harel mallac

for the better

ANNUAL REPORT 2021

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
DTOS Registry Services Ltd
3rd floor, Eagle House
15A Wall Street
Ebène

Dear Shareholder,

The Board of Directors of Harel Mallac & Co. Ltd is pleased to present its Annual Report for the year ended 31 December 2021, the contents of which are listed hereunder. This report was approved by the Board of Directors on 20 May 2022.

ANTOINE L. HAREL Chairman	**CHARLES HAREL** Chief Executive Officer

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Dear Shareholder,

Although we are reporting on a challenging landscape, we can be proud of what our company and its employees have achieved, collectively and individually. We strive to build enduring businesses while acknowledging the challenging competitive market in which we evolve. This being said, our long-term focus, financial discipline and investments in our people and operations, have enabled us to persevere through these difficult times and 2021 confirms Harel Mallac's capacity for long-term sustainability:

- Revenues increased by Rs 0.7bn, to Rs 3.6bn, a 25% increase which dwarfs the wider economy's growth expected at 5% for 2021.
    - Even excluding the contribution of the Aldes acquisition of Rs 175m, implied double-digit organic growth at 19% from 2020 takes us well above 2019 levels at Rs 3.3bn (despite the activities discontinued since then).
    - Every division (except for Travel which remained penalised by Covid related restrictions) reported progress in their revenues.
- The progression at the bottom line is even more encouraging: in 2021, Profit after Tax (PAT) was a loss of 'only' Rs 15m compared to Rs 337m last year (and Rs 146m in 2019).
    - On a like-for-like basis - excluding Aldes' PAT contribution of Rs 18m and the non-recurring profit on disposal of investments of Rs 25m in 2021, as well as discontinued operations losses of Rs 19m and the investment disposal loss of Rs 5m in 2020 to remain within the same scope of operations - the Group still stemmed its losses by Rs 255m (from a 'normalised' loss in 2020 of Rs 313m, to Rs 58m in 2021).
    - An analysis of the components of the 2021 performance flags that the main driver of the 2021 PAT losses was the associates' Rs 66m share of losses, leaving the 'core' operations under Harel Mallac's control profitable.

The past two years have comforted us on the benefits of the Group's conglomerate structure and our long-term view approach. We indeed experienced, first-hand, the vulnerability of the supply chains (with important dependencies to China) and the hardship encountered by the Mauritian hospitality industry. Our client portfolio, our business and geographic diversification together shielded us from the worst effects and allowed us to invest in our people, systems and portfolio to maintain/build our capabilities and reap the benefits of the recovery seen in 2021.

Strategic context

After the financial year 2020, which saw the harshest economic environment for Mauritius in the last generation with a recession of 15%, Statistics Mauritius reported signs of recovery (although the overall economic pie remains well below 2019 levels) in the major sectors affecting the Group in 2021:

- Agriculture expanded 7% after a 3% negative growth last year.
- Textile manufacturing grew 14% after a collapse of 29% in 2020.
- Construction rebounded 25% following a 26% contraction in the prior financial period.
- Growth of 4% in wholesale and retail trade activity after shrinking 12% the comparative year.
- Information and Communication sectoral growth rising to 7% from 6% last year.
- Tourism sector retrenching by a further 37% after caving in by 80% in 2020.

As mentioned last year, difficult choices were made to withdraw from certain sectors which would require too much investment (especially in the current liquidity-constrained environment) to create a market-leading position in favour of opportunities within our less risky core competences. 2021 saw the continued implementation of these decisions:

- Our 51% stake in the Corexsolar Group - focused on capital intensive solar farms in developing countries - was realised in Q1 2021, crystallising a profit of Rs 25m.
- In Q2 2021, resources released were redeployed into expanding our Heating, Ventilation and Air Conditioning (HVAC) activities, with Novengi taking control of Aldes Mauritius and Aldes Reunion (now known as Aerolik), as part of its vertical backward integration in HVAC in Mauritius and its regional expansion plans.
- Harel Mallac Corporate Services, the Group's last regulated financial services subsidiary, reached agreement on the disposal of its share registry business, but only completed after year-end, at which point another Rs 18m of cash flow will be released for the Group.

Financial performance

Overall, the progress made towards achieving our goals in 2021 has been encouraging:

- At the Profit Before Finance Costs (PBFC) operational level, all our key divisions turned positive and, in most cases, our teams managed to pull on all the levers to achieve this improvement: better cost control, sales mix and revenue growth (in most cases, at a pace exceeding their industry growth). This translated to a Rs 166m positive swing, to Rs 133m in 2021.

- To take the good with the bad, our diversified conglomerate structure meant that our Tourism & Hospitality associates (the majority by assets), which remain in the front lines of Covid disruptions, collectively hit our bottom line with Rs 95m as our share of their losses in 2021, albeit still an improvement from 2020's Rs 98m share of losses. Our Engineering and Construction associates were not spared either, with a further Rs 10m of losses in 2021, after Rs 29m last year.

Although disruptions associated to the Covid have started to ease, it remains to be seen when, and in what condition, the economy will finally emerge from this pandemic, and now new risks to the world economy have arisen with the Russia-Ukraine conflict. Given the continuing uncertainties, and with recovery in Mauritius tentative at best, the Board believes it prudent not to proceed with a dividend pay-out for the year ended 31 December 2021 (2020: nil).

Our share price registered a 31.5% drop from the start of the year to the 31 December 2021 (SEMDEX gained 27.6% in the same period), closing at Rs 44.50 at the end of the financial year.

Acknowledgements

I would like to express my deep appreciation to all 857 employees of the Harel Mallac Group and their families for the tremendous character and capabilities they demonstrated in the last two 'far from business-as-usual' years. They have faced these times of adversity with fortitude, and we count on their continuing efforts to see our Group through to more prosperous times.

Thanks are also due to our customers, suppliers and financial partners for their continued trust in Harel Mallac, as well as to my fellow directors, the CEO and his team for their invaluable support and collaboration in steering the Group through these transformative times.

ANTOINE L. HAREL
Chairman

Dear Shareholder,

Challenges now seem to be an endemic feature of our environment; continuing pandemic measures including a second lockdown locally in 2021 and widening restrictions in China, the "workshop of the world", remind us of the saying from the Scottish poet Robert Burns that 'the best-laid schemes of mice and men often go awry'.

In such times, Harel Mallac, as a company which is known to work across borders and thus be exposed to many disruptions in the past, has prioritised strengthening its core operations and managing risks by building on the strong foundation set by its key principles:

- Agility and Determination in Achieving
  Given the straitened circumstances, choices were required in our capital allocation, and we restructured our organisation in the last year through:
  - A pivot from higher risk capital intensive and emerging market focused Corexsolar Group (generating € 1.25m in cash by exiting from the shareholding, of which Rs 25m profit) and the non-core increasingly regulated financial services sector (a transaction which would bring in Rs 18m post year-end).
  - A take-over of the regional entities of Aldes, an established key player of the professional ventilation market in Mauritius and Reunion, to provide a beachhead from which to grow a stable foothold in the region. This acquisition (Rs 47m cash outlay in 2021, with a commitment to buy out the remaining minority 40% interest in Aldes Reunion over the next two years) extends Harel Mallac's reach into products or markets that we would have had to otherwise build ourselves over time. We are comforted to report that these new subsidiaries (renamed Aerolik) already contributed Rs 18m to our bottom line in 2021.
- Care and Engagement in What We Do
  We accelerated our delivery of operational efficiencies to achieve both cost control and revenue growth, while ensuring minimal disruptions to customer service.
  - The first fruits of our labour can be seen in our preferred operational measure, Profit Before Finance Costs (PBFC), which swung from a Rs 33m loss in 2020 to a Rs 133m gain in 2021. We can take pride in the progress achieved despite the difficult economic environment even though the group ended the year with a loss of Rs 15m.
  - This has slowed down, but not halted, our long-term commitments towards our social and natural environment, as formalised in December 2019 with the adoption of the Planet Goals 2025. These address our impact on water, energy, waste, ethical trade and social diversity. The monitoring of our progress on the Planet Goals is carried out twice a year and published on our website.
- Trust and Responsibility in our Relationships
  A business can only succeed with the goodwill and cooperation of its stakeholders, and our focus areas remained on:
  - Our employees, who are the ones who serve our customers and actually make things happen on the ground. By the time of the second Covid lockdown in H1 2021, our business continuity plans were well established and smoothly implemented to ensure a safe working environment for them and any clients they encountered. We need to pay tribute to the agility shown by our various teams during these unusual times (changing work organisation, etc).
  - Acting as a responsible supplier to the Mauritian market. We have invested and are still committing significant sums of our working capital, to smooth the impact of supply-chain issues and minimise disruptions to our customers.

  We ambition to remain a trusted partner to all our stakeholders and are working closely with our core suppliers, providers of finance and others, to meet our obligations and their expectations.

Our Financial Performance

To improve understanding of our performance, Harel Mallac has recut its segments in 2021 to present its results within:

- Technology, which regroups what was previously under Business Services and consists mainly of the Harel Mallac Technologies operating businesses. This also includes residual Travel business activities as well as the Financial Services operations, the substance of which were transferred to a third-party post year-end.
- Equipment & Systems, which was previously included in Manufacturing and Trading, and consists mainly of EO Solutions, Linxia, Novengi and the newly acquired Aerolik operating subsidiaries.
- Chemicals, which also fell under Manufacturing and Trading, and mainly contains the operating MCFI Group businesses as well as the Archemics subsidiary.

