

## STATEMENTS OF FINANCIAL POSITION

	GROUP	
	2020	2019
	Rs'000	Rs'000
<b>ASSETS</b>		
Non-current assets	2,380,602	2,620,196
Current assets	1,449,814	1,720,496
Assets classified as held for sale	51,445	-
<b>Total assets</b>	<b>3,881,861</b>	<b>4,340,692</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves</b>		
Owners' interest	1,263,866	1,582,294
Non controlling interests	150,755	178,722
<b>Total equity</b>	<b>1,414,621</b>	<b>1,761,016</b>
Non-current liabilities	784,843	767,941
Current liabilities	1,631,387	1,811,735
Liabilities directly associates with assets classified as held for sale	51,010	-
<b>Total equity and liabilities</b>	<b>3,881,861</b>	<b>4,340,692</b>
Net assets per share (Rs)	112.25	140.53
Number of ordinary shares	11,259,388	11,259,388

## STATEMENTS OF PROFIT OR LOSS

	GROUP	
	2020	2019
	Rs'000	(Represented) Rs'000
<b>Revenue</b>	<b>2,914,132</b>	<b>3,279,343</b>
<b>Loss before finance costs</b>	<b>(32,868)</b>	<b>(35,064)</b>
Finance costs	(79,388)	(72,464)
Reorganisation cost	-	(40,217)
Share of results of associates & joint ventures	(129,268)	92,771
Net (loss)/profit on disposal of investments	(5,288)	1,033
Net impairment of asset	(82,476)	(91,311)
<b>Loss before tax</b>	<b>(329,288)</b>	<b>(145,252)</b>
Income tax	11,366	(8,751)
<b>Loss for the year from continuing operations</b>	<b>(317,922)</b>	<b>(154,003)</b>
<b>Discontinued operations</b>		
Post tax (loss)/profit from discontinued operations	(18,652)	7,530
	<b>(336,574)</b>	<b>(146,473)</b>
<b>Attributable to:</b>		
Owners of the parent	(289,807)	(85,138)
Non controlling interests	(46,767)	(61,335)
<b>Loss for the year</b>	<b>(336,574)</b>	<b>(146,473)</b>
Other comprehensive loss for the year net of tax	(2,747)	(145,222)
<b>Total comprehensive loss for the year</b>	<b>(339,321)</b>	<b>(291,695)</b>
<b>Total comprehensive income attributable to:</b>		
Owners of the parent	(295,608)	(231,670)
Non controlling interests	(43,713)	(60,025)
	<b>(339,321)</b>	<b>(291,695)</b>
Loss per share from continuing operations(Rs/cents)	(24.99)	(7.63)
Loss per share from discontinued operations(Rs/cents)	(0.75)	0.07

## STATEMENTS OF CASH FLOWS

	GROUP	
	2020	2019
	Rs'000	Rs'000
<b>Continuing operations</b>		
Net cash (absorbed in)/ generated from operating activities	(70,817)	80,361
Net cash generated from/ (absorbed in) investing activities	12,443	(84,039)
Net cash absorbed in financing activities	(36,424)	(185,000)
Net decrease in cash and cash equivalents	(94,798)	(188,678)
At 01 January	(84,740)	98,479
Effect of foreign exchange difference	12,265	5,459
<b>At 31 December</b>	<b>(167,273)</b>	<b>(84,740)</b>

## STATEMENTS OF CHANGES IN EQUITY

	Controlling Interests	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 year	(289,807)	(46,767)	(336,574)
Other comprehensive income for the year	(5,801)	3,054	(2,747)
Total comprehensive loss for the year	(295,608)	(43,713)	(339,321)
Change in ownership interest in subsidiary that does not result in loss of control	(22,820)	18,655	(4,165)
Disposal of Subsidiary	-	(825)	(825)
Dividends payable to non controlling shareholders	-	(2,084)	(2,084)
	(22,820)	15,746	(7,074)
<b>Balance at 31 December 2020</b>	<b>1,263,866</b>	<b>150,755</b>	<b>1,414,621</b>
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 subsidiaries that does not result in loss of control	(37,294)	(42,593)	(79,887)
Dividends	(15,763)	-	(15,763)
Dividends payable to non controlling shareholders	-	(4,559)	(4,559)
Movement in associate reserves	23,179	-	23,179
Adjustment arising on pre-acquisition reserves	-	(7,850)	(7,850)
Issue of shares by subsidiary to non-controlling shareholders	-	681	681
	(29,878)	(54,321)	(84,199)
<b>Balance at 31 December 2019</b>	<b>1,582,294</b>	<b>178,722</b>	<b>1,761,016</b>

## PROFILE

Based in Mauritius, Harel Mallac (the Group) employs some 815 people and operates in five countries in Africa and the Indian Ocean Region. It comprises four main segments of activities: *Equipment & Systems, Chemicals, Technology and Asset Management.*

## FINANCIAL PERFORMANCE

The Covid-19 pandemic with a lockdown of two months in 2020, closure of borders and the ensuing generalised economic slowdown had a negative impact on the Group's activities. Nevertheless, the Group acted swiftly to maintain an optimal customer service despite the uncertain and difficult economic situation.

