harel mallac
for the better

INTEGRATED ANNUAL REPORT 2019

Dear Shareholder,

The Board of Directors of Harel Mallac & Co. Ltd is pleased to present its Integrated Annual Report for the year ended 31 December 2019, the contents of which are listed on pages 2 and 3.This report was approved by the Board of Directors on 6 July 2020.

ANTOINE L. HAREL
Chairman

CHARLES HAREL
Chief Executive Officer

Corporate information

REGISTERED OFFICE
18, Edith Cavell Street
Port Louis

WEBSITE
harelmallac.com

BUSINESS REGISTRATION NUMBER
C07000952

SECRETARY
HM Secretaries Ltd
18, Edith Cavell Street
Port Louis

AUDITORS
BDO & Co

BANKERS
ABC Banking Corporation Ltd
Absa Bank Mauritius Ltd
The Mauritius Commercial Bank Limited
State Bank of Mauritius Ltd

REGISTRY
Harel Mallac Corporate Services Ltd
18, Edith Cavell Street
Port Louis

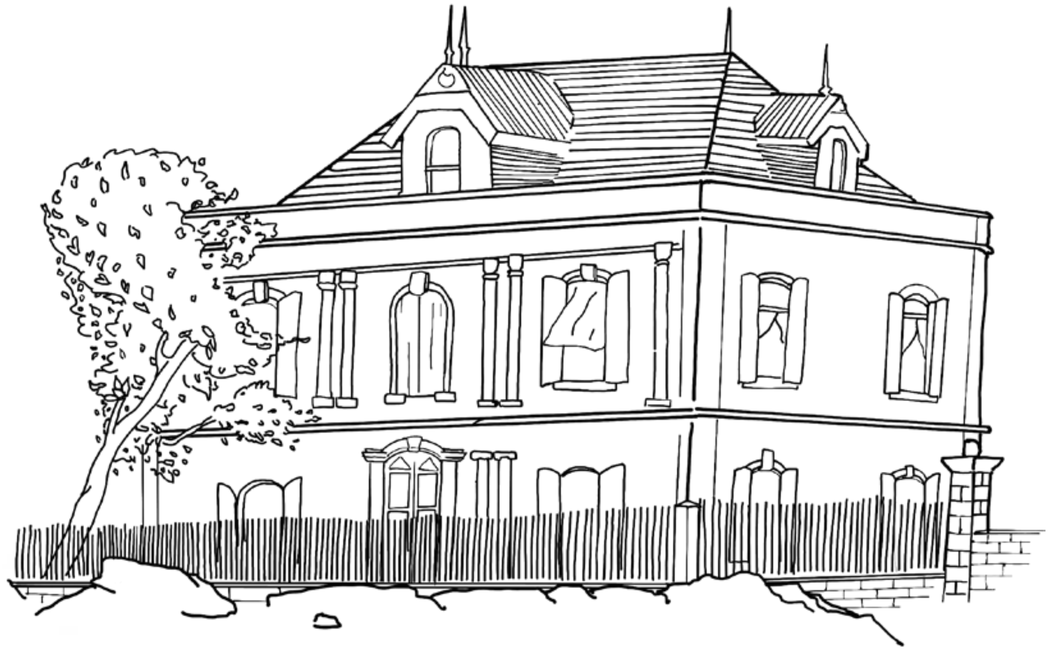
About This Report

OUR JOURNEY TOWARDS INTEGRATED REPORTING

In this second Integrated Annual Report, we are giving our stakeholders an updated description of our financial, environmental, social and governance (ESG) performance for the year 2019. For the third year, we monitored and reported on the ESG indicators that matter the most to our lines of business. Categorised along Harel Mallac's Planet Goals 2025 these indicators are detailed in Annex 2 (Materiality and Correspondence to the Sustainable Development Goals- SDGs). Our report also aligns with the SDGs, which – we believe - bring value to the society.

FEEDBACK

On our journey to sustainability, we value the expectations and opinions of our stakeholders to improve our reporting processes and cover what matters to them. We therefore welcome remarks and suggestions on this Report to communication@harelmallac.com.



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Chairman's Message

Dear Shareholder,

On behalf of the Board, I am pleased to present Harel Mallac's integrated annual report for the financial year ended 31 December 2019.

Despite progressing on its business transformation, the Group underwent a challenging year, with a disappointing financial performance both on the top line, with a decline in revenues (from Rs 4.3bn in 2018 to Rs 3.6bn) and bottom line, as Profit after Tax (PAT) swung from a Rs 67m profit in 2018 to a loss of Rs 146m.
This only emphasizes the urgency for accelerating our transformation, especially in our Chemicals division, where a perfect storm of adverse market conditions in our overseas markets (especially in Zambia) combined with the one-off costs of restructuring the domestic businesses to generate a loss after tax of Rs 231m on MCFI alone, arose.

STRATEGIC CONTEXT

The 2019 economic environment for Mauritius remained relatively benign at 3.6% growth (down 20 basis points from the preceding year), with the major sectors served by Harel Mallac seeing:

- a return to growth in agriculture (by 4%) after two consecutive years of contraction,
- construction, benefiting from public sector investments in particular, up to 9% (2018: 10%),
- the textile industry contracting by 3%,
- wholesale and retail trade registering growth of 3% after 4% in 2018,
- continued momentum in the Information and Communication Technology (ICT) sector registering growth of 6% and thus unchanged from the previous year,
- a marked slowdown in the tourism sector (to a less than 1% growth).

STRATEGIC CONTEXT (cont'd)

The conglomerate nature of the Group provided some diversification benefits in shielding the bottom line, but our priority clearly remains to strengthen our core activities in Mauritius, which would provide the *sine qua non* stability required to sustain the inherent volatility of pursuing growth outside our home market.

This is even more critical in the current uncertainty surrounding the recent inclusion of Mauritius as a high-risk jurisdiction by the European Commission, which - we hope - will be reviewed, as well as the Covid-19 pandemic which has disrupted normal economic activity. Achieving customer service excellence and higher productivity in our segments will ensure that our Group comes out of the crisis able to deliver on its purpose. To Make a Difference for the Better.

FINANCIAL PERFORMANCE

The financial performance of our Group, with losses at the operational level (PBFC), reflects the challenges faced by the Group's subsidiaries and associates:

- All our divisions suffered from declining turnover, with the Chemicals division in particular seeing a Rs 0.5bn shortfall compared to prior year.
- The Equipment & Systems division managed to report a PBFC of Rs 92m (2018: Rs 91m) and Technologies division reduced its losses at Rs 4m (2018: Rs 14m) but all the other divisions were loss-making at an operational level, leading to a consolidated PBFC loss of Rs 3m (2018: PBFC of Rs 118m).
- As our investments in Tourism & Hospitality associates mature and operational issues were identified in our Energy holdings, the contribution of the Asset Management profits experienced a fall from Rs 148m in 2018 to Rs 112m in the current year.

In view of the Company's performance and in line with the Company's dividend policy, the Board reduced the dividend pay-out to Rs 1.40 for the year ended 31 December 2019 (2018: Rs 1.80). Our share price was at Rs 88.00 at the end of the financial year – a decrease of 14% (SEMDEX decline of 2%) compared to the previous year and giving a dividend yield of 1.6% as of 31 December 2019.

CORPORATE SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

Mauritian decision-makers are becoming increasingly aware of the climate crisis and the ever-increasing effects it is having on both our island and lifestyles. As a responsible business, Harel Mallac is joining forces with the authorities, the business community and civil society to mitigate its progress. In December 2019, we selected 13 Planet Goals to reach by 2025.

Meanwhile, the Fondation Harel Mallac continued its support to social integration initiatives, with a focus on the Port-Louis youth. We supported the Port-Louis Sailors' Rugby Club, the studies of Emmanuel Clair, a young talented photographer, as well as the work of Reef Conservation Mauritius and Flamboyant Education Centre, among others.

ACKNOWLEDGEMENTS

On behalf of my fellow directors, I would like to express my sincere appreciation to our customers, suppliers and shareholders for their continued trust in Harel Mallac.

I am also grateful to our directors for their invaluable advice and wish to thank the CEO, his senior management and the staff for their dedication and professionalism during a challenging year. Their collaboration is key to our progress towards a sustainable future.

ANTOINE L. HAREL
Chairman

Interview with the CEO

1. What is your take on the 2019 results?

Harel Mallac did not perform at the level expected in 2019, which is, of course, a cause for concern and could even be alarming if not analysed by business segments, as we have done in the business review section of our integrated annual report.
Our traditional markets, both locally and overseas, struggled during the year under review, which, by ripple effect, affected the Group. This trend accentuated in the second semester of 2019 – which is usually our strongest one.
The above decline highlights crucial challenges that remain to be overcome, in order to set our Group right. What comforts me, though, is that the measures recently taken across Harel Mallac are on the right track: among them are the acquisition of Corexsolar International (in 2018), further reorganisation of our technology-related businesses - to be more focused on market trends - and the current reorganisation of our Chemicals division, underpinned by the acquisition of 100% of the shares of Chemco and Bychemex. The latter will yield synergies with regard to cross-market consumers, products and competencies of the subsidiaries and will establish a solid core Mauritius business, as the base from which to grow further internationally. This will also make MCFI, as a group, much more resilient and no longer exclusively dependent on the agroindustry sector.

2. What were the highlights of the year?

As mentioned above, we successfully completed the first phase of our Chemicals division reorganisation. It was a long process due to legal and regulatory constraints, but adhesion thereto will assuredly bring value to MCFI in the medium to long term.
Corexsolar International delivered its first Mauritian solar farm in Henrietta (for the CEB) in May 2019 and completed its first "own" farm in January 2020 (5MW at Petite Riviere), controlled jointly with a joint venture partner.
Linxia added the Candy home-appliances brand to its portfolio, bringing price-competitive and IoT-enabled equipment to Mauritian households. It also made a daring move in extending the wholly owned Myros brand to new consumer electronics: the Myros E70 Ultra smartphone!
After the Digitalisation of the National Assembly in 2017, Harel Mallac Technologies teamed up with an international partner for yet another flagship project in the Government's Digital Mauritius Roadmap: the National e-Licensing Platform for the Economic Development Board which went live in March 2019.
We also recruited two key people to take Novengi and MCFI to new heights: Yannick Applasamy and Yanis Fayd'herbe. I am confident that our renewed leadership team (with better generation and gender balances) is aligned and driven to carry forward our transformation journey.

3. Where does the group stand on this transformation journey?

Our focus is clearly set on extracting clear operational synergies to strengthen our expertise in the local market, through value-added services. Customer satisfaction also remains at the core of all our business decisions. We have hence started to roll out Athena, our digital transformation programme, which is two-fold: adopt the Design Thinking approach, with increased insight into our customers' needs and objectives enabling us to pre-empt these, while modernising our processes and IT tools. The ERP upgrade we have successfully rolled out in half of our business units so far is just the starting point.

4. After two years of reporting on its environmental, social and governance (ESG) performance, Harel Mallac recently published its goals for the planet for 2025. Could you tell us more about them?

We are very conscious that business has a leading role to play in providing a solution to climate change. We have joined this fight and taken ambitious objectives for 2025 on the themes of waste, diversity, energy, water and ethical trade. Our 13 Planet Goals were discussed within the business units and integrated into all our business strategies. We will report our progress to the Board of Directors on a regular basis. This consideration for our planet, people and consumers is even more essential now that our economy experiences an unprecedented crisis that will reshape it to its core.

5. What are the biggest challenges faced by the Group at this stage?

Had you asked me this question early January, my answers would have been very different and more definite. The Covid-19 pandemic and the lockdown that followed have brought unprecedented volatility and uncertainty in all the market segments served by our businesses. Our associates are not spared either by the crisis, especially those operating in the tourism sector.
Notwithstanding the current recession, Harel Mallac operates in industries that were already undergoing significant structural changes such as the phasing-out of intermediaries in trading, the delocalisation of manufacturing plants and the ever-increasing complexity in services industries. We must keep our eye on the ball when it comes to managing these changes ingeniously and, above all, efficiently.
The challenge for Harel Mallac is therefore to build on its leading positions, experience and in-depth market knowledge in order to accompany, if not anticipate, its customers' needs in its traditional activities, so that it can keep growing a profitable business.

6. Some key take-outs on how you foresee the upcoming two or three years?

It would be presumptuous, particularly in the present context, to make any forecast, seeing how the world has been turned upside down within weeks. That being said, I believe that the current crisis is accelerating the use of technology throughout our operations and encouraging a significant shift online. It is also redefining our customer relationships, with a focus on our end-consumers' preoccupations, especially the adoption of more ecological lifestyles and growing move towards ecofriendly solutions. I can imagine, as I put forward earlier, that this can happen at a faster pace for those businesses that seize opportunities to rethink themselves, enhance their reactivity, proactivity and adaptability. As such just doing things the same old way does not work anymore. Forward-thinking and responsive solution-providing are more than ever of the essence at the start of this third decade of the third millennium.

CHARLES HAREL
Chief Executive Officer

Our Group
At A Glance

05 divisions

23 companies

891 employees

ranked **31st** in the Top 100 Companies 2019

International Presence

Mauritius, Madagascar, Burundi, Rwanda, Tanzania and Zambia

Our Group
Structure

Manufacturing and Trading

EQUIPMENT & SYSTEMS

NOVENGI
eo
corexsolar
Linxia

CHEMICALS

COOLKOTE
CHEMCO
MCFI
SUCHEM
ARCHEMICS
BYCHEMEX

Business Services

TECHNOLOGY

harel mallac technologies

FINANCIAL SERVICES

harel mallac corporate services

harel mallac global

TRAVEL

harel mallac aviation

ITINERIS Your travel designer

Asset Management

PROPERTY

Société Sicarex
Harel Mallac & Co. Ltd
Société Gare du Nord

ASSOCIATES

Attitude Hospitality Management Ltd
Emineo Holding Limited
Maritim (Mauritius) Limited
Total Mauritius Limited
Touristic United Enterprise Ltd
Rehm Grinaker Construction Co Ltd
Water Sport Village Limited
Zilwa Resort Ltd
Biofert Co. Ltd
Société Oneo

Group Overview
At 31 December 2019

MANUFACTURING AND TRADING

EQUIPMENT AND SYSTEMS	% Holding	
EO Solutions Ltd	100.00	•
Harel Mallac Trading Ltd	100.00	
Corexsolar International SAS	51.00	•
Corexsolar International (Mauritius) Ltd	51.00	•
Techniques Solaires	51.00	•
Dori Energie SAS	40.00	•
Linxia Ltd	100.00	•
Novengi Ltd	100.00	•
Harel Mallac Distribution SARL**	100.00	
Harel Mallac Healthcare Ltd**	100.00	•

CHEMICALS	% Holding	
Archemics Ltd	100.00	
Bychemex Limited	70.41	•
Chemco Limited	70.41	•
Coolkote Ltd	70.41	•
MCFI Export Ltd	70.41	•
MCFI International (Tanzania) Limited	70.41	•
Logima Reunion SAS	70.41	•
MCFI (Freeport) Ltd*	70.41	•
MCFI International & Co Ltd	70.41	•
MCFI International (Zambia) Pty	70.41	•
Suchem Ltd	100.00	
The Mauritius Chemical and Fertilizer Industry Limited	70.41	

BUSINESS SERVICES

TECHNOLOGY	% Holding	
Harel Mallac Technologies Ltd	100.00	
Harel Mallac Technologies Burundi SA	100.00	•
Harel Mallac Technologies Madagascar	100.00	•
Harel Mallac Technologies Rwanda Ltd	100.00	•
Activeline Ltd	100.00	•

FINANCIAL SERVICES	% Holding	
Harel Mallac Corporate Services Ltd	100.00	
Harel Mallac Global Ltd	85.00	
Harel Mallac Advisory Ltd	100.00	

TRAVEL	% Holding	
Harel Mallac Aviation Ltd	100.00	•
Itineris Ltd	100.00	

• Includes indirect holdings

** Discontinued operations

* Removed from the Register (as defined by the Companies Act 2001)

ASSET MANAGEMENT

PROPERTY	% Holding
Harel Mallac International Ltd	100.00
Société Sicarex	100.00
Société Gare du Nord	100.00

ASSOCIATES & JOINT VENTURES

HELD BY HOLDING COMPANY	% Holding
Attitude Hospitality Management Ltd	20.00
Emineo Holding Limited	25.00
Maritim (Mauritius) Ltd	22.86
Solar Field Ltd	51.00
Societe Oneo	25.00
Total Mauritius Limited	20.00
Touristic United Enterprise Ltd	22.50
Water Sport Village Limited	24.50
Zilwa Resort Ltd	24.00

HELD BY GROUP	% Holding
SPV Corexsolar Djema 2 SAS	24.9
SPV Corexsolar Djema 3 SAS	24.9
Biofert Co. Ltd	23.47
Rehm Grinaker Construction Co Ltd	15.14
SPV Petite Riviere Ltd	26.01

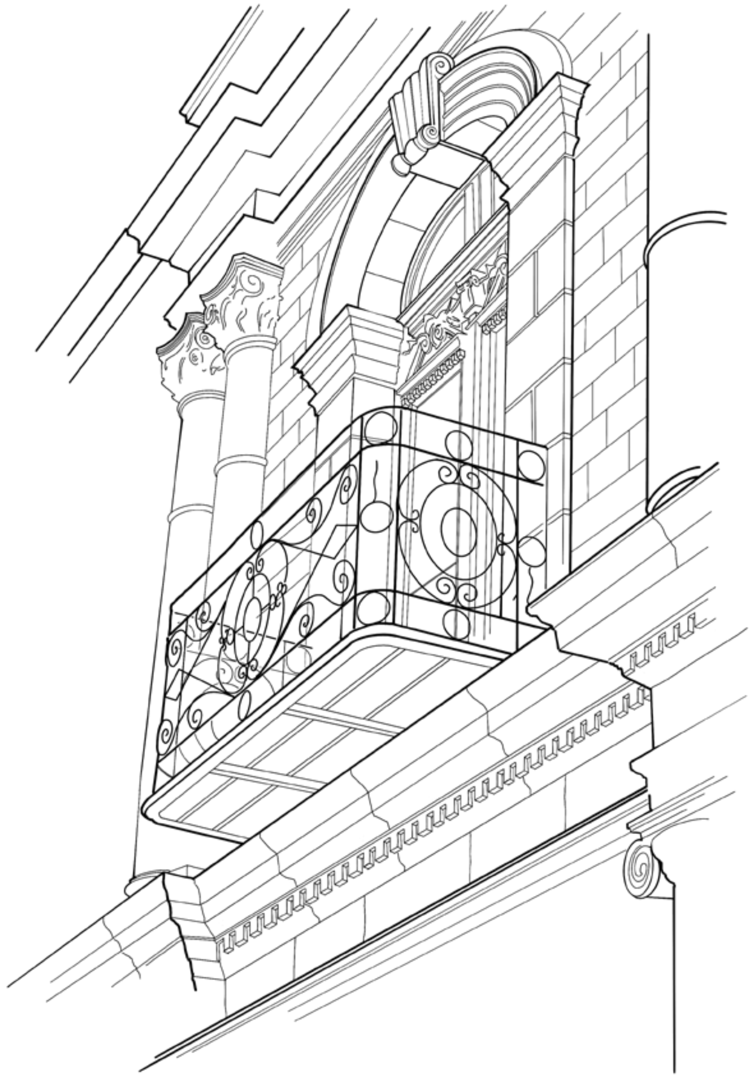
Purpose, Commitments And Guiding Principles

OUR PURPOSE

Make a Difference for the Better

OUR COMMITMENTS

- For the better of our PEOPLE, we make it our business to unlock their potential by stimulating individual initiatives and promoting entrepreneurial spirit within the Group.
- For the better of our PERFORMANCE, we make it our business to do the right thing, with commitment and passion to achieve sustainable economic growth.
- For the better of our CONSUMERS, we make it our business to understand their needs and source the very best products, brands and solutions to make a difference in their operations and lives.
- For the better of our PLANET, we make it our business to improve quality of life and care for the world in which we live and evolve. Together, we tackle today's issues to build a better tomorrow.



OUR GUIDING PRINCIPLES

BECAUSE BETTER BEGINS WITH **EACH OF US,**

our commitment is fuelled by fundamental guiding principles that define how we do business. They guide our actions and behaviour. They influence the way we work with each other and the way we serve our various stakeholders.

AGILITY AND DETERMINATION IN ACHIEVING

Our agility enables us to seize and create the opportunity. We believe in the power of ambition and it is only by taking determined initiatives and by moving quickly that we can serve our clients with excellence, generate sustainable value for our people and our shareholders, and contribute to our broader community.

CARE AND ENGAGEMENT IN WHAT WE DO

We believe that one has to care for what they do to do it well, fuelled by the passion and enthusiasm that is put in every action undertaken. We operate in a spirit of cooperation and respect, by embracing each individual's talents and we commit to creating a forward-thinking environment driven by how we are engaged in improving what we leave behind.

TRUST AND RESPONSIBILITY IN OUR RELATIONSHIPS

We lead by example and take ownership of our individual responsibility. This means doing the right thing at all times and conducting our business with the highest standards of professional behaviour and ethics, by being transparent and honest in all our interactions with employees, consumers, partners and the public at large.

Board of Directors


ANTOINE L. HAREL


CHARLES HAREL


DEAN AH CHUEN


PASCAL BORIS C.B.E.


PAUL CLARENC


CHRISTIAN DE JUNIAC


JEROME DE CHASTEAUNEUF


ANNE CHRISTINE LÉVIGNE-FLETCHER C.S.K.


DANIEL GIRAUD G.O.S.K


ANWAR MOOLLAN S.C.

ANTOINE L. HAREL (62)
Chairman - Non-Executive Director

Antoine L. Harel is a Fellow Member of the Institute of Chartered Accountants in England and Wales. He holds a BA (Hons) degree in Accounting and Computing. He joined Harel Mallac & Co. Ltd in 1987 and launched the Company's Information Technology Division. On joining the Board in 1990, he was appointed Executive Director with responsibility for the Information and Communication Technology division and the Distribution and Retail division. In 1997, he was appointed Group CEO and has been the Chairman of the Board since April 2005. He was President of the Mauritius Chamber of Commerce & Industry from 1992 to 1993.

Other Directorships (listed Companies):
The Mauritius Chemical and Fertilizer Industry Limited (Chairman) and Les Gaz Industriels Ltd (Chairman).

DEAN AH-CHUEN (55)
Independent Director

Mr. Dean Ah-Chuen holds a BA degree in Computer Science, Economics and Mathematics from the University of Sydney (Australia) and holds an MBA in International Business from the University of Western Sydney.Dean Ah-Chuen worked for Westpac Banking Corporation (Australia) in the IT Division and for Toyota before returning to Mauritius in 1994 where he joined ABC Motors Company Limited as Business Development Manager. Today, he is the Managing Director of ABC Motors Company Limited, now listed on DEM with overall responsibility for the Automobile Division of the ABC Group. He is currently a Board member of Lovebridge Ltd (a joint private/ public project to assist poor income families). He is also a member of the Board of Directors of the Trust Fund for Excellence in Sports and a member of the Board of Directors of Club Maurice, both being organisations set up by the Government of Mauritius. Previously, he was a director of the Mauritius Post & Co-operative Bank Ltd. He was appointed to the Board of Directors in June 2012.

Other Directorships (listed Companies):
ABC Motors Co. Ltd.

PAUL CLARENC (75)
Non-Executive Director

Paul Clarenc holds a Diploma in Production Management (Delft, Holland) and a Bachelor of Science (Hons) degree from Cape Town University, South Africa. He was the Managing Director of Mauritius Oil Refineries Limited from 1986 to 2014. He is a Founder Member of the Association of Mauritian Manufacturers. He has also been, from 1995 to 2000, a member of the Council of the Mauritius Chamber of Commerce and Industry and its President in 1998. Paul Clarenc was appointed to the Board of Directors of Harel Mallac & Co. Ltd in May 2004.

Other Directorships (listed Companies):
Plastic Industry (Mauritius) Ltd. and Mauritius Oil Refineries Ltd.

CHARLES HAREL (52)
Chief Executive Officer - Executive Director

Charles Harel holds a National Diploma in Management and Finance from the Cape Technikon, South Africa, as well as an MBA from the University of Birmingham, UK. He joined the Harel Mallac Group in 1993 as the General Manager of the Tourism and Retail Cluster. He has, over the years, held various positions across the Group before being nominated as the CEO Designate of the Harel Mallac Group in 2013 and CEO as from 1 January 2014. He was appointed to the Board of Directors in June 2006.

Other Directorships (listed Companies):
The Mauritius Chemical and Fertilizer Industry Limited.

PASCAL BORIS C.B.E. (69)
Non-Executive Director

Pascal Boris C.B.E. graduated from Ecole des Hautes Etudes Commerciales (HEC), Paris, from the New York University Stem Institute and from the London Business School. He is a former international bank CEO. After a rich 40-year career in International banking, namely with The Chase Manhattan Bank, Paribas and BNP Paribas, he became a business angel for young entrepreneurs. Pascal Boris C.B.E. is the joint founding President of Le Cercle d'Outre-Manche and the honorary President of the French Chamber of Great Britain. He was first appointed to the Board of Directors of Harel Mallac & Co. Ltd on 4 October 2017.

Other Directorships (listed Companies):
None.

CHRISTIAN DE JUNIAC (66)
Non-Executive Director

Christian de Juniac is a graduate of Cambridge University and holds an MBA from Harvard University. He trained as a barrister-at-law and was with Boston Consulting Group for 28 years, based mostly in the United States, UK, Holland and Switzerland. During his career at Boston Consulting Group, Christian de Juniac specialised in financial services and mass distribution. He was appointed to the Board of Harel Mallac & Co. Ltd on 16 May 2018

Other Directorships (listed Companies):
None.

ANNE CHRISTINE LÉVIGNE-FLETCHER C.S.K. (65)
Chevalier de l'Ordre National du Mérite
Independent Director

Anne Christine Lévigne-Fletcher C.S.K. holds a Diplôme de l'Institut d'Etudes Politiques de Paris/Sciences Po, a Licence en Droit from Assas University and a Licence en Littérature Anglaise from Université de Nanterre. She was, from 1976 to 1981, the Managing Director/Designer of Mistra, an international company based in Paris operating in the design industry. She has been the Managing Director of Caléage Ltd- Hemisphère Sud since 1981. Anne Christine Lévigne-Fletcher C.S.K. was appointed to the Board of Directors of Harel Mallac & Co. Ltd in May 2011.

Other Directorships (listed Companies):
None.

JÉRÔME DE CHASTEAUNEUF (53)
Independent Director

Jérôme de Chasteauneuf qualified as Chartered Accountant of England and Wales in 1992 and holds a BSc (Hons) in Economics from the London School of Economics and Political Science. He joined the CIEL Group in 1993, taking on responsibilities over the years. He was nominated Group Finance Director of CIEL as from January 2017. Jérôme de Chasteauneuf was appointed to the Board of Directors of Harel Mallac & Co. Ltd in May 2010. He is also the Chairman of the Audit Committee.

Other Directorships (listed Companies):
CIEL Limited, Alteo Limited, CIEL Textile Limited, The Medical & Surgical Centre Limited and Sun Resort Limited.

DANIEL GIRAUD G.O.S.K (67)
Independent Director

Daniel Giraud G.O.S.K. holds a Master in Management Sciences (Paris Dauphine). He spent 23 years in the textile Industry as CEO of the Floreal Group (CIEL Textiles), the largest textile manufacturer, before joining Medine Limited as Chief Executive Officer in 2002. He sat on the Board of Medine Limited and EUDCOS and their subsidiaries from 2003 until his retirement from Medine Limited in 2017. He was appointed to the Board of Harel Mallac & Co. Ltd on 27 June 2018.

Other Directorships (listed Companies):
None.

ANWAR MOOLLAN S.C. (52)
Non-Executive Director

After reading for a degree in Mechanical Engineering in France, Anwar Moollan S.C.studied Law at Downing College, Cambridge and at Université de Paris Pantheon-Sorbonne. He joined the Chambers of Sir Hamid Moollan, Q.C. in 1995, and practices as a barrister. Anwar Moollan S.C. joined the Board of Directors of Harel Mallac & Co. Ltd as an Independent Director in June 2003.

Other Directorships (listed Companies):
Compagnie Immobilière Limitée.

Leadership Team

1. CHARLES HAREL
Chief Executive Officer

See bio in page 16.

2. YANNICK APPLASAMY
General Manager - Novengi

Yannick Applasamy holds a Global MBA from the Manchester Business School, UK and an MSc in Industrial Engineering and Product Design from Université Paris Est-Marne la Vallée, France. Yannick started his career in the automotive industry, at PSA Peugeot Citroen Group in France. He joined the International Development Division of Aldes group in 2012, working in the Middle East as Regional Marketing Manager, and, in 2015 was appointed General Manager of the Mauritian subsidiary. Prior to joining Novengi in July 2019, Yannick was Sales Manager for Tropic Knits within CIEL Group.

3. JEAN-MICHEL COLIN
Group Head of Finance (until 31 December 2019)

Jean-Michel Colin is a Fellow Member of the Association of Chartered Certified Accountants and holds a certificate in Strategy from HEC. He started his career in London in the real estate sector and upon his return to Mauritius, he joined BDO & Co. in the Audit and the Corporate Finance Division. Before joining Harel Mallac, Jean-Michel joined Forges Tardieu in 2013 as CFO and then moved to the position of COO.

4. ANTHONY COOMBES
Managing Director - Archemics

Holder of a Bachelor's degree in Mechanical Engineering (Imperial College, University of London) and a French Masters Degree '3ème cycle de Gestion' - with specialisation in International Business Strategy – Marketing - from the Institut Supérieur de Gestion (Paris), Anthony Coombes has 18 years of experience in the FMCG industry at a senior management level. He was Executive Director at Scott & Co., in charge of the Hospitality, Corporate and Export channels and the Nespresso business, before joining Harel Mallac as Managing Director of Archemics in June 2017.

5. SOPHIE DESVAUX DE MARIGNY
Group Head of Communications and CSR

Sophie Desvaux de Marigny holds a Maîtrise in Geopolitics and a Magistère in International Relations and Diplomacy (both from Sorbonne University, Paris) as well as an Executive MBA from Dauphine University. After working for the United Nations in New York, she came back to Mauritius in 2003 and joined the European Commission Delegation as Assistant to the Economic Adviser for three years. She then spent ten years in the Medine Group as Head of Corporate Communications and Sustainability. Sophie joined Harel Mallac in March 2016.

6. YANIS FAYD'HERBE
Managing Director - MCFI

Yanis Fayd'herbe has a degree with majors in Economics and Industrial Psychology and a Post Graduate Diploma in Organisation & Management from the University of Cape Town and is an alumnus of the ESSEC General Management Program. Between 1999 and 2019, he held various positions in the textile industry, first in sales and marketing, then as CEO of N. Bellstedt & Co (Pty) Ltd (South Africa), Managing Director of KASA Textile & Co Ltd (2012-2017) and of Labelling Industries Ltd, Berque Ltée, Narrow Fabrics Ltd in Mauritius and of Labeltex SARL and LabelMada Ltée in Madagascar (2013-2019). Yanis joined MCFI in June 2019.

7. VANESSA HIPPERT
Group Head of Corporate Services

Vanessa Hippert holds a Master's degree in Banking and Finance and a Licence in Economics from the Université de Paris Panthéon-Sorbonne. Prior to joining Harel Mallac as Head of Business Risks and Operational Efficiency in October 2014, she has held various management position within Société Générale Investment Banking in New York and Paris between 2004 and 2014.

8. NICOLAS LANGLOIS
General Manager – Suchem

Nicolas Langlois started his career in 1987 as sales representative for agricultural equipment at Roger Fayd'herbe. He joined the Suchem team in 1989 to develop the sales of Agro-chemicals. In 1991, he started developing other lines for the textiles, paint and plastic industries and became sales manager of Suchem in 2004. Harel Mallac acquired Suchem in 2011, and Nicolas became General Manager in January 2017.

9. PATRICE MARIE
Chief Operating Officer - Chemicals Division (until 31 December 2019)

With 26 years of experience working for a multinational FMCG company, British American Tobacco (BAT), Patrice has held various Trade Marketing & Distribution, Marketing, General Management and other senior management roles. He has had responsibility over single markets and cluster markets at senior management level across 17 countries in the Indian Ocean islands as well as in Southern, Central and Eastern Africa. His last positions were as General Manager of BAT Angola and General Manager of BAT in the Democratic Republic of the Congo. Holder of an MBA in Marketing from the University of Leicester, UK, he joined Harel Mallac in June 2018 as COO of the Chemicals Division.

10. ANDRÉ NAIRAC
General Manager – Itineris & Harel Mallac Aviation

André Nairac started his career in the aviation industry in 1989 when he joined the sales and marketing department of South African Airways (SAA) in Mauritius. He subsequently held the position of SAA's Country Manager in Côte d'Ivoire. He took employment with Harel Mallac as General Manager of the Travel and Leisure business in 2005.

11. CHRISTINE NGUYEN THAC LAM
Chief Operating Officer – Equipment & Systems Division

Christine Nguyen Thac Lam graduated from HEC (Paris), and holds a C.E.M.S. Master from the Community of European Management Schools. She worked for more than 20 years with multinational corporations such as ExxonMobil, Procter & Gamble, and Rio Tinto Alcan, leading business and finance controlling. From June 2014 to January 2017, she served as General Manager Finance of the Food & Beverages cluster of the Currimjee Group in Mauritius. Christine joined Harel Mallac in February 2017. She became the Group's Head of Finance in January 2020.

12. JEANIQUE PAUL-GOPAL
Group Head of Human Resources

Jeanique Paul-Gopal holds a Diploma in Human Resources Management from the Mauritius Employers' Federation, and an MSc in Psychology of Work from the University of Leicester (England). She is also accredited in Psychometric Assessments at Work, namely for personality profiling and ability assessment. She is a member of the British Psychological Society and of the European Federation of Psychologists. She spent six years as Human resources officer at Panagora Marketing (Eclosia group), and two years as Group HR Manager at VFS management Services, before becoming HR Operations Manager of ENL Corporate Services (ENL group) from 2009 to 2017. Jeanique joined Harel Mallac in October 2017.

13. FRANCK RIVAS-MANZO
Executive Director - Corexsolar International

Franck Rivas-Manzo holds a Master's in Management et Gestion Stratégique from IFG (Institut Français de Gestion), Paris. He started his career as Head of Sales in the Orange Group (France Télécom), then held key positions at Macé Group (distribution of household electrical appliances and air conditioning), and for Orange Group in the Indian Ocean area. He entered the photovoltaic business in 2007 (Conergy France, Tenesol, Pairan) and co-founded Corexsolar International in 2012. He joined Harel Mallac when the Group acquired Corexsolar International in April 2018.

14. ANSHI SAMINADEN
Group Head of Legal Affairs

Anshi Saminaden is a Barrister-at-law, who was called to the Bar of England and Wales in 2005 and to the Mauritian Bar in 2006. She read law both at the University of Surrey, England and the Université René Descartes, Paris V, France and graduated with an LLB Honours Law & French in 2004. She completed her Bar Vocational Course at the Manchester Metropolitan University in 2005 and is a member of Lincoln's Inn of Court. Following her pupillage in Mauritius, in the Chambers of Mr Patrice Doger de Spéville, Senior Counsel and the Office of Mr Thierry Koenig, Senior Attorney, she was a Consultant at the law firm De Comarmond & Koenig, before joining the Medine Group as In-House Legal Adviser and Legal Coordinator (2007-2017). Anshi joined Harel Mallac in October 2017.

15. SHATEEAUM SEWPAUL
General Manager – Harel Mallac Technologies

Shateeaum Sewpaul holds an MBA and a Postgraduate diploma in Business Administration from the Heriot-Watt University, Scotland. He also holds distinctive certificates in Computer Science and Administrative Management from the City and Guilds of London Institute (UK) and from the Institute of Administrative Management (UK) respectively. He started his career in ICT in 1996 with Harel Mallac, where he has held different senior sales and management positions until 2001. He was also General Manager of a leading South African IT brand (Distributor) from 2001 to 2004, before joining Harel Mallac again in 2004. He was appointed General Manager of Harel Mallac Technologies in April 2016.

16. CHRISTIAN YONG KIANG YOUNG
General Manager – Projects and Investment

Christian Yong Kiang Young is a member of the Institute of Chartered Accountants in England and Wales (ICAEW) and holds a Bachelor of Science degree from the London School of Economics, UK. He was Director – international Accounting & Reporting at MoneyGram from September 2009 to September 2015 and Audit Manager at KPMG from September 2002 to July 2009. In October 2015, he joined Harel Mallac as Group Financial Controller and accepted the challenge of managing the Group's projects and investments portfolio in August 2016.

Directors of Subsidiary Companies

Director	ACTIVELINE LTD	ARCHEMICS LTD	BYCHEMEX LIMITED	CHEMCO LIMITED	COOLKOTE LTD	COREXSOLAR INTERNATIONAL (MAURITIUS) LTD	CYBERYDER LTD	DISTRISOFT LTD	DORI ENERGIE SAS	EO SOLUTIONS LTD.	FONDATION HAREL MALLAC LTD	H. M. COMMUNICATIONS LTD	HAMAC EXPORT SERVICES LTD	MCFI INTERNATIONAL (TANZANIA) LIMITED	HAREL MALLAC ADVISORY LTD	HAREL MALLAC AVIATION LTD	HAREL MALLAC CORPORATE SERVICES LTD	HAREL MALLAC DISTRIBUTION SARL	MCFI EXPORT LTD	HAREL MALLAC GLOBAL LTD	HAREL MALLAC HELATHCARE LTD	HAREL MALLAC INTERNATIONAL LTD
AH KINE S S Hock Meen			o	o	o									o					o			
AH SUE M Alain										•											•	
BADAT Osman															•					•		
BOULLÉ François Louis		•																				
CHEEKHOOREE Shemboosingh			o	o										o								
COLIN Jean Michel		o					o	o		o		o	o		o	o			o		o	o
COOMBES Anthony		•																				
CRAMBADE Olivier Philippe																						
CYAGA Eric																						
DOGER DE SPEVILLE Allain																						
DUVAL Benoit																						
ESPOSITO ERDOZAIN Phillipe Michel																						
FAYD'HERBE Yanis			•	•	•																	
FRANCIS Alfred L																						
GASAATURA Kamau Philip																						
HAREL Antoine L		•	•	•							•				•		•			•		
HAREL Charles	•	•	•	•	•	•	•	•		•	•	•	•	•	•	•	•	•	•	•	•	•
HAREL Guy		•	o	o																		
HAREL MALLAC & CO. LTD.																						
HIPPERT Vanessa		•																				
JODHUN Hurrydeosingh																		•				
LABAT Vincent			o	o																		
MARIE Patrice			o	o	o																	
MORIER Pierrick Jean Paterne																						
MUNUSAMI Thiagarajan																						
MUSHI Sirili Ileti														o								
NG KWING KING Harold																						
NGUYEN THAC Christine		•				•	•	•		•		•	•		•	•			•		•	•
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RIVAS Franck						•			o													
SEWPAUL Shateeaum																						
TYACK Frederic			o	o																		
UDHIN Muhamud Junaid																						
VARJANGBHAY Ashok																						
VENKATASAMI Ravi																						
VERIEN Philippe																						
YONG KIANG YOUNG Christian Pierre	•				•	o	o	o		•	•	o	o		•	o	•	•	•	•	o	o

Director	HAREL MALLAC LEASING LTD	HAREL MALLAC TECHNOLOGIES BURUNDI	HAREL MALLAC TECHNOLOGIES LTD	HAREL MALLAC TECHNOLOGIES MADAGASCAR	HAREL MALLAC TECHNOLOGIES RWANDA LTD	HAREL MALLAC TRADING LTD	HM ELECTRONICS LTD	HM FREEPORT LTD	HM SECRETARIES LTD	INDIALLEY LTD	INFORMATICS BUSINESS SOLUTIONS LTD	ITINERIS LTD	LINXIA LTD	LOGIMA LTEE	LOGIMA REUNION SAS	MCFI INTERNATIONAL & CO. LTD	MCFI INTERNATIONAL (ZAMBIA) LTD	NOVENGI LTD	PHARMALLAC SARL	PHOTOVOLTAIC FARM LTD	PORTUS LTD	REUNIFERT SAS	SOCIETE GARE DU NORD	SOCIETE SICAREX	SOLAR FIELD LTD	SOLAR PV FARM LTD	SPV PETITE RIVIERE LTD	TECHNIQUES SOLAIRES SAS	SUCHEM LTD	TECHNO CITY LTD	THE MAURITIUS CHEMICAL AND FERTILIZER INDUSTRY LIMITED
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COOMBES Anthony																															
CRAMBADE Olivier Philippe																									•						
CYAGA Eric					•																										
DOGER DE SPEVILLE Allain																															•
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FRANCIS Alfred L																															
GASAATURA Kamau Philip																															
HAREL Antoine L			•			•										•		•		•									•		•
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YONG KIANG YOUNG Christian Pierre	o	o	•		•	•	o	o	o	o	o	o	•					•		o	o				•	o	o			o	

o Resigned during the year ended 31 December 2019
• Director during the year 31 December 2019
• Gérant Statutaire
• Alternate Director
□ Président

Business Overview

MANUFACTURING AND TRADING CLUSTER

EQUIPMENT & SYSTEMS DIVISION (Corexsolar International, EO, Linxia and Novengi).

This division covers a multi-faceted portfolio organised as follows:

EO supplies, implements and services smart solutions including digital printing, cash processing, imaging and mailing management.
Linxia operates as distributor of IT, consumer electronics and home appliance products.
Novengi supplies, installs and maintains HVAC (Heating, Ventilation and Air Conditioning) solutions, Material Handling, Compressed Air solutions.
Corexsolar International focuses on solar energy, from design to installation and operation of power stations of different capacities ranging from residential to large-scale solar farms.

2019 turned out to be relatively lacklustre for the entities: revenue was marginally down at Rs 1.5bn, while profit before finance costs (PBFC) decreased by Rs 4m (to Rs 92m). The milder economic conditions were not sufficient to uplift the divisional performance given the strong comparables achieved in 2018:

- The wholesale/retail trade reported growth of only 3% (from 4% in 2018) while investments remained strong but with growth rates in gross fixed capital formation down from 11% in 2018 to 8% in 2019.
- Issues in the Myros supply chain of Linxia and the absence of major contract wins for Novengi naturally led to a deterioration of their current year contribution to the division.
- This was substantially offset by our operations in renewable energy with our subsidiary, Corexsolar, delivering a sizeable pipeline of projects in Mauritius and a PBFC of Rs 40m.

Highlights of the year include:
- Linxia becoming the authorised distributor of Candy home appliances for Mauritius, Reunion and Madagascar.
- Novengi being named the official distributor of Terberg equipment in the region and successfully introducing air conditioners using environment-friendly R32 refrigerant gases.
- Corexsolar delivering on the 2MW solar farm in Henrietta and kicking off the construction of a 5MW one at Petite Riviere, in which it is also a founding co-investor.
- EO adding heavy-duty note-sorting machines to its product portfolio.

2020 will be a challenging year for the division given the economic uncertainties arising from the unpredictable outcome of the Covid-19 crisis. Continuous operational improvements in terms of efficiency through the digital transformation of processes and customer experience excellence remain the priority, with new product launches planned for Myros, smart solutions in printing and cash processing under EO, energy-efficient and Smart Building Solutions with Novengi and boosting the presence of Corexsolar in renewable projects both in Mauritius and regionally.