- Investments & Corporate segment which comprise the investment results (Associates, Joint ventures and Property) and the head office administrative activities, amongst others.

Overall, our operations made the most of a more accommodative economic environment (a return to a moderate 5% growth in 2021 GDP, after a sharp 15% contraction in 2020) to register:

- Double digit growth in revenue for all our operating segments, with even the mature Chemicals segment reporting a 16% increase.
    - The reduction in Covid-related restrictions in 2021 (even with a lockdown in H1 2021) provided favourable base effect to all segments in comparison to 2020, but the efforts of our teams should not be undersold as the Rs 3.6bn reported still exceeds the Rs 3.3bn of 2019 (the pre-Covid 'normal' year) even after the adjustments made for the Aldes acquisition which brought in Rs 175m.
    - Technology specifically benefited from a pick-up in its regional offices that also drove turnover in the Mauritius holding, given the operational synergies and interdependencies between them.
    - Equipment & Systems also gained from an expansion of its range of products, better market conditions (more clients proceeding with projects, the inflationary environment) as well as sales mix management.
    - Chemicals segment revenues were supported by higher volumes (as industry and agriculture returned to growth), improving market conditions (the inflationary environment and the reopening of the tourism sector) and overseas growth.
- A return to operating profitability, with PBFC improving by Rs 166m to a Rs 133m gain in 2021.
    - Despite procurement issues (longer delivery times, shortages of key stocks and volatility of foreign exchange rates given that most of our key suppliers are based overseas), our segments were at least able to hold the line on their margins, which combined with the higher overall revenues already discussed, to deliver a boost to our profitability.
    - Improved working capital management.
    - Cost control measures provided another support to our profitability, with the prize once again going to MCFI Group which was able to shed another Rs 26m of overheads in 2021.

However, our continuing operations still registered a loss after tax amounting to Rs 15m vs. Rs 318m in 2020 as the above failed to fully offset:

- The financing costs of the Group which remained more or less consistent (2021: Rs 80m vs. 2020: Rs 79m) despite Group net debt rising to Rs 1.2bn (Rs 1.1bn in 2020) as the Group benefited from a lower interest rate environment.
- The underperformance of our associates which contributed another Rs 66m of losses (2020: Rs 129m loss) driven mainly by Rs 95m of losses from our Tourism and Hospitality holdings which remained severely impacted at various times during 2021 by the closure of borders, partial reopening and other restrictions.

The strength of the Harel Mallac balance sheet remains a key enabler to our strategy, allowing us to ride out the short-term issues and seize opportunities for the long-term.

Key indicators include:

- The net debt position which increased by Rs 117m, to Rs 1.2bn, as at December 2021 (net of precautionary cash reserves worth Rs 229m), utilised mostly in funding additional support for our associates (Rs 46m) and the acquisition of the new Aldes businesses (Rs 47m).
- The non-current investments (Property, Associates and Joint ventures) closing 2021 at Rs 1.2bn (2020: Rs 1.3bn) where the fair value of the associates, in particular, continue to be penalised by the pandemic (Tourism and Hospitality associates are down Rs 66m despite the additional capital injections made in 2021). With the continuing relaxation of Covid measures, advance bookings for the tourism sector are giving rise to measured optimism, hence our trust in the long-term recovery of our holdings.

Our Outlook for 2022 and Beyond

Just as Mauritius was kicking its growth into higher gear in 2022, we are hit by mounting inflation and a weakening national currency, added to the war in Ukraine with its associated disruptions in key food and energy markets. These exceptional times have emphasised the importance of a usually 'silent' partner to business - the government. Our country's economic success is predicated on the conditions it creates in the country whether monetary policy (inflation, exchange rates and interest rates), fiscal policy (taxation, spending, supports like the Wage Assistance Scheme) or even health policies (like vaccination). We believe it is critical that the right government policies be implemented to ensure the successful economic recovery, which would then set the tone for the performance of the private sector at large, including Harel Mallac.

Our Group has minimised its risk profile and prepared for contingencies, given the short-term uncertainties. We believe that our core operations and existing asset base provide the necessary means from which sustainable growth and profitability can be derived, while staying cautious and remaining on the lookout for opportunities that could maximise shareholder value. A healthy and vibrant company means taking good care of our customers, employees and communities, and that remains our priority for the medium to long term.

I would like to express my appreciation to our employees and my leadership team for all their hard work in these testing times, and to the Board of Directors for the support and advice provided. A final word of thanks to our shareholders and other finance providers for their continued confidence in Harel Mallac.

CHARLES HAREL
Chief Executive Officer

5 DIVISIONS

24 COMPANIES

TURNOVER IN 2021

RS 3.6 BILLION

International presence Mauritius, Burundi, La Réunion, Madagascar, Rwanda, Tanzania, Zambia.

857 employees

34th in the Top 100 Companies 2021

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 • CARE • TRUST

These principles guide our behaviour and the way we interact with our stakeholders.

OPERATIONAL DIVISIONS

EQUIPMENT & SYSTEMS
Aerolik, Novengi, EO Solutions, Linxia

CHEMICALS
MCFI Group, Archemics

TECHNOLOGY
Harel Mallac Technologies, Activeline

TRAVEL
Itineris, Harel Mallac Aviation

CORPORATE & INVESTMENT

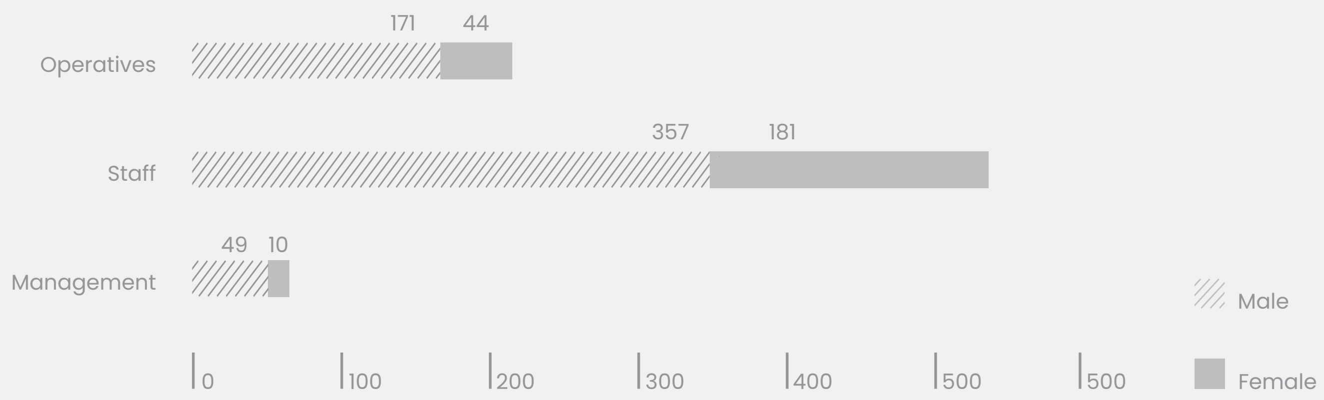
ASSOCIATES

- Attitude Hospitality Management Ltd
- Biofert Co. Ltd
- Emineo Holding Limited
- Maritim (Mauritius) Limited
- TotalEnergies Marketing Mauritius Ltd
- Touristic United Enterprise Ltd
- Rehm Grinaker Construction Co Ltd
- Solar Field Ltd
- Water Sport Village Limited
- Zilwa Resort Ltd

DIVERSITY AND INCLUSION

On 31 December 2021, the group's workforce in Mauritius totalled 812 persons (or 857 persons including our overseas staff). It was composed of 71% male and 29% female employees – a ratio which has slightly decreased since 2020 in terms of diversity.