The Group achieved a consolidated revenue from continuing operations of Rs 2.9 billion, representing a decrease of 11.1% over 2019 due to a decline in the activities of the *Manufacturing & Trading Cluster.*

Despite this drop in revenue and higher costs of sales due to higher freight costs and a depreciating Mauritian Rupee witnessed in 2020, aggressive cost-containment measures enabled the Group to minimise its losses with a Loss before Finance Costs of Rs 33 million, which is similar to the Loss before Finance Costs of Rs 35 million reported for 2019.

The *Manufacturing & Trading cluster*, which consists of the Equipment & Systems and Chemicals divisions, posted a lower profitability than 2019. The Equipment & Systems division experienced a slowdown in its rental activity, and a postponement of planned capital expenditures from its main customer-base. The division was also impacted by lower sales of consumer goods, mirroring the generalised contraction in consumer spending. The Chemicals division continued its reorganisation, as Suchem integrated the MCFI Group in August 2020, following the move of Cuchem and Bychemex in 2019. The ongoing stand-still since March 2020 in the Mauritius hospitality sector, lost revenues during the lockdown period and the erratic supply of goods due to the continuing disruptions in sea freight activities impacted the division's sales. On the back of the reorganisation already started in 2019 at the MCFI

These abridged financial statements, prepared in line with International Financial Reporting Standards and audited by Nexia Baker and Arenson, were authorised for issue by the Board of Directors on 30 April 2021.

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**  
**30 April 2021**

Group, an improvement in the operational performance of the Chemicals division has been noted even though lower revenues have been recorded.

The core activity of the *Business Services cluster* lies within its Technology division. Even though the technology division performed better than in 2019 in terms of revenue, it has been heavily impacted by a margin compression emanating from a stiffer than usual competition due to a significant drop in IT related projects available on the market.

The *Asset Management cluster*, which consists of the Group's investment in associates and property portfolio (in Hospitality, Energy and Engineering & Construction), was severely hit by the national lockdown, and the closure of the Mauritius borders. In 2020 a share of loss from associates of Rs 129 million has been recorded compared to a share of profit from associates of Rs 93 million in 2019. After reviewing its property portfolio in 2019, the Group proceeded with the sale of two non-core properties during the year.

Overall, the Group posted a Loss after Tax of Rs 337 million in 2020, compared to Rs 146 million for the preceding year.

## GROUP UPDATES

The Group divested from two companies in the last semester: Harel Mallac Global in August 2020 and Corexsolar International in February 2021. It carried forward its digital transformation program to modernise its processes and kickstarted an ambitious sustainability programme: the Planet Goals 2025.

## OUTLOOK

The Group, in the aftermath of the local economic downturn in 2020, started 2021 with some optimism. However, the second lockdown in March 2021 as well as the resurgence of the Covid-19 pandemic globally may delay further the reopening of our borders and have a direct impact on the expected rebound of the local economic activity in 2021.