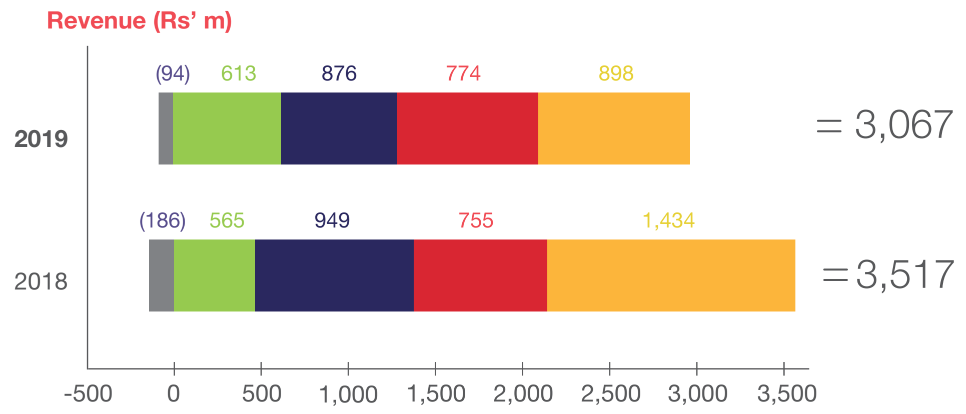
CHEMICALS DIVISION (Archemics, Suchem, MCFI Group)

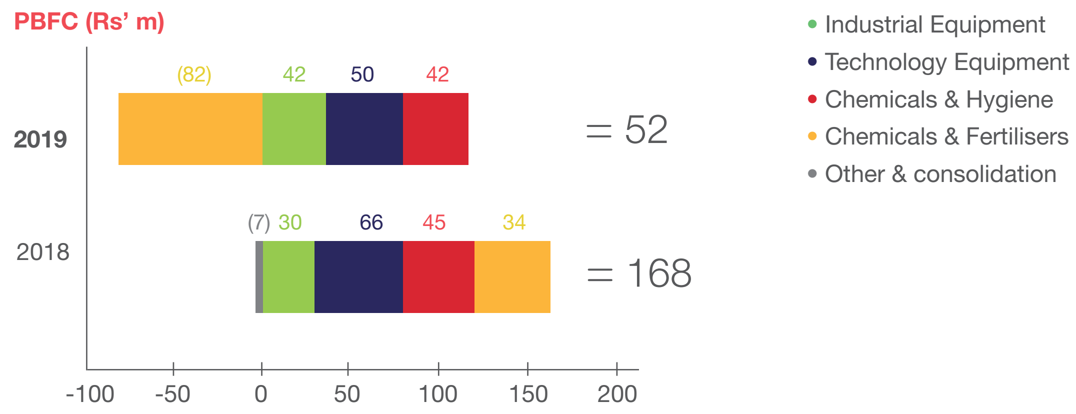
This division covers the manufacture and distribution of a wide range of chemicals for the agricultural sector (e.g. fertilisers and agrochemicals), for industrial needs (e.g. detergents and textile-related products) and FMCGs (e.g. household detergents and cosmetics), as well as services such as waterproofing contracting.
This division is particularly exposed to strong market cross-currents, with
- The local textile manufacturing sector contracting for the fifth year running in 2019 by a further 3%, with closure of existing customers dragging down turnover, and a collapse in the Zambian overseas market where the economy slowed down markedly with a combination of drought, reduced mining activity and depreciation of the Kwacha.
- This is partially offset by a good performance in our other sectors in Mauritius: sugarcane agricultural sector returned to positive growth (4% in 2019), consumption expenditure maintained a 3% progression in 2019 and a relatively buoyant construction sector expanded at close to 9% in current year.

This is reflected in the disappointing performance of the division with revenues down to Rs 1.7bn from Rs 2.2bn in 2018 while PBFC fell to a Rs 40m loss from Rs 79m in the prior year.

Notable exceptions to flag would be:
- Suchem which managed to grow revenues 6% to Rs 244m and PBFC 9% to Rs 20m from 2018, benefiting from a favourable product mix (e.g. higher sales of resins, export development in Reunion) compared to 2018.
- Archemics had a mixed bag performance, eking out a 1% increase in revenues to Rs 530m but with PBFC down from Rs 26m to Rs 22m in 2019, driven by:
  - A successful year for hospitality sector and diversification of its product portfolio, including in developing eco-friendly products and personal care range products.
  - Competitor pressure in FMCG sector where Archemics maintained its leading position in household detergents while adhesives, construction and textile activities disappointed.
- MCFI Group where, on a like for like basis (i.e. including its recent acquisitions), turnover fell from Rs 1.4bn to Rs 0.9bn and PBFC declined from Rs 35m in 2018 to a Rs 82m loss in current year. This was driven by:
  - Management pulling back from Zambia given the deteriorating economic fundamentals (Rs 210m fertilizer exports done in 2018)
  - The non-recurrence of significant contracts delivered in 2018 in Mauritius
  - The short-term impact of reorganising the previous teams into a leaner structure and rationalising the product portfolio to shift to higher margin products.

Management priorities for 2020 thus remain:
- Efficiency gains to offset the difficult market conditions and the uncertainties of the Covid-19 pandemic, including through production optimisation and other operational efficiencies in both the local and regional markets. The Suchem acquisition proposed to be completed in 2020 by MCFI would enable another layer of duplication to be removed.
- Market development with a focus on moving towards a service-based business model, developing eco-friendly solutions for customers and in related markets (e.g. additional fertiliser lines).
- Creating strong domestic leading businesses in their chosen fields of activity from which to then develop in the inherently more volatile African markets.





BUSINESS SERVICES CLUSTER

TECHNOLOGY (Harel Mallac Technologies and Activeline)

Harel Mallac Technologies and its subsidiaries are organised around two core activities:

- Advanced Infrastructure Services, which provides cost-effective infrastructure solutions to business needs as well as cloud capabilities to deliver managed services; and
- Business Automation Services, which offers the expertise to streamline business processes and operations for efficiency as well as certain business process outsourcing operations.

The focus of the division in 2019 was to restore profitability given the issues on delivery of material contracts in 2018: hence, the divisional revenue declined from Rs 0.7bn to Rs 0.6bn in 2019 while divisional PBFC, with a loss Rs 4m, was a significant improvement on the Rs 14m loss recorded in 2018. This mainly reflects:

- The benefits of the Activeline and Rwanda restructuring which have improved PBFC by Rs 19m compared to 2018.
- The deliberate focus on less risky contracts (hence fewer high value significant one-off contracts) in 2019 to restore the bottom line.
- The economic agenda of a number of key partners being disrupted by the accelerated electoral calendar and supply chain issues due to Covid-19 (which started to impact China and different players worldwide in Q4 2019).

The division continues its important transition from its traditional 'infrastructure' solutions to more value-added services which would contribute to an overall better profit margin. Madagascar and Burundi entities made significant progress in terms of market share in the government and banking sectors in their respective market and the goal is to make Rwanda become a stronghold for its activities in the East African region.

The immediate priority for 2020 is the restructuring of the activities further around key solutions segments such as Advanced Infrastructure, Managed Services, Cybersecurity, Business Process Automation and Fintech and continued investment to build expertise and solutions around emerging technologies like Artificial Intelligence, Robotics, IoT and Blockchain.

TRAVEL (Itineris and Harel Mallac Aviation)

Itineris focuses on outbound travel, and is the local representative of CWT, the global leader in Corporate travel. Harel Mallac Aviation acts as a passenger General Sales Agent for Condor and Air India.

Despite the quite buoyant local travel market, the division was affected by a number of factors outside of its control: the bankruptcy in June 2019 of our cargo partner, Leisure Cargo, resulting in the closure of our cargo operations, was followed by the demise of the Thomas Cook Group, with Condor going into Protective Shielding Procedure in September 2019 and imposing exceptional bad debt provisions of Rs 2m.

Given the need to rationalise activities, diversification efforts into inbound activities through a digital platform were abandoned (loss for 2019 of close to Rs 3m) to focus available resources on the core activities. Revenues declined marginally to Rs 26m while the first benefits of the restructuring improved PBFC by 17%, although still loss-making at Rs 3m.

Prospects for 2020 will critically depend on the impact of the Covid-19 pandemic on the travel/tourism industry and the priority will be on efficiency to withstand the collapse in revenues expected in the short-term and rebuild during the later recovery phase.

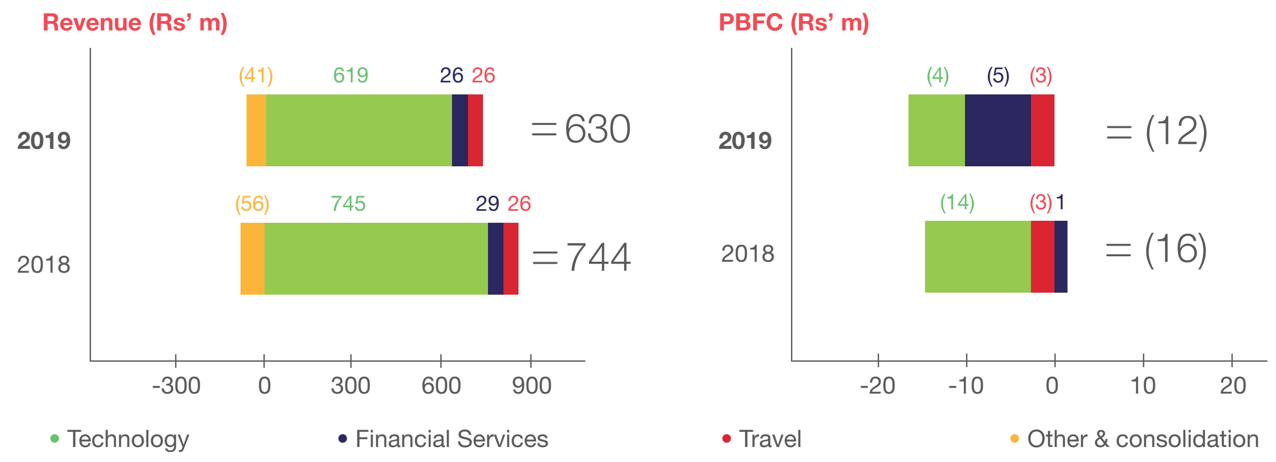
FINANCIAL SERVICES (Harel Mallac Global, Harel Mallac Corporate Services and Harel Mallac Advisory)

Harel Mallac Global is a management company providing administrative services to international businesses, trusts and individuals while Harel Mallac Advisory adds corporate advisory to the portfolio of the division. Harel Mallac Corporate Services provides predominantly share registry services on both an in-house and outsourced systems basis.

Financial and insurance activities in Mauritius recorded marginally weaker growth of 5% in 2019, while the specific global business sector similarly slowed down further to an annual growth rate below 4%. Regulatory tightening from high profile scandals in the Mauritius jurisdiction resulted in slower processing and turnaround times, delaying client acquisition and servicing, and combined with our restructuring of the management company to align with a more conservative risk profile, explain a decline in revenues to Rs 26m (from Rs 28m in 2018) and an operating loss at the PBFC level of Rs 5m (vs. Rs 1m reported last year).

The divisional below-par performance should not obscure the continued growth of Harel Mallac Corporate Services which recorded double-digit growth in both revenues and PBFC, benefiting from a steady client base and a strong market in corporate transactions.

The strategic priority in 2019 remains new client acquisition in both global and corporate services whilst maintaining the highest standards (especially given the inclusion of Mauritius in the grey list of the Financial Action Task Force) and containing costs to reflect the challenging market conditions.



ASSET MANAGEMENT CLUSTER

The Harel Mallac Asset Management cluster comprises investments in:

ASSOCIATES

Harel Mallac holds investments in the hospitality, engineering, construction and energy sectors. It aims at participating and holding investments in promising ventures to add value through its experience and network in the business community. The net assets of the investments declined by Rs 46m from prior year to Rs 1.1bn, driven mainly by a change in the revaluation policy at Maritim, but 2019 performance remained positive at Rs 99m. The deterioration from Rs 129m profit contribution in 2018 is attributable to:

- Our hospitality investments slowing down markedly in 2019, with a positive contribution to Harel Mallac's profitability of only Rs 62m from Rs 89m in 2018. This is mainly due to the deceleration experienced by both Water Sports Village (down Rs 21m in its share of profits) and Maritim (decrease of Rs 5m in its share of profits) hotels as they kicked off their renovation plans.
- The engineering and construction associates progressing in their turn around, with Emineo and Rehm Grinaker contributing marginally more compared to prior year, adding Rs 6m to the Group's share of profits.
- Total Mauritius suffering a set-back in its inventory operations and contributing Rs 31m to the share of profits consolidated by Harel Mallac, down Rs 4m from 2018.

JOINT VENTURES

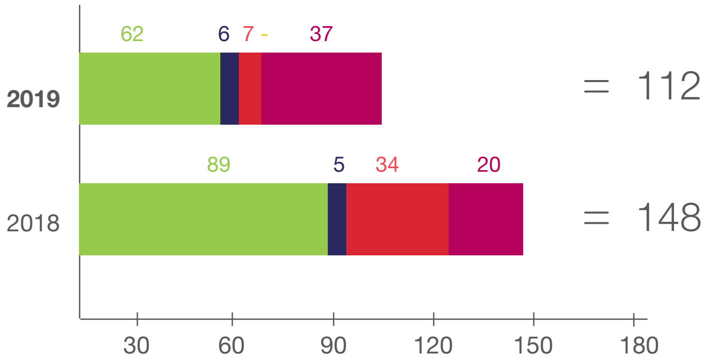
- Harel Mallac jointly controls two photovoltaic farms providing green electricity to the national grid. Losses arising in 2019 can be explained principally by:
- Production at Solar Field underperforming expectations in 2019, leading to a further Rs 7m share of loss within the Harel Mallac income statement. Changes were made to the operations and maintenance process to address the issues.
- Additional investments (via the SPV Petite Riviere vehicle) where the Group was both the part-owner and developer on its new solar farm and accordingly incurred all the start-up costs with no revenues until commercial operation date in 2020, leading to a share of loss of Rs 17m.

PROPERTY

Harel Mallac holding companies manage a portfolio of investment properties, located mainly in and around the Port Louis area. The property market remains challenging, with the planned development of smart cities and moderate economic growth limiting demand for rental space.
The portfolio recorded a Rs 17m fair value gain in 2019 with a marginal decline in net rental income. Management remains focused on maximising value from this significant Group asset.

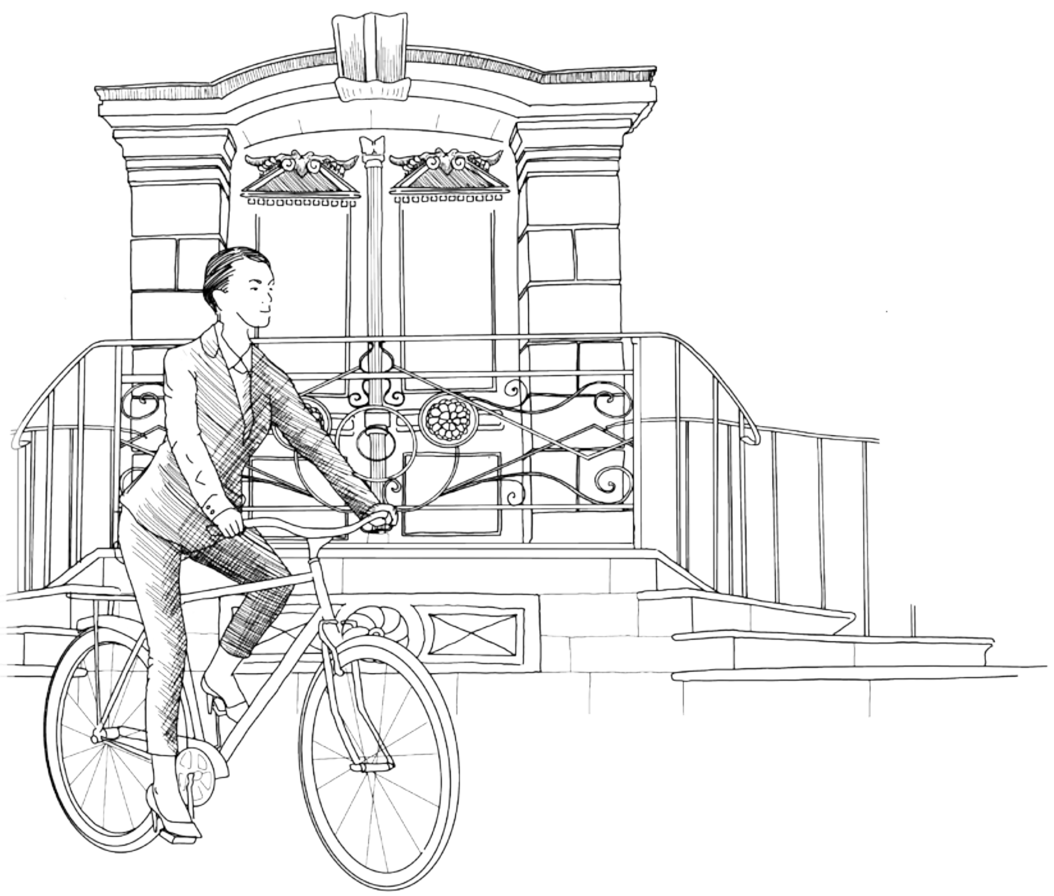
ASSET MANAGEMENT CLUSTER (cont'd)

Share of Profit (Rs'm)



- Tourism & Hospitality
- Engineering & Construction
- Energy
- Other
- Investment properties

Value of Investments (Rs'm)



Our Group's Commitments

OUR PLANET GOALS 2025

At a time when the world is struggling with problems such as climate change and growing socioeconomic inequities, we are convinced that businesses can and should play their part in shaping a fairer and sustainable future for the planet. For Harel Mallac, sustainability means continuing our entrepreneurial pursuit of economic opportunities while aligning the interests of our business with those of all our stakeholders, including those who do not have a voice.

The Group has been a force of good in Mauritius and abroad, bringing smart solutions and products for businesses and households to thrive; investing in and nurturing talents and advocating responsible environmental stewardship. In addition to this, Harel Mallac's structured corporate social responsibility (CSR) supports social integration initiatives and encourages employee volunteering, helping them give back to their community and imbuing them with a higher sense of purpose.

Last December, the Board of Harel Mallac took the commitment to go beyond these daily actions by tackling climate change and social inequities through thirteen goals "for the Better of our Planet" by 2025. Our Harel Mallac Planet Goals 2025 are grouped under five themes and aligned with the United Nations Sustainable Development Goals (SDGs).

Trade Ethically	
1.	We have fully integrated Environment / Social / Governance (ESG) criteria in our selection of suppliers.
2.	We have eliminated products that are proven destructive for biodiversity.
3.	We have raised the weightage of environmentally sound products by 10% in each BU's portfolio.
4.	We guide our consumers on the responsible and sustainable use of our products.
5.	We have optimised all packaging, while maintaining compliance with international standards.
Rethink Energy	
6.	We have reduced our electricity consumption (excluding production) by 25%.
7.	We source/produce 30% of our electricity from renewable sources.
8.	By 2024, to have have optimised our vehicle fleet, both in numbers and fuel efficiency.
Manage Waste	
9.	We have stopped purchasing single-use plastics and non-recyclable materials.
10.	We have contributed to stall deforestation by optimising our usage of paper and through a 30% reduction (kgs of paper / number of employees).
11.	We have implemented 100% waste recycling or responsible disposal thereof.
Save Water	
12.	We have reduced our usage of water for office use (excluding production) by 25%.
Advance Diversity	
13.	We have achieved gender equity for our staff.

SUSTAINABILITY GOVERNANCE

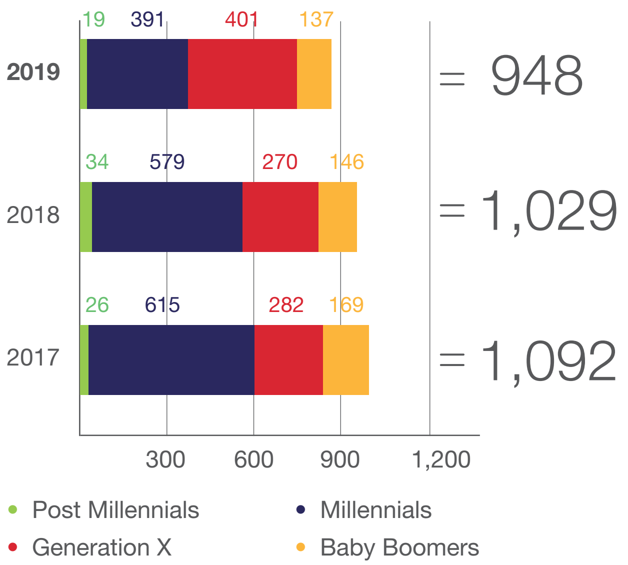
The rollout of actions pertaining to the Harel Mallac Planet Goals 2025 is steered by a Sustainability Committee composed of five members of Harel Mallac's leadership team and chaired by the Chief Executive Officer. All Divisions have a dedicated Sustainability Focal Point in charge of designing and implementing Group and division-specific actions. Quarterly progress reports are submitted to the Board of Directors of Harel Mallac.

OUR PEOPLE

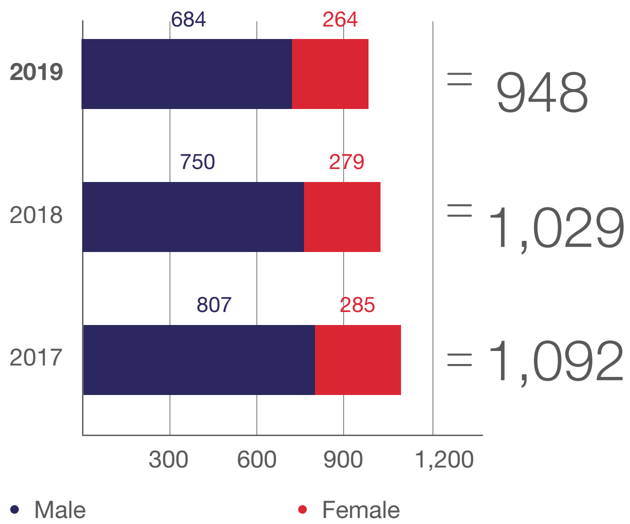
At a time when the world is struggling with problems such as climate change and growing socioeconomic inequities, we are convinced that businesses can and should play their part in shaping a fairer and sustainable future for the planet. For Harel Mallac, sustainability means continuing our entrepreneurial pursuit of economic opportunities while aligning the interests of our business with those of all our stakeholders, including those who do not have a voice. The Group has been a force of good in Mauritius and abroad, bringing smart solutions and products for businesses and households to thrive; investing in and nurturing talents and advocating responsible environmental stewardship.

KEY HUMAN CAPITAL METRICS

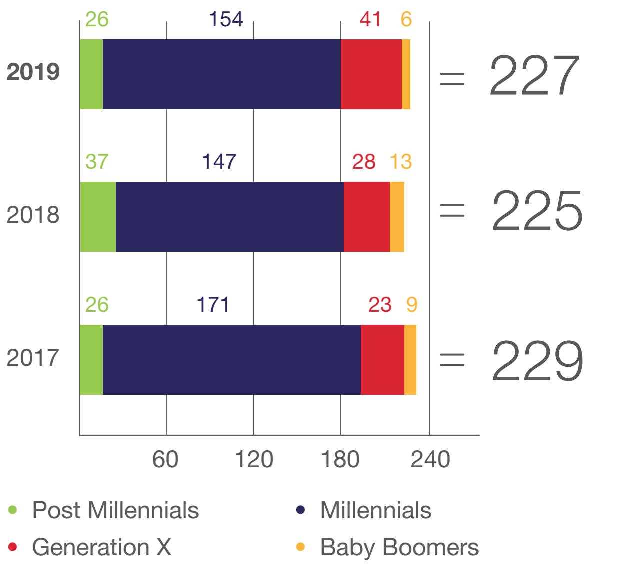
Age distribution



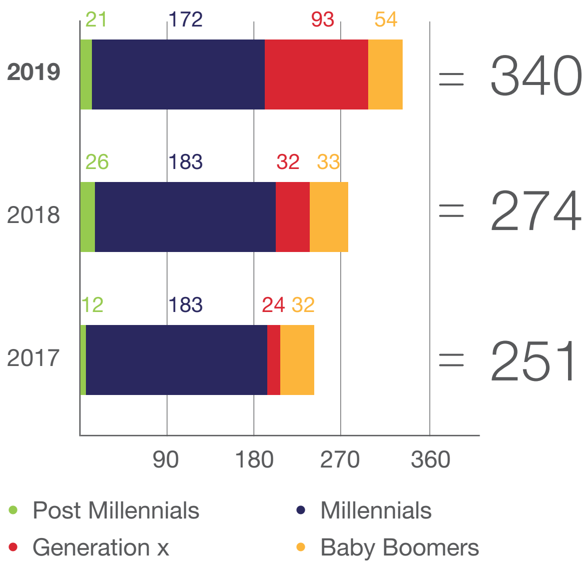
Gender distribution



New hires by age group



Leavers by age group



Our Group's Commitments (cont'd)

TALENT MANAGEMENT

At Harel Mallac, we are convinced that having the right people in the right place makes a drastic difference in our business performance. The year under review was thus dedicated to talent management, illustrated by the launch of our Talent Management Framework (Harel Mallac's #EmployeeJourney) in July 2019 along with related policies, procedures and processes.

EMPLOYEE VALUE PROPOSITION

We published our Employee Value Proposition, which encompasses our brand promises as an employer of choice.

COMPETENCIES

We also developed and published the competencies that we look for in our team members, in line with the Group's guiding principles of Agility, Care and trust (ACT). Our ten core competencies are grouped into three categories (How we engage with others - How we tackle challenges - How we show up).

DELIVERING FOR THE BETTER OF OUR PEOPLE IN 2019

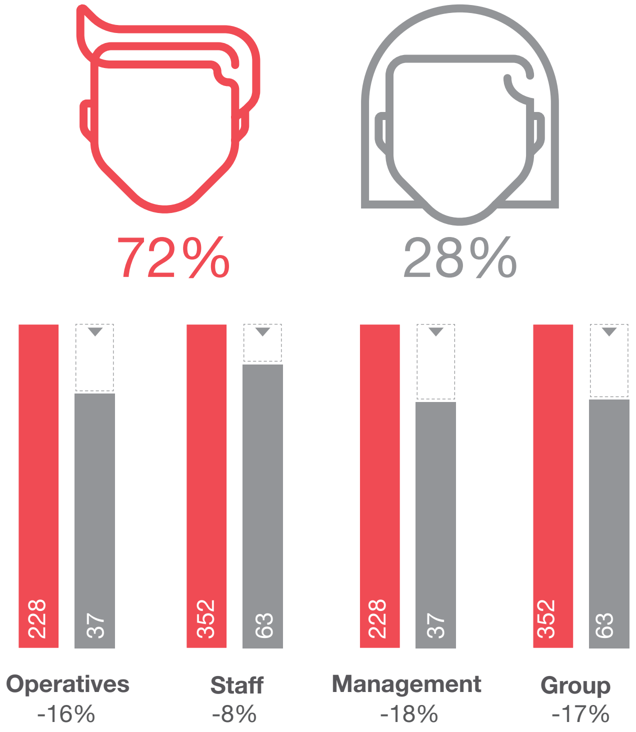
HR Excellence Awards	All our business units took part to the first edition of the HR Excellence Awards. Its main objective was to align HR practices across our BUs'.
Ee Engagement	All business units have set up and run an Employee Engagement Committee. BU Leaders were trained on the topic and developed action plans for 2019, which were rolled out satisfactorily.
Job Grading Structure (JDS)	We adopted a new JDS, bringing more alignment among business units. This results in better-informed career path and succession-planning decisions, as well as fair and equitable remuneration management.
Remuneration, Pay & Benefits	We benchmarked our practices and reviewed our policy.
Performance Management	Our new online Performance Management System went live in July 2019.
Learning and Development	24 e-learning modules on our Let's LEARN platform were created in-house (21 at Group level and 3 in BUs)

FURTHERING GENDER EQUITY

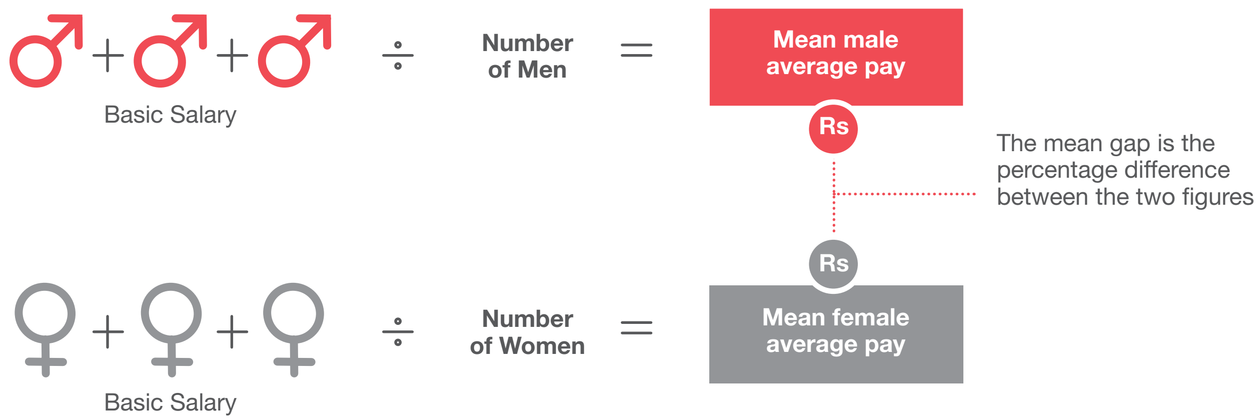
In line with its commitment to eliminate the gender pay gap within its workforce by 2025, Harel Mallac has conducted initiatives to further women empowerment in the year under review.

- The Group participated in the "#BalanceForBetter" international sensitisation campaign on the International Day of Women's Rights (8 March 2019).
- Archemics took an active role in the "Women Empowerment in the Manufacturing Sector" campaign organised by the Ministry of Gender Equality, Child Development and Family Welfare; 30 female employees of the company were trained in October 2019.
- Harel Mallac Technologies was the main sponsor of the annual "Women in Tech" Conference (October 2019), where its female employees shared their insights and experiences as female tech specialists.

For the third consecutive year, we measured the Mean Gender Pay Gap within the Group



MEAN GENDER PAY GAP

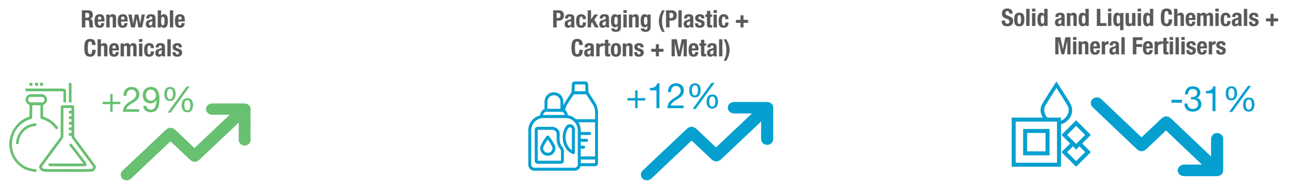


OUR ENVIRONMENTAL IMPACT

RAW MATERIALS

This aspect describes our companies' contributions to the conservation of natural resources and their efforts to reduce their raw materials consumption. These are relevant for the Chemicals business units involved in production, which are committed to optimal management of the input of both renewable and non-renewable materials in their production process.

In 2019, Archemics used significantly more renewable raw materials in the production of its flagship homecare detergents (Le Chat, MIR and Xtra), industrial detergents (P3) and personal care products. On the other hand, MCFI Group drastically reduced its chemical raw materials input, mirroring the decrease in local production, in favour of direct imports.



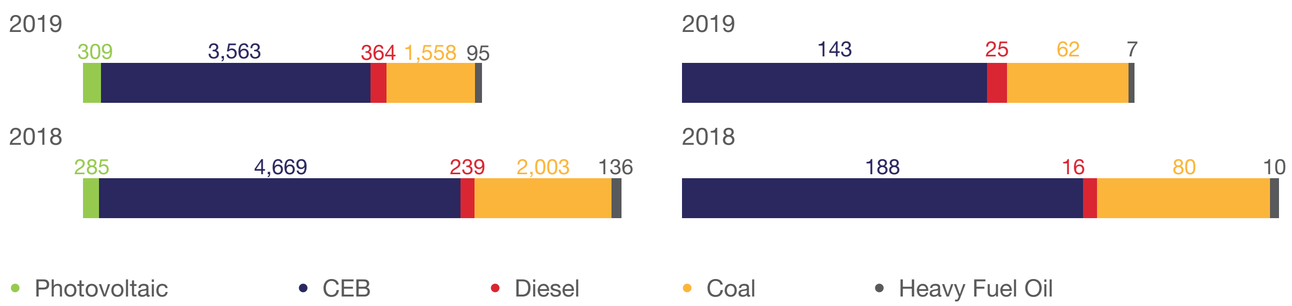
ENERGY

Our operations used 5,590 GJ of non-renewable energy in 2019 (compared to 7,047 GJ in 2018), and generated a lesser 240 tonnes of CO² emissions (compared to 393 tonnes in 2018).

Although our renewable electricity consumption increased (thanks to new rooftop photovoltaic installations at Novengi and HMCo in Pailles), its share in our global electricity bill was slightly reduced (4.6% towards 5.1% in 2018).

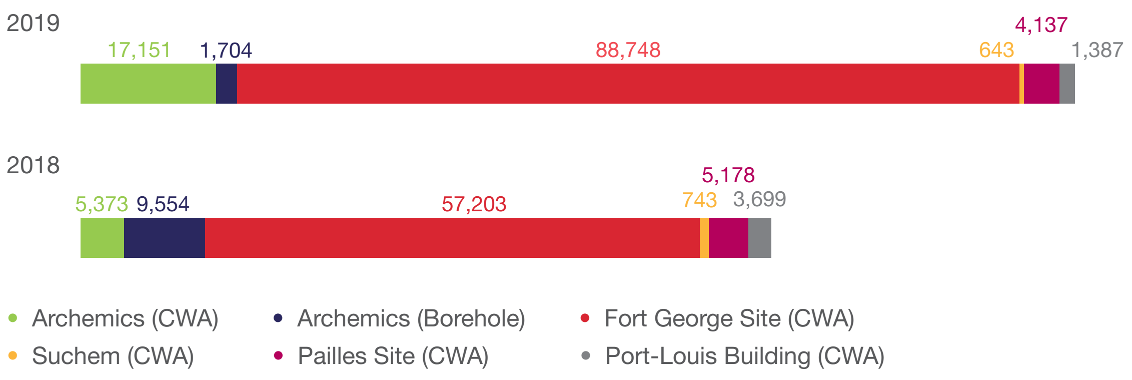
MCFI managed to reduce its electricity consumption by 18% compared to 2018 and carried on with the shift to LED lighting (which reached 80% by end 2019). MCFI and Archemics respectively carried employee awareness campaigns and training of managers on energy efficiency management, while the Group participated in the national workshop on the forthcoming Energy Efficient Act and its implications for the manufacturing sector.

ENERGY CONSUMPTION (GJ) **CO² EMISSIONS** (Tonnes)



Case Study: Following the steps of Archemics (2012), Novengi's installed rooftop PV panels on their facilities in Pailles, in March 2019. This new installation supplies some 7,500 kWh per year and prevents approximately 5.3 tonnes of greenhouse gas from being emitted every year.

WATER CONSUMPTION (M³)



Despite our efforts to reduce usage of water in our operations and production, we consumed nearly 40% more water (from CWA) in the year under review. This increase is attributable to the following:

- the borehole used by Archemics was relocated, and the company had to revert mainly to CWA water usage.
- MCFI experienced underground leakages, a pipe burst in December and it also registered an unusual consumption of water in July, to control a decomposition in the NPK dryer.

Case Study: Archemics joined the CEO Water Mandate in January 2019. In this context, it launched water-efficiency initiatives within the production, and engaged in the replanting and maintenance of the neighbouring Rivulet Terre Rouge Estuary Bird Sanctuary.

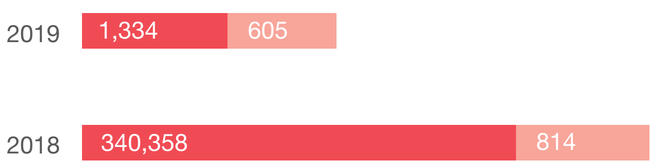
EMISSIONS

Transport

Diesel   Petrol

Fuel consumption (in litres)

CO² emissions (in tonnes)



The transport-related air emissions aspect is considered material for – and was therefore monitored by - three divisions in 2019: Chemicals, Equipment and Systems and Technologies. As from 2020, we have extended this monitoring to all business units, as we believe that it is a crucial topic to tackle, among our efforts against climate change.

During the year under review, the Group continued its efforts to rationalise its fuel consumption, resulting in a decrease (both for company vehicles and employees using a fuel card). Suchem, Harel Mallac Technologies, EO Solutions and Linxia reorganised their delivery routes to be more efficient. In July 2019, the Group also adopted a new standard of procedure encouraging the purchase of hybrid and electric vehicles both for company and employee use. Archemics carried on participating to the works of the PNEE partnership.

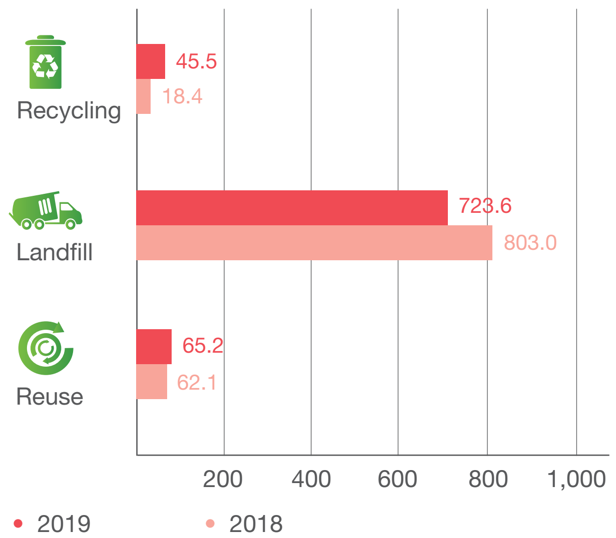
Industry

Our Chemicals business units operate in line with the Ambient Air Quality Standards contained in the Environment Protection Act 1991. MCFI's latest Stack Particulate Matter and Continuous Gaseous Emission tests was conducted on its NPK plant in February 2019 and the results were published in our previous Integrated Annual Report (page 47).

WASTE

The waste generated by our BUs is categorised into hazardous and non-hazardous kinds, in accordance with the Environment Protection Act (EPA) Hazardous Waste Regulations 2001. In 2019, four additional business units put in place a waste management system: MCFI, Harel Mallac Aviation, Suchem and Novengi.

Non-hazardous waste (tonnes)



Hazardous waste

Waste	Measure	2019	2018	Disposal Method
Effluents (Archemics)	m³	**4,480**	2,904	Treated onsite and carted away
Used Car batteries and tyres (EO, Linxia, Novengi, Coolkote)	Units	**117**	153	Garage
Used Oil (Novengi, Suchem)	Litres	**2,290**	7,356	Recycling
Electronics (EO, Linxia)	Units	**115**	245	Recycling

- Electronic and household equipment: In line with our IT Policy, all business units conduct clean-ups and reclamation tasks before disposing of their electronic assets, with an approved waste collector. In May 2019, all employees were invited to bring their household and electronic equipment for responsible disposal through BEM Recycling.
- Paper: All our business units contract out the used paper collection for recycling to local companies such as WeCycle and Mission Verte. We are proud to share that a total of 4,1 tonnes of paper and cardboard were sent to recycling in 2019.
- Containers: Suchem collects empty plastic drums (used for textile auxiliaries) at its customers' premises, for cleaning and re-use. MCFI and Suchem's wooden pallets are given away to NGOs and SMEs who use them to create furniture items. They also sell used drums to third parties for home-planting or collecting rainwater.

SPILLS

There was no incidence of hazardous spill in 2019.

ENVIRONMENT-RELATED INVESTMENTS

Our business units have invested in the following mechanisms and initiatives to reduce or revert their adverse environmental impacts.

Business Unit	Activity	Investment (MUR) in 2019
Archemics	Environmental awareness Recycling Collection, treatment and carting away of effluent Relocation of borehole Implementation of ISO 14001 norms	2,447,795
Harel Mallac Head Office	Employee e-waste collection Paper and cardboard collection Sensitisation campaigns	41,100
Suchem	Water Treatment	9,000
MCFI	Environmental Awareness	31,912
Corexsolar International	Implementation of ISO 14001 norms	97,850
	Total	**2,627,657**

OUR CONSUMERS

Corporate reputation takes a long time to build and derives directly from the outcome of how we conduct ourselves with our stakeholders. Our values guide us in everything we do and are core to the reputation for trust and integrity that we have built up over the decades.

PRODUCT AND SERVICE LABELLING

EO, Linxia and Novengi comply with all application regulations related to product and service labelling, notably the Energy Efficiency (Labelling of Regulated Machinery) Regulations 2017. There was no case of legal non-compliance in 2019.

Our Chemicals division is subject to the Dangerous Chemicals Control Act 2004, which provides labelling rules for chemical substances and mixtures. They were aligned with the amendment brought the said Act in 25 July 2019. There was no case of legal non-compliance in 2019.

COMPLIANCE

All our business units are subject to the Data Protection Act and are registered as Data Controllers with the Mauritian Data Protection Office (DPO). Harel Mallac Technologies is subject to a number of regulations regarding the ICT sector: the Data Protection Act (DPA) 2017, the EU General Data Protection Regulation (GDPR) 2016, the Computer Misuse and Cybercrime Act 2003, the ICTA Act 2016, the Electronic Transactions Act 2000 and the Copyright Act 2014. Harel Mallac Technologies is also ISO 27001 – certified, and holds an Information Security Management2 (ISM) certificate issued by the British Standards Institution.

Harel Mallac Global, as a global business operator, is subject and adheres to some 30+ national and international legislations, including the Captive Insurance Act, the Financial Services Act, the Income Tax Act, the Limited Liability Partnerships Act 2016 and the Securities Act. There was no case of non-compliance in 2019.

In 2019, Archemics, Chemco, Bychemex, MCFI, EO Solutions and Linxia were ISO 9001:2015 certified. Archemics went further and now detains the Integrated Management System triple certification (for ISO 14001, ISO 45001 and ISO 9001), as well as industry-specific certifications in Personal Care Amenities Range (ISO 16128) and Cosmetic Goods Manufacturing Practice (ISO 22716).

OUR CONSUMERS (cont'd)

CUSTOMER SATISFACTION

In 2019, four of our companies undertook to measure their customer satisfaction and registered the following scores, further to which improvement measures were agreed upon and planned for implementation at the start of 2020.

Companies	Customer Satisfaction Score
EO Solutions	83
Linxia	78
Novengi	68
Suchem	89

CUSTOMER PRIVACY

All our business units' websites put forward and explain how we respect our visitors' data privacy, with updated privacy policies, cookies policies and clear terms and conditions.

