Integrated Annual Report

2020

harel mallac
for the better

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 2020, the contents of which are listed on page 1. This report was approved by the Board of Directors on 9 July 2021.

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

Nexia Baker & Arenson

BANKERS

ABC Banking Corporation Ltd
ABSA Bank (Mauritius) Limited
The Mauritius Commercial Bank Limited
SBM Bank (Mauritius) Ltd

REGISTRY

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

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Chairman's Message

Dear Shareholder,

2020 will be remembered as an extraordinary year by any measure, witnessing a global pandemic, a global recession and the steepest contraction in the Mauritian economy in a generation amongst other challenges of the year. In a period where everyone likely faced difficult personal circumstances, Harel Mallac was keenly focused, as events unfolded, on what it could do to fulfil its purpose: to make a difference for the better.

Although this financial year has undeniably been a most difficult time, with revenues declining to Rs 2.9 billion (2019: Rs 3.3 billion on a comparable basis) and Profit after tax moving to a loss of Rs 337 million (compared to a loss of Rs 146 million last year), it would be a disservice to our stakeholders not to acknowledge the work done in stepping up to the trials thrown up in 2020:

- Despite having exposure to some heavily impacted sectors (travel and tourism), Harel Mallac managed to handle its exposures to the Covid-19 crisis without having recourse to involuntary redundancies while also being pro-active in terms of its employees' welfare including distribution of necessities during the hardest parts of the confinement where solicited, supply of personal protective equipment as our teams returned to the workplace and flexible arrangements for employees as required.

- The Group deployed its resources in an agile manner to continue servicing customers (work schedules being reorganised on the hop as the unexpected confinement took hold, emergency deliveries at beginning of lockdown to ensure clients could work from home, rapid change-over of product offerings to deliver new requirements like hand sanitisers).

- Amidst the chaos and confusion that ruled 2020, that same year witnessed a marked increase in awareness about climate change and the importance of preserving our natural and social environments. Our teams voluntarily contributed to the patriotic effort against the Wakashio oil spill and supported the poorest in our community, during the lockdown. We are also pleased to communicate on our first year of progress on the Harel Mallac Planet Goals 2025 in the present report.

- Headline numbers fortunately do not tell the whole story; there are promising green shoots which comfort us in our ongoing drive to transform the business operations. Our transition towards services saw the Technology division reporting double-digit growth (well above the sector average) and at an operational level, the Group managed to contain losses before finance costs to Rs 33 million in less than favourable circumstances (2019: loss of Rs 35 million on a comparable basis).

As one of the longest-standing operators in the Mauritian economy, Harel Mallac believes in taking the long-term view and continues to invest in our people, systems and portfolio in spite of the recent challenging times, to build our capabilities for enduring sustainable gain.

STRATEGIC CONTEXT

2020 saw the harshest economic environment for Mauritius in decades (a recession of 15%+ compared to growth in the preceding year), with Statistics Mauritius reporting that the major sectors served by the Group suffered:

- Yet another decline of 2% in agriculture after finally returning to growth of 4% in 2019 following two consecutive years of contraction;
- A collapse of 32% for textile in 2020 on top of the contractions experienced in the last three years;
- A down-cycle of 25% in construction (2019: growth of 9%);
- A reduction in wholesale and retail trade activity of 12% compared to growth of 3% in the comparative year;
- Declining momentum in the Information and Communication sector where growth struggled below 5% (vs. 6% in 2019);
- A marked slowdown in the tourism sector which shrank by 82% in 2020 after a minor stagnation at negative 1% last year.

No economic operator in Mauritius would be expected to come out unscathed from such an adverse set of circumstances and although the conglomerate nature of the Group helped us cope better than less diversified players, 2020 still severely exposed our reliance on a limited number of key markets.

Given the prevailing uncertainty and with prospects of recovery in Mauritius unclear at best, certain strategic decisions were taken:

- The Group withdrew from activities where it did not believe it would be able to build a market-leading position on its own in the short-term (disposals of its controlling stakes in the management company business in 2020) and seized the opportunities to crystallise appealing returns on existing investments (exit from Corexsolar Group in 2021, where the headline consideration of €1.25 million represents a substantial capital gain from our 2018 Rs 21 million initial investment).
- Redeploying resources thus released into growing our indoor ventilation business, already a core competence of Novengi which will become the sole owner of the Aldes Group operations in Reunion as well as Mauritius within 3 years.
- Realisation of 'surplus' property assets not generating significant rental yield nor being developed for group operational purposes to reduce debt and provide greater financial flexibility.

FINANCIAL PERFORMANCE

The financial performance of our Group, with losses at the operational level (PBFC), reflects the challenges faced in 2020:

- The Travel division bore the direct impact of the crisis, with the Mauritius airspace closed substantially from March 2020 till the end of the year, but all our other divisions also reported declining operating profits from second order repercussions as the economy reeled from the tourism sector standing still, the accompanying depreciation of the local currency as well as the squeeze on local household income and purchasing power amongst other disruptions.
- This performance still demonstrated the resilience of our business model since sectoral diversification allowed us to lessen the impact of COVID-19 with positive signs where the Technology division and our local fertilizer business actually managed to grow revenues above the sector average. It is a welcome reminder that the ongoing crisis will throw up opportunities for certain operations which we should be ready to seize.
- Our Tourism & Hospitality associates (the majority by assets) were similarly in the front lines and experienced a negative swing of Rs 160 million in share of losses to contribute Rs 98 million to the Group's overall losses but our engineering, construction and energy holdings were not spared and collectively added another Rs 31 million in share of losses (vs. Rs 30 million of profits in 2019).

The ongoing challenges facing the business community and Harel Mallac led the Board to adopt a prudent approach and resolve not to proceed with a dividend pay-out for the year ended 31 December 2020 (2019: Rs 1.40).

ACKNOWLEDGEMENTS

On behalf of the Board, I would like to say how deeply thankful I am to our employees who have risen to the challenge and lived our principles by showing agility in adapting to new ways of working, care in finding solutions to the novel problems faced by our consumers and trust in delivering their commitments to the Harel Mallac team despite these most unusual circumstances.

I would like to also thank our customers, suppliers and financial partners for their continued trust in Harel Mallac.

Paul Clarenc, after serving the Board for 15 years, did not present himself for re-election at the last annual meeting. I hereby express my sincere gratitude to Paul for his unflinching dedication and support through these years; his sharp business acumen and his wisdom and contagious good humour will be missed by my fellow colleagues and myself.

The support and advice of my fellow directors have proven invaluable throughout this period and I wish to express my appreciation to the CEO and his team for steering the Group through these transformative times.

ANTOINE L. HAREL
Chairman

CEO's Report

Dear Shareholder,

The Covid-19 pandemic has dominated the year 2020 in ways that no one could have predicted and confronted all of us with unprecedented challenges and decisions. Harel Mallac felt warning signs, with disruptions in our supply chains from China, early in Q1 and although planning for business continuity purposes started early, none of our scenarios anticipated the length and ongoing financial impact of the crisis. The immediate impact of a previously unheard-of lockdown and a closure of our borders directly affected the tourism sector and cascaded into secondary effects like a depreciating currency, distressed corporate clients and loss of consumer disposable income which are reflected in our numbers for the year.

OUR RESPONSE TO THE COVID-19 CHALLENGES

Early March 2020, we proactively set up a Covid-19 Task Force at the level of the Group under my leadership, to address the multiple aspects of the impending pandemic crisis. Whilst the safety of our employees was our immediate priority, we equally focused on our customers and our community, by taking bold steps such as:

- The immediate roll-out our agile work policies such as Work-from-Home (WFH), to ensure business continuity and customer service, while allowing our people greater flexibility in organising themselves, given the disruptions in their everyday lives (school closures, personal health considerations, etc).
- Steps to shore up liquidity in all our operations, through strict monitoring of working capital, cash flow position and short-term forecasts, while being supportive to our business partners who also faced difficult financial situations.
- The management, staff and members of the Board of Directors engaged in voluntary pay cuts, as well as temporary suspension/reduction of some contractual benefits.

The overarching objective was then to ensure that no Harel Mallac business goes under during these difficult times and I am pleased to share that it was met as at December 2020.

OUR FINANCIAL PERFORMANCE

Amidst a highly stressed economic/business environment, our sectoral diversification provided a shield to the worst effects of the economic downturn. We have, for instance, seen our Technology Division and the local fertiliser business of MCFI reporting higher sales versus 2019 (thus exceeding their respective industry growth). The breadth of our activities also allowed us to pivot to more 'in-demand' items and new markets during the pandemic. We surfed the home-delivery trend by launching two e-commerce platforms where products of Linxia and Archemics were made available to our consumers. We have received continued support from our business partners and peers. Subsequently, the Group succeeded in mitigating the impact of the Covid-19 crisis and only registered an 11% contraction in revenue compared to 2019.

Our major divisions were able to contain their cost base and lower their operating leverage to - at least partially - offset the impact of the recession. This reflects our past restructuring decisions now bearing fruits: the MCFI Group in particular, which was the focus of our reorganisation over the past two years, has managed to take out Rs 69 million of overheads by 2020 compared to 2018. Such results should continue as the Suchem acquisition (completed in 2020) will undoubtedly bring more synergies in terms of shared customers, complementary products, expertise as well as prospects for international growth. Overall, the Group made year-on-year operational savings of more than Rs 150 million.

The above did not however fully cater for the impact of a lower turnover in our operating results which reported a loss before finance costs of Rs 33 million (2019: Rs 35 million loss) nor the under-performance of our associates and joint-ventures which contributed another Rs 129 million loss (2019: Rs. 93 million profit) so that our continuing operations registered loss after tax amounting to Rs 318 million vs. Rs 154 million in 2019.

In the current context, a strong balance sheet provides the confidence necessary to tide us through the short-term turmoil to deliver on the long-term potential of the Group. On that basis, the Group monitors:

- The net debt position, which increased by Rs. 64 million, driven mostly by the results of the Group. However, as a silver lining, it should be noted that the Group holds the confidence of its lenders; in the course of 2020 the Group was able to refinance at lower interest cost with lower net interest cost compared to 2019 and continue to finance its expansion (see below for Novengi's investment project).
- The non-current investments where the associates in particular were severely impacted by the pandemic (directly exposed for the hospitality assets but also indirectly for our energy and construction associates which were hit by the lockdown restrictions). In 2020, we were able to realise 'surplus' assets (e.g. low-yielding rental properties with limited medium-term prospects of being redeveloped for the Group's operations) at a significant profit despite the difficult market conditions, demonstrating the underlying value of our portfolio.

OUR COMMITMENT TOWARDS SOCIETY AND THE ENVIRONMENT

In the present report, I am proud to present our first-year progress on the thirteen Planet Goals 2025, which were published in December 2019 and address our impact on water, energy, waste, ethical trade and diversity. While some of our projects were delayed in 2020 due to the sanitary containment measures, we were pleased by the genuine "prise de conscience" throughout the Group on the themes we address and the goals themselves. This certainly mirrors the increasing global awareness of the impacts that humankind has on its environment and social equilibrium.

OUR OUTLOOK FOR 2021 AND BEYOND

Harel Mallac being recognised as a trust-worthy partner for both local and regional markets by major multinationals, has signed several distributorships with recognised global leaders in 2020 and is confident that the flow-on benefits will be visible as from 2021.

I am particularly pleased to announce that following successful negotiations with Aldes Aéraulique, a major French global player in the indoor ventilation business, the Group acquired via Novengi, its local operations in Mauritius and Reunion. This will not only further strengthen Novengi's core competencies in the HVAC (Heating, Ventilation and Air Conditioning) business but also provide, through a distributorship agreement, access to a whole range of Aldes products for numerous territories in the region, in East-African countries and Sri Lanka.

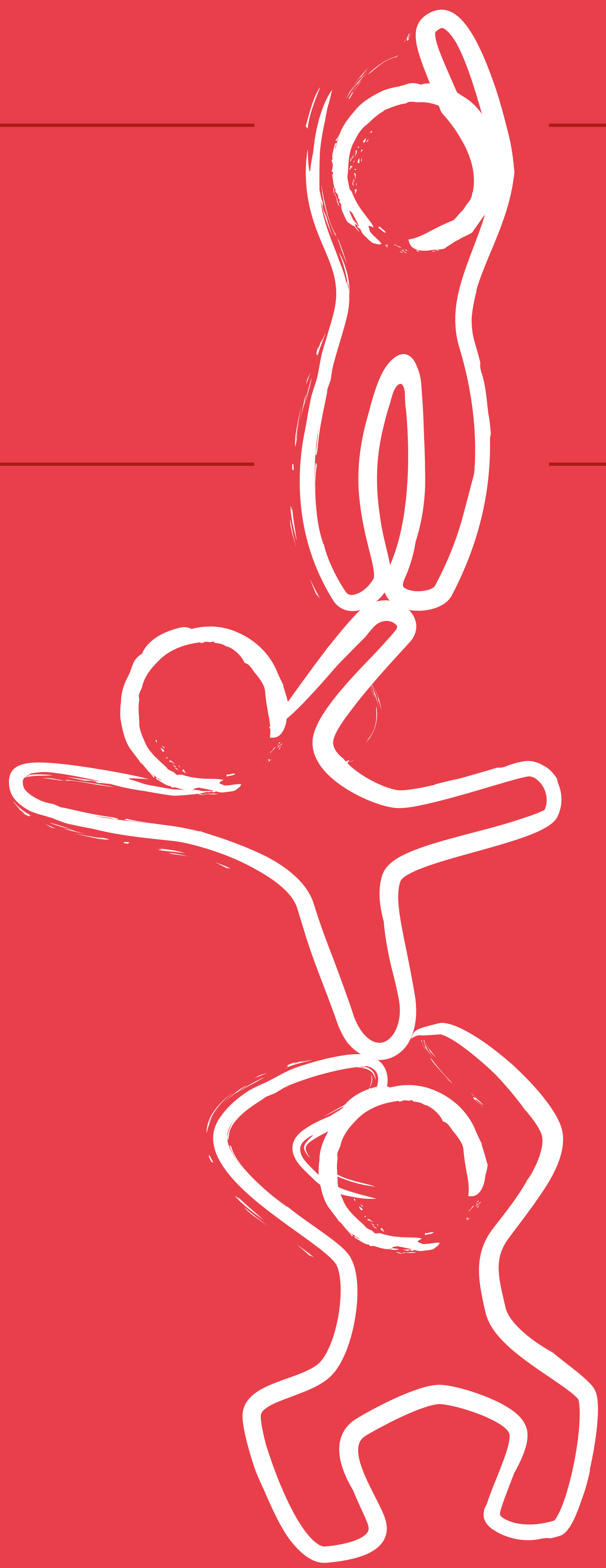
Vaccination progress both locally and in our main overseas markets, together with the announcement of the opening of our borders, offer hope on the resumption of international travel but the recovery of the local tourist industry (and hence the improvement in the economy to at least unwind the negative demand shocks felt by our businesses in 2020) will depend on the propensity of visitors to return to our island. Significant positive impacts on our economy will probably only be felt as from 2022. It is hence crucial for both the public and private sector to work hand-in-hand to ensure that the country comes out of the Covid-19 crisis more resilient and able to deliver sustainable and inclusive development for the benefit of all our fellow citizens by reviewing the recent changes brought to the fiscal structure (e.g., new taxes like the Contribution Sociale Généralisée, solidarity levy) which introduced uncertainty into a previously stable taxation system and may prove a burden on business in Mauritius.

For our Group, the near future will likely require considerable agility from our people to reap the fruits of the strategies built over the last years while remaining cautious and frugal. We will relentlessly accompany our customers and employees through this exciting journey to the 'new normal' to be built by one and all.

I take this opportunity to thank the Leadership Team and all the employees of the Harel Mallac Group for the resilience, care and trust shown in these testing times, and to the Board of Directors for its unwavering support.

CHARLES HAREL
Chief Executive Officer

AGILITY



Our Group at a Glance

5 Divisions

23 Companies

Ranked **33rd**

in the Top
100 Mauritian
Companies (2020)

875 Employees

INTERNATIONAL PRESENCE

Mauritius
Madagascar
Burundi
Rwanda
Tanzania
Zambia

Purpose and Guiding Principles

At Harel Mallac, we strive to Make a Difference for the Better of our People, our Performance, our Consumers and our Planet. Because Better begins with each of us, our commitment is fuelled by fundamental guiding principles that define the way we do business.

Agility
& Determination
in achieving

Care
& Engagement
in what we do

Trust
& Responsibility
in our relationships

These principles guide our actions and behaviour and influence the way we serve our various stakeholders. During the difficult year of 2020, they proved an essential compass to all our management decisions, to ensure that we kept progressing as a team.

Our Group Structure

OPERATIONAL DIVISIONS

EQUIPMENT & SYSTEMS

- Novengi
- Corexsolar International
- EO Solutions
- Linxia

CHEMICALS

- Archemics
- The Mauritius Chemical and Fertilizer Industry (MCFI Group)

TECHNOLOGY

- Harel Mallac Technologies

FINANCIAL SERVICES

- Harel Mallac Corporate Services

TRAVEL

- Harel Mallac Aviation
- Itineris

INVESTMENTS

PROPERTY

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

ASSOCIATES

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

Business Overview

EQUIPMENT & SYSTEMS (EO SOLUTIONS, LINXIA AND NOVENGI)

This division spans the supply, installation and/or servicing of equipment and industrial systems covering such activities as:

- Digital printing, cash processing, imaging and mailing management (EO Solutions).
- IT, consumer electronics and home appliance products (Linxia).
- Connected engineering equipment for turnkey solutions in the hospitality, manufacturing, warehousing, and logistics industries, as well as scalable smart building solutions for monitoring and automating all aspects of any building (Novengi).

Corexsolar International, which focused on photovoltaic energy, was classified as discontinued operations in the accounts (disposal completed in January 2021), following an attractive offer received from our minority partner, and comparatives were restated accordingly.

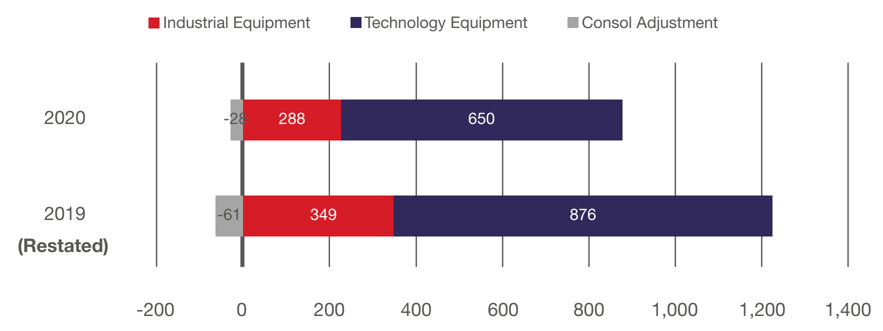
2020 was one of the most difficult years recorded by the division, performance-wise: revenue fell by over 28% to Rs 0.9bn, while profit before finance costs (PBFC) swung to a loss of Rs 3m (2019 profit of Rs 52m). Any business review would paint an incomplete picture if we did not flag:

- The inhospitable environment for the top line (and, hence, gross profit):
  - The lockdown froze our sales operations for a significant period in 2020 but also had second order effects on supply chains (leading to physical unavailability of in-demand stock) and lower economic activity in a number of key sectors (e.g., tourist arrivals were down 78%). This naturally translated into lower demand for our B2B offerings.
  - The wholesale and retail trade sector contracted by 12% in 2020, led by declining purchasing power of consumers and driving a major electrical/electronic retailer into bankruptcy, directly impacting Linxia.
  - Gross fixed capital formation went down 27% in 2020, reflecting the understandable reluctance to commit to capex spending in such uncertain times but cascading into delayed projects for our companies.
- Higher costs associated to the economic conditions:
  - The disruptions from the pandemic led to higher costs, such as deteriorating terms of trade whether freight for our imports, depreciation of Mauritian Rupee vs. the currency of most of our imports, etc.
  - Some partners went into default on their obligations to our companies, with Linxia, on its own, recording exceptional Rs 39m specific debtor impairment.
- Management efforts to mitigate the impact of the above during 2020:
  - Linxia leveraged its existing presence/portfolio to gain market share for the Candy home appliances brand in Mauritius and is also successfully exporting to Madagascar with Myros.
  - EO focused on its cash processing segment, being less affected by the recession, and managed to secure significant contracts locally and overseas.
  - Novengi fleshed out its Mechanical, Electrical and Plumbing (MEP) offerings and actively engaged in new ventures with partners (including signing up new distributorship for recognised global leaders like Johnson Controls International for HVAC systems, Socomec for Uninterruptible Power Supplies and Dalkia Froid Solution for refrigeration solutions) although the long lead times in tenders mean that the benefits should hopefully flow in the next accounting period.
  - We also emphasized our product offerings likely to be relevant to our consumer priorities in the current sanitary crisis, from thermal scanners at EO Solutions to Dynamic Fogging and Hydrokleen maintenance cleaning solutions at Novengi.

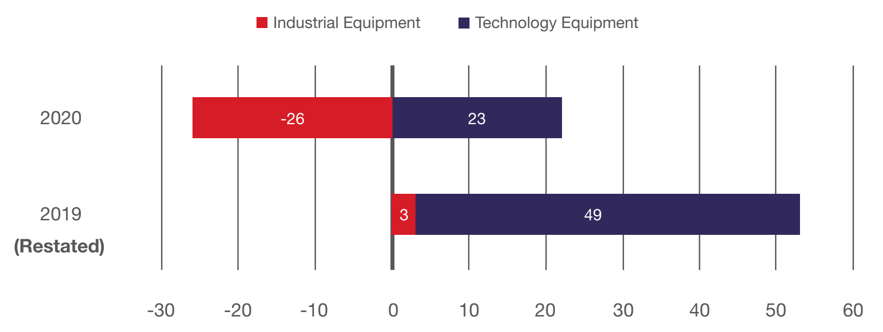
2021 could be another challenging year for the division given the continuing unpredictability of the Covid-19 crisis, with a second lockdown having already hit our business. Continuous operational improvements remain our roadmap out of the crisis, with plans to tackle both:

- The consumer experience through the launch of Linxia's e-commerce direct-to-consumer platform, digital solutions to transform the workplace under EO Solutions, offering a full-fledged MEP contracting solution at Novengi and a bigger presence in the regional markets.
- The internal processes to deliver agility and cost containment measures to restore the long-term viability of the business.

Revenue (Rs m)



PBFC (Rs m)



CHEMICALS (ARCHEMICS AND 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).

2020 was quite eventful for the division, ending with revenues down to Rs 1.5bn from Rs 1.7bn in 2019, while PBFC still saw a Rs 30m loss (but itself an improvement from the prior year Rs 40m loss despite a more challenging economic environment):

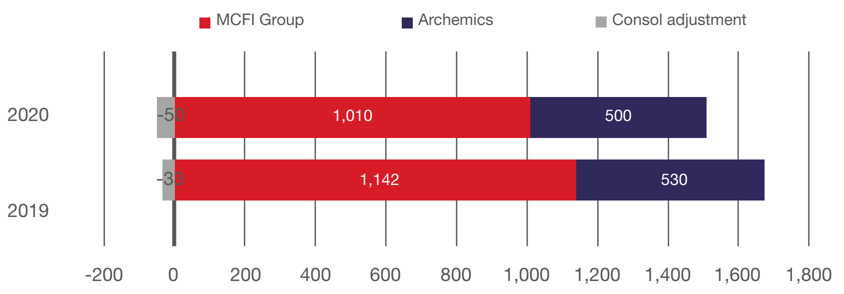
- MCFI Group ongoing restructuring
  - The integration of Suchem into the MCFI Group completed legally in July 2020, with the Covid-19 lock-down in the first half of the year delaying plans for the speedy combination of the related agricultural and chemical activities.
  - Coolkote activities were wound down with an exceptional hit of Rs 7m, given its sub-scale presence in the construction contracting business.
  - Tanzania activities under-performed following the loss of a major customer, with a new operating model in place effective from Q1 2021 to reduce risks taken in volatile economic conditions, leading to one-off provisions made for inventory, debtors and tax worth Rs 34m.
- The diversified chemicals portfolio helped mitigate the worst impacts:
  - The core MCFI fertiliser business demonstrated its defensive qualities to deliver an actual increase in sales (and hence gross profit), despite the agricultural sector contracting by more than 2% in 2020, with declining exports being the sole exception attributable to delays imposed by the pandemic and also a decision to trim exposure to risky overseas debtors.
  - Our industrial activities were more exposed to the prevailing economic trends (manufacturing declined by 20%) and hence Bychemex, Chemco and Suchem suffered declining sales overall in basic, textiles or agriculture chemicals reflecting the recessionary conditions while other product lines (e.g., refrigeration, laboratory, equipment) at best provided a marginal improvement.

CHEMICALS (ARCHEMICS AND MCFI GROUP) (CONT'D)

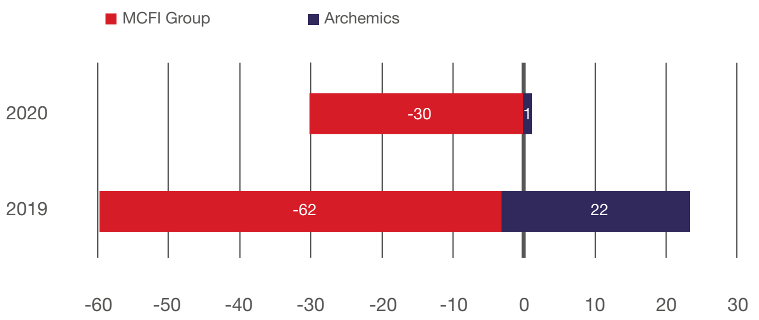
- More consumer-facing business at Archemics demonstrated better resilience with revenues down by less than 6% (compared to a 12% decline in the wholesale-retail trade sector and an 81% collapse in tourism), helped by a pivot towards more in-demand segments in its portfolio like sanitisers and cleaning products where it is the main supplier in Mauritius. However, being forced to reorganise activities in the midst of a pandemic impacting major customers did have costs with additional one-off provisions of Rs 14m for inventory and impaired assets.

Management priorities for 2021 thus remain:
- Efficiency gains to rebuild margins and profitability given the highly uncertain market conditions (e.g., unknown timeline for the hospitality sector to return to pre-pandemic size, declining consumer purchasing power and weak international demand for our export sector). Increased integration to extract the maximum synergies between our related activities and careful redesign of our business processes, including through digitalisation, will be key to achieving this objective.
- Market development into related activities, including moving towards a service-based business model, and in exploiting our existing product portfolio overseas will be the focus of our efforts on revenue optimisation.
- Creating a strong domestic base from which to service the African markets while minimising the risk exposure to their more volatile conditions.

Revenue (Rs m)



PBFC (Rs m)



TECHNOLOGY (HAREL MALLAC TECHNOLOGIES AND ACTIVELINE)

Harel Mallac Technologies is a leading technology integrator in the countries where it operates, delivering IT Infrastructure, Cybersecurity, Fintech, Business Automation and Building Technology solutions. It also provides remote Managed Services for both Infrastructure and Applications, as well as certain Business Process Outsourcing (BPO) operations.