## STATEMENTS OF FINANCIAL POSITION

	GROUP	
	30 September 2020	31 December 2019
	Rs'000	Rs'000
<b>ASSETS</b>		
Non-current assets	2,404,984	2,620,196
Current assets	1,578,504	1,720,496
<b>Total assets</b>	<b>3,983,488</b>	<b>4,340,692</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves</b>		
Owners' interest	1,353,196	1,582,294
Non controlling interests	153,634	178,722
<b>Total equity</b>	<b>1,506,830</b>	<b>1,761,016</b>
Non-current liabilities	773,096	767,941
Current liabilities	1,703,562	1,811,735
<b>Total equity and liabilities</b>	<b>3,983,488</b>	<b>4,340,692</b>
Net assets per share (Rs)	120.18	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 Sep 2020	Three months to 30 Sep 2019	Nine months to 30 Sep 2020	Nine months to 30 Sep 2019
	Rs'000	Rs'000	Rs'000	Rs'000
<b>Revenue</b>	<b>871,987</b>	<b>915,549</b>	<b>2,185,609</b>	<b>2,538,801</b>
<b>(Loss)/profit before finance costs</b>	<b>(16,795)</b>	<b>19,502</b>	<b>(92,712)</b>	<b>(19,377)</b>
Finance costs	(14,883)	(17,083)	(52,701)	(50,183)
Share of results of associates & joint ventures	(53,041)	24,443	(105,848)	71,282
<b>(Loss)/profit before tax and exceptional items</b>	<b>(84,719)</b>	<b>26,862</b>	<b>(251,261)</b>	<b>1,722</b>
Restructuring costs	-	(22,007)	-	(41,078)
Impairment of assets	-	(13,194)	-	(54,525)
<b>Loss before tax</b>	<b>(84,719)</b>	<b>(8,339)</b>	<b>(251,261)</b>	<b>(93,881)</b>
Income tax	(9,599)	(7,534)	(12,317)	(9,527)
<b>Loss for the period from continuing operations</b>	<b>(94,318)</b>	<b>(15,873)</b>	<b>(263,578)</b>	<b>(103,408)</b>
<b>Discontinued operations</b>				
Post tax profit/(loss) from discontinued operations	2,952	-	2,174	(6,744)
Loss on disposal of subsidiary	(4,818)	-	(4,818)	-
<b>Loss for the period</b>	<b>(96,184)</b>	<b>(15,873)</b>	<b>(266,222)</b>	<b>(110,152)</b>
Attributable to:				
Owners of the parent	(91,431)	(4,071)	(239,753)	(78,162)
Non controlling interests	(4,753)	(11,802)	(26,469)	(31,990)
Loss for the year	(96,184)	(15,873)	(266,222)	(110,152)
Other comprehensive profit/(loss) for the period net of tax	20,723	(6,195)	12,036	(14,228)
<b>Total comprehensive loss for the period</b>	<b>(75,461)</b>	<b>(22,068)</b>	<b>(254,186)</b>	<b>(124,380)</b>
<b>Other comprehensive income attributable to:</b>				
Owners of the parent	20,379	(6,406)	10,655	(13,680)
Non controlling interests	344	211	1,381	(548)
	20,723	(6,195)	12,036	(14,228)
Basic (loss)/earnings per share from continuing operations(Rs/cents)	(6.34)	(0.36)	(21.45)	(6.43)
Earnings/(loss) per share from discontinued operations(Rs/cents)	0.22	-	0.16	(0.51)

## STATEMENTS OF CHANGES IN EQUITY

GROUP	Owner of the parent	Non-controlling Interests	Total
	Rs'000	Rs'000	Rs'000
<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	(239,753)	(26,469)	(266,222)
Other comprehensive income	10,655	1,381	12,036
<b>Balance at 30 September 2020</b>	<b>1,353,196</b>	<b>153,634</b>	<b>1,506,830</b>
Balance at 1 January 2019	1,843,842	293,068	2,136,910
Effect of changes in accounting policies (IFRS 16)	(27,013)	-	(27,013)
	1,816,829	293,068	2,109,897
Loss for the period	(78,162)	(31,990)	(110,152)
Other comprehensive losses	(13,680)	(548)	(14,228)
Change in ownership interest in subsidiary that does not result in loss of control	(57,848)	(20,257)	(78,105)
<b>Balance at 30 September 2019</b>	<b>1,667,139</b>	<b>240,273</b>	<b>1,907,412</b>

