

STATEMENTS OF FINANCIAL POSITION

	GROUP	
	30 June 2021	31 December 2020
	Rs'000	Rs'000
ASSETS		
Non-current assets	2,302,891	2,380,602
Current assets	1,750,251	1,449,814
Assets classified as held for sale	-	51,445
Total assets	4,053,142	3,881,861
EQUITY AND LIABILITIES		
Capital and reserves		
Owners' interest	1,184,641	1,263,866
Non controlling interests	166,724	150,755
Total equity	1,351,365	1,414,621
Non-current liabilities	1,043,780	784,843
Current liabilities	1,657,997	1,631,387
Liabilities directly associated with assets classified as held for sales	-	51,010
Total equity and liabilities	4,053,142	3,881,861
Net assets per share (Rs)	105.21	112.25
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 2021	Three months to 30 June 2020	Six months to 30 June 2021	Six months to 30 June 2020
	Rs'000	Rs'000	Rs'000	Rs'000
Revenue	775,463	620,486	1,467,761	1,297,194
Profit/(loss) before finance costs	1,270	(9,706)	(24,548)	(56,216)
Finance costs	(16,263)	(16,730)	(31,806)	(37,427)
Share of results of associates & joint ventures	(26,630)	(28,822)	(38,554)	(52,807)
Profit on disposal of subsidiaries	-	-	24,418	-
Loss before tax	(41,623)	(55,257)	(70,490)	(146,450)
Income tax	(6,710)	(9,648)	(8,149)	(3,558)
Post tax loss from discontinued operations	-	(14,779)	-	(20,031)
Loss for the period	(48,333)	(79,684)	(78,639)	(170,039)
Attributable to:				
Owners of the parent	(40,643)	(68,830)	(68,706)	(148,680)
Non controlling interests	(7,690)	(10,854)	(9,933)	(21,358)
Loss for the period	(48,333)	(79,684)	(78,639)	(170,039)
Other comprehensive loss for the period net of tax	(11,333)	(16,012)	(13,231)	(8,687)
Total comprehensive loss for the period	(59,666)	(95,696)	(91,870)	(178,725)
Other comprehensive loss attributable to:				
Owners of the parent	(7,911)	(15,219)	(10,519)	(9,724)
Non controlling interests	(3,422)	(793)	(2,712)	1,037
	(11,333)	(16,012)	(13,231)	(8,687)
Loss per share from continuing operations (Rs/cents)	(3.61)	(5.46)	(6.10)	(12.32)
Loss per share from discontinued operations (Rs/cents)	-	(0.65)	-	(0.88)

PROFILE

Based in Mauritius, Harel Mallac (the Group) also operates in five countries in Africa and the Indian Ocean and employs some 900 persons. It comprises of four divisions: Technology, Chemicals Equipment & Systems and Investments & Corporate.

OVERALL PERFORMANCE

For the first semester, the Group achieved a consolidated revenue from continuing operations of Rs 1.3 billion compared to Rs 1.3 billion for the same period in 2020.

This increase in revenue was mainly generated during the second quarter and was driven by the Chemicals and Equipment & Systems divisions. This reflects a stronger business environment gradually picking up after

the lockdown in the first quarter as well as the much-awaited announcement of the reopening of our borders as from 1 July 2021.

During the quarter under review the Group posted a profit before finance costs of Rs 1.3 million and a loss of Rs 25 million for the six months, showing an improvement compared to the previous year. These figures unfortunately reflect harsher trading conditions with a marked increase in costs of sales and stakeholders in specific business sectors still unable to meet their financial commitments resulting in increased provisions for doubtful debts.

The Group ended this first semester with net losses after tax of Rs 79 million compared to losses of Rs 170 million for

the corresponding period last year.

The Group cash flow from operating activities continued to improve during the second quarter of 2021 with net cash generated of Rs 26 million compared to Rs 162 million being absorbed last year. The net increase in cash and cash equivalents which benefited from financing from banking institutions under the Covid-19 Support Scheme increased by Rs 275 million resulting in a positive cash position of Rs 109 million at the end of the period.

The Investments & Corporate division which regroups mainly the Group's assets (Property and Associates) has generated less revenue due to lower dividends from associates and rental income compared to last year. Nevertheless, the share of results

from our associates and joint ventures registered a slight improvement on the back of better results from our investments in the energy sector. However, the Group's investments in the hospitality sector are unfortunately still heavily impacted in 2021. The division's net result while still being negative has improved by Rs 18 million.

Our Technology division continues to generate revenue and net results at par with last year despite disruptive increases in cost of sales, which have been partly mitigated by reduced operational costs.