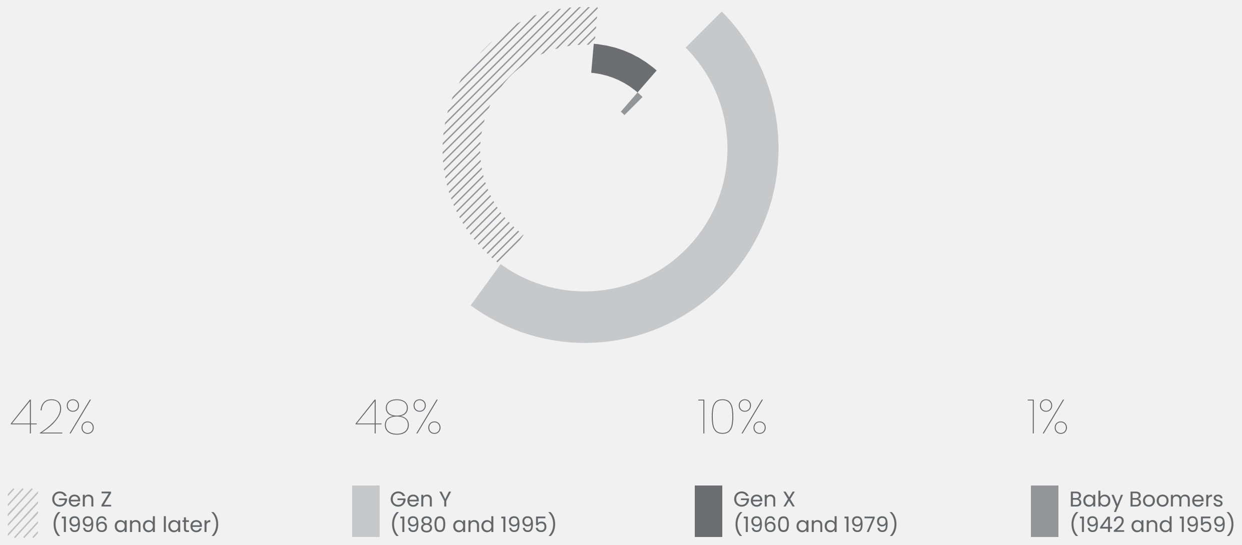
GENDER DISTRIBUTION BY CATEGORY



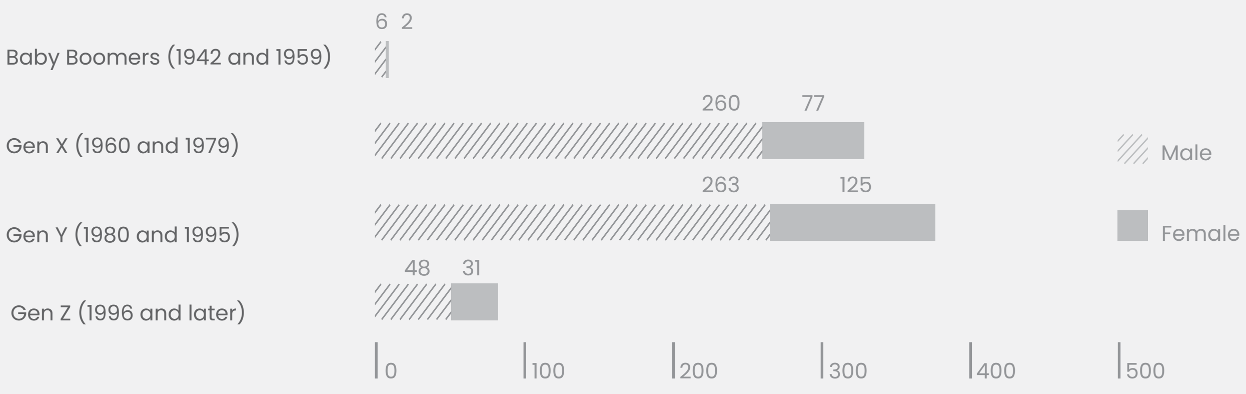
DIVERSITY AND INCLUSION

Our workforce has a classic age distribution, where Gen. X and Gen. Y (millennials) make up the largest proportion. It is to be noted that the Gen. Z has noticeably increased in the last two years: from 2% in 2019, 7% in 2020 to 10% in 2021.

AGE DISTRIBUTION



AGE GROUPS AND GENDER



In 2021, there were 7 disabled persons in employment in the Group, i.e. 0.87% of our total workforce.

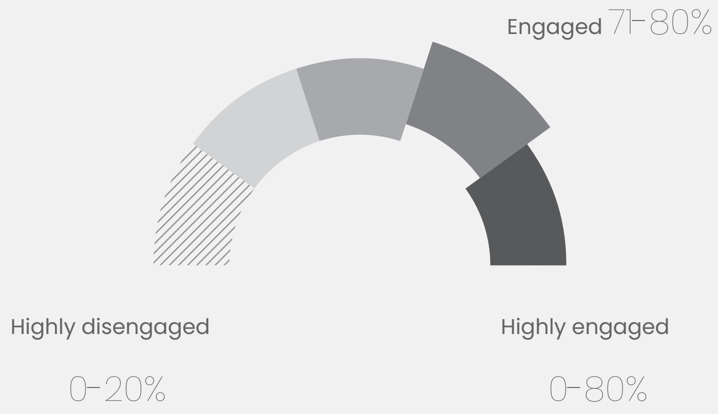
OUR RESPONSE TO THE PANDEMIC

Strong with the experience of 2020, the Group very efficiently managed the second lockdown that resulted from the Covid-19 pandemic as from March 2021, with a smooth roll-out of our business continuity and health and safety measures.

In line with our Covid-19 protocol, we renewed with a "Work-From-Home" then "partial remote work" model. After the second lockdown, 27% of our staff (215 persons) opted for a more long-term hybrid mode of work.
We strongly encouraged our staff to get vaccinated as soon as vaccination was available in Mauritius, and this was met with much enthusiasm: at end 2021, 94% of our Mauritius-based employees were fully vaccinated.

EMPLOYEE ENGAGEMENT

We conducted an Employee Engagement Survey with the group staff and managers during the second semester of 2021, to which 68% of the employees participated. The results showed an encouraging global engagement rate of 71%.



ENGAGEMENT RATE PER TOPIC

We identified the following areas to improve in the medium term: salary and benefits and welfare and sports. We will also focus on key topics which contribute to sustain engagement: the quality of relationship with superiors and with peers, the alignment of department and individual objectives and the commitment to high performance.

TRAINING AND DEVELOPMENT

Strong with lessons learnt from 2020, we have managed to send 264 members of staff (33% of the workforce) to training sessions, which were mostly held online.
This totalled in 2,350 hours of training throughout the group for the year, a commendable number, compared to 333 hours for 53 persons in 2020. The focus was given to capacity-building in leadership and management skills, as well as technical and IT skills.
It is worth mentioning that 32 hours of sensitisation and training on biodiversity were dispensed to employees, in alignment with our pledge to SigneNatir, Business Mauritius' Sustainability Network.

Our Group Employee Handbook was revised in 2021 to better align with the evolving national legal framework and our Talent Management Framework.

FOR THE BETTER OF OUR PLANET

OUR PROGRESS ON THE PLANET GOALS 2025

The Harel Mallac Planet Goals 2025 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.

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.

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.

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.

Save Water

12. By 2025, we will reduce our usage of water for operations (excluding manufacturing facilities) by 25%.

Advance Diversity

13. By 2025, we will achieve gender equity in our staff.

OUR GLOBAL PLEDGES

With the same mindset, and because we believe that sharing good practices, learning continuously and networking are key to progress, the Company, MCFI and Archemics have also joined the local sustainability network SigneNatir in 2021, and the United Nations Global Compact early 2022.

WE SUPPORT

UN GLOBAL COMPACT

Signe Natir FOR A SUSTAINABLE & INCLUSIVE MAURITIUS

SUSTAINABILITY GOVERNANCE

Spearheaded from the Head Office, our sustainability strategic plan is run and monitored at the level of sub-divisions by Sustainability champions. Their mandate is three-fold:

- Critically look into the BUs' various impacts on the social and natural environment.
- Suggest changes in the way we run our businesses, inspired by the numerous best-practices worldwide, especially from the renown brands we represent and the members of key networks we belong to, such as the UN Global compact.
- Monitor and report on progress on the Planet Goals, SigneNatir and UN Global Compact indicators.

COMMUNICATION ON PROGRESS

Harel Mallac publishes a bi-annual update on its progress on the 13 identified Goals, which you may consult on our website. As from 2022, and in line with its ambition to use less paper, the Group opted to publish a stand-alone sustainability report, distinct and complementary to its annual report, so as to promote paperless reporting and more in-depth analysis of our sustainability impacts and our progress. The scope of Harel Mallac's past and present sustainability reports solely covers our operations in Mauritius.

Although it was not notable on all sides, the Planet Goals roll-out has so far coincided with two years of dealing with the pandemic and deriving business priorities. We reckon that the progress is slow on many indicators but remain convinced of our duty to tackle the climate crisis and social exclusion hand in hand with our stakeholders.

GIVING BACK

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

- The Port Louis Sailors Rugby Club players (aged 9 to 18) participated in local tournaments when the pandemic-related restrictions were lifted.
- The Flamboyant Education Centre dispenses early childhood and pre-school care to 62 children in Cité Richelieu.

In 2021, 40 employees took their CSR Leave, which consists of a day of leave that each employee of the group is encouraged to take to support a cause, project or association.

Archemics has also continued its engagement in the Rivulet–Terre Rouge Estuary Bird Sanctuary (a RAMSAR site) in 2021.

Our employees spent a total of 270 hours in community actions in 2021, focusing mainly on biodiversity protection work and environmental sensitisation in schools in their business units' respective vicinities.

EQUIPMENT & SYSTEMS (EO SOLUTIONS, LINXIA AND NOVENGI GROUP)

This division sources, installs and services equipment and industrial systems covering such activities as:

- Digital printing, cash processing, imaging and mailing management (EO Solutions).
- IT, consumer electronics and home appliances (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 functions in buildings (Novengi).

The renamed Aerolik subsidiaries, specialising in professional ventilation, were acquired in May 2021 from the Aldes Group to expand Novengi's activities in the Heating, Ventilation and Air Conditioning (HVAC) market in Mauritius, as well as to provide an entry into regional territories, with a leading position already established in Reunion Island.

2021 saw a good bounce-back by the division, performance-wise: revenue rose to Rs 1.3bn (up 47% from 2020) while profit before finance costs (PBFC) swung to a profit of Rs 60m from a loss of Rs 3m last year. Adjusting to exclude the Aldes acquisition for comparability, our 'traditional' businesses still recorded a commendable 27% organic growth in revenues to Rs 1.1bn, while PBFC would have been at Rs 26m in what continues to be difficult economic conditions:

- The pandemic has left scars on the supply chain, some of which are still being felt to-date, including long lead times for product delivery when it is not outright stock shortages from our principals, inability to physically service our clients during the second lockdown in H1 2021, foreign exchange volatility, more expensive - in addition to being less regular - freight, etc. This has led to lost sale opportunities as well as higher costs in all our product lines, making it even more complicated to maintain our competitive positioning on a market which has become increasingly price sensitive as consumers hold back, given declining purchasing power and economic uncertainty.
- The macro-economic environment experienced a recovery from the catastrophe that was 2020, but it would be optimistic to say that Mauritius is firing on all cylinders. As a country, we have still not regained the ground we held in 2019 and our pro-cyclical Equipment & Systems businesses reflect this. On the demand side:
    - Wholesale and retail trade grew 4.2% in 2021 after contracting by 12% the previous year. Unsurprisingly, the sector saw some failures during the period, including a major electrical/electronic retail chain in our customer list going out of business.
    - Fixed capital investment experienced double-digit growth at 11% but remains smaller after a 27% contraction in 2020, reflecting continuing delays in committing to some capex spending experienced in our sales pipelines.
    - We also faced some challenges specific to our businesses, for example, increased prevalence of Work-From-Home arrangements are still being felt in our office printing business line.