2020 was a mixed bag for the division: it managed revenue growth up more than 12% (well above the reported economic growth in the Information and Communication sector of 5%) to Rs 697m despite the disruptions of the Covid-19 pandemic, partly explained by increased revenue from its overseas subsidiaries, while divisional PBFC slumped to a loss Rs 19m (2019: Rs 4m loss). This mainly reflects:

Business Overview (continued)

TECHNOLOGY (HAREL MALLAC TECHNOLOGIES AND ACTIVELINE) (CONT'D)

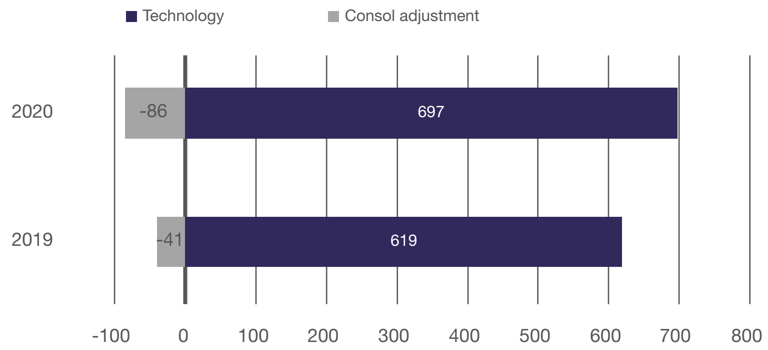
The continuing turnaround in our overseas entities which saw both growth in revenues (up 37% to Rs 146m) and operating profits (PBFC of Rs 10m vs. Rs 3m in 2019)

The core Mauritius entity experiencing:
- Higher product sales during the year but services revenue suffered as customers delayed projects given the impact of the pandemic with this sales mix leading to an overall negative impact on gross profit margins.
- Cost inflation arising from the unexpected steep depreciation of the Mauritian Rupee and significant increases in freight costs on existing contract commitments which more than offset the efficiency gains realised in the year.
- One-off costs like reorganisation expenses and accelerated depreciation of more than Rs 5m from changes in the operating model.

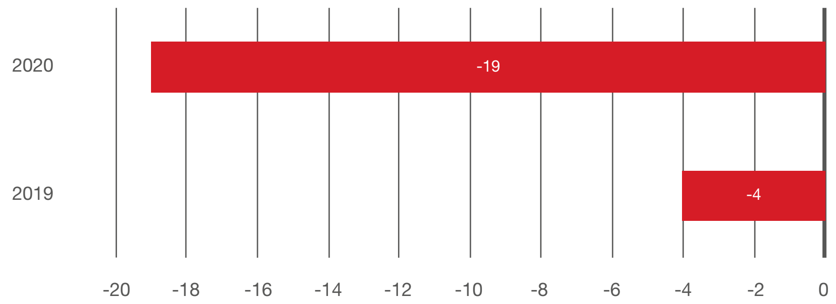
However, management does not expect the pandemic to be an overall negative for the division in the medium to long-run as:
- Businesses across all industries are being forced to innovate and digitally transform as part of their own business continuity measures and this will open up new opportunities for our own product/service offerings.
- Our business model has demonstrated its agility through the stress-test of the pandemic disruptions. We adapted our processes and systems and engineered a 'smooth' transition to a hybrid Work-From-Home model that ensured both our frontline and support teams were able to support our clients through the worst of the crisis.

The priority for 2021 remains to tap the existing and newly identified prospects, including the new partnership with a European BPO player, while enhancing further the operational excellence of the division.

Revenue (Rs m)



PBFC (Rs m)



TRAVEL (ITINERIS AND HAREL MALLAC AVIATION)

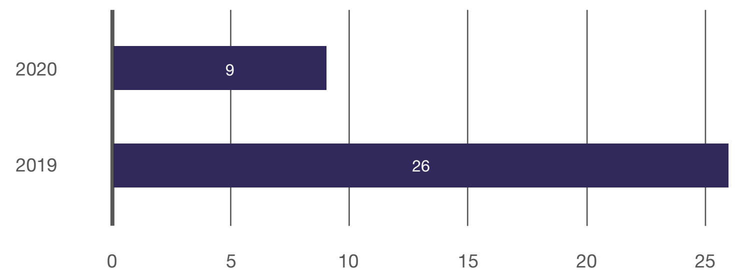
Our travel division comprises of:

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

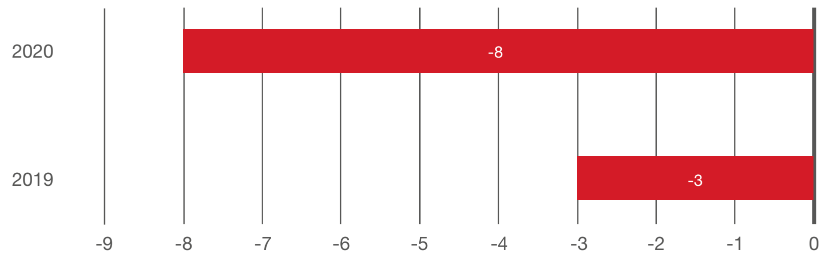
2020 was nothing short of catastrophic for the travel business. In common with the rest of its industry peers, the Covid-19 pandemic devastated the business with passenger traffic inbound down 76% and departures down 74% compared to 2019 as the national borders were closed down, starting in March and lasting until September 2020.

Revenues accordingly dropped 65% to only Rs 9m in 2020 while operating losses rose to Rs 8m (2019: Rs 3m). Prospects for 2021 will critically depend on the impact of the Covid-19 pandemic on the travel/tourism industry and in the absence of short-term visibility, continued efforts will be made to preserve cash flows and drive efficiency to be able to rebuild during the recovery period.

Revenue (Rs m)



PBFC (Rs m)



FINANCIAL SERVICES (HAREL MALLAC CORPORATE SERVICES)

Harel Mallac Corporate Services provides predominantly share registry services on both an in-house and outsourced systems basis.

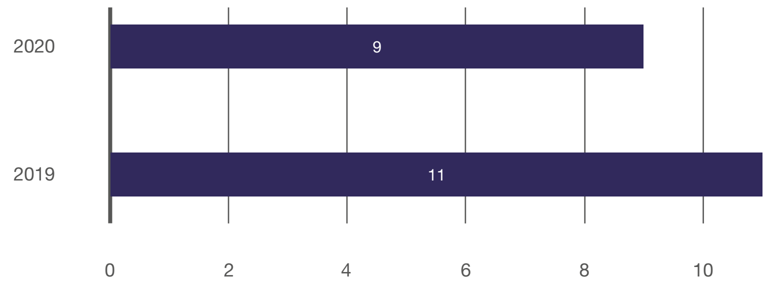
It should be noted that Harel Mallac Global, our management company, and Harel Mallac Advisory which provided advisory services to same portfolio, are discontinued operations sold in August 2020, and comparatives were restated accordingly. Although their restructuring showed promising signs (a PBFC of Rs 2m reported in 2020), their sale to an expert partner in the field was considered the best way forward for our clients and our people to fulfil the growth ambitions of the business.

Financial and insurance activities in Mauritius were not immune to the general morose economic environment, with growth slowing to 1%. Harel Mallac Corporate Services suffered a 25% hit to revenue which was down to Rs 9m and was marginally profitable at PBFC level, impacted by the deterioration in business sentiment and subsequent reduction in overall corporate transactions.

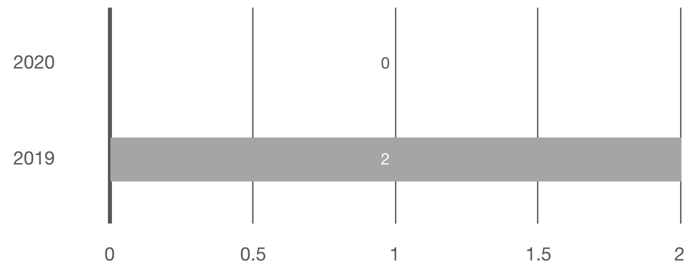
The strategic priority in 2021 remains new client acquisition and containing costs to reflect the challenging market conditions whilst maintaining the highest standards given the ongoing regulatory changes.

FINANCIAL SERVICES (HAREL MALLAC CORPORATE SERVICES) (CONT'D)

Revenue (Rs m)



PBFC (Rs m)



INVESTMENTS

This cluster comprises investments in:

- Associates – Attitude Hospitality Management, Biofert, Emineo Holding, Maritim (Mauritius), Rehm Grinaker Construction, Societe Oneo, Total Mauritius, Touristic United Enterprise, Water Sport Village and Zilwa Resort.

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 to Rs 1.0bn from Rs 1.1bn in prior year, driven mainly by the losses made in 2020 as our associates were hammered by the economic impact of the pandemic, with 2020 share of losses consolidated being Rs 124m. The deterioration from the Rs 99m profit contribution in 2019 is attributable to:

- Our hospitality investments being in the front line of the Covid-19 disruptions, with practically no tourist arrival into Mauritius since March 2020. Unsurprisingly, all our investments in this sector went into reverse, reporting a combined Rs 98m share of losses instead of Rs 62m profits in the comparative period.
- Similarly, progress at our engineering and construction associates went into reverse, with Emineo and Rehm Grinaker contributing losses of Rs 29m (2019 share of profits Rs 6m) to the Group's share of associate profits.
- Total Mauritius managed to remain profitable but contributed only Rs 4m as its operations were impacted by the lockdown and closure of the airspace impacting demand for its products, down from Rs 31m in 2019.

- Joint ventures – Solar Field

Losses at Solar Field decreased by Rs 1m to Rs 6m in 2020, which can be attributed to two main factors:

- Production shortfalls impacted by breakdowns in the first half of 2020, with the lockdown and pandemic disruptions in supply chains impacting our ability to implement the operational maintenance.
- Unrealised foreign exchange losses of Rs 4m arising from depreciation of the Mauritius Rupee given the US dollar debt financing structure of the joint venture.

It should be noted that SPV Petite Riviere was reclassified as discontinued operations in 2020, as it was part of the Corexsolar International disposal completed in 2021.

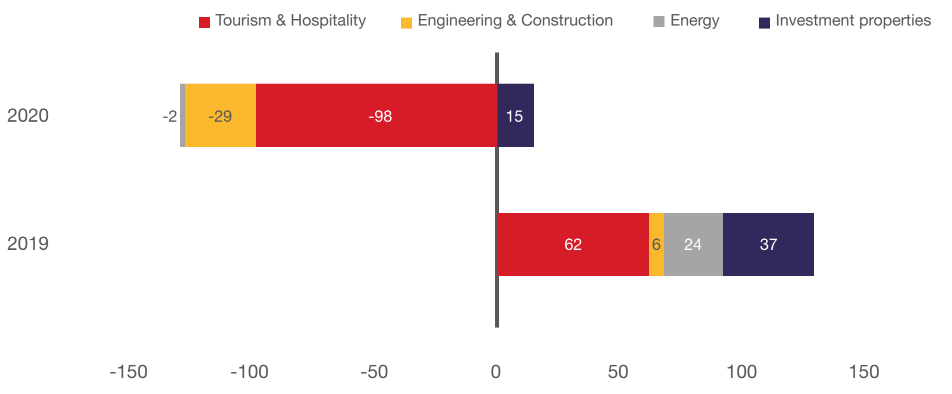
ASSET MANAGEMENT (CONT'D)

- Property

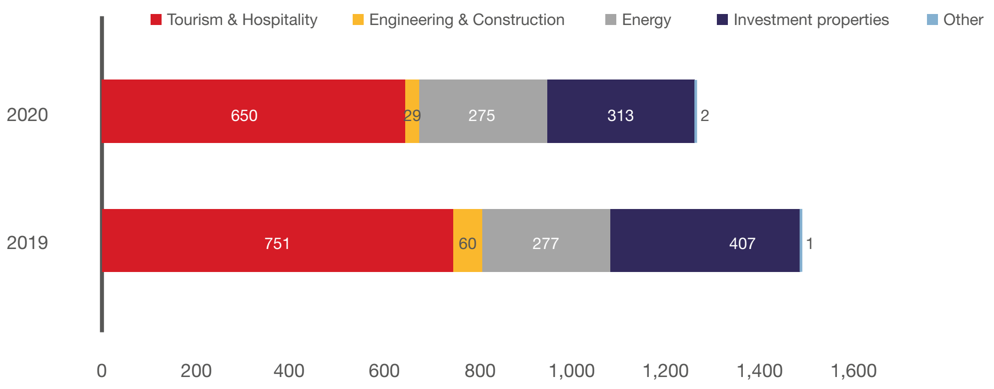
Harel Mallac holding companies manage a portfolio of investment properties, located mainly in and around the Port Louis area. The property market remains challenging, with the planned development of smart cities and moderate economic growth limiting demand for rental space.

As part of the ongoing investment review process and in view of the current economic crisis, management disposed of Rs 41m of investment property with limited rental yields to crystallise significant gains of Rs 31m and boost the liquidity position of the Group and reallocated Rs 51m to Property, Plant and Equipment for use in Harel Mallac's own operations. Excluding the one-off disposal gains, the portfolio contributed Rs 15m to the Group's profits in 2020, the decrease from the Rs 37m brought in 2019 mainly attributable to a one-off Rs 17m fair value gain in 2019. Management remains focused on maximising value from this significant Group asset.

Share of profit/(loss) (Rs m)



Value of Investment (Rs m)



Sustainability Report

MEASURING OUR PROGRESS TOWARDS THE PLANET GOALS 2025

The Harel Mallac Planet Goals reflect our strong conviction that a greener and more inclusive planet is essential to the survival and prosperity of our businesses. They are aligned with the Sustainable Development Goals of the United Nations and formalise our ambition to deliver superior shared value for all by 2025.

We are proud to share below our progress on the 13 identified Goals, which were launched in 2020, a year where natural disasters, a global pandemic, lockdowns and the culmination of social disbalances convinced us all of the emergency to tackle climate crisis and social exclusion and injustice, hand in hand with our stakeholders.

Trade Ethically	
1. By 2025, we will integrate Environment / Social / Governance (ESG) criteria in our selection of suppliers. 2. In 2025, we will eliminate products that are proven destructive to biodiversity. 3. By 2025, we will raise the weightage of environmentally-sound products by 10% in each BU's portfolio. 4. By 2025, we guide our consumers on the responsible and sustainable use of our products. 5. By 2025, we will optimise our packagings, while maintaining compliance with international standards.	12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Rethink Energy	
6. By 2025, we will reduce our energy consumption (excl. production) by 25%. 7. In 2025, 30% of our energy will come from renewable sources. 8. By 2025, we will optimise our vehicle fleet both in numbers and fuel efficiency.	7 AFFORDABLE AND CLEAN ENERGY 11 SUSTAINABLE CITIES AND COMMUNITIES
Manage Waste	
9. By 2025, we will stop purchasing single-use plastics and non-recyclable materials. 10. By 2025, we will reduce our paper consumption by 30%. 11. By 2025, all our waste will be recycled or disposed of responsibly.	12 RESPONSIBLE CONSUMPTION AND PRODUCTION 15 LIFE ON LAND
Save Water	
12. By 2025, we will reduce our usage of water for operations (excluding manufacturing facilities) by 25%.	6 CLEAN WATER AND SANITATION
Advance Diversity	
13. By 2025, we will achieve gender equity in our staff.	5 GENDER EQUALITY

Beyond our Planet Goals, Harel Mallac has pledged to SigneNatir, the network launched by Business Mauritius in 2020 to reach a sustainable and inclusive Mauritius. One of our companies, Archemics, also joined the United Nations Global Compact in 2020.

The scope of Harel Mallac's past and present sustainability reports covers our operations in Mauritius only.

ETHICAL TRADE

We believe that it is our duty to source quality products from suppliers who respect the environment, social justice and good governance. We also strive to propose solutions that meet the same criteria and sensitise our customers and end-users on their optimal use and responsible disposal.

1. BY 2025, WE WILL INTEGRATE ENVIRONMENT / SOCIAL / GOVERNANCE (ESG) CRITERIA IN OUR SELECTION OF SUPPLIERS.

20%

Action 1.1: Adopt a Responsible Sourcing Policy per division.

Our **Equipment & Systems division** has a Responsible Sourcing Policy since 2019. The **Chemicals** and **Technology** divisions are preparing same for 2021.

Action 1.2: Screen Suppliers according to ESG criteria.

During the year under review and in the wake of our Data Privacy Framework roll-out, all business units (BUs) were remitted a new Supplier Onboarding Form (SOF) containing ESG criteria , to register their suppliers and service-providers. Only **MCFI** started using the SOF in 2021: out of 150 suppliers, 36 have registered through the SOF. Our other business units have started monitoring in 2021.

We also record our suppliers and business partners' membership to networks such as SigneNatir or the UN Global Compact, in our ERP.

Action 1.3: Favour local products and suppliers to advance a circular economy.

At Harel Mallac, we are convinced of the necessity to promote the local savoir-faire and give priority – where feasible – to local solutions. To this end, we have integrated the Made in Moris label in our ERP and our SOF criteria, the monitoring of which has started in 2021.

2. IN 2025, WE WILL ELIMINATE PRODUCTS THAT ARE PROVEN DESTRUCTIVE TO BIODIVERSITY

25%

Archemics has ranges of products that are labelled "Made in Moris".

Action 2.1: List concerned products and plan feasible way-outs and replacements.

In 2020, we identified 174 products in our portfolio which are hazardous to biodiversity.

Chemco and **Novengi** operate in the air-conditioning and refrigeration sectors and import refrigerant gases. In line with the Kigali Amendment to the Montreal Protocol (signed by Mauritius in 2019), Mauritius is phasing out from Hydrofluorocarbons (HFCs) by 2025 and replacing them with more climate-friendly alternative refrigerants such as R32 (for air-conditioning) and 134a and 404a. **Chemco** has already stopped importing HFCs, and **Novengi** is currently phasing out of same.

Suchem trades a wide range of crop protection chemical products. The company conducts trials to substitute organic or non-toxic products for them: in 2020, two certified bio-pesticides and five non-hazardous alternatives were proposed to the agricultural community.

ETHICAL TRADE (CONT'D)

3. BY 2025, WE WILL RAISE THE WEIGHTAGE OF ENVIRONMENTALLY-SOUND PRODUCTS BY 10% IN EACH BU'S PORTFOLIO.

25%

In December 2020, our business units had a combined total of 10,461 product references in their portfolios, among which 550 had an internationally recognised environmental certification or rating.

Action 3.1: Where involved in the product conception, factor environmental and life-cycle considerations in our R&D.

Archemics ensures that its homecare detergents, personal care range and industrial detergents all meet the Environmental Safety Check criteria of the International Association of Soaps, Detergents and Maintenance Products (A.I.S.E).

Action 3.2: Scout for new products that have ecologic labels and certifications.

Linxia has widened its white-goods line with new Candy equipment which all rate A to A++ on energy-efficiency certification. Besides the gradual switch to more ecological refrigerant gas, **Novengi** has launched a new range of energy efficient air-compressors by Kaeser (an Energy-Star Partner).

RAW MATERIALS CONSUMPTION

Renewable chemicals (-10%)

Non-renewable chemicals (-23%)

Packagings (-14%)

4. BY 2025, WE GUIDE OUR CONSUMERS ON THE RESPONSIBLE AND SUSTAINABLE USE OF OUR PRODUCTS.

40%

Action 4.1: Provide relevant information on the environmental impacts of our products.

Although it applies to all products trades by our companies, this action is most material for our chemical solutions produced and / or packed in Mauritius. In 2020, all our products fulfilled this criterion, except for **Suchem**' sprayers.

Action 4.2: Educate consumers on the responsible use and disposal of our products.

Our **Equipment & Systems** division and **Archemics** have started creating online content which will improve our consumer experience, in the optimal use of our products, for maintenance tips and troubleshooting. This is displayed notably in Archemics' new e-commerce website.

5. BY 2025, WE WILL OPTIMISE OUR PACKAGINGS, WHILE MAINTAINING COMPLIANCE WITH INTERNATIONAL STANDARDS.

50%

Action 5.1: Reduce single-use and non-recyclable packaging.

Archemics has taken the lead on this topic via many projects among which:
- a "bottle-refill" project for detergents in its showroom and at customer sites, which should be rolled out in 2021.
- the review of labels to include voluntary environmental instructions such as waste reduction and the 3Rs.

the refilling of personal care products' bottles intended for hotels (ongoing with Attitude Hotels and in development with others).

Sustainability Report (continued)

ETHICAL TRADE (CONT'D)

Action 5.2: Favour online user manuals, notices and other instructions documents.

No progress was noted on this action for the year under review, but **Archemics** and **Linxia** committed, early 2021, to make such documents available on their respective websites.

RETHINK ENERGY

6. BY 2025, WE WILL REDUCE OUR ENERGY CONSUMPTION (EXCL. PRODUCTION) BY 25%.

25%

We measure our electricity intensity in terms of Gigajoules (Gj) per full-time employee (FTE) per year. Our baseline for this indicator is 8.26 Gj per FTE in 2019 (7,355 Gj for 891 employees), and we aim at 6.2 Gj per FTE in 2025.

In 2020, our operations used 6,295 Gj of electricity (equivalent to 7.72 Gj per FTE), a 7% reduction from 2019.

Action 6.1: Conduct energy audits for all Business Units.

None of our companies has conducted energy audits in the year under review. Both **MCFI** and **Archemics** are planning same for 2021, in collaboration with the Energy Efficiency Management Office and the Programme National d'Efficacité Energétique.

Action 6.2 Optimise usage of electric appliances.

During the year under review, we conducted an internal group-wide sensitisation campaign on energy savings and tips for an efficient and safe use of IT and other electric equipment.

7. IN 2025, 30% OF OUR ENERGY WILL COME FROM RENEWABLE SOURCES.

55%

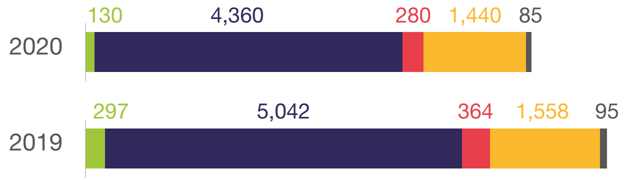
Our Group sources the largest share of its electricity from the national grid, which is generated mainly from fossil sources (78.3%). The Mauritian government plans to increase use of renewable sources of energy for electricity generation from the current 21.7% to 40% by 2030 , a commendable vision to which we contributed in 2020 by launching two photovoltaic plants in Henrietta (2MW, operated by the CEB Green Energy) and Petite Riviere (5MW, operated by our subsidiary SPV Petite Riviere), in addition to our Solar Field PV farm in Mont Choisy which operates since 2017.

In 2020, 17% of the total electricity consumed by the Group was supplied from renewable sources (our PV installations and the national grid).

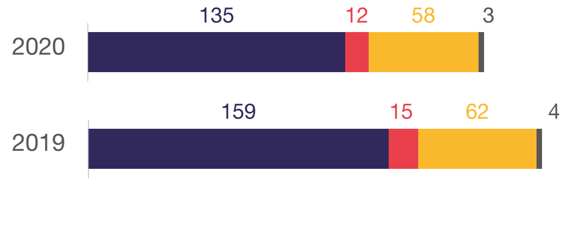
Action 7.1 Where feasible, produce our own electricity.

Out of our five business premises, two are equipped with photovoltaic panels for electricity production: **Archemics** with an installed capacity of 45.6 kWp (kiloWatt-peak) and our **Pailles compound** (12.65 kWp).

Electricity consumption (in Gj)



C02 Emissions (in tonnes)



RETHINK ENERGY (CONT'D)

8. BY 2025, WE WILL OPTIMISE OUR VEHICLE FLEET BOTH IN NUMBERS AND FUEL EFFICIENCY.

30%

Our total fuel consumption in 2020 (for company vehicles and fuel-cards) amounted to 667,233 litres, a sharp drop by 17% from 2019. This was directly mirrored in our transport-related fuel emissions, which dropped by 16.8%.

Action 8.1: Favour hybrid and electric vehicles for our fleet.

Although the watchword was given by the CEO early 2020 on preference to select hybrid or electric vehicles (HEV), out of eight new vehicles bought during the year, none was HEV.

Action 8.2: Raise awareness on safe and efficient driving with employees.

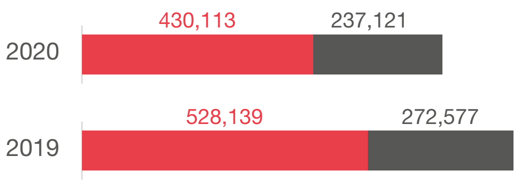
The group led an awareness campaign on "safe and efficient driving" for employees in November 2020. **Archemics** is moreover an active member of BUROS, Business Mauritius' programme for road safety.

Action 8.3: Reduce usage of transport using technology, agile work, and better planning.

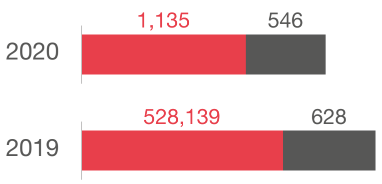
Harel Mallac & Co has adopted an Agile Work Policy since 2019, which promotes "work from home", "work closest to home" and "flexitime". With the lockdown and gradual return to normal office attendance, we were forced to accelerate the transition to agile work and this impact very much on the reduction of transport. A notable example lies in the "new normal way of work at Harel Mallac Technologies," where the staff comes to the office once a week and have developed a remote client-assistance mechanism that functions very well since March 2020.

By 31 December 2020, 28% of our workforce (227 team-members) were regularly working from home.

Fuel Consumption (in litres)



Transport CO^2 emissions (in tonnes)



■ Diesel ■ Petrol

We strongly believe that our energy consumption will decrease in the coming years, as:
Some of our business units are moving to more strategic places (**Suchem** joining the MCFI compound in Port Louis and all the **Technical Equipment** team - **EO Solutions** and **Linxia** - regrouping in Pailles).

- Most of our teams have adopted a hybrid remote and on-site work mode, thereby contributing to decreasing transport and office energy consumption and CO^2 emissions.
- Many banks and leasing operators in Mauritius are launching "green" car schemes, which we trust will encourage staff and companies to turn to less polluting vehicles.

Sustainability Report (continued)

MANAGE WASTE

9. BY 2025, WE WILL STOP PURCHASING SINGLE-USE PLASTICS AND NON-RECYCLABLE MATERIALS.

20%

The Group welcomes the new legislation which prevents the purchase and usage of single-use plastics in Mauritius. At our level we had started moving in this direction in February 2020 by installing filtered water dispensers in all our workplaces, thereby saving on bottled water, and ensuring safe potable water for all employees.

Action 9.1: Collaborate with suppliers on alternatives to single-use containers (incl. consignment, packaging and crates).

At the level of our operations, in 2020, **MCFI** has started importing products such as textile auxiliaries, hydrogen peroxide, acetic acid, hydrochloric acid in bulk, rather than small-sized containers. **Archemics** collaborates with a hotel company and a food-supplier on a single-use plastic (5L containers) reduction project, and has alternative projects in the pipeline, notably for bulk personal care supply and a collaboration with "Be.eau" on locally-made biodegradable containers.

10. BY 2025, WE WILL REDUCE OUR PAPER CONSUMPTION BY 30%.

77%

We measure the progress on this action in terms of paper consumption intensity (kilograms of paper per FTE). Our baseline for this Action is 13.3 kgs per FTE in 2019 (11,815 kgs for 891 employees), and we aim at 9.3 kgs per FTE in 2025.

In 2020, our paper consumption per employee decreased to 9.8 kgs per FTE, a notable reduction which we intend to continue, to achieve our tenth goal earlier than expected.

Action 10.1: Promote paperless work through electronic transmission and storage of documents.

The above reduction in paper use can be imputed to three main factors:

- With the implementation of SAGE, most payment processes were made paperless.
- With the lockdown and increasing number of employees working from home, email and electronic storage surged.
- The Financial Services Commission allowed listed companies to share their annual reports in electronic versions only, which saved the Group some 815 kgs of paper in 2020.

As a result of the above, our group companies purchased 8,262 kgs of paper in 2020, compared to 11,815 kgs in 2019.

Action 10.2: Use only environmentally certified paper and / or recycled paper.

Our business units only use paper from an environmentally certified supplier: the Forestry Stewardship Council.

11. BY 2025, ALL OUR WASTE WILL BE RECYCLED OR DISPOSED OF RESPONSIBLY.

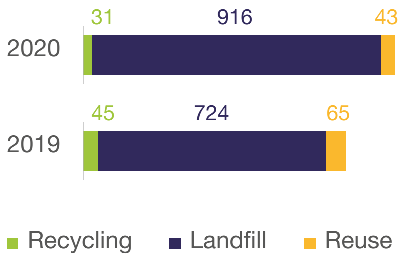
20%

As much as our companies are proactive on the proper management of their recyclable and hazardous waste, only our chemical companies can report on the quantity of waste they send to landfill, as they are serviced by private contractors for same. The Pailles, Port Louis and Phoenix premises can only monitor the handling of their recyclable and hazardous waste, as shown below, as their generic waste is collected by their respective municipalities, and not weighed.