## 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>Nine months ended 30 September 2020</b>					
Total segment revenues	91,394	548,013	1,750,019	-	2,389,426
Inter-segment revenues	(3,272)	(47,845)	(60,983)	(91,717)	(203,817)
<b>Revenues from external customers</b>	<b>88,122</b>	<b>500,168</b>	<b>1,689,036</b>	<b>(91,717)</b>	<b>2,185,609</b>
<b>Segment Profit/(loss)</b>	<b>5,117</b>	<b>(19,400)</b>	<b>(57,192)</b>	<b>(21,237)</b>	<b>(92,712)</b>
Share of results of associates & joint ventures	(105,848)	-	-	-	(105,848)
Finance costs	(26,465)	(4,093)	(39,660)	17,517	(52,701)
<b>Profit/(loss) before tax</b>	<b>(127,196)</b>	<b>(23,493)</b>	<b>(96,852)</b>	<b>(3,720)</b>	<b>(251,261)</b>
<b>Total assets</b>					
<b>30 September 2020</b>	<b>1,603,689</b>	<b>344,379</b>	<b>2,035,420</b>	<b>-</b>	<b>3,983,488</b>
31 December 2019	1,797,349	381,882	2,161,461	-	4,340,692
<b>Nine months ended 30 September 2019</b>					
Total segment revenues	200,109	484,195	2,229,074	-	2,913,378
Inter-segment revenues	(11,372)	(13,106)	(160,466)	(189,633)	(374,577)
<b>Revenues from external customers</b>	<b>188,737</b>	<b>471,089</b>	<b>2,068,608</b>	<b>(189,633)</b>	<b>2,538,801</b>
<b>Segment (loss)/profit</b>	<b>(4,329)</b>	<b>2,160</b>	<b>2,736</b>	<b>(19,944)</b>	<b>(19,377)</b>
Share of results of associates & joint ventures	71,282	-	-	-	71,282
Finance costs	(40,416)	(6,906)	(22,805)	19,944	(50,183)
Restructuring costs	-	-	(41,078)	-	(41,078)
Impairment of assets	-	-	(54,525)	-	(54,525)
<b>Profit/(loss) before tax</b>	<b>26,537</b>	<b>(4,746)</b>	<b>(115,672)</b>	<b>-</b>	<b>(93,881)</b>
<b>Total assets</b>					
<b>30 September 2019</b>	<b>1,891,818</b>	<b>336,489</b>	<b>1,980,405</b>	<b>-</b>	<b>4,208,712</b>
31 December 2018	1,874,866	436,335	2,321,091	-	4,632,292

## STATEMENTS OF CASH FLOWS

	GROUP	
	Nine months 30 Sep 2020	Nine months 30 Sep 2019
	Rs'000	Rs'000
<b>Operating activities</b>		
Net cash absorbed in operating activities	(148,709)	(165,244)
<b>Investing activities</b>		
Net cash absorbed in investing activities	(5,767)	(78,693)
<b>Financing activities</b>		
Net cash generated from/ (absorbed in) financing activities	92,410	(133,463)
Decrease in cash and cash equivalents	(62,066)	(377,400)
<b>Movement in cash and cash equivalents</b>		
At 1 January	(84,740)	98,479
Decrease	(62,066)	(377,400)
Effect of foreign exchange difference	(371)	(5,321)
<b>At 30 September</b>	<b>(147,177)</b>	<b>(284,242)</b>

## OUR GROUP AT A GLANCE

Harel Mallac operates in Mauritius and has a regional presence in five African countries with some 850 employees.

The Group operates in three segments:

**Manufacturing and Trading**

- Equipment & Systems Division (EO Solutions, Linxia, Novengi and Corexsolar)
- Chemicals Division (MCFI Group and Archemics)

**Business Services**

- Technology Division (Harel Mallac Technologies)
- Financial Services Division (Harel Mallac Corporate Service)
- Travel Division (Itineris)

**Asset Management**

Property, Associates and Corporate Services

**PERFORMANCE**

The Group remains impacted by the economic recession emanating from the Covid-19 pandemic and the closure of our borders. For the nine months under review, the Group achieved a consolidated revenue from continuing operations of Rs 2.1 billion, down by 14% from 2019.

The drop in demand in our traditional markets resulted in fierce competition having a direct impact on our overall gross profit margins. Despite important cost reduction measures across the Group, a Loss before Finance Costs of Rs 93 million was registered for the period, compared to a loss of Rs 19 million in prior year.

In the Manufacturing & Trading cluster, the core businesses of the Equipment & Systems division were significantly affected by the national lockdown in the second quarter, and suffered from a postponement of several planned capital expenditures from our customers in all market segments in the third quarter. This was, however, partly mitigated by the improved performance of the Chemicals division.

The Business Services cluster posted a notable improvement in the Technology division's revenue. However, margins have been compressed due to an increase in competition for fewer projects on the market.

Our Associate companies, which mainly operate in the hospitality and construction sectors, are heavily impacted by the ongoing economic turmoil. The share of results from our Associates and joint ventures worsened by Rs 177 million compared to 2019.

As a result of the above, for the nine months ended 30 September 2020, the Group posted a Loss after tax of Rs 266 million, compared to a loss of Rs 110 million in 2019.

**OUTLOOK**

The last quarter of the year is generally the most significant one for the Group. However, the lack of visibility caused by the continued economic contraction experienced by several sectors of the local economy coupled with the uncertainty on the duration and on-going spread of the Covid-19 pandemic globally 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.

