

STATEMENTS OF FINANCIAL POSITION

	GROUP	
	30 September 2019	31 December 2018
	Rs'000	Rs'000
ASSETS		
Non-current assets	2,460,363	2,431,429
Current assets	1,748,349	2,200,863
Total assets	4,208,712	4,632,292
EQUITY AND LIABILITIES		
Capital and reserves		
Owners' interest	1,667,139	1,843,842
Non controlling interests	240,273	293,068
Total equity	1,907,412	2,136,910
Non-current liabilities	623,135	519,994
Current liabilities	1,678,165	1,975,388
Total equity and liabilities	4,208,712	4,632,292
Net assets per share (Rs)	148.07	163.76
Number of ordinary shares	11,259,388	11,259,388

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	GROUP			
	Three months to 30 Sep 2019	Three months to 30 Sep 2018	Nine months to 30 Sep 2019	Nine months to 30 Sep 2018
	Rs'000	Rs'000	Rs'000	Rs'000
Revenue	915,549	952,802	2,551,092	2,902,201
Profit/(Loss) before finance costs	19,502	4,073	(25,838)	2,583
Finance costs	(17,083)	(15,726)	(50,455)	(46,190)
Share of results of associates & joint ventures	24,443	24,001	71,282	83,069
Profit/(Loss) before tax and exceptional items	26,862	12,348	(5,011)	39,462
Restructuring costs	(22,007)	-	(41,078)	(7,819)
Impairment of assets	(13,194)	-	(54,525)	-
(Loss)/profit before tax	(8,339)	12,348	(100,614)	31,643
Income tax	(7,534)	(4,752)	(9,538)	(15,419)
(Loss)/profit for the period from continuing operations	(15,873)	7,596	(110,152)	16,224
Discontinued operations				
Post tax loss from discontinued operations	-	(1)	-	(1,924)
Profit/(loss) on disposal of subsidiary	-	232	-	(142)
	(15,873)	7,827	(110,152)	14,158
Attributable to:				
Owners of the parent	(4,071)	11,105	(78,162)	21,541
Non controlling interests	(11,802)	(3,278)	(31,990)	(7,383)
(Loss)/profit for the year	(15,873)	7,827	(110,152)	14,158
Other comprehensive loss for the period net of tax	(6,195)	(2,455)	(14,228)	(9,982)
Total comprehensive (loss)/profit for the period	(22,068)	5,372	(124,380)	4,176
Other comprehensive income attributable to:				
Owners of the parent	(6,406)	(5,864)	(13,680)	(7,370)
Non controlling interests	211	3,409	(548)	(2,612)
	(6,195)	(2,455)	(14,228)	(9,982)
Basic (loss)/earnings per share from continuing operations (Rs/cents)	(0.36)	0.97	(6.94)	2.08
Earnings/(loss) per share from discontinued operations (Rs/cents)	-	0.01	-	(0.17)

PROFILE

Based in Mauritius, Harel Mallac (the Group) also operates in five countries in Africa and the Indian Ocean and employs some 950 people. It comprises four segments of activities: *Equipment & Systems, Chemicals, Technology and Asset Management & Others.*

PERFORMANCE

For the nine months ended 30 September 2019, the Group achieved a consolidated revenue from continuing operations of Rs 2.6 billion, down by 12% from 2018, attributable to lower revenues in both the Chemicals and Technology segments.

The drop in revenue registered within our Technology Equipment sub-division, and its flow-on impact on the profitability of our Equipment & Systems segment was mitigated by the positive contribution from Corexsolar. Excluding a provision for bad debts of Rs 7 million, the segment's profit before tax is at par with last year's results.

The Chemicals segment achieved lower sales than last year following measures taken during the period under review to contain the segment's financial exposure within the agricultural sector both locally and in the region. The resulting drop in margins together with exceptional restructuring costs and provisions on receivables have had a significant impact on the segment's results to date.

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 2018, 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 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
12 November 2019

STATEMENTS OF CHANGES IN EQUITY

GROUP
Balance at 1 January 2019
Effect of changes in accounting policies (IFRS 16)
Loss for the period
Other comprehensive losses
Change in ownership interest in subsidiary that does not result in loss of control
Balance at 30 September 2019
Balance at 1 January 2018
Profit/(loss) for the period
Other comprehensive losses
Change in ownership interest in subsidiary that does not result in loss of control
Acquisition of subsidiary
Balance at 30 September 2018

STATEMENTS OF CASH FLOWS

Operating activities
Net cash absorbed in operating activities from operations
Investing activities
Net cash (absorbed in)/generated from investing activities
Financing activities
Net cash absorbed in financing activities
Decrease in cash and cash equivalents
Movement in cash and cash equivalents
At 1 January
Decrease
Effect of foreign exchange difference
At 30 September

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

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

	Equipment & Systems	Chemicals	Technology	Asset Management and Others	Consolidation adjustments	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Nine months ended 30 September 2019						
Total segment revenues	1,026,660	1,202,415	458,341	238,253	-	2,925,669
Inter-segment revenues	(111,430)	(49,036)	(13,106)	(11,372)	(189,633)	(374,577)
Revenues from external customers	915,230	1,153,379	445,235	226,881	(189,633)	2,551,092
Segment Profit/(loss)	40,294	(37,558)	5,505	(14,135)	(19,944)	(25,838)
Share of results of associates & joint ventures	-	-	-	71,282	-	71,282
Finance costs	(14,534)	(8,271)	(7,178)	(40,416)	19,944	(50,455)
Restructuring costs	-	(41,078)	-	-	-	(41,078)
Impairment of assets	(7,034)	(47,491)	-	-	-	(54,525)
Profit/(loss) before tax	18,726	(134,398)	(1,673)	16,731	-	(100,614)
Total assets						
30 September 2019	675,075	1,305,330	336,489	1,891,818	-	4,208,712
31 December 2018	704,596	1,616,495	436,335	1,874,866	-	4,632,292
Nine months ended 30 September 2018						
Total segment revenues	1,011,646	1,493,028	565,341	206,084	-	3,276,099
Inter-segment revenues	(59,560)	(55,975)	(10,463)	(9,836)	(238,064)	(373,898)
Revenues from external customers	952,086	1,437,053	554,878	196,248	(238,064)	2,902,201
Segment profit/(loss)	38,222	(1,802)	1,774	(13,756)	(21,855)	2,583
Share of results of associates & joint ventures	-	-	-	83,069	-	83,069
Finance costs	(12,582)	(7,041)	(6,509)	(41,913)	21,855	(46,190)
Restructuring costs	-	(7,819)	-	-	-	(7,819)
Profit/(loss) before tax	25,640	(16,662)	(4,735)	27,400	-	31,643
Total assets						
30 September 2018	586,547	1,510,418	373,671	2,041,645	-	4,512,281
31 December 2017	551,081	1,809,958	344,351	1,921,299	-	4,626,689

The Technology segment is performing better than last year even though the turnover was negatively affected by delays in the materialisation of key projects.

The share of results from our associates and joint ventures dropped compared to 2018, following lower performance from the Group's investments in the hospitality sector. This trend is however not representative of the performance of our portfolio of investments in this sector as the drop was due to the closure of one of the hotels, up to August 2019, for major renovation works.

OUTLOOK

The local business landscape remains challenging, with the major sectors of the Mauritian economy facing their respective difficulties. The Group has engaged in operational business reviews for all its subsidiaries and approved measures bearing restructuring costs to be better equipped to meet these future challenges.