In 2020, our amount of waste channelled to landfill was much higher than the preceding year, as MCFI organised a major clean-up of its premises, and disposed of 832 tonnes of obsolete materials.

MANAGE WASTE (CONT'D)

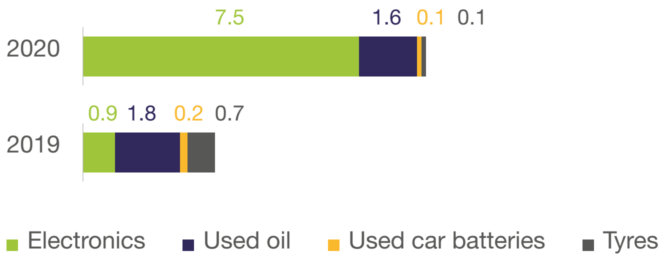
Non-hazardous waste disposal method (in tonnes)



Action 11.1: Dispose of our hazardous waste according to regulations.

Solid Waste
In 2020, the totality of our e-waste (mainly computers) was sent for recycling to BEM Recycling and Atics. Vehicle-related hazardous waste (car batteries and tyres) was disposed of at the garage, and used oils were recycled by Eco Fuel.

Disposal of hazardous solid waste (in tonnes)



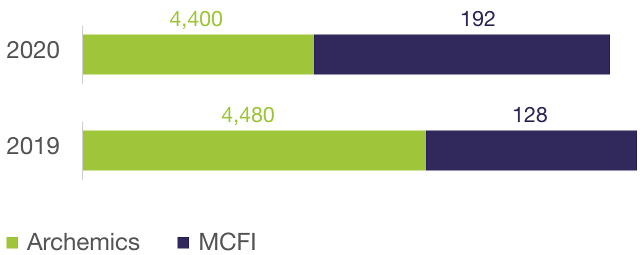
Action 11.2 Recycle all our office paper, cardboard and ink-cartridges.

When we started monitoring paper use and recycling in 2018, only three of our companies - HMCo, Archemics and EO Solutions - were recycling paper, cardboard and electronic waste. In 2020 all our companies recycled the waste mentioned above.

Action 11.3: Monitor, reduce and reuse our wastewater.

Our Chemical division comprises of two production sites that use water to operate and as an ingredient for their production and washing plants: **Archemics** and **MCFI Group**. In 2020, the volume of wastewater decreased slightly, from 4,608m³ to 4,592m³, mirroring the slowdown of our activities during the lockdown. All our wastewater is treated on-site before being carted away by professional services providers to the nearest accredited wastewater treatment plant (in Roche Bois).

Discharge of wastewater (m³)



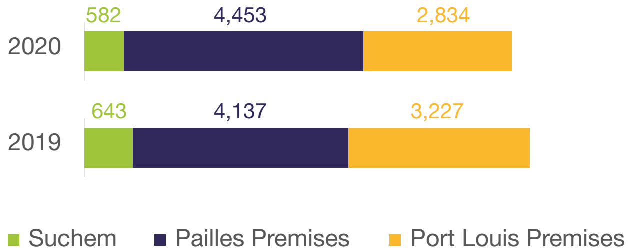
SAVE WATER

12. BY 2025, WE WILL REDUCE OUR USAGE OF WATER FOR OPERATIONS (EXCLUDING MANUFACTURING FACILITIES) BY 25%.

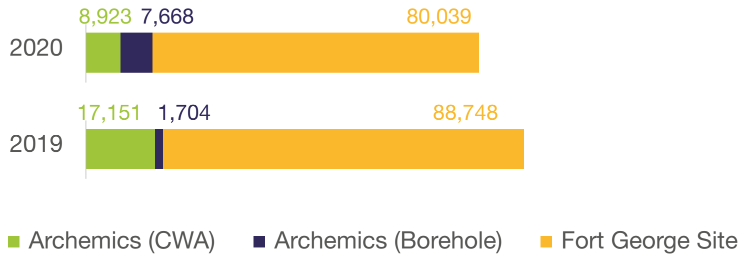
We measure the progress on this goal in terms of water consumption intensity (m³ per FTE), in our non-industrial sites, excluding the water used for production. Our baseline for this Action is 13.5m³ per FTE in 2019, and we aim at 10m³ per FTE in 2025.

Although our water consumption decreased in absolute terms in 2020 (from 8,007m³ to 7,869m³), the consumption intensity increased to 16m³ per FTE. This is attributable to the fact that all our offices have switched from bottled water to filtered water dispensers (fountains) early 2020.

Water consumption in our non-production sites (m³)



Water consumption in our Chemical division production sites (m³)



All business units use water from the public water utility (Central Water Authority), except for Archemics which also sources water from a borehole (for 7,668m³ of water in 2020).

Action 12.1: Equip water-points with water-flow reducing devices.

This action has not been tracked during the year under review but is planned for Q1 of 2021.

Action 12.2: Educate staff to encourage water-saving behaviours.

In November 2020, we ran a group-wide sensitisation campaign on water-saving good practices and the office and home. Archemics is a member of the UN Global Compact CEO Water Mandate, an initiative that was followed in 2021 by MCFI and its subsidiaries.

Moving forward:

The Chemicals division is looking at different measures to optimise the water use in its production chain, inter-alia the water intensity in its detergents, the optimisation of water-use in the (containers) washing plant, the "recirculation" of cooling water in Archemics' personal care section and the switch to reverse osmosis for water treatment.

ADVANCE DIVERSITY

13. BY 2025, WE WILL ACHIEVE GENDER EQUITY IN OUR STAFF.

10%

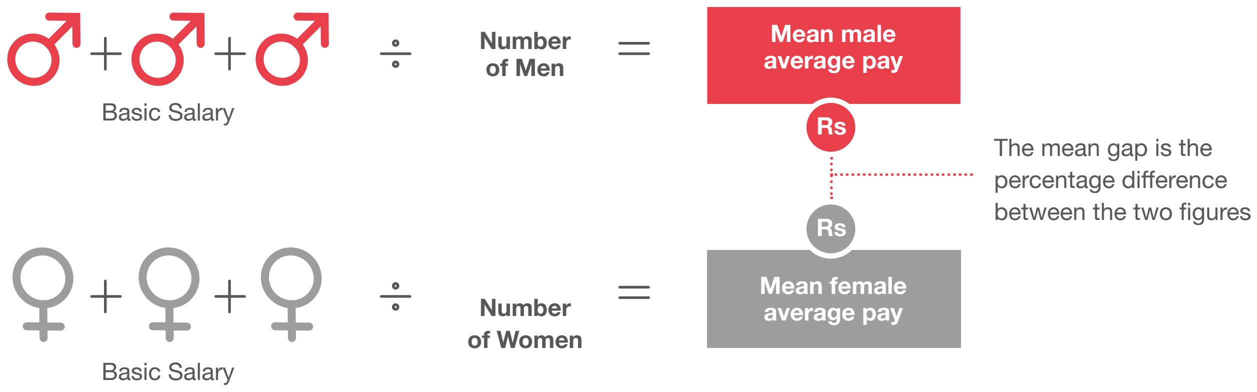
Although we are looking at diversity in all its forms as part of our Talent Management Framework, we have chosen to tackle the gender angle for the first years of our sustainability programme.

Action 13.1: Bring the Gender Pay Gap below 2% in the Group

At Harel Mallac, we believe that equal work should result in equal pay. With this in mind, we have been monitoring our Gender Pay Gap (GPG) at three levels of the job grading system: for operatives, staff and management, since 2017.

We are happy to share that in 2020, it has decreased for both the operatives and management groups. We nevertheless observe an increase in the gap for our staff group. We will therefore concentrate on the latter in 2021, first by identifying the reasons behind this growing gap and secondly by taking remedial measures if they are unfair.

Gender Pay Gap



ADVANCE DIVERSITY (CONT'D)

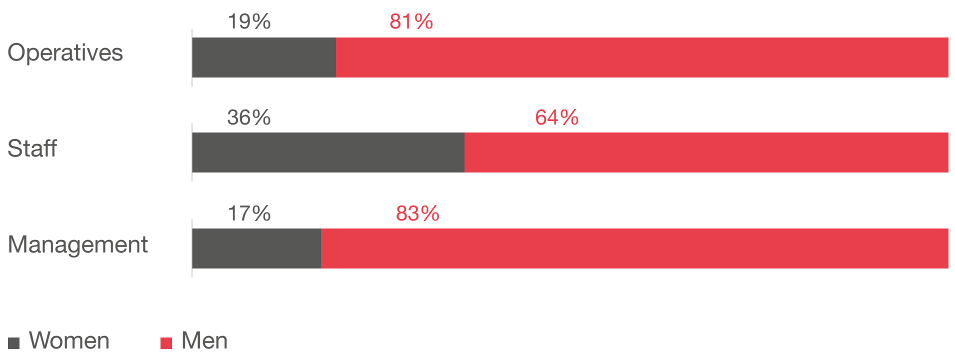
Action 13.2: Reach 35% of women at Management Level

The ratio of women in managerial positions at Harel Mallac increased from 14% in 2019 to 17% in 2020, a very comforting trend on our Group's intention to encourage women to show professional ambition and seize opportunities to lead.

In this sense, we have launched the group's Women Circle, a network of 22 female managers - using the Lean In Circles operating model - to address the fears and obstacles which prevent women from reaching their full potential in the workplace. Harel Mallac also took other steps towards gender equity by :

- granting its male employees ten days of paternity leave.
- devising flexible working arrangements for 28 working mothers or pregnant women during the year under review.

Ratio of employees per gender and category on 31 December 2020



Moving forward:

Because the gender pay gap has no one singular cause, there is no quick fix when it comes to reducing it. We are looking instead at a variety of different strategies that could be implemented at the group and companies' levels.

GIVING BACK

The Group's community work lies with and is conducted by the **Fondation Harel Mallac (FHM)**, which operates since 2009. For the 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
- Despite the lockdown and the perturbances it created in the education calendar, Reef Conservation managed to extend its Eco-Schools programme to 27 new schools in 2020, bringing the total number of member-schools to 170 in Mauritius and Rodrigues
- 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 Education Centre dispenses early childhood and pre-school care to 62 children in Cité Richelieu

In 2019, all business units adopted the **CSR Leave** which consists in a compulsory day of leave that each employee of the group must take to support a cause, project or association.

In 2020, most employees devoted their CSR Leave to efforts for the national response to the Wakashio Oil Spill in the south of the island in August. Our business units also contributed materials such as drums and geotextiles to the above efforts, and Novengi went further by creating an oil skimmer for the pumping of oil in the sea.

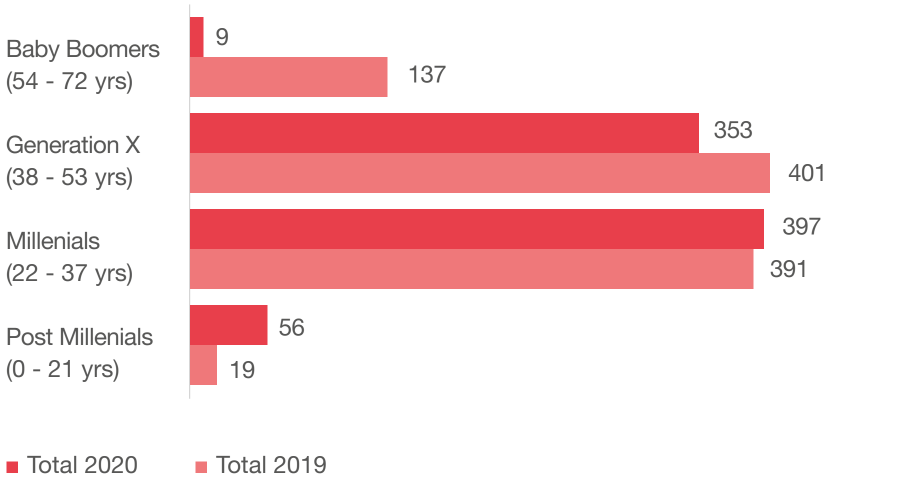
Archemics has also continued its engagement in the Rivulet – Terre Rouge Estuary Bird Sanctuary (a RAMSAR site) in 2020.

Our employees spent a total of 156 hours in community actions in 2020.

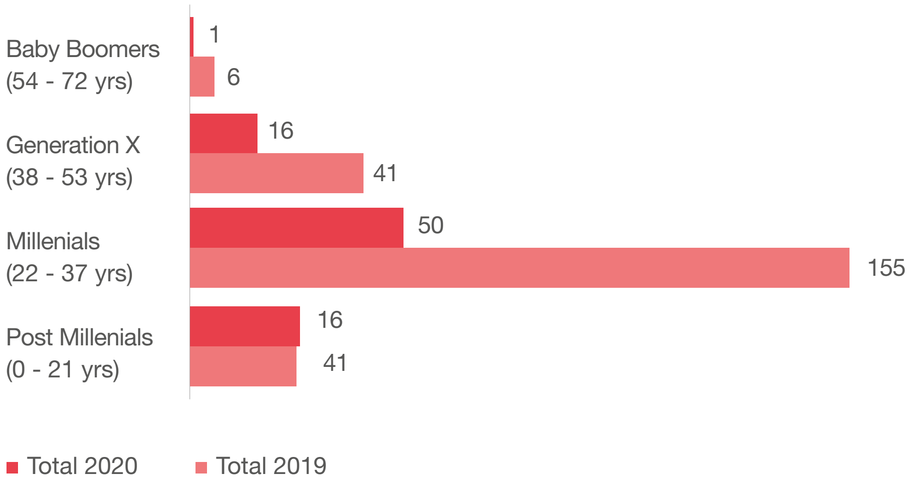
FOR THE BETTER OF OUR PEOPLE

KEY HUMAN CAPITAL METRICS

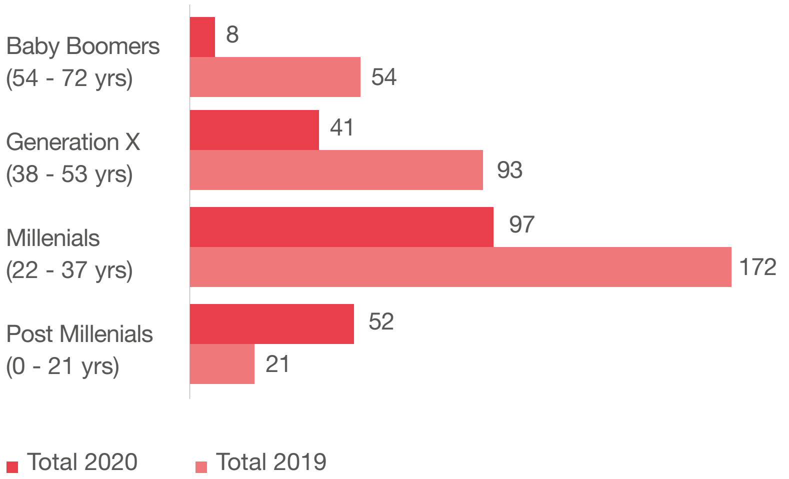
Age distribution



New hires per age group



Leavers per age group



In 2020, there were seven disabled persons in employment in the Group, i.e. 1% of our total workforce.

OUR RESPONSE TO THE PANDEMIC

The Covid-19 pandemic and the lockdown that resulted from it as from March 2020 modified our plans a smooth roll-out of our #EmployeeJourney (Harel Mallac's Talent Management Framework). Here are some measures we took to ensure our employees' wellbeing and safety in 2020:

- A Covid-19 protocol was adopted in February 2020, and its related sanitary and health and procedures deployed as from March, under the supervision of a pandemic response task force chaired by the CEO
- We maintained a regular communication with our employees, trough weekly emails from the CEO, strengthened presence and check-in calls from Human Resources staff, and communications and updates via our Intranet Edith
- We ensured the continuity of business and customer-service delivery, while adopting sanitary measures and innovative practices
- Our meetings were conducted via online platforms during the lockdown, and we continue to favour virtual meetings, wherever possible
- Our "Agile Work Policy" had been in force since 2019 was further deployed throughout the group. After the lockdown, 28% of our staff (227 persons) opted for partial remote work
- We ensured that our staff were equipped with the adequate IT hardware and support to operate in optimal conditions.
- Our work-process were reviewed, and rosters and split-teams presence on site were adopted
- We organised solidarity food packs for our team-members who found themselves unable to purchase food and basic hygiene products during the lockdown

TRAINING AND DEVELOPMENT

2020 was not an easy year to organise training for the staff. With limited budget available and the inconveniences in delivering off-line sessions, we managed to provide 333 hours of training to 53 team-members (7% of our staff).

As from 2021, we will monitor the time spent training staff on environmental and biodiversity-related matters, in alignment with our pledge to SigneNatir.

CARE

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 ROLE OF THE BOARD (CONT'D)

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
- 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
- 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 AS AT 31 DECEMBER 2020

Chief Executive Officer
CHARLES HAREL

OPERATIONS

Managing Director
Archemics
ANTHONY COOMBES

Managing Director
MCFI Group
YANIS FAYD'HERBE

Managing Director
EO Solutions & Linxia
ALAIN AH-SUE

General Manager
Novengi
YANNICK APPLASAMY

Executive Director
Corexsolar International
FRANCK RIVAS-MANZO

General Manager
Harel Mallac Technologies
SHATEEAUM SEWPAUL

Operations Manager
Harel Mallac Corporate Services
PRIYA MULLOO

Manager
Itineris
JENNIFER KWO ON YUEN

Manager
Harel Mallac Aviation
CASSIM HANSROD

HEAD OFFICE

Group Head of Finance
CHRISTINE NGUYEN THAC

Group Head of
Communication & Sustainability
SOPHIE DESVAUX DE MARIGNY

General Manager
Projects & Investments
CHRISTIAN YONG KIANG YOUNG

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

LEADERSHIP TEAM PROFILE

CHARLES HAREL
CHIEF EXECUTIVE OFFICER

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 been nominated as CEO of the Harel Mallac Group as from 1 January 2014. He was appointed to the Board of Directors in June 2006.

ALAIN AH-SUE
MANAGING DIRECTOR – LINXIA & EO SOLUTIONS

Holder of a BSc in Computer Science from the City University of New York, Alain Ah-Sue joined Harel Mallac Computers in 1989. He became Managing Director of the Group's Technology Arm in 2010, and since the restructuring of Harel Mallac in 2016, is the Managing Director of Linxia and EO Solutions.

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 Universite Paris Est-Marne la Vallee, 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.

ANTHONY COOMBES
MANAGING DIRECTOR – ARCHEMICS

Holder of a Bachelor's degree in Mechanical Engineering (Imperial College, University of London) and a French Masters Degree '3eme cycle de Gestion' - with specialisation in International Business Strategy – Marketing - from the Institut Superieur 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.

SOPHIE DESVAUX DE MARIGNY
GROUP HEAD OF COMMUNICATIONS AND SUSTAINABILITY

Sophie Desvaux de Marigny holds a Maitrise in Geopolitics and a Magistere 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.

YANIS FAYD'HERBE
MANAGING DIRECTOR – MCFI GROUP

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 Ltee, Narrow Fabrics Ltd in Mauritius and of Labeltex SARL and LabelMada Ltee in Madagascar (2013-2019). Yanis joined MCFI in June 2019.

Corporate Governance Report (continued)

LEADERSHIP TEAM PROFILE (CONT'D)

CHRISTINE NGUYEN THAC
GROUP HEAD OF FINANCE

Christine Nguyen Thac 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 Head of Finance in January 2020.

FRANCK RIVAS-MANZO
EXECUTIVE DIRECTOR - COREXSOLAR INTERNATIONAL

Franck Rivas-Manzo holds a Master's in Management et Gestion Strategique from IFG (Institut Francais de Gestion), Paris. He started his career as Head of Sales in the Orange Group (France Telecom), then held key positions at Mace 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, until February 2021 when the Group disposed of its interest in Corexsolar International.

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.

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.

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 nine 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.

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.

BOARD COMPOSITION DURING 2020

Directors	Gender	Age	Country of Residence	Category
HAREL Antoine L. (Chairman)	M	63	Mauritius	NED
AH-CHUEN Dean	M	56	Mauritius	ID
BORIS Pascal C.B.E	M	70	UK	NED
CLARENC Paul, in office up to 4 September 2020	M	76	Mauritius	NED
DE CHASTEAUNEUF Jérôme	M	54	Mauritius	ID
DE JUNIAC Christian	M	67	UK	NED
GIRAUD Daniel G.O.S.K.	M	68	Mauritius	ID
HAREL Charles	M	53	Mauritius	ED
LEVIGNE-FLETCHER Anne Christine C.S.K.	F	66	Mauritius	ID
MOOLLAN Anwar S.C.	M	53	Mauritius	NED

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

MEETINGS' PROCESS

Calendar of meetings
A calendar of meetings for the year is set at the beginning of the year.

Agenda Setting
The agenda of the meeting is finalised by the Chairman and the Company Secretary after consultation with the CEO.

Circularisation of Board/Committee Papers
Detailed and comprehensive Board papers are circularised to the Directors with a view of enabling the Directors to take learned decisions.

Attendance at meetings
With a view to enhancing attendance Directors can assist by audio or video conferencing.

Minutes of meetings
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.

PRINCIPLE 2: THE STRUCTURE OF OUR BOARD AND ITS COMMITTEES (CONT'D)

ATTENDANCE AT BOARD MEETINGS

Directors	Attendance
HAREL Antoine L. (Chairman)	7/7
AH-CHUEN Dean	7/7
BORIS Pascal C.B.E	7/7
CLARENC Paul, in office up to 4 September 2020	6/6
DE CHASTEAUNEUF Jérôme	7/7
DE JUNIAC Christian	7/7
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.	7/7

BOARD'S FOCUS AREAS DURING THE YEAR

- COVID-19 pandemic impact on the Company and the Group and mitigation strategy
- 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 five 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 the Committee's terms of reference.

Attendance at ARC meetings

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

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	4/4
CLARENC Paul	3/3
MOOLLAN Anwar s.c.	1/4

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 four times.

Attendance at Strategic Commitee meetings

Directors	Attendance
HAREL Antoine L. (Chairman)	4/4
HAREL Charles	4/4

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 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

ANTOINE L. HAREL (63)
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 (56)
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 a Non-Executive Director of ABC Banking Corporation Ltd, and as Benefactor of the Court of the University of Mauritius since May 2019. 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; an organisation 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 Company): ABC Motors Co Ltd., ABC Banking Corporation Ltd.

PAUL CLARENC (76) (RESIGNED)
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 and he resigned as a director in September 2020.
Other Directorships (listed Companies): Plastic Industry (Mauritius) Ltd. and Mauritius Oil Refineries Ltd.

DIRECTORS' PROFILES (CONT'D)

CHARLES HAREL (53)
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 been nominated as CEO of the Harel Mallac Group 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. (70)
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 had a rich 40 year career in international banking with The Chase Manhattan Bank and Paribas (later BNP Paribas) in Paris, New York, London and Geneva. He is now an active business angel with a portfolio of early stage companies in France, the USA, the UK and Israel. 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 (67)
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 LEVIGNE-FLETCHER C.S.K. (66)
Chevalier de l'Ordre National du Mérite
INDEPENDENT DIRECTOR

Anne Christine Levigne-Fletcher C.S.K. holds a Diplome de l'Institut d'Etudes Politiques de Paris/Sciences Po, a Licence en Droit from Assas University and a Licence en Litterature Anglaise from Universite 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 Caleage Ltd- Hemisphere Sud since 1981. Anne Christine Levigne-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 (54)
INDEPENDENT DIRECTOR

Jérôme de Chasteauneuf (Independent Director) qualified as Chartered Accountant of England and Wales in 1992 and holds a BSc Honours in Economics from the London School of Economics and Political Science. He joined the CIEL group in 1993, taking on additional 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. Jérôme de Chasteauneuf was recently appointed as Independent Director of the Stock Exchange of Mauritius on 18 December 2020.
Other Directorships (listed Companies): Alteo Limited, CIEL Limited, Sun Limited.

DIRECTORS' PROFILES (CONT'D)

DANIEL GIRAUD G.O.S.K (68)
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. (53)
NON-EXECUTIVE DIRECTOR

After his first degree in Mechanical Engineering in France, Anwar Moollan S.C. read Law at Downing College, Cambridge. He joined the Chambers of Sir Hamid Moollan QC in 1995, and practices as a barrister. Mr Moollan joined the Board of Directors of Harel Mallac & Co. Ltd. as an Independent Director in June 2003.
Other Directorships (listed Companies):Compagnie Immobilière Limitée.

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 and Independent 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 and Independent Directors sitting on the boards of subsidiary companies may also receive directors' fees from such subsidiaries. Remuneration has been disclosed globally due to the commercial sensitivity of the information. None of the Non-Executive Directors or the Independent 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 page 52.

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:

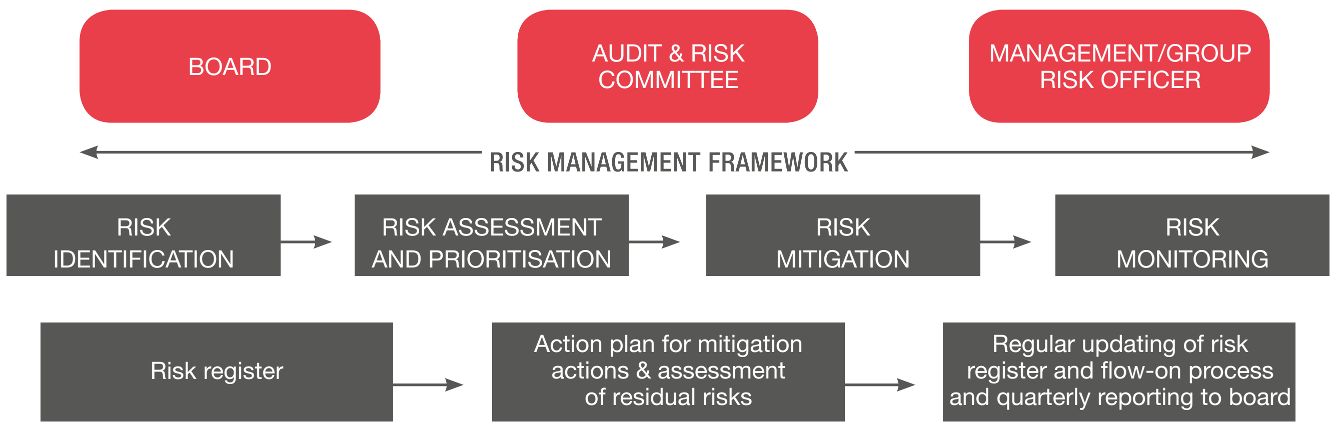
- security standards, including control and access rights (including physical access)
- process for acquisition of information systems, their development and maintenance
- back-up of information
- malicious software protection
- Internet and Intranet security
- Bring Your Own Devices

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



RISK MANAGEMENT (CONT'D)

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:

PHYSICAL RISKS

Among the physical risks identified are unavoidable events such as riots, cyclones and other natural calamities such as pandemics. 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's control procedures ensure mitigation of risks relating to fraud and theft. With the outbreak of the COVID-19 the Company has kept reviewing its strategies and ways of doing business in order to adapt to the 'new normal' which is gradually emerging globally.

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.

RISK MANAGEMENT (CONT'D)

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 a separate Sustainability Report in 2018, issues Integrated Annual Reports since 2019.

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.

In line with the provisions of the Financial Reporting Council (Rotation of Audit Firm) Regulations 2017, Nexia Baker & Arenson was, upon the recommendation of the Board of Directors, appointed as the Company's auditors, in replacement of BDO & Co, at the last Annual Meeting of the Company's shareholders held on 4 September 2020.

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 their report following the 2020 audit exercise. The issues reported were discussed and recommendations made.