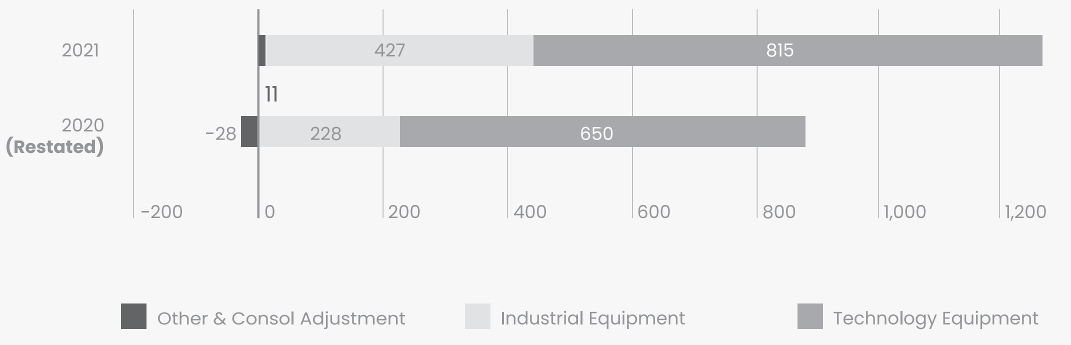
Management navigated the troubled 2021 waters with some success to mitigate the impact of the above:

- All our businesses increased investment in working capital (inventory in particular, given the supply chain issues mentioned previously) to minimise disruption to customers while trying to balance this negative impact on our cash flows.
- Linxia continued its pivot to online sales (100% revenue growth) and product line expansion (e.g. wider range of Candy and Xiaomi products launched) to maintain sales momentum and return to the black, despite still taking the residual hit of past defaults by its partners which cost it another one-off Rs 10m in 2021.
- EO made the most of its exposure to the financial sector, being less exposed in the current environment, and managed to successfully deliver on some key contracts locally and overseas to boost profitability from last year.
- Novengi was dealt the worst hand within this division as it still bled red ink (despite a c.11% revenue growth from 2020) given that it remains dependent on equipment capex and building construction which are sectors that remained significantly impacted compared to pre-Covid times. Positive signs, in terms of order intake for major deals and improved profitability in 2021, following the business transformation implemented by management, lead us to believe in the successful turnaround of the business, especially when combined with the synergies promised from the Aerolik acquisition.

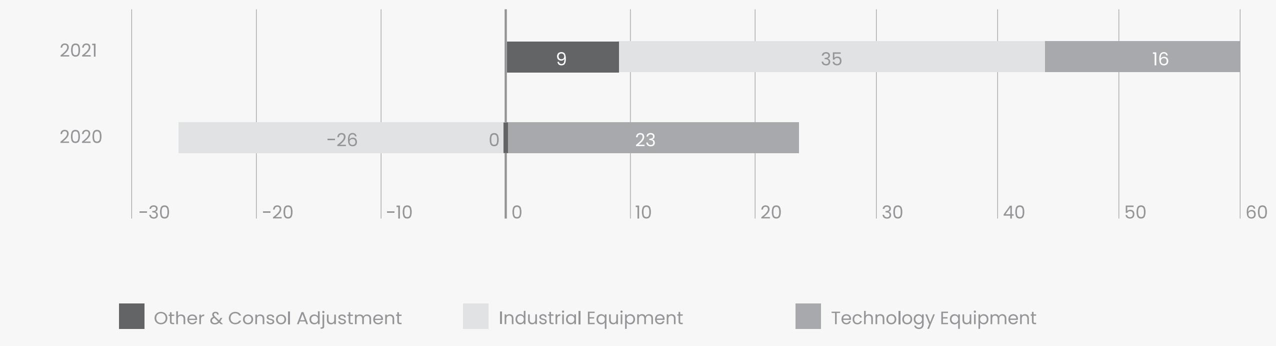
The outlook for 2022 is no less challenging for the division as we anticipate no relief in the pressure on our costs (freight, currency volatility, working capital requirements, etc) nor on the final consumers (general reduction in purchasing power of the local population). We continue to drive further in our operational efficiency action plans and grow in the region to maintain our market share and profitability.

Revenue and PBFC

REVENUE (RS M)



PBFC (RS M)



2020 numbers are restated to align with the segmental analysis done in 2021.

CHEMICALS (ARCHEMICS AND MCFI GROUP)

Harel Mallac has a diversified role in the sector with the manufacture and distribution of chemicals and other solutions for the agricultural sector (e.g. fertilisers and agrochemicals), for industrial needs (e.g. water management solutions, textile-related products, laboratory services) and for the FMCGs (e.g. household detergents, personal care and cosmetics).

2021 saw the division adapting to the 'new normal' environment where resilience and adaptability proved key to returning to the Rs 1.7bn top line revenues last seen in 2019 (and a 16% jump from 2020) and even more importantly, returning to operational profitability with PBFC at Rs 53m (2020: Rs 29m loss).

Given the favourable 'comparatives', 2021 saw revenue growth in most areas:

- The core MCFI fertiliser business made the most of the favourable tailwinds where the agriculture sector expanded 7% (against a 3% contraction in 2020), with important contracts secured locally while being able to pass on the higher input costs (currency depreciation feeding through imported raw materials as well as freight being significant concerns in 2021).
- Our industrial activities similarly experienced an encouraging recovery, benefitting from the general upturn, with the key textile sector, for example, surging 14% (after collapsing 29% in 2020) as we aimed to address the specific needs of the local/regional manufacturers with our technical expertise.
- As the tourism sector reopened, we witnessed strong growth in the sector (albeit on a very low base) and remain hopeful to return to pre-Covid levels.
- More consumer-facing businesses at Archemics felt the impact of the economic slowdown with a noticeable weakening of consumer spending and volume/margin pressures with the large-scale retailers like supermarkets and hypermarkets.
- International operations were a mixed bag with travel restrictions and disrupted supply chain logistics in Africa on the negative side and foreign exchange gains on the other side of the scale.

Management has been pro-active throughout and continued to push ahead with the restructuring already underway:

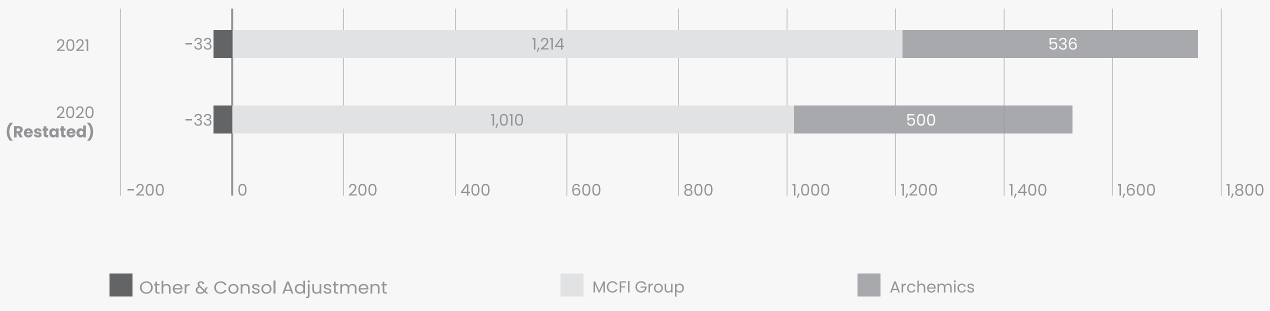
- The focus remained on the efficiency drive within the MCFI Group with the reorganisation and consolidation of the businesses acquired in the last few years taking out another Rs 26m in overheads in 2021.
- Tanzania's operating model has now been refocused on the provision of chemical storage facilities and related inventory management services to reduce risks taken in volatile economic conditions and generate a more stable stream of income.
- A delicate balancing act also had to be maintained with regards to market share retention vs. margins in the face of rising manufacturing costs (from raw materials to packaging) and increased competition.
- Our entities financed precautionary inventory holdings and continued to invest in the development of business lines whether new ventures, new 'owned' brands or related services/product expansion in addition to our existing portfolio.

