

STATEMENTS OF FINANCIAL POSITION

	GROUP	
	30 June 2018	31 December 2017
	Rs'000	Rs'000
ASSETS		
Non-current assets	2,418,339	2,432,345
Current assets	1,991,897	2,194,344
Total Assets	4,410,236	4,626,689
EQUITY AND LIABILITIES		
Capital and reserves		
Owners' interest	1,768,066	1,773,582
Non controlling interests	300,366	296,680
Total Equity	2,068,432	2,070,262
Non-current liabilities	609,340	639,360
Current liabilities	1,732,464	1,917,067
Total Equity and Liabilities	4,410,236	4,626,689
Net assets per share(Rs)	157.03	157.52
Number of ordinary shares	11,259,388	11,259,388

STATEMENTS OF PROFIT OR LOSS

	GROUP			
	Three months to 30 June 2018	Three months to 30 June 2017	Six months to 30 June 2018	Six months to 30 June 2017
	Rs'000	Rs'000	Rs'000	Rs'000
Revenue	1,068,892	888,693	1,949,399	1,723,311
Profit/(loss) before finance costs	423	21,212	(9,309)	1,470
Finance costs	(15,996)	(15,668)	(30,464)	(30,751)
Loss on disposal of subsidiary	(375)	-	(375)	-
Share of results of associates & joint ventures	33,088	23,474	59,068	50,748
Profit before tax	17,140	29,018	18,920	21,467
Income tax	(9,270)	(6,136)	(10,667)	(7,962)
Profit for the period from continuing operations	7,870	22,882	8,253	13,505
Discontinued operations				
Post tax loss from discontinued operations	(809)	(26,635)	(1,923)	(50,586)
	7,061	(3,753)	6,330	(37,081)
Attributable to:				
Owners of the parent	5,299	428	10,435	(30,033)
Non controlling interests	1,762	(4,181)	(4,105)	(7,048)
Profit/(loss) for the year	7,061	(3,753)	6,330	(37,081)
Basic earnings per share from continuing operations(Rs/cents)	0.54	2.19	1.10	1.44
Loss per share from discontinued operations (Rs/cents)	(0.07)	(2.15)	(0.17)	(4.11)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Profit/(loss) for the period	7,061	(3,753)	6,330	(37,081)
Other comprehensive (loss)/income for the period net of tax	(7,527)	5,195	(15,600)	7,419
Total comprehensive income/(loss) for the period	(466)	1,442	(9,270)	(29,662)
Other comprehensive income/(loss) attributable to:				
Owners of the parent	(1,506)	1,516	(11,934)	3,164
Non controlling interests	(6,021)	3,679	(3,666)	4,255
	(7,527)	5,195	(15,600)	7,419

Profile
Based in Mauritius, Harel Mallac (the Group) operates in six countries in Africa and the Indian Ocean, and employs some 1,200 people. It comprises three distinct clusters of operations: Manufacturing & Trading, Business Services and Asset Management.

Performance
Group revenue from continuing operations for the first half of 2018 increased to Rs 1.9 billion, up by 13% compared to last year, driven by both the Manufacturing & Trading and Business Services clusters.

This increase in revenue did not translate into an improved profitability, as the Group posted Losses before finance costs of Rs 9.3 million for the semester. This results from a one-off drop in the operational margins of the Chemical, Fertilisers & Hygiene and the Technology divisions in the second quarter. Finance costs for the Group are in line with prior year.

The share of results from our associates and joint ventures for the first semester increased by Rs 8 million, compared to the same period in 2017, on the back of better results from our associates in the construction and hospitality sectors.

The disposal of Compagnie des Magasins Populaires Limitée (CMPL) has impacted the Group results positively for the first semester, as losses from CMPL have dropped out.

The Group ended the first half of 2018 with a profit after tax of Rs 6.3 million, compared to a loss of Rs 37 million in the same period of 2017.

Group Updates
Harel Mallac pursues its consolidation with the acquisition of Corexsolar International, a regional leader in photovoltaic solutions.

The leadership team was reinforced with the arrival in July 2018 of a Chief Operations Officer, Mr. Patrice Marie, for the Chemical, Fertilisers and Hygiene Division, and two new Directors on the Board, namely Mr. Christian Bégoune de Juniac and Mr. Daniel Giraud.

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 2017.

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.

