</b>	<b>3,821</b>	<b>(76,566)</b>	<b>(14,783)</b>	<b>(105,742)</b>
Share of results of associates & joint ventures	46,839	-	-	-	46,839
Finance costs	(28,065)	(5,742)	(14,348)	14,783	(33,372)
<b>(Loss)/profit before tax</b>	<b>560</b>	<b>(1,921)</b>	<b>(90,914)</b>	<b>-</b>	<b>(92,275)</b>
<b>Total assets</b>					
<b>30 June 2019</b>	<b>1,912,872</b>	<b>352,083</b>	<b>1,967,627</b>	<b>-</b>	<b>4,232,582</b>
31 December 2018	1,874,866	436,335	2,321,091	-	4,632,292

STATEMENTS OF CHANGES IN EQUITY

	Owner of the parent	Non-controlling interests	Total
	Rs'000	Rs'000	Rs'000
<b>GROUP</b>			
<b>Balance at 1 January 2020</b>	<b>1,582,294</b>	<b>178,722</b>	<b>1,761,016</b>
Loss for the period	(148,680)	(21,358)	(170,038)
Other comprehensive (losses)/income	(9,724)	1,037	(8,687)
<b>Balance at 30 June 2020</b>	<b>1,423,890</b>	<b>158,401</b>	<b>1,582,291</b>
<b>Balance at 1 January 2019</b>	<b>1,843,842</b>	<b>293,068</b>	<b>2,136,910</b>
Effect of changes in accounting policies (IFRS 16)	(25,059)	-	(25,059)
	1,818,783	293,068	2,111,851
Loss for the period	(74,091)	(20,188)	(94,279)
Other comprehensive losses	(3,833)	(737)	(4,570)
Change in ownership interest in subsidiary that does not result in loss of control	(58,666)	(20,342)	(79,008)
<b>Balance at 30 June 2019</b>	<b>1,682,193</b>	<b>251,801</b>	<b>1,933,994</b>

STATEMENTS OF CASH FLOWS

	GROUP	
	Six months to 30 June 2020	Six months to 30 June 2019
	Rs'000	Rs'000
<b>Operating activities</b>		
Net cash absorbed in operating activities	(162,048)	(113,831)
<b>Investing activities</b>		
Net cash absorbed in investing activities	(12,813)	(91,049)
<b>Financing activities</b>		
Net cash generated from/(absorbed in) financing activities	57,541	(89,562)
Decrease in cash and cash equivalents	(117,320)	(294,442)
<b>Movement in cash and cash equivalents</b>		
At 1 January	(84,740)	98,479
Decrease	(117,320)	(294,442)
Effect of foreign exchange difference	(832)	(4,458)
<b>At 30 June</b>	<b>(202,892)</b>	<b>(200,421)</b>

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

For the first semester, the Group achieved a consolidated revenue from continuing operations of Rs 1.3 billion, down by 19% from 2019, mainly attributable to lower revenues from the Manufacturing and Trading Cluster. A lower gross profit margin was witnessed across various divisions of the Group as well as a decrease in revenue due to the impact of the Covid-19 related lockdown as from the 18th of March 2020.

For the period, the Loss before Finance Costs of Rs 77 million is lower than 2019, whereby a loss of Rs 106 million was reported. It should, however, be noted that the 2019 figures include exceptional costs of Rs 82 million booked by the MCFI Group.

The **Manufacturing & Trading** cluster was significantly impacted by the national lockdown as the Equipment & Systems division could not operate. This was, however, partly mitigated by the improved performance of the Chemicals division, which is already reaping benefits from the MCFI Group restructuring in 2019.

In the same way, the **Business Services** cluster posted a notable improvement in the Technology division's revenue, albeit at compressed margins. Nevertheless, a marginal loss was recorded due to losses from the Travel division.

The share of results from our associates and joint ventures worsened compared to 2019 on the back of a poor performance of the Group's investments in mainly the construction and hospitality sectors as the latter were heavily impacted by Covid-19 related lockdown.

OUTLOOK

The lack of visibility caused by the continued economic contraction experienced by several sectors of the local economy enhanced by the uncertainty over the re-opening of the borders commands caution in any forecasting exercise. The Group, through resilience and reactivity, is adapting its transformation journey to the "new normal" while remaining vigilant in its working capital management.

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 2019, 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 12.14 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**  
**03 August 2020**