2022 priorities remain revenue optimisation and efficiency gains:

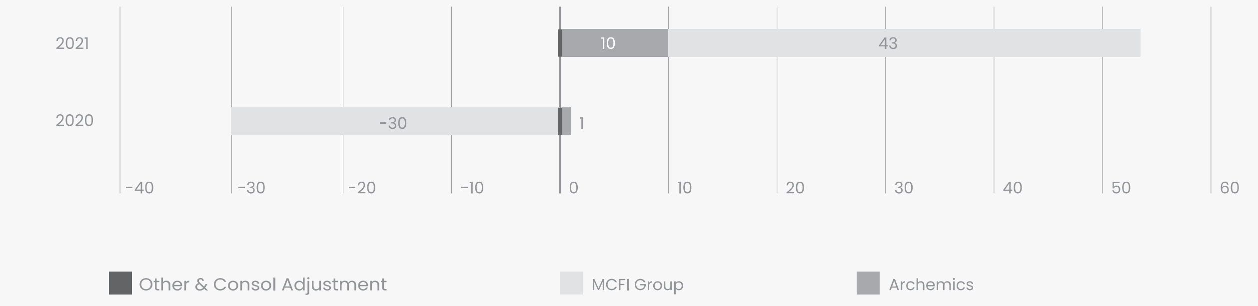
- Pushing full-package service solutions in the agro-segment, targeting regional markets as well as accompanying customers with our hard-earned expertise in the industrial segment, and developing new 'environmentally-conscious' products to strengthen our market presence in the home care and beauty segment, whether 'owned' or third-party brands.
- Driving operational excellence throughout our manufacturing, distribution and administrative activities to provide the margin of safety necessary to face the rising challenges.
- Building on our strong domestic base to develop long-term links with customers and service the African markets, while minimising the risk exposure to their more volatile conditions.

Revenue and PBFC

REVENUE (RS M)



PBFC (RS M)



2020 numbers are restated to align with the segmental analysis done in 2021.

TECHNOLOGY (HAREL MALLAC TECHNOLOGIES & ACTIVELINE)

Harel Mallac Technologies is the core of this segment and operates as a technology integrator, with a physical presence in Mauritius, Madagascar, Burundi and Rwanda from which it also services other countries in Africa. It specialises in IT Infrastructure, Cybersecurity, Fintech, Business Automation and Building Technology solutions. It also provides Remote Managed Infrastructure and Security Operations Services, as well as certain Business Process Outsourcing (BPO) operations.

2021 confirmed the good health of the ICT sector, bettering the 6% growth rate reported last year by more than 100bps at the national level. Harel Mallac Technologies, as one of the leading players in this market, can take pride in another market-beating year-on-year revenue growth of 26% to Rs 756m and more importantly, finally converting top-line success into operational profitability as PBFC returned Rs 18m to the company after a loss of Rs 13m. This is the result of:

- Continuing significant contributions from our overseas operations which generated Rs 215m of revenues (2020: Rs 146m) and a PBFC of Rs 6m (2020: Rs 10m), a rewarding turnaround with major projects being secured in all three overseas countries, especially once the synergies with the Mauritius activities are factored in.
- Solid fundamentals in our Mauritius hub which leant heavily on its agile operating model to contain the 'road bumps' faced during the year, including a volatile foreign exchange, freight costs, etc.

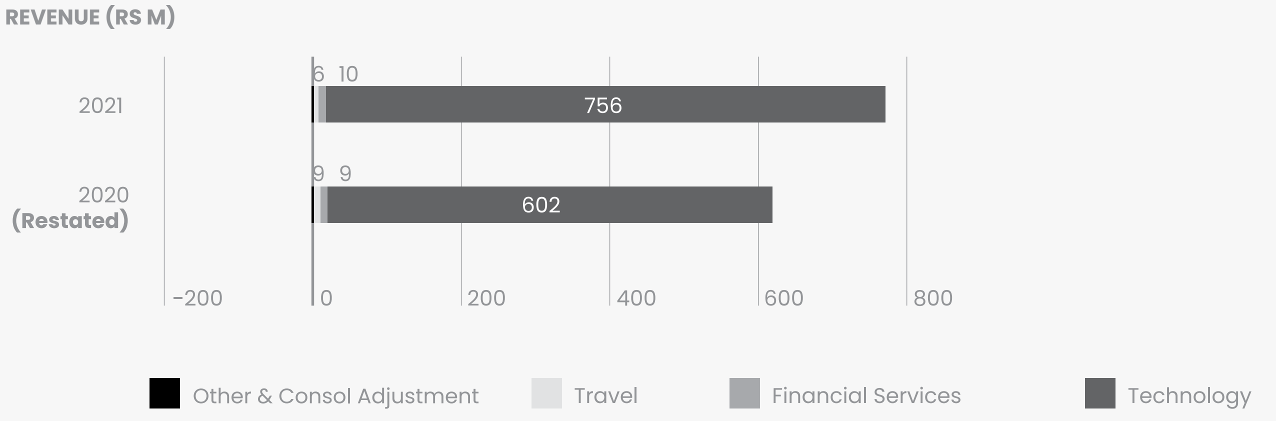
Residual businesses (Harel Mallac Corporate Services, Itineris and Harel Mallac Aviation)

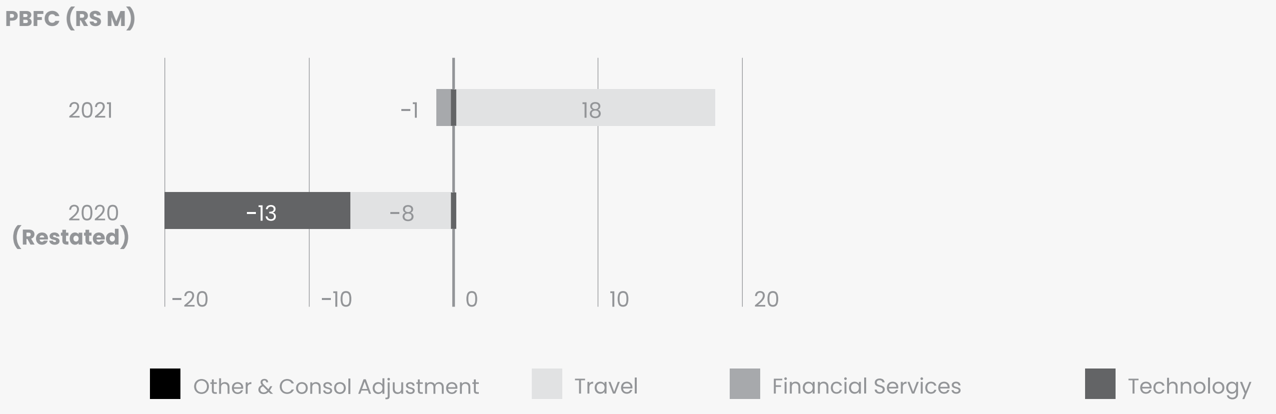
Harel Mallac Corporate Services used its proprietary share registry software to service clients and, in 2021, given the increasing weight of compliance requirements, reached agreement to transfer its operations to a third-party. This stand-alone financial services operation lacked the necessary scale (as evidenced by the marginal contributions of the last two years where, at best, revenues fluctuated at around Rs 10m and broke even operationally) to deliver on our ambitions for our clients, our people and our performance.

Itineris is the in-house travel agency and the local representative of CWT, the global leader in corporate travel, while Harel Mallac Aviation acts as a passenger General Sales Agent for Condor and Air India. In line with the industry, these businesses remain mired in the troubled waters of the pandemic with revenues down a further 30% to Rs 6m after an already precipitous 65% decline in 2020, but management restructuring efforts paid off as they returned to an operational break-even point in 2021.

The objective for 2022 is to kickstart profitability by tapping into the known opportunities that exist in our current areas of expertise, while enhancing further operational excellence to ensure efficient delivery on commitments to our consumers and our performance.

Revenue and PBFC





2020 numbers are restated to align with the segmental analysis done in 2021.

ASSET MANAGEMENT

The Asset Management cluster comprises investments in:

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

  Harel Mallac is a long-term investor with holdings in the hospitality, engineering, construction and energy sectors. It aims at adding value to promising ventures through its experience and network in the business community.

  The investments book value experienced a further decline from Rs 1.0bn to Rs 0.9bn in 2021 as the losses reported by our hospitality and construction associates, still reeling from the economic impact of the pandemic, more than offset the additional capital injections of Rs 41m made to tide them over this rough patch and the recovery in our energy and engineering holdings.

  Green shoots of recovery are visible in our 2021 results as our share of losses fell from Rs 124m in 2020 to 'only' Rs 65m:

  - Due to on-off lockdowns and restrictions on international travellers, our hospitality investments remained far from the pre-pandemic levels, with pick-up only seen since the reopening of the country's borders in Q4 2021. Unsurprisingly, financial returns remained negative in this sector, collectively reporting a Rs 95m share of losses, but which is still an improvement from the Rs 98m hit in the comparative period.
  - Similarly, construction was affected by continuing Covid closures (e.g. delays on sites not always being r ecoverable from the clients) and ended contributing losses of Rs 13m (2020: Rs 25m) to the Group's share of associate losses.
  - TotalEnergies Marketing Mauritius proved its value as a blue-chip holding and made a strong recovery with our share of profits being Rs 39m vs. Rs 4m in 2020.
  - Emineo benefited from the delivery of a project delayed since 2020 due to Covid disruptions and a corresponding improved tax position to turn around its share of loss of Rs4m in 2020 to a share of profits of Rs4m in 2021.