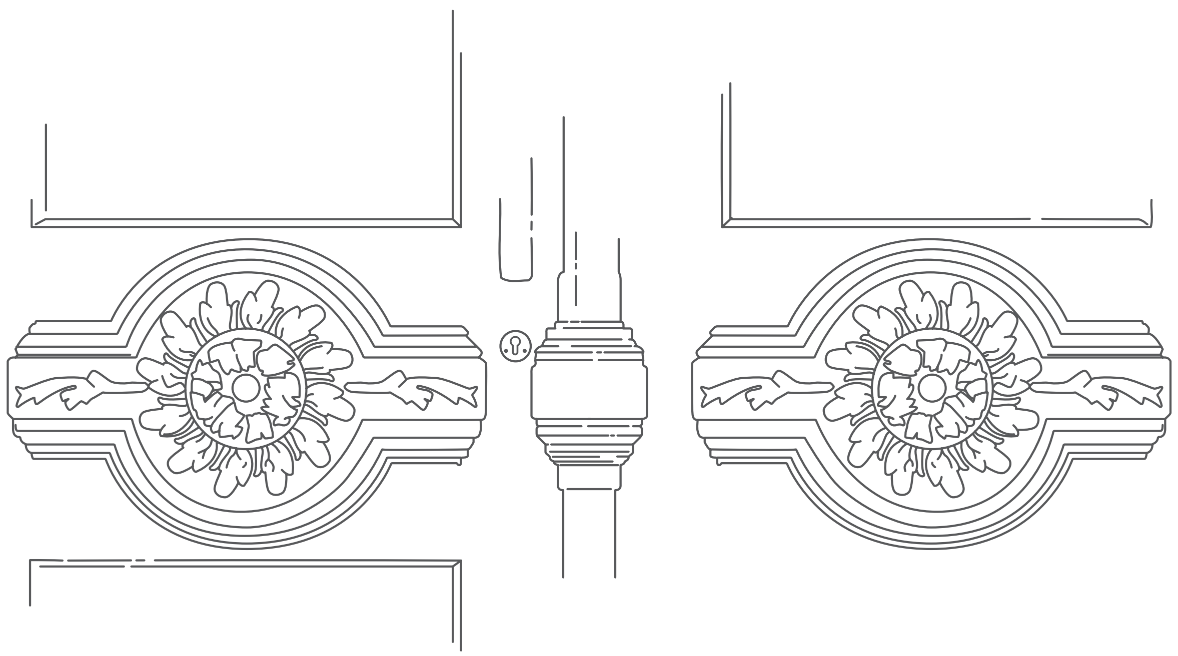
PRODUCT EXCELLENCE

Our "Product Excellence" theme encompasses everything that is included in the products and solutions we offer, from the quality and eco-friendliness of the raw materials to the choice of our suppliers. We also care about the life cycle of our products and solutions after they have been sold, and we make sure these are used optimally and disposed of responsibly.

GIVING BACK (FONDATION HAREL MALLAC)

The Group's community work lies with and is conducted by the Fondation Harel Mallac (FHM), which operates since 2009. For the financial year under review, 50 per cent of our CSR fund was remitted to the Mauritius Revenue Authority. The other half of our CSR fund was disbursed to support projects benefitting Mauritian youth, with a focus on the Port Louis region:

- Our flagship project, the **Port Louis Sailors Rugby Club** boasts some 50 players, including two feminine teams (U16 and senior) which participate in local tournaments.
- **Reef Conservation extended its** Eco-Schools programme to seventeen new schools, six ANFEN centres and one Tertiary Institution (Vatel Hotel Management School).
- We sponsored the tuition fees of seven students at **College Technique St Gabriel** in Tranquebar.
- The **Association d'Alphabétisation de Fatima** offers foundation literacy and numeracy skills and technical training for adolescents and school dropouts in the region of Triolet.
- The **Flamboyant Educational Centre** dispenses early childhood and pre-school care to 54 children in Cité Richelieu.
- We also contributed to the **tertiary education** of a young photographer, Emmanuel Clair, at the Ecole Supérieure d'Art (ESA) in Reunion Island, and also that of an aspiring pilot, Terry Edouard, at the Air Mauritius Institute Flying Academy. Emmanuel and Terry respectively come from Sainte Croix and Bois Marchand.



Corporate
Governance Report

INTRODUCTION

Harel Mallac & Co. Ltd ('Harel Mallac' or 'the Company') is a public company incorporated in 1952 and is listed on the Official Market of the Stock Exchange of Mauritius ('SEM'). Harel Mallac is a Public Interest Entity (PIE) as defined by the Financial Reporting Act 2004.

CORPORATE GOVERNANCE

Harel Mallac and its subsidiaries ('the Group') are committed to maintaining high standards of corporate governance, and acknowledge their responsibility in following the principles contained in the National Code of Corporate Governance for Mauritius (the 'Code').
This Corporate Governance Report endeavours to demonstrate the application, within the Group, of the eight principles composing the Code.

PRINCIPLE 1: OUR GOVERNANCE STRUCTURE

Harel Mallac is led by its Board of Directors ('the Board').

THE CONSTITUTION

The Board derives its authority to act from the Company's constitution ('the Constitution'). There are no clauses of the Constitution deemed material enough for special disclosures. The Constitution is available on the Company's website.

BOARD CHARTER

A Board Charter was approved by the Board, which details among others, the objectives of the Board, the roles of the Chairman, Non-Executive Directors and the Company Secretary. A copy of the Board Charter is available on the Company's website.

BOARD COMMITTEES

The Board is assisted in its functions by three Board Committees, namely: the Audit and Risk Committee, the Corporate Governance Committee (which also covers the key areas which are the remit of a nomination and remuneration committee) and the Strategic Committee.
Each of our committees is governed by and operates within the Terms of Reference approved by the Board.
These Terms of Reference are reviewed periodically.

DELEGATION OF AUTHORITY ACROSS THE GROUP

The Board has approved a comprehensive Delegation of Authority Matrix that clearly defines the decision process across the Group. The Delegation of Authority Matrix is reviewed by the Board whenever required.

THE ROLE OF THE BOARD

The Board is led by the Board Chairman. The roles of the Board Chairman and that of the Chief Executive Officer are separate.
The Board exercises leadership, entrepreneurship, integrity and sound judgement in directing the Company, so as to achieve continuing prosperity for the organisation while embracing both performance and compliance.
The Board also ensures that the activities of the Company comply with all legal and regulatory requirements, as well as its Constitution.

The Board, inter alia:
- oversees the development and implementation of the Company's corporate strategy;
- reviews performance objectives;
- oversees financial management and capital management;
- oversees compliance and risk management;
- ensures that sound corporate governance practices are in place;
- ensures effective communication with the Company's stakeholders;
- provides for succession plans for key individuals; and
- promotes the Company's Code of Ethics.

CODE OF ETHICS

The Board approved the Code of Ethics ('COE') which is applicable across the Group. Its application is periodically monitored. Our COE sets the framework for and advocates:
- honest communication;
- confidentiality;
- financial integrity;
- commercial ethics; and
- corporate citizenship.

Our COE, which is available on our website, also addresses insider dealing, conflict of interest and political involvement as well as exercise of public duties.
All the employees of the Group have had the opportunity to get fully familiarised with our COE through our e-learning platform.

RESPONSIBILITIES AND ACCOUNTABILITY

The Group operates within a clear governance framework that enables the Board to exercise effective control and supervision.
Day-to-day management is delegated to the Chief Executive Officer and his senior executives who have clear job descriptions that set the base for a clear understanding of their roles and responsibilities. The job descriptions of key senior executives are reviewed by the Corporate Governance Committee and submitted thereafter to the Board for approval.

ORGANISATIONAL STRUCTURE

Chief Executive Officer
CHARLES HAREL

Operations

- COO - Equipment & Systems Division – CHRISTINE NGUYEN THAC LAM
  - Managing Director - Linxia and EO Solutions – ALAIN AH SUE
  - Executive Director - Corexsolar International – FRANK RIVAS MANZO
  - General Manager - Novengi – YANNICK APPLASAMY
- COO - Chemicals Division – PATRICE MARIE
  - Managing Director - MCFI Group – YANIS FAYD'HERBE
  - Managing Director - Archemics – ANTHONY COOMBES
  - General Manager - Suchem – NICOLAS LANGLOIS
- General Manager - Harel Mallac Technologies – SHATEEAUM SEWPAUL
- General Manager - Itineris and Harel Mallac Aviation – ANDRÉ NAIRAC
- Manager - Harel Mallac Global & Harel Mallac Corporate Services – STEPHANIE DOMINGUE

Head Office

- Group Head of Legal – ANSHI SAMINADEN
- Group Head of Human Resources – JEANIQUE PAUL-GOPAL
- Group Head of Communication & Sustainability – SOPHIE DESVAUX DE MARIGNY
- Group Head of Corporate Services – VANESSA HIPPERT
- General Manager - Investments and Projects – CHRISTIAN YONG KIANG YOUNG
- Group Head of Finance – JEAN-MICHEL COLIN

The organisation structure is regularly reviewed and approved by the Board.

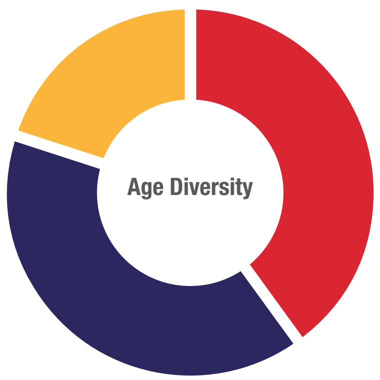
PRINCIPLE 2: THE STRUCTURE OF OUR BOARD AND ITS COMMITTEES

BOARD SIZE AND STRUCTURE

Harel Mallac is headed by a committed unitary board ('the Board') comprising ten Directors. The Board is confident that it possesses the right mix of independence, professional experience, skills, expertise and background to lead the Company and the Group efficiently. The Board is of the view that the presence of the Executive Director and that of the Group Head of Finance at board meetings, are in line with the recommendations of the Code for executive presence on the Board.

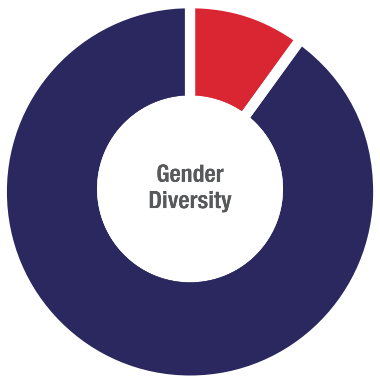
Executive Directors	Gender	Age	Country of Residence	Category
HAREL Antoine L. (Chairman)	M	62	Mauritius	NED
AH-CHUEN Dean	M	55	Mauritius	ID
BORIS Pascal C.B.E.	M	69	UK	NED
CLARENC Paul	M	75	Mauritius	NED
DE CHASTEAUNEUF Jérôme	M	53	Mauritius	ID
DE JUNIAC Christian	M	66	UK	NED
GIRAUD Daniel G.O.S.K.	M	67	Mauritius	ID
HAREL Charles	M	52	Mauritius	ED
LEVIGNE-FLETCHER Anne Christine C.S.K.	F	65	Mauritius	ID
MOOLLAN Anwar S.C.	M	52	Mauritius	NED

ID – Independent Director; NED – Non- Executive Director; ED – Executive Director



• 50-60 y.o.
• 61-65 y.o.
• above 65 y.o.

• Less than 3 yrs
• From 4 to 10 yrs
• Above 10 yrs



• Ladies
• Gents

DIRECTORS' INDEPENDENCE REVIEW

The Board is of the view that a Director's independence is not reliant on his term of office. The Board believes that a Director's independence is measured by the latter's ability to think, analyse and decide independently and by the person's capacity to stand up to contrary views and opposing arguments. The Board has therefore taken the stand that it will ascertain a Director's independence on these criteria rather than by the number of years spent on the Board.

MEETINGS' PROCESS

Calendar of meetings ▶	Agenda Setting ▶	Circularisation of Board/Committee Papers ▶	Attendance at meetings ▶	Minutes of meetings
A calendar of meetings for the year is set at the beginning of the year.	The agenda of the meeting is finalised by the Chairman and the Company Secretary after consultation with the CEO.	Detailed and comprehensive Board papers are circularised to the Directors with a view of enabling the Directors to take learned decisions.	With a view to enhancing attendance Directors can assist by audio or video conferencing.	Minutes of meetings are approved by the Board/Committee and signed by the Chairman and the Company Secretary.

BOARD MEETINGS

During the year under review, the Board met seven times.

ATTENDANCE AT BOARD MEETINGS

Directors	Attendance
HAREL Antoine L. (Chairman)	7/7
AH-CHUEN Dean	6/7
BORIS Pascal C.B.E.	6/7
CLARENC Paul	6/7
DE CHASTEAUNEUF Jérôme	5/7
DE JUNIAC Christian	6/7
GIRAUD Daniel G.O.S.K.	7/7
HAREL Charles	7/7
LEVIGNE-FLETCHER Anne Christine C.S.K.	7/7
MOOLLAN Anwar S.C.	2/7

BOARD'S FOCUS AREAS DURING THE YEAR

- Strategic plan for the Company and the Group.
- Annual and quarterly financial statements.
- Investment and divestment decisions.
- Annual budget for Company and Group.
- Board Committees' reports.
- Risk assessment and mitigation.
- Remuneration and talent management.
- Adoption of group policies.

BOARD EVALUATION

A Board evaluation exercise is carried out yearly by the Company Secretary. The Directors are invited to rate various areas of the Board's governance, such as the preparation and effectiveness of meetings, performance of the Chair and of the Board Committees. It also provides for each Director's self-evaluation. Directors are invited to comment on each area being evaluated. The Company Secretary may interview the Directors to collect more information on comments made. A detailed report is presented to the Corporate Governance Committee, which in turn makes its recommendations to the Board on ways and means to improve on the lowest-rated areas.

BOARD COMMITTEES

AUDIT & RISK COMMITTEE ('ARC') MEETINGS

During the year under review, the ARC met six times. The Board is satisfied that the members of the ARC have the right mix of skills, knowledge, financial literacy and expertise to fulfil their duties and that they have effectively discharged their responsibilities during the year under review according to their terms of reference.

Attendance at ARC meetings

Directors	Attendance
DE CHASTEAUNEUF Jérôme (Chairman)	6/6
GIRAUD Daniel G.O.S.K.	5/6
LEVIGNE-FLETCHER Anne Christine C.S.K.	4/6
MOOLLAN Anwar S.C.	1/6

ARC's focus areas during the year

- Annual and quarterly financial statements.
- Internal audit reports.
- External audit reports.
- Risk Management Framework.
- Ethics.
- Whistleblowing.
- Accounting procedures and processes.
- Delegation of authority matrix.

CORPORATE GOVERNANCE COMMITTEE ('CGC') MEETINGS

During the year under review the CGC met four times.

Attendance at CGC meetings

Directors	Attendance
HAREL Antoine L. (Chairman)	4/4
AH-CHUEN Dean	2/4
CLARENC Paul	4/4
MOOLLAN Anwar S.C.	2/4

CGC's focus areas during the year

- Remuneration.
- Remuneration, pay and benefits framework.
- Board appraisal.
- Appointment of Directors.
- Employees' Engagement.
- Talent Management framework.
- Succession planning.
- Recruitment of senior executives.
- Directors' remuneration.

STRATEGIC COMMITTEE MEETINGS

During the year under review the Strategic Committee met six times:

Directors	Attendance
HAREL Antoine L. (Chairman)	6/6
HAREL Charles	6/6

Strategic Committee's focus areas during the year

- Investment projects.
- Divestments.
- Performance rating of investments.
- Group's African risk appetite and growth strategy.
- Strategic plans.

THE ROLE OF THE COMPANY SECRETARY

The Company Secretary's function is performed by HM Secretaries Ltd. HM Secretaries Ltd is a wholly-owned subsidiary of Harel Mallac & Co. Ltd offering secretarial services to Harel Mallac & Co. Ltd and to its local subsidiaries. HM Secretaries Ltd is headed by an ICSA chartered secretary. All Directors have access to the advice and services of the Company Secretary for the purposes of the Board's affairs.

PRINCIPLE 3: DIRECTORS' APPOINTMENT AND PROCEDURES

APPOINTMENT, ELECTION AND RE-ELECTION OF DIRECTORS

The Corporate Governance Committee reviews new appointments to the Board, Board Committees, boards of 100%-owned subsidiaries and makes its recommendations thereon to the Board. Skills, expertise, knowledge, experience, diversity and independence are factors that are considered. Directors shall be "a natural person, not under the age of 18, be an undischarged bankrupt and shall not be prohibited from being a director under sections 337 and 338 of the Companies Act 2001".

The Directors are re-elected upon recommendation of the Corporate Governance Committee that considers, amongst others, the results of the Board's evaluation, which is carried out by the Company Secretary. The Constitution provides that the Directors of the Company shall hold office for one year but shall be eligible for reappointment.

INDUCTION OF DIRECTORS

Upon their appointment, Directors follow an induction course, which is facilitated by the Chairman and the Company Secretary. The induction pack which is remitted prior to the induction course consists of recent minutes of Board and Committee meetings, recent unaudited and audited financial statements, Company's Constitution, Listing Rules, Company's annual report. The newly appointed Directors have one-to-one meetings with the CEO and members of the Leadership Team as part of the induction process. The newly appointed Directors also proceed with the visit of local-based operational sites.

DIRECTORS' PROFILES

The profiles of the Directors are given on pages 16 and 17.

PROFESSIONAL DEVELOPMENT

The Directors are encouraged to participate in workshops and training sessions organised by the MIoD and other training bodies. The Board facilitates such participation.

SUCCESSION PLANNING

The Board ensures that a comprehensive succession planning mechanism is in place within the Company. The objective of succession planning is to ensure that the Company continues to operate efficiently when individuals occupying key positions leave the Company.

PRINCIPLE 4: DIRECTORS' DUTIES, REMUNERATION AND PERFORMANCE

DIRECTORS' DUTIES AND RESPONSIBILITIES

The Directors are aware of their legal duties and responsibilities. Policies are in place that assist the Directors in fulfilling their duties - such as the Code of Ethics, the Conflict of Interest/related party transactions policy and the Board Charter.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE POLICY

A Directors' and officers' liability insurance policy has been subscribed covering the Company, its subsidiaries and the Company's Directors. It offers coverage when they sit on the boards of outside companies at the behest of the Company.

CONFLICT OF INTEREST/RELATED PARTY TRANSACTIONS

Transactions with related parties are disclosed in the financial statements and declarations of interest are registered by the Company Secretary.

INFORMATION ALLOWING DIRECTORS TO MAKE LEARNED DECISIONS

Detailed information is provided in writing to the Directors prior to Board and Committee meetings as well as in the case of resolutions to allow them to make learned decisions. Directors are also encouraged to contact the CEO, the Chairman or the Company Secretary in case they need any further information or clarification.

SUPPORT OF EXTERNAL EXPERTS

The Board is encouraged to seek external expert advice whenever required.

DIRECTORS' REMUNERATION

Non-Executive Directors are paid directors' fees commensurate with their responsibilities on the Board. Directors are paid fixed fees. A benchmarking exercise is carried out regularly by the Corporate Governance Committee to ensure that the directors' fees are market and industry-related. The Company's Non-Executive Directors sitting on the boards of subsidiary companies may also receive directors' fees from such subsidiaries. None of the Non-Executive Directors are entitled to remuneration in the form of share options or bonuses associated with the Company's or the Group's performance. Details of Directors' remuneration are given on pages 50 and 51.

REMUNERATION POLICY

The Company's remuneration policy recommends that the Company provides competitive rewards for its senior executives and other senior management staff, taking into account the Company's performance and external market data from independent sources and in particular, regarding the latter, salary levels for similar positions in comparable companies. The remuneration package consists of base salary, fringe benefits and individual and collective performance bonuses. The remuneration package is determined by the Board of Directors upon recommendations from the Corporate Governance Committee. Executive Directors and senior Management may also be entitled to performance bonus schemes linked to personal objectives as well as to the Company's and/or the Group's performance. Such schemes are reviewed by the Corporate Governance Committee and thereafter submitted to the Board for decision.

INFORMATION TECHNOLOGY POLICY

An Information Technology ('IT') Policy was approved by the Board and is applicable to all subsidiaries in the Manufacturing and Trading, Business Services and Asset Management clusters of the Group. A budget for IT is allocated annually, based on respective needs for the financial year. The IT policy covers, amongst others:

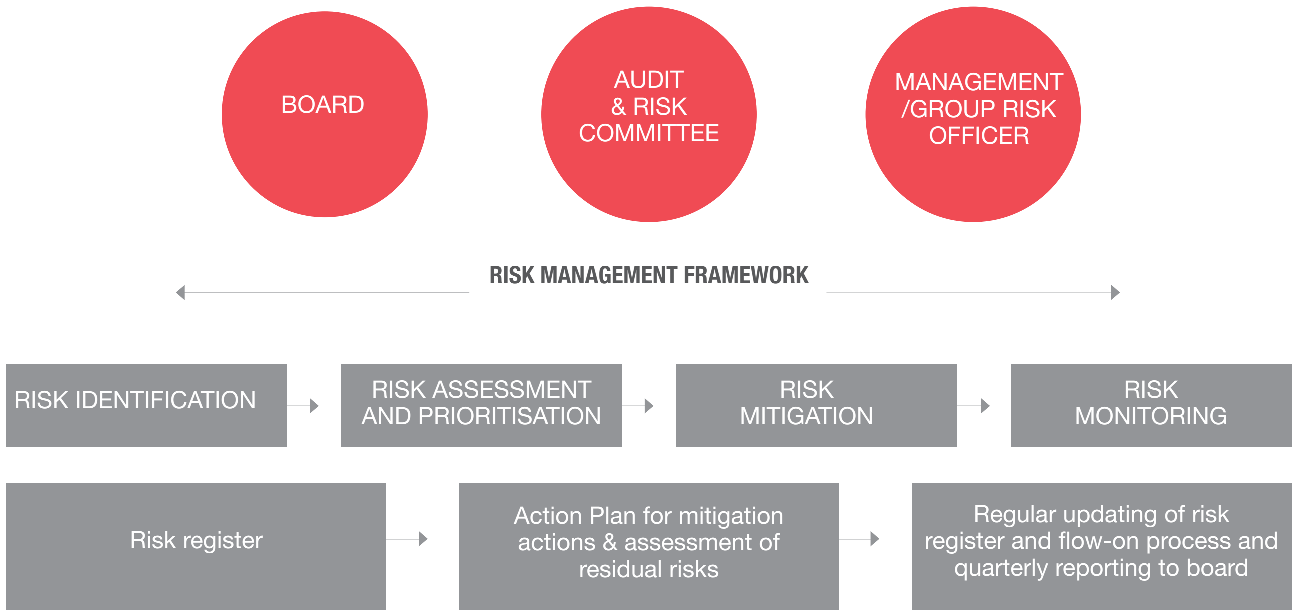
- security standards, including control and access rights (including physical access);
- process for acquisition of information systems, their development and maintenance;
- back-up of information;
- malicious software protection;
- Internet and Intranet security; and
- Bring Your Own Devices.

EU GENERAL DATA PROTECTION REGULATION

The Group and its Board of Directors are committed to ensuring the safe and lawful processing of all personal data that the Group collects, in a fair and transparent manner, in accordance with applicable data protection laws in force, namely the Data Protection Act 2017 (Act No.20 of 2017) (DPA) and the European General Data Protection Regulation (GDPR). The Policy sets out how personal data must be collected, processed and safeguarded in accordance with these laws. All the employees within the Group have been trained with regard to the Group's Data Protection Policy.

PRINCIPLE 5: RISK GOVERNANCE AND INTERNAL CONTROL

RISK MANAGEMENT



The Board is ultimately responsible for the process of risk management. The Company's Management is accountable to the Board for the design, implementation and detailed monitoring of the Risk Management Framework. The Risk Management Framework ('RMF') refers to the process used by the Company to monitor and mitigate its exposure to risk. The RMF is not intended to eliminate all risks but to provide a mitigating mechanism to limit risk exposure and potential loss. The Board has delegated to the ARC the responsibility to supervise the monitoring and mitigation of risk exposure. The ARC has overseen a risk review in collaboration with Management and the Group Risk Officer. Internal and external risks facing the organisation (including but not limited to strategic, financial, operational and compliance risks) have thus been identified and the Management has been implementing mitigating actions as well as control systems, including compliance checks. The Board regularly receives reports from the Management and from the ARC on risk management. The risk register is reviewed and updated quarterly at both Company and Group levels. Among the risk areas identified, and control procedures put in place, are the following:

RISK MANAGEMENT (cont'd)

PHYSICAL RISKS

Among the physical risks identified are unavoidable events such as riots, cyclones and other natural calamities. Mitigating actions such as the adoption of cyclone and fire procedures, subscription to a relevant insurance cover and the identification of a business continuity plan and a disaster recovery plan, have been taken. To limit the occurrence of on-site accidents, health and safety as well as security procedures have been implemented. The Company also draws upon the expertise of both an occupational physician consultant and a full-time health and safety officer. The Company's control procedures ensure mitigation of risks relating to fraud and theft.

HUMAN RESOURCES RISKS

Loss of key personnel has been identified as a major risk factor. In view of mitigating this risk, retention policies have been adopted and a formal performance assessment and reward system has been implemented within the Company. Furthermore, a Code of Ethics has been adopted, so as to limit reputational risks. Health surveillance is performed at regular intervals on employees in high-risk jobs, in line with the Company's health and safety policy.

TECHNOLOGY RISKS

The Group's IT governance is regularly assessed. Cyber-attacks are rampant and pose a real threat to digital business processes and data. To mitigate those risks, end-user cybersecurity awareness is raised through regular communication about handling of suspicious emails and attachments as well as about password management. Vulnerability assessments are run on publicly exposed interfaces such as firewalls and those are reviewed to address any identified issues. The Group IT policies have been reviewed and are being enforced through action plans and end-user training to ensure proper IT governance.

FINANCIAL RISKS

The financial risks are detailed in the notes to the audited financial statements.

INTERNAL CONTROL

Internal control is a process designed to provide reasonable assurance regarding the achievement of the Group's objectives in respect of effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations. It is carried out by the Board of Directors, the management and other personnel. It is applicable to and is built into the various business processes so as to cover all significant enterprise areas. Systems and processes have been implemented within the Group and are regularly controlled by the Internal Audit function to ensure that they are being adhered to and that they are effective. Internal control is a dynamic process which in turn leads to regular improvement of internal controls in place. Our internal control system covers the Company as well as its local and foreign subsidiaries. It does not cover our associate companies.

OUR GROUP POLICIES

The following policies are applicable across the Group:

- Equal Opportunity Policy.
- Data Protection Policy and Data Privacy Rights Management Policy.
- Policy on conflicts of interest and related party transactions.
- Information Technology Policy
- Ancillary Policy on post contractual obligations.
- Gift Policy.
- Ethics Whistle-Blowing Policy.

The policy on conflicts of interest and related party transactions as well as the details of the Group's IT governance are available on the Company's website.

PRINCIPLE 6: REPORTING WITH INTEGRITY

SUSTAINABILITY REPORTING AND INTEGRATED REPORTING

The Company, after publishing for the year 2017 a separate Sustainability Report, issued an Integrated Annual Report in 2019 and 2020.

REPORTING WITH INTEGRITY

The Board recognises its responsibility in ensuring that the Company reports with integrity. It thus ensures that the financial reports, annual reports and other regulatory *communiqués* that may, from time to time, be issued, are compliant with prevailing standards, rules, legislation and regulations.

PRINCIPLE 7: AUDIT

EXTERNAL AUDITORS

The ARC has the primary responsibility for making recommendations with regard to the appointment/ reappointment and removal of the external auditors. The ARC ensures that the external auditors observe the highest standards of business and professional ethics and that their independence is in no way impaired. The ARC makes recommendations to the Board on external auditors' appointment and fees.
The ARC encourages consultation between the internal and the external auditors to discuss matters of mutual interest and the management letters as well as the Internal Auditors' report. The ARC regularly meets with the external auditors during ARC meetings and reports from the external auditors are extensively discussed. Whenever the need arises, the ARC meets the external auditors, without Management being present. The fees paid to the auditors for audit and non-audit services for the financial year are disclosed in the Statutory Disclosures section in the annual report.

The ARC received from the external auditors its report following the 2019 audit exercise. The issues reported were discussed and recommendations made. The ARC discussed auditors' rotation and recommended that a tender exercise be launched in view of a change in external auditors for the year ending 31 December 2020.

INTERNAL AUDITORS

Internal Audit is a function responsible for providing assurance to the Board regarding the implementation, operation and effectiveness of internal control and risk management systems within the Group. KPMG is, since January 2019, the Group's Internal Auditor with a scope covering the Group's subsidiaries except for some of our foreign entities. The Internal Audit function reports to the ARC and to the Board of Directors. It assists in the maintenance and improvement of the process by which risks are identified and managed, and in the strengthening of the internal control framework. The Internal Audit function has examined the current control systems to check their suitability and to ensure that they are being adhered to. The Internal Audit function conducts its assignments based on a yearly plan that is validated by the ARC. The Group Internal Audit has unrestricted access to the Company's records, management and employees. Systems reviewed in 2019 at the Company's and subsidiaries' levels include inventory, procurement and contract management, investment and valuation, treasury management, property management, internal financial close, HR and payroll, IT & business continuity, marketing and sales, and fixed assets. The review also covers all significant areas of the Company's and its subsidiaries' internal control. The reports produced by the Internal Audit function were regularly submitted to the ARC for discussion and for follow-up of the implementation of recommended actions. The ARC periodically assesses the independence and objectivity of the Internal Audit function and is satisfied of its independence.

PRINCIPLE 8: RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS

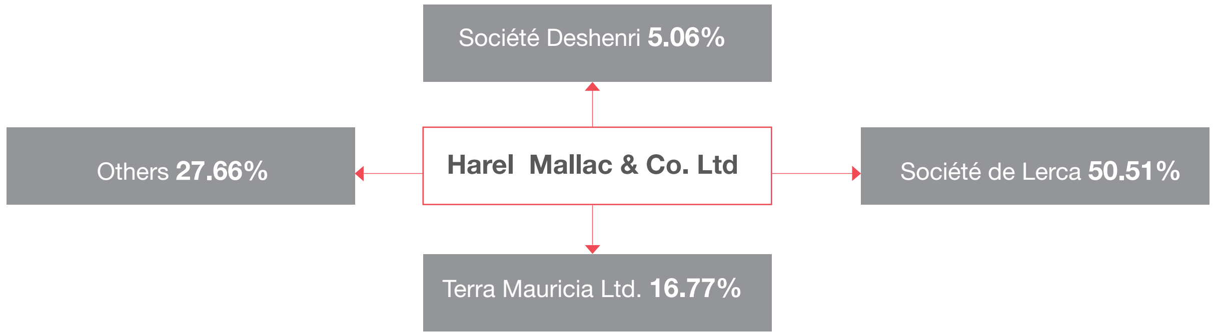
OUR KEY STAKEHOLDERS

Harel Mallac endeavours to maintain clear communication channels with all its key stakeholders and believes it is the founding stone of good governance.

Who?	Shareholders	Employees	Customers	Government & Regulatory Bodies	The Community
How?	Annual meetings Quarterly financial reporting Comprehensive annual report	Intranet & emails Regular meetings with CEO and Head Office Team Semi-annual management meetings Social events & volunteering	Websites & social platform Public relations Customer satisfaction surveys	Regular exchanges with regulatory bodies' representatives Quarterly financial reporting Comprehensive annual report	Public & media relations Social media Sponsorships & CSR

SHAREHOLDERS

Shareholders holding more than 5 percent



Shareholding structure

The Directors recognise that the parent entity is *Société de Lerca*, which holds 50.42% of the voting rights of Harel Mallac & Co. Ltd and that the ultimate parent entity is Société Pronema. The Director common to the above entities is Mr. Antoine L. Harel who is *Gérant* of *Société de Lerca* and of *Société Pronema.*

Profile of Company's shareholders as at 30 April 2020

Size of shareholding	Number of shareholders	Numbers of shares owned	% Holding
1-500	439	37,396	0.33
501-1,000	30	25,130	0.22
1,001-2,500	27	40,203	0.36
2,501-5000	11	39,480	0.35
5,001-10,000	13	93,947	0.84
10,001-25,000	26	430,785	3.83
25,001-50,000	15	576,858	5.12
50,001-100,000	5	300,865	2.67
100,001-250,000	2	252,325	2.24
250,001-500,000	2	756,902	6.72
500,001-750,000	2	1,129,400	10.03
750,001 - 1,000,000	0	00.000	00.00
1,000,001 -2,000,000	1	1,888,377	16.77
Over 2,000,000	1	5,687,720	50.51
Total	574	11,259,388	100.00

Summary by shareholding category as at 30 April 2020

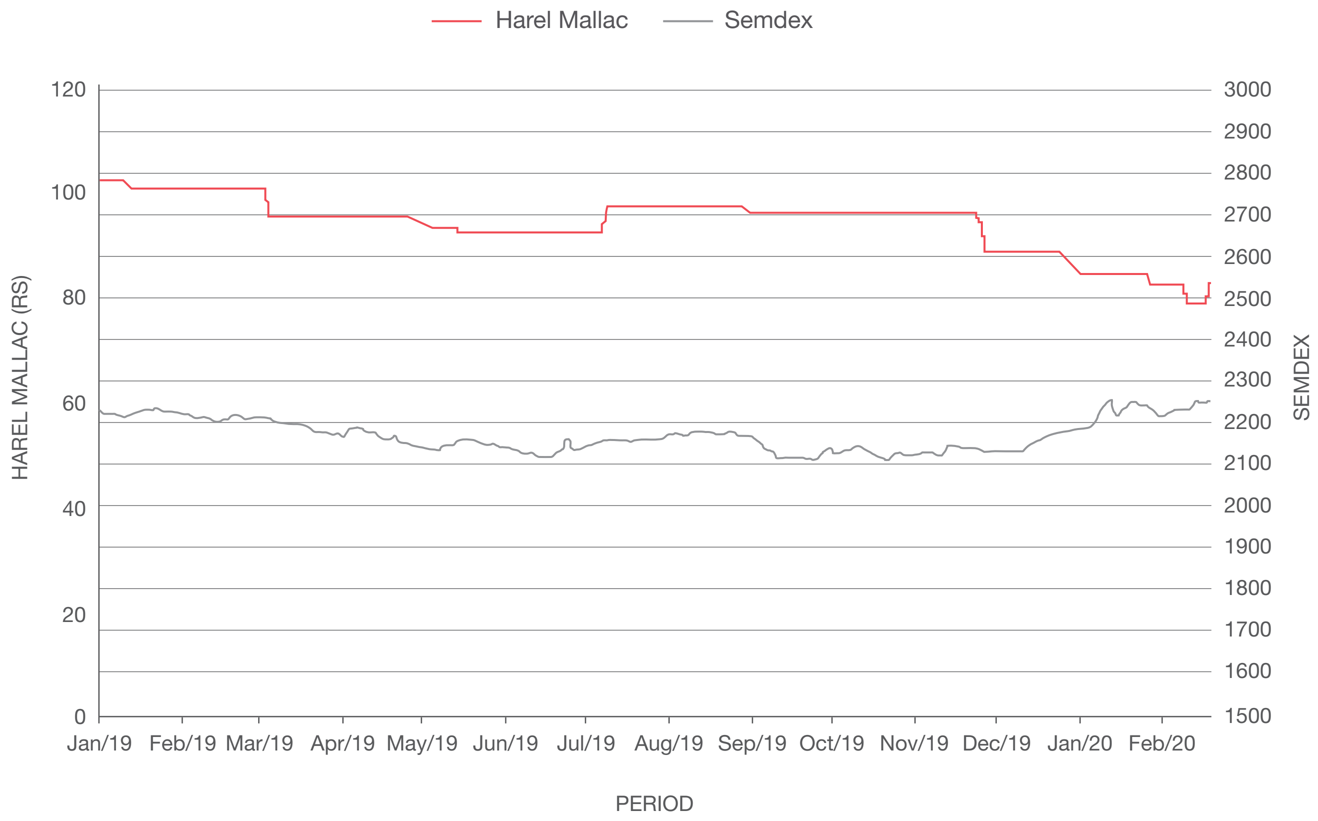
Category of Shareholders	Number of shareholders	Numbers of shares owned	% Holding
Individual	475	592,533	5.26
Insurance and assurance companies	4	29,965	0.27
Pension and provident funds	15	241,391	2.15
Investment and trust companies	4	21,807	0.19
Other corporate bodies	76	10,373,692	92.13
Total	574	11,259,388	100.00

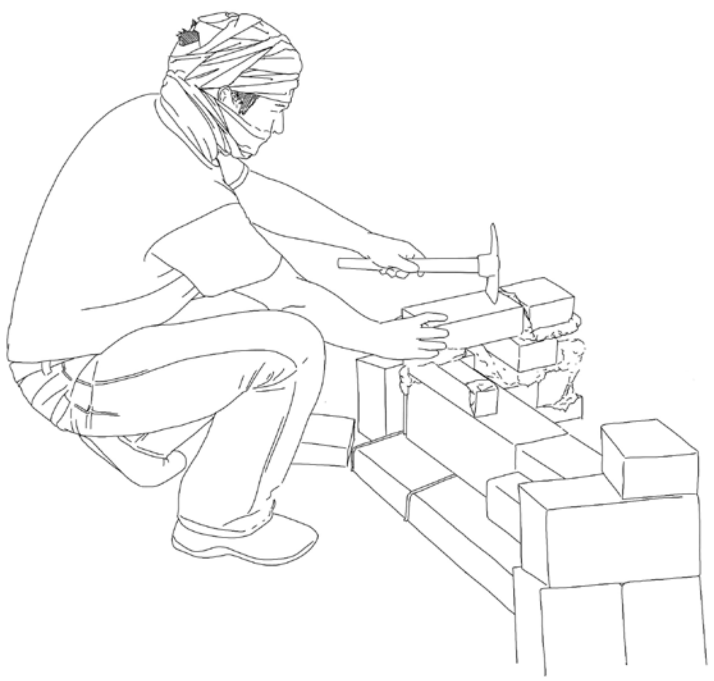
Dividend policy

The Company's dividend policy provides that the dividend payable to the Company's shareholders would represent some 50 percent of the after-tax profit for the relevant period before exceptional items. However, due consideration is given by the Board to the need to avoid major fluctuations from one year to the next. During the year under review, the Board declared a dividend of Re.1.40 per ordinary share.

Share price information

DAILY SHARE PRICE FROM JANUARY 2019 TO FEBRUARY 2020





Employee share option plan

No employee share option plan is available.

Forthcoming annual meeting

Shareholders attending the annual meeting are requested to bring their National Identity Card or passport to the meeting, as these are required for registration.

Schedule of events

Annual meeting	Quarter 3 of 2020
Publication of condensed results for first quarter	June 2020
Publication of condensed results for second quarter	August 2020
Publication of condensed results for third quarter	November 2020
Dividend declaration and payment	December 2020 / January 2021

Shareholders' practical guide

Change of address/ name	Contact the Company Secretary and ask for relevant form
Acquisition or disposal of shares	Contact broker
Lost share certificates	Contact the Company Secretary
Direct dividend credit	Contact the Company Secretary and ask for relevant form
Shareholders' loan to company	Terms and conditions as well as application forms are available from the Company Secretary

DIRECTORS

DIRECTORS' AND OFFICERS' INTERESTS IN SHARES

The direct and indirect interests of Directors and officers in the ordinary shares of the Company and its subsidiaries are to be found on page 51.

DIRECTORS' DEALINGS IN THE SHARES OF THE COMPANY

The Directors follow the Model Code for Securities Transactions, as detailed in Appendix 6 of the Stock Exchange of Mauritius Listing Rules, whenever they deal in the shares of the Company.

SOCIAL, HEALTH AND SAFETY

Employees are connected and informed in real time via Edith - our intranet - and Let's LEARN - our e-Learning platform - which keep them up to date with the developments and news in the Group, while regularly instilling our guiding principles of Agility, Care and Trust. Health and Safety was integrated in the Group's Risk Management Framework and all Business Units have started tackling the identified risk in the Risk Assessment conducted in 2019. A detailed report on deliveries regarding our Group's commitment towards our people is available in the Our People section of the report.

CORPORATE, SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

The Group's business units entrust their CSR fund to Fondation Harel Mallac ('FHM'), which focuses on education and on support to vulnerable children, especially in the Port Louis region. The FHM activities for 2019 are detailed in the Giving Back section of the report.

Statutory Disclosures

PRINCIPAL ACTIVITIES

Following Harel Mallac's strategic repositioning exercise, the Group's activities have been organised into three distinct clusters of operations, namely Manufacturing and Trading, Business Services and Asset Management.

DIRECTORS

The Directors of the Company are listed on pages 14 to 17. In addition, a list of the directors of subsidiary companies is found on pages 22 and 23.

DIRECTORS' SERVICE CONTRACTS

None of the Directors of the Company and its subsidiaries have service contracts that need to be disclosed under Section 221 (2) of the Companies Act 2001.

DIRECTORS' REMUNERATION AND BENEFITS

Remuneration and benefits received, or due and receivable from Harel Mallac & Co. Ltd and its subsidiaries were as follows:

THE COMPANY	THE COMPANY		SUBSIDIARIES	
	2019	2018	**2019**	2018
Executive Directors	**Rs'000**	Rs'000	**Rs'000**	Rs'000
Full-time	**9,820**	9,711	**-**	-
Part-time	**-**	-	**-**	-
Non-executive Directors	**6,157**	5,076	**2,107**	2,136
	15,977	14,787	**2,107**	2,136

One director has waived emoluments received by him from the Company since his nomination in 2003.

DIRECTORS OF SUBSIDIARY COMPANIES	SUBSIDIARIES	
	2019	2018
Executive Directors	**Rs'000**	Rs'000
Full-time	**36,637**	33,748
Part-time	**-**	-
Non-executive Directors	**2,714**	2,760
	39,351	36,508

DIRECTORS' AND SENIOR OFFICERS' INTERESTS IN SHARES

The interests of the Directors and senior officers in the securities of the Company and of the Group as at 31 December 2019 are as follows:

	THE COMPANY		THE SUBSIDIARIES	
Directors	Direct Interest	Indirect Interest	Direct Interest	Indirect Interest
HAREL Antoine L.	-	557,347	-	1,128,142
HAREL Charles P. L.	10	544,390	-	1,105,362

None of the Directors hold direct or indirect interest in the shares of the company or its subsidiaries.
None of the other senior officers of the Company has direct or indirect holding in the shares of the Company or its subsidiaries.

CONTRACTS OF SIGNIFICANCE

There was no contract of significance to which the Company or any of its subsidiaries have been a party and in which a Director of the Company was materially interested, be it directly or indirectly.

SHAREHOLDERS

MAJOR SHAREHOLDERS

At 31 December 2019, the following shareholders were directly or indirectly interested in more than 5% of the ordinary share capital of the Company.

SHAREHOLDERS	NUMBER OF SHARES OWNED	INTEREST %
Société de Lerca	5,687,720	50.51
Terra Mauricia Ltd	1,888,377	16.77
Société Deshenri	570,600	5.06

Except for the above, no person has reported any material interest of 5 percent or more of the equity share capital of the company.

CORPORATE SOCIAL RESPONSIBILITY

	THE GROUP		THE COMPANY	
	2019 Rs'000	2018 Rs'000	**2019 Rs'000**	2018 Rs'000
Donations made during the year:				
Political				
Recipients for the Group and the Company				
2019:8 (2017:nil)	**1,800**	-	**1,800**	-
Others				
Recipients for the Group 2019: 19 (2018:43)	**507**	1,009	**255**	804
Recipients for the Company 2019: 6 (2018:4)				
Corporate Social Responsibility	**1,437**	2,586	**-**	-

AUDITORS' FEES

The fees payable to the auditors, for audit and other services, were:

	THE GROUP		THE COMPANY	
	2019 Rs'000	2018 Rs'000	**2019 Rs'000**	2018 Rs'000
Audit fees payable to:				
- BDO & Co	**7,320**	6,364	**775**	745
- Other firms	**527**	887	**-**	-
Fees paid for other services provided by:				
- BDO & Co	**105**	560	**105**	105
- Other firms	**-**	-	**-**	-

Other services provided by BDO & Co relate to review of quarterly consolidated abridged financial statements (2018: review of quarterly consolidated abridged financial statements, review of business plan and taxation services).