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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**

**10 November 2020**

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**

STATEMENTS OF FINANCIAL POSITION

	GROUP	
	31 March 2020	31 December 2019
	Rs'000	Rs'000
<b>ASSETS</b>		
Non-current assets	2,562,700	2,620,196
Current assets	1,543,823	1,720,496
<b>Total assets</b>	<b>4,106,523</b>	<b>4,340,692</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves</b>		
Owners' interest	1,507,939	1,582,294
Non controlling interests	170,048	178,722
<b>Total equity</b>	<b>1,677,987</b>	<b>1,761,016</b>
<b>Non-current liabilities</b>	<b>777,237</b>	<b>767,941</b>
Current liabilities	1,651,299	1,811,735
<b>Total equity and liabilities</b>	<b>4,106,523</b>	<b>4,340,692</b>
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
<b>Loss before finance costs</b>	<b>(51,489)</b>	<b>(63,142)</b>
Finance costs	(20,970)	(15,625)
Share of results of associates & joint ventures	(23,985)	33,055
<b>Loss before tax</b>	<b>(96,444)</b>	<b>(45,712)</b>
Income tax	6,090	(711)
<b>Loss for the period</b>	<b>(90,354)</b>	<b>(46,423)</b>
<b>Attributable to:</b>		
Owners of the parent	(79,850)	(35,002)
Non controlling interests	(10,504)	(11,421)
<b>Loss for the period</b>	<b>(90,354)</b>	<b>(46,423)</b>
Other comprehensive income for the period net of tax	7,325	3,463
<b>Total comprehensive loss for the period</b>	<b>(83,029)</b>	<b>(42,960)</b>
<b>Other comprehensive income attributable to:</b>		
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

<b>Balance at 1 January 2020</b>	
Loss for the period	
Other comprehensive income for the period	
Total comprehensive loss for the period	
<b>Balance at 31 March 2020</b>	
<b>Balance at 1 January 2019</b>	
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	
<b>Balance at 31 March 2019</b>	

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
<b>Net decrease in cash and cash equivalents</b>	<b>(148,874)</b>
At 01 January	(84,740)
Effect of foreign exchange difference	(596)
<b>At 31 March</b>	<b>(234,210)</b>

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>Quarter ended 31 March 2020</b>					
Total segment revenues	33,601	187,141	545,323	-	766,065
Inter-segment revenues	(1,367)	(13,132)	(17,942)	(53,825)	(86,266)
<b>Revenues from external customers</b>	<b>32,234</b>	<b>174,009</b>	<b>527,381</b>	<b>(53,825)</b>	<b>679,799</b>
<b>Continuing operations</b>					
<b>Segment loss</b>	<b>(2,793)</b>	<b>(1,539)</b>	<b>(42,016)</b>	<b>(5,141)</b>	<b>(51,489)</b>
Share of results of associates & joint ventures	(23,985)	-	-	-	(23,985)
Finance costs	(12,325)	(1,814)	(13,862)	7,031	(20,970)
<b>(Loss)/profit before tax</b>	<b>(39,103)</b>	<b>(3,353)</b>	<b>(55,878)</b>	<b>1,890</b>	<b>(96,444)</b>
<b>Total assets</b>					
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
<b>Quarter ended 31 March 2019</b>					
Total segment revenues	36,301	148,691	712,844	-	897,836
Inter-segment revenues	(1,434)	(11,591)	(66,308)	(32,900)	(112,233)
<b>Revenues from external customers</b>	<b>34,867</b>	<b>137,100</b>	<b>646,536</b>	<b>(32,900)</b>	<b>785,603</b>
<b>Continuing operations</b>					
<b>Segment (loss)/profit</b>	<b>(4,741)</b>	<b>(11,482)</b>	<b>(39,245)</b>	<b>(7,674)</b>	<b>(63,142)</b>
Share of results of associates & joint ventures	33,055	-	-	-	33,055
Finance costs	(14,646)	(2,250)	(6,403)	7,674	(15,625)
<b>Profit/(loss) before tax</b>	<b>13,668</b>	<b>(13,732)</b>	<b>(45,648)</b>	<b>-</b>	<b>(45,712)</b>
<b>Total assets</b>					
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
<b>1,582,294</b>	<b>178,722</b>	<b>1,761,016</b>	
(79,850)	(10,504)	(90,354)	
5,495	1,830	7,325	
(74,355)	(8,674)	(83,029)	
<b>1,507,939</b>	<b>170,048</b>	<b>1,677,987</b>	
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)	
<b>1,786,078</b>	<b>281,669</b>	<b>2,067,747</b>	

	GROUP	
	Quarter to 31 March 2020	Quarter to 31 March 2019
	Rs'000	Rs'000
<b>(11,800)</b>	<b>(7,310)</b>	<b>(104,507)</b>
(123,617)	98,479	501
(24,637)		

PROFILE

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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.

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By order of the Board  
HM Secretaries Ltd  
Company Secretary  
30 June 2020