- Joint ventures – Solar Field

  Losses at Solar Field decreased to only Rs 1m from Rs 6m in 2020 due to:

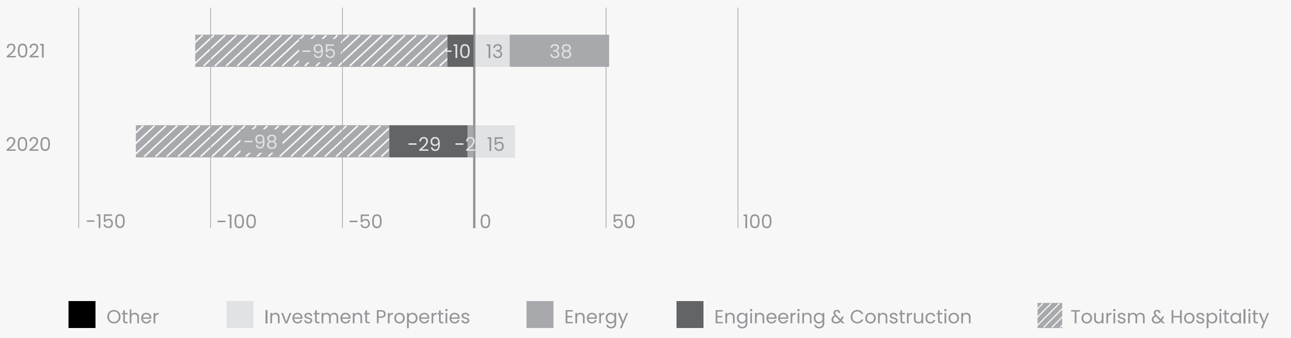
  - Production gains as the planned roll-out of operational maintenance was no longer impeded by the pandemic restrictions.
  - Unrealised foreign exchange losses of Rs 4m arising from depreciation of the Mauritius rupee given the US dollar debt financing owed by the joint venture.

- Property

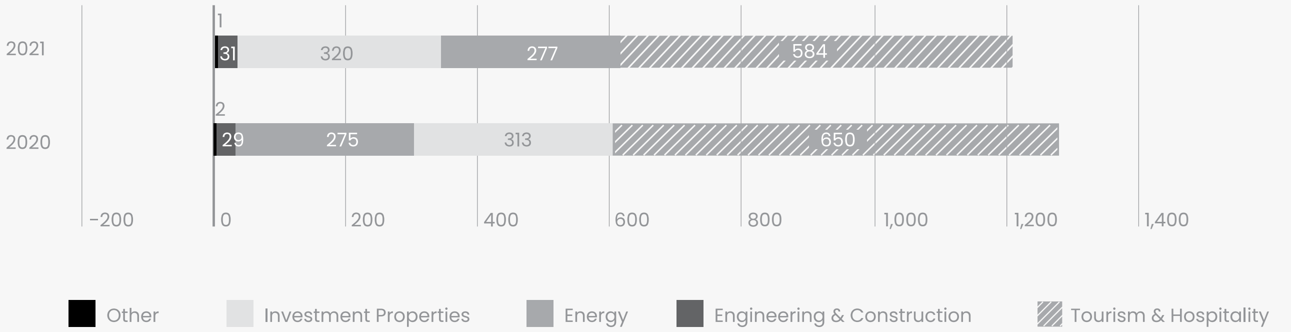
  Harel Mallac holding companies manage a portfolio of investment properties, located mainly in and around the Port Louis area. The property market remains challenging, with the planned development of smart cities and moderate economic growth limiting demand for rental space.

  In light of the current economic turmoil, the defensive qualities of hard assets provided a hedge to our exposure to more cyclical investments, with fair value gains significantly offsetting lower rental income from tenants. Management remains focused on maximising value from this significant Group asset.

SHARE OF PROFIT/(LOSS) (RS M)



VALUE OF INVESTMENT (RS M)



INTRODUCTION

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

CORPORATE GOVERNANCE

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

This Corporate Governance Report endeavours to demonstrate the application, within the Group, of the eight principles composing the Code.

PRINCIPLE 1: OUR GOVERNANCE STRUCTURE

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

THE CONSTITUTION

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

BOARD CHARTER

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

BOARD COMMITTEES

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

These Terms of Reference are reviewed periodically.

DELEGATION OF AUTHORITY ACROSS THE GROUP

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

THE ROLE OF THE BOARD

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

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

CODE OF ETHICS (continued)

- 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 2021

Chief Executive Officer
CHARLES HAREL

OPERATIONS

Managing Director
MCFI Group
YANIS FAYD'HERBE

Managing Director
Archemics
LAURENT ROUSSEL

Managing Director
Linxia and EO Solutions
ALAIN AH-SUE

General Manager
Novengi and Aerolik
YANNICK APPLASAMY

General Manager
Harel Mallac Technologies
SHATEEAUM SEWPAUL

HEAD OFFICE

Group Head of
Finance
CHRISTINE NGUYEN THAC

Group Head of
Human Capital
LAURENT GORDON GENTIL

General Manager
Projects & Investments
CHRISTIAN YONG KIANG YOUNG

Group Head of
Communication & Sustainability
SOPHIE DESVAUX DE MARIGNY

Group Head of
Legal Affairs & Compliance
NIVEJITA RAMBAJUN

PRINCIPLE 1: OUR GOVERNANCE STRUCTURE (continued)

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 & AEROLIK

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

SOPHIE DESVAUX DE MARIGNY
GROUP HEAD OF COMMUNICATIONS & SUSTAINABILITY

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

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.

LAURENT GORDON GENTIL
GROUP HEAD OF HUMAN CAPITAL

Laurent holds a BSC in Management and Human Resource (HR) Management from Curtin University (Australia), as well as an MSc in Professional Human Resources from BPP University (London). After working in various sectors namely BPO, engineering and manufacturing, Laurent worked for the Terra group as HR Manager - Projects and Services (2011-2015) before moving to the Medine Group in 2015 as Group HR Manager. He joined Harel Mallac in January 2021.

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.

NIVEJITA RAMBAJUN
GROUP HEAD OF LEGAL AFFAIRS AND COMPLIANCE

Nivejita is the holder of Bachelor of Laws (LLB) from the University of Mauritius and a Graduate Diploma in Law from the Leeds Beckett University. Following her studies, Nivejita joined Barclays Bank in Mauritius, where she spent over 10 years within the Indian Ocean legal team, before moving to the legal department of SBM Bank Mauritius in 2018. Nivejita joined Harel Mallac Group in March 2021.

LEADERSHIP TEAM PROFILE (continued)

LAURENT ROUSSEL
MANAGING DIRECTOR - ARCHEMICS

Laurent holds an MBA from ESCP and an AMP certificate from Harvard Business School. After working in various sectors, mainly in the coatings and pharmaceutical industries, in different positions (CFO, CEO, Managing Director - Europe), Laurent moved to Mauritius in 2017 for Mauvilac Industries, where he boosted the company to a high-performance level. When AkzoNobel took over Mauvilac Industries in April 2020, Laurent successfully lead the integration of the company within AkzoNobel, until December 2020. Before joining Archemics, Laurent worked as a consultant with La Trobe to redefine and kick start the roll-out of the company's strategy for a stronger positioning of its key brands.

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.

BOARD COMPOSITION DURING 2021

Directors	Gender	Age	Country of Residence	Category
HAREL Antoine L. (Chairman)	M	64	Mauritius	NED
AH-CHUEN Dean	M	57	Mauritius	NED
BORIS Pascal C.B.E	M	71	UK	ID
DE CHASTEAUNEUF Jérôme	M	55	Mauritius	NED
DE JUNIAC Christian	M	68	UK	NED
GIRAUD Daniel G.O.S.K.	M	69	Mauritius	ID
HAREL Charles	M	54	Mauritius	ED
LEVIGNE-FLETCHER Anne Christine C.S.K.	F	67	Mauritius	NED
MOOLLAN Anwar S.C.	M	54	Mauritius	NED

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

PRINCIPLE 2: THE STRUCTURE OF OUR BOARD AND ITS COMMITTEES (continued)

MEETINGS' PROCESS

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

BOARD MEETINGS

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

ATTENDANCE AT BOARD MEETINGS

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

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 four 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

Director	Attendance
DE CHASTEAUNEUF Jérôme (Chairman)	3/4
LEVIGNE FLETCHER Anne Christine C.S.K.	2/4
MOOLLAN Anwar S.C.	1/4
GIRAUD Daniel G.O.S.K.	4/4

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 three times.

ATTENDANCE AT CGC MEETINGS

Director	Attendance
HAREL Antoine L. (Chairman)	3/3
MOOLLAN Anwar S.C.	2/3
AH-CHUEN Dean	3/3

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 COMMITTEE MEETINGS

Director	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, not 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 (64)
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 (57)
NON-EXECUTIVE 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 Clinton's 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.

CHARLES HAREL (54)
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. (71)
INDEPENDENT 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.

DIRECTORS' PROFILES (continued)

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 (68)
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. (67)
Chevalier de l'Ordre National du Mérite
NON-EXECUTIVE DIRECTOR

Anne Christine Levigne-Fletcher C.S.K. holds a Diplôme de l'Institut d'Etudes Politiques de Paris/Sciences Po, a Licence en Droit from Assas University and a Licence en Littérature Anglaise from Université de Nanterre. She was from 1976 to 1981, the Managing Director/Designer of Mistra, an international company based in Paris operating in the design industry. She has been the Managing Director of 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 (55)
NON-EXECUTIVE DIRECTOR

Jérôme de Chasteauneuf 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 is also an Independent Director of the Stock Exchange of Mauritius.
Other Directorships (listed Companies): Alteo Limited, CIEL Limited, Sun Limited.

DANIEL GIRAUD G.O.S.K. (69)
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. (54)
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.

PRINCIPLE 4: DIRECTORS' DUTIES, REMUNERATION AND PERFORMANCE (continued)

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. None of the Non-Executive Directors or the Independent Directors are entitled to remuneration in the form of share options or bonuses associated with the Company's or the Group's performance.