Statement of Directors' Responsibilities

The Directors acknowledge their responsibilities for:

i. adequate accounting records and maintenance of effective internal control systems;

ii. the preparation of financial statements which fairly present the state of affairs of the Company as at the end of the financial year and the results of its operations and cash flows for that year and which comply with International Financial Reporting Standards (IFRS); and

iii. the selection of appropriate accounting policies supported by reasonable and prudent judgment. The external auditors are responsible for reporting on whether the financial statements are fairly presented.

The Directors report that:

iv. adequate accounting records and an effective system of internal controls and risk management have been maintained;

v. appropriate accounting policies supported by reasonable and prudent judgments and estimates have been used consistently;

vi. applicable accounting standards have been adhered to. Any departure in the interest of fair presentation has been disclosed, explained and quantified; and

vii. the Code of Corporate Governance has been adhered to. Reasons have been provided where there has been non-compliance.

Signed on behalf of the Board of Directors on 30 June 2020.

ANTOINE L. HAREL
Chairman

CHARLES HAREL
Chief Executive Officer

Secretary's Certificate

We certify that, to the best of our knowledge and belief, the Company has filed with the Registrar of Companies all such returns as are required of the Company under the Companies Act 2001.

FOR HM SECRETARIES LTD.
Secretary

30 June 2020

Statement of Compliance

(Section 73 (3) of the Financial Reporting Act)

Name of PIE: Harel Mallac & Co. Ltd

Reporting Period: Year ended 31 December 2019

We, the Directors of Harel Mallac & Co. Ltd, confirm that to the best of our knowledge, the PIE has not fully complied with the principles of the Code of Corporate Governance for the reasons stated below:

Principle	Area of non-application of the Code	Explanation for non-application
Principle 2	Board Composition - having a strong executive management presence with at least two executives as members.	The CEO, being a Board member, is present at Board meetings. In addition, the Group Head of Finance attends Board meetings. The Board is of the view that the above is in line with the Code's spirit for executive presence on the Board.
Principle 4	Directors' remuneration - disclosing details of the remuneration paid to each individual director.	Remuneration of directors is disclosed globally due to the sensitivity of the information.

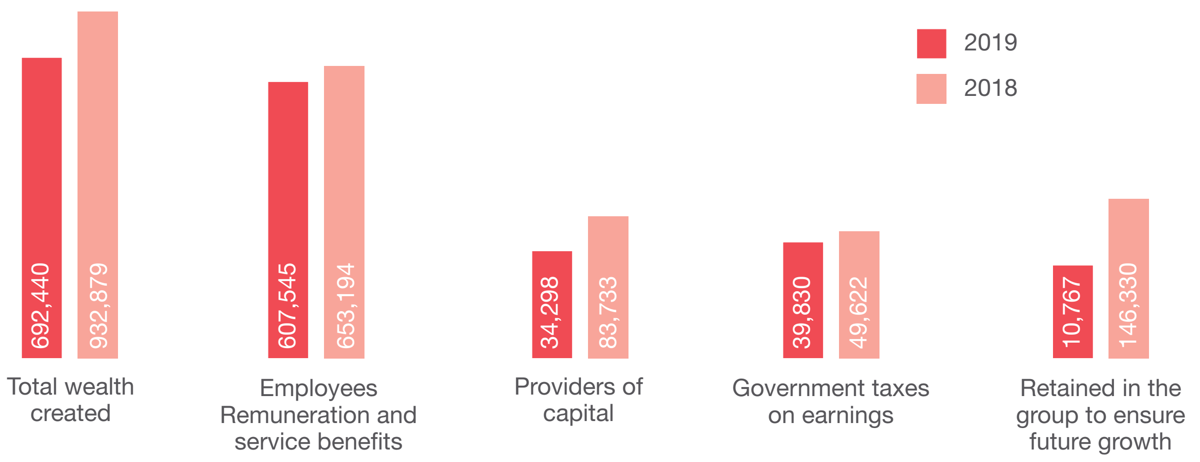
ANTOINE L. HAREL
Chairman

CHARLES HAREL
Chief Executive Officer

30 June 2020

Value Added Statement

	2019 Rs'000s		2018 Rs'000s	
Revenue	**3,558,058**		4,268,279	
Paid to suppliers for materials and services	**2,835,930**		3,458,224	
Value added	**722,128**		810,055	
Income from investment in associates & Joint Ventures	**100,678**		147,791	
Profit on disposal of investments	**1,033**		2,102	
Net impairment of investment, receivables & goodwill	**(131,400)**		(27,069)	
Total wealth created	**692,440**	**100%**	932,879	100%
Distributed as follows:				
Employees Remuneration and service benefits	**607,545**	88%	653,194	70%
Providers of capital				
Dividends to shareholders	**15,763**		20,267	
Interest paid on borrowings	**79,870**		64,154	
Minority interests	**(61,335)**		(688)	
	34,298	5%	83,733	9%
Government taxes on earnings				
Taxation	**39,830**	6%	49,622	5%
Retained in the group to ensure future growth				
Depreciation and amortisation	**111,668**		98,773	
Retained profit/(loss)	**(100,901)**		47,557	
	10,767	1%	146,330	16%
Total wealth distributed and retained	**692,440**	**100%**	932,879	100%



Independent Auditor's Report

To the Shareholders of Harel Mallac & Co. Ltd

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Harel Mallac & Co. Ltd and its subsidiaries (the "Group"), and the Company's separate financial statements on pages 62 to 152 which comprise the statements of financial position as at 31 December 2019, and the statements of profit or loss, statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements on pages 62 to 152 give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group and of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)* together with the ethical requirements that are relevant to our audit of the financial statements in Mauritius, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter for the Company is as follows:

1. Valuation of investments in subsidiaries, associates, joint ventures and others

Key Audit Matter

The Company carries its investments in subsidiaries, associates, joint ventures and other investments in financial assets at fair value. At 31 December 2019, total investments amounted to Rs.2.01bn. The amount is significant to the financial statements and the determination of fair value involves judgement and estimates. We therefore consider investments to be a significant key audit matter.

Related Disclosures

Refer to notes 2(e), (f) and (n) (ii) (accounting policy note) and notes 8,9,10A and 11 (financial statement disclosures).

Audit Response

We reviewed the valuation methods used and discussed with management regarding the reasonableness of the basis and assumptions used. We also verified the main inputs used in the fair value computation and verified the accuracy of the computation.

We also discussed with management the assumptions to the forecasted results of the subsidiaries, used in the fair value calculation.

Key Audit Matter for the Group and the Company is as follows:

2. Valuation of investment properties

Key Audit Matter

The Group and the Company revalue their investment properties annually and carry them at fair value. Valuations are performed by independent professional valuers. The valuation exercise involves significant accounting estimates and a range of judgemental assumptions and, therefore, valuation of investment properties is considered as a key audit matter.

Related Disclosures

Refer to note 2 (c) (accounting policy note) and note 6 (financial statement disclosures).

Audit Response

We have reviewed the valuation report issued by Professional Valuers Co Ltd. We also held discussion with the independent valuer regarding the valuation methods and challenged the key assumptions used in the valuation techniques.

Independent Auditor's Report (cont'd)
To the Shareholders of Harel Mallac & Co. Ltd

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (cont'd)

Key Audit Matter for the Group and the Company is as follows:

3. Revenue recognition

Key Audit Matter

Revenue is an important measure used to evaluate the performance of the Group and the Company. There is a risk that the revenue is presented for amounts higher than what has been actually generated by the Group and the Company. Consequently, we considered revenue recognition to be a significant key audit matter. The Group's and the Company's revenue is recognised at a point in time when control of the goods has been transferred to the customer, except for some of the subsidiaries for which revenue is recognised over time on the basis of direct measurement of the value of work performed to date.

Related Disclosures

Refer to note 2(s) (accounting policy note) and note 23 (financial statement disclosures).

Audit Response

Our audit procedures with respect to revenue included the following:

- Reviewed management's documentation with respect to identification of revenue to be recognised under IFRS 15;
- Ensured that the five step model of the new standard has been appropriately applied by management with respect to revenue recognition;
- Ensured the completeness and accuracy of disclosures relating to IFRS 15, including significant judgements;
- Testing of design, existence and operating effectiveness of internal control procedures implemented as well as test of details to ensure accurate processing of revenue transactions;
- The accuracy and completeness of revenue was verified through Computer Assisted Audit Techniques, cut-off test and analytical reviews; and
- Ensured all intergoup revenue is eliminated.

Key Audit Matter for the Group is as follows:

4. **Assessment of net realizable value of inventories**

Key Audit Matter

Inventory is carried in the financial statements at the lower of cost and net realisable value. The net carrying value of inventory at 31 December 2019 was Rs.541.5m. The exercise for the assessment of the net realisable value involves the use of judgement and assumptions. In view of the significance of the amount, inventories is considered as a key audit matter.

Related Disclosures

Refer to note 2(i) (accounting policy note) and note 12 (financial statement disclosures).

Audit Response

Our audit procedures were designed to challenge the basis used for assessing the net realisable value of inventory and included:

- Examining the subsidiaries' historical trading patterns of inventory sold at full price and inventory sold below full price, together with the related margins achieved for each product lines in order to gain comfort that stock has not been sold below cost; and
- Assessing the appropriateness of the percentages applied to arrive at the net realisable value by challenging the assumptions made by the Directors on the extent to which older inventory can be sold.

Key Audit Matter for the Group is as follows:

5. Recoverability of receivable balances

Key Audit Matter

The recoverability of trade receivables and the level of provision for doubtful debts are considered to be a significant risk due to the pervasive nature of these balances to the financial statements, and the importance of cash collection with reference to the working capital management of the business. At 31 December 2019, trade receivables, net of provision amounted to Rs.832.5m.

Related Disclosures

Refer to note 2(n)(i) (accounting policy note) and note 13 (financial statement disclosures).

Audit Response

We have tested management's simplified impairment expected credit loss (ECL) model as follows:

- Assessing the reasonableness of the factors used (type of customer, payment terms, payment ratio, credit insurance) and assumptions used in management's ECL model and its correlation with the likelihood and/or amount of credit losses through review and comparison of prior period results;

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (cont'd)

- We have verified that the probability of default and default rates are being applied appropriately and re-performed calculations applying the probability of default and loss rates to each group of assets; and
- We have compared the ECL amount calculated to the amount recorded in the financial statements and investigated any differences. We examined events occurring after the reporting date and before the issuance of the financial statements to verify if evidence supports or contradicts assumptions and judgements used in the ECL model.

6. Assessment of impairment of goodwill

Key Audit Matter

Goodwill arising on acquisition of subsidiaries and associates amounted to Rs.45.7m and Rs.293m at 31 December 2019. Goodwill is tested annually for impairment. Significant judgement is required by management in assessing the impairment of goodwill, which is based on the fair value of the related investment as well as discounted cash flows of the cash generating unit to which the goodwill is related. The judgement and estimates applied in these calculations result in the carrying value of goodwill being identified as a significant key audit matter.

No impairment of goodwill on subsidiaries was recorded during the year.

Related Disclosures

Refer to note 2(d)(i) (accounting policy note) and note 7 (financial statement disclosures).

Audit Response

We performed procedures relating to the disclosures on impairment testing included in the financial statements, looking specifically at the disclosure of assumptions that have the most significant effect on the determination of the recoverable amount of goodwill. In connection with this, we verified whether these disclosures are adequate and provide sufficient insight into the disclosed assumptions and sensitivities of the assumptions underlying the valuation.

We performed sensitivity analysis on the assumptions used to determine the impact on the carrying values.

OTHER INFORMATION

Directors are responsible for the other information. The other information comprises the information included in the Annual Report (but does not include the Corporate Governance Report, the financial statements and our auditor's report thereon). Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

OTHER INFORMATION (cont'd)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Corporate Governance Report

Our responsibility under the Financial Reporting Act is to report on the compliance with the Code of Corporate Governance disclosed in the Annual Report and assess the explanations given for non-compliance with any requirement of the Code. From our assessment of the disclosures made on corporate governance in the Annual Report, the public interest entity has, pursuant to section 75 of the Financial Reporting Act, complied with the requirements of the Code.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Companies Act 2001, and for such internal control as the directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group and the Company's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by directors.
- Conclude on the appropriateness of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Companies Act 2001

We have no relationship with, or interests in, the Company or any of its subsidiaries, other than in our capacity as auditors, business advisers and dealings in the ordinary course of business.

We have obtained all information and explanations we have required.

In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

Other Matter

This report is made solely to the members of Harel Mallac & Co. Ltd (the "Company"), as a body, in accordance with Section 205 of the Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO & CO
Chartered Accountants

Rookaya Ghanty, FCCA
Licensed by FRC

Port Louis,

Mauritius.

30 June 2020

Statements of Financial Position

31 December 2019

	Notes	THE GROUP 2019 Rs'000	THE GROUP 2018 Rs'000	THE COMPANY 2019 Rs'000	THE COMPANY 2018 Rs'000
ASSETS					
Non current assets					
Property, plant and equipment	5	**728,277**	793,688	**268,630**	276,213
Right of use asset	5A	**237,523**	-	**-**	-
Investment properties	6	**406,619**	358,624	**426,375**	381,912
Intangible assets	7	**102,558**	89,458	**369**	395
Investments in subsidiaries	8	**-**	-	**806,058**	991,624
Investments in associates	9	**1,078,833**	1,124,367	**1,163,613**	962,513
Financial assets at fair value through other comprehensive income	10A	**30,379**	30,452	**25,368**	25,602
Financial assets at amortised cost	10B	**3,657**	4,054	**3,241**	3,241
Investments in joint ventures	11	**10,253**	16,934	**12,217**	16,592
Deferred tax assets	17	**22,097**	13,852	**-**	-
		2,620,196	2,431,429	**2,705,871**	2,658,092
Current assets					
Inventories	12	**541,514**	608,062	**-**	-
Contract assets	23	**32,890**	17,191	**-**	-
Trade receivables	13	**832,469**	1,163,404	**44,492**	43,190
Financial assets at amortised cost	10B	**117,190**	138,846	**82,160**	101,486
Cash and cash equivalents		**196,433**	273,360	**12,919**	6,826
		1,720,496	2,200,863	**139,571**	151,502
TOTAL ASSETS		**4,340,692**	4,632,292	**2,845,442**	2,809,594
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	14	**112,594**	112,594	**112,594**	112,594
Revaluation and other reserves	15	**(109,865)**	451,065	**14,654**	346,573
Fair value reserves		**(5,373)**	(5,300)	**741,523**	688,494
Actuarial losses		**(87,467)**	(58,764)	**(42,937)**	(30,360)
Retained earnings		**1,672,405**	1,344,247	**913,961**	525,954
Owners' interests		**1,582,294**	1,843,842	**1,739,795**	1,643,255
Non controlling interests		**178,722**	293,068	**-**	-
Total equity		**1,761,016**	2,136,910	**1,739,795**	1,643,255
Non current liabilities					
Lease liabilities	5B	**244,056**	-	**28,751**	-
Borrowings	16	**263,686**	276,588	**483,348**	554,377
Deferred tax liabilities	17	**73,748**	77,235	**34,251**	34,876
Retirement benefit obligations	18	**186,451**	166,171	**54,429**	44,581
		767,941	519,994	**600,779**	633,834
Current liabilities					
Lease liabilities	5B	**24,262**	-	**44**	-
Trade and other payables	19	**1,011,657**	1,182,330	**57,476**	57,482
Contract liabilities	23	**40,412**	12,234	**-**	-
Current tax liabilities		**904**	11,560	**-**	-
Borrowings	16	**718,737**	748,997	**431,585**	454,756
Proposed dividend	29	**15,763**	20,267	**15,763**	20,267
		1,811,735	1,975,388	**504,868**	532,505
TOTAL EQUITY & LIABILITIES		**4,340,692**	4,632,292	**2,845,442**	2,809,594

These financial statements have been approved for issue by the Board of Directors on 30 June 2020.

Director

Director

The notes on pages 68 to 152 form an integral part of these financial statements. Auditor's report on pages 57 to 61.

Statements of Profit or Loss

Year ended 31 December 2019

	Notes	THE GROUP 2019 Rs'000	THE GROUP 2018 Rs'000	THE COMPANY 2019 Rs'000	THE COMPANY 2018 Rs'000
Revenue	23	**3,558,058**	4,265,370	**226,261**	233,954
Continuing operations					
(Loss)/profit before finance costs	24	**(2,544)**	117,753	**87,271**	88,512
Finance costs	25	**(74,411)**	(55,103)	**(52,455)**	(55,370)
		(76,955)	62,650	**34,816**	33,142
Net share of results of associates and joint ventures		**75,863**	128,050	**-**	-
		(1,092)	190,700	**34,816**	33,142
Net profit on disposal of investments		**1,033**	2,102	**3,155**	1,435
Reorganisation and restructuring costs		**(40,217)**	(18,625)	**-**	-
Impairment of assets		**(4,088)**	(27,069)	**-**	(5,774)
Impairment of receivables		**(87,094)**	(47,633)	**(11,270)**	(9,526)
		(130,366)	(91,225)	**(8,115)**	(13,865)
(Loss)/profit before taxation	26	**(131,458)**	99,475	**26,701**	19,277
Income tax	21	**(15,015)**	(29,881)	**(1,594)**	(2,258)
(Loss)/profit for the year from continuing operations		**(146,473)**	69,594	**25,107**	17,019
Discontinued operations					
Post tax loss from discontinued operations	22	**-**	(2,458)	**-**	-
(Loss)/profit for the year		**(146,473)**	67,136	**25,107**	17,019
Attributable to:					
Owners of the parent		**(85,138)**	67,824	**25,107**	17,019
Non controlling interests		**(61,335)**	(688)	**-**	-
		(146,473)	67,136	**25,107**	17,019
(Loss)/earnings per share from continuing operations (Rs/cents)	30(a)	**(7.56)**	6.24	**2.23**	1.51
Loss per share from discontinued operations (Rs/cents)	30(b)	**-**	(0.22)	**-**	-
Total (loss)/earnings per share		**(7.56)**	6.02	**2.23**	1.51

The notes on pages 68 to 152 form an integral part of these financial statements. Auditor's report on pages 57 to 61.

Statements of Profit or Loss and Other Comprehensive Income

Year ended 31 December 2019

	Notes	THE GROUP 2019 Rs'000	THE GROUP 2018 Rs'000	THE COMPANY 2019 Rs'000	THE COMPANY 2018 Rs'000
(Loss)/profit for the year		**(146,473)**	67,136	**25,107**	17,019
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Changes in fair value of equity instruments at fair value through other comprehensive income		**(73)**	(2,119)	**99,773**	222,594
Movement in actuarial reserve net of deferred tax		**27,620)**	37,709	**(12,577)**	10,366
Deferred tax on revaluation		**-**	(2,750)	**-**	-
Movement in associate reserves		**(116,526)**	-	**-**	-
Items that may be reclassified subsequently to profit or loss					
Movement in associate reserves		**(76)**	(1,628)	**-**	-
Currency translation differences		**(927)**	(6,442)	**-**	-
Other comprehensive (loss)/income for the year, net of tax	28	**(145,222)**	24,770	**87,196**	232,960
Total comprehensive (loss)/income for the year		**(291,695)**	91,906	**112,303**	249,979
Total comprehensive (loss)/income attributable to:					
Owners of the parent		**(231,670)**	94,544	**112,303**	249,979
Non controlling interests		**(60,025)**	(2,638)	**-**	-
		(291,695)	91,906	**112,303**	249,979

Statements of Changes in Equity

Year ended 31 December 2019

THE GROUP	Notes	Share Capital Rs'000	Revaluation and Other Reserves Rs'000	Fair Value Reserves Rs'000	Actuarial (Losses)/ Gains Rs'000	Retained Earnings Rs'000	Total Rs'000	Non-controlling Interests Rs'000	Total Rs'000
		(Attributable to owners of the parent)							
Balance at 1 January 2019		**112,594**	**451,065**	**(5,300)**	**(58,764)**	**1,344,247**	**1,843,842**	**293,068**	**2,136,910**
Loss for the year		-	-	-	-	(85,138)	(85,138)	(61,335)	(146,473)
Other comprehensive (loss)/income for the year		-	(117,756)	(73)	(28,703)	-	(146,532)	1,310	(145,222)
Total comprehensive loss for the year		-	(117,756)	(73)	(28,703)	(85,138)	(231,670)	(60,025)	(291,695)
Adjustment arising on pre-acquisition reserves		-	-	-	-	-	-	(7,850)	(7,850)
Issue of shares by subsidiary to non-controlling shareholders		-	-	-	-	-	-	681	681
Change in ownership interest in subsidiaries that does not result in loss of control		-	-	-	-	(37,294)	(37,294)	(42,593)	(79,887)
Dividends	29	-	-	-	-	(15,763)	(15,763)	-	(15,763)
Dividends payable to non controlling shareholders		-	-	-	-	-	-	(4,559)	(4,559)
Other transfers		-	(2,088)	-	-	2,088	-	-	-
Movement in associate reserves		-	-	-	-	23,179	23,179	-	23,179
Transfer arising upon the accounting for the carrying amount of land and buildings as deemed cost		-	(441,086)	-	-	441,086	-	-	-
		-	(443,174)	-	-	413,296	(29,878)	(54,321)	(84,199)
Balance at 31 December 2019		**112,594**	**(109,865)**	**(5,373)**	**(87,467)**	**1,672,405**	**1,582,294**	**178,722**	**1,761,016**
Balance at 1 January 2018		**112,594**	**458,793**	**(3,176)**	**(95,336)**	**1,300,707**	**1,773,582**	**296,680**	**2,070,262**
Profit for the year		-	-	-	-	67,824	67,824	(688)	67,136
Other comprehensive (loss)/income for the year		-	(7,728)	(2,124)	36,572	-	26,720	(1,950)	24,770
Total comprehensive (loss)/income for the year		-	(7,728)	(2,124)	36,572	67,824	94,544	(2,638)	91,906
Acquisition of subsidiary		-	-	-	-	-	-	2,393	2,393
Change in ownership interest in subsidiaries that does not result in loss of control		-	-	-	-	(4,017)	(4,017)	4,017	-
Dividends	29	-	-	-	-	(20,267)	(20,267)	-	(20,267)
Dividends payable to non controlling shareholders		-	-	-	-	-	-	(7,384)	(7,384)
		-	-	-	-	(24,284)	(24,284)	(974)	(25,258)
Balance at 31 December 2018		**112,594**	**451,065**	**(5,300)**	**(58,764)**	**1,344,247**	**1,843,842**	**293,068**	**2,136,910**

The notes on pages 68 to 152 form an integral part of these financial statements. Auditor's report on pages 57 to 61.

Statements of Changes in Equity

Year ended 31 December 2019

THE COMPANY

	Notes	Share Capital Rs'000	Revaluation and Other Reserves Rs'000	Fair Value Reserves Rs'000	Actuarial (Losses)/ gains Rs'000	Retained Earnings Rs'000	Total Rs'000
Balance at 1 January 2019		112,594	346,573	688,494	(30,360)	525,954	1,643,255
Profit for the year		-	-	-	-	25,107	25,107
Other comprehensive income/(loss) for the year		-	-	99,773	(12,577)	-	87,196
Total comprehensive income/(loss) for the year		-	-	99,773	(12,577)	25,107	112,303
Dividends	29	-	-	-	-	(15,763)	(15,763)
Transfer of gain on disposal of equity investments at fair value through other comprehensive income to retained earnings		-	-	(46,744)	-	46,744	-
Transfer arising upon the accounting for the carrying amount of land and buildings as deemed cost		-	(331,919)	-	-	331,919	-
		-	(331,919)	(46,744)	-	362,900	(15,763)
Balance at 31 December 2019		**112,594**	**14,654**	**741,523**	**(42,937)**	**913,961**	**1,739,795**
Balance at 1 January 2018 - as restated		112,594	346,573	465,900	(40,726)	529,202	1,413,543
Profit for the year		-	-	-	-	17,019	17,019
Other comprehensive income for the year		-	-	222,594	10,366	-	232,960
Total comprehensive income for the year		-	-	222,594	10,366	17,019	249,979
Dividends	29	-	-	-	-	(20,267)	(20,267)
Balance at 31 December 2018		**112,594**	**346,573**	**688,494**	**(30,360)**	**525,954**	**1,643,255**

Statements of Cash Flows

Year ended 31 December 2019

	Notes	THE GROUP 2019 Rs'000	THE GROUP 2018 Rs'000	THE COMPANY 2019 Rs'000	THE COMPANY 2018 Rs'000
Cash flows from operating activities					
Cash generated from/(absorbed in) operations from continuing operations	31(a)	**173,407**	130,692	**(19,717)**	(29,304)
Cash generated from operations from discontinued operations		**-**	2,201	**-**	-
Interest paid		**(60,290)**	(59,929)	**(56,703)**	(51,576)
Income tax paid		**(32,756)**	(25,442)	**-**	-
Net cash generated from/(absorbed in) operating activities from continuing operations		**80,361**	45,321	**(76,420)**	(80,880)
Net cash generated from operating activities from discontinued operations		**-**	2,140	**-**	-
Cash flows from investing activities					
Purchase of property, plant and equipment		**(56,934)**	(76,694)	**(3,036)**	(9,949)
Net expenditure on intangible assets		**(9,495)**	(785)	**(163)**	-
Investments in joint ventures		**(5,336)**	-	**-**	-
Proceeds on sale of property, plant and equipment		**8,597**	4,699	**356**	228
Proceeds on sale of intangible assets		**1,757**	-	**-**	-
Proceeds on sale of associates		**-**	3,176	**-**	2,700
Net cash (ouflow)/inflow on acquisition of minority interest in subsidiaries		**(75,202)**	1,240	**-**	-
Long term loans recovered		**-**	81	**-**	-
Interest received		**-**	3,707	**3,235**	3,967
Dividends received		**52,574**	64,256	**107,063**	116,265
Net cash (absorbed in)/generated from investing activities from continuing operations		**(84,039)**	(320)	**107,455**	113,211
Net cash generated from investing activities from discontinued operations		**-**	96	**-**	-
Cash flows from financing activities					
Proceeds from borrowings		**261,750**	305,166	**77,971**	567
Proceeds on sale of investments in subsidiaries		**-**	2,373	**89,563**	2,060
Payments on borrowings		**(378,516)**	(260,828)	**(150,942)**	(103,081)
Principal paid on lease liabilities (2018: principle paid on finance leases)		**(23,828)**	(27,756)	**-**	
Interest paid on lease liabilities (2018: interest paid on finance leases)		**(19,580)**	(4,213)	**-**	-
Dividends paid		**(20,267)**	(20,267)	**(20,267)**	(20,267)
Dividends paid by subsidiaries to non-controlling shareholders		**(4,559)**	(7,384)	**-**	-
Net cash (absorbed in)/generated from financing activities from continuing operations		**(185,000)**	(12,909)	**(3,675)**	(120,721)
Net cash generated from financing activities from discontinued operations		**-**	-	**-**	-
Net (decrease)/increase in cash and cash equivalents from continuing operations		**(188,678)**	32,092	**27,360**	(88,390)
Net increase in cash and cash equivalents from discontinued operations		**-**	2,236	**-**	-
Movement in cash and cash equivalents					
At 1 January		**98,479**	54,574	**(150,667)**	(62,281)
(Decrease)/increase		**(188,678)**	34,328	**27,360**	(88,390)
Effect of foreign exchange rate changes		**5,459**	9,577	**7**	4
At 31 December	31(b)	**(84,740)**	98,479	**(123,300)**	(150,667)

The notes on pages 68 to 152 form an integral part of these financial statements. Auditor's report on pages 57 to 61.

1. **CORPORATE INFORMATION**

Harel Mallac & Co. Ltd (" the Company") is a limited liability company incorporated and domiciled in Mauritius. The address of its registered office is 18, Edith Cavell Street, Port Louis, Mauritius. The directors consider that the parent entity is Société de Lerca and the ultimate parent entity is Société Pronema, both registered in Mauritius.

These financial statements will be submitted for consideration and approval at the forthcoming Annual Meeting of shareholders of the Company.

2. **SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. Amounts in the financial statements are stated in Mauritian Rupees, which is the Company's functional and presentation currency. All values are rounded to the nearest thousand (Rs000) except where otherwise indicated.

(a) **Basis of preparation**

The financial statements of Harel Mallac & Co. Ltd comply with the Companies Act 2001 and have been prepared in accordance with International Financial Reporting Standards (IFRS).

The financial statements are prepared on a going concern basis and include the consolidated financial statements of the holding company and its subsidiaries (The Group) and the separate financial statements of the holding company (the Company).

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reporting amounts of assets and liabilities and disclosures at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period.

The Group's critical accounting estimates and judgements in the preparation of financial statements in confirmity with IFRS as determined by management, are detailed in note 4. These involve a higher degree of judgement or complexity and are areas where assumptions and estimates are significant to the financial statements. Actual results could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period; they are recognised in the period of the revision and future periods if the revision affects both current and future periods.

Where necessary comparative figures have been amended to conform to change in presentation in the current year. The financial statements are prepared under the historical cost convention, except that:

(i) land and buildings are carried at deemed cost;

(ii) investment properties are stated at fair value;

(iii) investments in financial assets are stated at fair value; and

(iv) relevant financial assets and financial liabilities are carried at amortised cost.

Standards, Amendments to published Standards and Interpretations effective in the reporting period

IFRS 16 Leases results in the recognition of almost all leases on balance sheet. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. The Group has adopted IFRS 16 from 1 January 2019, but has not restated comparatives for 2018, as permitted under the specific transition provisions. The reclassifications and adjustments arising from the new leasing rules are recognised in the opening balance sheet on 1 January 2019. The new accounting policies are disclosed in note 2(m).

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under IAS 17. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessees' incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 6.5-8.25%.

2. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

(a) **Basis of preparation** (cont'd)

Standards, Amendments to published Standards and Interpretations effective in the reporting period (cont'd)

For leases previously classified as finance leases the entity recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application.

IFRIC 23 Uncertainty over Income Tax Treatments explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. There are no new disclosure requirements but requirement to provide information about judgements and estimates made in preparing the financial statements. The interpretation has no impact on the Group's financial statements.

Prepayment Features with negative compensation (Amendments to IFRS 9) enable entities to measure certain prepayable financial assets with negative compensation at amortised cost. These assets, which include some loan and debt securities, would otherwise have to be measured at fair value through profit or loss. To qualify for amortised cost measurement, the negative compensation must be 'reasonable compensation for early termination of the contract' and the asset must be held within a 'held to collect' business model. The amendments have no impact on the Group's financial statements.

Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28) clarify the accounting for long-term interests in an associate or joint venture, which in substance form part of the net investment in the associate or joint venture, but to which equity accounting is not applied. Entities must account for such interests under IFRS 9 before applying the loss allocation and impairment requirements in IAS 28. The amendments have no impact on the Group's financial statements.

Annual Improvements to IFRSs 2015-2017 Cycle

- IFRS 3 - clarified that obtaining control of a business that is a joint operation is a business combination achieved in stages.
- IFRS 11 - clarified that party obtaining joint control of a business that is a joint operation should not remeasure its previously held interest in the joint operation.
- IAS 12 - clarified that income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised.
- IAS 23 - clarified that, if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

The amendments have no impact on the Group's financial statements.

Plan Amendment, Curtailment or Settlement (Amendments to IAS 19) clarify that entities must:

- calculate the current service cost and net interest for the remainder of the reporting period after a plan amendment, curtailment or settlement by using the updated assumptions from the date of the change.
- recognise any reduction in a surplus immediately in profit or loss, either as part of past service cost or as a gain or loss on settlement. In other words, a reduction in a surplus must be recognised in profit or loss even if that surplus was not previously recognised because of the impact of the asset ceiling.
- separately recognise any changes in the asset ceiling through other comprehensive income.

The amendments have no impact on the Group's financial statements.

Standards, Amendments to published Standards and Interpretations issued but not yet effective

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning on or after 1 January 2020 or later periods, but which the Group has not early adopted.

At the reporting date of these financial statements, the following were in issue but not yet effective:

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

IFRS 17 Insurance Contracts

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of preparation (cont'd)

Standards, Amendments to published Standards and Interpretations issued but not yet effective *(cont'd)*

Definition of a Business (Amendments to IFRS 3)

Definition of Material (Amendments to IAS 1 and IAS 8)

Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)

Where relevant, the Group is still evaluating the effect of these Standards, Amendments to published Standards and Interpretations issued but not yet effective, on the presentation of its financial statements.

(b) Property, plant and equipment

Land and buildings were initially stated at fair value and the last revaluation was carried out in December 2016. The Group has elected to account the carrying amount of its land and buildings at deemed cost effective 1 January 2019. Consequently, the carrying amount as at 31 December 2018 has been carried forward as the deemed cost of the land and buildings with subsequent depreciation being charged on buildings over their useful lives. All other property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the assets' carrying amount or recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Depreciation is calculated on a straight line method to write off the cost or the deemed cost of the assets to their residual values over their estimated useful lives as follows:

	Years
Freehold Buildings	22.2 - 50
Buildings on leasehold land	5 - 50
Plant and Machinery	5 - 10
Motor Vehicles	5 - 7
Furniture, Fittings and Office Equipment	3 -15
Rental Equipment	3 -5
Other Tools and Equipment	5

No depreciation is charged on freehold land.

The assets' residual values and useful lives are reviewed and adjusted prospectively, if appropriate, at the end of each reporting date.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposals of property, plant and equipment are determined by comparing proceeds with carrying amount and are included in profit or loss.

(c) Investment properties

Investment properties held to earn rentals or for capital appreciation or both and not occupied by the Group, are carried at fair value, representing open-market value determined by external valuers. Changes in fair values are included in profit or loss.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

(d) Intangible assets

Intangible assets include goodwill on consolidation, operating licences and computer software. Intangible assets, other than goodwill on consolidation, are initially recorded at cost and amortised using the straight-line method over their estimated useful lives.

The estimated useful lives of the intangible assets are:

	Years
Operating licences	5
Computer software	3-5

The carrying amount of each intangible asset is reviewed annually and adjusted for impairment where it is considered necessary.

(i) *Goodwill*

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree. Goodwill on acquisitions of subsidiaries is included in intangible assets.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) Intangible assets

(i) *Goodwill*

Goodwill is tested annually for impairment and carried at cost as established at the date of acquisition less accumulated impairment losses. On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the gains and losses on disposal.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. Client portfolio on acquisition of a subsidiary is amortised over 5 years.

(ii) Operating licences

Operating licences are shown at historical cost, have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight line method over their estimated useful lives (5 years).

(iii) Computer software

Computer software is capitalised on the basis of costs incurred to acquire and bring to use the specific software and is amortised using the straight-line method over its estimated useful life (3-5 years).

(e) Investments in subsidiaries

Separate financial statements

In the separate financial statements of the investor, investments in subsidiary companies are carried at fair value.

Consolidated financial statements

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interests in the acquiree at the non-controlling interests' proportionate share of the acquiree's net assets.

Subsequent to acquisition, the carrying amount of non controlling interests is the amount of those interest at initial recognition plus the non controlling interests' share of subsequent change in equity. Total comprehensive income is attributed to non controlling interests even if this results in the non controlling interests having a deficit balance.

The excess of, the consideration transferred, the amount of any non-controlling interests in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree, over the fair value of the identifiable net assets acquired, is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss as a bargain purchase gain.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Transactions with non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Notes to the Financial Statements
Year ended 31 December 2019

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the equity is remeasured to its fair value, with the change in the carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purpose of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amount previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(f) Investments in associates and joint ventures

Separate financial statements

Investments in associates and joint ventures are carried at fair value.

Consolidated financial statements

An associate is an entity over which the Group has significant influence but not control. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when the decisions about the relevant activities require the unanimous consent of the parties sharing control. Investments in associates and joint ventures are accounted for using the equity method. Investments in associates and joint ventures are initially recognised at cost as adjusted by post acquisition changes in the Group's share of the net assets of the associate and joint venture less any impairment in the value of individual investments.

Any excess of the cost of acquisition and the Group's share of the net fair value of the associate's and joint venture's identifiable assets and liabilities recognised at the date of acquisition is recognised as goodwill which is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of identifiable assets and liabilities over the cost of acquisition, after assessment, is included as income in the determination of the Group's share of the associate's and joint venture's profit or loss.

When the Group's share of losses exceeds its interest in an associate or joint venture, the Group discontinues recognising further losses, unless it has incurred legal or constructive obligation or made payments on behalf of the associate or joint venture.

Unrealised profits and losses are eliminated to the extent of the Group's interest in the associate and joint venture. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Where necessary, appropriate adjustments are made to the financial statements of associates and joint ventures to bring the accounting policies used in line with those adopted by the Group.

If the ownership interest in an associate and joint venture is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in the other comprehensive income are reclassified to profit or loss where appropriate.

Dilution gains and losses in investments in associates and joint ventures are recognised in profit or loss.

(g) Current and deferred income tax

The tax expense for the year comprises of current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current tax

The current income tax charge is based on taxable income for the year calculated on the basis of tax laws enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred income tax is provided in full, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. If the deferred income tax arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) Current and deferred income tax (cont'd)

Deferred tax (cont'd)

Deferred income tax is determined using tax rates that have been enacted or substantially enacted at the reporting date and are expected to apply in the period when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which deductible temporary differences can be utilised.

For the purpose of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

(h) Retirement benefit obligations

(i) *Defined benefit plans*

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised on the statement of financial position in respect of the defined benefit pension plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of the plan assets. The defined benefit obligation is calculated annually by independant actuaries using the projected unit credit method.

Remeasurement of the net benefit liability, which comprise actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions, the return on the plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), is recognised immediately in other comprehensive income in the period in which they occur. Remeasurements recognised in other comprehensive income shall not be reclassified to profit or loss in subsequent period.

The Group determines the net interest expense/(income) on the net defined benefit liability/(assets) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability/(assets), taking into account any changes in the net defined liability/(assets) during the period as a result of contributions and benefit payment. Net interest expense/(income) is recognised in profit or loss.

Service costs comprising current service cost, past service cost, as well as gains and losses on curtailments and settlement are recognised immediately in profit or loss.

(ii) *Defined contribution plans*

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Group operates a defined contribution retirement benefit plan for all qualifying employees (and their dependents). Payments to defined contribution retirement plans are charged as an expense when employees have rendered services that entitle them to the contribution.

(iii) *Retirement gratuity*

For certain employees where the statutory gratuity is insufficiently covered or who are not covered by the above pension plans, the net present value of retirement gratuity payable under the Workers' Rights Act 2019 (2018-Employment Rights Act 2008) is calculated by a qualified actuary and provided for. The obligations arising under this item are not funded.

(iv) *Profit-sharing and bonus plans*

The Group recognises a liability and an expense for bonuses based on a formula that takes into consideration profitability of the Group after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Notes to the Financial Statements
Year ended 31 December 2019

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(h) Retirement benefit obligations (cont'd)

(v) *Termination benefits*

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

(i) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis. The cost of finished goods and work in progress comprises of purchase cost of raw materials, direct labour, other direct costs and related production overheads, but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

(j) Foreign currencies

(i) *Functional and presentation currency*

Items included in the financial statements are measured using Mauritian rupees, the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are presented in Mauritian rupees, which is the Company's functional and presentation currency.

(ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date the fair value was determined.

Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within finance income or costs. Foreign exchange gains and losses that relate to purchases and trade payables are presented in profit or loss within 'cost of sales'. All other foreign exchange gains and losses are presented in profit or loss within other gains/(losses) net.

(iii) *Group companies*

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated inot the presentation currency as follows:

(1) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

(2) income and expenses for each statement representing profit or loss and other comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(3) all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings are taken to shareholders' equity. When a foreign operation is sold, such exchange differences are recognised in profit or loss as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(k) Alternative Minimum Tax (AMT)

Alternative Minimum Tax (AMT) is provided for, where the Company, which has a tax liability of less than 7.5% of its book profit, pays a dividend. AMT is calculated as the lower of 10% of the dividend paid and 7.5% of book profit.

(l) Impairment of non-financial assets

At the end of each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount which is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash generating units).

(m) Leases

In 2018, leases were classified as finance leases where the terms of the lease transferred substantially all the risks and rewards of ownership to the lessee. All other leases were classified as operating leases. Payments made under operating leases were charged to profit or loss on a straight line basis over the period of the lease.

Finance leases were capitalised at the lease's inception at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Each lease payment was allocated between the liability and finance charges so as to achieve a constant rate of interest on the remaining balance of the liabilities. The corresponding rental obligations, net of finance charges, was included in borrowings. The interest element of the finance lease was charged to profit or loss over the lease period. Property, plant and equipment acquired under finance lease contracts are depreciated over the useful life of the asset or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

From 1 January 2019, all leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

Identifying Leases

The Group accounts for a contract, or a portion of a contract, as a lease when it conveys the right to use an asset for a period of time in exchange for consideration. Leases are those contracts that satisfy the following criteria:

(a) There is an identified asset;

(b) The Group obtains substantially all the economic benefits from use of the asset; and

(c) The Group has the right to direct use of the asset.

The Group considers whether the supplier has substantive substitution rights. If the supplier does have those rights, the contract is not identified as giving rise to a lease.

In determining whether the Group obtains substantially all the economic benefits from use of the asset, the Group considers only the economic benefits that arise use of the asset, not those incidental to legal ownership or other potential benefits.

In determining whether the Group has the right to direct use of the asset, the Group considers whether it directs how and for what purpose the asset is used throughout the period of use. If there are no significant decisions to be made because they are pre-determined due to the nature of the asset, the Group considers whether it was involved in the design of the asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use. If the contract or portion of a contract does not satisfy these criteria, the Group applies other applicable IFRSs rather than IFRS 16.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term.

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2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(m) Leases (cont'd)

Identifying Leases *(cont'd)*

Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Group if it is reasonable certain to assess that option;
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset (typically leasehold dilapidations).

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the Group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

When the Group renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy.
- in all other cases where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount.
- if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial of full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

For contracts that both convey a right to the Group to use an identified asset and require services to be provided to the Group by the lessor, the Group has elected to account for the entire contract as a lease, i.e. it does allocate any amount of the contractual payments to, and account separately for, any services provided by the supplier as part of the contract.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

Accounting for leases - where Company is the lessor

Lease income from leases where the Group is a lessor is recognised in income on a straight line basis over the lease term. Initial direct costs incurred in obtaining the lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income.

Notes to the Financial Statements
Year ended 31 December 2019

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(m) Leases (cont'd)

Accounting for leases - where Company is the lessor (cont'd)

The respective leased assets are included in the balance sheet based on their nature. The Group did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting IFRS 16.

(n) Financial assets

The Group classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. Other than financial assets in a qualifying hedging relationship, the Group's accounting policy for each category is as follows:

(i) *Amortised cost*

These assets arise principally from the provision of goods and services to customers (eg trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions for trade receivables are recognised based on the simplified approach within IFRS 9 using the lifetime expected credit losses. During this process,the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within other operating expenses in the statements of profit or loss. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

From time to time, the Group may elect to renegotiate the terms of trade receivables due from customers with which it has previously had a good trading history. Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed and, in consequence, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in the statement of profit or loss (operating profit).

The Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents on the statement of financial position.

Cash and cash equivalents include cash in hand, loans at call receivable, cash at banks and - for the purpose of the statement of cash flows - bank overdrafts and cash at call payable. Bank overdrafts and loans at call payable are shown within borrowings in current liabilities on the statement of financial position.

(ii) *Fair value through other comprehensive income*

The Group has a number of strategic investments in listed and unlisted entities which are not accounted for as subsidiaries, associates or joint ventures. For those investments, the Group has made an irrevocable election to classify the investments at fair value through other comprehensive income rather than through profit or loss as the Group considers this measurement to be the most representative of the business model for these assets. They are carried at fair value with changes in fair value recognised in other comprehensive income and accumulated in the fair value through other comprehensive income reserve (fair value reserve). Upon disposal any balance within fair value through other comprehensive income reserve is reclassified directly to retained earnings and is not reclassified to profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(n) Financial assets (cont'd)

(ii) *Fair value through other comprehensive income (cont'd)*

Dividends are recognised in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment, in which case the full or partial amount of the dividend is recorded against the associated investments' carrying amount.

Purchases and sales of financial assets measured at fair value through other comprehensive income are recognised on settlement date with any change in fair value between trade date and settlement date being recognised in the fair value through other comprehensive income reserve.

(o) Financial liabilities

The Group classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired.

The Group's accounting policy for each category is as follows:

(i) *Fair value through profit or loss*

This category comprises only out-of-the-money derivatives (see "Financial assets" for in the money derivatives). They are carried in the statement of financial position at fair value with changes in fair value recognised in the statement of comprehensive income. The Group does not hold or issue derivative instruments for speculative purposes, but for hedging purposes. Other than these derivative financial instruments, the Group does not have any liabilities held for trading nor has it designated any financial liabilities as being at fair value through profit or loss.

(ii) *Other financial liabilities*

Other financial liabilities include the following items:

Bank borrowings are initially recognised at fair value. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried on the statement of financial position.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period.

Trade payables and other short-term monetary liabilities are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

(p) Hedge accounting

Certain subsidiaries enter into derivative financial instruments to manage their exposure to foreign exchange rate risk, including foreign exchange forward contracts and cross currency swaps.

Hedge accounting is applied to financial assets and financial liabilities only where all of the following criteria are met:

- At the inception of the hedge there is formal designation and documentation of the hedging relationship and the Group's risk management objective and strategy for undertaking the hedge;
- The hedge relationship meets all of the hedge effectiveness requirements including that an economic relationship exists between the hedged item and the hedging instrument, the credit risk effect does not dominate the value changes, and the hedge ratio is designated based on actual quantities of the hedged item and hedging instrument.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured at their fair value at the end of each reporting period. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Trading derivatives are classified as a current asset or liability.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within twelve months. Other derivatives are presented as current assets or current liabilities.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(p) Hedge accounting (cont'd)

Fair value hedges

Where derivatives are used to hedge the Group's exposure to fair value interest rate risk (such as fixed to floating rate swaps), the hedged item is remeasured to take into account the gain or loss attributable to the hedged risk (in the case of a fixed rate loan, the hedged risk is changes in the fair value of interest rates) with the gains or losses arising recognised in profit or loss. This offsets the gain or loss arising on the hedging instrument which is measured at fair value through profit or loss.

(q) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as deduction, net of tax, from proceeds.

(r) Borrowing costs

Borrowings costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised until such time as the assets are substantially ready for their intended use or sale. Other borrowing costs are expensed.

(s) Revenue recognition

(a) ***Revenue from contracts with customers***

Performance obligations and timing of revenue recognition

The majority of revenue is derived from selling goods with revenue recognised at a point in time when control of the goods has been transferred to the customer. This is generally when the goods are delivered to the customer. However, for export sales, control might also be transferred when delivered either to the port of departure or port of arrival, depending on the specific terms of the contract with a customer. There is limited judgement needed in identifying the point control passes: once physical delivery of the products to the agreed location has occurred, the Group no longer has physical possession, usually will have a present right to payment (as a single payment on delivery) and retains none of the significant risks and rewards of the goods in question.

A small minority of contracts are negotiated on a bill and hold basis. In such arrangements revenue is recognised even though the subsidiary company still has physical possession only if:

- the arrangement is substantive (i.e. requested by the customer);
- the finished goods have been identified separately as belonging to the customer;
- the product is ready for physical transfer to the customer; and
- the subsidiary does not have the ability to use the product to direct it to another customer.

Some goods sold include warranties which require the subsidiaries involved to either replace or mend a defective product during the warranty period if the goods fail to comply with agreed-upon specifications. In accordance with IFRS 15, such warranties are not accounted for as separate performance obligations and hence no revenue is allocated to them. Instead, a provision is made for the costs of satisfying the warranties in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets. If a customer is able to take out extended warranties, these are accounted for as separate performance obligations, with the revenue earned recognised on a straight-line basis over the term of the warranty.

One of the subsidiaries of the Group is engaged in contracts with customers mainly with respect to provision of waterproofing. Such contracts are entered into before the waterproofing services are provided. The nature of the service being provided is such that the subsidiary's performance creates or enhances an asset that the customer controls as work progresses. Revenue is therefore recognised over time on the basis of direct measurement of the value of work performed to date. The directors consider that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under IFRS 15.

The subsidiary becomes entitled to invoice customers for work performed based on achieving a series of performance-related milestones as assessed by a quantity surveyor. When a particular milestone is reached the customer is sent a proforma invoice for the related milestone payment. The subsidiary will previously have recognised a work in progress for any work performed.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(s) Revenue recognition (cont'd)

(a) ***Revenue from contracts with customers*** *(cont'd)*

Performance obligations and timing of revenue recognition (cont'd)

Any amount previously recognised as a work in progress is reclassified to trade receivables at the point at which it is invoiced to the customer.

Another subsidiary provides design and installation services for clients, with revenue recognised typically on an over time basis. This is because the designs created and installation services have no alternative use for the subsidiary and the contracts would require payment to be received for the time and effort spent by the subsidiary on progressing the contracts in the event of the customer cancelling the contract prior to completion for any reason other than the subsidiary's failure to perform its obligations under the contract. On partially completed design and installation contracts, the subsidiary recognises revenue based on stage of completion of the project as determined by the subsidiary's engineers.

Determining the transaction price

Most of the revenue is derived from fixed price contracts and therefore the amount of revenue to be earned from each contract is determined by reference to those fixed prices.

Allocating amounts to performance obligations

For most contracts, there is a fixed unit price for each product sold, with reductions given for bulk orders placed at a specific time. Therefore, there is no judgement involved in allocating the contract price to each unit ordered in such contracts (it is the total contract price divided by the number of units ordered). Where a customer orders more than one product line, the Group is able to determine the split of the total contract price between each product line by reference to each product's standalone selling prices (all product lines are capable of being, and are, sold separately).

Costs of fulfilling contracts

The costs of fulfilling contracts do not result in the recognition of a separate asset because:

- such costs are included in the carrying amount of inventory for contracts involving the sale of goods; and
- for service contracts, revenue is recognised over time by reference to the stage of completion meaning that control of the asset (the design and installation service) is transferred to the customer on a continuous basis as work is carried out. Consequently, no asset for work in progress is recognised.

(b) ***Other revenues earned by the Group are recognised as follows:***

- Rental income - on an accrual basis in accordance with the substance of the relevant agreement;
- Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance);
- Dividend income - when the shareholder's right to receive payment is established;
- Commission - on an accrual basis.

(t) Deferred income

Gain on sale and leaseback of equipment is not immediately recognised. The gain is deferred and amortised over the lease period. Gain amortised during the year is shown net against depreciation charge.

(u) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events which will probably result in an outflow of economic benefits that can be reasonably estimated.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risk and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligations, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(u) Provisions (cont'd)

Provision for restructuring costs are recognised when the Group has a detailed formal plan for the restructuring which has been notified to affected parties.

A provision for warranties is recognised upon the sale of a product or the rendering of a service based on historical experience or directors' best estimate of the expenditure required to settle the obligation.

(v) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the financial statements in the period in which the dividends are declared.

(w) Segment reporting

Segment information presented relate to operating segments that engage in business activities for which revenues are earned and expenses incurred.

(x) Non-current assets classified as held for sale

Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through a continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks, as follows:

- Market risk (including currency risk, price risk and cash flow and fair value interest risk);
- Credit risk; and
- Liquidity risk

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposure.

A description of the significant risk factors is given below together with the risk management policies applicable.

(a) Market risk

(i) <u>**Currency risk**</u>

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures primarily with respect to Euro, Ariary, Tanzanian Shilling, Zambian Kwacha and US Dollar. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. The foreign exchange risk is managed based on a defined policy whereby fluctuation in exchange rates are monitored and best rates are negotiated with banking institutions. Some of the Group's subsidiaries use forward contracts to hedge their exposure to foreign currency risk when recorded liabilities are denominated in a currency that is not the subsidiaries' functional currency. External foreign exchange contracts are designed as hedges of foreign exchange risk on specific liabilities.

The Group has a number of investments in foreign subsidiaries, whose net assets are exposed to currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

3. FINANCIAL RISK MANAGEMENT (cont'd)

(a) Market risk (cont'd)

(i) **Currency risk** (cont'd)

At 31 December 2019, if the Rupee had weakened/strengthened by 5% against the Euro/ Ariary/Tanzanian Shilling/ Zambian Kwacha and US Dollar with all other variables held constant, group post-tax profit for the year would have been Rs.1.9m million (2018: Rs.13 million) higher/lower, mainly as a result of foreign exchange gains/losses on translation of US dollar/Euro denominated trade receivables, trade payables, borrowings and cash balances.

(ii) **Price risk**

The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated statement of financial position as financial assets at fair value through other comprehensive income and which are valued at current bid prices.

Sensitivity analysis

The table below summarises the impact of increases/decreases in the fair value of the investments on the Group's equity. The analysis is based on the assumption that the fair value had increased/decreased by 5%.

	Impact on Equity			
	THE GROUP		THE COMPANY	
	2019 Rs'000	2018 Rs'000	**2019 Rs'000**	2018 Rs'000
Categories of investments:				
Financial assets at fair value through other comprehensive income	**1,000**	1,025	**1,000**	1,025

To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio.

(iii) **Cash flow and fair value interest risk**

The Group's interest rate risk arises from its borrowings. Borrowings issued at variable rates exposes the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group's policy is to maintain borrowings, other then finance lease obligations, at floating rate.

Cash flow interest risk

At 31 December 2019, if interest rates on borrowings denominated in Mauritian rupees had been 50 basis points higher/lower with all other variables held constant post-tax profit for the year would have been lower/higher as shown in the table below, mainly as a result of higher/lower interest expense on floating rate borrowings as shown below:

Rupee-denominated borrowings

	THE GROUP		THE COMPANY	
	2019 Rs'000	2018 Rs'000	**2019 Rs'000**	2018 Rs'000
Effect higher/lower interest rate on post tax profit	**4,267**	3,727	**2,647**	2,251

3. FINANCIAL RISK MANAGEMENT (cont'd)

3.1 Financial risk factors (cont'd)

(iii) **Cash flow and fair value interest risk** (cont'd)

Fair value interest risk

At 31 December 2019, if interest rates on borrowings denominated in Mauritian rupees had been 50 basis points higher/lower with all other variables held constant post-tax profit for the year would have been lower/higher as shown in the table below, mainly as a result of higher/lower interest expense on fixed rate borrowings as shown below:

Rupee-denominated borrowings

	THE COMPANY	
	2019 Rs'000	2018 Rs'000
	2019	2018
Effect higher/lower interest rate on post tax profit	**-**	146

Other currencies denominated borrowings

If interest rates on borrowings denominated in USD and Ariary had been 50 basis points higher/ lower, with all other variables held constant, the effect on post-tax loss would not have been significant.

The risk is managed by maintaining an appropriate mix between fixed and floating interest charges on borrowings.

(b) **Credit risk**

Credit risk arises from cash and cash equivalents, contractual cash flows of equity investments carried at fair value through other comprehensive income, as well as credit exposures to customers, including outstanding receivables.

Credit risk is managed on a company basis. Risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board. The compliance with credit limits by customers is regularly monitored by line management.

Sales to retail customers are required to be settled in cash or using major credit cards, mitigating credit risk. The are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and regions except for some subsidiaries where credit rik is concentrated within some clients. The Group has policies in place to ensure that sales of products and services are made to customers within an appropriate credit history.

(c) **Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligation associated with its financial liabilities that are settled by delivery of cash or another financial asset.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities. The Group aims at maintaining flexibility in funding by keeping committed credit lines available.

Management monitors rolling forecasts of the Group's liquidity reserve on the basis of expected cash flow.

Management also considers external opportunities for growth and appropriate funding is reviewed.

3. **FINANCIAL RISK MANAGEMENT** (cont'd)

3.1 **Financial risk factors** (cont'd)

(c) **Liquidity risk** (cont'd)

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date.

THE GROUP	Less than 1 year Rs'000	Between 1 and 2 years Rs'000	Between 2 and 3 years Rs'000	Between 3 and 5 years Rs'000	Over 5 years Rs'000
At 31 December 2019					
Lease liabilities	**25,769**	**209,457**	**4,264**	**293**	**28,535**
Bank overdraft	**281,173**	**-**	**-**	**-**	**-**
Bank loans	**210,612**	**94,146**	**109,630**	**32,605**	**42,414**
Unsecured loans	**247,901**	**-**	**-**	**-**	**-**
Trade and other payables	**1,011,657**	**-**	**-**	**-**	**-**

THE GROUP	Less than 1 year Rs'000	Between 1 and 2 years Rs'000	Between 2 and 3 years Rs'000	Between 3 and 5 years Rs'000	Over 5 years Rs'000
At 31 December 2018					
Lease liabilities	22,683	7,559	4,538	2,186	123
Bank overdraft	174,881	-	-	-	-
Bank loans	328,056	91,503	84,784	84,167	25,852
Unsecured loans	250,171	-	-	-	-
Trade and other payables	1,182,330	-	-	-	-

THE COMPANY					
At 31 December 2019					
Bank overdraft	53,839	-	-	-	-
Bank loans	60,266	66,792	77,530	27,049	-
Loan at call	82,380	-	-	-	-
Unsecured loans at call	247,901	339,738			
Trade and other payables	57,476	-	-	-	-
At 31 December 2018					
Bank overdraft	13,214	-	-	-	-
Bank loans	71,115	67,870	70,653	76,691	25,851
Loan at call	66,308	77,971	-	-	-
Unsecured loans at call	250,171	358,764			
Trade and other payables	57,482	-	-	-	-

3.2 **Fair value estimation**

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions at an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily of quoted equity investments classified as financial assets at fair value through other comprehensive income.

3. **FINANCIAL RISK MANAGEMENT** (cont'd)

3.2 **Fair value estimation** (cont'd)

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs are not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments; and
- Other techniques such as capitalised earnings method, dividend yield method, discounted cash flow and net asset basis are used to determine fair value for the remaining financial instruments.

The carrying amount of the Group's financial assets would be an estimated Rs1 million (2018: Rs1 million) and Rs0.3 million (2018: Rs0.5 million) lower/higher for the Group and the Company respectively if the fair value differed by 10% from management estimates.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values.

3.3 **Capital risk management**

The Group's objectives when managing capital are:

- to safeguard the entities' ability to continue as going concerns, so that they can continue to provide returns for.
- to provide an adequate return to shareholders by pricing products and services commensurately with the level.

The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt to adjusted capital. Net debt is calculated as total debt (as shown on the statement of financial position) less cash and cash equivalents. Adjusted capital comprises all components of equity (i.e. share capital, share premium, non-controlling interests, retained earnings and revaluation and other reserves).

The debt-to-adjusted capital ratios at 31 December 2019 and at 31 December 2018 were as follows:

	THE GROUP		THE COMPANY	
	2019 Rs'000	2018 Rs'000	**2019 Rs'000**	2018 Rs'000
Total debt	**982,423**	1,025,585	**914,933**	1,009,133
Less: cash and cash equivalents	**(196,433)**	(273,360)	**(12,919)**	(6,826)
Net debt	**785,990**	752,225	**902,014**	1,002,307
Total equity	**1,761,016**	2,136,910	**1,739,795**	1,643,255
Debt-to-adjusted capital ratio	**0.45:1**	0.35:1	**0.52:1**	0.61:1

There were no changes in the Group's approach to capital risk management during the year.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (cont'd)

Estimates and judgements are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) **Estimated impairment of goodwill**

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2(d)(i). These calculations require the use of estimates (note 7).

(b) **Impairment of financial assets**

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

(c) **Pension benefits**

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost/(income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based on past and current market conditions. Additional information is disclosed in note 20.

(d) **Revaluation of investment properties**

The Group carries its investment properties at fair value, with changes in fair value being recognised in profit or loss. The Group engages independent valuation specialists to determine fair value of investment properties as disclosed in the notes to the financial statements.

The fair value estimates have been based on the market data regarding current yield on similar properties. The actual amounts of revaluation could therefore differ significantly from the estimates in the future.

(e) **Depreciation policies - Asset lives and residual values**

Property, plant and equipment are depreciated over its useful life taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation,and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values. Consideration is also given to the extent of current profits and losses on the disposal of similar assets.

The directors make estimates based on historical experience and use best judgement to assess the useful lives of assets and to forecast the expected residual values of the assets at the end of their expected useful lives.

(f) **Fair value of securities not quoted in an active market**

The fair value of securities not quoted in an active market may be determined by the Group using valuation techniques including third party transaction values, earnings, net asset value or discounted cash flows, whichever is considered to be appropriate. The Group would execise judgement and estimates on the quantity and quality of pricing sources used. Changes in assumption about these factors could affect the reported fair value of financial instruments.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (cont'd)

(g) **Limitation of sensitivity analysis**

Sensitivity analysis in respect of market risk demonstrates the effect of a change in a key assumption while other assumptions remains unchanged. In reality, there is a correlation between the assumptions and other factors. It should also be noted that these sensitivities are non linear and larger or smaller impacts should not be interpolated or extrapolated from these results.

Sensitivity analysis does not take into consideration that the Group assets and liabilities are managed. Other limitations include the use of hypothetical market movements to demonstrate potential risk that only represent the Group view of possible near term market changes that cannot be predicted with any certainty.

(h) **Deferred tax on investment properties**

For the purpose of measuring deferred tax liabilities or deferred tax assets arising from investment properties,the directors believe that investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. As a result, the Group has recognised deferred tax on changes in fair value of investment properties.

(i) **Impairment of assets**

Goodwill is considered for impairment at least annually. Property, plant and equipment and intangible assets are considered for impairment if there is a reason to believe that impairment may be necessary. Factors taken into consideration in reaching such a decision include the economic viability of the asset itself and where it is a component of a larger economic unit, the viability of that unit itself.

Future cash flows expected to be generated by the assets or cash-generating units are projected, taking into account market conditions and the expected useful lives of the assets. The present value of these cash flows, determined using the appropriate discount rate, is compared to the current net asset value and, if lower, the assets are impaired to the present value. The impairment loss is first allocated to goodwill and then to the other assets of a cash-generating units.

Cash flows which are utilised in these assessments are extracted from the latest management forecasts. The Group utilises the valuation model to determine asset and cash-generating unit values supplemented, where appropriate, by discounted cash flow and other valuation techniques.

(j) **Measurement of the expected credit loss (ECL) allowance**

The measurement of the expected credit loss allowance for financial assets measured at amortised cost is an area that requires significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses).

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of debtor segment and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

When using the simplified approach for measurement of expected credit loss for trade receivables, the application of a provision matrix requires significant assumptions and judgements, such as:

- Determining the appropriate groupings of receivables into categories of shared credit risk characteristics;
- Determining the period over which historical loss rates are obtained to develop estimates of expected future loss rates;
- Determining the historical loss rates;
- Considering macro-economic factors and adjust historical loss rates to reflect relevant future economic conditions; and
- Calculating the expected credit losses.

5. PROPERTY, PLANT AND EQUIPMENT

(a) **THE GROUP**

2019	Freehold Land and Buildings Rs'000	Buildings on Leasehold Land Rs'000	Improvement to buildings Rs'000	Plant and Machinery Rs'000	Motor Vehicles Rs'000	Furniture, Fittings and Office Equipment Rs'000	Rental Equipment Rs'000	Other Tools and Equipment Rs'000	Assets in Progress Rs'000	Total Rs'000
COST/DEEMED COST										
At 31 December 2018	555,616	21,081	-	383,813	171,012	271,770	138,003	61,908	640	1,603,843
Adjustment for change in accounting policy	-	-	-	(9,251)	(49,104)	(7,873)	-	-	-	(66,228)
At 1 January 2019	555,616	21,081	-	374,562	121,908	263,897	138,003	61,908	640	1,537,615
Movement between asset categories	(133,409)	122,244	41,012	(100,985)	6,014	(21,803)	99,130	(12,203)	-	-
Additions	954	-	-	5,408	9,221	17,526	17,951	2,982	2,892	56,934
Disposals	-	(573)	-	(44)	(27,578)	(4,134)	(24,582)	-	-	(56,911)
Exchange difference	-	9	-	-	(412)	(165)	-	-	-	(568)
Transfer	-	3,413	(3,413)	1,632	(1,632)	(1,280)	-	-	-	(1,280)
Transfer to investment properties	(2,950)	-	-	-	-	-	-	-	-	(2,950)
Transfer to intangible assets	-	-	-	-	-	-	-	-	(641)	(641)
Assets written off	-	-	-	(17,536)	(1,166)	(8,294)	(35,743)	(31,742)	-	(94,481)
At 31 December 2019	**420,211**	**146,174**	**37,599**	**263,037**	**106,355**	**245,747**	**194,759**	**20,945**	**2,891**	**1,437,718**
DEPRECIATION										
At 31 December 2018	32,416	1,724	-	328,046	142,184	183,257	73,177	49,351	-	810,155
Adjustment for change in accounting policy	-	-	-	(5,731)	(31,829)	(2,902)	-	-	-	(40,462)
At 1 January 2019	32,416	1,724	-	322,315	110,355	180,355	73,177	49,351	-	769,693
Movement between asset categories	(16,543)	5,971	6,410	(95,842)	1,864	(13,773)	116,813	(4,900)	-	-
Charge for the year	8,176	3,936	3,141	18,219	8,604	28,297	18,025	3,265	-	91,663
Disposal adjustments	-	(520)	-	(44)	(27,337)	(3,769)	(24,307)	-	-	(55,977)
Exchange difference	-	1	-	-	(77)	(150)	-	-	-	(226)
Transfer	-	351	(351)	1,632	(1,632)	(1,280)	-	-	-	(1,280)
Assets written off	-	-	-	(17,492)	(1,166)	(8,289)	(35,743)	(31,742)	-	(94,432)
At 31 December 2019	**24,049**	**11,463**	**9,200**	**228,788**	**90,611**	**181,391**	**147,965**	**15,974**	**-**	**709,441**
NET BOOK VALUE										
At 31 December 2019	**396,162**	**134,711**	**28,399**	**34,249**	**15,744**	**64,356**	**46,794**	**4,971**	**2,891**	**728,277**

5. PROPERTY, PLANT AND EQUIPMENT (cont'd)

(a) **THE GROUP**

2018	Freehold Land and Buildings Rs'000	Buildings on Leasehold Land Rs'000	Plant and Machinery Rs'000	Motor Vehicles Rs'000	Furniture, Fittings and Office Equipment Rs'000	Rental Equipment Rs'000	Other Tools and Equipment Rs'000	Assets in Progress Rs'000	Total Rs'000
COST AND VALUATION									
At 1 January 2018	541,395	21,081	364,307	179,810	262,817	138,003	61,642	15,264	1,584,319
Additions	11,571	-	25,191	10,069	23,730	-	2,963	641	74,165
Aquisition through business combination	-	-	-	-	144	-	-	-	144
Adjustment on disposal of subsidiary	-	-	-	-	(5,079)	-	-	-	(5,079)
Disposals	-	-	(858)	(17,921)	(3,138)	-	-	-	(21,917)
Transfer between asset accounts	4,714	-	214	-	10,264	-	-	(15,192)	-
Exchange difference	-	-	(11)	(801)	(583)	-	-	-	(1,395)
Assets written off	(2,064)	-	(5,030)	(145)	(16,385)	-	(2,697)	(73)	(26,394)
At 31 December 2018	**555,616**	**21,081**	**383,813**	**171,012**	**271,770**	**138,003**	**61,908**	**640**	**1,603,843**
DEPRECIATION									
At 1 January 2018	21,961	1,724	298,093	145,999	177,022	73,177	48,899	-	766,875
Charge for the year	12,163	-	34,894	14,637	28,629	-	3,149	-	93,472
Disposal adjustments	-	-	(858)	(17,704)	(1,482)	-	-	-	(20,044)
Adjustment on disposal of subsidiary	-	-	-	-	(4,719)	-	-	-	(4,719)
Exchange difference	-	-	(11)	(663)	(501)	-	-	-	(1,175)
Assets written off	(1,708)	-	(4,072)	(85)	(15,692)	-	(2,697)	-	(24,254)
At 31 December 2018	**32,416**	**1,724**	**328,046**	**142,184**	**183,257**	**73,177**	**49,351**	**-**	**810,155**
NET BOOK VALUE									
At 31 December 2018	**523,200**	**19,357**	**55,767**	**28,828**	**88,513**	**64,826**	**12,557**	**640**	**793,688**

5. **PROPERTY, PLANT AND EQUIPMENT** (cont'd)

	Freehold Land and Buildings Rs'000	Plant and Machinery Rs'000	Motor Vehicles Rs'000	Furniture, Fittings and Office Equipment Rs'000	Total Rs'000
THE COMPANY					
(c) **2019**					
COST/DEEMED COST					
At 1 January 2019	276,721	12,191	5,830	50,794	345,536
Additions	898	465	-	1,673	3,036
Transfer	(2,950)	-	-	-	(2,950)
Disposals	-	-	(945)	(45)	(990)
At 31 December 2019	**274,669**	**12,656**	**4,885**	**52,422**	**344,632**
DEPRECIATION					
At 1 January 2019	9,277	11,882	3,919	44,245	69,323
Charge for the year	4,816	61	538	2,254	7,669
Disposals	-	-	(945)	(45)	(990)
At 31 December 2019	**14,093**	**11,943**	**3,512**	**46,454**	**76,002**
NET BOOK VALUE					
At 31 December 2019	**260,576**	**713**	**1,373**	**5,968**	**268,630**

	Freehold Land and Buildings Rs'000	Plant and Machinery Rs'000	Motor Vehicles Rs'000	Furniture, Fittings and Office Equipment Rs'000	Total Rs'000
THE COMPANY					
(d) **2018**					
COST AND VALUATION					
At 1 January 2018	270,332	11,872	5,499	47,725	335,428
Additions	6,389	319	950	3,109	10,767
Disposals	-	-	(619)	(40)	(659)
At 31 December 2018	**276,721**	**12,191**	**5,830**	**50,794**	**345,536**
DEPRECIATION					
At 1 January 2018	4,492	11,872	4,080	41,259	61,703
Charge for the year	4,785	10	458	3,026	8,279
Disposals	-	-	(619)	(40)	(659)
At 31 December 2018	**9,277**	**11,882**	**3,919**	**44,245**	**69,323**
NET BOOK VALUE					
At 31 December 2018	**267,444**	**309**	**1,911**	**6,549**	**276,213**

5. **PROPERTY, PLANT AND EQUIPMENT** (cont'd)

	THE GROUP	
	2019 Rs'000	2018 Rs'000
(e) Depreciation charge is analysed as follows:	**Rs'000**	Rs'000
Cost of sales	**6,500**	35,665
Marketing and selling expenses	**12,946**	20,343
Administrative expenses	**72,217**	37,464
	91,663	93,472

Depreciation charge for the Company is recorded in administrative expenses.

(f) Effective as from 1 January 2019, leased assets are presented as a separate line item on the statement of financial position. Leased assets included in 2018 comprised of the following:

	THE GROUP				THE COMPANY
2018	**Plant and Machinery Rs'000**	**Motor vehicles Rs'000**	**Office Equipment Rs'000**	**Total Rs'000**	**Rs'000**
Cost - capitalised finance leases	76,871	87,325	17,290	181,486	-
Accumulated depreciation	**(54,019)**	**(66,956)**	**(7,749)**	**(128,724)**	-
Net book value	**22,852**	**20,369**	**9,541**	**52,762**	-

(g) Land and buildings were last revalued on 31 December 2016 on the basis of revaluation exercise carried out by Professional Valuers Co. Ltd, Chartered Valuation Surveyors. Valuation was made on a depreciated replacement cost approach and a sales comparison approach. The revaluation surplus net of applicable deferred income taxes was credited to revaluation surplus in shareholders' equity. The Group has elected to account the carrying amount of its land and buildings at deemed cost effective 1 January 2019. Consequently, the carrying amount as at 31 Decmeber 2018 has been carried forward as the deemed cost of the land and buildings with subsequent depreciation being charged on the buildings over the useful lifves.

(h) Bank borrowings are secured by floating charges on the assets of the Group, including property, plant and equipment.

5A. **RIGHT-OF-USE-ASSETS**

	THE GROUP		
	Land and buildings Rs'000	**Plant, machinery and motor vechicles Rs'000**	**Total Rs'000**
At 1 January 2019	221,952	25,766	247,718
Additions	-	6,959	6,959
Amortisation	(9,346)	(7,808)	(17,154)
At 31 December 2019	212,606	24,917	237,523

5A. RIGHT-OF-USE-ASSETS (cont'd)

	THE COMPANY		
	Land and buildings Rs'000	Plant, machinery and motor vechicles Rs'000	Total Rs'000
At 1 January 2019	-	-	-
Additions	-	-	-
Amortisation	-	-	-
At 31 December 2019	-	-	-

5B. LEASE LIABILITIES

	THE GROUP		
	Land and buildings Rs'000	Plant, machinery and motor vechicles Rs'000	Total Rs'000
At 1 January 2019	250,756	37,832	288,588
Additions	-	3,528	3,528
Interest expense	18,654	926	19,580
Lease payments	(20,586)	(22,822)	(43,408)
Foreign exchange movements	-	30	30
At 31 December 2019	248,824	19,494	268,318
Current			24,262
Non current			244,056
			268,318

	THE COMPANY		
	Land and buildings Rs'000	Plant, machinery and motor vechicles Rs'000	Total Rs'000
At 1 January 2019	28,804	-	28,804
Interest expense	2,345	-	2,345
Lease payments	(2,354)	-	(2,354)
At 31 December 2019	28,795	-	28,795
Current			44
Non current			28,751
			28,795

5B. LEASE LIABILITIES (cont'd)

(a) **Nature of leasing activities (in the capacity as lessee)**

The Company has a lease agreement expiring on 30 September 2069. The annual rent is adjusted every three years based on the cumulative inflation rate during the three-year period.

One of the subsidiaries leases land from the Mauritius Ports Authority which came up for renewal on the 15 December 2015 and is currently negotiating the rates for a further period of 15 years ending 14 December 2030. The subsidiary has an option of renewal for two further period of 15 years and a final period of 9 years.

Another subsidiary leases several equipments for use in its operations. The lease contracts provide for periodic fixed payments over the lease term.

The Group also leases plant, machinery and motor vehicles where the leases comprise only of fixed payments over the lease terms.

(b) **Variable lease payments**

The percentages in the table below reflect the current proportions of lease payments that are either fixed or variable. The sensitivity reflects the impact on the carrying amount of lease liabilities and right-of-use assets if there was an uplift of 5% on the balance sheet date to lease payments that are variable.

31 December 2019	Lease Contracts Number	Fixed payments %	Variable payments %	Sensitivity Rs.
Property leases with payments linked to inflation	7	5%	12%	3,029,708
Property leases with periodic uplifts to market rentals	3	7%	-	-
Leases of plant and equipment	8	19%	-	-
Vehicle leases	24	57%	-	-
	42	88%	12%	3,029,708

(c) **Extension and termination options**

Extension and termination options are included in a number of property and equipment leases across the group. These are used to maximise operational flexibility in terms of managing the assets used in the group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

(d) **Lease term**

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

(e) The total cash outflow for leases in 2019 was Rs.43.4m and Rs.2.3m for the Group and the Company respectively.

6. INVESTMENT PROPERTIES

	THE GROUP		THE COMPANY	
	2019 Rs'000	2018 Rs'000	**2019 Rs'000**	2018 Rs'000
At 31 December	**358,624**	360,289	**381,912**	381,912
Adjustment for change in accounting policy	**28,805**	-	**28,805**	-
At 1 January	**387,429**	360,289	**410,717**	381,912
Disposals	**-**	-	**-**	-
Transfer from property, plant and equipment	**2,950**	-	**2,950**	-
Exchange difference	**(1,022)**	(1,764)	**-**	-
Increase in fair value	**17,262**	99	**12,708**	-
At 31 December	**406,619**	358,624	**426,375**	381,912

The investment properties of the Group are valued annually. The properties were fair valued by Professional Valuers Co Ltd, Chartered Valuation Surveryors, and one of the property of the Group's subsidiary in Zambia was fair valued by Anderson & Anderson valuation surveyors. Valuation was made on a sales comparison approach. The sales comparison approach estimates the value of a property by comparing it to similar properties recently sold on the open market. This method was used for valuing vacant land and homogeneous properties. There has been no changes to the valuation techniques during the year.

Details of the investment properties and information about fair value hierachy as at 31 December 2019 are as follows:

	THE GROUP	
	2019 Rs'000	2018 Rs'000
Buildings	**160,669**	112,674
Land	**245,950**	245,950
Total	**406,619**	358,624

	THE COMPANY Level 2	
	2019 Rs'000	2018 Rs'000
Buildings	**138,050**	135,812
Land	**288,325**	246,100
Total	**426,375**	381,912

Bank borrowings are secured by floating charges on the assets of the Group, including investment properties.

The following amounts have been recognised in profit or loss:

	THE GROUP		THE COMPANY	
	2019 Rs'000	2018 Rs'000	**2019 Rs'000**	2018 Rs'000
Rental income	**20,084**	20,658	**13,260**	13,157
Direct operating expenses arising on investment properties that generated investment income	**260**	280	**-**	46
Direct operating expenses arising on investment properties that did not generated investment income	**572**	566	**-**	-

7. INTANGIBLE ASSETS

	Goodwill Rs'000	Portfolio of clients Rs'000	Computer Software Rs'000	Operating Licence Rs'000	Total Rs'000
(a) THE GROUP					
COST					
At 1 January 2019	**181,842**	**3,215**	**43,574**	**5,244**	**233,875**
Additions	-	-	8,853	-	8,853
Adjustment to pre-acquisition reserves	8,170	-	-	-	8,170
Transfer from property, plant and equipment	-	-	641	-	641
Asset written off	-	-	(1,893)	-	(1,893)
At 31 December 2019	**190,012**	**3,215**	**51,175**	**5,244**	**249,646**
AMORTISATION					
At 1 January 2019	99,065	965	39,432	4,955	144,417
Charge for the year	-	643	2,208	-	2,851
Asset written off	-	-	(180)	-	(180)
At 31 December 2019	**99,065**	**1,608**	**41,460**	**4,955**	**147,088**
NET BOOK VALUE					
At 31 December 2019	**90,947**	**1,607**	**9,715**	**289**	**102,558**

	Goodwill Rs'000	Portfolio of clients Rs'000	Computer Software Rs'000	Operating Licence Rs'000	Total Rs'000
(b) THE GROUP					
COST					
At 1 January 2018	**192,286**	**3,215**	**42,073**	**5,244**	**242,818**
Additions	18,354	-	785	-	19,139
Goodwill impaired	(27,069)	-	-	-	(27,069)
Asset written off	(1,729)	-	(194)	-	(1,923)
At 31 December 2018	**181,842**	**3,215**	**42,664**	**5,244**	**232,965**
AMORTISATION					
At 1 January 2018	100,326	322	37,356	4,955	142,959
Charge for the year	468	643	2,190	-	3,301
Asset written off	(1,729)	-	(114)	-	(1,843)
At 31 December 2018	**99,065**	**965**	**39,432**	**4,955**	**144,417**
NET BOOK VALUE					
At 31 December 2018	**82,777**	**2,250**	**3,232**	**289**	**88,548**
Work in progress	**-**	**-**	**910**	**-**	**910**
Total	**82,777**	**2,250**	**4,142**	**289**	**89,458**

Amortisation charge of Rs.2.9 million (2018: Rs.3.3 million) has been accounted for in administrative expenses.

7. INTANGIBLE ASSETS (cont'd)

(c) **THE COMPANY**

	Computer Software Rs'000
COST	
At 1 January 2019	7,844
Additions	163
At 31 December 2019	**8,007**
AMORTISATION	
At 1 January 2019	7,449
Charge for the year	189
At 31 December 2019	**7,638**
NET BOOK VALUE	
At 31 December 2019	**369**

(d) **THE COMPANY**

	Computer Software Rs'000
COST	
At 1 January 2018 and 31 December 2018	**7,844**
AMORTISATION	
At 1 January 2018	7,160
Charge for the year	289
At 31 December 2018	**7,449**
NET BOOK VALUE	
At 31 December 2018	**395**

(e) Goodwill acquired through business combinations and arising on acquisition of product brands have indefinite useful lives and have been allocated to cash-generating units for impairment testing as follows:

	THE GROUP	
	2019 Rs'000	2018 Rs'000
Manufacturing & Trading	**81,812**	73,642
Business Services	**9,135**	9,135
	90,947	82,777

The recoverable amounts of these cash-generating units have been determined based on their value in use calculation using cash flow projections derived from financial budgets established by managements covering a three-year period and also on market conditions prevailing. The pre-tax discount rates (WACC) applied to cash flow projections vary between 10% to 14%. Impairment loss is accounted to adjust the carrying value of the goodwill to reflect the net present value of the future cash flows.

The impairment losses that arose last year resulted from the decline in profitability in the business services cluster.

8. INVESTMENTS IN SUBSIDIARIES

	2019 Rs'000	2018 Rs'000
THE COMPANY		
At 1 January,	**991,624**	912,879
Additions	**20,229**	2,935
Disposals	**(44,772)**	(2,143)
Fair value (loss)/gain	**(161,023)**	77,953
At 31 December,	**806,058**	991,624

Investments in subsidiaries comprise listed and unquoted securities.

8. INVESTMENTS IN SUBSIDIARIES (cont'd)

(a) The financial statements of the following subsidiaries have been included in the consolidated financial statements:

YEAR 2019

Name of Company	Class of shares held	Year ended	Stated capital	Direct percentage holding and voting power %	Indirect percentage holding and voting power %	Proportion of ownership interest held by non-controlling interest %	Country of operation & incorporation	Main business
Activeline Ltd	Ordinary	31 December	Rs7,235,158	100.00	-	-	Mauritius	Business process outsourcing
Archemics Ltd	Ordinary	31 December	Rs400,000	100.00	-	-	Mauritius	Chemicals
Bychemex Limited (Note 1)	Ordinary	31 December	Rs5,000,000	-	70.41	29.59	Mauritius	Chemicals
Chemco Limited (Note 1)	Ordinary	31 December	Rs6,208,722	-	70.41	29.59	Mauritius	Trading of chemicals, fertilizers and general goods
Cyberyder Ltd	Ordinary	31 December	Rs500,000	100.00	-	-	Mauritius	Dormant
Corexsolar International (Mauritius) Ltd	Ordinary	31 December	Rs100,000	-	51.00	49.00	Mauritius	Development of solar energy projects
Corexsolar International SAS	Ordinary	31 December	EUR50,000	-	51.00	49.00	Reunion Island	Development of solar energy projects
Coolkote Ltd	Ordinary	31 December	Rs21,605,272	-	70.41	29.59	Mauritius	Waterproofing activities
Distrisoft Ltd	Ordinary	31 December	Rs500,000	100.00	-	-	Mauritius	Dormant
Dori Energie SAS	Ordinary	31 December	FCFA1,000,000	-	40.00	60.00	Burkina Faso	Development of solar energy projects
EO Solutions Ltd	Ordinary	31 December	Rs39,338,997	-	100.00	-	Mauritius	Office equipment products
H. M. Communications Ltd	Ordinary	31 December	Rs2,500,000	100.00	-	-	Mauritius	Dormant
HM Freeport	Ordinary	31 December	Rs25,000	100.00	-	-	Mauritius	Activities of holding/ management/ investment companies(with/without managing)
Hamac Export Services Limited	Ordinary	31 December	Rs25,000	100.00	-	-	Mauritius	Dormant
Harel Mallac Aviation Ltd	Ordinary	31 December	Rs4,814,930	-	100.00	-	Mauritius	General sale agent
Harel Mallac Distribution SARL	Ordinary	31 December	MGA1,821,940,000	99.00	1.00	-	Madagascar	Distributor of consumer goods and IT products
MCFI Export Ltd	Ordinary	31 December	Rs25,025,000	-	70.41	29.59	Mauritius	Trading of chemicals
Harel Mallac Healthcare Ltd	Ordinary	31 December	Rs1,00,000	-	100.00	-	Mauritius	Retail sale of medical and orthopaedic goods in stores
Harel Mallac International Ltd	Ordinary	31 December	Rs124,870,862	100.00	-	-	Mauritius	Investment company
Harel Mallac Leasing Ltd	Ordinary	31 December	Rs10,000	100.00	-	-	Mauritius	Services
Harel Mallac Technologies Ltd	Ordinary	31 December	Rs31,945,296	100.00	-	-	Mauritius	Markets computer hardware and IT solutions
MCFI International (Tanzania) Limited	Ordinary	31 December	TZS6,525,230,000	-	70.41	29.59	Tanzania	Trading of chemicals and general goods
Harel Mallac Advisory Ltd	Ordinary	31 December	Rs2,000	100.00	-	-	Mauritius	Professional and management consultancy services
HM Corporate Services Ltd	Ordinary	31 December	Rs500,000	100.00	-	-	Mauritius	Share registry
HM Electronics Ltd	Ordinary	31 December	Rs500,000	100.00	-	-	Mauritius	Dormant
HM Global Services Ltd	Ordinary	31 December	Rs18,528,000	85.00	-	15.00	Mauritius	Professional and management consultancy services
HM Secretaries Ltd	Ordinary	31 December	Rs2,500,000	100.00	-	-	Mauritius	Professional consultancy services
Harel Mallac Trading Ltd	Ordinary	31 December	Rs136,348,488	100.00	-	-	Mauritius	Investment holding
Indialley Ltd	Ordinary	31 December	Rs1,075,000	100.00	-	-	Mauritius	Dormant

Notes to the Financial Statements
Year ended 31 December 2019

8. INVESTMENTS IN SUBSIDIARIES (cont'd)

(a) The financial statements of the following subsidiaries have been included in the consolidated financial statements: (cont'd)

YEAR 2019

Name of Company	Class of shares held	Year ended	Stated capital	Direct percentage holding and voting power %	Indirect percentage holding and voting power %	Proportion of ownership interest held by non-controlling interest %	Country of operation & incorporation	Main business
Informatics Business Solutions Ltd	Ordinary	31 December	Rs25,000	-	100.00	-	Mauritius	Markets computer hardware and IT solutions
HMT Madagascar	Ordinary	31 December	MGA2,000,000	-	100.00	-	Madagascar	Markets computer hardware and IT solutions
Itineris Ltd	Ordinary	31 December	Rs10,000,000	100.00	-	-	Mauritius	Travel agent
Linxia Ltd	Ordinary	31 December	Rs36,160,000	-	100.00	-	Mauritius	Markets computer hardware and IT solutions
Logima Ltée	Ordinary	31 December	Rs55,050,000	-	100.00	-	Mauritius	Trading in Fast Moving Consumer Goods(FMCG)
Logima Reunion SAS	Ordinary	31 December	EUR1,000	-	70.41	29.59	Reunion Island	Trading of chemicals
MCFI International & Co Ltd	Ordinary	31 December	USD565,179	-	70.41	29.59	Mauritius	Trading company
MCFI International (Zambia) Pty Ltd	Ordinary	31 December	ZMK5,000	-	70.41	29.59	Zambia	Trading of chemicals and general goods
Milna Directors Ltd	Ordinary	31 December	Rs10,000	-	100.00	-	Mauritius	Professional and management consultancy services
Milna Nominee Ltd	Ordinary	31 December	Rs10,000	-	100.00	-	Mauritius	Professional and management consultancy services
Novengi Ltd	Ordinary	31 December	Rs30,000,000	-	100.00	-	Mauritius	Agro industrial, engineering, refrigeration and electrical products
HMT Rwanda	Ordinary	31 December	RWF5,000,000	-	100.00	-	Rwanda	Audit Software Development, Administration and Maintenance
HMT Burundi	Ordinary	31 December	BIF24,190,200	0.12	99.88	-	Burundi	Audit Software Development, Administration and Maintenance
People Prime Ltd	Ordinary	31 December	Rs25,000	100.00	-	-	Mauritius	Human capital consulting and service provider
Pharmallac SARL	Ordinary	31 December	MGA140,220,000	98.60	1.40	-	Madagascar	Sales and distribution of pharmaceutical products
Photovoltaic Farm Ltd	Ordinary	31 December	Rs11,000	100.00		-	Mauritius	Investment company
Portus Ltd	Ordinary	31 December	Rs1,000,000	100.00	-	-	Mauritius	Dormant
Reunifert SAS	Ordinary	31 December	EUR3,000	-	70.41	29.59	Reunion Island	Trading of chemicals
Société Gare du Nord	Ordinary	31 December	Rs14,999,900	100.00	-	-	Mauritius	Investment company
Société Sicarex	Ordinary	31 December	Rs14,999,900	100.00	-	-	Mauritius	Property company
Solar PV Farm	Ordinary	31 December	Rs1,000	100.00	-	-	Mauritius	Manufacture of electricity, distribution and control apparatus
Standard Continuous Stationery Limited	Ordinary	31 December	Rs10,000	100.00	-	-	Mauritius	Investment company
Suchem Ltd	Ordinary	31 December	Rs17,725,000	100.00	-	-	Mauritius	Sales of chemical products
Techniques Solaires	Ordinary	31 December	EUR50,000	-	51.00	49.00	Reunion Island	Development of solar energy projects
Techno City Ltd	Ordinary	31 December	Rs25,000	-	100.00	-	Mauritius	Dormant
The Mauritius Chemical and Fertilizer Industry Limited (MCFI)	Ordinary	31 December	Rs220,064,180	70.41	-	29.59	Mauritius	Blending and trading of fertilizers

Note 1 -

On 30 April 2019, MCFI acquired 100% shareholding in Bychemex Limited and Chemco Limited. The Group, therefore, indirectly controls those subsidiaries through MCFI. Following this acquision, the Group effective holding in Chemco Limited and Bychemex Limited has increased to 70.41%.