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.

INTERNAL AUDITORS (CONT'D)

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 2020 at the Company's and subsidiaries' levels include inventory, procurement and contract management, HR and payroll, IT & business continuity, marketing and sales, operating assets management, IT cycle and health and safety compliance. 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

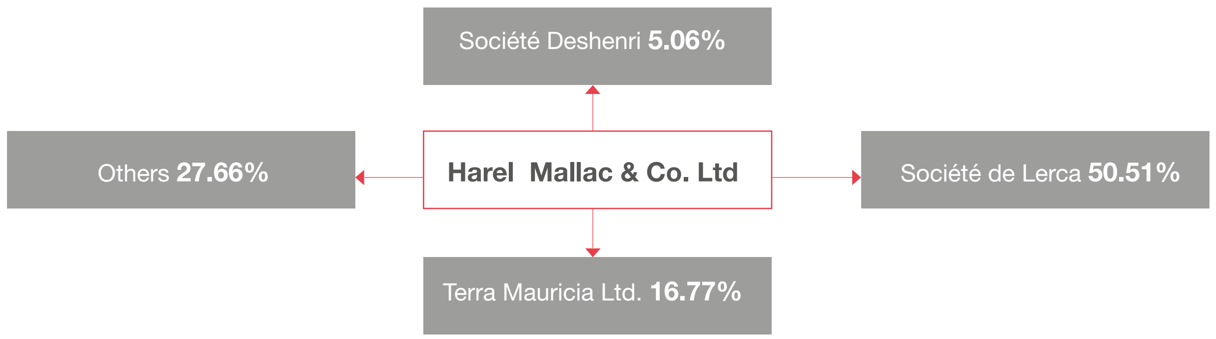
OUR KEY STAKEHOLDERS

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

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

SHAREHOLDERS

Shareholders holding more than 5 percent



SHAREHOLDERS (CONT'D)

Shareholding structure

The Directors recognise that the parent entity is Société de Lerca, which holds 50.51% 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 31 March 2021

Size of shareholding	Number of shareholders	Numbers of shares owned	% Holding
1-500	462	39,424	0.35
501-1,000	32	26,591	0.24
1,001-2,500	27	40,236	0.36
2,501-5,000	10	37,230	0.33
5,001- 10,000	17	115,828	1.03
10,001- 25,000	25	407,638	3.62
25,001- 50,000	13	511,700	4.54
50,001- 100,000	6	366,017	3.25
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	10.04
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	600	11,259,388	100.00

Profile of Company's shareholders as at 31 March 2021

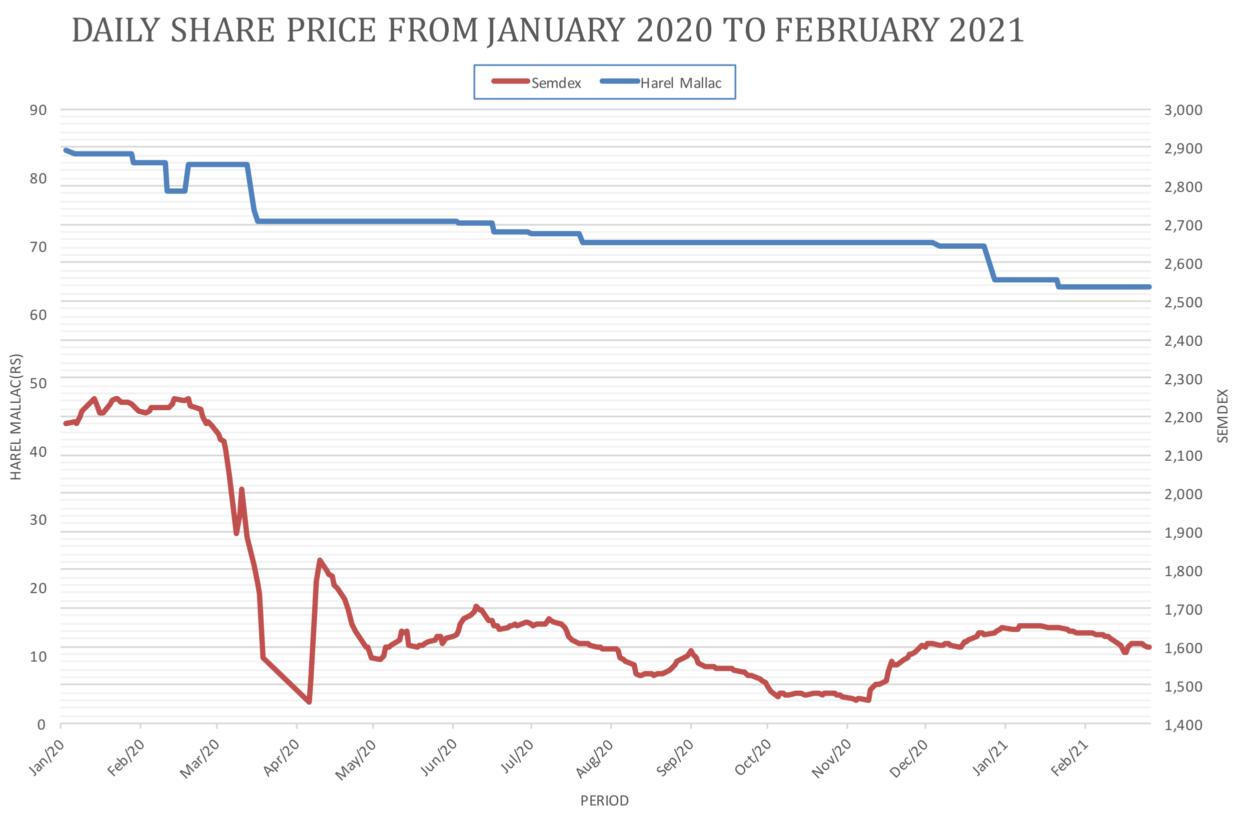
Size of shareholding	Number of shareholders	Numbers of shares owned	% Holding
Individual	500	560,728	4.98
Insurance and assurance companies	3	18,600	0.17
Pension and provident funds	15	273,343	2.43
Investment and trust companies	4	21,541	0.19
Other corporate bodies	78	10,385,176	92.23
Total	600	11,259,388	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 resolved that no dividend be declared in view of the then prevailing sanitary and economic uncertainties associated with the Covid-19 pandemic.

PRINCIPLE 8: RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS (CONT'D)

Share Price Information



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

Publication of condensed audited results for previous year	Quarter 2 of 2021
Annual meeting	Quarter 3 of 2021
Publication of condensed results for first quarter	Quarter 2 of 2021
Publication of condensed results for second quarter	August 2021
Publication of condensed results for third quarter	November 2021
Dividend declaration and payment if applicable	December 2021 / January 2022

Shareholder's 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 53.

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 are integrated in the Group's Risk Management Framework since 2019.

The Sustainability section of the present report details our actions and commitments taken For the Better of our People in 2020.

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 2020 are detailed in the Sustainability section of the report.

Make a **Difference** for the **Better**

Directors of Subsidiary Companies

	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	MCFI INTERNATIONAL (TANZANIA) LIMITED	HAREL MALLAC ADVISORY LTD	HAREL MALLAC AVIATION LTD	HAREL MALLAC CORPORATE SERVICES LTD	HAREL MALLAC DISTRIBUTION SARL	HAREL MALLAC GLOBAL LTD	HAREL MALLAC HEALTHCARE LTD	HAREL MALLAC INTERNATIONAL LTD	HAREL MALLAC LEASING LTD	HAREL MALLAC TECHNOLOGIES BURUNDI
AH-SUE M Alain										•									•			
BADAT Osman														Δ				Δ				
BOULLÉ François Louis		•																				
COOMBES Anthony		•																				
CRAMBADE Olivier Philippe																						
CYAGA Eric																						
DOGER DE SPEVILLE Allain																						
DUVAL Benoit																						
ESPOSITO ERDOZAIN Phillipe Michel																						
GALBOIS Patrice Raymond																						
FAYD'HERBE Yanis			•	•	•								•									
FRANCIS Alfred L																						
HAREL Antoine L		•	•	•							•			Δ		•		Δ				
HAREL Charles	•	•	•	•	•	•	•	•		•	•	•	•	Δ	•	•		Δ	•	•	•	□
HAREL Guy		•																				
HAREL MALLAC & CO. LTD.																						
HIPPERT Vanessa		Δ																				
JODHUN Hurrydeosingh																						
LABAT Vincent																						
MORIER Pierrick Jean Paterne									•													
NG KWING KING Harold																						
NGUYEN THAC Christine	•	•			•	•	•	•		•		•		•	•	Δ			•	•	•	
OUEDRA Ogo Mahadou Lamine									•													
RIVALLAND Patrick																						
RIVAS Franck						•			□													
SEWPAUL Shateeaum																						•
VENKATASAMY Ravi																						
VERIEN Philippe																						
YONG KIANG YOUNG Christian Pierre					Δ					•	•			Δ		•		Δ				

	HAREL MALLAC TECHNOLOGIES LTD	HAREL MALLAC TECHNOLOGIES MADAGASCAR	HAREL MALLAC TECHNOLOGIES RWANDA LTD	HAREL MALLAC TRADING LTD	HM ELECTRONICS LTD	HM SECRETARIES LTD	INFORMATICS BUSINESS SOLUTIONS LTD	ITINERIS LTD	LINXIA LTD	LOGIMA LTEE	LOGIMA REUNION SAS	MCFI EXPORT LTD	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	SPV PETITE RIVIERE LTD	SUCHEM LTD	TECHNIQUES SOLAIRES SAS	TECHNO CITY LTD	THE MAURITIUS CHEMICAL AND FERTILIZER INDUSTRY LIMITED
AH-SUE M Alain									•																		
BADAT Osman																											
BOULLÉ François Louis																								•			
COOMBES Anthony																											
CRAMBADE Olivier Philippe																						•					
CYAGA Eric			•																								
DOGER DE SPEVILLE Allain																											•
DUVAL Benoit																							•				
ESPOSITO ERDOZAIN Phillipe Michel																						•					
GALBOIS Patrice Raymond																									□		
FAYD'HERBE Yanis												•	•														•
FRANCIS Alfred L														•													
HAREL Antoine L	•			•									•		•		•							•			•
HAREL Charles	•		•	•	•	•	•	•	•	•	▪	•	•	•	•		~	•	■			•	•	•		•	•
HAREL Guy																											•
HAREL MALLAC & CO. LTD.																				•	•						
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RIVALLAND Patrick																											•
RIVAS Franck																											
SEWPAUL Shateeaum			•																								
VENKATASAMY Ravi														•													
VERIEN Philippe	•			•																							
YONG KIANG YOUNG Christian Pierre	•		•	•					•			Δ			•							•	Δ				

Δ Resigned during the year ended 31 December 2020

• Director during the year ended 31 December 2020

■ Gérant Statutaire during the year ended 31 December 2020

~ Alternate Director during the year ended 31 December 2020

□ Président during the year ended 31 December 2020

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 OF THE COMPANY AND DIRECTORS OF SUSBIDIARY COMPANIES

The Directors of the Company are listed on pages 39 to 41. In addition, a list of the directors of subsidiary companies is found on pages 50 and 51.

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		SUBSIDIARIES	
The Company	**2020**	2019	**2020**	2019
Executive Directors	**RS'000**	Rs'000	**RS'000**	Rs'000
Full-time	**9,192**	9,820	**-**	-
Part-time	**-**	-	**-**	-
Non-executive Directors	**3,881**	6,157	**1,327**	2,107
	13,073	15,977	**1,327**	2,107

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

Directors of Subsidiary Companies	**2020**	2019
Executive Directors	**RS'000**	Rs'000
Full-time	**32,269**	36,637
Part-time	**-**	-
Non-executive Directors	**2,058**	2,714
	34,327	39,351

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 2020 are as follows:

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

None of other 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 2020, 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	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Donations made during the year:				
Political	-	1,800	**-**	1,800
Recipients for the Group and the Company **2020:nil** (2019:8)				
Others				
Recipients for the Group **2020:5** (2019:19)	**199**	507	**180**	255
Recipients for the Company **2020:2** (2019:6)	**1,079**	1,437	**-**	-

AUDITORS' FEES

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

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	RS'000	RS'000	**RS'000**	RS'000
Audit fees payable to:				
- Nexia Baker & Arenson	**3,310**	-	**585**	-
- BDO & Co	**1,924**	7,320	**-**	775
- Other firms	**305**	527	**-**	-
Fees paid for other services provided by:				
- Nexia Baker & Arenson	**105**	-	**105**	-
- BDO & Co	**-**	105	**-**	105

Other services provided by Nexia Baker & Arenson relate to review of quarterly consolidated abridged financial statements. Figures for 2019 relate to the review of quarterly consolidated abridged financial statements paid to BDO & Co.

Statement of Director's 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:

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

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

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

iv. the Code of Corporate Governance has been adhered to. Reasons have been provided where there has been noncompliance.

Signed on behalf of the Board of Directors on 30 April 2021.

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 April 2021

Statement of Compliance

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

NAME OF PIE: Harel Mallac & Co. Ltd

REPORTING PERIOD: Year ended 31 December 2020

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

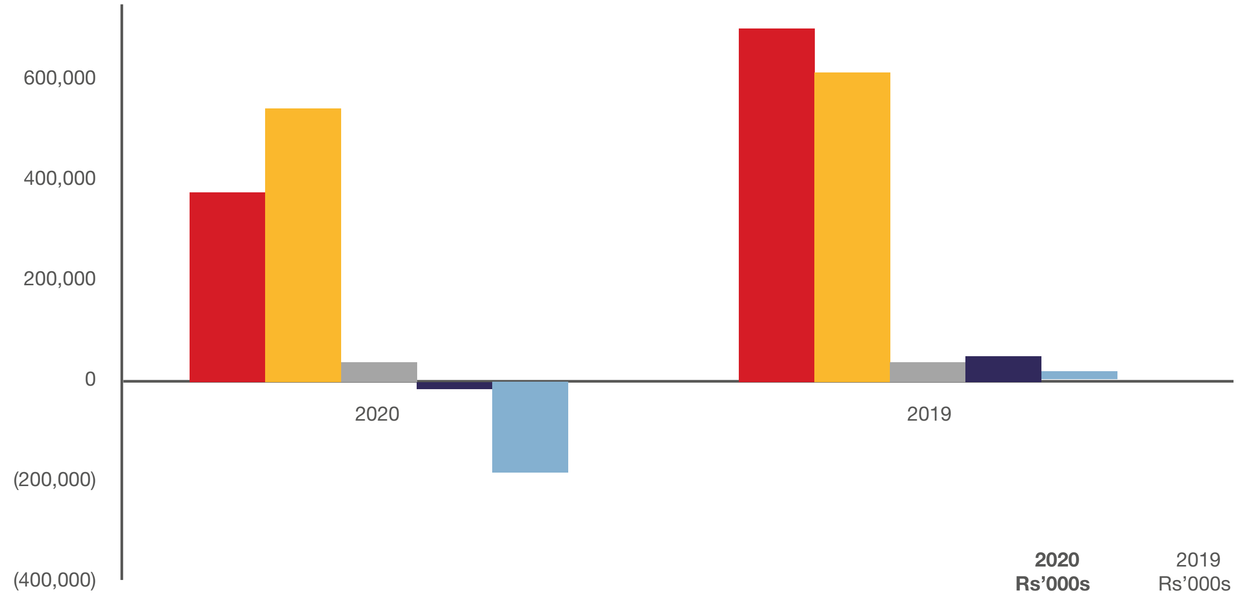
CHARLES HAREL
Chief Executive Officer

30 April 2021

TRUST

VALUE ADDED STATEMENT

	2020 Rs'000s		2019 Rs'000s	
Revenue	3,010,206		3,558,058	
Paid to suppliers for materials and services	2,424,925		2,835,930	
Value added	585,281		722,128	
Income from investment in associates & Joint Ventures	(129,268)		100,678	
Profit on disposal of investments	**(5,288)**		1,034	
Net impairment of investment, receivables & goodwill	**(83,214)**		(131,400)	
Total wealth created	**367,511**	**100%**	692,440	100%
Distributed as follows:				
Employees Remuneration and service benefits	533,829	145%	607,545	88%
Providers of capital				
Dividends to shareholders	-		15,763	
Interest paid on borrowings	**75,698**		79,870	
Minority interests	**(46,767)**		(61,335)	
	28,931	**8%**	34,298	5%
Government taxes on earnings				
Taxation	(12,473)	-3%	39,830	6%
Retained in the group to ensure future growth				
Depreciation and amortisation	**107,031**		111,668	
Retained profit/(loss)	**(289,807)**		(100,901)	
	(182,776)	**-50%**	10,767	1%
Total wealth distributed and retained	367,511	100%	692,440	100%



	2020 Rs'000s	2019 Rs'000s
Total wealth created	**367,511**	692,440
Employees Remuneration and service benefits	**533,829**	607,545
Providers of capital	**28,931**	34,298
Government taxes on earnings	**(12,473)**	39,830
Retained in the group to ensure future growth	**(182,776)**	10,767

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF HAREL MALLAC & CO. LTD

Report on the Financial Statements

Opinion

We have audited the consolidated financial statements of Harel Mallac & Co. Ltd (the "Company") and its subsidiaries (the "Group") and the Company's separate financial statements set out on pages 66 to 140 which comprise the statements of financial position as at 31 December 2020, and the 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 give a true and fair view of the financial position of the Group and the Company as at 31 December 2020, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and comply with the Mauritius 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 in accordance with International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with 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.

The 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 2020, total investments amounted to Rs1.703bn. The amount is significant to the financial statements and the determination of fair value involves judgement and estimates. We, therefore, consider the valuation of investments to be a significant key audit matter.

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

How the matter was addressed in the audit

We adopted the following audit procedures, among others, with respect to valuation of investments in subsidiaries and associates:

- Reviewed the valuation methods used;
- Discussed with management regarding the reasonableness of the underlying bases and assumptions;
- Verified the main inputs used in the fair value computation and its accuracy; and
- Discussed with management on the assumptions behind the forecasted results of the subsidiaries to determine the fair value calculation.

Report on the Financial Statements (continued)

The Key Audit Matters for the Group and the Company are as follows (continued):

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 assumptions and, therefore, valuation of investment properties is considered as a key audit matter.

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

How the matter was addressed in the audit

Our audit procedures for valuation of investment properties include the following:

- Reviewed the Independent Professional Valuer's Report;
- Discussed with the independent valuer regarding the valuation methods and selection therefrom; and
- Challenged the key assumptions used in the valuation process.

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 its subsidiaries for which revenue is recognised over time on the basis of direct measurement of the value of work performed to date.

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

How the matter was addressed in the audit

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 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;
- Tested the effectiveness of revenue internal control procedures implemented by management, as well as test of details to ensure correct processing of revenue transactions;
- Performed other substantive tests to determine both reasonableness and completeness of revenue; and
- Ensured all inter-group revenue is eliminated.

Report on the Financial Statements (continued)

The Key Audit Matters for the Group are as follows:

4. ASSESSMENT OF NET REALISABLE VALUE OF INVENTORIES

Key audit matter
Inventories are carried in the financial statements at the lower of cost and net realisable value. The net carrying value of inventories at 31 December 2020 was Rs 406.9 m. 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 are considered as a key audit matter.

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

How the matter was addressed in the audit

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

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

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 2020, trade receivables, net of provision amounted to Rs 694.5 m.

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

How the matter was addressed in the audit

Among our audit procedures, we have tested management's simplified impairment Expected Credit Loss (ECL) model by:

- Evaluating the relevance of the factors used (type of customer, payment terms, payment ratio, credit insurance);
- Understanding basic assumptions used in the ECL model specifications, and determining its relevance and correlation with the risk of default;
- Verifying that the probability of default and default rates are being applied appropriately;
- Reperforming calculations by applying the probability of default and loss rates to each group of assets;
- Investigating any difference(s) between ECL calculated and ECL reported in the financial statements;
- Comparing actual ECL with prior period results to determine reasonableness; and
- Examining 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.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF HAREL MALLAC & CO. LTD

Report on the Financial Statements (continued)

Other information

The 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 express any form of assurance conclusion thereon.

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.

In addition to the responsibilities described above and our work undertaken in the course of the audit, the Financial Reporting Act 2004 requires us to report certain matters as described below.

Corporate Governance Report

The directors are responsible for preparing the Corporate Governance Report. Our responsibility under the Financial Reporting Act 2004 is to report on the compliance with the Code of Corporate Governance (the "Code") 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 Company has, pursuant to Section 75 of the Finance Reporting Act 2004, complied with the requirements of the Code.

Directors' Responsibilities for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with IFRSs and in compliance with the requirements of the Mauritius Companies Act 2001, and for such internal control as the directors determine is necessary to enable the preparation of 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's 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/or the Company or to cease operations, or have no realistic alternative but to do so.

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 scepticism 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's and the Company's internal control.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF HAREL MALLAC & CO. LTD

Report on the Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the 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's 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/or 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.

We communicate with the directors 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.

Other Matters

This report is made solely to the Company's shareholders, as a body, in accordance with Section 205 of the Mauritius Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's shareholders, those matters that 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 shareholders, as a body, for our audit work, for this report, or for the opinions we have formed.

The financial statements of Harel Mallac & Co. Ltd for the year ended 31 December 2019, were audited by another auditor who expressed an unmodified opinion on those statements on 30 June 2020.

Report on other legal and other regulatory requirements

Mauritius 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.

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.

Nexia Baker & Arenson

Nexia Baker & Arenson
Chartered Accountants

Kian-Fah K.T. Chung Chun Lam FCCA
Licensed by FRC

30 April 2021

STATEMENTS OF FINANCIAL POSITION

AT 31 DECEMBER 2020

	Notes	THE GROUP 2020 Rs'000	THE GROUP 2019 Rs'000	THE COMPANY 2020 Rs'000	THE COMPANY 2019 Rs'000
ASSETS					
Non current assets					
Property, plant and equipment	5	**720,105**	728,277	**261,934**	268,630
Right-of-use assets	5A	**233,947**	237,523	**-**	-
Investment properties	6	**312,518**	406,619	**311,325**	426,375
Intangible assets	7	**98,586**	102,558	**240**	369
Investments in subsidiaries	8	**-**	-	**605,461**	806,058
Investments in associates	9	**951,856**	1,078,833	**1,061,782**	1,163,613
Financial assets at fair value through other comprehensive income	10A	**28,544**	30,379	**23,495**	25,368
Financial assets at amortised cost	10B	**220**	3,657	**-**	3,241
Investments in joint ventures	11	**4,505**	10,253	**12,217**	12,217
Deferred tax assets	17	**30,321**	22,097	**-**	-
		2,380,602	2,620,196	**2,276,454**	2,705,871
Current assets					
Inventories	12	**406,902**	541,514	**-**	-
Contract assets	23	**33,921**	32,890	**-**	-
Trade receivables	13	**694,475**	832,469	**52,755**	44,492
Financial assets at amortised cost	10B	**191,894**	117,190	**11,085**	82,160
Current tax assets		**2,497**	-	**-**	-
Cash and cash equivalents		**120,125**	196,433	**17,427**	12,919
		1,449,814	1,720,496	**81,267**	139,571
Assets classified as held for sale	34	**51,445**	-	**-**	-
		1,501,259	1,720,496	**81,267**	139,571
TOTAL ASSETS		**3,881,861**	4,340,692	**2,357,721**	2,845,442
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	14	**112,594**	112,594	**112,594**	112,594
Revaluation and other reserves	15	**(101,071)**	(109,865)	**14,654**	14,654
Fair value reserves		**(7,266)**	(5,373)	**479,299**	741,523
Actuarial losses		**(100,169)**	(87,467)	**(46,751)**	(42,937)
Retained earnings		**1,359,778**	1,672,405	**1,022,401**	913,961
Owners' interests		**1,263,866**	1,582,294	**1,582,197**	1,739,795
Non controlling interests		**150,755**	178,722	**-**	-
Total equity		**1,414,621**	1,761,016	**1,582,197**	1,739,795
Non current liabilities					
Lease liabilities	5B	**215,931**	244,056	**-**	28,751
Borrowings	16	**313,245**	263,686	**333,570**	483,348
Deferred tax liabilities	17	**54,596**	73,748	**29,014**	34,251
Retirement benefit obligations	18	**201,071**	186,451	**55,011**	54,429
		784,843	767,941	**417,595**	600,779
Current liabilities					
Lease liabilities	5B	**24,818**	24,262	**-**	44
Trade and other payables	19	**908,474**	1,011,657	**57,452**	57,476
Contract liabilities	23	**14,032**	40,412	**-**	-
Current tax liabilities		**-**	904	**-**	-
Borrowings	16	**684,063**	718,737	**300,477**	431,585
Proposed dividend	29	**-**	15,763	**-**	15,763
		1,631,387	1,811,735	**357,929**	504,868
Liabilities directly associated with assets classified as held for sale	34	**51,010**	-	**-**	-
TOTAL EQUITY & LIABILITIES		**3,881,861**	4,340,692	**2,357,721**	2,845,442

These financial statements have been approved for issue by the Board of Directors on 30 April 2021.

ANTOINE L. HAREL
Chairman

CHARLES HAREL
Chief Executive Officer

The notes on pages 72 to 140 form an integral part of these financial statements.
Independent auditor's report on pages 61 to 65.

STATEMENTS OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	THE GROUP 2020 Rs'000	THE GROUP 2019 Rs'000	THE COMPANY 2020 Rs'000	THE COMPANY 2019 Rs'000
Revenue	23	**2,914,132**	3,279,343	**151,691**	226,261
Continuing operations					
(Loss)/profit before finance costs	24	**(32,868)**	(35,064)	**40,821**	87,271
Finance costs	25	**(79,388)**	(72,464)	**(33,148)**	(52,455)
		(112,256)	(107,528)	**7,673**	34,816
Net share of results of associates and joint ventures		**(129,268)**	92,771	**-**	-
		(241,524)	(14,757)	**7,673**	34,816
Net (loss)/profit on disposal of investments		**(5,288)**	1,033	**(894)**	3,155
Reorganisation and restructuring costs		**-**	(40,217)	**-**	-
Impairment of assets		**-**	(4,088)	**-**	-
Impairment of receivables		**(82,476)**	(87,223)	**701**	(11,270)
		(87,764)	(130,495)	**(193)**	(8,115)
(Loss)/profit before taxation	26	**(329,288)**	(145,252)	**7,480**	26,701
Income tax	21	**11,366**	(8,751)	**4,564**	(1,594)
(Loss)/profit for the year from continuing operations		**(317,922)**	(154,003)	**12,044**	25,107
Discontinued operations					
Post tax (loss)/profit from discontinued operations	22	**(18,652)**	7,530	**-**	-
(Loss)/profit for the year		**(336,574)**	(146,473)	**12,044**	25,107
Attributable to:					
Owners of the parent		**(289,807)**	(85,138)	**12,044**	25,107
Non controlling interests		**(46,767)**	(61,335)	**-**	-
		(336,574)	(146,473)	**12,044**	25,107
(Loss)/earnings per share from continuing operations (Rs/cents) 30(a)		**(24.99)**	(7.63)	**1.07**	2.23
(Loss)/earnings per share from discontinued operations (Rs/cents)30(b)		**(0.75)**	0.07	**-**	-
Total (loss)/earnings per share		**(25.74)**	(7.56)	**1.07**	2.23

The notes on pages 72 to 140 form an integral part of these financial statements.
Independent auditor's report on pages 61 to 65.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2020

		THE GROUP		THE COMPANY	
	Notes	**2020 Rs'000**	2019 Rs'000	**2020 Rs'000**	2019 Rs'000
(Loss)/profit for the year		**(336,574)**	(146,473)	**12,044**	25,107
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		**(1,893)**	(73)	**(165,828)**	99,773
Movement in actuarial reserve net of deferred tax		**(13,344)**	(27,620)	**(3,814)**	(12,577)
Movement in associate reserves		**570**	(116,526)	**-**	-
Items that may be reclassified subsequently to profit or loss					
Movement in associate reserves		**-**	(76)	**-**	-
Currency translation differences		**11,920**	(927)	**-**	-
Other comprehensive (loss)/income for the year, net of tax	28	**(2,747)**	(145,222)	**(169,642)**	87,196
Total comprehensive (loss)/income for the year		**(339,321)**	(291,695)	**(157,598)**	112,303
Total comprehensive (loss)/income attributable to:					
Owners of the parent		**(295,608)**	(231,670)	**(157,598)**	112,303
Non controlling interests		**(43,713)**	(60,025)	**-**	-
		(339,321)	(291,695)	**(157,598)**	112,303

The notes on pages 72 to 140 form an integral part of these financial statements.