Details of Directors' remuneration are given on pages 44 and 45

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

BOARD | AUDIT & RISK COMMITTEE | MANAGEMENT/GROUP RISK OFFICER

RISK MANAGEMENT FRAMEWORK

RISK IDENTIFICATION > RISK ASSESSMENT AND PRIORITISATION > RISK MITIGATION > RISK MONITORING

Risk Register > Action plan for mitigation actions & assessment of residual risks > Regular updating of risk register and flow-on process and quarterly reporting to Board

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.

PRINCIPLE 5: RISK GOVERNANCE AND INTERNAL CONTROL (continued)

INTERNAL CONTROL

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

OUR GROUP POLICIES

The following policies are applicable across the Group:
- Equal Opportunity Policy
- Data Protection Policy and Data Privacy Rights Management Policy
- Policy on conflicts of interest and related party transactions
- Information Technology Policy
- Ancillary Policy on post contractual obligations
- Gift Policy
- Ethics Whistle-Blowing Policy

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

PRINCIPLE 6: REPORTING WITH INTEGRITY

SUSTAINABILITY REPORTING AND INTEGRATED REPORTING

The Company, will publish a stand-alone Sustainability Report for the year 2021, in 2022 in digital format in line with its commitment towards paper waste reduction.

REPORTING WITH INTEGRITY

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

PRINCIPLE 7: AUDIT

EXTERNAL AUDITORS

The ARC has the primary responsibility for making recommendations with regard to the appointment/ reappointment and removal of the external auditors. The ARC ensures that the external auditors observe the highest standards of business and professional ethics and that their independence is in no way impaired. The ARC makes recommendations to the Board on external auditors' appointment and fees.

The ARC encourages consultation between the internal and the external auditors to discuss matters of mutual interest and the management letters as well as the Internal Auditors' report. The ARC regularly meets with the external auditors during ARC meetings and reports from the external auditors are extensively discussed. Whenever the need arises, the ARC meets the external auditors, without Management being present. The fees paid to the auditors for audit and non-audit services for the financial year are disclosed in the Statutory Disclosures section in the annual report.

The ARC received from the external auditors their report following the 2021 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 (continued)

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 2021 at the Company's and subsidiaries' levels (along with follow-up audits) include inventory, procurement and contract management, internal financial close, revenue, debtors' management and customer service, IT & business continuity, sales and inventory and operating assets management. 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 Quarterly financial reporting Comprehensive annual report	Intranet & emails Regular meetings with CEO and Head Office Team Semi-annual management meetings Social events & volunteering	Website & social platform Public relations Customer satisfaction surveys	Regular exchanges with regulatory bodies' representatives Quarterly financial reporting Comprehensive annual report	Public & media relations Social media Sponsorships & CSR

SHAREHOLDERS

SHAREHOLDERS HOLDING MORE THAN 5 PERCENT

PRINCIPLE 8: RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS (continued)

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 DECEMBER 2021

Size of shareholding	Number of shareholders	Number of shares owned	% holding
1-500	467	39,964	0.36
501-1,000	41	33,487	0.30
1,001-2,500	29	43,953	0.39
2,501-5,000	9	33,605	0.30
5,001-10,000	20	143,565	1.28
10,001-25,000	24	387,930	3.44
25,001-50,000	9	346,413	3.08
50,001-100,000	6	373,055	3.31
100,001-250,000	3	395,017	3.50
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	0	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	614	11,259,388	100

PROFILE OF COMPANY'S SHAREHOLDERS AS AT 31 DECEMBER 2021

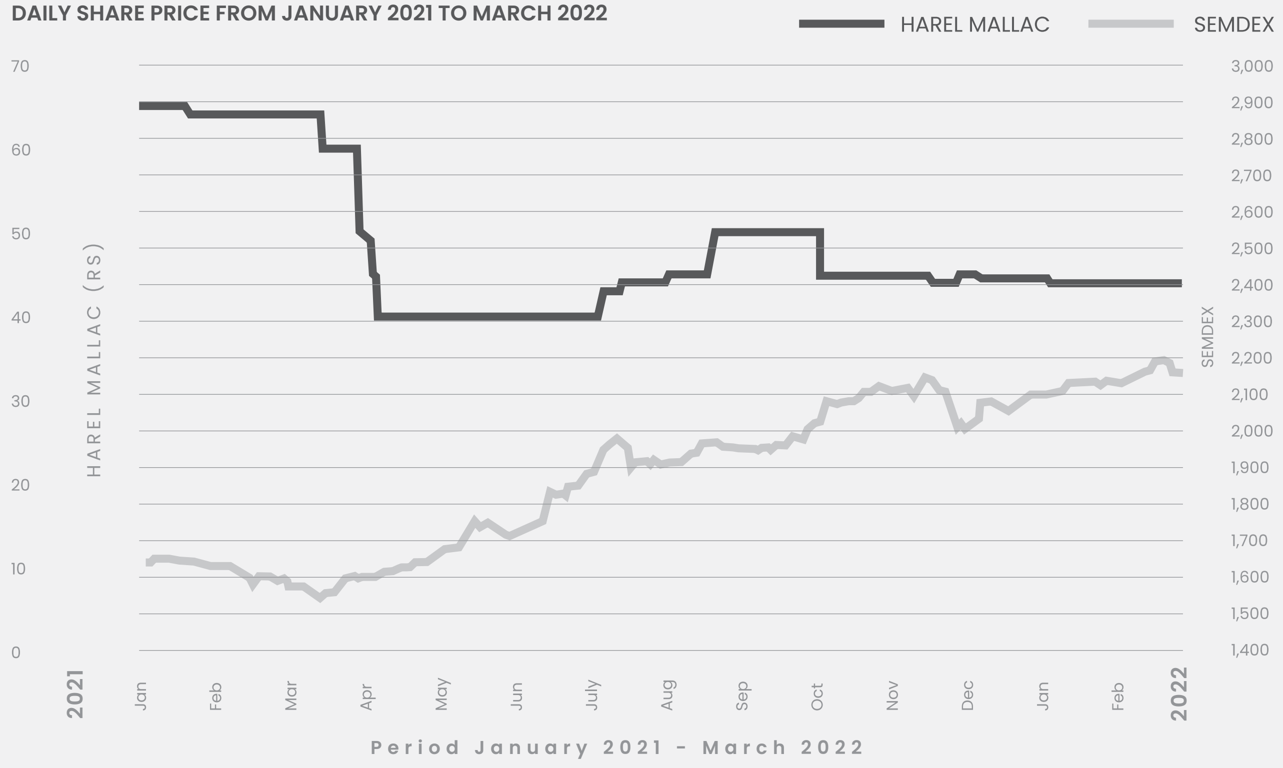
Category of shareholders	Number of shareholders	Number of shares owned	% holding
Individual	525	583,856	5.19
Insurance & Assurance Companies	2	17,000	0.15
Pension & Provident Funds	21	385,150	3.42
Investment & Trust Companies	3	20,631	0.18
Other Corporate Bodies	63	10,252,751	91.06
Total	614	11,259,388	100

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.

SHARE PRICE INFORMATION

DAILY SHARE PRICE FROM JANUARY 2021 TO MARCH 2022



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	March 2022
Annual meeting	June 2022
Publication of condensed results for first quarter	May 2022
Publication of condensed results for second quarter	August 2022
Publication of condensed results for third quarter	November 2022
Dividend declaration and payment if applicable	Quarter 4 of 2022 / Quarter 1 of 2023

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

PRINCIPLE 8: RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS (continued)

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 45.

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.