8. **INVESTMENTS IN SUBSIDIARIES** (cont'd)

(b) The financial statements of the following subsidiaries have been included in the consolidated financial statements:

YEAR 2018

Name of Company	Class of shares held	Year ended	Stated capital	Direct percentage holding and voting power %	Indirect percentage holding and voting power %	Proportion of ownership interest held by non-controlling interest %	Country of operation & incorporation	Main business
Activeline Ltd	Ordinary	31 December	Rs7,235,158	100.00	-	-	Mauritius	Business process outsourcing
Archemics Ltd	Ordinary	31 December	Rs400,000	100.00	-	-	Mauritius	Chemicals
Bychemex Limited (Note 1)	Ordinary	31 December	Rs5,000,000	44.91	-	55.09	Mauritius	Chemicals
Chemco Limited	Ordinary	31 December	Rs6,208,722	54.68	4.60	40.72	Mauritius	Trading of chemicals, fertilizers and general goods
Cyberyder Ltd	Ordinary	31 December	Rs500,000	100.00	-	-	Mauritius	Dormant
Corexsolar International (Mauritius) Ltd (Note 2)	Ordinary	31 December	Rs100,000	-	51.00	49.00	Mauritius	Development of solar energy projects
Corexsolar International SAS (Note 2)	Ordinary	31 December	EUR50,000	-	51.00	49.00	Reunion Island	Development of solar energy projects
Coolkote Ltd (Formerly known as Coolkote Entreprises Ltd)	Ordinary	31 December	Rs21,605,272	-	70.41	29.59	Mauritius	Waterproofing activities
Distrisoft Ltd	Ordinary	31 December	Rs500,000	100.00	-	-	Mauritius	Dormant
Dori Energie SAS	Ordinary	31 December	FCFA1,000,000	-	40.00	60.00	Burkina Faso	Development of solar energy projects
EO Solutions Ltd	Ordinary	31 December	Rs39,338,997	-	100.00	-	Mauritius	Office equipment products
H. M. Communications Ltd	Ordinary	31 December	Rs2,500,000	100.00	-	-	Mauritius	Dormant
HM Freeport	Ordinary	31 December	Rs25,000	100.00	-	-	Mauritius	Activities of holding/ management/ investment companies(with/without managing)
Hamac Export Services Limited	Ordinary	31 December	Rs25,000	100.00	-	-	Mauritius	Dormant
Harel Mallac Aviation Ltd	Ordinary	31 December	Rs4,814,930	-	100.00	-	Mauritius	General sale agent
Harel Mallac Distribution SARL (Note 3)	Ordinary	31 December	MGA1,821,940,000	99.00	1.00	-	Madagascar	Distributor of consumer goods and IT products
MCFI Export Ltd	Ordinary	31 December	Rs25,025,000	-	70.41	29.59	Mauritius	Trading of chemicals
Harel Mallac Healthcare Ltd (Note 3)	Ordinary	31 December	Rs1,000,000	-	100.00	-	Mauritius	Retail sale of medical and orthopaedic goods in stores
Harel Mallac International Ltd	Ordinary	31 December	Rs124,870,862	100.00	-	-	Mauritius	Investment company
Harel Mallac Leasing Ltd	Ordinary	31 December	Rs10,000	100.00	-	-	Mauritius	Services
Harel Mallac Technologies Ltd	Ordinary	31 December	Rs31,945,296	100.00	-	-	Mauritius	Markets computer hardware and IT solutions
MCFI International (Tanzania) Limited (formerly Harel Mallac (Tanzania) Limited) (Note 4)	Ordinary	31 December	TZS6,525,230,000	-	70.41	29.59	Tanzania	Trading of chemicals and general goods
Harel Mallac Advisory Ltd	Ordinary	31 December	Rs2,000	85.00	-	15.00	Mauritius	Professional and management consultancy services
HM Corporate Services Ltd	Ordinary	31 December	Rs500,000	100.00	-	-	Mauritius	Share registry
HM Electronics Ltd	Ordinary	31 December	Rs500,000	100.00	-	-	Mauritius	Dormant
HM Global Services Ltd	Ordinary	31 December	Rs18,528,000	85.00	-	15.00	Mauritius	Professional and management consultancy services
HM Secretaries Ltd	Ordinary	31 December	Rs2,500,000	100.00	-	-	Mauritius	Professional consultancy services
Harel Mallac Trading Ltd	Ordinary	31 December	Rs136,348,488	100.00	-	-	Mauritius	Investment holding
Indialley Ltd	Ordinary	31 December	Rs1,075,000	100.00	-	-	Mauritius	Dormant

8. **INVESTMENTS IN SUBSIDIARIES** (cont'd)

(b) The financial statements of the following subsidiaries have been included in the consolidated financial statements: (cont'd)

YEAR 2018

Name of Company	Class of shares held	Year ended	Stated capital	Direct percentage holding and voting power %	Indirect percentage holding and voting power %	Proportion of ownership interest held by non-controlling interest %	Country of operation & incorporation	Main business
Informatics Business Solutions Ltd	Ordinary	31 December	Rs25,000	100.00	-	-	Mauritius	Markets computer hardware and IT solutions
HMT Madagascar	Ordinary	31 December	MGA2,000,000	-	100.00	-	Madagascar	Markets computer hardware and IT solutions
Itineris Ltd	Ordinary	31 December	Rs10,000,000	100.00	-	-	Mauritius	Travel agent
Linxia Ltd	Ordinary	31 December	Rs36,160,000	-	100.00	-	Mauritius	Markets computer hardware and IT solutions
Logima Ltée	Ordinary	31 December	Rs55,050,000	-	100.00	-	Mauritius	Trading in Fast Moving Consumer Goods(FMCG)
Logima Reunion SAS	Ordinary	31 December	EUR1,000	-	70.41	29.59	Reunion Island	Trading of chemicals
MCFI International & Co Ltd	Ordinary	31 December	USD565,179	-	70.41	29.59	Mauritius	Trading company
MCFI International (Zambia) Pty Ltd	Ordinary	31 December	ZMK5,000	-	70.41	29.59	Zambia	Trading of chemicals and general goods
Milna Directors Ltd	Ordinary	31 December	Rs10,000	-	100.00	-	Mauritius	Professional and management consultancy services
Milna Nominee Ltd	Ordinary	31 December	Rs10,000	-	100.00	-	Mauritius	Professional and management consultancy services
Novengi Ltd (Note 6)	Ordinary	31 December	Rs30,000,000	-	100.00	-	Mauritius	Agro industrial, engineering, refrigeration and electrical products
HMT Rwanda	Ordinary	31 December	RWF5,000,000	-	100.00	-	Rwanda	Audit Software Development, Administration and Maintenance
HMT Burundi	Ordinary	31 December	BIF24,190,200	0.12	99.88	-	Burundi	Audit Software Development, Administration and Maintenance
People Prime Ltd	Ordinary	31 December	Rs25,000	100.00	-	-	Mauritius	Human capital consulting and service provider
Pharmallac SARL	Ordinary	31 December	MGA140,220,000	98.60	1.40	-	Madagascar	Sales and distribution of pharmaceutical products
Photovoltaic Farm Ltd	Ordinary	31 December	Rs11,000	100.00		-	Mauritius	Investment company
Portus Ltd	Ordinary	31 December	Rs1,000,000	100.00	-	-	Mauritius	Dormant
Reunifert SAS	Ordinary	31 December	EUR3,000	-	70.41	29.59	Reunion Island	Trading of chemicals
Société Gare du Nord	Ordinary	31 December	Rs14,999,900	100.00	-	-	Mauritius	Investment company
Société Sicarex	Ordinary	31 December	Rs14,999,900	100.00	-	-	Mauritius	Property company
Solar PV Farm	Ordinary	31 December	Rs1,000	100.00	-	-	Mauritius	Manufacture of electricity, distribution and control apparatus
Standard Continuous Stationery Limited	Ordinary	31 December	Rs10,000	100.00	-	-	Mauritius	Investment company
Suchem Ltd	Ordinary	31 December	Rs17,725,000	100.00	-	-	Mauritius	Sales of chemical products
Techniques Solaires (Note 2)	Ordinary	31 December	EUR50,000	-	51.00	49.00	Reunion Island	Development of solar energy projects
Techno City Ltd	Ordinary	31 December	Rs25,000	-	100.00	-	Mauritius	Dormant
The Mauritius Chemical and Fertilizer Industry Limited	Ordinary	31 December	Rs220,064,180	70.41	-	29.59	Mauritius	Blending and trading of fertilizers

8. INVESTMENTS IN SUBSIDIARIES (cont'd)

(b) The financial statements of the following subsidiaries have been included in the consolidated financial statements: (cont'd)

Note 1 - In 2018, in respect of Bychemex Limited, although Harel Mallac & Co. Ltd did not own more than half of the voting power, this company was accounted for as a subsidiary since control was exercised through board representation.

Note 2 - In 2018, Harel Mallac & Co. Ltd acquired the following stake in Corexsolar International SAS group of companies, through its wholly owned subsidiary Harel Mallac Trading Ltd:

- 51% in Corexsolar International (Mauritius) Ltd.
- 40% in Dori Energie SAS.
- 25% in SPV Corexsolar Djema 2 SAS.
- 25% in SPV Corexsolar Djema 3 SAS.
- 51% in Techniques Solaires.

Note 3 - The operations of Harel Mallac Distribution SARL and Harel Mallac Healthcare Ltd have been discontinued during the financial year 2018.

Note 4 - During the year, Harel Mallac & Co Ltd and Harel Mallac International Ltd disposed of their holding in MCFI International (Tanzania) Limited (formerly Harel Mallac (Tanzania) Limited) to MCFI International & Co Ltd, one of the Group's subsidiaries. This resulted in a change in the Group's % holding in MCFI International (Tanzania) Limited from 100% to 70.41%.

Note 5 - In 2018, Harel Mallac & Co. Ltd disposed all of its shareholdings in The Professional Learning Centre Ltd.

Note 6 - In 2018, Climapro Ltee , a wholly owned subsidiary of Harel Mallac Trading Ltd amalgamated with Novengi Ltd with the latter remainning as the surviving company.

(c) **Subsidiaries with material non-controlling interests**

Details for subsidiaries that have non-controlling interests that are material to the entity:

Name	Profit/(loss) allocated to non-controlling interests during the period Rs'000	Accumulated non-controlling interests at 31 December 2019 Rs'000
2019		
Chemco Limited	**858**	**-**
Bychemex Limited	**(276)**	**-**
The Mauritius Chemical and Fertilizer Industry Limited	**(68,190)**	**150,045**
Corexsolar International SAS	**7,272**	**7,572**

Name	Profit/(loss) allocated to non-controlling interests during the period Rs'000	Accumulated non-controlling interests at 31 December 2018 Rs'000
2018		
Chemco Limited	3,979	44,533
Bychemex Limited	61	17,358
The Mauritius Chemical and Fertilizer Industry Limited	(10,109)	222,753
Corexsolar International SAS	5,671	6,653

The aggregate accumulated figure of non-significant non-controlling interest amounted to Rs.0.5m (2018: Rs 0.7m).

8. INVESTMENTS IN SUBSIDIARIES (cont'd)

(d) **Summarised financial information on subsidiaries with material non-controlling interests**

(i) Summarised statement of financial position and statement of profit or loss and other comprehensive income:

Name	Current assets Rs'000	Non-current assets Rs'000	Current liabilities Rs'000	Non-current liabilities Rs'000	Revenue Rs'000	Profit/ (Loss) for the year Rs'000	Other Compre-hensive Income Rs'000	Dividend paid to non-controlling shareholders Rs'000
2019								
Chemco Limited	-	-	-	-	**77,218**	**1,837**	-	-
Bychemex Limited	-	-	-	-	**16,724**	**(501)**	-	-
The Mauritius Chemical and Fertilizers Industry Limited	**597,761**	**732,366**	**505,274**	**317,782**	**767,985**	**(230,461)**	**25,782**	**4,558**
Corexsolar International (Mauritius) Ltd	**89,423**	**8,158**	**82,100**	**29**	**248,704**	**14,841**	-	-
2018								
Chemco Limited	172,234	13,435	68,482	7,824	294,821	9,771	1,403	2,531
Bychemex Limited	39,592	4,885	11,796	1,173	64,215	111	267	220
The Mauritius Chemical and Fertilizers Industry Limited	712,927	580,675	493,454	47,350	989,404	(34,163)	(4,453)	4,558
Corexsolar International (Mauritius) Ltd	105,145	288	89,556	-	104,848	11,574	(581)	-

(ii) Summarised cash flow information:

Name	Operating activities Rs'000	Investing activities Rs'000	Financing activities Rs'000	Net increase/ (decrease) in cash and cash equivalent Rs'000
2019				
The Mauritius Chemical and Fertilizer Industry Limited	(4,879)	(112,731)	66,233	(51,377)
Corexsolar International (Mauritius) Ltd	63,150	(16,939)	(4,364)	44,567

8. INVESTMENTS IN SUBSIDIARIES (cont'd)

(d) **Summarised financial information on subsidiaries with material non controlling interest (cont'd)**

(ii) Summarised cash flow information: (cont'd)

Name	Operating activities Rs'000	Investing activities Rs'000	Financing activities Rs'000	Net increase (decrease) in cash and cash equivalent Rs'000
2018				
Chemco Limited	17,000	(1,671)	(6,588)	8,741
Bychemex Limited	2,400	(285)	(955)	1,160
The Mauritius Chemical and Fertilizer Industry Limited	(18,315)	25,466	66,338	73,489
Corexsolar International (Mauritius) Ltd	(17,958)	(209)	(736)	(18,903)

The summarised financial information disclosed above is before intra-group eliminations.

(e) **Investment in subsidiaries**

(i) Investment in subsidiaries include the following:

	THE COMPANY	
	2019 Rs'000	2018 Rs'000
Equity securities at fair value:		
- Official market	**216,929**	292,080
- DEM listed	**-**	91,515
- Unquoted	**589,129**	608,029
	806,058	991,624

(ii) **THE COMPANY**

	Level 1 Rs'000	Level 2 Rs'000	Level 3 Rs'000	Total Rs'000
At 31 December 2019				
Available for sale financial assets	**216,929**	**-**	**589,129**	**806,058**
At 31 December 2018				
Available for sale financial assets	383,595	-	608,029	991,624

Instruments included in level 1 comprise primarily of quoted equity investments and other investments valued at available market price.

If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs are not based on observable market data, the instrument is included in level 3.

Valuation of investments classified in level 3, has been based on the marketable earnings, discounted cash flow and net asset basis.

8. INVESTMENTS IN SUBSIDIARIES (cont'd)

(iii) The table below shows the changes in level 3 instruments.

	THE COMPANY Level 3	
	2019 Rs'000	2018 Rs'000
At 1 January	**608,029**	535,189
Additions	**20,229**	2,935
Disposals	**-**	(2,143)
Fair value (loss)/gain	**(39,129)**	72,048
At 31 December	**589,129**	608,029

9. INVESTMENTS IN ASSOCIATES

	2019 Rs'000	2018 Rs'000
(a) **THE GROUP**		
At 1 January	**1,124,367**	1,063,088
Disposals	**-**	(3,478)
Share of retained profit	**47,889**	66,385
Other equity movements	**(93,423)**	(1,628)
At 31 December	**1,078,833**	1,124,367
Made up as follows:		
Share of net assets	**785,974**	831,508
Goodwill on acquisition	**292,859**	292,859
	1,078,833	1,124,367

Assessment for impairment of carrying amount of associates was based on the fair value of the underlying investments. The fair value was determined on a mix of capitalisation of earnings, use of recent transaction value and net assets.

(b) **THE COMPANY**

	2019 Rs'000	2018 Rs'000
At 1 January	**962,513**	818,529
Disposal	**-**	(2,000)
Fair value gain	**201,100**	145,984
At 31 December	**1,163,613**	962,513

Investments in associated companies comprise unquoted securities. The fair value of unquoted securities are based on maintainable earnings and cost as appropriate.

Investment in associated companies are classified in level 3 in the fair value hierarchy.

9. INVESTMENTS IN ASSOCIATES (cont'd)

(c) The Group's interest in its principal associates are:

Name of Company	Country of incorporation and operation	Year ended	Nature of business	Held by holding company % Holding	Held by group % Holding
YEAR 2019					
Attitude Hospitality Management Ltd	Mauritius	30 June	Hotel management	**20.00**	-
Biofert Co. Ltd	Mauritius	30 June	Trading	-	**23.47**
Emineo Holding Limited	Mauritius	30 June	Investment holding company	**25.00**	-
Maritim (Mauritius) Ltd	Mauritius	31 December	Hotel operation	**22.86**	-
Rehm Grinaker Construction Co Ltd	Mauritius	30 June	Building and civil engineering contractor	-	**15.14**
Société Oneo	Mauritius	30 June	Investment holding company	**25.00**	-
Total Mauritius Limited	Mauritius	31 December	Storage and wholesaling of petroleum products	**20.00**	-
Touristic United Enterprise Ltd	Mauritius	30 June	Investment holding company	**22.50**	-
Water Sport Village Limited	Mauritius	30 September	Hotel operation	**24.50**	-
Zilwa Resort Ltd	Mauritius	30 June	Hotel management	**24.00**	-
Corexsolar Djema 2 SAS	Mayotte	31 December	Development of solar energy projects	-	**24.99**
Corexsolar Djema 3 SAS	Mayotte	31 December	Development of solar energy projects	-	**24.99**
YEAR 2018					
Attitude Hospitality Management Ltd	Mauritius	30 June	Hotel management	**20.00**	-
Biofert Co. Ltd	Mauritius	30 June	Trading	-	**23.47**
Emineo Holding Limited	Mauritius	30 June	Investment holding company	**25.00**	-
Maritim (Mauritius) Ltd	Mauritius	31 December	Hotel operation	**22.86**	-
Rehm Grinaker Construction Co Ltd	Mauritius	30 June	Building and civil engineering contractor	-	**15.14**
Rehm Grinaker Properties Co Ltd	Mauritius	30 June	Property holding	-	**15.14**
Société Oneo	Mauritius	30 June	Investment holding company	**25.00**	-
Total Mauritius Limited	Mauritius	31 December	Storage and wholesaling of petroleum products	**20.00**	-
Touristic United Enterprise Ltd	Mauritius	30 June	Investment holding company	**22.50**	-
Water Sport Village Limited	Mauritius	30 September	Hotel operation	**24.50**	-
Zilwa Resort Ltd	Mauritius	30 June	Hotel management	**24.00**	-
Corexsolar Djema 2 SAS	Mayotte	31 December	Development of solar energy projects	-	**24.99**
Corexsolar Djema 3 SAS	Mayotte	31 December	Development of solar energy projects	-	**24.99**

(i) Effective 1 December 2019, Rehm Grinaker Properties Co Ltd amalgamated with and into Rehm Grinaker Construction Co Ltd, with the latter being the surviving company.

(ii) In 2018, the Group disposed investment in Imatech Ltd .

9. INVESTMENTS IN ASSOCIATES (cont'd)

(d) **Summarised financial information**

Summarised financial information in respect of each associate is set out below.

Name	Current assets Rs'000	Non-current assets Rs'000	Current liabilities Rs'000	Non-current liabilities Rs'000	Revenue Rs'000	Profit/(loss) for the year Rs'000	Other comprehensive income/(loss) for the year Rs'000	Total comprehensive income/(loss) for the year Rs'000	Dividends received during the year Rs'000
2019									
Attitude Hospitality Management Ltd	**123,728**	**4,683**	**47,468**	**423**	**184,574**	**34,980**	**-**	**34,980**	**6,122**
Biofert Co Ltd	**5,154**	**3,289**	**4,518**	**-**	**269**	**(1,408)**	**-**	**(1,408)**	**-**
Emineo Holding Limited	**104,466**	**51,801**	**21,987**	**4,959**	**123,591**	**6,324**	**-**	**6,324**	**-**
Maritim (Mauritius) Ltd	**203,148**	**1,144,730**	**148,410**	**244,484**	**626,462**	**101,621**	**(511,383)**	**(409,762)**	**-**
Rehm Grinaker Construction Co Ltd	**204,756**	**952,532**	**927,641**	**97,095**	**1,263,116**	**23,413**	**2,258**	**25,671**	**-**
Société Oneo	**260,000**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total Mauritius Limited	**1,358,731**	**1,772,201**	**1,878,133**	**288,330**	**8,063,526**	**157,172**	**-**	**157,172**	**35,839**
Touristic United Enterprise Ltd	**75,349**	**211,304**	**30,769**	**70,289**	**29,400**	**23,951**	**-**	**23,951**	**-**
Water Sport Village Limited	**59,853**	**699,477**	**50,410**	**424,177**	**171,185**	**(29,212)**	**(1,125)**	**(30,337)**	**-**
Zilwa Resort Ltd	**189,930**	**982,350**	**134,660**	**244,293**	**637,172**	**138,729**	**833**	**139,562**	**9,600**
2018									
Attitude Hospitality Management Ltd	166,572	4,562	59,088	765	184,033	48,018	(1,602)	46,416	7,635
Biofert Co Ltd	4,640	3,988	3,295	-	1,418	(426)	-	(426)	-
Emineo Holding Limited	62,644	254,656	387	379	768	5,046	-	5,046	-
Imatech Ltd	-	-	-	-	-	113	-	113	-
Maritim (Mauritius) Ltd	-	-	-	-	330,023	122,299	-	122,299	-
Rehm Grinaker Construction Co Ltd	703,473	17,697	669,987	23,005	490,771	9,513	-	9,513	-
Rehm Grinaker Properties Co Ltd	2,267	167,503	12,305	77,762	7,282	7,228	-	7,228	-
Société Oneo	260,000	-	-	-	-	-	-	-	-
Total Mauritius Limited	1,612,546	1,525,386	2,056,709	94,731	8,068,773	178,579	-	178,579	34,683
Touristic United Enterprise Ltd	12,786	247,227	1,856	96,514	26,950	23,029	-	23,029	-
Water Sport Village Limited	76,290	258,433	45,019	982	268,618	54,737	-	54,737	-
Zilwa Resort Ltd	145,455	1,007,912	118,741	359,870	619,002	137,213	(5,183)	132,030	14,400

9. INVESTMENTS IN ASSOCIATES (cont'd)

(e) **Reconciliation of summarised financial information**

Reconciliation of the above summarised financial information to the carrying amount recognised in the financial statements:

Name	Opening net assets January 2018 Rs'000	Profit/ (loss) for the year Rs'000	Other compre hensive (loss)/ income for the year Rs'000	Other Movements Rs'000	Amalga-mation Rs'000	Dividend Rs'000	Closing net assets Rs'000	Ownership interest %	Interest in associates Rs'000	Goodwill Rs'000	Carrying value Rs'000
2019											
Attitude Hospitality Management Ltd	76,151	34,980	-	-	-	(30,612)	80,519	20.00	16,104	44,410	60,514
Biofert Co Ltd	5,333	(1,408)	-	-	-	-	3,925	33.33	1,308	-	1,308
Emineo Holding Limited	(140,322)	6,324	-	-	-	-	(133,998)	25.00	(33,500)	-	(33,500)
Maritim (Mauritius) Ltd	1,263,397	101,621	(511,383)	101,395	-	-	955,030	22.86	218,320	35,413	253,733
Rehm Grinaker Construction Co Ltd	27,155	23,413	2,258	-	79,703	-	132,529	21.50	28,494	-	28,494
Rehm Grinaker Properties Co Ltd	79,703	-	-	-	(79,703)	-	-	21.50	-	-	-
Société Oneo	260,000	-	-	-	-	-	260,000	25.00	65,000	-	65,000
Total Mauritius Limited	986,491	157,172	-	-	-	(179,195)	964,468	20.00	192,894	73,379	266,273
Touristic United Enterprise Ltd	161,632	23,951	-	-	-	-	185,583	22.50	41,756	-	41,756
Water Sport Village Limited	315,078	(29,212)	(1,125)	-	-	-	284,741	24.50	69,762	84,371	154,133
Zilwa Resort Ltd	674,754	138,729	833	-	-	(40,000)	774,316	24.00	185,836	55,286	241,122
Total	3,709,372	455,570	(509,417)	101,395	-	(249,807)	3,507,113		785,974	292,859	1,078,833

9. INVESTMENTS IN ASSOCIATES (cont'd)

(e) **Reconciliation of summarised financial information (cont'd)**

Name	Opening net assets January 1 Rs'000	Profit/ (loss) for the year Rs'000	Other compre-hensive (loss)/ income for the year Rs'000	Dividend Rs'000	Disposal Rs'000	Closing net assets Rs'000	Ownership interest %	Interest in associates Rs'000	Goodwill Rs'000	Carrying value Rs'000
2018										
Attitude Hospitality Management Ltd	99,973	48,018	(1,602)	(70,238)	-	76,151	20.00	15,230	44,410	59,640
Biofert Co Ltd	5,759	(426)	-	-	-	5,333	33.33	1,777	-	1,777
Elcon System Technick (Mtius) Ltd	1,596	-	-	-	(1,596)	-	50.00	-	-	-
Emineo Holding Limited	(145,368)	5,046	-	-	-	(140,322)	25.00	(35,081)	-	(35,081)
Imatech Ltd	8,032	339	-	-	(8,371)	-	33.33	-	-	
Maritim (Mauritius) Ltd	1,141,098	122,299	-	-	-	1,263,397	22.86	288,803	35,413	324,216
Rehm Grinaker Construction Co Ltd	17,936	9,513	(294)	-	-	27,155	21.50	5,838	-	5,838
Rehm Grinaker Properties Co Ltd	72,475	7,228	-	-	-	79,703	21.50	17,136	-	17,136
Societe Oneo	260,000	-	-	-	-	260,000	25.00	65,001	-	65,001
Total Mauritius Limited	981,326	178,579	-	(173,414)	-	986,491	20.00	197,299	73,379	270,678
Touristic United Enterprise Ltd	138,603	23,029	-	-	-	161,632	22.50	36,368	-	36,368
Water Sport Village Limited	260,341	54,737	-	-	-	315,078	24.50	77,195	84,371	161,566
Zilwa Resort Ltd	602,724	137,213	(5,183)	(60,000)	-	674,754	24.00	161,942	55,286	217,228
Total	3,444,495	585,575	(7,079)	(303,652)	(9,967)	3,709,372		831,508	292,859	1,124,367

(f) For associates with non co-terminous year end, management accounts for the year ended 31 December 2019 have been included in the consolidated financial statements.

Notes to the Financial Statements
Year ended 31 December 2019

10A FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	THE GROUP	
	2019	2018
	Rs'000	Rs'000
(i) Equity investments at fair value through other comprehensive income		
At 1 January	**30,452**	32,571
Change in fair value recognised in other comprehensive income	**(73)**	(2,119)
At 31 December	**30,379**	30,452

	THE COMPANY	
	2019	2018
	Rs'000	Rs'000
At 1 January	**25,602**	27,737
Change in fair value recognised in other comprehensive income	**(234)**	(2,135)
At 31 December	**25,368**	25,602

(ii) Fair value through other comprehensive income financial assets include the following:

	THE GROUP	
	2019	2018
	Rs'000	Rs'000
Quoted - Mauritius		
Banking	**4,952**	4,990
Sugar Industry	**7,938**	8,733
Unquoted - Mauritius		
Investment fund	**8,429**	10,881
Leisure	**1,104**	1,104
Others	**7,956**	4,744
	30,379	30,452

	THE COMPANY	
	2019	2018
	Rs'000	Rs'000
Quoted- Mauritius		
Banking	**4,952**	4,990
Sugar Industry	**7,939**	8,733
Unquoted- Mauritius		
Investment fund	**7,093**	6,760
Leisure	**1,104**	1,104
Others	**4,280**	4,015
	25,368	25,602

(iii) Financial assets measured at fair value through other comprehensive income include the Group's strategic equity investments not held for trading. The Group has made an irrevocable election to classify the equity investments at fair value through other comprehensive income rather than through profit or loss because this is considered to be more appropriate for these strategic investments.

10A FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (cont'd)

(iv) The fair value of quoted securities is based on published market prices. In assessing the fair value of unquoted securities, the Group uses a variety of methods and makes assumptions that are based on market conditions existing at end of each reporting date.

(v) Financial assets at fair value through other comprehensive income are denominated in Mauritian Rupees.

(vi) **Impairment and risk exposure**

All of the entity's investments at fair value through other comprehensive income are considered to have low credit risk. None of the assets are impaired.

10B FINANCIAL ASSETS AT AMORTISED COST

(a)

	THE GROUP			
	2019		2018	
	Rs'000	**Rs'000**	Rs'000	Rs'000
	Current	**Non-current**	Current	Non-current
Other receivables (see note b)	**117,190**	**3,657**	138,846	4,054
	117,190	**3,657**	138,846	4,054
Less: Loss allowance for financial assets amortised cost (see note (c) (i))	**-**	**-**	-	-
	117,190	**3,657**	138,846	4,054

	THE COMPANY			
	2019		2018	
	Rs'000	**Rs'000**	Rs'000	Rs'000
	Current	**Non-current**	Current	Non-current
Amount receivable from related parties (see note 35(b)(i))	**72,574**	**-**	91,187	-
Other receivables (see note b)	**9,586**	**5,241**	10,299	5,241
	82,160	**5,241**	101,486	5,241
Less: Loss allowance for financial assets amortised cost (see note (c) (i))	**-**	**(2,000)**	-	(2,000)
	82,160	**3,241**	101,486	3,241

(b) *Other receivables*

These amounts generally arise from transactions outside the usual operating activities of the Group and the Company. Collateral is not normally obtained. The non-current other receivables have no fixed terms of repayments.

Due to the short-term nature of the other current receivables, their carrying amount is considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different from their carrying amounts.

10B FINANCIAL ASSETS AT AMORTISED COST (cont'd)

(c) *Impairment and risk exposure*

(i) The loss allowance for financial assets at amortised cost as at 1 January 2018 reconciles to the closing loss allowance on 31 December 2018 and to the closing loss allowance as at 31 December 2019 as follows:

THE GROUP	Other current receivables Rs'000
Loss allowance at 1 January 2018	-
Allowance recognised in profit or loss during the period	-
Loss allowance at 31 December 2018	-
Allowance recognised in profit or loss during the period	-
Loss allowance at 31 December 2019	-

THE COMPANY	Other Non-current receivables Rs'000
Loss allowance at 1 January 2018	**2,000**
Allowance recognised in profit or loss during the period	-
Loss allowance at 31 December 2018	**2,000**
Allowance recognised in profit or loss during the period	-
Loss allowance at 31 December 2019	**2,000**

(ii) The financial assets at amortised cost are denominated in the following currencies:

	THE GROUP	
	2019 Rs'000	2018 Rs'000
Mauritian rupee	**104,726**	105,833
US Dollar	**-**	2,333
Euro	**7,443**	27,694
Other	**8,678**	7,040
	120,847	142,900

	THE COMPANY	
	2019 Rs'000	2018 Rs'000
Mauritian rupee	**85,401**	104,727

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11. INVESTMENTS IN JOINT VENTURES

	THE GROUP		THE COMPANY	
	2019 Rs'000	2018 Rs'000	**2019 Rs'000**	2018 Rs'000
At 1 January,	**16,934**	18,349	**16,592**	21,573
Additions	**16,908**	-	**-**	-
Fair value movement	**-**	-	**(4,375)**	(4,981)
Acquisition through business combination	**-**	51	**-**	-
Share of loss	**(23,589)**	(1,466)	**-**	-
At 31 December,	**10,253**	16,934	**12,217**	16,592

During the year the Group made additional investment in SPV Petite Riviere Ltd.

(a) Information in respect of the joint ventures is as follows:

Name of company	Country of incorporation and operation	Year end	Proportion of interest and voting rights 2019	2018	Principal acticvity
Solar Field Ltd	Mauritius	December 31,	**51%**	51%	Manufacture of electricity, distribution and control apparatus
Compostage Du Sud Ltée	Mauritius	December 31,	**35%**	35%	Manufacture of mineral organic fertilizers
SPV Petite Rivière Ltd	Mauritius	December 31,	**26%**	26%	Production of electricity

(b) Summarised financial information in respect of the Group's material joint venture is set out below.

The summarised financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with IFRS.

Summarised statement of financial position of Solar Field Ltd

	2019 Rs'000	2018 Rs'000
Current assets	**20,761**	27,385
Non-current assets	**175,128**	171,459
Current liabilities	**39,268**	35,138
Non-current liabilities	**135,416**	129,426
The above amounts of assets include the following:		
Cash and cash equivalents	**11,726**	13,611

(c) Summarised statement of profit or loss and other comprehensive income of Solar Field Ltd

	2019 Rs'000	2018 Rs'000
Revenue	**17,498**	22,264
Profit before finance cost	**925**	6,750
Finance cost	**(14,001)**	(9,524)
Loss before tax	**(13,076)**	(2,774)
Income tax	**-**	-
Loss for the year	**(13,076)**	(2,774)
Other comprehensive income	**-**	-
Total comprehensive loss for the year	**(13,076)**	(2,774)

12. INVENTORIES

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs'000	Rs'000	**Rs'000**	Rs'000
Raw materials	**96,557**	97,423	**-**	-
Finished goods	**417,705**	361,036	**-**	-
Goods in transit	**21,217**	88,214	**-**	-
Work in progress	**-**	3,205	**-**	-
Consumables	**6,035**	58,184	**-**	-
	541,514	608,062	**-**	-

Bank borrowings are secured by floating charges on the assets of the Group including inventories. The cost of inventories recognised as expense and included in cost of sales amounted to Rs2.6 billion (2018: Rs3.3 billion).

13. TRADE RECEIVABLES

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs'000	Rs'000	**Rs'000**	Rs'000
Trade receivables	**1,064,057**	1,326,579	**72,194**	71,202
Less provision for impairment	**(231,588)**	(163,175)	**(27,702)**	(28,012)
	832,469	1,163,404	**44,492**	43,190

(i) *Impairment of trade receivables*

The Group applied the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales and the corresponding historical credit losses experienced. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

On that basis, the loss allowance as at 31 December 2019 was determined as follows for trade receivables:

THE GROUP	Current	More than 30 days past due	More than 60 days past due	More than 120 days past due	Total
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
At 31 December 2019					
Expected loss rate	**1%-93%**	**2%**	**2%-100%**	**21%-100%**	**22%**
Gross carrying amount - trade receivable	**301,052**	**247,797**	**159,728**	**355,480**	**1,064,057**
Loss allowance	**3,203**	**844**	**3,583**	**223,958**	**231,588**
At 31 December 2018					
Expected loss rate	1%	1%-4%	1%-100%	5%-100%	12%
Gross carrying amount - trade receivable	434,096	392,320	147,568	352,595	1,326,579
Loss allowance	1,114	985	2,446	158,630	163,175

13. TRADE RECEIVABLES (cont'd)

THE COMPANY	Current	More than 30 days past due	More than 60 days past due	More than 120 days past due	Total
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
At 31 December 2019					
Expected loss rate	**9%**	**6%**	**9%**	**54%**	**38%**
Gross carrying amount - trade receivable	**7,202**	**10,303**	**6,232**	**48,457**	**72,194**
Loss allowance	**614**	**598**	**555**	**25,935**	**27,702**
At 31 December 2018					
Expected loss rate	0%	0%	1%-5%	5%-100%	39%
Gross carrying amount - trade receivable	21,537	9,738	4,899	35,028	71,202
Loss allowance	-	-	329	27,683	28,012

The closing loss allowances for trade receivables as at 31 December 2019 reconcile to the opening loss allowances as follows:

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 1 January	**163,175**	136,881	**28,012**	18,486
Loss allowance recognised in profit or loss during the year	**87,094**	47,633	**11,270**	9,526
Disposal of subsidiary	**-**	(686)	**-**	-
Receivables written off during the year as uncollectible	**(11,114)**	(797)	**-**	-
Unused amount reversed	**(7,567)**	(8,305)	**(11,580)**	-
Exchange difference	**-**	(11,551)	**-**	-
At 31 December	**231,588**	163,175	**27,702**	28,012

(ii) The Group's and the Company's trade and other receivables are denominated in the following currencies:

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs'000	Rs'000	**Rs'000**	Rs'000
Rupee	**607,582**	688,081	**44,492**	43,190
US Dollar	**94,843**	99,919	**-**	-
Euro	**68,409**	148,142	**-**	-
Other currencies	**61,635**	227,262	**-**	-
	832,469	1,163,404	**44,492**	43,190

(iii) The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Group does not hold any collateral as security.

14. SHARE CAPITAL

	THE GROUP AND THE COMPANY	
	2019 Rs'000	2018 Rs'000
Authorised		
12,500,000 ordinary shares of Rs10 each	**125,000**	125,000
Issued and fully paid		
11,259,388 ordinary shares of Rs10 each	**112,594**	112,594

15. REVALUATION AND OTHER RESERVES

	THE GROUP		THE COMPANY	
	2019 Rs'000	2018 Rs'000	**2019 Rs'000**	2018 Rs'000
Revaluation reserve on property, plant and equipment (see note (a) below)	**-**	443,174	**-**	331,919
Capital reserves	**7,007**	7,007	**4,957**	4,957
Translation reserve (see note (b) below)	**(22,289)**	(21,278)	**-**	-
Associate reserves (see note (c) below)	**(104,280)**	12,465	**-**	-
Investment reserve	**4,176**	4,176	**4,176**	4,176
General reserve	**5,521**	5,521	**5,521**	5,521
	(109,865)	451,065	**14,654**	346,573

(a) Movement in revaluation on property, plant and equipment

	THE GROUP		THE COMPANY	
	2019 Rs'000	2018 Rs'000	**2019 Rs'000**	2018 Rs'000
At 1 January	**443,174**	445,295	**331,919**	331,919
Deferred tax on revaluation surplus on property	**-**	(2,121)	**-**	-
Other transfers	**(2,088)**	-	**-**	-
Transfer to retained earnings	**(441,086)**	-	**(331,919)**	-
At 31 December	**-**	443,174	**-**	331,919

(b) Translation reserve

	THE GROUP		THE COMPANY	
	2019 Rs'000	2018 Rs'000	**2019 Rs'000**	2018 Rs'000
At 1 January	**(21,278)**	(17,280)	**-**	-
Currency translation differences	**(1,011)**	(3,998)	**-**	-
At 31 December	**(22,289)**	(21,278)	**-**	-

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15. REVALUATION AND OTHER RESERVES (cont'd)

(c) Associate reserves

	THE GROUP		THE COMPANY	
	2019 Rs'000	2018 Rs'000	**2019 Rs'000**	2018 Rs'000
At 1 January	**12,465**	14,074	-	-
Movement in associate reserves	**(116,745)**	(1,609)	-	-
At 31 December	**(104,280)**	12,465	-	-

16. BORROWINGS

	THE GROUP		THE COMPANY	
	2019 Rs'000	2018 Rs'000	**2019 Rs'000**	2018 Rs'000
Current				
Bank overdraft	**281,173**	174,881	**53,839**	13,214
Bank loans	**199,198**	312,859	**57,000**	57,000
Loan at call	**-**	-	**82,380**	144,279
Unsecured loans at 4% interest (2018: 4.5%)	**238,366**	240,263	**238,366**	240,263
Obligation under finance leases (see note (d) below)	**-**	20,994	**-**	-
	718,737	748,997	**431,585**	454,756
Non-current				
Bank loans (see note (e) below)	**263,686**	263,174	**162,083**	219,083
Unsecured loans at 5.75% interest	**-**	-	**321,265**	335,294
Obligation under finance leases (see note (d) below)	13,414	**-**	-	
	263,686	276,588	**483,348**	554,377
Total borrowings	**982,423**	1,025,585	**914,933**	1,009,133

(a) The borrowings include secured liabilities (overdrafts, loans and leases amounting to Rs.744 million (2018: Rs.785 million) and Rs. 273 million (2018: Rs289 million) for the Group and the Company respectively. The bank borrowings are secured over certain land and buildings and investment properties of the Group and over inventories and current assets. Finance lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

16. BORROWINGS (cont'd)

(b) The exposure of the Company's borrowings to interest-rate changes and the contractual repricing dates are as follows:

THE GROUP	1 year Rs'000	1 - 5 years Rs'000	Over 5 years Rs'000	Total Rs'000
At December 31, 2019				
Total borrowings (excluding finance lease)	**718,737**	**263,686**	**-**	**982,423**
At December 31, 2018				
Total borrowings (excluding finance lease)	728,003	237,591	25,583	991,177

THE COMPANY	1 year Rs'000	1 - 5 years Rs'000	5 years Rs'000	Total Rs'000
At December 31, 2019				
Total borrowings (excluding finance lease)	**431,585**	**483,348**	**-**	**914,933**
At December 31, 2018				
Total borrowings (excluding finance lease)	454,756	554,377	-	1,009,133

(c) The maturity of non-current borrowings is as follows:

	THE GROUP		THE COMPANY	
	2019 Rs'000	2018 Rs'000	**2019 Rs'000**	2018 Rs'000
After 1 year and before 2 years	**89,044**	86,806	**384,437**	392,294
After 2 years and before 3 years	**103,689**	81,180	**73,328**	63,172
After 3 years and before 5 years	**30,838**	82,900	**25,583**	73,328
After 5 years	**40,115**	25,702	**-**	25,583
	263,686	276,588	**483,348**	554,377

16. BORROWINGS (cont'd)

(d) Finance lease liabilities - minimum lease payments:

	THE GROUP		THE COMPANY	
	2019 Rs'000	2018 Rs'000	**2019 Rs'000**	2018 Rs'000
Not later than 1 year	-	22,683	-	-
Later than 1 year and not later than 2 years	-	7,559	-	-
Later than 2 years and not later than 3 years	-	4,538	-	-
Later than 3 years and not later than 5 years	-	2,186	-	-
Later than 5 years	-	123	-	-
	-	37,089	-	-
Future finance charges on finance leases	-	(2,681)	-	-
Present value of finance lease liabilities	-	34,408	-	-
The present value of finance lease liabilities may be analysed as follows:				
Not later than 1 year	-	20,994	-	-
Later than 1 year and not later than 2 years	-	6,912	-	-
Later than 2 year and not later than 3 years	-	4,246	-	-
Later than 3 years and not later than 5 years	-	2,137	-	-
Later than 5 years	-	119	-	-
	-	34,408	-	-

The Group leases plant and machinery, motor vehicles and equipment under finance leases. The leases have varying terms and purchase options. There are no restrictions imposed on the Group by lease arrangements other than in respect of the specific assets being leased.

