

STATEMENTS OF FINANCIAL POSITION

	GROUP	
	31 March 2020	31 December 2019
	Rs'000	Rs'000
ASSETS		
Non-current assets	2,562,700	2,620,196
Current assets	1,543,823	1,720,496
Total assets	4,106,523	4,340,692
EQUITY AND LIABILITIES		
Capital and reserves		
Owners' interest	1,507,939	1,582,294
Non controlling interests	170,048	178,722
Total equity	1,677,987	1,761,016
Non-current liabilities	777,237	767,941
Current liabilities	1,651,299	1,811,735
Total equity and liabilities	4,106,523	4,340,692
Net assets per share (Rs)	133.93	140.53
Number of ordinary shares	11,259,388	11,259,388

STATEMENTS OF PROFIT OR LOSS

	GROUP	
	Quarter to 31 March 2020	Quarter to 31 March 2019
	Rs'000	Rs'000
Revenue	679,799	785,603
Loss before finance costs	(51,489)	(63,142)
Finance costs	(20,970)	(15,625)
Share of results of associates & joint ventures	(23,985)	33,055
Loss before tax	(96,444)	(45,712)
Income tax	6,090	(711)
Loss for the period	(90,354)	(46,423)
Attributable to:		
Owners of the parent	(79,850)	(35,002)
Non controlling interests	(10,504)	(11,421)
Loss for the period	(90,354)	(46,423)
Other comprehensive income for the period net of tax	7,325	3,463
Total comprehensive loss for the period	(83,029)	(42,960)
Other comprehensive income attributable to:		
Owners of the parent	5,495	3,441
Non controlling interests	1,830	22
	7,325	3,463
Loss per share from continuing operations(Rs/cents)	(7.09)	(3.11)

STATEMENTS OF CHANGES IN EQUITY

GROUP

Balance at 1 January 2020	
Loss for the period	
Other comprehensive income for the period	
Total comprehensive loss for the period	
Balance at 31 March 2020	
Balance at 1 January 2019	
Effect of changes in accounting policies(IFRS 16)	
As restated	
Profit/(loss) for the period	
Other comprehensive (loss)/income for the period	
Total comprehensive loss for the period	
Balance at 31 March 2019	

STATEMENTS OF CASH FLOWS

Continuing operations

Net cash absorbed in operating activities	(226,867)
Net cash absorbed in investing activities	(5,155)
Net cash generated/(absorbed) in financing activities	83,148
Net decrease in cash and cash equivalents	(148,874)
At 01 January	(84,740)
Effect of foreign exchange difference	(596)
At 31 March	(234,210)

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
Quarter ended 31 March 2020					
Total segment revenues	33,601	187,141	545,323	-	766,065
Inter-segment revenues	(1,367)	(13,132)	(17,942)	(53,825)	(86,266)
Revenues from external customers	32,234	174,009	527,381	(53,825)	679,799
Continuing operations					
Segment loss	(2,793)	(1,539)	(42,016)	(5,141)	(51,489)
Share of results of associates & joint ventures	(23,985)	-	-	-	(23,985)
Finance costs	(12,325)	(1,814)	(13,862)	7,031	(20,970)
(Loss)/profit before tax	(39,103)	(3,353)	(55,878)	1,890	(96,444)
Total assets					
31 March 2020	1,696,090	355,877	2,054,556	-	4,106,523
31 December 2019	1,797,349	381,882	2,161,461	-	4,340,692
Quarter ended 31 March 2019					
Total segment revenues	36,301	148,691	712,844	-	897,836
Inter-segment revenues	(1,434)	(11,591)	(66,308)	(32,900)	(112,233)
Revenues from external customers	34,867	137,100	646,536	(32,900)	785,603
Continuing operations					
Segment (loss)/profit	(4,741)	(11,482)	(39,245)	(7,674)	(63,142)
Share of results of associates & joint ventures	33,055	-	-	-	33,055
Finance costs	(14,646)	(2,250)	(6,403)	7,674	(15,625)
Profit/(loss) before tax	13,668	(13,732)	(45,648)	-	(45,712)
Total assets					
31 March 2019	1,877,669	445,474	2,017,178	-	4,340,321
31 December 2018	1,813,902	495,805	2,322,585	-	4,632,292

	Owner of the parent	Non-controlling Interests	Total
	Rs'000	Rs'000	Rs'000
1,582,294	178,722	1,761,016	
(79,850)	(10,504)	(90,354)	
5,495	1,830	7,325	
(74,355)	(8,674)	(83,029)	
1,507,939	170,048	1,677,987	
1,843,842	293,068	2,136,910	
(26,203)	-	(26,203)	
1,817,639	293,068	2,110,707	
(35,002)	(11,421)	(46,423)	
3,441	22	3,463	
(31,561)	(11,399)	(42,960)	
1,786,078	281,669	2,067,747	

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 quarter, the Group achieved a consolidated revenue from continuing operations of Rs 680 million, down by 13% from 2019. The main reasons behind this drop are that hardly any sales were recorded, across the Group, during the last half of March and a lower than expected performance of the Manufacturing & Trading cluster.

Despite a lower gross profit margin witnessed across various divisions of the Group linked to the actual sales product mix, and a decrease in revenue, savings resulting from various cost containment measures since 2019, helped the Group generate an improved performance in the quarter under review with lower Loss before Finance Costs of Rs 51 million in 2020 as opposed to Rs 63 million in 2019.

In the *Manufacturing & Trading* cluster, the improvement in profitability of the Chemicals division – resulting from the restructuring of the MCFI Group in 2019 – was counterbalanced by the deterioration in profitability of the Equipment & Systems division in the first quarter. This brought about a Loss before Finance Costs for the cluster.

In the same way, our *Business Services* cluster saw, on one hand, a notable improvement in the Technology division's profitability, while still posting a marginal loss.

The share of results from our associates and joint ventures worsened on the back of a poor performance of the Group's investments in mainly the construction and energy sectors.

GROUP UPDATES

During the quarter under review, Corexsolar International delivered the Petite Riviere PV farm in Mauritius, received the double certification with ISO 9001 :2015 and ISO 14001: 2015, and was awarded a new project (Djema 2) in Mayotte. Its sister company Linxia launched its wholly owned Myros smartphone in Mauritius and is planning a similar launch in Madagascar in the near future.

Our Chemicals division is pursuing its restructuring, and MCFI Group has announced its desire to acquire its sister company Suchem, in order to complete its portfolio of solutions for the Agriculture and Industry segments. Archemics on its side was very proactive in the response to Covid-19 pandemic by boosting the manufacture of hydroalcoholic gels and sanitising solutions for both individuals and businesses.

COVID-19 IMPACT

The Group's prospects on 2020 were cautiously optimistic, before the country went into lockdown mid-March due to the Covid-19 pandemic. The lockdown has severely impacted the Mauritian economy and all Harel Mallac's served market segments. Once the safety of all group employees was ensured, the management of our subsidiaries and associates started reviewing their business models and adopting strict cost-containment measures to adapt to a forecasted drop in demand and the changing expectations and needs of their stakeholders.

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
30 June 2020