Independent auditor's report on pages 61 to 65.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

		(Attributable to owners of the parent)							
THE GROUP	**Note**	**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**
Balance at 1 January 2020		**112,594**	**(109,865)**	**(5,373)**	**(87,467)**	**1,672,405**	**1,582,294**	**178,722**	**1,761,016**
Loss for the year		-	-	-	-	(289,807)	(289,807)	(46,767)	(336,574)
Other comprehensive (loss)/ income for the year		-	8,794	(1,893)	(12,702)	-	(5,801)	3,054	(2,747)
Total comprehensive loss for the year		-	8,794	(1,893)	(12,702)	(289,807)	(295,608)	(43,713)	(339,321)
Change in ownership interest in subsidiaries that does not result in loss of control		-	-	-	-	(22,820)	(22,820)	18,655	(4,165)
Dividends payable to non controlling shareholders		-	-	-	-	-	-	(2,084)	(2,084)
Disposal of a subsidiary		-	-	-	-	-	-	(825)	(825)
		-	-	-	-	(22,820)	(22,820)	15,746	(7,074)
Balance at 31 December 2020		**112,594**	**(101,071)**	**(7,266)**	**(100,169)**	**1,359,778**	**1,263,866**	**150,755**	**1,414,621**
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**

The notes on pages 72 to 140 form an integral part of these financial statements.

Independent auditor's report on pages 61 to 65.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

THE COMPANY	Note	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 2020		**112,594**	**14,654**	**741,523**	**(42,937)**	**913,961**	**1,739,795**
Profit for the year		-	-	-	-	12,044	12,044
Other comprehensive income/(loss) for the year		-	-	(165,828)	(3,814)	-	(169,642)
Total comprehensive income/(loss) for the year		-	-	(165,828)	(3,814)	12,044	(157,598)
Transfer of gain on disposal of equity investments at fair value through other comprehensive income to retained earnings		-	-	(96,396)	-	96,396	-
		-	-	(96,396)	-	96,396	-
Balance at 31 December 2020		**112,594**	**14,654**	**479,299**	**(46,751)**	**1,022,401**	**1,582,197**
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**

The notes on pages 72 to 140 form an integral part of these financial statements.
Independent auditor's report on pages 61 to 65.

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	THE GROUP 2020 Rs'000	THE GROUP 2019 Rs'000	THE COMPANY 2020 Rs'000	THE COMPANY 2019 Rs'000
Cash flows from operating activities					
Cash (absorbed in)/generated from operations	31(a)	**(7,120)**	173,407	**26,314**	(19,717)
Interest paid		**(55,874)**	(60,290)	**(33,280)**	(56,703)
Income tax paid		**(7,823)**	(32,756)	**-**	-
Net cash (absorbed in) / generated from operating activities		**(70,817)**	80,361	**(6,966)**	(76,420)
Cash flows from investing activities					
Purchase of property, plant and equipment		**(40,394)**	(56,934)	**(553)**	(3,036)
Net expenditure on intangible assets		**(13,634)**	(9,495)	**-**	(163)
Purchase of financial assets at fair value through other comprehensive income		**(100)**	-	**-**	-
Investment in subsidiaries		**-**	-	**(6,008)**	-
Investments in joint ventures		**-**	(5,336)	**-**	-
Proceeds on sale of property, plant and equipment		**5,907**	8,597	**-**	356
Proceeds on sale of intangible assets		**-**	1,757	**-**	-
Proceeds on sale of Investment properties		**57,950**	-	**109,150**	-
Net cash outflow on disposal of subsidiaries		**(951)**	-	**-**	-
Net cash (ouflow)/inflow on acquisition of minority interest in subsidiaries		**-**	(75,202)	**-**	-
Interest received		**9**	-	**283**	3,235
Dividends received		**3,656**	52,574	**61,581**	107,063
Net cash generated from/(absorbed in) investing activities		**12,443**	(84,039)	**164,453**	107,455
Cash flows from financing activities					
Proceeds from borrowings		**331,914**	261,750	**103,308**	77,971
Proceeds on sale of investments in subsidiaries		**-**	-	**143,670**	89,563
Payments on borrowings		**(325,628)**	(378,516)	**(302,207)**	(150,942)
Principal paid on lease liabilities		**(6,103)**	(23,828)	**-**	-
Interest paid on lease liabilities		**(18,760)**	(19,580)	**-**	-
Dividends paid		**(15,763)**	(20,267)	**(15,763)**	(20,267)
Dividends paid by subsidiaries to non-controlling shareholders		**(2,084)**	(4,559)	**-**	-
Net cash absorbed in financing activities		**(36,424)**	(185,000)	**(70,992)**	(3,675)
Net (decrease)/increase in cash and cash equivalents		**(94,798)**	(188,678)	**86,495**	27,360
Movement in cash and cash equivalents					
At 1 January		**(84,740)**	98,479	**(123,300)**	(150,667)
(Decrease)/increase in cash and cash equivalents		**(94,798)**	(188,678)	**86,495**	27,360
Effect of foreign exchange rate changes		**12,265**	5,459	**-**	7
At 31 December	31(b)	**(167,273)**	(84,740)	**(36,805)**	(123,300)

The notes on pages 72 to 140 form an integral part of these financial statements.
Independent auditor's report on pages 61 to 65.

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 (Rs’ 000) 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 estimate 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

Definition of a Business (Amendments to IFRS 3) clarifies the definition of a business to help determine whether a transaction should be accounted for as a business combination or an asset acquisition and permits, in certain circumstances, a simplified assessment that an acquired set of activities and assets is not a business. The amendments have no impact on the Group’s financial statements.

Definition of Material (Amendments to IAS 1 and IAS 8) clarifies the definition of material and aligns the definitions used across IFRSs and other IASB publications. The amendments have no impact on the Group’s financial statements.

Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7) provides relief from certain hedge accounting requirements in order to avoid unnecessary discontinuation of existing hedge relationships during the period before the replacement of an existing interest rate benchmark with an alternative interest rate. The amendments have no impact on the Group’s financial statements.

Amendments to References to the Conceptual Framework in IFRS Standards relate to minor amendments to various standards to reflect the revised Conceptual Framework for Financial Reporting. The amendments have no impact on the Group’s financial statements.

Covid-19-Related Rent Concessions (Amendment to IFRS 16) provides an option to apply a simplified accounting treatment to some lease modifications in the accounts of the lessee. The amendments have no impact on the Group’s financial statements.

Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) extends the temporary exemption to accounting periods beginning before 1 January 2023. 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 2021 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)

2. **SIGNIFICANT ACCOUNTING POLICIES** (continued)

(a) **Basis of preparation** (continued)

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

IFRS 17 Insurance Contracts

Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

Annual Improvements 2018–2020

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)

Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)

Reference to the Conceptual Framework (Amendments to IFRS 3)

Amendments to IFRS 17

Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Intangible assets (continued)

(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.

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Retirement benefit obligations (continued)

(i) *Defined benefit plans*

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 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.

(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 are included in the fair value reserve in equity.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Foreign currencies (continued)

(ii) *Transactions and balances* (continued)

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 in 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.

(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.

2. **SIGNIFICANT ACCOUNTING POLICIES** (continued)

(m) **Leases** (continued)

Identifying Leases (continued)

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. 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. 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.

2. **SIGNIFICANT ACCOUNTING POLICIES** (continued)

(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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Financial liabilities (continued)

(ii) *Other financial liabilities* (continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Revenue recognition (continued)

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

Performance obligations and timing of revenue recognition

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. 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.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(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).

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.

(y) Government Wage Assistance Scheme

The Group and the Company have received support from the Government of Mauritius in the form of the Government Wage Assistance Scheme (GWAS) during the national lockdown period (Mid-March to June 2020) in response to Covid-19 to partially cover the salaries of their employees and subject to the fulfilment of certain conditions.

The amounts received as GWAS have been recognised as other income (refer to Note 23), as the conditions have been fulfilled in the year ended 31 December 2020.

The Group and the Company are however subject to a Covid-19 levy, which is payable as follows:

(1) In the year of assessment commencing 01 July 2020, the lower of:

a. The total amount received by the Group and the Company under the GWAS; and

b. 15% of the chargeable income of the respective companies in the year ended 31 December 2020.

(2) In the year of assessment commencing 01 July 2021, the lower of:

a. The total amount received by the Group and Company under the GWAS as reduced by amount of levy payable in the year of assessment commencing on 01 July 2020; and

b. 15% of the chargeable income of the respective companies in the year ending 31 December 2021.

During the year ended 31 December 2020, the Group has recognised a Covid -19 Levy of Rs 3.5m as an expense and this amount is payable in the year of assessment commencing on 01 July 2020. The Company did not recognise any Covid-19 Levy due to tax losses in the current year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

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) Currency risk

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.

At 31 December 2020, 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 5.8m (2019: Rs 1.9m) 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	
	2020 Rs'000	2019 Rs'000	**2020 Rs'000**	2019 Rs'000
Categories of investments:				
Financial assets at fair value value through other comprehensive income	**911**	1,000	**911**	1,000

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

(iii) Cash flow 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. The Group's policy is to maintain borrowings, other than finance lease obligations, at floating rate.

Cash flow interest risk

At 31 December 2020, 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	
	2020 Rs'000	2019 Rs'000	**2020 Rs'000**	2019 Rs'000
Effect higher/lower interest rate on post tax profit	**3,930**	4,267	**2,695**	2,647

3. FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

(iii) Cash flow interest risk (continued)

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. There 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.

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**	**Total Rs'000**
At 31 December 2020						
Lease liabilities	**24,818**	**207,889**	**2,996**	**5,046**	**-**	**240,749**
Bank overdraft	**287,398**	**-**	**-**	**-**	**-**	**287,398**
Bank loans	**226,583**	**59,114**	**41,613**	**165,542**	**46,976**	**539,828**
Unsecured loans	**170,082**	**-**	**-**	**-**	**-**	**170,082**
Trade and other payables	**908,474**	**-**	**-**	**-**	**-**	**908,474**
	1,617,355	**267,003**	**44,609**	**170,588**	**46,976**	**2,146,531**

	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	Total Rs'000
At 31 December 2019						
Lease liabilities	24,262	209,457	4,264	293	30,042	268,318
Bank overdraft	281,173	-	-	-	-	281,173
Bank loans	199,198	89,044	103,689	70,953	-	462,884
Unsecured loans	238,366	-	-	-	-	238,366
Trade and other payables	1,011,657	-	-	-	-	1,011,657
	1,754,656	298,501	107,953	71,246	30,042	2,262,398

3. FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

THE COMPANY	**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**	**Total Rs'000**
At 31 December 2020						
Bank overdraft	**39**	**-**	**-**	**-**	**-**	**39**
Bank loans	**56,172**	**16,328**	**28,500**	**139,172**	**19,411**	**259,583**
Loan at call	**54,193**	-	-	-	-	**54,193**
Unsecured loans at call	**190,073**	**130,159**	**-**	**-**	**-**	**320,232**
Trade and other payables	**57,452**	**-**	**-**	**-**	**-**	**57,452**
	357,929	**146,487**	**28,500**	**139,172**	**19,411**	**691,499**

	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	Total Rs'000
At 31 December 2019						
Lease liabilities	44	28,751	-	-	-	28,795
Bank overdraft	53,839	-	-	-	-	53,839
Bank loans	57,000	63,172	73,328	25,583	-	219,083
Loan at call	82,380	-	-	-	-	82,380
Unsecured loans at call	238,366	321,265	-	-	-	559,631
Trade and other payables	57,476	-	-	-	-	57,476
	489,105	413,188	73,328	25,583	-	1,001,204

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.

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 Rs 1m (2019: Rs 1m) and Rs 0.4m (2019: Rs 0.3m) 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).

3. **FINANCIAL RISK MANAGEMENT** (continued)

3.3 **Capital risk management** (continued)

The debt-to-adjusted capital ratios at 31 December 2020 and at 31 December 2019 were as follows:

	THE GROUP		THE COMPANY	
	2020 Rs'000	2019 Rs'000	**2020 Rs'000**	2019 Rs'000
<u>The Group</u>				
Total debt	**1,238,057**	1,250,741	**634,047**	943,728
Less: cash and cash equivalents	**(120,125)**	(196,433)	**(17,427)**	(12,919)
Net debt	**1,117,932**	1,054,308	**616,620**	930,809
Total equity	**1,414,621**	1,761,016	**1,582,197**	1,739,795
Debt-to-adjusted capital ratio	**0.79:1**	0.60:1	**0.39:1**	0.54:1

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

4. **CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

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) <u>**Estimated impairment of goodwill**</u>

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) <u>**Impairment of financial assets**</u>

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) <u>**Pension benefits**</u>

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 18.

(d) <u>**Revaluation of investment properties**</u>

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) <u>**Depreciation policies - Asset lives and residual values**</u>

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

4. **CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS** (continued)

(e) <u>**Depreciation policies - Asset lives and residual values**</u> (continued)

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) <u>**Fair value of securities not quoted in an active market**</u>

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.

(g) <u>**Limitation of sensitivity analysis**</u>

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) <u>**Deferred tax on investment properties**</u>

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) <u>**Impairment of assets**</u>

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) <u>**Measurement of the expected credit loss (ECL) allowance**</u>

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**

THE GROUP	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
(a) **2020**										
COST/DEEMED COST										
At 1 January 2020	420,211	146,174	37,599	263,037	106,355	245,747	194,759	20,945	2,891	1,437,718
Additions	884	-	-	23,455	3,214	9,730	-	584	2,528	40,395
Transfer from investment poperty	51,200	-	-	-	-	-	-	-	-	51,200
Disposals	-	(14,472)	(772)	-	(24,189)	(3,290)	-	-	-	(42,723)
Exchange difference	81	-	-	-	(516)	44	-	-	-	(391)
Transfer	-	-	-	337	(2,988)	5,246	-	1,582	-	4,177
Asset held for sale	-	-	-	-	-	(421)	-	-	-	(421)
Assets written off	-	-	-	(273)	-	(2,042)	-	-	-	(2,315)
Disposal of subsidiaries	-	-	-	-	-	(530)	-	-	-	(530)
At 31 December 2020	**472,376**	**131,702**	**36,827**	**286,556**	**81,876**	**254,484**	**194,759**	**23,111**	**5,419**	**1,487,110**
DEPRECIATION										
At 1 January 2020	24,049	11,463	9,200	228,788	90,611	181,391	147,965	15,974	-	709,441
Charge for the year	11,178	611	2,173	14,685	5,376	29,092	19,289	2,511	-	84,915
Disposal adjustments	-	-	-	(607)	(24,151)	(1,722)	-	-	-	(26,480)
Exchange difference	82	-	-	-	(855)	831	-	-	-	58
Transfer	-	-	-	1,967	(4,459)	4,624	-	-	-	2,132
Assets written off	-	-	-	(273)	-	(2,042)	-	-	-	(2,315)
Asset held for sale	-	-	-	-	-	(275)	-	-	-	(275)
Disposal of subsidiaries	-	-	-	-	-	(471)	-	-	-	(471)
At 31 December 2020	**35,309**	**12,074**	**11,373**	**244,560**	**66,522**	**211,428**	**167,254**	**18,485**	**-**	**767,005**
NET BOOK VALUE										
At 31 December 2020	**437,067**	**119,628**	**25,454**	**41,996**	**15,354**	**43,056**	**27,505**	**4,626**	**5,419**	**720,105**

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FOR THE YEAR ENDED 31 DECEMBER 2020

5. **PROPERTY, PLANT AND EQUIPMENT** (continued)

THE GROUP	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
(b) 2019										
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** (cotinued)

THE COMPANY	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
(c) 2020					
COST/DEEMED COST					
At 1 January 2020	274,669	12,656	4,885	52,422	344,632
Additions	-	58	-	495	553
At 31 December 2020	**274,669**	**12,714**	**4,885**	**52,917**	**345,185**
DEPRECIATION					
At 1 January 2020	14,093	11,943	3,512	46,454	76,002
Charge for the year	4,532	83	538	2,096	7,249
At 31 December 2020	**18,625**	**12,026**	**4,050**	**48,550**	**83,251**
NET BOOK VALUE					
At 31 December 2020	**256,044**	**688**	**835**	**4,367**	**261,934**

THE COMPANY	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
(d) 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

	THE GROUP	
	2020 Rs'000	2019 Rs'000
(e) Depreciation charge is analysed as follows:	**Rs'000**	Rs'000
Cost of sales	**4,766**	6,500
Marketing and selling expenses	**15,787**	12,946
Administrative expenses	**64,362**	72,217
	84,915	91,663

Depreciation charge for the Company is recorded in administrative expenses.

(f) 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 December 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 lives.

(g) 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 vehicles Rs'000**	**Total Rs'000**
At 1 January 2020	212,606	24,917	237,523
Additions	-	13,630	13,630
Amortisation	(9,672)	(7,708)	(17,380)
Transfer	-	50	50
Disposal of subsidiaries	-	(260)	(260)
Forex exchange movement	-	384	384
At 31 December 2020	**202,934**	**31,013**	**233,947**

	THE GROUP		
	Land and buildings Rs'000	Plant, machinery and motor vehicles 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

	THE COMPANY		
	Land and buildings Rs'000	**Plant, machinery and motor vehicles Rs'000**	**Total Rs'000**
At 1 January 2020	-	-	-
Additions	-	-	-
Amortisation	-	-	-
At 31 December 2020	-	-	-

	THE COMPANY		
	Land and buildings Rs'000	Plant, machinery and motor vehicles 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 vehicles Rs'000**	**Total Rs'000**
At 1 January 2020	248,824	19,494	268,318
Additions	-	12,230	12,230
Interest expense	17,682	1,078	18,760
Lease payments	(18,372)	(6,491)	(24,863)
Disposal of right-of-use assets	(28,795)	-	(28,795)
Foreign exchange movements	-	(63)	(63)
Transfer	-	(4,838)	(4,838)
At 31 December 2020	**219,339**	**21,410**	**240,749**
Current			24,818
Non current			215,931
			240,749

	THE GROUP		
	Land and buildings Rs'000	Plant machinery and motor vehicles 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 vehicles Rs'000**	**Total Rs'000**
At 1 January 2020	28,795	-	28,795
Disposal of right-of-use assets	(28,795)	-	(28,795)
At 31 December 2020	-	-	-
Current			-
Non current			-
			-

	THE COMPANY		
	Land and buildings Rs'000	Plant, machinery and motor vehicles 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 (continued)

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

The Company had a lease agreement expiring on 30 September 2069. The Company disposed of the right-of-use assets during the year.

One of the subsidiaries leases land from the Mauritius Ports Authority for a period of 51 years with increase in rental occurring every five years as stipulated in the agreement.

Another subsidiary leases several equipment 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 2020	**Lease Contracts Number**	**Fixed payments %**	**Variable payments %**	**Sensitivity Rs.**
Property leases with payments linked to inflation	8	-	8%	1,890,877
Property leases with periodic uplifts to market rentals	4	4%	-	-
Property leases with fixed payments	12	11%	-	-
Leases of plant and equipment	21	30%	-	-
Vehicle leases	39	47%	-	-
	84	92%	8%	1,890,877

(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 2020 is **Rs 24.9m** (2019: Rs.43.4m) and Rs **Nil** (2019: Rs.2.4m) for the Group and the Company respectively.

6. INVESTMENT PROPERTIES

	THE GROUP		THE COMPANY	
	2020 Rs'000	2019 Rs'000	**2020 Rs'000**	2019 Rs'000
At 31 December	**406,619**	358,624	**426,375**	381,912
Adjustment for change in accounting policy	**-**	28,805	**-**	28,805
At 1 January	**406,619**	387,429	**426,375**	410,717
Disposals	**(40,950)**	-	**(115,050)**	-
Transfer to property, plant and equipment	**(51,200)**	-	**-**	2,950
Transfer from property, plant and equipment	**-**	2,950	**-**	-
Exchange difference	**(2,601)**	(1,022)	**-**	-
Increase in fair value	**650**	17,262	**-**	12,708
At 31 December	**312,518**	406,619	**311,325**	426,375

6. INVESTMENT PROPERTIES (continued)

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 properties 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 change to the valuation techniques during the year.

Details of the investment properties and information about fair value hierachy as at 31 December 2020 are as follows:

	THE GROUP	
	2020	2019
	Level 2	
	Rs'000	Rs'000
Buildings	**108,675**	160,669
Land	**203,843**	245,950
Total	**312,518**	406,619

	THE COMPANY	
	2020	2019
	Level 2	
	Rs'000	Rs'000
Buildings	**118,100**	138,050
Land	**193,225**	288,325
Total	**311,325**	426,375

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	
	2020 Rs'000	2019 Rs'000	**2020 Rs'000**	2019 Rs'000
Rental income	**14,621**	20,084	**7,182**	13,260
Direct operating expenses arising on investment properties that generated investment income	**-**	260	**-**	-
Direct operating expenses arising on investment properties that did not generated investment income	**545**	572	**-**	-

7. INTANGIBLE ASSETS

(a)

THE GROUP	**Goodwill Rs'000**	**Portfolio of clients Rs'000**	**Computer Software Rs'000**	**Operating Licence Rs'000**	**Total Rs'000**
COST					
At 1 January 2020	**190,012**	**3,215**	**51,175**	**5,244**	**249,646**
Additions	**-**	**-**	**13,634**	**-**	**13,634**
Disposal of subsidiaries	**(10,802)**	**(3,215)**	**(195)**	**-**	**(14,212)**
Transfer to assets held for sale	**-**	**-**	**(568)**	**-**	**(568)**
Assets written off	**-**	**-**	**(521)**	**-**	**(521)**
At 31 December 2020	**179,210**	**-**	**63,525**	**5,244**	**247,979**
AMORTISATION					
At 1 January 2020	**99,065**	**1,608**	**41,460**	**4,955**	**147,088**
Charge for the year	**-**	**-**	**4,623**	**-**	**4,623**
Disposal of subsidiaries	**-**	**(1,608)**	**(169)**	**-**	**(1,777)**
Transfer to assets held for sale	**-**	**-**	**(20)**	**-**	**(20)**
Assets written off	**-**	**-**	**(521)**	**-**	**(521)**
At 31 December 2020	**99,065**	**-**	**45,373**	**4,955**	**149,393**
NET BOOK VALUE					
At 31 December 2020	**80,145**	**-**	**18,152**	**289**	**98,586**

(b)

THE GROUP	Goodwill Rs'000	Portfolio of clients Rs'000	Computer Software Rs'000	Operating Licence Rs'000	Total Rs'000
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

Amortisation charge of **Rs 4.6** m (2019: Rs 2.9 m) has been accounted for in administrative expenses.

(c)

THE COMPANY	**Computer Software Rs'000**
COST	
At 1 January 2020	8,007
Additions	-
At 31 December 2020	**8,007**
AMORTISATION	
At 1 January 2020	7,638
Charge for the year	129
At 31 December 2020	**7,767**
NET BOOK VALUE	
At 31 December 2020	**240**

7. **INTANGIBLE ASSETS** (continued)

(d) **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

(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	
	2020 Rs'000	2019 Rs'000
Manufacturing & Trading	**77,647**	81,812
Business Services	**2,498**	9,135
	80,145	90,947

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.

8. **INVESTMENTS IN SUBSIDIARIES**

THE COMPANY	**2020 Rs'000**	2019 Rs'000
At 1 January,	**806,058**	991,624
Additions	**6,007**	20,229
Disposals	**(144,415)**	(44,772)
Fair value loss	**(62,189)**	(161,023)
At 31 December,	**605,461**	806,058

Investments in subsidiaries comprise listed and unquoted securities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

8. **INVESTMENTS IN SUBSIDIARIES** (continued)

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

YEAR 2020

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	Ordinary	31 December	Rs5,000,000	-	70.41	29.59	Mauritius	Chemicals
Chemco Limited	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
Coolkote Ltd	Ordinary	31 December	Rs21,605,272	-	70.41	29.59	Mauritius	Waterproofing activities
Districoft Ltd	Ordinary	31 December	Rs500,000	100.00	-	-	Mauritius	Dormant
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
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 Technologies Ltd	Ordinary	31 December	Rs37,953,159	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
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 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

8. **INVESTMENTS IN SUBSIDIARIES** (continued)

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

YEAR 2020

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	Rs62,160,000	-	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
Novengi Ltd	Ordinary	31 December	Rs54,000,000	-	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
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
Standard Continuous Stationery Limited	Ordinary	31 December	Rs10,000	100.00	-	-	Mauritius	Investment company
Solar PV Farm	Ordinary	31 December	Rs1,000	100.00	-	-	Mauritius	Manufacture of electricity, distribution and control apparatus
Suchem Ltd (Note 1)	Ordinary	31 December	Rs17,725,000		70.41	29.59	Mauritius	Sales of chemical products
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

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8. **INVESTMENTS IN SUBSIDIARIES** (continued)

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

Note 1 - On 31 July 2020, the Company disposed of its 100% shareholding in Suchem Ltd to Mauritius Chemical and Fertilizer Industry Limited for a consideration of Rs 143,500,000.

This resulted in a change in the Group's % holding in Suchem Ltd from 100% to 70.41%.

Note 2 - During the year under review , the following companies were struck off by the Registrar of Companies :

- Hamac Export Services Ltd
- Indialley Ltd
- Harel Mallac Leasing Ltd
- HM Freeport Ltd
- People Prime Ltd

Note 3 - In 2020, Harel Mallac & Co Ltd has disposed all of its shareholdings in HM Global Services Ltd and Harel Mallac Advisory Ltd.

Note 4 - On 21 December 2020, Harel Mallac Co Ltd, through its wholly owned subsidiary – Harel Mallac Trading Ltd, entered into a Share Purchase Agreement (SPA) to dispose of its interests in Corexsolar International SAS Group of companies ("Corexsolar entities") for a consideration of Euro 1,250,000. The interests of Harel Mallac Co Ltd in the Corexsolar entities were as follows:

- 51% Corexsolar International (Reunion)
- 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 5 - During the year under review, Harel Mallac & Co Ltd injected an additional Rs 6,007,863 in Harel Mallac Technologies Ltd. However this did not result in any change in % holding.

8. **INVESTMENTS IN SUBSIDIARIES** (continued)

(b) 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

8. **INVESTMENTS IN SUBSIDIARIES** (continued)

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

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** (continued)

(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 2020 Rs'000**
2020		
The Mauritius Chemical and Fertilizer Industry Limited	**(36,555)**	**133,282**

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

(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**
2020								
The Mauritius Chemical and Fertilizers Industry Limited	**559,244**	**594,287**	**490,333**	**307,953**	**859,411**	**(123,545)**	**10,891**	**2,084**
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	-	-

(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**
2020				
The Mauritius Chemical and Fertilizer Industry Limited	**(34,723)**	**(187,484)**	**173,875**	**(48,332)**
Corexsolar International (Mauritius) Ltd	-	-	-	-
2019				
The Mauritius Chemical and Fertilizer	(4,879)	(112,731)	66,233	(51,377)
Corexsolar International (Mauritius) Ltd	63,150	(16,939)	(4,364)	44,567

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

8. **INVESTMENTS IN SUBSIDIARIES** (continued)

(e) **Investment in subsidiaries**

	THE COMPANY	
	2020 Rs'000	2019 Rs'000
(i) Investments in subsidiaries include the following:		
Equity securities at fair value:		
- Official market	**200,659**	216,929
- Unquoted	**404,802**	589,129
	605,461	806,058

(ii) **THE COMPANY**	**Level 1 Rs'000**	**Level 2 Rs'000**	**Level 3 Rs'000**	**Total Rs'000**
At 31 December 2020				
Investments in subsidiaries	**200,659**	**-**	**404,802**	**605,461**
At 31 December 2019				
Investments in subsidiaries	216,929	-	589,129	806,058

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.