STATEMENTS OF CHANGES IN EQUITY

	Share Capital	Actuarial losses	Revaluation, Fair value and other Reserves	Retained Earnings	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
	GROUP				
Balance at 1 January 2018	112,594	(95,336)	455,617	1,300,707	1,773,582
Profit for the period	-	-	-	10,435	10,435
Other comprehensive income	-	-	(11,934)	-	(11,934)
Change in ownership interest in subsidiary that does not result in loss of control	-	-	-	(4,017)	(4,017)
Balance at 30 June 2018	112,594	(95,336)	443,683	1,307,125	1,768,066
Balance at 1 January 2017	112,594	(80,727)	566,327	1,113,789	1,711,983
Loss for the period	-	-	-	(30,033)	(30,033)
Other comprehensive income	-	-	3,164	-	3,164
Balance at 30 June 2017	112,594	(80,727)	569,491	1,083,756	1,685,114

STATEMENTS OF CASH FLOWS

	GROUP	
	Six months to 30 June 2018	Six months to 30 June 2017
	Rs'000	Rs'000
Operating activities		
Net cash absorbed in operating activities from continuing operations	(137,782)	(125,074)
Net cash generated from operating activities from discontinued operations	2,115	4,864
Investing activities		
Net cash generated from/(absorbed in) investing activities from continuing operations	39,182	(3,354)
Net cash absorbed in investing activities from discontinued operations	-	(5,048)
Financing activities		
Net cash generated from/(absorbed in) financing activities from continuing operations	4,626	(125,103)
Net cash absorbed in financing activities from discontinued operations	-	(953)
Decrease in cash and cash equivalents	(91,859)	(254,668)
Movement in cash and cash equivalents		
At 1 January	54,574	36,438
Decrease	(91,859)	(254,668)
Effect of foreign exchange difference	(3,011)	-
At 30 June	(40,296)	(218,230)

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
Six months ended 30 June 2018					
Total segment revenues	115,843	406,491	1,686,822	-	2,209,156
Inter-segment revenues	(110,441)	(34,900)	(114,416)	-	(259,757)
Revenues from external customers	5,402	371,591	1,572,406	-	1,949,399
Segment (loss)/profit	(14,315)	87	19,230	(14,311)	(9,309)
Loss on disposal of subsidiary	(375)	-	-	-	(375)
Share of results of associates & joint ventures	59,068	-	-	-	59,068
Finance costs	(28,165)	(4,125)	(12,485)	14,311	(30,464)
Profit/(loss) before tax	16,213	(4,038)	6,745	-	18,920
Total assets					
30 June 2018	1,873,396	425,829	2,111,011	-	4,410,236
31 December 2017	1,853,697	389,793	2,383,199	-	4,626,689
Six months ended 30 June 2017					
Total segment revenues	87,680	376,660	1,506,383	-	1,970,723
Inter-segment revenues	(82,183)	(17,869)	(147,360)	-	(247,412)
Revenues from external customers	5,497	358,791	1,359,023	-	1,723,311
Segment profit/(loss)	(22,848)	6,125	37,809	(19,616)	1,470
Share of results of associates & joint ventures	50,748	-	-	-	50,748
Finance costs	(36,080)	(2,736)	(11,551)	19,616	(30,751)
(Loss)/profit before tax	(8,180)	3,389	26,258	-	21,467
Total assets					
30 June 2017	1,764,513	343,893	2,403,875	-	4,512,281
31 December 2016	1,844,542	340,010	2,542,862	-	4,727,414

By order of the Board
HM Secretaries Ltd
Company Secretary
10 August 2018

STATEMENTS OF FINANCIAL POSITION

	GROUP	
	31 March 2018	31 December 2017
	Rs'000	Rs'000
ASSETS		
Non-current assets	2,450,015	2,432,345
Current assets	1,926,071	2,194,344
Total assets	4,376,086	4,626,689
EQUITY AND LIABILITIES		
Capital and reserves		
Owners' interest	1,768,290	1,773,582
Non controlling interests	293,168	296,680
Total equity	2,061,458	2,070,262
Non-current liabilities	634,989	639,360
Current liabilities	1,679,639	1,917,067
Total equity and liabilities	4,376,086	4,626,689
Net assets per share(Rs)	157.05	157.52
Number of ordinary shares	11,259,388	11,259,388

STATEMENTS OF PROFIT OR LOSS

	GROUP	
	Quarter to 31 March 2018	Quarter to 31 March 2017
	Rs'000	Rs'000
Revenue	880,507	834,618
Loss before finance costs	(9,732)	(19,742)
Finance costs	(14,468)	(15,083)
Share of result of associates	25,980	27,274
Profit/(loss) before tax	1,780	(7,551)
Income tax	(1,397)	(1,826)
Profit/(loss) for the period from continuing operations	383	(9,377)
Discontinued operations		
Post tax loss from discontinued operations	(1,114)	(23,951)
	(731)	(33,328)
Attributable to:		
Owners of the parent	5,136	(30,461)
Non controlling interests	(5,867)	(2,867)
	(731)	(33,328)
Earnings/(loss) per share from continuing operations(Rs)	0.56	(0.75)
Loss per share from discontinued operations(Rs)	(0.10)	(1.96)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	31 March 2018	31 December 2017
Loss for the period	(731)	(33,328)
Other comprehensive income for the period net of tax	(8,073)	2,224
Total comprehensive income for the period	(8,804)	(31,104)
Other comprehensive income attributable to:		
Owners of the parent	(10,428)	1,648
Non controlling interests	2,355	576
	(8,073)	2,224

Profile

Based in Mauritius, Harel Mallac (the Group) operates in six countries in Africa and the Indian Ocean, and employs some 1,100 people. It comprises three distinct clusters of operations: Manufacturing & Trading, Business Services and Asset Management.