(e) Non current bank loans can be analysed as follows:

	THE GROUP		THE COMPANY	
	2019 Rs'000	2018 Rs'000	**2019 Rs'000**	2018 Rs'000
- After 1 year and before 2 years	**89,044**	79,894	**63,172**	57,000
- After 2 years and before 3 years	**103,689**	76,933	**73,328**	63,172
- After 3 years and before 5 years	**30,838**	80,764	**25,583**	73,328
- After 5 years	**40,115**	25,583	**-**	25,583
	263,686	263,174	**162,083**	219,083

16. BORROWINGS (cont'd)

(f) The effective interest rates at the end of the reporting date were as follows:

	2019				2018			
THE GROUP	**USD %**	**Rs %**	**Euro %**	**Others %**	USD %	Rs %	Euro %	Others %
Bank overdrafts	**-**	**5.6-8.35**	**6.25**	**-**	-	5.75-9.50	-	13.95
Bank loans	**4.9-7.1**	**3.5-7.10**	**3.00**	**-**	6.85	3.50-7.25	4.18	-
Finance lease liabilities	**-**	**-**	**-**	**-**	-	6.50-8.5	-	26

THE COMPANY	**2019 %**	2018 %
Bank overdrafts	**6.50**	6.50
Bank loans	**5.60-5.85**	5.75%-6.65
Loans at call	**4.55**	4.55

(g) Borrowings are denominated in the following currencies:

	THE GROUP		THE COMPANY	
	2019 Rs'000	2018 Rs'000	**2019 Rs'000**	2018 Rs'000
Mauritian Rupees	**896,002**	923,711	**914,933**	1,009,133
Kwacha	**-**	171	**-**	-
US Dollar	**67,530**	87,653	**-**	-
Euro	**12,582**	5,780	**-**	-
Malagasy Ariary	**6,309**	8,270	**-**	-
	982,423	1,025,585	**914,933**	1,009,133

(h) The carrying amount of borrowings are not materially different from the fair value.

17. DEFERRED TAXES

Deferred tax is calculated on all temporary differences under the liability method at 17%/15% (2018: 17%/15%).

Deferred tax assets and liabilities are offset when the deferred taxes relate to the same fiscal authority. The following amounts are shown on the statement of financial position.

	THE GROUP		THE COMPANY	
	2019 Rs'000	2018 Rs'000	**2019 Rs'000**	2018 Rs'000
Deferred tax assets	**(22,097)**	(13,852)	**-**	-
Deferred tax liabilities	**73,748**	77,235	**34,251**	34,876
	51,651	63,383	**34,251**	34,876

17. DEFERRED TAXES (cont'd)

The movement in deferred tax is as follows:

	THE GROUP		THE COMPANY	
	2019 Rs'000	2018 Rs'000	**2019 Rs'000**	2018 Rs'000
At 1 January	**63,383**	54,943	**34,876**	30,789
(Credit)/charged to profit or loss (note 21(a))	**(6,781)**	(959)	**1,594**	2,258
Adjustment on disposal of subsidiary	**-**	18	**-**	-
Reversal	**-**	784	**-**	-
(Credited)/charged to other comprehensive income	**(4,951)**	8,597	**(2,219)**	1,829
At 31 December	**51,651**	63,383	**34,251**	34,876

Deferred tax assets are recognised for tax losses carried forward only to the extent that realisation of the related tax benefit is probable. The Group has tax losses of Rs180 million (2018: Rs226 million) to carry forward against future taxable income. The Company has tax losses of Rs195 million (2018: Rs150 million) to carry forward against future taxable income. A deferred tax asset has been recognised in respect of Rs46 million (2018: Rs42.2 million) for the Group and RsNil (2018: Rs9.1 million) for the Company in respect of such losses. No deferred tax asset has been recognised in respect of the remaining tax losses due to uncertainty of their recoverability.

Deferred tax liabilities and assets and deferred tax (credit)/charge in profit or loss and equity are attributable to the following items:

THE GROUP	**At 1 January 2019 Rs'000**	**Effect of adoption of IFRS 16 Rs'000**	**As restated**	**Transfer**	**Charged/(credited) to profit or loss Rs'000**	**(Credited)/charged to other comprehensive income Rs'000**	**At 31 December 2019 Rs'000**
Deferred tax liabilities							
Asset revaluations	71,097	-	71,097	(54,265)	1,261	-	**18,093**
Accelerated tax depreciation	24,314	-	24,314	54,265	(4,273)	(6,489)	**67,817**
Retirement benefit asset	(9,420)	-	(9,420)	-	-	-	**(9,420)**
Exchange difference	395	-	395	-	33	-	**428**
Right-of-use asset (ROU)	-	61,141	61,141	-	44,899	-	**106,040**
Others	8,074	-	8,074	-	(639)	6,377	**13,812**
	94,460	61,141	155,601	-	41,281	(112)	**196,770**
Deferred tax assets							
Tax losses	(7,182)	-	(7,182)	-	(635)	-	**(7,817)**
Retirement benefit obligations	(23,405)	-	(23,405)	-	506	(4,839)	**(27,738)**
Accelerated tax depreciation	1,872	-	1,872	-	276	-	**2,148**
Provision	(1,298)	-	(1,298)	-	(711)	-	**(2,009)**
Lease under ROU asset	-	(61,141)	(61,141)	-	(45,937)	-	**(107,078)**
Other	(1,064)	-	(1,064)	-	(1,561)	-	**(2,625)**
	(31,077)	(61,141)	(92,218)	-	(48,062)	(4,839)	**(145,119)**
Net deferred income tax liabilities	**63,383**	**-**	**63,383**	**-**	**(6,781)**	**(4,951)**	**51,651**

17. DEFERRED TAXES (cont'd)

THE GROUP	At 1 January 2018 Rs'000	Reversal Rs'000	Adjustment arising on disposal of subsidiary Rs'000	(Credited)/ charged to profit or loss Rs'000	(Credited)/ charged to other compre-hensive income Rs'000	At 31 December 2018 Rs'000
Deferred tax liabilities						
Asset revaluations	65,336	-	-	3,011	2,750	**71,097**
Accelerated tax depreciation	22,667	-	-	1,647	-	**24,314**
Retirement benefit asset	(9,438)	-	18	-	-	**(9,420)**
Exchange difference	-	-	-	-	395	**395**
Others	7,796	-	-	278	-	**8,074**
	86,361	-	18	4,936	3,145	**94,460**
Deferred tax assets						
Tax losses	(7,276)	784	-	(690)	-	**(7,182)**
Retirement benefit obligations	(26,268)	-	-	(3,653)	6,516	**(23,405)**
Accelerated tax depreciation	2,126	-	-	(254)	-	**1,872**
Provision	-	-	-	(1,298)	-	**(1,298)**
Other	-	-	-	-	(1,064)	**(1,064)**
	(31,418)	784	-	(5,895)	5,452	**(31,077)**
Net deferred income tax liabilities	**54,943**	**784**	**18**	**(959)**	**8,597**	**63,383**

THE COMPANY	At 1 January 2019 Rs'000	Effect of adoption of IFRS 16	As restated	Transfer	(Credited)/ charged to profit or loss Rs'000	Credited to other compre-hensive income Rs'000	At 31 December 2019 Rs'000
Deferred tax liabilities							
Accelerated tax depreciation	(583)	-	(583)	29,695	(1,098)	-	**28,014**
Asset revaluations	43,513	-	43,513	(29,695)	584	-	**14,402**
Right-of-use asset	-	4,321	4,321	-	-	-	**4,321**
	42,930	4,321	47,251	-	(514)	-	**46,737**
Deferred tax assets							
Lease under ROU Asset	-	(4,321)	(4,321)	-	-	-	**(4,321)**
Tax losses	(1,366)	-	(1,366)	-	1,366	-	**-**
Retirement benefit obligations	(6,688)	-	(6,688)	-	742	(2,219)	**(8,165)**
	(8,054)	(4,321)	(12,375)	-	2,108	(2,219)	**(12,486)**
Net deferred income tax liabilities	**34,876**	**-**	**34,876**	**-**	**1,594**	**(2,219)**	**34,251**

17. DEFERRED TAXES (cont'd)

THE COMPANY	At 1 January 2018 Rs'000	(Credited)/ charged to profit or loss Rs'000	Charged to other comprehensive income Rs'000	At 31 December 2018 Rs'000
Deferred tax liabilities				
Accelerated tax depreciation	225	(808)	-	**(583)**
Asset revaluations	40,502	3,011	-	**43,513**
	40,727	2,203	-	**42,930**
Deferred tax assets				
Tax losses	(1,366)	-	-	**(1,366)**
Retirement benefit obligations	(8,572)	55	1,829	**(6,688)**
	(9,938)	55	1,829	**(8,054)**
Net deferred income tax liabilities	**30,789**	2,258	1,829	**34,876**

18. RETIREMENT BENEFIT OBLIGATIONS

	THE GROUP		THE COMPANY	
	2019 Rs'000	2018 Rs'000	**2019 Rs'000**	2018 Rs'000
Amounts recognised on the statement of financial position:				
Made up as follows:				
Retirement benefit obligation	**186,451**	166,171	**54,429**	44,581
Pension benefits (note (a)(ii))	**98,720**	83,431	**30,975**	21,726
Other post retirement benefits:				
- Former employees (note (b)(i))	**21,053**	21,587	**18,009**	18,593
- Retirement gratuity (note (c)(i))	**66,678**	61,153	**5,445**	4,262
	87,731	82,740	**23,454**	22,855
	186,451	166,171	**54,429**	44,581
Analysed as follows:				
Non-current liabilities	**186,451**	166,171	**54,429**	44,581
Amount charged to profit or loss:				
Pension benefits (note (a)(vi))	**16,175**	16,704	**3,399**	3,383
Other post retirement benefits:				
- Former employees (note (b)(iv))	**925**	5,264	**782**	1,135
- Retirement gratuity (note (c)(ii))	**11,654**	7,545	**1,412**	930
	12,579	12,809	**2,194**	2,065
	28,754	29,513	**5,594**	5,448
Amount charged/(credited) to other comprehensive income				
Pension benefits (note (a)(vii))	**26,041**	(22,416)	**13,189**	(8,525)
Other post retirement benefits:				
- Former employees (note (b)(v))	**2,164**	(2,326)	**1,836**	(2,010)
- Retirement gratuity (note (c)(v))	**7,023**	(19,483)	**(229)**	(1,660)
	9,187	(21,809)	**1,607**	(3,670)
	35,228	(44,225)	**14,796**	(12,195)

18. RETIREMENT BENEFIT OBLIGATIONS (cont'd)

(a) **Pension benefits**

(i) The assets of the fund are held independently and administered by an insurance company.

(ii) The amounts recognised on the statement of financial position are as follows:

	THE GROUP		THE COMPANY	
	2019 Rs'000	2018 Rs'000	**2019 Rs'000**	2018 Rs'000
Present value of funded obligations	**286,347**	254,907	**57,769**	43,875
Fair value of plan assets	**(187,627)**	(171,476)	**(26,794)**	(22,149)
Liability on the statement of financial position	**98,720**	83,431	**30,975**	21,726

(iii) The reconciliation of the opening balances to the closing balances for the net benefit defined liability is as follows:

	THE GROUP		THE COMPANY	
	2019 Rs'000	2018 Rs'000	**2019 Rs'000**	2018 Rs'000
At 1 January	**83,431**	103,598	**21,727**	28,804
Charged to profit or loss	**16,175**	16,704	**3,399**	3,383
Charged/(credited) to other comprehensive income	**26,041**	(22,416)	**13,189**	(8,525)
Contributions paid	**(23,671)**	(14,247)	**(7,340)**	(1,935)
Fair value adjustment on planned assets	**(3,256)**	-	**-**	-
Transfer	**-**	(208)	**-**	-
Balance at 31 December	**98,720**	83,431	**30,975**	21,727

(iv) The movement in the defined benefit obligation over the year is as follows:

	THE GROUP		THE COMPANY	
	2019 Rs'000	2018 Rs'000	**2019 Rs'000**	2018 Rs'000
At 1 January	**254,907**	264,322	**43,875**	55,512
Current service cost	**9,978**	9,887	**1,832**	1,634
Interest cost	**13,432**	13,185	**2,293**	2,816
Actuarial loss/(gain)	**29,259**	(21,205)	**14,203**	(8,885)
Benefit paid	**(21,229)**	(14,721)	**(4,434)**	(7,202)
Transfer value	**-**	3,439	**-**	-
At 31 December	**286,347**	254,907	**57,769**	43,875

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Year ended 31 December 2019

18. RETIREMENT BENEFIT OBLIGATIONS (cont'd)

(a) **Pension benefits** (cont'd)

(v) The movement in the fair value of plan assets over the year is as follows:

	THE GROUP		THE COMPANY	
	2019 Rs'000	2018 Rs'000	**2019 Rs'000**	2018 Rs'000
At 1 January	**(171,476)**	(160,724)	**(22,148)**	(26,708)
Interest income	**(8,776)**	(8,095)	**(1,077)**	(1,319)
Scheme expenses	**886**	532	**265**	105
Cost of insuring risk benefits	**655**	1,195	**86**	147
Actuarial (gain)/loss	**(3,218)**	(1,211)	**(1,014)**	360
Employers' contributions	**(23,671)**	(14,247)	**(7,340)**	(1,935)
Benefits paid	**21,229**	14,721	**4,434**	7,202
Fair value adjustment on planned assets	**(3,256)**	-	**-**	-
Transfer value	**-**	(3,439)	**-**	-
Other movements	**-**	(208)	**-**	-
At 31 December	**(187,627)**	(171,476)	**(26,794)**	(22,148)

(vi) The amounts recognised in profit or loss are as follows:

	THE GROUP		THE COMPANY	
	2019 Rs'000	2018 Rs'000	**2019 Rs'000**	2018 Rs'000
Current service cost	**9,978**	9,887	**1,832**	1,634
Interest cost	**4,656**	5,090	**1,216**	1,497
Scheme expenses	**886**	532	**265**	105
Cost of insuring risk benefits	**655**	1,195	**86**	147
Total included in employee benefit expense	**16,175**	16,704	**3,399**	3,383

The total charge of Rs16.2 million for the Group (2018: Rs16.7 million) and Rs3.4 million for the Company (2018:Rs3.3 million) are included in employee benefit expenses.

	THE GROUP		THE COMPANY	
	2019 Rs'000	2018 Rs'000	**2019 Rs'000**	2018 Rs'000
Actual return on plan assets	**11,994**	9,306	**2,091**	959

(vii) The amounts recognised in other comprehensive income are as follows:

	THE GROUP		THE COMPANY	
	2019 Rs'000	2018 Rs'000	**2019 Rs'000**	2018 Rs'000
Remeasurement on the net defined benefit liability:				
Liability experience losses/(gains)	**10,227**	(6,540)	**10,750**	(984)
(Gain)/loss on pension scheme asset	**(3,218)**	(1,211)	**(1,014)**	360
Changes in assumptions underlying present value of scheme	**19,032**	(14,665)	**3,453**	(7,901)
Actuarial losses/(gains)	**26,041**	(22,416)	**13,189**	(8,525)

(viii) The assets of the plan are invested in the Deposit Administration Policy underwritten by Swan Life Ltd. The Deposit Administration Policy is a pooled insurance product for Group Pension Schemes. It is a long-term investment policy which aims to provide a smooth progression of returns from one year to the next without regular fluctuations associated with asset-linked investments such as Equity Funds. Moreover, the Deposit Administration Policy offers a minimum guaranteed return of 4% p.a.

18. RETIREMENT BENEFIT OBLIGATIONS (cont'd)

(a) **Pension benefits** (cont'd)

(ix) The principal actuarial assumptions used for accounting purposes were:

	THE GROUP AND THE COMPANY	
	2019	2018
	%	%
Discount rate	**4.60**	6.00
Expected return on plan assets	**4.60**	6.00
Future salary increases	**3.00**	3.00

Note: Defined benefit assets have not been recognised for some subsidiaries on the basis that in future, contributions are not expected to be reduced.

(b) **Other post retirement benefits**

Other post retirement benefits comprise of obligation for former employees and retirement gratuity payable under the Employment Rights Act.

<u>**Former employees**</u>

(i) The movement in the retirement benefit obligations for former employees obligation over the year is as follows:

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 1 January	**21,587**	22,699	**18,593**	22,699
Total expense charged in profit or loss (note (b)(iv))	**925**	5,264	**782**	1,135
Actuarial losses/(gains) recognised in other comprehensive income (note (b)(v))	**2,164**	(2,326)	**1,836**	(2,010)
Benefits paid	**(3,623)**	(4,050)	**(3,202)**	(3,231)
At 31 December	**21,053**	21,587	**18,009**	18,593

(ii) The amounts recognised on the statement of financial position are as follows:

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs'000	Rs'000	**Rs'000**	Rs'000
Present value of unfunded obligations	**21,053**	21,587	**18,009**	18,593
Liability on the statement of financial position	**21,053**	21,587	**18,009**	18,593

(iii) The movement in the defined benefit obligation over the year is as follows:

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 1 January	**21,587**	22,699	**18,593**	22,699
Past service cost	**-**	3,867	**-**	-
Interest cost	**925**	1,397	**782**	1,135
Actuarial losses/(gains)	**2,164**	(2,326)	**1,836**	(2,010)
Benefits paid	**(3,623)**	(4,050)	**(3,202)**	(3,231)
At 31 December	**21,053**	21,587	**18,009**	18,593

18. RETIREMENT BENEFIT OBLIGATIONS (cont'd)

(b) **Other post retirement benefits** (cont'd)

(iv) The amounts recognised in profit or loss are as follows:

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs'000	Rs'000	**Rs'000**	Rs'000
Interest cost	**925**	1,397	**782**	1,135
Past service cost	**-**	3,867	**-**	-
Total, included in employee benefit expense	**925**	5,264	**782**	1,135

(v) The amounts recognised in other comprehensive income are as follows:

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs'000	Rs'000	**Rs'000**	Rs'000
Remeasurement on the net defined benefit liability:				
Liability experience losses/(gains)	**1,721**	(405)	**1,502**	(468)
Actuarial losses/(gains) arising from changes in financial assumptions	**443**	(1,921)	**334**	(1,542)
Actuarial losses/(gains)	**2,164**	(2,326)	**1,836**	(2,010)

(vi) The principal actuarial assumptions used for accounting purposes were:

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs'000	Rs'000	**Rs'000**	Rs'000
Discount rate	**4.2-4.4**	5.00	**4.20**	5.00
Future pension increases	**3.00**	3.00	**3.00**	3.00

(c) **Retirement gratuity**

(i) The amounts recognised on the statement of financial position are as follows:

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs'000	Rs'000	**Rs'000**	Rs'000
Present value of unfunded obligations	**66,678**	61,153	**5,445**	4,262
Liability on the statement of financial position	**66,678**	61,153	**5,445**	4,262

(ii) The amounts recognised in profit or loss are as follows:

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs'000	Rs'000	**Rs'000**	Rs'000
Current service cost	**5,719**	3,567	**1,148**	632
Interest cost	**3,657**	3,978	**264**	298
Past service cost recognised	**2,278**	-	**-**	-
Total included in employee benefit expense	**11,654**	7,545	**1,412**	930

18. RETIREMENT BENEFIT OBLIGATIONS (cont'd)

(c) **Retirement gratuity** (cont'd)

(iii) The movement in the retirement benefit obligations over the year is as follows:

	THE GROUP		THE COMPANY	
	2019 Rs'000	2018 Rs'000	**2019 Rs'000**	2018 Rs'000
At 1 January	**61,153**	75,180	**4,262**	5,639
Actuarial losses/(gains)	**7,023**	(19,483)	**(229)**	(1,660)
Total expense (note (c)(ii))	**11,654**	7,545	**1,412**	930
Adjustment on disposal of subsidiary	**-**	(139)	**-**	-
Benefits paid	**(13,152)**	(1,950)	**-**	(647)
At 31 December	**66,678**	61,153	**5,445**	4,262

(iv) The movement in the defined benefit obligation over the year is as follows:

	THE GROUP		THE COMPANY	
	2019 Rs'000	2018 Rs'000	**2019 Rs'000**	2018 Rs'000
At 1 January	**61,153**	75,180	**4,262**	5,639
Current service cost	**5,719**	3,567	**1,148**	632
Interest cost	**3,657**	3,978	**264**	298
Past service cost	**2,278**	-	**-**	-
Actuarial losses/(gains) (note (c)(v))	**7,023**	(19,483)	**(229)**	(1,660)
Adjustment on disposal of subsidiary	**-**	(139)	**-**	-
Benefits paid	**(13,152)**	(1,950)	**-**	(647)
At 31 December	**66,678**	61,153	**5,445**	4,262

(v) The amounts recognised in other comprehensive income are as follows:

	THE GROUP		THE COMPANY	
	2019 Rs'000	2018 Rs'000	**2019 Rs'000**	2018 Rs'000
Remeasurement on the net defined benefit liability:				
Liability experience gains	**(775)**	(12,862)	**(229)**	(1,660)
Changes in assumptions underlying present value of scheme	**7,798**	(6,621)	**-**	-
Actuarial losses/(gains)	**7,023**	(19,483)	**(229)**	(1,660)

18. RETIREMENT BENEFIT OBLIGATIONS (cont'd)

(d) Sensitivity analysis on defined benefit obligations at end of the reporting date:

Pension benefits

December 31, 2019	**Increase Rs'000**	**Decrease Rs'000**
Decrease in defined benefit obligation due to 1% increase in discount rate	**-**	**20,591**
Increase in defined benefit obligation due to 1% increase in future long-term Salary assumption	**24,112**	**-**

December 31, 2018	Increase Rs'000	Decrease Rs'000
Decrease in defined benefit obligation due to 1% increase in discount rate	-	18,977
Increase in befined benefit obligation due to 1% increase in future long-term salary assumption	18,828	-

Other post retirement benefits

December 31, 2019	**Increase Rs'000**	**Decrease Rs'000**
Decrease in defined benefit obligation due to 1% increase in discount rate	**-**	**966**

December 31, 2018	Increase Rs'000	Decrease Rs'000
Decrease in defined benefit obligation due to 1% increase in discount rate	-	1,002

Retirement gratuity

December 31, 2019	**Increase Rs'000**	**Decrease Rs'000**
Decrease in defined benefit obligation due to 1% increase in discount rate	**-**	**10,940**
Increase in defined benefit obligation due to 1% increase in future long-term salary assumption	**12,693**	**-**

December 31, 2018	Increase Rs'000	Decrease Rs'000
Decrease in defined benefit obligation due to 1% increase in discount rate	-	12,320
Increase in defined benefit obligation due to 1% increase in future long-term salary assumption	3,013	-

An increase/decrease of 1% in other principal actuarial assumptions would not have a material impact on defined benefit obligations at the end of the reporting period.

The sensitivity above have been determined based on a method that extrapolates the impact on net defined obligations as a result of reasonable changes in key assumptions occuring at the end of the reporting period. The present value of the defined benefit obligation has been calculated using the projected unit credit method.

The sensitivity analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

The was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

18. RETIREMENT BENEFIT OBLIGATIONS (cont'd)

(e) The funding requirements are based on the pension fund's actuarial measurement framework set out in the funding policies of the plan.

(f) The weighted average duration of the defined benefit obligation is:

	Years	
	2018	2018
Pension benefits	**1-19**	1-20
Other post retirement benefits	**5-6**	5-6
Retirement gratuity	**5-33**	3-29

(g) The asset of the plan are invested in Swan Life Ltd Deposit Administration Fund. The latter is expected to produce a smooth progression of return from one year to the next, the long term expected return on asset assumption has been based on historical performance of the fund. Expected return on equities has been based on equity risk premium above a risk free rate. The risk free rate has been measured in accordance to the yields on government bonds at the measurement date. The fixed interest portfolio includes government bonds, debentures, mortgages and cash. The expected return for this asset class has been based on yields of government bonds at the measurement date. There is no available benchmark for the expected return on properties. This has been based on a subjective judgement of the property market.

(h) Expected contributions to the pension plan for the year ending 31 December 2020 are Rs24 million for the Group and Rs6.7 million for the Company.

(i) The pension plans expose the Group and the Company to the following risks:

(i) *Longevity Risk*

Pensions are bought out with an insurance company at retirement. Once bought out, the risk is therefore shifted to the insurance company. However, there is the risk that the cost of annuities increases before buying out.

(ii) *Interest rate risk*

If the bond interest rate decreases, the liabilities would be calculated using a lower discount rate, and would therefore increase.

(iii) *Investment risk*

The present value of the liabilities of the plan are calculated using a discount rate. Should the returns on the assets of the plan be lower than the discount rate, a deficit will arise.

(iv) *Salary risk*

If salary increases are higher than assumed in our basis, the liabilities would increase giving rise to actuarial losses.

19. TRADE AND OTHER PAYABLES

	THE GROUP		THE COMPANY	
	2019 Rs'000	2018 Rs'000	**2019 Rs'000**	2018 Rs'000
Trade payables	**600,096**	833,133	**2,709**	3,331
Accruals and other payables	**411,561**	348,652	**44,931**	46,177
Forward foreign exchange contracts (note (a))	**-**	545	**-**	-
Amounts due to group companies	**-**	-	**9,836**	7,974
	1,011,657	1,182,330	**57,476**	57,482

19. TRADE AND OTHER PAYABLES (cont'd)

(a) The Group utilises foreign currency forward contracts to manage its exchange rate exposures. The notional principal amount of these outstanding forward contracts amounted to Rs.152.6m as at 31 December 2019 (2018: Rs.101.8m) and the fair value of the liabilities amounted to Rs.1.1m as at 31 December 2019 (2018: Rs.0.6m).

The following table details the fair values of liabilities with regards to outstanding forward contract as at the reporting date.

	THE GROUP	
	Fair values liabilities	
	2019 Rs'000	2018 Rs'000
Outstanding forward contracts		
USD	**-**	215
EURO	**-**	330
	-	545

20. CHANGES IN ACCOUNTING POLICIES

(a) **Impact on the financial statements**

The Group adopted IFRS 16 with a transition date of 1 January 2019. The Group has chosen not to restate comparatives on adoption of the standard, and therefore, the revised requirements are not reflected in the prior year financial statements. Rather, these changes have been processed at the date of initial application (i.e. 1 January 2019).

Effective 1 January 2019, IFRS 16 has replaced IAS 17 Leases and IFRIC 4 Determining whether an Arrangement Contains a Lease.

IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, together with options to exclude leases where the lease term is 12 months or less, or where the underlying asset is of low value. IFRS 16 substantially carries forward the lessor accounting in IAS 17, with the distinction between operating leases and finance leases being retained. The Group does not have significant leasing activities acting as a lessor.

Transition Method and Practical Expedients Utilised

The Group adopted IFRS 16 using the modified retrospective approach, with recognition of transitional adjustments on the date of initial application (1 January 2019), without restatement of comparative figures. The Group elected to apply the practical expedient to not reassess whether a contract is, or contains a lease at the date of initial application. Contracts entered into before the transition date that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. The definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 January 2019.

IFRS 16 provides for certain optional practical expedients, including those related to the initial adoption of the standard. The Group applied the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

(a) Apply a single discount rate to a portfolio of leases with reasonably similar characteristics;

(b) Exclude initial direct costs from the measurement of right-of-use assets at the date of initial application for leases where the right-of-use asset was determined as if IFRS 16 had been applied since the commencement date;

(c) Reliance on previous assessments on whether leases are onerous as opposed to preparing an impairment review under IAS 36 as at the date of initial application; and

20. CHANGES IN ACCOUNTING POLICIES (cont'd)

(a) **Impact on the financial statements** (cont'd)

(d) Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term remaining as of the date of initial application.

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Group recognizes right-of-use assets and lease liabilities for most leases. However, the Group has elected not to recognise right-of-use assets and lease liabilities for some leases of low value assets based on the value of the underlying asset when new or for short-term leases with a lease term of 12 months or less.

On adoption of IFRS 16, the Group recognised right-of-use assets and lease liabilities as follows:

Classification under IAS 17	Right of use assets	Lease liability
All other operating leases	Land - Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments. Equipments - the carrying value that would have resulted from IFRS 16 being applied from the commencement date of the leases, subject to the practical expedients noted above.	Measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as at 1 January 2019. The Group's incremental borrowing rate is the rate at which a similar borrowing could be obtained from an independent creditor under comparable terms and conditions. The weighted-average rate applied was 6.5-8.1% for land and 5.9-8.25% for equipments.
Finance leases	Measured based on the carrying values for the lease assets and liabilities immediately before the date of initial application (i.e. carrying values brought forward, unadjusted).	

The following table presents the impact of adopting IFRS 16 on the statement of financial position as at 1 January 2019:

THE GROUP	Adjustments	31 December 2018 As originally presented Rs'000	IFRS 16 Rs'000	1 January 2019 Rs'000
Assets				
Property, plant and equipment	(i)	793,688	(25,766)	767,922
Right-of-use assets	(ii)	-	247,718	247,718
Investment properties		358,624	28,805	387,429
Liabilities				
Deferred tax:	(iii)			
- Asset		(31,077)	(61,141)	(92,218)
- Liability		94,460	61,141	155,601
Borrowings	(iv)	1,025,585	(34,408)	991,177
Lease liabilities	(v)	-	288,588	288,588

THE COMPANY	Adjustments	31 December 2018 As originally presented Rs.	IFRS 16 Rs.	1 January 2019 Rs.
Assets				
Investment properties		381,912	28,805	410,717
Liabilities				
Deferred tax:	(c)			
- Asset		(8,054)	(4,321)	(12,375)
- Liability		42,930	4,321	47,251
Lease liabilities	(e)	-	28,804	28,804

20. CHANGES IN ACCOUNTING POLICIES (cont'd)

(a) **Impact on the financial statements** (cont'd)

(i) Property, plant and equipment was adjusted to reclassify leases previously classified as finance type to right-of-use assets. The adjustment reduced the cost of property, plant and equipment by Rs66.2 million and accumulated depreciation by Rs40.5 million for a net adjustment of Rs25.7 million.

(ii) The adjustment to right-of-use assets is as follows:

	THE GROUP Rs.	THE COMPANY Rs.
Adjustment noted in (i) - finance type leases	25,766	-
Operating type leases	221,952	-
Right-of-use assets	247,718	-

(iii) Deferred tax assets were adjusted to reflect the tax effect of the other adjustments recorded.

(iv) Loans and borrowings were adjusted to reclassify leases previously classified as finance type to lease liabilities.

(v) The following table reconciles the minimum lease commitments disclosed in the Group's financial statements at 31 December 2018 annual financial statements to the amount of lease liabilities recognised on 1 January 2019:

	THE GROUP Rs'000	THE COMPANY Rs'000
Minimum operating lease commmitment at 31 December 2018	280,552	143,513
Less: effect of discounting using the incremental borrowing rate as at the date of initial application	(26,372)	(114,709)
Lease liabilities for leases classified as operating type under IAS 17	254,180	28,804
Plus: leases previously classified as finance type under IAS 17	34,408	-
Lease liability as at 1 January 2019	288,588	28,804
Of which are:		
Current lease liabilities	17,560	2,170
Non-current lease liabilities	271,028	26,634
	288,588	28,804

21. CURRENT TAX LIABILITIES

	THE GROUP 2019 Rs'000	THE GROUP 2018 Rs'000	THE COMPANY 2019 Rs'000	THE COMPANY 2018 Rs'000
(a) **Charged to profit or loss:**				
Current tax on the adjusted profit for the year at 15% (2018: 15%):				
- Continuing operations	**22,191**	29,091	**-**	-
Income tax at 3% on exports	**-**	11	**-**	-
Over provision in previous year	**(863)**	(240)	**-**	-
Tax provision for previous years assessment	**(50)**	90	**-**	-
Deferred tax (Note 17)	**(6,781)**	(959)	**1,594**	2,258
CSR	**518**	1,888	**-**	-
Tax charge	**15,015**	29,881	**1,594**	2,258

21. CURRENT TAX LIABILITIES (cont'd)

(b) The tax on the Group's and Company's profit/(loss) before tax differs from the theoretical amount that would arise using the basic tax rate of the Group and Company as follows:

	THE GROUP		THE COMPANY	
	2019 Rs'000	2018 Rs'000	**2019 Rs'000**	2018 Rs'000
Profit before taxation- attributed to continuing operations	**(131,458)**	99,475	**26,701**	19,277
Loss before taxation- attributed to discontinued operations	**-**	(2,458)	**-**	-
Less net share of result of associates and joint ventures	**(75,863)**	(128,050)	**-**	-
	(207,321)	(31,033)	**26,701**	19,277
Tax calculated at a rate of 17%/15% (2018: 17%/15%)	**(22,529)**	(5,276)	**4,005**	2,892
Effect of different tax rate	**(18,765)**	(3,200)	**-**	-
Over provision in previous year	**(863)**	(240)	**-**	-
Income not subject to tax	**(34,241)**	(24,948)	**(19,739)**	(14,987)
Expenses not deductible for tax purposes	**69,981**	24,057	**6,947**	7,551
Tax credit	**1,905**	(1,684)	**-**	-
Tax provision for previous years assessment	**-**	(1,497)	**-**	-
Impact of exports now at 3%	**-**	(2)	**-**	-
Reversal of deferred tax for the year	**(3,250)**	-	**-**	-
Deferred tax not provided for in previous year	**(1,701)**	-	**-**	-
Unrecognised tax losses	**9,492**	14,614	**8,685**	6,802
Utilisation of tax losses	**(1,731)**	(1,099)	**-**	-
Other adjustments	**(565)**	3,531	**-**	-
Effect of consolidation adjustments	**5,951**	25,079	**-**	-
CSR	**(1,620)**	546	**-**	-
Tax losses for which no deferred tax recognised	**12,951**	-	**1,696**	-
Taxation charge	**15,015**	29,881	**1,594**	2,258

Further information about deferred tax is presented in Note 17.

22. DISCONTINUED OPERATIONS

	THE GROUP	
	2019 Rs'000	2018 Rs'000
Revenue	**-**	2,909
Changes in finished goods and work in progress	**-**	(138)
Raw materials, consumables and purchases of finished goods	**-**	(1,014)
Employee benefit expense	**-**	(371)
Depreciation and amortisation	**-**	(27)
Other losses	**-**	-
Increase in fair value of investment properties	**-**	-
Other operating expense	**-**	(3,997)
	-	(5,547)
Loss before finance costs	**-**	(2,638)
Finance income	**-**	180
	-	(2,458)
Net impairment of investments and receivables	**-**	-
Loss before taxation	**-**	(2,458)
Income tax expense	**-**	-
Loss for the year from discontinued operations	**-**	(2,458)

23. REVENUE

	THE GROUP		THE COMPANY	
	2019 Rs'000	2018 Rs'000	**2019 Rs'000**	2018 Rs'000
Revenue is made up of:				
Sales of goods	**3,032,681**	3,608,692	**-**	-
Sales of services	**473,064**	590,594	**-**	104,926
Revenue from contracts with customers (note (a))	**3,505,745**	4,199,286	**-**	104,926
Commission	**4,457**	3,663	**-**	-
Other operating income	**31,313**	40,626	**119,175**	3,600
Rent	**15,530**	17,008	**8,302**	9,091
	51,300	61,297	**127,477**	12,691
Investment income - Listed		478	**11,859**	15,501
- Unquoted	**1,013**	602	**84,581**	96,384
Interest income	**-**	3,707	**2,344**	4,452
	1,013	4,787	**98,784**	116,337
	3,558,058	4,265,370	**226,261**	233,954

(a) Disaggregation of revenue from contracts with customers betweeen different segment and geography is shown in note 33.

23. REVENUE (cont'd)

	THE GROUP		THE COMPANY	
	2019 Rs'000	2018 Rs'000	**2019 Rs'000**	2018 Rs'000
(b) **Timing of revenue recognition**				
At a point in time	**3,477,156**	3,946,670	226,261	233,954
Over time	**80,902**	318,700	-	-
	3,558,058	4,265,370	226,261	233,954

(c) Assets and liabilites related to contracts with customers

	THE GROUP			
	Contract Assets		Contract Liabilities	
	2019 Rs'000	2018 Rs'000	**2019 Rs'000**	2018 Rs'000
At 1 January	**17,191**	15,669	**12,234**	34,722
Impairment of contract assets	**(5,833)**	(1,655)	**-**	-
Transfers in the period from contract assets to trade receivables	**(88,196)**	(88,565)	**-**	-
Amounts included in contract liabilities that was recognised as revenue during the period	**-**	-	**(87,244)**	(86,120)
Transfers in the period from contract assets to Raw materials, consumables and purchases of finished goods	**-**	(6,092)	**-**	-
Provision for cost not recognised as Raw materials, consumables and purchases of finished goods	**9,192**	4,701	**-**	-
Excess of revenue recognised over rights to cash being recognised during the period	**108,612**	93,133	**-**	-
Cash received in advance of performance and not recognised as revenue during the period	**-**	-	**33,087**	63,632
Other movement	**(8,076)**	-	**82,335**	-
	32,890	17,191	**40,412**	12,234

Contract assets and contract liabilities arise from some of the subsidiaries' installation services and design division, where contracts' period can run over the next financial year, because cumulative payments received from customers at the end of each reporting date do not necessarily equal the amount of revenue recognised on the contracts.

(i) Impairment of contract assets

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all contract assets.

To measure the expected credit losses, contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 12 months before 31 December 2019 or 1 January 2019 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Notes to the Financial Statements
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23. REVENUE (cont'd)

(c) Assets and liabilites related to contracts with customers (cont'd)

(i) Impairment of contract assets (cont'd)

THE GROUP At 31 December 2019	**Current**	**More than 30 days past due Rs'000**	**More than 60 days past due Rs'000**	**More than 120 days past due Rs'000**	**Total Rs'000**
Expected loss rate		0%	0%	49%	15%
Gross carrying amount - trade receivable		22,265	4,549	11,909	38,723
Loss allowance		-	-	5,833	5,833
Deferred cost					-
					32,890

At 31 December 2018	**Current**	**More than 30 days past due Rs'000**	**More than 60 days past due Rs'000**	**More than 120 days past due Rs'000**	**Total Rs'000**
Expected loss rate		0%	0%	13%	10%
Gross carrying amount - trade receivable		906	2,147	12,743	15,796
Loss allowance		-	-	1,655	1,655
Deferred cost					1,395
					17,191

The closing loss allowances for contract assets as at 31 December reconcile to the opening loss allowances as follows:

	THE GROUP	
	Contract assets	
	2019 Rs'000	2018 Rs'000
Loss allowance as at 1 January	**1,655**	-
Loss allowance recognised in profit or loss during the year	**5,833**	1,655
At 31 December 2019	**7,488**	1,655

(d) *Remaining performance obligations*

Certain installation contracts and contracts for the delivery of goods have been entered into for which both:

- the original contractual period extended over the next financial year; and
- the Group's right to consideration does not correspond directly with the performance.