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

	THE COMPANY	
	Level 3	
	2020 Rs'000	2019 Rs'000
At 1 January	**589,129**	608,029
Additions	**6,007**	20,229
Disposals	**(144,415)**	-
Fair value loss	**(45,919)**	(39,129)
At 31 December	**404,802**	589,129

9. **INVESTMENTS IN ASSOCIATES**

(a) **THE GROUP**	**2020 Rs'000**	2019 Rs'000
At 1 January	**1,078,833**	1,124,367
Share of retained (loss)/profit	**(126,674)**	47,889
Other equity movements	**(303)**	(93,423)
At 31 December	**951,856**	1,078,833
Made up as follows:		
Share of net assets	**658,997**	785,974
Goodwill on acquisition	**292,859**	292,859
	951,856	1,078,833

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.

9. INVESTMENTS IN ASSOCIATES (continued)

(b) **THE COMPANY**

	2020 Rs'000	2019 Rs'000
At 1 January	**1,163,613**	962,513
Fair value (loss)/gain	**(101,831)**	201,100
At 31 December	**1,061,782**	1,163,613

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

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

(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**
2020					
Attitude Hospitality Management Ltd	Mauritius	30 June	Hotel management	20.06	-
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	-
2019					
Attitude Hospitality Management Ltd	Mauritius	30 June	Hotel management	20.06	-
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	-

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9. INVESTMENTS IN ASSOCIATES (continued)

(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**
2020									
Attitude Hospitality Management Ltd	**65,501**	**4,100**	**37,603**	**-**	**36,956**	**(33,914)**	**-**	**(33,914)**	**2,922**
Biofert Co Ltd	**6,681**	**2,594**	**5,350**	**-**	**171**	**-**	**-**	**-**	**-**
Emineo Holding Limited	**86,199**	**49,257**	**21,417**	**5,226**	**16,762**	**(17,189)**	**-**	**(17,189)**	**-**
Maritim (Mauritius) Ltd	**1,093,370**	**1,095,981**	**95,437**	**1,289,877**	**72,224**	**(150,993)**	**-**	**(150,993)**	**-**
Rehm Grinaker Construction Co Ltd	**890,627**	**199,724**	**965,847**	**111,301**	**1,200,168**	**(115,296)**	**-**	**(115,296)**	**-**
Société Oneo	**260,000**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total Mauritius Limited	**1,056,462**	**1,693,018**	**1,504,856**	**257,924**	**5,822,829**	**19,384**	**2,848**	**22,232**	**-**
Touristic United Enterprise Ltd	**42,086**	**215,981**	**19,688**	**57,225**	**-**	**(1,420)**	**-**	**(1,420)**	**-**
Water Sport Village Limited	**12,006**	**766,560**	**34,263**	**590,948**	**62,670**	**(131,387)**	**-**	**(131,387)**	**-**
Zilwa Resort Ltd	**84,331**	**957,230**	**57,391**	**309,130**	**162,581**	**(99,279)**	**-**	**(99,279)**	**-**
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

9. **INVESTMENTS IN ASSOCIATES** (continued)

(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 1 January 2020 Rs'000	Profit/ (loss) for the year Rs'000	Other comprehensive (loss)/ income for the year Rs'000	Other Movements Rs'000	Amalgamation Rs'000	Dividend Rs'000	Closing net assets Rs'000	Ownership interest %	Interest in associates Rs'000	Goodwill Rs'000	Carrying value Rs'000
2020											
Attitude Hospitality Management Ltd	80,519	(33,914)	-	-	-	(14,608)	31,997	20.00	6,399	44,410	50,809
Biofert Co Ltd	3,925	-	-	-	-	-	3,925	33.33	1,308	-	1,308
Emineo Holding Limited	(133,998)	(17,189)	-	-	-	-	(151,187)	25.00	(37,797)	-	(37,797)
Maritim (Mauritius) Ltd	955,030	(150,993)	-	-	-	-	804,037	22.86	183,780	35,413	219,193
Rehm Grinaker Construction Co Ltd	132,529	(115,296)	-	(5,019)	-	-	12,214	21.50	2,626	-	2,626
Rehm Grinaker Properties Co Ltd	-	-	-	-	-	-	-	-	-	-	-
Societe Oneo	260,000	-	-	-	-	-	260,000	25.00	65,000	-	65,000
Total Mauritius Limited	964,468	19,384	2,848	-	-	-	986,700	20.00	197,340	73,379	270,719
Touristic United Enterprise Ltd	185,583	(1,420)	-	(3,009)	-	-	181,154	22.50	40,760	-	40,760
Water Sport Village Limited	284,741	(131,387)	-	-	-	-	153,354	24.50	37,572	84,371	121,943
Zilwa Resort Ltd	774,316	(99,279)	-	-	-	-	675,037	24.00	162,009	55,286	217,295
Total	3,507,113	(530,094)	2,848	(8,028)	-	(14,608)	2,957,231		658,997	292,859	951,856

Name	Opening net assets 1 January 2020 Rs'000	Profit/ (loss) for the year Rs'000	Other comprehensive (loss)/ income for the year Rs'000	Other Movements Rs'000	Amalgamation 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	-	-	-
Societe 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

(f) For associates with non co-terminous year end, management accounts for the year ended 31 December 2020 have been included in the consolidated financial statements.

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10A **FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME**

(i) Equity investments at fair value through other comprehensive income

	THE GROUP	
	2020 Rs'000	2019 Rs'000
At 1 January	**30,379**	30,452
Additions	**100**	-
Impairment	**(42)**	-
Change in fair value recognised in other comprehensive income	**(1,893)**	(73)
At 31 December	**28,544**	30,379

	THE COMPANY	
	2020 Rs'000	2019 Rs'000
At 1 January	**25,368**	25,602
Change in fair value recognised in other comprehensive income	**(1,873)**	(234)
At 31 December	**23,495**	25,368

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

	THE GROUP	
	2020 Rs'000	2019 Rs'000
Quoted- Mauritius		
Banking	**4,981**	4,952
Sugar Industry	**7,859**	7,938
Unquoted- Mauritius		
Investment fund	**7,091**	8,429
Leisure	**1,104**	1,104
Others	**7,509**	7,956
	28,544	30,379

	THE COMPANY	
	2020 Rs'000	2019 Rs'000
Quoted- Mauritius		
Banking	**4,151**	4,952
Sugar Industry	**7,859**	7,938
Unquoted- Mauritius		
Investment fund	**6,991**	7,094
Leisure	**1,104**	1,104
Others	**3,390**	4,280
	23,495	25,368

(iii) **Fair values**

	THE GROUP			
	Level 1 Rs'000	**Level 2 Rs'000**	**Level 3 Rs'000**	**Total Rs'000**
At 31 December 2020				
Financial assets at fair value through other comprehensive income	**12,840**	**-**	**15,704**	**28,544**
At 31 December 2019				
Financial assets at fair value through other comprehensive income	12,890	-	17,489	30,379

10A FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (continued)

(iii) **Fair values** (continued)

	THE COMPANY			
	Level 1 Rs'000	Level 2 Rs'000	Level 3 Rs'000	Total Rs'000
At 31 December 2020				
Financial assets at fair value through other comprehensive income	**12,010**	**-**	**11,485**	**23,495**
At 31 December 2019				
Financial assets at fair value through other comprehensive income	12,890	-	12,478	25,368

(iv) 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.

(v) 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.

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

(vii) **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			
	2020		2019	
	Rs'000	Rs'000	Rs'000	Rs'000
	Current	Non-current	Current	Non-current
Other receivables (see note b)	**224,368**	**220**	117,190	3,657
Less: Loss allowance for financial assets at amortised cost (see note (c) (i))	**(32,474)**	**-**	-	-
	191,894	**220**	117,190	3,657

	THE COMPANY			
	2020		2019	
	Rs'000	Rs'000	Rs'000	Rs'000
	Current	Non-current	Current	Non-current
Amount receivable from related parties (see note 36(b)(i))	**4,958**	**-**	72,574	-
Other receivables (see note b)	**6,127**	**-**	9,586	5,241
	11,085	**-**	82,160	5,241
Less: Loss allowance for financial assets at amortised cost (see note (c) (i))	**-**	**-**	-	(2,000)
	11,085	**-**	82,160	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

(c) *Impairment and risk exposure*

(i) The loss allowance for financial assets at amortised cost as at 1 January 2019 reconciles to the closing loss allowance on 31 December 2019 and to the closing loss allowance as at 31 December 2020 as follows:

THE GROUP	Other current receivables Rs'000
Loss allowance at 1 January 2019	-
Allowance recognised in profit or loss during the year	-
Loss allowance at 31 December 2019	-
Allowance recognised in profit or loss during the year	**32,474**
Loss allowance at 31 December 2020	**32,474**

THE COMPANY	Other Non-current receivables Rs'000
Loss allowance at 1 January 2019	**2,000**
Allowance recognised in profit or loss during the year	**-**
Loss allowance at 31 December 2019	**2,000**
Reversal of loss allowance during the year	**(2,000)**
Loss allowance at 31 December 2020	**-**

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

	THE GROUP	
	2020 Rs'000	2019 Rs'000
Mauritian rupee	**185,113**	104,726
US Dollar	**5,221**	-
Euro	**734**	7,443
Other	**1,046**	8,678
	192,114	120,847

	THE COMPANY	
	2020 Rs'000	2019 Rs'000
Mauritian rupee	**11,085**	85,401

11. INVESTMENTS IN JOINT VENTURES

	THE GROUP		THE COMPANY	
	2020 Rs'000	2019 Rs'000	2020 Rs'000	2019 Rs'000
At 1 January	**10,253**	16,934	**12,217**	16,592
Additions	**-**	16,908	**-**	-
Fair value movement	**-**	-	**-**	(4,375)
Share of loss	**(5,748)**	(23,589)	**-**	-
At 31 December	**4,505**	10,253	**12,217**	12,217

During the year ended 31 December 2019, the Group made additional investment in SPV Petite Riviere Ltd. The carrying value of the investment in SPV Petite Riviere Ltd was Rs Nil at 31 December 2020.

11. **INVESTMENTS IN JOINT VENTURES** (continued)

(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 2020	2019	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 Riviere 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

	2020 Rs'000	2019 Rs'000
Current assets	**21,048**	20,761
Non-current assets	**164,223**	175,128
Current liabilities	**42,584**	39,268
Non-current liabilities	**132,753**	135,416
The above amounts of assets include the following:		
Cash and cash equivalents	**7,686**	11,726

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

	2020 Rs'000	2019 Rs'000
Revenue	**17,973**	17,498
Profit before finance cost	**5,089**	925
Finance cost	**(16,359)**	(14,001)
Loss before tax	**(11,270)**	(13,076)
Income tax	**-**	-
Loss for the year	**(11,270)**	(13,076)
Other comprehensive income	**-**	-
Total comprehensive loss for the year	**(11,270)**	(13,076)

12. **INVENTORIES**

	THE GROUP **2020 Rs'000**	2019 Rs'000	THE COMPANY **2020 Rs'000**	2019 Rs'000
Raw materials	**76,935**	96,557	**-**	-
Finished goods	**323,201**	417,705	**-**	-
Goods in transit	**3,853**	21,217	**-**	-
Consumables	**2,913**	6,035	**-**	-
	406,902	541,514	**-**	-

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 Rs 2 billion (2019: Rs 2.6 billion).

13. **TRADE RECEIVABLES**

	THE GROUP **2020 Rs'000**	2019 Rs'000	THE COMPANY **2020 Rs'000**	2019 Rs'000
Trade receivables	**970,467**	1,064,057	**79,955**	72,194
Less provision for impairment	**(275,992)**	(231,588)	**(27,200)**	(27,702)
	694,475	832,469	**52,755**	44,492

(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 2020 was determined as follows for trade receivables:

THE GROUP	**Current Rs'000**	**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**
At 31 December 2020					
Expected loss rate	**1%**	**3%**	**2%**	**61%**	**28%**
Gross carrying amount - trade receivable	**328,332**	**115,174**	**87,953**	**439,008**	**970,467**
Loss allowance	**3,789**	**3,244**	**1,640**	**267,319**	**275,992**

THE GROUP	Current Rs'000	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
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

THE COMPANY	**Current Rs'000**	**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**
At 31 December 2020					
Expected loss rate	**1%**	**6%**	**2%**	**60%**	**34%**
Gross carrying amount - trade receivable	**21,018**	**8,920**	**6,295**	**43,722**	**79,955**
Loss allowance	**276**	**541**	**100**	**26,283**	**27,200**

THE COMPANY	Current Rs'000	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
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

13. TRADE RECEIVABLES (continued)

(i) *Impairment of trade receivables* (continued)

The closing loss allowances for trade receivables as at 31 December 2020 reconcile to the opening loss allowances as follows:

	THE GROUP		THE COMPANY	
	2020 Rs'000	2019 Rs'000	**2020 Rs'000**	2019 Rs'000
At 1 January	**231,588**	163,175	**27,702**	28,012
Loss allowance recognised in profit or loss during the year	**50,002**	87,223	**(701)**	11,270
Disposal of subsidiary	**(7,088)**	-	**-**	-
Receivables written off during the year as uncollectible	**-**	(11,114)	**-**	-
Unused amount reversed	**-**	(7,696)	**-**	(11,580)
Exchange difference	**1,490**	-	**199**	-
At 31 December	**275,992**	231,588	**27,200**	27,702

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

	THE GROUP		THE COMPANY	
	2020 Rs'000	2019 Rs'000	**2020 Rs'000**	2019 Rs'000
Rupee	**574,186**	607,582	**52,755**	44,492
US Dollar	**36,985**	94,843	**-**	-
Euro	**83,304**	68,409	**-**	-
Other currencies	**-**	61,635	**-**	-
	694,475	832,469	**52,755**	44,492

(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	
	2020 Rs'000	2019 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	
	2020 Rs'000	2019 Rs'000	**2020 Rs'000**	2019 Rs'000
Revaluation reserve on property, plant and equipment (see note (a) below)	**-**	-	**-**	-
Capital reserves	**7,007**	7,007	**4,957**	4,957
Translation reserve (see note (b) below)	**(14,065)**	(22,289)	**-**	-
Associate reserves (see note (c) below)	**(103,710)**	(104,280)	**-**	-
Investment reserve	**4,176**	4,176	**4,176**	4,176
General reserve	**5,521**	5,521	**5,521**	5,521
	(101,071)	(109,865)	**14,654**	14,654

15. REVALUATION AND OTHER RESERVES (continued)

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

	THE GROUP		THE COMPANY	
	2020 Rs'000	2019 Rs'000	**2020 Rs'000**	2019 Rs'000
At 1 January	**-**	443,174	**-**	331,919
Other transfers	**-**	(2,088)	**-**	-
Transfer to retained earnings	**-**	(441,086)	**-**	(331,919)
At 31 December	**-**	-	**-**	-

(b) Translation reserve

	THE GROUP		THE COMPANY	
	2020 Rs'000	2019 Rs'000	**2020 Rs'000**	2019 Rs'000
At 1 January	**(22,289)**	(21,278)	**-**	-
Currency translation differences	**8,224**	(1,011)	**-**	-
At 31 December	**(14,065)**	(22,289)	**-**	-

(c) Associate reserves

	THE GROUP		THE COMPANY	
	2020 Rs'000	2019 Rs'000	**2020 Rs'000**	2019 Rs'000
At 1 January	**(104,280)**	12,465	-	-
Movement in associate reserves	**570**	(116,745)	-	-
At 31 December	**(103,710)**	(104,280)	-	-

16. BORROWINGS

	THE GROUP		THE COMPANY	
	2020 Rs'000	2019 Rs'000	**2020 Rs'000**	2019 Rs'000
Current				
Bank overdraft	**287,398**	281,173	**39**	53,839
Bank loans	**226,583**	199,198	**56,172**	57,000
Loan at call	**-**	-	**54,193**	82,380
Other loans	**51,285**	-	**71,276**	-
Unsecured loans at 4% interest (2019: 4%)	**118,797**	238,366	**118,797**	238,366
	684,063	718,737	**300,477**	431,585

	THE GROUP		THE COMPANY	
	2020 Rs'000	2019 Rs'000	**2020 Rs'000**	2019 Rs'000
Non-current				
Bank loans	**313,245**	263,686	**203,411**	162,083
Other loans	**-**	-	**81,565**	-
Unsecured loans at 5.75% interest	**-**	-	**48,594**	321,265
	313,245	263,686	**333,570**	483,348
Total borrowings	**997,308**	982,423	**634,047**	914,933

(a) The borrowings include secured liabilities (overdrafts and loans amounting to Rs.827m (2019: Rs.774m) and Rs. 260m (2019: Rs273m) 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.

16. **BORROWINGS** (continued)

(b) The exposure of the Group's and 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, 2020				
Total borrowings	**684,063**	**266,269**	**46,976**	**997,308**
At December 31, 2019				
Total borrowings	718,737	263,686	-	982,423

THE COMPANY	1 year Rs'000	1 - 5 years Rs'000	5 years Rs'000	Total Rs'000
At December 31, 2020				
Total borrowings	**300,477**	**314,159**	**19,411**	**634,047**
At December 31, 2019				
Total borrowings	431,585	483,348	-	914,933

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

	THE GROUP		THE COMPANY	
	2020 Rs'000	2019 Rs'000	**2020 Rs'000**	2019 Rs'000
After 1 year and before 2 years	**59,114**	89,044	**146,487**	384,437
After 2 years and before 3 years	**41,613**	103,689	**28,500**	73,328
After 3 years and before 5 years	**165,542**	70,953	**139,172**	25,583
After 5 years	**46,976**	-	**19,411**	-
	313,245	263,686	**333,570**	483,348

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

	2020			2019		
	USD %	**Rs %**	**Euro %**	USD %	Rs %	Euro %
THE GROUP						
Bank overdrafts	**4.10**	**4.10 - 5.40**	**-**	-	5.60-8.35	6.25
Bank loans	**4.90 - 5.75**	**3.50 - 6.95**	**-**	4.90-7.10	3.50-7.10	3.00

THE COMPANY	**2020 %**	2019 %
Bank overdrafts	**4.85**	6.50
Bank loans	**4.10 - 4.30**	5.60-5.85
Loans at call	**2.35 - 4.10**	4.55

(e) Borrowings are denominated in the following currencies:

	THE GROUP		THE COMPANY	
	2020 Rs'000	2019 Rs'000	**2020 Rs'000**	2019 Rs'000
Mauritian Rupees	**924,747**	896,002	**634,047**	914,933
US Dollar	**72,561**	67,530	**-**	-
Euro	**-**	12,582	**-**	-
Malagasy Ariary	**-**	6,309	**-**	-
	997,308	982,423	**634,047**	914,933

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

17. **DEFERRED TAXES**

Deferred tax is calculated on all temporary differences under the liability method at 17%/15% (2019: 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	
	2020 Rs'000	2019 Rs'000	**2020 Rs'000**	2019 Rs'000
Deferred tax assets	**(30,321)**	(22,097)	**-**	-
Deferred tax liabilities	**54,596**	73,748	**29,014**	34,251
	24,275	51,651	**29,014**	34,251

The movement in deferred tax is as follows:

	THE GROUP		THE COMPANY	
	2020 Rs'000	2019 Rs'000	**2020 Rs'000**	2019 Rs'000
At 1 January	**51,651**	63,383	**34,251**	34,876
(Credit)/charged to profit or loss (note 21(a))	**(20,591)**	(6,781)	**(4,564)**	1,594
(Credited)/charged to other comprehensive income	**(6,785)**	(4,951)	**(673)**	(2,219)
At 31 December	**24,275**	51,651	**29,014**	34,251

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 Rs 460m (2019: Rs 180m) to carry forward against future taxable income. The Company has tax losses of Rs 187m (2019: Rs 195m) to carry forward against future taxable income. A deferred tax asset has been recognised in respect of Rs 92m (2019: Rs 46m) for the Group and Rs Nil (2019: Rs Nil) 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 2020 Rs'000	Charged/ (credited) to profit or loss Rs'000	(Credited)/ charged to other comprehensive income Rs'000	**At 31 December 2020 Rs'000**
Deferred tax liabilities				
Asset revaluations	18,093	(10,627)	-	**7,466**
Accelerated tax depreciation	67,817	598	-	**68,415**
Retirement benefit asset	(9,420)	-	(2)	**(9,422)**
Exchange difference	428	-	-	**428**
Right-of-use asset (ROU)	106,040	3,144	-	**109,184**
Others	13,812	-	21	**13,833**
	196,770	(6,885)	19	**189,904**
Deferred tax assets				
Tax losses	(7,817)	(7,855)	-	**(15,672)**
Retirement benefit obligations	(27,738)	(61)	(2,291)	**(30,090)**
Accelerated tax depreciation	2,148	(134)	-	**2,014**
Provision	(2,009)	(222)	-	**(2,231)**
Lease under ROU asset	(107,078)	(4,621)	-	**(111,699)**
Others	(2,625)	(813)	(4,513)	**(7,951)**
	(145,119)	(13,706)	(6,804)	**(165,629)**
Net deferred income tax liabilities	**51,651**	**(20,591)**	**(6,785)**	**24,275**

17. DEFERRED TAXES (continued)

THE GROUP	At 1 January 2019 Rs'000	Effect of adoption of IFRS 16 Rs'000	As restated Rs'000	Transfer Rs'000	(Credited)/ charged 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 (ROU) assets	-	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 assets	-	(61,141)	(61,141)	-	(45,937)	-	(107,078)
Others	(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

THE COMPANY	At 1 January 2020 Rs'000	Effect of adoption of IFRS 16 Rs'000	As restated Rs'000	Transfer Rs'000	(Credited)/ charged to profit or loss Rs'000	Credited to other comprehensive income Rs'000	At 31 December 2020 Rs'000
Deferred tax liabilities							
Accelerated tax depreciation	28,014	-	28,014	-	(5,748)	-	**22,266**
Asset revaluations	14,402	-	14,402	-	598	-	**15,000**
Right-of-use assets	4,321	-	4,321	(4,321)	-	-	**-**
	46,737	-	46,737	(4,321)	(5,150)	-	**37,266**
Deferred tax assets							
Lease under ROU Assets	(4,321)	-	(4,321)	4,321	-	-	**-**
Retirement benefit obligations	(8,165)	-	(8,165)	-	586	(673)	**(8,252)**
	(12,486)	-	(12,486)	4,321	586	(673)	**(8,252)**
Net deferred income tax liabilities	**34,251**	**-**	**34,251**	**-**	**(4,564)**	**(673)**	**29,014**

THE COMPANY	At 1 January 2019 Rs'000	Effect of adoption of IFRS 16 Rs'000	As restated Rs'000	Transfer Rs'000	(Credited)/ charged to profit or loss Rs'000	Credited to other comprehensive 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 assets	-	4,321	4,321	-	-	-	4,321
	42,930	4,321	47,251	-	(514)	-	46,737
Deferred tax assets							
Lease under ROU Assets	-	(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**

18. RETIREMENT BENEFIT OBLIGATIONS

	THE GROUP 2020 Rs'000	THE GROUP 2019 Rs'000	THE COMPANY 2020 Rs'000	THE COMPANY 2019 Rs'000
Amounts recognised on the statement of financial position:				
Made up as follows:				
Retirement benefit obligation	**201,071**	186,451	**55,011**	54,429
Pension benefits (note (a)(ii))	**122,505**	98,720	**32,902**	30,975
Other post retirement benefits:				
- Former employees (note (b)(i))	**23,305**	21,053	**19,861**	18,009
- Retirement gratuity (note (c)(i))	**55,261**	66,678	**2,248**	5,445
	78,566	87,731	**22,109**	23,454
	201,071	186,451	**55,011**	54,429
Analysed as follows:				
Non-current liabilities	**201,071**	186,451	**55,011**	54,429
Amount charged to profit or loss:				
Pension benefits (note (a)(vi))	**17,096**	16,175	**3,579**	3,399
Other post retirement benefits:				
- Former employees (note (b)(iv))	**814**	925	**689**	782
- Retirement gratuity (note (c)(ii))	**7,388**	11,654	**750**	1,412
	8,202	12,579	**1,439**	2,194
	25,298	28,754	**5,018**	5,593
Amount charged to other comprehensive income				
Pension benefits (note (a)(vii))	**23,076**	26,041	**3,827**	13,189
Other post retirement benefits:				
- Former employees (note (b)(v))	**5,096**	2,164	**4,392**	1,836
- Retirement gratuity (note (c)(v))	**(14,339)**	7,023	**(3,730)**	(229)
	(9,243)	9,187	**662**	1,607
	13,833	35,228	**4,489**	14,796

(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 2020 Rs'000	THE GROUP 2019 Rs'000	THE COMPANY 2020 Rs'000	THE COMPANY 2019 Rs'000
Present value of funded obligations	**306,975**	286,347	**64,879**	57,769
Fair value of plan assets	**(184,470)**	(187,627)	**(31,977)**	(26,794)
Liability on the statement of financial position	**122,505**	98,720	**32,902**	30,975

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

	THE GROUP 2020 Rs'000	THE GROUP 2019 Rs'000	THE COMPANY 2020 Rs'000	THE COMPANY 2019 Rs'000
At 1 January	**98,720**	83,431	**30,975**	21,727
Charged to profit or loss	**17,096**	16,175	**3,579**	3,399
Charged to other comprehensive income	**23,076**	26,041	**3,827**	13,189
Contributions paid	**(16,387)**	(23,671)	**(5,479)**	(7,340)
Fair value adjustment on planned assets	**-**	(3,256)	**-**	-
Balance at 31 December	**122,505**	98,720	**32,902**	30,975

18. RETIREMENT BENEFIT OBLIGATIONS (continued)

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

	THE GROUP		THE COMPANY	
	2020 Rs'000	2019 Rs'000	**2020 Rs'000**	2019 Rs'000
At 1 January	**286,347**	254,907	**57,769**	43,875
Current service cost	**11,147**	9,978	**1,896**	1,832
Interest cost	**12,641**	13,432	**2,631**	2,293
Actuarial loss	**24,621**	29,259	**3,771**	14,203
Benefit paid	**(27,781)**	(21,229)	**(1,188)**	(4,434)
At 31 December	**306,975**	286,347	**64,879**	57,769

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

	THE GROUP		THE COMPANY	
	2020 Rs'000	2019 Rs'000	**2020 Rs'000**	2019 Rs'000
At 1 January	**(187,627)**	(171,476)	**(26,794)**	(22,148)
Interest income	**(8,185)**	(8,776)	**(1,322)**	(1,077)
Scheme expenses	**621**	886	**222**	265
Cost of insuring risk benefits	**872**	655	**152**	86
Actuarial (gain)/loss	**(1,545)**	(3,218)	**56**	(1,014)
Employers' contributions	**(16,387)**	(23,671)	**(5,479)**	(7,340)
Benefits paid	**27,781**	21,229	**1,188**	4,434
Fair value adjustment on planned assets	**-**	(3,256)	**-**	-
At 31 December	**(184,470)**	(187,627)	**(31,977)**	(26,794)

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

	THE GROUP		THE COMPANY	
	2020 Rs'000	2019 Rs'000	**2020 Rs'000**	2019 Rs'000
Current service cost	**11,147**	9,978	**1,896**	1,832
Interest cost	**4,456**	4,656	**1,309**	1,216
Scheme expenses	**621**	886	**222**	265
Cost of insuring risk benefits	**872**	655	**152**	86
Total included in employee benefit expense	**17,096**	16,175	**3,579**	3,399

The total charge of Rs 17.1m for the Group (2019: Rs 16.2m) and Rs 3.6m for the Company (2019: Rs 3.4m) are included in employee benefit expenses.