Performance

Group revenue from continuing operations for the first quarter increased to Rs 881 million, up by 5% compared to last year, driven mainly by the Chemicals & Hygiene and Technology Integration Services sub-divisions.

Group Loss before Finance costs was reduced to Rs 10 million for the quarter under review, compared to the corresponding period last year, with the major contributor to this improvement being the Technology division. Finance costs for the Group are lower than last year by 4%.

The share of results from our associates and joint ventures for the quarter ended 31 March 2018 decreased by Rs 1.3 million compared to the first quarter of 2017. Our investments in the hospitality sector continued to perform well, delivering better results than prior year.

Post-tax losses from discontinued operations have reduced by Rs 22.8 million to a loss of only Rs1.1 million, with the significant losses of our retail division of Rs 21.8 million in the first quarter of 2017, dropping out following disposal of Compagnie des Magasins Populaires Limitée (CMPL).

The Group ended the first quarter of 2018 with a loss after tax of Rs 0.7 million, compared to a loss of Rs 33.3 million in the first quarter of 2017.

Outlook

Although prevailing economic conditions remain challenging, management is confident that both the re-engineering of its traditional trading activities and the expansion of its Business Services cluster are on right track for the remaining period of 2018 and beyond.

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 2017, 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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STATEMENTS OF CHANGES IN EQUITY

	Share Capital	Actuarial losses	Revaluation, Fair value and other	Retained Earnings	Total
			Reserves		
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
GROUP					
Balance at 1 January 2018	112,594	(95,336)	455,617	1,300,707	1,773,582
Profit for the period	-	-	-	5,136	5,136
Other comprehensive income	-	-	(6,411)	-	(6,411)
Change in ownership interest in subsidiary that does not result in loss of control	-	-	-	(4,017)	(4,017)
Balance at 31 March 2018	112,594	(95,336)	449,206	1,301,826	1,768,290
Balance at 1 January 2017	112,594	(80,727)	566,327	1,113,789	1,711,983
Loss for the period	-	-	-	(30,461)	(30,461)
Other comprehensive income	-	-	1,648	-	1,648
Balance at 31 March 2017	112,594	(80,727)	567,975	1,083,328	1,683,170

STATEMENTS OF CASH FLOWS

	GROUP	
	Quarter to 31 March 2018	Quarter to 31 March 2017
	Rs'000	Rs'000
Operating activities		
-Net cash absorbed in operating activities from continuing operations	(99,423)	(1,630)
-Net cash absorbed in operating activities from discontinued operations	(1,047)	(2,375)
Investing activities		
-Net cash absorbed in investing activities from continuing operations	(3,704)	(2,007)
-Net cash absorbed in investing activities from discontinued operations	-	(9,051)
Financing activities		
-Net cash absorbed in financing activities from continuing operations	(12,104)	(50,201)
-Net cash generated from financing activities from discontinued operations	-	3,217
Decrease in cash and cash equivalents	(116,278)	(62,047)
Movement in cash and cash equivalents		
At 1 January	54,574	36,438
Decrease	(116,278)	(62,047)
Effect of foreign exchange difference	(10,561)	(1,075)
At 31 March	(72,265)	(26,684)

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 2018					
Total segment revenues	29,393	188,417	736,299	-	954,109
Inter-segment revenues	-	(1,497)	(28,513)	(43,592)	(73,602)
Revenues from external customers	29,393	186,920	707,786	(43,592)	880,507
Continuing operations					
Segment (loss)/profit	(1,507)	(1,824)	886	(7,287)	(9,732)
Share of profit of associates	25,980	-	-	-	25,980
Finance costs	(14,472)	(1,287)	(5,996)	7,287	(14,468)
Profit/(loss) before tax	10,001	(3,111)	(5,110)	-	1,780
Total assets					
31 March 2018	1,900,525	447,999	2,027,562	-	4,376,086
31 December 2017	1,853,697	389,793	2,383,199	-	4,626,689

Quarter ended 31 March 2017

Total segment revenues	33,470	167,487	741,246	-	942,203
Inter-segment revenues	-	(5,128)	(57,981)	(44,476)	(107,585)
Revenues from external customers	33,470	162,359	683,265	(44,476)	834,618

Continuing operations

Segment (loss)/profit	(1,774)	(9,277)	1,364	(10,055)	(19,742)
Share of profit of associates	27,274	-	-	-	27,274
Finance costs	(18,309)	(1,031)	(5,798)	10,055	(15,083)
Profit/(loss) before tax	7,191	(10,308)	(4,434)	-	(7,551)

Total assets

31 March 2017	1,811,825	287,646	2,355,872	-	4,455,343
31 December 2016	1,844,542	340,010	2,542,862	-	4,727,414

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
15 May 2018