The amount of revenue that will be recognised in future periods on these contracts when those remaining performance obligations will be satisfied is analysed as follows:

At 31 December 2019	THE GROUP 2020 Rs'000	2021-2022 Rs'000	Total Rs'000
Installation contracts	**37,315**	-	**37,315**
Delivery of goods	**249,770**	-	**249,770**
Maintenance contract	**59,974**	130	**60,104**
	347,059	130	**347,189**

24. (LOSS)/PROFIT BEFORE FINANCE COSTS

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs'000	Rs'000	**Rs'000**	Rs'000
Revenue	**3,558,058**	4,265,370	**226,261**	233,954
Changes in finished goods and work in progress	**90,587**	352,528	**-**	-
Raw materials, consumables and purchases of finished goods	**(2,596,812)**	(3,403,587)	**-**	-
Employee benefit expense	**(607,545)**	(653,235)	**(90,048)**	(75,703)
Depreciation and amortisation expense	**(111,668)**	(96,746)	**(7,858)**	(8,568)
Other (losses)/gains	**(2,396)**	30,516	**-**	-
Net increase in fair value of investment properties	**17,262**	99	**12,708**	-
Other operating expenses	**(350,030)**	(377,192)	**(53,792)**	(61,171)
	(2,544)	117,753	**87,271**	88,512

25. FINANCE COSTS

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs'000	Rs'000	**Rs'000**	Rs'000
Bank overdrafts	**14,027**	14,164	**2,127**	396
Bank loans repayable by instalments	**35,952**	28,291	**24,182**	20,682
Other loans not repayable by instalments	**10,311**	17,486	**23,808**	34,296
Leases	**19,580**	4,213	**2,345**	-
	79,870	64,154	**52,462**	55,374
Net foreign exchange transaction gains (see note (a)	**(5,459)**	(9,051)	**(7)**	(4)
	74,411	55,103	**52,455**	55,370

(a) **Net foreign exchange gains**

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs'000	Rs'000	**Rs'000**	Rs'000
The exchange differences charged/(credited) to profit or loss are as follows:				
Other losses/(gains)	**2,396**	(30,516)	**-**	-
Finance costs	**(5,459)**	(9,051)	**(7)**	(4)

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Year ended 31 December 2019

26. (LOSS)/PROFIT BEFORE TAXATION

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs'000	Rs'000	**Rs'000**	Rs'000
The (loss)/profit before taxation is arrived at after:				
Crediting:				
Profit on disposal of property, plant and equipment	**7,663**	4,390	**356**	228
Revaluation of investment properties	**17,262**	99	**12,708**	-
Profit on disposal of subsidiaries	**-**	-	**3,155**	-
Profit on disposal of investments	**1,034**	1,988	**12,708**	1,435
and charging:				
Depreciation				
- owned assets	**91,663**	90,361	**7,669**	8,279
- leased assets	**-**	3,084	**-**	-
Amortisation of intangible assets	**2,851**	3,301	**189**	289
Amortisation of Right of use assets	**17,154**	-	**-**	-
Impairment of assets	**4,088**	-	**-**	5,774
Impairment of receivables	**87,094**	39,328	**11,270**	9,526
Impairment of goodwill	**-**	27,069	**-**	-
Impairment of intangible assets	**-**	79	**-**	-
Employee benefit expense (note 27)	**607,545**	652,823	**90,048**	75,703

27. EMPLOYEE BENEFIT EXPENSE

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs'000	Rs'000	**Rs'000**	Rs'000
Wages and salaries, including termination benefits	**547,339**	586,951	**81,364**	66,829
Social security costs	**22,420**	24,339	**3,090**	3,426
Pension costs - defined contribution plans	**9,032**	12,020	**-**	-
- defined benefit plans (note 18)	**28,754**	29,513	**5,594**	5,448
	607,545	652,823	**90,048**	75,703

28. OTHER COMPREHENSIVE INCOME

THE GROUP	**Revaluation and other reserves Rs'000**	**Fair value reserves Rs'000**	**Actuarial loss Rs'000**	**Total Rs'000**
2019				
Decrease in fair value of equity instruments at fair value through other comprehensive income	-	(73)	-	(73)
Movement in actuarial reserve	-	-	(27,620)	(27,620)
Movement in associate reserves	(116,602)	-	-	(116,602)
Currency translation differences	(927)	-	-	(927)
Other comprehensive loss for the year	**(117,529)**	**(73)**	**(27,620)**	**(145,222)**

28. OTHER COMPREHENSIVE INCOME (cont'd)

THE GROUP	Revaluation and other reserves Rs'000	Fair value reserves Rs'000	Actuarial loss Rs'000	Total Rs'000
2018				
Decrease in fair value of available for sale investments	-	(2,119)	-	(2,119)
Movement in actuarial reserve	-	-	37,709	37,709
Movement in associate reserves	(1,628)	-	-	(1,628)
Currency translation differences	(6,442)	-	-	(6,442)
Deferred tax adjustment on revaluation	(2,750)	-	-	(2,750)
Other comprehensive income/(loss) for the year	**(10,820)**	**(2,119)**	**37,709**	**24,770**

THE COMPANY	Revaluation and other reserves Rs'000	Fair value reserves Rs'000	Actuarial loss Rs'000	Total Rs'000
2019				
Movement in actuarial reserve	-	-	(12,577)	(12,577)
Increase in fair value of equity instruments at fair value through other comprehensive income	-	99,773	-	99,773
Other comprehensive income for the year	-	**99,773**	**(12,577)**	**87,196**
2018				
Movement in actuarial reserve	-	-	10,366	10,366
Increase in fair value of equity instruments at fair value through other comprehensive income	-	222,594	-	222,594
Other comprehensive income for the year	-	222,594	10,366	232,960

29. DIVIDENDS

	2019 Rs'000	2018 Rs'000
Ordinary dividend of Rs1.40 per share was declared on 19 Dec 2019 and not yet paid at year end (2018 : Rs1.80 per share declared on 26 December 2018 and paid in 2019)	**15,763**	20,267

Notes to the Financial Statements
Year ended 31 December 2019

30. (LOSS)/EARNINGS PER SHARE

		THE GROUP 2019	THE GROUP 2018	THE COMPANY 2019	THE COMPANY 2018
(a)	**From continuing operations**				
	Basic (loss)/earnings per share				
	Net (loss)/profit attributable to shareholders (Rs'000)	**(85,138)**	70,282	**25,107**	17,019
	Number of ordinary shares in issue (thousands)	**11,259**	11,259	**11,259**	11,259
	Basic (loss)/earnings per share (Rs/cents)	**(7.56)**	6.24	**2.23**	1.51
(b)	**From discontinued operations**				
	Basic loss per share				
	Net loss attributable to shareholders (Rs'000)	-	(2,458)	-	-
	Number of ordinary shares in issue (thousands)	-	11,259	-	11,259
	Basic loss per share (Rs/cents)	**N/A**	(0.22)	**N/A**	N/A

31. NOTES TO STATEMENTS OF CASH FLOWS

		THE GROUP 2019 Rs'000	THE GROUP 2018 Rs'000	THE COMPANY 2019 Rs'000	THE COMPANY 2018 Rs'000
(a)	**Cash generated from/(absorbed in) operations**				
	(Loss)/profit before taxation attributable to continuing operations	**(131,458)**	99,475	**26,701**	19,277
	Loss before taxation attributable to discontinued operations	-	(2,458)	-	-
	Depreciation and amortisation	**94,514**	96,773	**7,858**	8,568
	Amortisation on right of use asset	**17,154**	-	-	
	Net share of results of associated companies	**(82,531)**	(129,465)	-	-
	Share of results of joint ventures	**6,668**	1,466	-	-
	Retirement benefit obligations	**(11,321)**	8,636	**(4,948)**	(366)
	Profit on disposal of property, plant and equipment	**(7,663)**	(4,390)	**(356)**	(228)
	Loss/(profit) on disposal of investment in associates	-	417	-	(700)
	Profit on disposal of investments in subsidiaries	-	(2,405)	**(3,155)**	(735)
	Impairment of investments	-	-	-	5,774
	Impairment of receivables	**87,094**	39,328	**10,433**	9,526
	Impairment of intangible assets	-	79	-	-
	Goodwill impaired	-	27,069	-	-
	Asset written off	**49**	7,968	-	-
	(Gain)/loss on exchange	**(5,123)**	2,108	-	(4)
	Investment income	**(1,013)**	(1,080)	**(96,440)**	(111,885)
	Interest income	-	(3,707)	**(2,344)**	(4,452)
	Interest expense	**79,870**	64,154	**52,462**	55,374
	Increase in fair value of investment property	**(17,262)**	(99)	**(12,708)**	-
	Changes in working capital:				
	- inventories	**66,548**	153,640	-	-
	- trade and other receivables	**239,447**	(127,150)	**(1,490)**	9,909
	- trade and other payables	**(161,566)**	(102,125)	**4,270**	(19,362)
	Cash generated from/(absorbed in) operations from continuing operations	**173,407**	130,692	**(19,717)**	(29,304)
	Cash generated from operations from discontinued operations	-	2,201	-	-

31. NOTES TO STATEMENTS OF CASH FLOWS (cont'd)

	THE GROUP 2019 Rs'000	THE GROUP 2018 Rs'000	THE COMPANY 2019 Rs'000	THE COMPANY 2018 Rs'000
(b) Cash and cash equivalents				
Bank and cash balances	**196,433**	273,360	**83**	79
Loan receivable at call	**-**	-	**12,836**	6,747
Bank overdrafts	**(281,173)**	(174,881)	**(53,839)**	(13,214)
Loan payable at call	**-**	-	**(82,380)**	(144,279)
	(84,740)	98,479	**(123,300)**	(150,667)

(c) **Non cash transactions:**

The principal non cash transaction:

Acquisition of property, plant and equipment using finance leases by the Group.

(d) **Reconciliation of liabilities arising from financing activities**

THE GROUP

	2018 Rs'000	Cash flows Rs'000	Non-cash changes: Transfer Rs'000	Non-cash changes: Foreign exchange movement Rs'000	**2019 Rs'000**
Long-term borrowings	263,174	512	-	-	**263,686**
Short-term borrowings	429,995	(186,754)	-	670	**243,911**
Lease liabilities	34,408	(23,828)	(10,580)	-	**-**
Import loans	123,127	70,526	-	-	**193,653**
Total	850,704	(139,544)	(10,580)	670	**701,250**

THE COMPANY

	2018 Rs'000	Cash flows Rs'000	**2019 Rs'000**
Long-term borrowings	554,377	(71,029)	**483,348**
Short-term borrowings	297,263	(1,897)	**295,366**
Total	851,640	(72,926)	**778,714**

32. BUSINESS COMBINATIONS

(a) **Acquisition of subsidiaries**

2018	Principal activity	Date of acquisition	**Proportion of voting equity interests acquired**
			%
Corexsolar International SAS	Development of solar energy projects	17 April 2018	51

Corexsolar International SAS group of companies was acquired last year by Harel Mallac Trading Ltd, one of the Group's subsidiaries. As a result of the acquisition, the Group expected to increase its presence it these markets.

The goodwill of Rs.18.4m arising from the acquisition is attributable to acquired customer base expected from combining the operations of the Group and Corexsolar International SAS.

None of the goodwill recognised is expected to be deductible for income tax purposes.

32. BUSINESS COMBINATIONS (cont'd)

(a) **Acquisition of subsidiaries** (cont'd)

<u>**Corexsolar International SAS**</u>

<u>**Recognised amounts of identifiable assets acquired and liabilities assumed**</u>

	2018 Rs'000
Non Current Assets	
Property, plant and equipment	**141**
Investments in associates	**51**
Current Assets	
Trade and other receivables	**30,973**
Cash and cash equivalents	**22,085**
Current liabilities	
Trade and other payables	**31,891**
Income tax liabilities	**253**
Borrowings	**16,224**
Total identifiable net assets	**4,882**
Non-controlling interest	**(2,393)**
Goodwill	**18,354**
	20,843

Net cash outflow on acquisition of subsidiary

	2018 Rs'000
Consideration paid in cash	**(20,845)**
Add back: Cash and cash equivalent balances acquired	**22,085**
Net cash inflow	**1,240**

Impact of acquisition on the results of the Group

The cost relating to the acquisition of Corexsolar International SAS was Rs.4.7 million.

As from the acquisition date, Corexsolar International (Mauritius) Ltd contributed revenue of Rs.104.8 million and profit of Rs.11.6 million to the consolidated statement of profit or loss and other comprehensive income for the reporting period to 31 December 2018.

32. BUSINESS COMBINATIONS (cont'd)

(b) **Disposal of subsidiary**

In May 2018, the Group disposed all of its shareholdings in The Professional Learning Centre Ltd.

	2018 Rs'000
Consideration	2,500

Analysis of assets and liabilities over which control was lost

	2018 Rs'000
Current assets	
Trade and other receivables	1,727
Non-current assets	
Property, plant and equipment	360
Deferred tax assets	18
Current liabilities	
Trade and other payables	1,180
Bank overdraft	691
Non-current liabilities	
Retirement benefit obligations	139
Net assets disposed of	95

Gain on disposal of subsidiary

	2018 Rs'000
Consideration	2,500
Net assets disposed of	(95)
Gain on disposal	2,405

Net cash inflow on disposal of subsidiary

	2018 Rs'000
Consideration received in cash and cash equivalents	1,682
Less: cash and cash equivalents disposed of	691
Total consideration received	2,373

33. SEGMENT INFORMATION - THE GROUP

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies. The Group's segments are: Investment, Corporate & Property, Business Services and Manufacturing & Trading.

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies. The Group evaluates performance on the basis of profit or loss from operations after tax expense.

33. SEGMENT INFORMATION - THE GROUP (cont'd)

Intersegment sales and transfers are made at current market prices.

Year ended 31 December 2019	**Investment, Corporate & Property Rs'000**	**Business Services Rs'000**	**Manufacturing & Trading Rs'000**	**Consolidation adjustments Rs'000**	**Total Rs'000**
Total segment revenues	230,534	671,156	3,142,237	-	4,043,927
Inter-segment sales	(18,126)	(41,178)	(94,029)	(332,536)	(485,869)
Revenues from external customers	212,408	629,978	3,048,208	(332,536)	3,558,058
Total interest revenue	7,705	353	18,452	(26,510)	-
Net segment results	(7,266)	(12,159)	52,267	(35,387)	(2,545)
Share of result of associates and joint ventures	88,207	-	(12,344)	-	75,863
Net profit on disposal of investments	-	-	1,034	-	1,034
Reorganisation and restructuring costs	-	-	(40,217)	-	(40,217)
Net impairment of receivables	(79)	10,033	(97,048)	-	(87,094)
Net impairment of assets	-	-	(4,088)	-	(4,088)
	80,862	(2,126)	(100,396)	(35,387)	(57,047)
Total finance costs	(52,456)	(8,323)	(47,842)	34,210	(74,411)
Profit/(loss) before tax from continuing operations	28,406	(10,449)	(148,238)	(1,177)	(131,458)
Income tax expense	481	902	(16,635)	237	(15,015)
Profit/(loss) after tax from continuing operations	28,887	(9,547)	(164,873)	(940)	(146,473)
Loss after tax from discontinued operations	-	-	-	-	-
Profit/(loss) for the year	28,887	(9,547)	(164,873)	(940)	(146,473)

	Investment, Corporate & Property Rs'000	**Business Services Rs'000**	**Manufacturing & Trading Rs'000**	**Total Rs'000**
Segment assets	738,068	381,882	2,131,656	3,251,606
Investments in associates and joint ventures	1,059,281	-	29,805	1,089,086
Consolidated total assets				4,340,692
Segment liabilities	829,758	274,267	1,475,651	2,579,676
Capital expenditure	3,035	9,560	44,338	56,933
Depreciation and amortisation	8,984	20,025	65,505	94,514

There were no other material items of income and expense.

33. SEGMENT INFORMATION - THE GROUP (cont'd)

Year ended 31 December 2018	Investment, Corporate & Property Rs'000	Business Services Rs'000	Manufacturing & Trading Rs'000	Consolidation adjustments Rs'000	Total Rs'000
Total segment revenues	242,464	799,965	3,679,203	-	4,721,632
Inter-segment sales	(7,550)	(56,046)	(186,173)	(210,201)	(459,970)
Revenues from external customers	234,914	743,919	3,493,030	(210,201)	4,261,662
Total interest revenue	9,391	365	23,786	(29,834)	3,708
Net segment results	(7,689)	(15,859)	168,028	(26,727)	117,753
Share of result of associates & joint ventures	128,050	-	-	-	128,050
Net profit on disposal of investments	2,102	-	-	-	2,102
Reorganisation and restructuring costs	-	-	(18,625)	-	(18,625)
Net impairment of receivables	(588)	(12,060)	(34,985)	-	(47,633)
Net impairment of assets	(27,069)	-	-	-	(27,069)
	94,806	(27,919)	114,418	(26,727)	154,578
Total finance costs	(55,743)	(2,309)	(26,885)	29,834	(55,103)
Profit/(loss) before tax from continuing operations	39,063	(30,228)	87,533	3,107	99,475
Income tax expense	(2,407)	31	(26,030)	(1,475)	(29,881)
Profit/(loss) after tax from continuing operations	36,656	(30,197)	61,503	1,632	69,594
Loss after tax from discontinued operations	-	(787)	(1,671)	-	(2,458)
Profit/(loss) for the year	36,656	(30,984)	59,832	1,632	67,136

	Investment, Corporate & Property Rs'000	Business Services Rs'000	Manufacturing & Trading Rs'000	Total Rs'000
Segment assets	697,357	495,805	2,297,829	3,490,991
Investments in associates and joint ventures	1,116,545	-	24,756	1,141,301
Consolidated total assets				4,632,292
Segment liabilities	799,695	372,802	1,322,885	2,495,382
Capital expenditure	10,789	18,736	47,889	77,414
Depreciation and amortisation	9,695	19,260	67,818	96,773

There were no other material items of income and expense.

Notes to the Financial Statements
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33. SEGMENT INFORMATION - THE GROUP (cont'd)

Geographical information

Although the Group's three business segments are managed in Mauritius, they operate in the following main geographical areas.

	Revenue from external customers		Non-current assets	
	2019 Rs'000	2018 Rs'000	**2019 Rs'000**	2018 Rs'000
Mauritius	**3,074,326**	3,471,307	**2,602,958**	2,410,210
Madagascar	**123,621**	136,097	**1,969**	2,409
Reunion	**50,345**	61,395	**-**	1,650
Africa	**309,766**	596,571	**15,269**	17,160
Total	**3,558,058**	4,265,370	**2,620,196**	2,431,429

The Group's customer base is highly diversified, with no individually significant customer.

34. CONTINGENT LIABILITIES

At 31 December 2019, there is a claim amounting to USD6 million made by a supplier in 2012 to a subsidiary in respect of goods shipped to a company based in Reunion Island whereby the subsidiary acted as agent for the supplier. Based on a legal opinion, no provision has been made in the accounts of that subsidiary in respect of this claim. The claim is still being disputed by both parties, the outcome of which is uncertain at the date of signature of the accounts.

One of the subsidiaries of the Group is currently subjected to an audit from the Tanzanian Revenue Authority (TRA) with respect to Corporate Income Tax, Value Added Tax (VAT), employment taxes and Stamp Duty covering the financial years 2016 to 2017. TRA submitted their preliminary findings showing a total liability of Rs23.4 million (financial year 2017: Rs18.9 million) (financial year 2016: Rs4.4 million). This audit is still ongoing and the subsidiary has appointed a tax consultant to assist them in the audit. The directors have provided for an amount of Rs3.4 million in the books of the subsidiary at the end of the reporting period. The actual liability to TRA will be determined after closure of the audit by the latter and amount owed will be accounted for in the financial year 2020 financial statements.

At 31 December 2019, the Group and the company had contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of the business from which it is anticipated that no material liabilities would arise.

At 31 December 2019, no guarantee were given by the Group and the Company other than in the normal course of business.

35. RELATED PARTY TRANSACTIONS

(a) THE GROUP

	Disposal of Investment Rs'000	Interest paid Rs'000	Purchase of goods and services Rs'000	Sales of goods and services Rs'000	Management services and fees receivable Rs'000	Loan to related party Rs'000	Loan from related party Rs'000	Amount owed by related party Rs'000	Amount owed to related party Rs'000
(i) Year 2019									
Associated companies	-	**2,457**	**31,763**	**9,629**	-	**3,241**	**54,000**	**8,565**	**3,849**
Directors and key management personnel	-	**3**	-	**116**	-	-	**74**	**36**	-
Enterprises in which directors/ key management personnel (and close families) have significant/ substantial interest	-	**230**	**5,755**	-	-	-	-	-	-
Shareholders	-	**7,239**	-	-	-	-	**184,366**	-	-
(ii) Year 2018									
Associated companies	798	2,503	43,386	52,429	-	3,241	54,000	9,295	8,710
Directors and key management personnel	-	4	-	869	-	-	71	35	30
Enterprises in which directors/ key management personnel (and close families) have significant/ substantial interest	-	887	5,364	1,537	-	-	10,590	-	-
Shareholders	-	7,280	-	-	-	-	175,603	-	-

35. RELATED PARTY TRANSACTIONS (cont'd)

(b) THE COMPANY

	Interest received Rs'000	Interest paid Rs'000	Purchase of goods and services Rs'000	Management services and fees (payable)/ receivable Rs'000	Service charge Rs'000	Loan to related party Rs'000	Loan from related party Rs'000	Amount owed by related party Rs'000	Amount owed to related party Rs'000
(i) Year 2019									
Subsidiaries	**2,335**	**23,808**	**11,894**	**67,083**	**50,749**	**12,836**	**403,619**	**112,148**	**9,855**
Associated companies	-	**2,457**	**1,882**	-	-	**3,241**	**54,000**	-	**1,521**
Directors and key management personnel	-	**3**	-	-	-	-	**74**	-	-
Enterprises in which directors/ key management personnel (and close families) have significant/ substantial interest	-	**230**	**4,369**	-	-	-	-	-	-
Shareholders	-	**7,239**	-	-	-	-	**184,366**	-	-
(ii) Year 2018									
Subsidiaries	3,318	26,226	6,820	61,507	27,054	6,747	479,573	129,872	9,821
Associated companies	-	2,503	2,374	-	-	3,241	54,000	300	-
Directors and key management personnel	-	-	-	-	-	-	-	-	-
Enterprises in which directors/ key management personnel (and close families) have significant/ substantial interest	-	887	3,978	-	-	-	10,590	-	-
Shareholders	-	7,280	-	-	-	-	175,603	-	-

35. RELATED PARTY TRANSACTIONS (cont'd)

	Remuneration and benefits	
	2019	2018
	Rs'000	Rs'000
THE GROUP		
Key management personnel compensation		
Salaries and short-term employee benefits	**17,905**	14,394
Post-employment benefits	**1,101**	1,025
	19,006	15,419

	Remuneration and benefits	
	2019	2018
	Rs'000	Rs'000
THE COMPANY		
Key management personnel compensation		
Salaries and short-term employee benefits	**15,798**	12,258
Post-employment benefits	**1,101**	1,025
	16,899	13,283

The sales to and purchases from related parties are made in the normal course of business. Outstanding trade balances at the year-end are unsecured, interest free (with the exception of loans and advances) and settlement occurs in cash. Rates on interest on loans and advances with related parties are disclosed in notes 10B and 18. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2019, the Company has recorded Rs11.2 million impairment of receivables relating to amounts owed by related parties (2018:Rs9.4 million). Assessment for impairment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

36. CAPITAL COMMITMENTS

There is no capital expenditure contracted for by the Group and the Company at the end of the reporting period but not yet incurred (2018: Nil).

37. EVENTS AFTER THE REPORTING PERIOD

The financial results for the year ended 31st December 2019 does not include the impact of the COVID-19, which was declared as a pandemic by the World Health Organization (WHO) on 11 March 2020.

Since this date, government and various private sector organisations have taken significant measures to contain the virus, which have resulted in a high level of uncertainty in the local and regional market and will impact on businesses and consumers in our sectors of activity.

This impact is likely to affect the revenue and cash generated of the Group, though the directors are of opinion that it is difficult to predict the overall outcome and impact of COVID-19 on the financial statements of the Company at this stage,the group expects to meet its cash flow and working capital requirements with deferral of payment of creditors and costs containment. Management has assessed the group's ability to continue as a going concern for the next twelve months from the date of signature of these financial statements and believes the going concern assumption to be appropriate.

Notes to the Financial Statements
Year ended 31 December 2019

38. THREE YEAR SUMMARY - THE GROUP

	2019	2018	2017
	Rs'000	Rs'000	Rs'000
STATEMENT OF PROFIT OR LOSS			
Revenue	**3,558,058**	4,265,370	3,993,082
(Loss)/profit after finance cost	**(76,955)**	(3,608)	(4,365)
Net share of result of associates and joint ventures	**75,863**	128,050	132,001
	(1,092)	124,442	127,636
Net profit on disposal of investments	**1,033**	2,102	104,506
Reorganisation and restructuring costs	**(40,217)**	-	-
Impairment	**(91,182)**	(27,069)	(21,982)
Profit before taxation	**(131,458)**	99,475	210,160
Taxation	**(15,015)**	(29,881)	(25,567)
Profit for the year from continuing operations	**(146,473)**	69,594	184,593
Post tax loss for the year from discontinued operations	**-**	(2,458)	(69,296)
Profit/(loss) for the year	**(146,473)**	67,136	115,297
Attributable to:			
Owners of the parent	**(85,138)**	67,824	114,188
Non controlling interests	**(61,335)**	(688)	1,109
	(146,473)	67,136	115,297
Other comprehensive income	**(145,222)**	-	(8,073)
Total comprehensive income/(loss) for the year	**(291,695)**	67,136	107,224
Attributable to:			
Owners of the parent	**(231,670)**	94,544	106,335
Non controlling interests	**(60,025)**	(2,638)	889
	(291,695)	91,906	107,224
Dividend per share	**1.40**	1.80	1.80
Earnings per share from continuing operations(Rs/cents)	**(7.56)**	6.24	15.82
Loss per share from discontinued operations (Rs/cents)	**-**	(0.22)	(5.68)
Total (loss)/earnings per share	**(7.56)**	6.02	10.14

STATEMENTS OF FINANCIAL POSITION

	2019	2018	2017
	Rs'000	Rs'000	Rs'000
Non-current assets	**2,620,196**	2,431,429	2,432,345
Current assets	**1,720,496**	2,200,863	2,194,344
Total assets	**4,340,692**	4,632,292	4,626,689
Capital and reserves	**1,582,294**	1,843,842	1,773,582
Non controlling interests	**178,722**	293,068	296,680
Non-current liabilities	**767,941**	519,994	639,360
Current liabilities	**1,811,735**	1,975,388	1,917,067
Total equity and liabilities	**4,340,692**	4,632,292	4,626,689

39. **OPERATING LEASE COMMITMENTS**

The Group leases premises under non-cancellable operating lease agreements.

The Company has a lease agreement expiring on 30 September 2069. The annual rent is adjusted every three years based on the cumulative inflation rate during the three-year period.

One of the subsidiary leases land from the Mauritius Ports Authority which came up for renewal on the 15 December 2015 and is currently negotiating the rates for a further period of 15 years ending 14 December 2030. The subsidiary has an option of renewal for two further period of 15 years and a final period of 9 years.

Annex 1 Acronyms

ANFEN	Association of Non-Formal Education Network
BOPP	Biaxially Oriented Polypropylene Bags
CSS	Customer Satisfaction Survey
CEB	Central Electricity Board
CEO	Chief Executive Officer
COO	Chief Operating Officer
CWA	Central Water Authority
ESG	Environmental, Social and Governance
GJ	Giga-joules
H&S	Health and Safety
HDPE	High-density polyethylene
HM	Harel Mallac
HMCo	Harel Mallac & Co
HMT	Harel Mallac Technologies
ICT	Information and Communication Technology
ICTA	Information and Communication Technologies Authority
IWA	Industrial Waste Audit
KwH	Kilowatts per Hour
LDPE	Low-density polyethylene
LTI	Lost Time Injury
MCAF	Mauritius Cooperative Agricultural Federation
MCFI	The Mauritius Chemical and Fertilizer Industry Co. Ltd
MCIA	Mauritius Cane Industry Authority
MOE	Ministry of Environment
MW	Mega-watt
NPK	Nitrogen, phosphorus, and potassium (the three nutrients that complete fertilisers).
NPS	Net Promoter Score
PAT	Profit after Tax
PBFC	Profit before Financial Costs
SDG	Sustainable Development Goals
SEM	Stock Exchange of Mauritius
WOPP	Woved Polypropylene Bags

Annex 2: Materiality And SDGS

Our Commitments and Indicators	Disclosure on Material Aspects	Goals	Archemics	Bychemex	Chemco	Coolkote	MCFI	Suchem	Corexsolar International	EO Solutions	Linxia	Novengi	Harel Mallac Technologies	Harel Mallac Aviation	Itineris	Harel Mallac Corporate Services	Harel Mallac Global	Harel Mallac & Co.
	Materials Input (Materials used by weight or volume)	8,12	√	√	√	√	√											
	Energy consumption within the organization	7,8,12, 13	√	√	√	√	√	√		√	√	√	√	√	√	√	√	√
	Water consumption (water withdrawal by source)	6	√	√	√	√	√	√	√	√	√	√		√	√	√	√	√
	Air Emissions (Offices and Industry), incl. direct greenhouse gas emissions (Scope 1)	3,12,13, 14,15,16	√	√	√	√	√	√		√	√	√	√	√	√	√	√	√
	Effluents & Solid Waste (waste by type and disposal method)	3,6.12	√	√	√	√	√	√		√	√	√						√
	Total number and volume of significant spills	3,6,12, 14,15	√	√	√		√	√										
	Compliance with environmental laws and regulations	16	√	√	√	√	√	√	√	√	√							
	Transport-related air emissions (Environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce)	11,12,13	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√

Our Commitments and Indicators	Disclosure on Material Aspects	Goals	Archemics	Bychemex	Chemco	Coolkote	MCFI	Suchem	Corexsolar International	EO Solutions	Linxia	Novengi	Harel Mallac Technologies	Harel Mallac Aviation	Itineris	Harel Mallac Corporate Services	Harel Mallac Global	Harel Mallac & Co.
	Composition of governance bodies and breakdown of employees per employee category according to gender, age group.	5,8	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
	Total number of incidents of discrimination and corrective actions taken	5,8,16	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
	Number of grievances about human rights	16	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
	New employee hires and employee turnover by age group, gender, and region	5,8	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
	Collective Bargaining		√	√	√		√											
	Minimum notice periods regarding operational changes	8	√	√	√	√	√	√										
	Workforce represented in formal joint management-worker health and safety committees	8	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities	3,8	√				√	√	√	√	√	√	√	√	√	√	√	√
	Employees receiving regular performance and career development reviews	5,8	√	√	√	√	√	√		√	√	√	√	√	√	√	√	√
	Ratio of basic salary and remuneration of women to men by employee category	5,8,10, 16	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
	Number of grievances about labour practices filed, addressed, and resolved through formal grievance mechanisms	16	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√

Our Commitments and Indicators	Disclosure on Material Aspects	Goals	Archemics	Bychemex	Chemco	Coolkote	MCFI	Suchem	Corexsolar International	EO Solutions	Linxia	Novengi	Harel Mallac Technologies	Harel Mallac Aviation	Itineris	Harel Mallac Corporate Services	Harel Mallac Global	Harel Mallac & Co.
12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Product and service information and labelling	12	√	√	√	√	√	√		√	√	√						
	Compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes	16	√	√	√	√	√	√		√	√	√	√	√	√	√	√	
	Communication and training on anti-corruption policies and procedures	16	√	√	√	√	√	√		√	√	√	√	√	√	√	√	√
	Confirmed incidents of corruption and actions taken	16	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
	Total value of political contributions by country and recipient/beneficiary	16		√	√		√											√
	Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes	16		√	√		√											√
	Customer consultation (Report whether stakeholder consultation is used to support the highest governance body's identification and management of economic, environmental and social impacts, risks, and opportunities.)	16	√	√	√		√	√		√	√	√	√		√		√	
	Supplier assessment (Percentage of new suppliers that were screened using labour and or environmental practices criteria)	16	√							√	√							
	Customer Privacy (Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data)	16	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√

Planet Aspects

E1. Materials Inputs

Renewable materials			2019	2018	2017
Archemics	Chemicals *	Tonnes	350	249	252
Non- Renewable materials					
Archemics	Packaging (plastics+Cartons + Metal)	Units	3,156,271	2,663,221	2,629,838
	Chemicals (overall–Liquid + Solid)	Tonnes	2,739.55	2,973	2,754
Bychemex	Solid and liquid Chemicals	Tonnes	1992	3,619	4,518
Chemco	Solid and Liquid Chemicals	Tonnes	6128	12,625	15,833
	Packaging (plastics)	Units	33,589	59,830	68,316
MCFI	Mineral Fertilisers (Urea,-CAN,DAP,MOP, Others)	Tonnes	18,596	20,860	18,520
	Packaging	Units	490,181	550,748	660,067

E2. Energy Consumption and CO^2 Emissions (Offices)

		Consumption (GJ) - 2019	CO^2 Emissions (tonnes) - 2019	Consumption (GJ) - 2018	CO^2 Emissions (tonnes) - 2018	Consumption (GJ) - 2017	CO^2 Emissions (tonnes) - 2017
Renewable Energy							
Archemics	Photovoltaic Electricity	282		285	-	229	-
Novengi	Photovoltaic Electricity	14		NA		NA	
HMCO_Pailles	Photovoltaic Electricity	12		NA		NA	
Non-Renewable Energy							
Archemics	Electricity from CEB	147	6	789	32	977	39
Archemics	Diesel	349	24	223	16	225	16
Fort George compound 1	Electricity from CEB	1842	74	2,167	87	2,552	102
MCFI	Coal	1558	62	2,003	180	296	27
MCFI	Heavy fuel Oil	95.00	4	136	10	209	15
Suchem	Electricity from CEB	130.28	5	127	5	162	6
EO	Electricity from CEB	624.02	25	449	18	68	3
Linxia	Electricity from CEB	191.06	8	197	8	182	7
Novengi	Electricity from CEB	152.34	6	200	8	483	19
Harel Mallac Technologies	Electricity from CEB	47.50	2	40	2	4	0
Hare Mallac Aviation & Itinetis	Electricity from CEB	0.00	-	0	0	0	0
Harel Mallac Global & Harel Mallac Corporate Services	Electricity from CEB	93.82	4	85	3	72	3
Harel Mallac & Co Ltd	Electricity from CEB	492.01	20	616	25	616	25
	Diesel for generators	15	1	16	1	27	2
	total		240	**7,332**	**393**	**6,102**	**264**

[1] Electricity consumption from the CEB for the whole Fort George compound, including MCFI, Chemco, Bychemex and Coolkote.

E3. Water Consumption

Business Unit	Source of water	Volume (M3) 2019	Volume (M3) 2018	Volume (M3) 2017
Archemics	Public water utility (CWA)	17,151	5,373	5,682
	Borehole	1,704	9,554	9,379
Fort George compound*	Public water utility (CWA)	88,748	57,203	13,413
Suchem	Public water utility (CWA)	643	743	693
Novengi, Linxia (Pailles Site)	Public water utility (CWA)	4,137	5,178	6,079
HMco, Travel, Financial Services, EO (Port Louis Building)	Public water utility (CWA)	1,387	3,699	4,139
	Total	**113,770**	**81,750**	**39,385**

**The Fort George compound comprised MCFI, Chemco, Bychemex and Coolkote.*

E4. Air Emissions - Transport

Business Units	Fuel Type	Total fuel used (L) (2019)	CO2 Emissions (tonnes) (2019)	Total fuel used (L) (2018)	CO² Emissions (tonnes) (2018)	Total fuel used (L) 2017	CO² Emissions (tonnes) 2017
Archemics	Diesel	115,657	305	159,602	421	149,482	394
	Petrol	35,770	82	27,927	64	35,330	81
Bychemex	Diesel	600	2	781	2	4,133	11
	Petrol	537	1	1,696	4	1,614	4
Chemco	Diesel	69,139	182	69,341	183	84,800	224
	Petrol	14,714	34	16,668	38	12,348	28
Coolkote	Diesel	26,020	69	18,823	50	181,767	480
	Petrol	7,759	18	11,225	26	6,146	14
MCFI	Diesel	48,529	128	45,794	121	72,923	192
	Petrol	19,367	45	21,075	49	18,397	42
Suchem	Diesel	25,654	68	21,001	55	Not measured	-
	Petrol	12,484	29	15,448	36	Not measured	-
EO	Diesel	43,477	115	65,958	174	70,933	187
	Petrol	42,297	97	91,186	240	149,889	345
Linxia	Diesel	12,675	33	8,528	23	7,882	21
	Petrol	8,864	20	9,245	21	16,998	39
Novengi	Diesel	109,685	289	136,593	360	120,046	317
	Petrol	16,240	37	26,579	61	17,453	40
Harel Mallac Technologies	Diesel	53,959	142	62,743	166	64,826	171
	Petrol	104,788	241	119,309	275	101,411	234
		Total	**1,939**		**2,369**		**2,826**

E5: Effluents & Solid Waste

Business Units	Waste type	Measure	Quantity 2019?	Quantity 2018	Quantity 2017	Disposal Method
			Non Hazardous			
Archemics	Recycled plastics (LDPE)	tonnes	7	**1**	8	Recycling
	Recycled plastics (HDPE)	tonnes	**10**	**3**	1	Recycling
	solid wastes	tonnes	130	250	250	Landfill
	Paper and carton	tonnes	2	1	2	Recycling
	Drums –plastics 200L	tonnes	35	24	13	Sold for reuse
	Drum – metal- 200 L	tonnes	29	37	7	Sold for reuse
	Drum- plastic- 20 L	tonnes	1	2	0	Sold for reuse
	Pallets	tonnes	19	5	3	Recycling / reuse
Coolkote	Membranes and pieces of screed (concrete)	tonnes	Not measured	Not measured	Not measured	n/a
MCFI	Domestic solid waste	tonnes	575	535	533	Landfill
Suchem	Domestic solid waste	tonnes	18	18	Not measured	Landfill
	Pallets	tonnes	5	7	1	Recycling
	Drum	tonnes	_	0	0	Reuse
EO & Linxia	Domestic solid waste	tonnes	Not measured	not measured	Not measured	n/a
Novengi	Paper	tonnes	732	Not measured	Not measured	recycling
	Domestic solid waste	tonnes	Not measured	Not measured	Not measured	Landfill
Harel Mallac Aviation & Itineris	Domestic solid waste	tonnes	Not measured	Not measured	Not measured	n/a
HMG & HMCS	Domestic solid waste	tonnes	Not measured	Not measured	Not measured	n/a
HMCO	Domestic solid waste	tonnes	Not measured	Not measured	Not measured	n/a
	Paper & Carton	tonnes	2	1	1	Recycling
	Carton	tonnes	0	0	0	Recycling

E5: Effluents & Solid Waste (cont'd)

Business Units	Waste type	Measure	Quantity 2019?	Quantity 2018	Quantity 2017	Disposal Method
Hazardous						
Archemics	Effluents (waste water)	m3	4,480	2,904	3,024	treated onsite and carted away
	e-wastes	tonnes	0	not measured	Not measured	
Coolkote	Used tyres	units	9	6	16	landfill
Suchem	Used oil	Litres	400	400	200	Recycling
EO & Linxia	Used batteries	units	9	7	9	Garage
	Electronics	units	115	245	300	Recycling
	Used Oil	Litres	490	656	Not measured	Recycling
	Tyres	Units	26	38	Not measured	Garage
Novengi	Used oil	Litres	1,400	**6,300**	1,017	Recycling
	TYres	Units	73	102	Nil	Garage

People Aspects

E1. Total number employee by age group, gender and region.

Age Group and Gender	Archemics M	Archemics F	Bychemex M	Bychemex F	Chemco M	Chemco F	Coolkote M	Coolkote F	MCFI M	MCFI F	Suchem M	Suchem F	Corex-solar M	Corex-solar F	EO M	EO F	Linxia M	Linxia F	Novengi M	Novengi F	HMT M	HMT F	HMA M	HMA F	Itineris M	Itineris F	HMCS M	HMCS F	HMG M	HMG F	HMCO M	HMCO F	Total
Post Millenials (0-21 yrs)	7	2	0	0	1	0	2	0	5	0	0	0	0	0	0	0	0	0	1	0	0	0	0	1	0	0	0	0	0	0	0	0	19
Millenials (22-37 yrs)	66	31	0	0	16	3	12	2	24	7	6	2	5	0	34	13	5	6	34	9	51	33	1	1	0	8	0	3	3	2	7	7	391
Generation X (38-53 yrs)	60	28	3	2	26	8	13	0	34	4	6	3	1	0	34	29	6	1	38	6	48	11	1	1	2	6	2	2	1	2	12	11	401
Baby Boomers (54-72 yrs)	9	4	0	0	8	0	7	0	16	2	7	4	0	0	20	3	1	0	26	3	11	1	1	0	1	0	0	0	1	0	9	3	137
Total	**207**		**5**		**62**		**36**		**92**		**28**		**6**		**133**		**19**		**117**		**155**		**6**		**17**		**7**		**9**		**49**		**948**

E2. Total number of new employee hires by age group, gender and region.

Age Group and Gender	Archemics M	Archemics F	Bychemex M	Bychemex F	Chemco M	Chemco F	Coolkote M	Coolkote F	MCFI M	MCFI F	Suchem M	Suchem F	Corex-solar M	Corex-solar F	EO M	EO F	Linxia M	Linxia F	Novengi M	Novengi F	HMT M	HMT F	HMA M	HMA F	Itineris M	Itineris F	HMCS M	HMCS F	HMG M	HMG F	HMCO M	HMCO F	Total
Post Millenials (0-21 yrs)	7	3	v	0	2	0	2	0	8	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	0	0	0	0	0	
Millenials (22-37 yrs)	21	10	0	0	18	0	12	0	13	3	3	0	0	0	3	2	4	4	10	3	16	16	0	0	1	5	0	2	0	5	3	1	
Generation X (38-53 yrs)	6	3	0	0	4	2	4	0	6	0	0	0	0	0	0	1	0	0	1	3	5	1	0	0	0	1	0	0	0	1	2	1	
Baby Boomers (54-72 yrs)	1	0	0	0	0	0	0	0	1	0	2	0	0	0	0	0	0	0	2	0	0	0	0	0	0	0	0	0	0	0	0	0	
Total	**51**		**0**		**26**		**18**		**31**		**6**		**0**		**6**		**8**		**20**		**38**		**0**		**8**		**2**		**6**		**7**		**113**

E3. Employee turnover during the reporting period, by age group, gender and region.

Age Group and Gender	Archemics		Bychemex		Chemco		Coolkote		MCFI		Suchem		Corex-solar		EO		Linxia		Novengi		HMT		HMA		Itineris		HMCS		HMG		HMCO		
	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	
Post Millenials (0-21 yrs)	7	1	0	0	1	0	3	0	5	0	0	0	0	0	0	0	0	0	1	0	0	0	0	1	0	1	0	0	0	1	0	0	
Millenials (22-37 yrs)	12	9	0	0	17	4	15	0	13	1	3	1	0	0	6	1	5	2	16	8	26	10	1	0	2	8	0	1	2	5	1	3	
Generation X (38-53 yrs)	5	4	0	0	14	1	12	0	14	1	0	0	0	0	4	1	1	0	8	7	5	3	0	0	0	3	0	0	1	0	6	3	
Baby Boomers (54-72 yrs)	0	0	0	0	5	0	8	0	11	3	1	1	0	0	2	2	1	0	9	1	0	0	0	0	1	0	0	0	0	0	8	1	
Total	38		0		42		38		48		6		0		16		9		50		44		2		15		1		9		22		163

People Aspects (cont'd)

E4. Number of occupational accidents and man-days lost

HM GROUP HEALTH &SAFETY PERFORMANCE OVERVIEW 2018										
	KPI	ARCHEMICS	Bychemex/ Chemco/Coolkote/ MCFI	SUCHEM	NOVENGI	HMT	ITINERIS	HMGS	HMCO
HEALTH & SAFETY PERFORMANCE PARAMETERS	Fatalities	0	0	0	0	0	0	0	0
	Reportable Incidents	0	0	0	0	0	0	0	0
	Lost Time Incidents (LTI)	4	1	0	2	0	0	0	0
	Property damage	0	0	1	0	0	0	0	0
	Health & Safety Committee			n/a					
COMPLIANCE	Factory Permit	ok	ok	ok	ok	n/a	n/a	n/a	n/a
	Fire Certificate	ok- update to inclorporate new store (in progress	ok	ok	ok	ok	ok	ok	ok
	DCCB License	ok	ok	ok	n/a	n/a	n/a	n/a	n/a
RISK MANAGEMENT	Risk Assessment	Done	Done	Done	Done	Done - Mar 2018	Done - Mar 2018	Done - Mar 2018	Done - Mar 2018
	No. of Critical / High Risks	0	7	6	5	0	0	0	0
	No. of Critical / High Risks Closed / Open	0	7 Closed	1 Open 5 Closed	1 Open 4 closed	0	0	0	0
EMERGENCY PREPAREDNESS	First Aiders	9	19	7	32	6	3	1	3
	Fire Wardens	12	13	6	6	6	3	2	5
	Fire Drill	done	done	done	done	Done	done	done	done
MANAGEMENT COMMITMENT & LEADERSHIP	H & S Monthly review (MD/GM & Gp. H & S Officer)	ok	ok	ok	ok	ok	ok	ok - Quaterly	ok

E 5. Training and development

Company	Total number of hours training	Total Training costs (Rs)
Archemics	1,687	1,782,166
Biofert	0	0
Bychemex	49	44,000
Chemco	293	447,000
Coolkote	143	192,500
MCFI	560	869,900
Suchem	600	345,950
HMCO	312	2,308,612
Corexsolar	76	24,000
EO Solutions	322	225,800
HM Trading	34	46,500
Linxia	115	86,500
Novengi	3,339	891,757
HM Corporate	8	800
HM Global	123	264,440
Activeline	9	12,500
HMT	1,636	1,881,033
HM Aviation	2	39,300
Itineris	114	132,500
Grand Total	**9,418**	**9,595,258**