	THE GROUP		THE COMPANY	
	2020 Rs'000	2019 Rs'000	**2020 Rs'000**	2019 Rs'000
Actual return on plan assets	**9,730**	11,994	**1,266**	2,091

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

	THE GROUP		THE COMPANY	
	2020 Rs'000	2019 Rs'000	**2020 Rs'000**	2019 Rs'000
Remeasurement on the net defined benefit liability:				
Liability experience losses/(gains)	**2,759**	10,227	**(1,346)**	10,750
(Gain)/loss on pension scheme asset	**(1,545)**	(3,218)	**56**	(1,014)
Changes in assumptions underlying present value of scheme	**21,862**	19,032	**5,117**	3,453
Actuarial losses	**23,076**	26,041	**3,827**	13,189

(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.

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18. RETIREMENT BENEFIT OBLIGATIONS (continued)

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

	THE GROUP AND THE COMPANY	
	2020 %	2019 %
Discount rate	**1.40 - 3.80**	4.60
Expected return on plan assets	**4.00**	4.60
Future salary increases	**0.5 - 2.00**	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 Workers' Rights Act.

Former employees

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

	THE GROUP		THE COMPANY	
	2020 Rs'000	2019 Rs'000	**2020 Rs'000**	2019 Rs'000
At 1 January	**21,053**	21,587	**18,009**	18,593
Total expense charged in profit or loss (note (b)(iv))	**814**	925	**689**	782
Actuarial losses/(gains) recognised in other comprehensive income (note (b)(v))	**5,096**	2,164	**4,392**	1,836
Benefits paid	**(3,658)**	(3,623)	**(3,229)**	(3,202)
At 31 December	**23,305**	21,053	**19,861**	18,009

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

	THE GROUP		THE COMPANY	
	2020 Rs'000	2019 Rs'000	**2020 Rs'000**	2019 Rs'000
Present value of unfunded obligations	**23,305**	21,053	**19,861**	18,009
Liability on the statement of financial position	**23,305**	21,053	**19,861**	18,009

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

	THE GROUP		THE COMPANY	
	2020 Rs'000	2019 Rs'000	**2020 Rs'000**	2019 Rs'000
At 1 January	**21,053**	21,587	**18,009**	18,593
Past service cost	**-**	-	**-**	-
Interest cost	**814**	925	**689**	782
Actuarial losses/(gains)	**5,096**	2,164	**4,392**	1,836
Benefits paid	**(3,658)**	(3,623)	**(3,229)**	(3,202)
At 31 December	**23,305**	21,053	**19,861**	18,009

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

	THE GROUP		THE COMPANY	
	2020 Rs'000	2019 Rs'000	**2020 Rs'000**	2019 Rs'000
Interest cost	**814**	925	**689**	782
Past service cost	**-**	-	**-**	-
Total, included in employee benefit expense	**814**	925	**689**	782

18. **RETIREMENT BENEFIT OBLIGATIONS** (continued)

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

	THE GROUP		THE COMPANY	
	2020 Rs'000	2019 Rs'000	**2020 Rs'000**	2019 Rs'000
Remeasurement on the net defined benefit liability:				
Liability experience losses/(gains)	**2,073**	1,721	**1,859**	1,502
Actuarial losses/(gains) arising from changes in financial assumptions	**3,023**	443	**2,533**	334
Actuarial losses/(gains)	**5,096**	2,164	**4,392**	1,836

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

	THE GROUP		THE COMPANY	
	2020 %	2019 %	**2020 %**	2019 %
Discount rate	**1.40 - 3.80**	4.20 - 4.40	**1.40**	4.20
Future pension increases	**0.50**	3.00	**0.50**	3.00

(c) **Retirement gratuity**

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

	THE GROUP		THE COMPANY	
	2020 Rs'000	2019 Rs'000	**2020 Rs'000**	2019 Rs'000
Present value of unfunded obligations	**55,261**	66,678	**2,248**	5,445
Liability on the statement of financial position	**55,261**	66,678	**2,248**	5,445

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

	THE GROUP		THE COMPANY	
	2020 Rs'000	2019 Rs'000	**2020 Rs'000**	2019 Rs'000
Current service cost	**4,201**	5,719	**478**	1,148
Interest cost	**3,187**	3,657	**272**	264
Past service cost recognised	**-**	2,278	**-**	-
Total included in employee benefit expense	**7,388**	11,654	**750**	1,412

(iii) The movement in the retirement benefit obligations over the year is as follows:

	THE GROUP		THE COMPANY	
	2020 Rs'000	2019 Rs'000	**2020 Rs'000**	2019 Rs'000
At 1 January	**66,678**	61,153	**5,445**	4,262
Actuarial losses/(gains)	**(14,339)**	7,023	**(3,730)**	(229)
Total expense (note (c)(ii))	**7,388**	11,654	**750**	1,412
Adjustment on disposal of subsidiary	**(404)**	-	**-**	-
Transfer	**(1,726)**	-	**-**	-
Benefits paid	**(2,336)**	(13,152)	**(217)**	-
At 31 December	**55,261**	66,678	**2,248**	5,445

18. **RETIREMENT BENEFIT OBLIGATIONS** (continued)

(c) **Retirement gratuity** (continued)

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

	THE GROUP		THE COMPANY	
	2020 Rs'000	2019 Rs'000	**2020 Rs'000**	2019 Rs'000
At 1 January	**66,678**	61,153	**5,445**	4,262
Current service cost	**4,201**	5,719	**478**	1,148
Interest cost	**3,187**	3,657	**272**	264
Past service cost	**-**	2,278	**-**	-
Actuarial losses/(gains) (note (c)(v))	**(14,339)**	7,023	**(3,730)**	(229)
Adjustment on disposal of subsidiary	**(404)**	-	**-**	-
Transfer	**(1,726)**	-	**-**	-
Benefits paid	**(2,336)**	(13,152)	**(217)**	-
At 31 December	**55,261**	66,678	**2,248**	5,445

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

	THE GROUP		THE COMPANY	
	2020 Rs'000	2019 Rs'000	**2020 Rs'000**	2019 Rs'000
Remeasurement on the net defined benefit liability:				
Liability experience gains	**(16,136)**	(775)	**(3,730)**	(229)
Changes in assumptions underlying present value of scheme	**1,797**	7,798	**-**	-
Actuarial losses/(gains)	**(14,339)**	7,023	**(3,730)**	(229)

(d) Sensitivity analysis on defined benefit obligations at end of the reporting date:

Pension benefits

December 31, 2020	**Increase Rs'000**	**Decrease Rs'000**
Decrease in defined benefit obligation due to 1% increase in discount rate	**-**	**21,621**
Increase in defined benefit obligation due to 1% increase in future long-term salary assumption	**19,576**	**-**

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 befined benefit obligation due to 1% increase in future long-term salary assumption	24,112	-

Other post retirement benefits

December 31, 2020	**Increase Rs'000**	**Decrease Rs'000**
Decrease in defined benefit obligation due to 1% increase in discount rate	**-**	**191**

December 31, 2019	Increase Rs'000	Decrease Rs'000
Decrease in defined benefit obligation due to 1% increase in discount rate	-	966

Retirement gratuity

December 31, 2020	**Increase Rs'000**	**Decrease Rs'000**
Decrease in defined benefit obligation due to 1% increase in discount rate	**-**	**8,788**
Increase in defined benefit obligation due to 1% increase in future long-term salary assumption	**8,225**	**-**

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	-

18. **RETIREMENT BENEFIT OBLIGATIONS** (continued)

(d) Sensitivity analysis on defined benefit obligations at end of the reporting date (continued):

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.

(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	
	2020	2019
Pension benefits	**1-17**	1-19
Other post retirement benefits	**5-6**	5-6
Retirement gratuity	**7-29**	5-33

(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 2021 are Rs 22m for the Group and Rs 5.4m 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	
	2020 Rs'000	2019 Rs'000	**2020 Rs'000**	2019 Rs'000
Trade payables	**405,862**	600,096	**2,491**	2,709
Accruals and other payables	**502,216**	410,461	**47,713**	44,931
Forward foreign exchange contracts (note (a))	**396**	1,100	**-**	-
Amounts due to group companies	**-**	-	**7,248**	9,836
	908,474	1,011,657	**57,452**	57,476

(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 49.2m as at 31 December 2020 (2019: Rs 152.6m) and the fair value of the liabilities amounted to Rs 0.4m as at 31 December 2020 (2019: Rs 1.1m).

19. **TRADE AND OTHER PAYABLES** (continued)

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	
	2020 Rs'000	2019 Rs'000
Outstanding forward contracts		
USD	**371**	1,030
EURO	**25**	70
	396	1,100

20. **CHANGES IN ACCOUNTING POLICIES**

(a) ***Impact on the 2019 financial statements***

During the year ended 31 December 2019, 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

(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 equipment.
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).	

20. CHANGES IN ACCOUNTING POLICIES (continued)

(a) ***Impact on the 2019 financial statements*** (continued)

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	31 December 2018 As originally Presented Rs'000	IFRS 16 Rs'000	1 January 2019 Rs'000
Assets			
Investment properties	381,912	28,805	410,717
Liabilities			
Deferred tax:			
- Asset	(8,054)	(4,321)	(12,375)
- Liability	42,930	4,321	47,251
Lease liabilities	-	28,804	28,804

(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 Rs 66.2m and accumulated depreciation by Rs 40.5m for a net adjustment of Rs 25.7m.

(ii) The adjustment to right-of-use assets is as follows:

	THE GROUP Rs'000	THE COMPANY Rs'000
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

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21. CURRENT TAX ASSETS/ LIABILITIES

	THE GROUP 2020 Rs'000	THE GROUP 2019 Rs'000	THE COMPANY 2020 Rs'000	THE COMPANY 2019 Rs'000
(a) **Charged to profit or loss:**				
Current tax on the adjusted profit for the year at 15% (2019: 15%):				
- Continuing operations	**8,618**	15,927	**-**	-
Over provision in previous year	**350**	(863)	**-**	-
Tax provision for previous years assessment	**-**	(50)	**-**	-
Deferred tax (Note 17)	**(20,591)**	(6,781)	**(4,564)**	1,594
CSR	**257**	518	**-**	-
Tax (credit)/ charge	**(11,366)**	8,751	**(4,564)**	1,594

(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 2020 Rs'000	THE GROUP 2019 Rs'000	THE COMPANY 2020 Rs'000	THE COMPANY 2019 Rs'000
Loss/(profit) before taxation- attributed to continuing operations	**(329,288)**	(145,252)	**7,480**	26,701
Less net share of result of associates and joint ventures	**129,268**	(92,771)	**-**	-
	(200,020)	(238,023)	**7,480**	26,701
Tax calculated at a rate of 17%/15% (2019: 17%/15%)	**(32,477)**	(38,084)	**1,122**	4,005
Effect of different tax rate	**(6,278)**	(18,765)	**-**	-
Under/(over) provision in previous year	**350**	(863)	**-**	-
Income not subject to tax	**(20,832)**	(23,291)	**(8,391)**	(19,739)
Expenses not deductible for tax purposes	**27,698**	68,322	**2,418**	6,947
Tax credit	**-**	1,905	**-**	-
Reversal of deferred tax for the year	**(60)**	(3,250)	**-**	-
Deferred tax not provided for in previous year	**(5,436)**	(1,701)	**-**	-
Unrecognised tax losses	**297**	9,492	**287**	8,685
Utilisation of tax losses	**(277)**	(1,731)	**-**	-
Other adjustments	**(1,960)**	(565)	**-**	-
Effect of consolidation adjustments	**-**	3,813	**-**	-
CSR	**257**	518	**-**	-
Tax losses for which no deferred tax recognised	**27,352**	12,951	**-**	1,696
Taxation (credit)/ charge	**(11,366)**	8,751	**(4,564)**	1,594

Further information about deferred tax is presented in Note 17.

22. DISCONTINUED OPERATIONS

	THE GROUP 2020 Rs'000	THE GROUP 2019 Rs'000
Assets classified as held for sale - Corexsolar entities (Refer to Note 34)	**(20,837)**	14,841
Disposal of subsidiaries (Refer to Note 32)		
- Harel Mallac Global Ltd	**2,385**	(7,361)
- Harel Mallac Advisory Ltd	**(200)**	50
	(18,652)	7,530

22. DISCONTINUED OPERATIONS (continued)

	THE GROUP	
	2020 Rs'000	2019 Rs'000
Analysed as follows:		
Revenue	**95,340**	272,648
Raw materials, consumables and purchases of finished goods	**(69,904)**	(198,779)
Employee benefit expense	**(13,432)**	(12,336)
Depreciation and amortisation	**(113)**	(2,026)
Other income	**734**	6,068
Interest on finance lease	**(1,064)**	(2,145)
Provision for receivables under IFRS 9	**(738)**	129
Other operating expense	**(33,620)**	(33,496)
Share results of associates	**-**	(17,660)
	(118,137)	(260,245)
(Loss)/profit before finance costs	**(22,797)**	12,403
Finance income	**3,038**	1,391
	(19,759)	13,794
(Loss)/profit before taxation	**(19,759)**	13,794
Income tax expense	**1,107**	(6,264)
(Loss)/profit for the year from discontinued operations	**(18,652)**	7,530

23. REVENUE

	THE GROUP		THE COMPANY	
	2020 Rs'000	2019 Rs'000	**2020 Rs'000**	2019 Rs'000
Revenue is made up of:				
Sales of goods	**2,512,567**	2,774,173	**-**	-
Sales of services	**320,774**	458,924	**-**	-
Revenue from contracts with customers (note (a))	**2,833,341**	3,233,097	**-**	-
Commission	**-**	4,457	**-**	-
Other operating income	**50,208**	25,246	**141,747**	119,175
Government Wage Assistance Scheme	**29,844**	-	**1,047**	-
Rent	**-**	15,530	**-**	8,302
	80,052	45,233	**142,794**	127,477
Investment income - Listed	**730**	-	**5,683**	11,859
- Unquoted	**-**	1,013	**2,931**	84,581
Interest income	**9**	-	**283**	2,344
	739	1,013	**8,897**	98,784
	2,914,132	3,279,343	**151,691**	226,261

(a) Disaggregation of revenue from contracts with customers betweeen different segment and geography is shown in note 33.

(b) **Timing of revenue recognition**

	THE GROUP		THE COMPANY	
	2020 Rs'000	2019 Rs'000	**2020 Rs'000**	2019 Rs'000
At a point in time	**2,661,090**	3,198,441	**151,691**	226,261
Over time	**253,042**	80,902	**-**	-
	2,914,132	3,279,343	**151,691**	226,261

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23. REVENUE (continued)

(c) Assets and liabilites related to contracts with customers

	THE GROUP			
	Contract Assets		Contract Liabilities	
	2020 Rs'000	2019 Rs'000	**2020 Rs'000**	2019 Rs'000
At 1 January	**32,890**	17,191	**40,412**	12,234
Decrease/(increase) in impairment of contract assets	**2,015**	(5,833)	**-**	-
Transfers in the period from contract assets to trade receivables	**(66,751)**	(88,196)	**-**	-
Amounts included in contract liabilities that was recognised as revenue during the period	**-**	-	**(10,831)**	(87,244)
Transfers in the period from contract assets to raw materials, consumables and purchases of finished goods	**-**	-	**-**	-
Provision for cost not recognised as raw materials, consumables and purchases of finished goods	**-**	9,192	**-**	-
Excess of revenue recognised over rights to cash being recognised during the period	**81,544**	108,612	**-**	-
Cash received in advance of performance and not recognised as revenue during the period	**-**	-	**-**	33,087
Other movement	**(15,777)**	(8,076)	**(15,549)**	82,335
At 31 December	**33,921**	32,890	**14,032**	40,412

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 2020 or 1 January 2020 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.

THE GROUP At 31 December 2020	**Current Rs'000**	**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%	0%	64%	14%
Gross carrying amount - trade receivable	10,103	12,128	8,663	8,500	39,394
Loss allowance	-	-	-	(5,473)	(5,473)
Deferred cost					-
					33,921

At 31 December 2019	Current Rs'000	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%	0%	63%	19%
Gross carrying amount - trade receivable	-	22,265	4,549	13,564	40,378
Loss allowance	-	-	-	(7,488)	(7,488)
Deferred cost					-
					32,890

23. **REVENUE** (continued)

(i) *Impairment of contract assets* (continued)

The closing loss allowances for contract assets as at 31 December reconcile to the opening loss allowances as follows:

	THE GROUP Contract assets	
	2020 Rs'000	2019 Rs'000
Loss allowance as at 1 January	**7,488**	1,655
Recognised in profit or loss during the year	**(2,015)**	5,833
At 31 December	**5,473**	7,488

(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:

	THE GROUP			
	2020 Rs'000	**2021 Rs'000**	**2022-2023 Rs'000**	**Total Rs'000**
Installation contracts	**7,803**	**-**	**-**	**7,803**
Delivery of goods	**-**	**-**	**-**	**-**
Maintenance contract	**-**	**6,229**	**-**	**6,229**
	7,803	**6,229**	**-**	**14,032**

24. **(LOSS)/PROFIT BEFORE FINANCE COSTS**

	THE GROUP		THE COMPANY	
	2020 Rs'000	2019 Rs'000	**2020 Rs'000**	2019 Rs'000
Revenue	**2,914,132**	3,279,343	**151,691**	226,261
Changes in finished goods and work in progress	**(217,797)**	89,393	**-**	-
Raw materials, consumables and purchases of finished goods	**(1,831,624)**	(2,398,034)	**-**	-
Employee benefit expense (note 27)	**(520,397)**	(623,428)	**(73,160)**	(92,241)
Depreciation and amortisation expense	**(106,918)**	(111,668)	**(7,378)**	(7,858)
Other (losses)/gains	**3,495**	(2,396)	**-**	-
Net increase in fair value of investment properties	**650**	17,262	**-**	12,708
Other operating expenses	**(274,409)**	(285,536)	**(30,332)**	(51,599)
	(32,868)	(35,064)	**40,821**	87,271

25. **FINANCE COSTS**

	THE GROUP		THE COMPANY	
	2020 Rs'000	2019 Rs'000	**2020 Rs'000**	2019 Rs'000
Bank overdrafts	**17,017**	12,080	**1,957**	2,127
Bank loans repayable by instalments	**9,439**	35,952	**21,375**	24,182
Other loans not repayable by instalments	**29,418**	10,311	**9,949**	23,808
Leases	**18,760**	19,580	**-**	2,345
	74,634	77,923	**33,281**	52,462
Net foreign exchange transaction gains (see note (a)	**4,754**	(5,459)	**(133)**	(7)
	79,388	72,464	**33,148**	52,455

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25. **FINANCE COSTS** (continued)

(a) **Net foreign exchange gains**

	THE GROUP		THE COMPANY	
	2020 Rs'000	2019 Rs'000	**2020 Rs'000**	2019 Rs'000
The exchange differences charged/(credited) to profit or loss are as follows:				
Other losses/(gains)	**3,495**	(2,396)	**-**	-
Finance costs	**4,754**	(5,459)	**(133)**	(7)

26. **(LOSS)/PROFIT BEFORE TAXATION**

	THE GROUP		THE COMPANY	
	2020 Rs'000	2019 Rs'000	**2020 Rs'000**	2019 Rs'000
The (loss)/profit before taxation is arrived at after:				
Crediting:				
Profit on disposal of property, plant and equipment	**4,135**	7,663	**-**	356
Fair value gain on investment properties	**650**	17,262	**-**	12,708
(Loss)/profit on disposal of subsidiaries	**(5,288)**	-	**(894)**	3,155
Profit on disposal of investments	**-**	1,034	**-**	12,708
and charging:				
Depreciation				
- owned assets	**84,915**	91,663	**7,249**	7,669
Amortisation of intangible assets	**4,623**	2,851	**129**	189
Amortisation of Right of use assets	**17,380**	17,154	**-**	-
Impairment of assets	**-**	4,088	**-**	-
Impairment of receivables	**82,476**	87,223	**701**	11,270
Employee benefit expense (note 27)	**(520,397)**	(623,428)	**(73,160)**	(92,241)

27. **EMPLOYEE BENEFIT EXPENSE**

	THE GROUP		THE COMPANY	
	2020 Rs'000	2019 Rs'000	**2020 Rs'000**	2019 Rs'000
Wages and salaries, including termination benefits	**469,372**	559,675	**64,981**	81,364
Social security costs	**17,525**	22,420	**1,722**	3,090
Pension costs - defined contribution plans	**8,202**	12,579	**1,439**	2,194
- defined benefit plans (note 18)	**25,298**	28,754	**5,018**	5,593
	520,397	623,428	**73,160**	92,241

28. **OTHER COMPREHENSIVE INCOME**

THE GROUP 2020	**Revaluation and other reserves Rs'000**	**Fair value reserves Rs'000**	**Actuarial loss Rs'000**	**Total Rs'000**
Decrease in fair value of equity instruments at fair value through other comprehensive income	-	(1,893)	-	(1,893)
Movement in actuarial reserve	-	-	(13,344)	(13,344)
Movement in associate reserves	570	-	-	570
Currency translation differences	11,920	-	-	11,920
Other comprehensive income/(loss) for the year	**12,490**	**(1,893)**	**(13,344)**	**(2,747)**

28. OTHER COMPREHENSIVE INCOME (continued)

THE GROUP 2019	Revaluation and other reserves Rs'000	Fair value reserves Rs'000	Actuarial loss Rs'000	Total Rs'000
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)

THE COMPANY	**Revaluation and other reserves Rs'000**	**Fair value reserves Rs'000**	**Actuarial loss Rs'000**	**Total Rs'000**
2020				
Movement in actuarial reserve	**-**	**-**	**(3,814)**	**(3,814)**
Decrease in fair value of equity instruments at fair value through other comprehensive income	**-**	**(165,828)**	**-**	**(165,828)**
Other comprehensive loss for the year	**-**	**(165,828)**	**(3,814)**	**(169,642)**
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/(loss) for the year	-	99,773	(12,577)	87,196

29. DIVIDENDS

	THE GROUP AND THE COMPANY 2020 Rs'000	2019 Rs'000
No dividend was declared in 2020 (2019 : Rs1.40 per share declared on 19 December 2019 and paid in 2020)	**-**	15,763

30. (LOSS)/EARNINGS PER SHARE

	THE GROUP 2020 Rs'000	THE GROUP 2019 Rs'000	THE COMPANY 2020 Rs'000	THE COMPANY 2019 Rs'000
(a) **From continuing operations**				
Basic (loss)/earnings per share				
Net (loss)/profit attributable to shareholders (Rs'000)	**(281,366)**	(85,941)	**12,044**	25,107
Number of ordinary shares in issue (thousands)	**11,259**	11,259	**11,259**	11,259
Basic (loss)/earnings per share (Rs/cents)	**(24.99)**	(7.63)	**1.07**	2.23
(b) **From discontinued operations**				
Basic (loss)/earnings per share				
Net (loss)/profit attributable to shareholders (Rs'000)	**(8,441)**	803	-	-
Number of ordinary shares in issue (thousands)	**11,259**	11,259	**-**	-
Basic (loss)/earnings per share	**(0.75)**	0.07	-	-

31. NOTES TO THE CASH FLOW

	THE GROUP 2020 Rs'000	THE GROUP 2019 Rs'000	THE COMPANY 2020 Rs'000	THE COMPANY 2019 Rs'000
(a) **Cash generated from/(absorbed in) operations**				
(Loss)/profit before taxation attributable to continuing operations	**(329,288)**	(145,252)	**7,480**	26,701
(Loss)/ profit before taxation attributable to discontinued operations	**(19,759)**	13,794	**-**	-
Depreciation and amortisation	**89,538**	94,514	**7,378**	7,858
Amortisation on right of use asset	**17,380**	17,154	-	-
Net share of results of associated companies	**123,520**	(82,531)	-	-
Share of results of joint ventures	**5,748**	6,668	-	-
Retirement benefit obligations	**815**	(11,321)	**(3,906)**	(4,948)
Profit on disposal of property, plant and equipment	**(4,135)**	(7,663)	**-**	(356)
Loss on disposal of subsidiaries	**5,288**	-	**-**	-
Profit on disposal of investment properties	**(31,322)**	-	**(22,895)**	-
Loss/(profit) on disposal of investments in subsidiaries	-	-	**894**	(3,155)
Impairment of receivables	**82,476**	87,094	**(700)**	10,433
Asset written off	**-**	49	**-**	-
(Gain)/loss on exchange	**2,870**	(5,123)	**-**	-
Investment income	**(730)**	(1,013)	**(8,614)**	(96,440)
Interest income	**(9)**	-	**(283)**	(2,344)
Interest expense	**74,634**	79,870	**33,281**	52,462
Increase in fair value of investment property	**(650)**	(17,262)	**-**	(12,708)
Changes in working capital:				
- inventories	**134,612**	66,548	**-**	-
- trade and other receivables	**(77,563)**	239,447	**13,782**	(1,490)
- trade and other payables	**(80,545)**	(161,566)	**(103)**	4,270
Cash (absorbed in)/generated from operations	**(7,120)**	173,407	**26,314**	(19,717)

(b) **Cash and cash equivalents**

	THE GROUP 2020 Rs'000	THE GROUP 2019 Rs'000	THE COMPANY 2020 Rs'000	THE COMPANY 2019 Rs'000
(a) Bank and cash balances	**120,125**	196,433	**15,763**	83
Loan receivable at call	**-**	-	**1,664**	12,836
Bank overdrafts	**(287,398)**	(281,173)	**(39)**	(53,839)
Loan payable at call	**-**	-	**(54,193)**	(82,380)
	(167,273)	(84,740)	**(36,805)**	(123,300)

(c) **Non cash transactions:**

The principal non cash transactions:

Acquisition of property, plant and equipment using finance leases by the Group.

(d) **Reconciliation of liabilities arising from financing activities**

THE GROUP	2019 Rs'000	Non-cash changes: Cash flows Rs'000	Non-cash changes: Transfer Rs'000	**2020 Rs'000**
Long-term borrowings	263,686	49,559	-	**313,245**
Short-term borrowings	243,911	92,154	2,374	**338,439**
Import loans	193,653	(135,427)	-	**58,226**
Total	701,250	6,286	2,374	**709,910**

THE COMPANY	2019 Rs'000	Cash flows Rs'000	**2020 Rs'000**
Long-term borrowings	483,348	(149,778)	**333,570**
Short-term borrowings	295,366	(49,121)	**246,245**
Total	778,714	(198,899)	**579,815**

32. DISPOSAL OF SUBSIDIARIES

(a) **Disposal of subsidiaries**

In August 2020, Harel Mallac & Co Ltd disposed all of its shareholding in Harel Mallac Advisory Ltd and Harel Mallac Global Ltd.