Our Chemicals division achieved better results than last year. The MCFI Group, continues to be the main contributor to the increase in the division's turnover and operational losses. Unfortunately,

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

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

	GROUP					
	Investment & Corporate	Technology	Chemicals	Equipment & Systems	Consolidation adjustments	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Six months ended 30 June 2021						
Total segment revenues	79,863	383,463	705,281	480,683	-	1,649,290
Inter-segment revenues	(19,689)	(51,399)	(10,813)	(14,344)	(85,284)	(181,529)
Revenues from external customers	60,174	332,064	694,468	466,339	(85,284)	1,467,761
Segment (loss)/profit	(1,838)	4,051	(15,532)	(4,859)	(6,370)	(24,548)
Share of results of associates & joint ventures	(37,046)	-	(1,508)	-	-	(38,554)
Finance costs	(10,886)	(2,213)	(16,083)	(9,380)	6,756	(31,806)
Profit on disposal of subsidiaries	-	-	-	24,418	-	24,418
(Loss)/profit before tax	(49,770)	1,838	(33,123)	(10,179)	386	(70,490)
Income tax	469	(2,225)	(3,530)	(2,863)	-	(8,149)
Net (loss)/profit after tax	(49,301)	(387)	(36,653)	7,316	386	(78,639)
Total assets						
30 June 2021	1,561,916	318,767	1,474,285	698,174	-	4,053,142
31 December 2020	1,580,934	332,237	1,403,805	564,885	-	3,881,861
Six months ended 30 June 2020						
Total segment revenues	70,386	372,864	655,906	399,049	-	1,498,205
Inter-segment revenues	(7,251)	(33,300)	(17,480)	(81,633)	(61,347)	(201,011)
Revenues from external customers	63,135	339,564	638,426	317,416	(61,347)	1,297,194
Segment profit/(loss)	172	2,964	(24,425)	(22,355)	(12,572)	(56,216)
Share of results of associates & joint ventures	(46,293)	-	(6,514)	-	-	(52,807)
Finance costs	(21,470)	(2,579)	(15,640)	(10,578)	12,840	(37,427)
(Loss)/profit before tax	(67,591)	385	(46,579)	(32,933)	268	(146,450)
Income tax	(190)	(2,382)	(30)	(956)	-	(3,558)
Post tax loss from discontinued operations	-	-	-	(20,031)	-	(20,031)
Net loss after tax	(67,781)	(1,997)	(46,609)	(53,920)	268	(170,039)
Total assets						
30 June 2020	1,649,349	305,242	1,397,958	680,650	-	4,033,199
31 December 2019	1,797,349	381,882	1,520,486	640,975	-	4,340,692

STATEMENTS OF CHANGES IN EQUITY

	Owner of the parent	Non-controlling Interests	Total
	Rs'000	Rs'000	Rs'000
GROUP			
Balance at 1 January 2021	1,263,866	150,755	1,414,621
Loss for the period	(68,706)	(9,933)	(78,639)
Other comprehensive losses	(10,519)	(2,712)	(13,231)
Acquisition of subsidiary	-	28,614	28,614
Balance at 30 June 2021	1,184,641	166,724	1,351,365
Balance at 1 January 2020	1,582,294	178,722	1,761,016
Loss for the period	(148,680)	(21,358)	(170,038)
Other comprehensive (losses)/income	(9,724)	1,037	(8,687)
Balance at 30 June 2020	1,423,890	158,401	1,582,291

STATEMENTS OF CASH FLOWS

	GROUP	
	Six months 30 June 2021	Six months to 30 June 2020
	Rs'000	Rs'000
Operating activities		
Net cash generated from/(absorbed in) operating activities from continuing operations	26,368	(162,048)
Investing activities		
Net cash generated from/(absorbed in) investing activities	20,496	(12,813)
Financing activities		
Net cash generated from financing activities	228,240	57,541
Increase/(decrease)	275,104	(117,320)
Movement in cash and cash equivalents		
At 1 January	(167,273)	(84,740)
Net increase/(decrease) in cash and cash equivalents	275,104	(117,320)
Effect of foreign exchange difference	795	(832)
At 30 June	108,626	(202,892)

despite improved net results the division still posted a loss.

The performance of the Equipment & Systems division includes the results of its new subsidiaries Aldes Mauritius and Aldes Reunion, acquired on 31 May 2021, which contributed Rs 24 million to the division's revenue in the second quarter of 2021. A better performance has also been noted in the division's activities in the sale of technology and industrial equipment as opposed to last year.

GROUP UPDATES

Companies within the Group have adopted a hybrid work schedule, in order to protect their employees from contamination, and maintain business continuity. The overall vaccination rate among employees stood at 72% early

August, with the Head Office recording a notable 100% of vaccinated staff.

OUTLOOK

Our borders are opened since 1 July 2021 but it is believed that the real impact on the Mauritian economy will only be visible in Q4. The economic challenges which emerged in Q1 spanning from raw materials sourcing and supply chain to sales are still very much present. The sudden depreciation of the Mauritian Rupee in June 2021 as well as the limited availability of foreign currencies add to the list of difficulties that our operations need to overcome. We therefore remain cautious in our appreciation of the second semester which does remain our most important one.

The quarterly condensed financial statements have been prepared using the same accounting policies as for the statutory financial statements for the year ended 31 December 2020 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
11 August 2021