	2020 Rs'000
Consideration	-

Analysis of assets and liabilities over which control was lost

	Harel Mallac Advisory Ltd Rs'000	Harel Mallac Global Ltd Rs'000	Total Rs'000
Current assets			
Trade and other receivables	383	4,703	**5,086**
Cash and cash equivalents	12	939	**951**
Non-current assets			
Intangible assets	-	7,849	**7,849**
Deferred tax assets	-	65	**65**
Current liabilities			
Trade and other payables	82	7,801	**7,883**
Non-current liabilities			
Retirement benefit obligations	-	255	**255**
Net assets disposed of	313	5,500	**5,813**

Loss on disposal of subsidiaries			2020 Rs'000
Consideration	-	-	**-**
Net assets disposed of	(313)	(5,500)	**(5,813)**
Loss on disposal	(313)	(5,500)	**(5,813)**

Net cash outflow on disposal of subsidiaries	2020 Rs'000
Net cash outflow in cash and cash equivalents	**-**
Cash and cash equivalents disposed of	**(951)**
Net cash outflow	**(951)**

An analysis of the results of the subsidiaries from 01 January 2020 to the date of disposal and for the year ended 31 December 2019 is as follows:

Harel Mallac Advisory Ltd

	2020 Rs'000	2019 Rs'000
Revenue	**343**	897
Other income	**-**	37
Provision for receivables under IFRS 9	**-**	(132)
Other operating expense	**(569)**	(752)
	(569)	(847)
(Loss)/profit before finance costs	**(226)**	50
Finance income	**26**	-
	(200)	50
(Loss)/Profit before taxation	**(200)**	50
Income tax expense	**-**	-
(Loss)/profit for the year from discontinued operations	**(200)**	50

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32. DISPOSAL OF SUBSIDIARIES (continued)

Harel Mallac Global Ltd (continued)

	2020 Rs'000	2019 Rs'000
Revenue	**9,136**	13,243
Employee benefit expense	**(2,790)**	(9,134)
Depreciation and amortisation	**-**	(1,893)
Other income	**326**	451
Interest on finance lease	**(97)**	(567)
Provision for receivables under IFRS 9	**(739)**	261
Other operating expense	**(4,060)**	(10,346)
	(7,360)	(21,228)
Profit/ (loss) before finance costs	**1,776**	(7,985)
Finance income	**609**	544
	2,385	(7,441)
Profit/ (loss) before taxation	**2,385**	(7,441)
Income tax expense	**-**	80
Profit/ (loss) for the year from discontinued operations	**2,385**	(7,361)

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.

Intersegment sales and transfers are made at current market prices.

	Investment, Corporate & Property Rs'000	Business Services Rs'000	Manufacturing & Trading Rs'000	Consolidation adjustments Rs'000	Total Rs'000
Year ended 31 December 2020					
Total segment revenues	156,821	713,964	2,380,227	-	3,251,012
Inter-segment sales	(5,410)	(85,817)	(78,011)	(167,651)	(336,889)
Revenues from external customers	151,411	628,147	2,302,216	(167,651)	2,914,123
Total interest revenue	4,786	670	8,656	(14,103)	9
Net segment results	27,566	(27,390)	(33,044)	-	(32,868)
Share of result of associates and joint ventures	(104,479)	-	(24,789)	-	(129,268)
Net profit on disposal of investments	(5,288)	-	-	-	(5,288)
Net impairment of receivables	(8,339)	(2,249)	(71,888)	-	(82,476)
	(90,540)	(29,639)	(129,721)	-	(249,900)
Total finance costs	(33,148)	(7,036)	(58,419)	19,215	(79,388)
Profit/(loss) before tax from continuing operations	(123,688)	(36,675)	(188,140)	19,215	(329,288)
Income tax expense	4,529	2,876	3,961	-	11,366
Profit/(loss) after tax from continuing operations	(119,159)	(33,799)	(184,179)	19,215	(317,922)
Loss after tax from discontinued operations	-	2,184	(20,836)	-	(18,652)
Profit/(loss) for the year	(119,159)	(31,615)	(205,015)	19,215	(336,574)

33. SEGMENT INFORMATION - THE GROUP (continued)

	Investment, Corporate & Property Rs'000	Business Services Rs'000	Manufacturing & Trading Rs'000	Total Rs'000
Segment assets	628,718	332,237	1,964,545	2,925,500
Investments in associates and joint ventures	952,216	-	4,145	956,361
Consolidated total assets	1,580,934	332,237	1,968,690	3,881,861
Segment liabilities	698,490	286,999	1,481,751	2,467,240
Capital expenditure	553	5,614	47,862	54,029
Depreciation and amortisation	7,988	30,142	68,788	106,918

There were no other material items of income and expense.

Intersegment sales and transfers are made at current market prices.

	Investment, Corporate & Property Rs'000	Business Services Rs'000	Manufacturing & Trading Rs'000	Consolidation adjustments Rs'000	Total Rs'000
Year ended 31 December 2019					
Total segment revenues	230,534	656,529	2,878,149	-	3,765,212
Inter-segment sales	(18,126)	(41,178)	(94,029)	(332,536)	(485,869)
Revenues from external customers	212,408	615,351	2,784,120	(332,536)	3,279,343
Total interest revenue	7,705	353	18,452	(26,510)	-
Net segment results	(7,266)	(5,204)	12,793	(35,387)	(35,064)
Share of result of associates and joint ventures	88,207	-	4,564	-	92,771
Net profit on disposal of investments	-	-	1,033	-	1,033
Reorganisation and restructuring costs	-	-	(40,217)	-	(40,217)
Net impairment of receivables	(79)	9,904	(97,048)	-	(87,223)
Net impairment of assets	-	-	(4,088)	-	(4,088)
	80,862	4,700	(122,963)	(35,387)	(72,788)
Total finance costs	(52,456)	(7,757)	(46,461)	34,210	(72,464)
Profit/(loss) before tax from continuing operations	28,406	(3,057)	(169,424)	(1,177)	(145,252)
Income tax expense	481	822	(10,291)	237	(8,751)
Profit/(loss) after tax from continuing operations	28,887	(2,235)	(179,715)	(940)	(154,003)
Loss after tax from discontinued operations	-	(7,311)	14,841	-	7,530
Profit/(loss) for the year	28,887	(9,546)	(164,874)	(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	1,797,349	381,882	2,161,461	4,340,692
Segment liabilities	829,758	274,267	1,475,651	2,579,676
Capital expenditure	3,035	9,560	44,338	56,934
Depreciation and amortisation	8,984	20,025	65,505	94,514

There were no other material items of income and expense.

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33. SEGMENT INFORMATION - THE GROUP (continued)

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	
	2020 Rs'000	2019 Rs'000	**2020 Rs'000**	2019 Rs'000
Mauritius	**2,406,360**	2,795,611	**2,271,627**	2,602,958
Madagascar	**154,175**	123,621	**2,404**	1,969
Reunion	**25,567**	50,345	**-**	-
Africa	**324,792**	309,766	**100,816**	15,269
Reunion	**-**	-	**5,755**	-
Seychelles	**3,238**	-	**-**	-
Total	**2,914,132**	3,279,343	**2,380,602**	2,620,196

The Group's customer base is highly diversified, with no individually significant customer.

34. ASSETS CLASSIFIED AS HELD FOR SALE

	THE GROUP		THE COMPANY	
	2020 Rs'000	2019 Rs'000	**2020 Rs'000**	2019 Rs'000
Assets in Corexsolar entities	**51,445**	-	**-**	-
Liabilities in Corexsolar entities	**(51,010)**	-	**-**	-
	435	-	**-**	-

On 21 December 2020, Harel Mallac Co Ltd, through its wholly owned subsidiary – Harel Mallac Trading Ltd, entered into a Share Purchase Agreement (SPA) to dispose of its interests in Corexsolar International SAS Group of companies ("Corexsolar entities") for a consideration of Euro 1,250,000. The interests of Harel Mallac Co Ltd at 31 December 2020 in the Corexsolar entities were as follows:

- 51% Corexsolar International (Reunion)
- 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.

The associated assets and liabilities of the Corexsolar entities are classified as "Non-current assets held for sale" in the statement of financial position at 31 December 2020. These entities were subsequently sold in January 2021.

An analysis of the assets and liabilities of Corexsolar entities at 31 December 2020 is as follows:

	2020 Rs'000
Non-Current Assets	
Property , Plant and Equipment	146
Intangible assets	549
Current Assets	
Contract assets	6,784
Trade and other receivables	6,978
Financial assets at amortised cost	26,568
Cash at bank and in hand	10,420
	51,445
Liabilities	
Borrowings	8,640
Retirement benefit obligations	309
Trade and other payables	42,061
	51,010
Net assets	435

34. ASSETS CLASSIFIED AS HELD FOR SALE (continued)

An analysis of the result of the Corexsolar entities for the year ended 31 December 2020 is as follows:

	2020 Rs'000	2019 Rs'000
Revenue	**85,861**	258,508
Raw materials, consumables and purchases of finished goods	**(69,904)**	(198,779)
Employee benefit expense	**(10,642)**	(3,202)
Depreciation and amortisation	**(113)**	(133)
Other income	**409**	5,580
Interest on finance lease	**(967)**	(1,578)
Other operating expense	**(28,990)**	(23,150)
Share results of associates	**-**	(16,908)
	(110,207)	(238,170)
(Loss)/profit before finance costs	**(24,346)**	20,338
Finance income	**2,402**	847
	(21,944)	21,185
(Loss)/profit before taxation	**(21,944)**	21,185
Income tax expense	**1,107**	(6,344)
(Loss)/profit for the year from discontinued operations	**(20,837)**	14,841
Cash flows from discontinued operations		
Net cash (used in)/ generated from from operating activities	**(13,298)**	47,130
Net cash used in investing activities	**(136)**	(16,939)
Net cash generated from/ (used in) financing activities	**10,359**	(4,364)

35. CONTINGENT LIABILITIES

At 31 December 2020, there is a claim amounting to USD 6m 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.

At 31 December 2020, 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 2020, no guarantee were given by the Group and the Company other than in the normal course of business.

36. RELATED PARTY TRANSACTIONS

(a) **THE GROUP**

		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 2020**								
	Associated companies	**1,912**	**16,530**	**12,233**	**750**	**-**	**50,000**	**2,804**	**1,882**
	Directors and key management personnel	**2**	**-**	**242**	**-**	**-**	**76**	**-**	**-**
	Enterprises in which directors/key management personnel (and close families) have significant/ substantial interest	**-**	**5,572**	**-**	**-**	**-**	**-**	**-**	**-**
	Shareholders	**4,457**	**-**	**-**	**-**	**-**	**118,721**	**-**	**-**
(ii)	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	-	-

(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	Disposal of investments 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 2020**										
	Subsidiaries	**283**	**9,949**	**4,563**	**113,404**	**249**	**194,700**	**1,664**	**150,149**	**52,374**	**7,247**
	Associated companies	**-**	**1,911**	**898**	**-**	**-**	**-**	**-**	**50,000**	**-**	**-**
	Directors and key management personnel										
	Enterprises in which directors/key management personnel (and close families) have significant/ substantial interest	**-**	**-**	**4,184**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	Shareholders	**-**	**4,457**	**-**	**-**	**-**	**-**	**-**	**118,721**	**-**	**-**
(ii)	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	-	-

36. RELATED PARTY TRANSACTIONS (continued)

	Remuneration and benefits	
	2020	2019
	Rs'000	Rs'000
THE GROUP		
Key management personnel compensation		
Salaries and short-term employee benefits	**13,176**	16,983
Post-employment benefits	**1,224**	1,101
	14,400	18,084

	Remuneration and benefits	
	2020	2019
	Rs'000	Rs'000
THE COMPANY		
Key management personnel compensation		
Salaries and short-term employee benefits	**11,849**	14,876
Post-employment benefits	**1,224**	1,101
	13,073	15,977

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 16. There have been no guarantees provided or received for any related party receivables or payables. As at 31 December 2020, the Company has recorded Rs 27.2m impairment of receivables relating to amounts owed by related parties (2019: Rs 27.7m). 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.

37. CAPITAL COMMITMENTS

There is no capital expenditure contracted for by the Group and the Company at the end of the reporting period (2019: Nil).

38 OPERATING LEASE COMMITMENTS

The Group leases premises under non-cancellable operating lease agreements.

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.

39. THREE YEAR SUMMARY - THE GROUP

STATEMENTS OF PROFIT OR LOSS

	2020	2019	2018
	Rs'000	Rs'000	Rs'000
Revenue	**2,914,132**	3,279,343	4,265,370
Loss after finance cost	**(112,256)**	(107,528)	(3,608)
Net share of result of associates and joint ventures	**(129,268)**	92,771	128,050
	(241,524)	(14,757)	124,442
Net (loss)/profit on disposal of investments	**(5,288)**	1,033	2,102
Reorganisation and restructuring costs	**-**	(40,217)	-
Impairment	**(82,476)**	(91,311)	(27,069)
(Loss)/profit before taxation	**(329,288)**	(145,252)	99,475
Taxation	**11,366**	(8,751)	(29,881)
(Loss)/profit for the year from continuing operations	**(317,922)**	(154,003)	69,594
Post tax (loss)/profit for the year from discontinued operations	**(18,652)**	7,530	(2,458)
(Loss)/profit for the year	**(336,574)**	(146,473)	67,136

	2020	2019	2018
	Rs'000	Rs'000	Rs'000
Attributable to:			
Owners of the parent	**(289,807)**	(85,138)	67,824
Non controlling interests	**(46,767)**	(61,335)	(688)
	(336,574)	(146,473)	67,136
Other comprehensive income	**(2,747)**	(145,222)	-
Total comprehensive (loss)/income for the year	**(339,321)**	(291,695)	67,136
Attributable to:			
Owners of the parent	**(295,608)**	(231,670)	94,544
Non controlling interests	**(43,713)**	(60,025)	(2,638)
	(339,321)	(291,695)	91,906
Dividend per share	**-**	1.40	1.80
(Loss)/earnings per share from continuing operations(Rs/cents)	**(24.99)**	(7.63)	6.24
(Loss)/earnings per share from discontinued operations (Rs/cents)	**(0.75)**	0.07	(0.22)
Total (loss)/earnings per share	**(25.74)**	(7.56)	6.02

STATEMENTS OF FINANCIAL POSITION

	2020	2019	2018
	Rs'000	Rs'000	Rs'000
Non-current assets	**2,380,602**	2,620,196	2,431,429
Current assets	**1,449,814**	1,720,496	2,200,863
Assets classified as held for sale	**51,445**	-	-
Total assets	**3,881,861**	4,340,692	4,632,292
Capital and reserves	**1,263,866**	1,582,294	1,843,842
Non controlling interests	**150,755**	178,722	293,068
Non-current liabilities	**784,843**	767,941	519,994
Current liabilities	**1,631,387**	1,811,735	1,975,388
Liabilities directly associated with assets classified as held for sale	**51,010**	-	-
Total equity and liabilities	**3,881,861**	4,340,692	4,632,292

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

40. COVID-19 ASSESSMENT

The Directors of the Company have performed an assessment of the impact of COVID-19 outbreak on business operations as at 31 December 2020. Based on information available till the date of the annual financial statements, the Directors have determined the factors that impact the preparation of these financial statements. As at the date of approval of these financial statements, the COVID-19 crisis is still unfolding, and there is uncertainty remaining around the accurate assessment of the full impact of COVID-19 crisis or any prediction regarding the future course of events that would arise due to the COVID-19 crisis. The Directors have made an assessment of the Group and the Company as a going concern taking into account all available information about the future including the analysis of the possible impacts in relation to COVID-19, which is at least, but is not limited to, twelve months from the date of approval of these annual financial statements and have not identified events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern.

The COVID-19 pandemic has developed rapidly in 2020, with a significant number of cases. Measures taken by various governments to contain the virus have affected economic activity and the group's business in various significant ways:

- A reduction in the supply of goods and materials has affected the Group's ability to continue its activities normally.
- Due to government measures taken, the Group had to close its outlets on various occasions.
- The reduction of economic activities and requirement to close the outlets and requirement for all of the employees to work from home has resulted in a significant reduction in sales/productivity.

As a result of these effects, the revenue for the year ended 31 December 2020 has been negatively impacted resulting in decline in the Group operating results.

Also, the Group's liquidity has been negatively impacted, which required the Group to obtain additional funding from the banks, using the current facilities . The Group has also obtained new facilities to meet its future liquidity needs and subject to covenants. In the period the Group has incurred losses due to impairments recognised on outstanding receivables, write down of inventories and fair value decreases of securities.

41. EVENTS AFTER THE REPORTING PERIOD

(a) The COVID-19, which was declared a pandemic in March 2020, is still spreading across the world and will continue to impact both the Group and the Company. The assessment of the potential impact is described in note 40 to the financial statements.

(b) Harel Mallac Trading Ltd, a wholly owned subsidiary, disposed of its stake in the Corexsolar entities in January 2021 (refer to Note 34 to the financial statements).

(c) Novengi Ltd , an indirect subsidiary owned through Harel Mallac Trading Ltd, entered into a Share Purchase Agreement on 07 April 2021 to acquire the shares in Aldes (Mauritius) Ltd and Aldes Reunion SAS. At the date of approval of these financial statements, the transactions have not been finalised.

There have been no other material events after the reporting date which would require disclosure or adjustment to the financial statements for the year ended 31 December 2020.

Annexes - Acronyms

BUs	Business Units
ESG	Environmental, Social and Governance
3Rs	Reduce, Reuse, Recycle
CEB	Central Electricity Board
CSR	Corporate Social Responsibility
CWA	Central Water Authority
ERP	Entreprise Resource Planning
FSC	Forestry Stewardhip Council
FTE	Full-time employee
Gj	Giga-joules
GPG	Gender Pay Gap
H&S	Health and Safety
HFCs	Hydrofluorocarbons
HM	Harel Mallac
HMCo	Harel Mallac & Co
HMT	Harel Mallac Technologies
ICTA	Information and Communication Technologies Authority
IWA	Industrial Waste Audit
KwH	Kilowatts per Hour
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
MWh	Mega-Watt per hour
NPK	Nitrogen, phosphorus, and potassium (the three nutrients that complete fertilisers).
NPS	Net Promoter Score
SDG	Sustainable Development Goals
SOF	Supplier Onboarding Form
UN	United Nations
UNGC	United Nations Global Compact

Annex - Employee Journey Tables

E1. MATERIALS INPUTS

E1. TOTAL NUMBER EMPLOYEE BY AGE GROUP, GENDER AND REGION.

	Archemics		MCFI		EO		Linxia		Novengi		HMT		HMA		Itineris		HMCS		HMCO	
Age Group and Gender	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F
Generation Z (1996 and after)	12	5	11	5	0	1	0	1	5	2	5	8	0	0		1			0	0
Generation Y - Millenials (1980-1995)	64	34	54	12	18	17	25	11	48	6	55	27	0	1	1	3	1	3	11	6
Generation X (1960-1979)	52	24	60	17	34	18	10	4	42	5	46	11	1	1		4	1	2	12	9
Baby Boomers (1942-1959)	1	0	3	0	2	0	1	0	2	0	0	0	0	0					0	0
Total per gender	**129**	**63**	**128**	**34**	**54**	**36**	**36**	**16**	**97**	**13**	**106**	**46**	**1**	**2**	**1**	**8**	**2**	**5**	**23**	**15**
Grand Total	192		162		90		52		110		152		3		9		7		38	

Annex - Employee Journey Tables (continued)

E2. TOTAL NUMBER OF NEW EMPLOYEE HIRES BY AGE GROUP, GENDER AND REGION.

	Archemics		MCFI		EO		Linxia		Novengi		HMT		HMA		Itineris		HMCS		HMCO	
Age Group and Gender	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F
Generation Z (1996 and after)	4	1	5	4	0	1	0	1	4	3	0	2	0	1	0	0	0	0	0	0
Generation Y - Millenials (1980-1995)	3	2	12	4	0	0	4	4	15	1	0	0	0	1	0	0	0	0	4	0
Generation X (1960-1979)	3	2	6	1	0	0	0	0	3	0	0	0	0	1	0	0	0	0	0	0
Baby Boomers (1942-1959)	0	0	1	0	0	0	0	0	0	0	0	0	0		0		0	0	0	0
Total per gender	**10**	**5**	**24**	**9**	**0**	**1**	**4**	**5**	**22**	**4**	**0**	**2**	**0**	**3**	**0**	**0**	**0**	**0**	**4**	**0**
Grand Total	15		33		1		9		26		2		3		0		0		4	

E3. EMPLOYEE TURNOVER DURING THE REPORTING PERIOD, BY AGE GROUP, GENDER AND REGION.

	Archemics		MCFI		EO		Linxia		Novengi		HMT		HMA		Itineris		HMCS		HMCO	
Age Group and Gender	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F
Generation Z (1996 and after)	29	7	6	3	1	0	0	0	2	1	0	2	0	1	0	0	0	0	0	0
Generation Y - Millenials (1980-1995)	31	12	10	5	2	1	3	0	13	6	4	1	0	1	0	2	0	0	2	4
Generation X (1960-1979)	14	5	7	1	2	2	0	0	5	0	1	0	0	1	1	1	0	0		1
Baby Boomers (1942-1959)	2	0	1	0	1	2	0	0	2	0	0	0	0	0	0	0	0	0	0	0
Total per gender	**76**	**24**	**24**	**9**	**6**	**5**	**3**	**0**	**22**	**7**	**5**	**3**	**0**	**3**	**1**	**3**	**0**	**0**	**2**	**5**
Grand Total	100		33		11		3		29		8		3		4		0		7	

E4: EMPLOYEE BY CATEGORY

	Archemics		MCFI		EO		Linxia		Novengi		HMT		HMA		Itineris		HMCS		HMCO	
Categories	**M**	**F**	**M**	**F**	**M**	**F**	**M**	**F**	**M**	**F**	**M**	**F**	**M**	**F**	**M**	**F**	**M**	**F**	**M**	**F**
Management	10	1	16	2	3	2	1	0	5	1	10	0	0	0	0	1	0	1	6	5
Staff	39	27	39	26	46	34	28	16	80	11	92	41	1	1	0	7	1	4	7	9
Operatives	80	35	121	33	5	0	7	0	5	0	4	1	0	0	1	0	0	0	10	1
Total	**192**		**237**		**90**		**52**		**102**		**4**		**2**		**9**		**6**		**38**	

E5: EMPLOYEES WHO RECEIVED A REGULAR PERFORMANCE & CAREER DEVELOPMENT REVIEW

	Archemics		MCFI		EO		Linxia		Novengi		HMT		HMA		Itineris		HMCS		HMCO	
Categories	**M**	**F**	**M**	**F**	**M**	**F**	**M**	**F**	**M**	**F**	**M**	**F**	**M**	**F**	**M**	**F**	**M**	**F**	**M**	**F**
Management	2	0	16	2	3	2	1	0	5	1	10	0	0	0	0	1	`	1	6	5
Staff	10	9	39	26	46	34	28	16	80	11	92	42	1	1	0	7	1	4	7	9
Operatives	4	3	66	5	5	0	7	0	5	0	4	1	0	0	1	0	1	0	10	1
Total	**16**	**12**	**121**	**33**	**54**	**36**	**36**	**16**	**90**	**12**	**106**	**43**	**1**	**1**	**1**	**8**	**2**	**5**	**23**	**15**

		Archemics	MCFI	EO	Linxia	Novengi	HMT	HMA	Itineris	HMCS	HMCO
Indicators	Unit	Qty	Qty	Qty	Qty	Qty	Qty	Qty	Qty	Qty	Qty
No of employees who received a training during the year 2020	**No. Pax**	**16**	**4**	**10**	**0**	**1**	**14**	**0**	**0**	**0**	**8**
Total no. of training hours received for thea year 2020	Hours	136	37	43	0	0	66	0	0	0	51
Time spent training staff on environmental / biodiversity matters	Hours	0	0	0	0	0	0	0	0	0	0

		Archemics	MCFI	EO	Linxia	Novengi	HMT	HMA	Itineris	HMCS	HMCO
Indicators	Unit	Qty	Qty	Qty	Qty	Qty	Qty	Qty	Qty	Qty	Qty
Total number of employees opting for partial remote work (and % from total workforce)	**No of Employees**	**15**	**35**	**0**	**0**	**0**	**135**	**2**	**8**	**5**	**27**
Number of disabled persons employed by the company (and % from total workforce)	No of Employees	5	0	1	0	0	0	0	0	0	1
Number of working mothers or pregnant women benefitting from flexible working arrangements.	No of Employees	4	5	3	0	0	15	0	0	0	1
Clean-up campaigns in natural reserves	No of campaigns		0	0	0	0	0	0	0	0	1
Total amount of time (paid time-off provided by the company) spent by employees engaged in community actions (hours).	Hours	80	0	8	0	0	8	0		0	60

Annex - Planet Goal Tables

E1. MATERIALS INPUTS

Company		Units	2020	2019
Renewable materials				
Archemics	Chemicals *	Tonnes	315	350
Non- Renewable materials				
Archemics	Packaging (plastics+Cartons + Metal)	Units	2,580,671	3,156,271
	Chemicals (overall–Liquid + Solid)	Tonnes	1,128	2,740
MCFI Group	Solid and liquid Chemicals	Tonnes	10,334	14,248
	Packaging (plastics)	Units	593,721	523,770
	Mineral Fertilisers (Urea,CAN,DAP,MOP, Others)	Tonnes	16,107	18,596

E2. ENERGY CONSUMPTION AND CO² EMISSIONS (OFFICES)

Company	Type of energy	Consump-tion (GJ) - 2020	CO² Emissions (tonnes) - 2020	Consump-tion (GJ) - 2019	CO² Emissions (tonnes) - 2019
Renewable materials					
Archemics	Photovoltaic Electricity	115		282	
Novengi	Photovoltaic Electricity	15		14	
Non- Renewable materials					
Archemics	Electricity from CEB	106	4	147	6
	Diesel	265	11	349	14
MCFI Group	Electricity from CEB	2,837	113	3,294	132
	Coal	1,440	58	1,558	62
	Heavy fuel Oil	85	3	95	4
EO	Electricity from CEB	580	23	624	25
Linxia	Electricity from CEB	156	6	191	8
Novengi	Electricity from CEB	65	3	152	6
Harel Mallac Technologies	Electricity from CEB	45	2	48	2
Harel MallacCorporate Services	Electricity from CEB	85	3	94	4
Harel Mallac & Co Ltd	Electricity from CEB	486	19	492	20
	Diesel for generators	15	1	15	1
	total	6,295	247	7,355	282

E3. AIR EMISSIONS - TRANSPORT

Business Units	Fuel Type	Total fuel used (L) (2020)	CO² Emissions (tonnes) (2020)	Total fuel used (L) (2019)	CO² Emissions (tonnes) (2019)
Archemics	Diesel	192,587	508	115,657	305
	Petrol	83,754	193	35,770	82
MCFI Group	Diesel	89,612	236	169,942	448
	Petrol	32,183	74	54,861	126
EO	Diesel	1,809	5	43,477	115
	Petrol	27,412	63	42,297	97
Linxia	Diesel	10,061	27	12,675	33
	Petrol	10,846	25	8,864	20
Novengi	Diesel	87,745	232	109,685	289
	Petrol	1,817	4	16,240	37
Harel Mallac Technologies	Diesel	32,748	86	53,959	142
	Petrol	73,219	169	104,788	241
Harel Mallac & Co Ltd	Diesel	15,550	41	22,745	60
	Petrol	7,891	18	9,756	22

E4. SOLID WASTE

Category	Waste type	Measure	Quantity 2020	Quantity 2019	Disposal Method
Non Hazardous					
Archemics	Recycled plastics	tonnes	7.069	16.9	Recycling
	solid wastes	tonnes	84	130	Landfill
	Paper and carton	tonnes	1.84	1.8	Recycling
	Plastic/metal drums	tonnes	318.17	65	Sold for reuse
	Pallets	tonnes	16.54	19.3	Recycling /reuse
MCFI Group	Domestic solid waste	tonnes	832	593.98	Landfill
	Plastic/metal drums	tonnes	0.021	Not measured	reuse
	paper	tonnes	0.2	Not measured	recycling
	Pallets	tonnes	2.0	5	Recycling
EO & Linxia	Domestic solid waste	tonnes	Not measured	Not measured	n/a
Novengi	Paper	tonnes	0.4	0.7	recycling
	Domestic solid waste	tonnes	Not measured	Not meas-ured	Landfill
HMCO	Domestic solid waste	tonnes	Not measured	Not measured	n/a
	Paper & Carton	tonnes	2.975	1.6	Recycling
	Carton	tonnes	0.21	0.14	Recycling

E5. WATER CONSUMPTION

Business Unit	Source of water	Volume (M³) 2020	Volume (M³) 2019
Archemics	Public water utility (CWA)	8,923	17,151
	Borehole	7,668	1,704
MCFI Group	Public water utility (CWA)	80,621	89,391
Novengi, Linxia (Pailles Site)	Public water utility (CWA)	4,453	4,137
HMco, Travel, Financial Services, EO (Port Louis Building)	Public water utility (CWA)	2,834	3,227

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