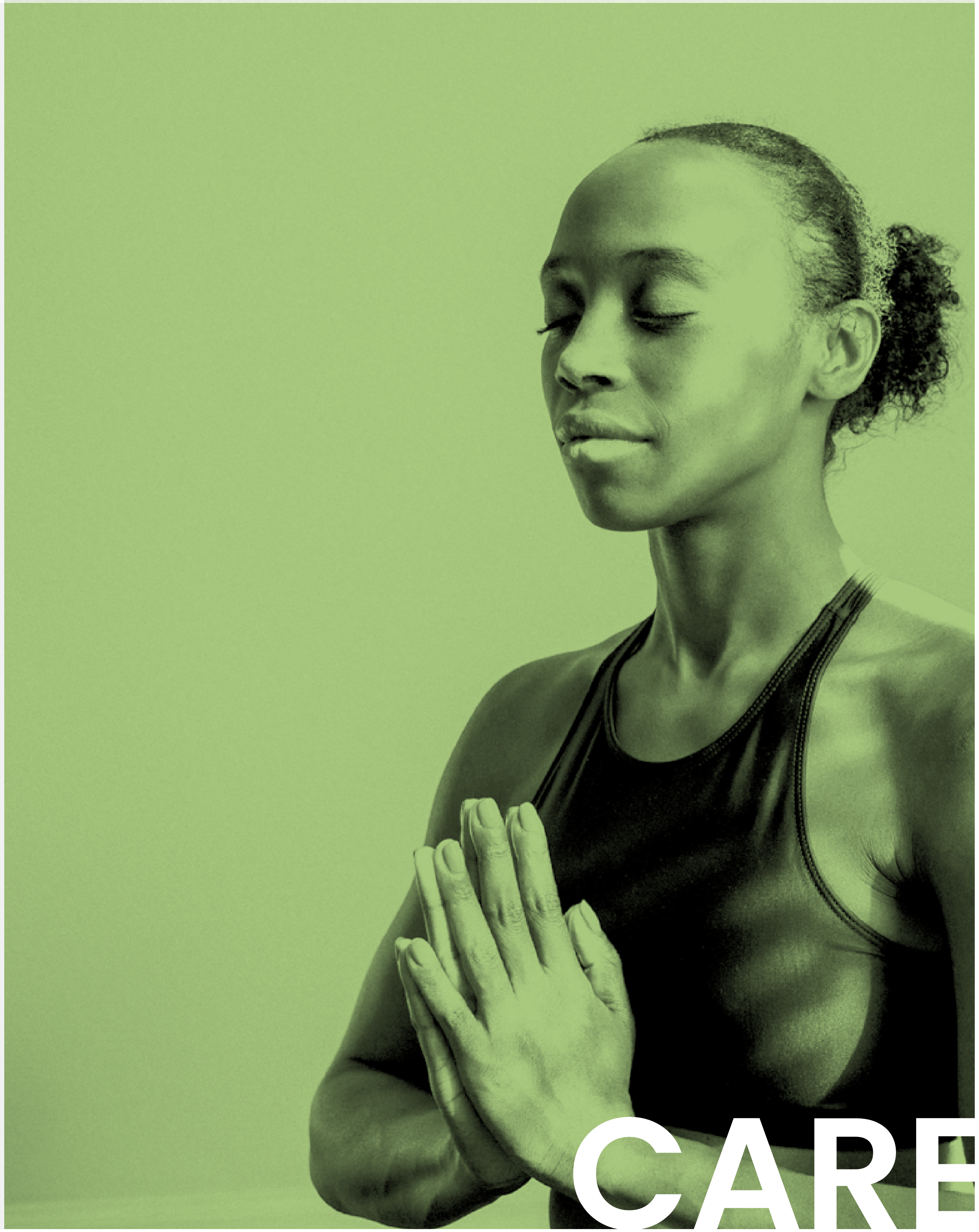
SOCIAL, HEALTH AND SAFETY

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.

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 2021 are detailed in the Sustainability ("Giving Back") section of the report.



DIRECTORS OF SUBSIDIARY COMPANIES

	ACTIVELINE LTD	AEROLIK.OI SAS	AEROLIK LTD	ARCHEMICS LTD	BYCHEMEX LIMITED	CHEMCO LIMITED	COOLKOTE LTD	COREXSOLAR INTERNATIONAL (MAURITIUS) LTD **	CYBERYDER LTD *	DORI ENERGY SAS **	DISTRISOFT LTD *	ECAVEL LTD. (FORMERLY KNOWN AS HAREL MALLAC CORPORATE SERVICES LTD)	EO SOLUTIONS LTD.	FONDATION HAREL MALLAC LTD	H. M. COMMUNICATIONS LTD	HAREL MALLAC AVIATION LTD	HAREL MALLAC DISTRIBUTION SARL	HAREL MALLAC HEALTHCARE LTD	HAREL MALLAC INTERNATIONAL LTD	HAREL MALLAC LEASING LTD **
AH SUE M Alain													●					●		
APPLASAMY Yannick																				
BISSOONAUTH Sunil Kumar																	■			
BOULLÉ François Louis																				
COOMBES Anthony				○																
CRAMBADE Olivier Philippe																				
CYAGA Eric																				
DUVAL Benoit																				
DOGER DE SPEVILLE Allain																				
ESPOSITO ERDOZAIN Phillipe Michel																				
FAYD'HERBE Yanis					●	●	●													
FRANCIS Alfred L																				
HAREL Antoine L				●	●	●						●		●						
HAREL Charles																				
HAREL Guy				●																
HAREL MALLAC & CO. LTD.																				
JODHUN Hurrydeosingh																				
LABAT Vincent																				
MORIER Pierrick Jean Paterne										○										
NG KWING KING Harold																				
NGUYEN THAC Christine	●	□	●	●			●	○	●		●		●		●	●		●	●	○
OUEDRA Ogo Mahadou Lamine																				
NTAHOKAGIYE Roger																				
RIVALLAND Patrick																				
RIVAS FRANCK								○		○										
SEWPAUL Shateeaum																				
VENKATASAMY Ravi																				
VERIEN Philippe																				
YONG KIANG YOUNG Christian Pierre												●	●	●						

	"HAREL MALLAC TECHNOLOGIES BURUNDI	HAREL MALLAC TECHNOLOGIES LTD	HAREL MALLAC TECHNOLOGIES MADAGASCAR	HAREL MALLAC TECHNOLOGIES RWANDA LTD	HAREL MALLAC TRADING LTD	HM ELECTRONICS LTD	HM SECRETARIES LTD	INFORMATICS BUSINESS SOLUTIONS LTD	ITINERIS LTD	LINXIA LTD	LOGIMA LTEE	LOGIMA REUNION SAS	MCFI EXPORT LTD	MCFI INTERNATIONAL & CO. LTD	MCFI INTERNATIONAL (TANZANIA) LIMITED	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	TECHNO CITY LTD	THE MAURITIUS CHEMICAL AND FERTILIZER INDUSTRY LIMITED
AH SUE M Alain										●																		
APPLASAMY Yannick																												
BISSOONAUTH Sunil Kumar																		■										
BOULLÉ François Louis																										●		
COOMBES Anthony																												
CRAMBADE Olivier Philippe																								●				
CYAGA Eric				●																								
DUVAL Benoit																									○			
DOGER DE SPEVILLE Allain																												●
ESPOSITO ERDOZAIN Phillipe Michel																								●				
FAYD'HERBE Yanis													●	●	●													●
FRANCIS Alfred L																●												
HAREL Antoine L		●			●									●			●		●							●		●
HAREL Charles	●	●		●	●	●	●	●	●	●	●	■	●	●	●	●	●		◉	●	■			●	○	●	●	●
HAREL Guy																												●
HAREL MALLAC & CO. LTD.																						■	■					
JODHUN Hurrydeosingh			■																									
LABAT Vincent																												●
MORIER Pierrick Jean Paterne																									○			
NG KWING KING Harold																												●
NGUYEN THAC Christine		●		●	●	●	●	●	●	●	●		●				●		●	●					○	●	●	●
OUEDRA Ogo Mahadou Lamine																												
NTAHOKAGIYE Roger																												
RIVALLAND Patrick																												●
RIVAS FRANCK																												
SEWPAUL Shateeaum	●			●																								
VENKATASAMY Ravi																●												
VERIEN Philippe		●			●												●											
YONG KIANG YOUNG Christian Pierre	●	●		●	●					●							●							●				

○ Resigned during the year ended 31 December 2021
● Director during the year 31 December 2021
■ Gérant Statutaire
□ Présidente du Conseil de Direction

◉ Alternate Director
▲ Ceased to act as Director during the year ended 31 December 2021
* Amalgamated with Portus Ltd
** Disposed of in the course of the year / removed from the Register

PRINCIPAL ACTIVITIES

Following Harel Mallac's strategic repositioning exercise, the Group's activities have been organised into four divisions: Technology, Chemical, Equipment & Systems and Investment & Corporate.

DIRECTORS OF THE COMPANY AND DIRECTORS OF SUSBIDIARY COMPANIES

The Directors of the Company are listed on pages 32 to 33 In addition, a list of the directors of subsidiary companies is found on pages 42 and 43.

DIRECTORS' SERVICE CONTRACTS

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

DIRECTORS' REMUNERATION AND BENEFITS

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

	THE COMPANY		THE SUBSIDIARIES	
	2021	2020	**2021**	2020
Executive Directors	**RS '000**	Rs '000	**RS '000**	Rs '000
Full-time	**9,601**	9,192	**-**	-
Part-time	**-**	-	**-**	-
Non-Executive Directors	**5,978**	5,895	**1,651**	1,327
	15,579	15,087	**1,651**	1,327

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

Directors of subsidiary companies	**2021**	2020
	RS '000	Rs '000
Executive Directors		
Full-time	**29,262**	32,269
Part-time	**-**	-
Non-Executive Directors	**2,403**	2,058
	31,665	34,327

DIRECTORS' REMUNERATION AND BENEFITS (continued)

Remuneration and benefits paid by the Company and its subsidiaries to the Directors during the year under review were as follows:

REMUNERATION AND BENEFITS RECEIVED (MUR'000)	CORPORATE GOVERNANCE COMMITTEE	AUDIT COMMITTEE	STRATEGIC COMMITTEE	FROM THE COMPANY
Non-Executive/Independent				
Antoine L. Harel	Chairman		Chairman	1,601
Dean Ah-Chuen	Member			473
Pascal Boris C.B.E				1,206
Jérôme de Chasteauneuf		Chairman		546
Christian de Juniac				1,206
Daniel Giraud G.O.S.K.		Member		473
Anne Christine Levigne-Fletcher C.S.K.		Member		473
Anwar Moollan S.C. *	Member	Member		-
SUB TOTAL				5,978
Executive				
Executive Director			Member	9,601
SUB TOTAL				9,601
GRAND TOTAL				15,579

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

None of the directors received remuneration from the subsidiaries except for the Board Chairman who received Rs.1.6m.

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 2021 are as follows:

	THE COMPANY		THE SUBSIDIARIES	
Directors	**Direct**	**Indirect**	**Direct**	**Indirect**
HAREL Antoine L	-	557,347	-	1,128,142
HAREL Charles	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 2021, 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	
	2021	2020	**2021**	2020
	RS'000	Rs'000	**RS'000**	Rs'000
Donations made during the year:				
Political	**Nil**	Nil	**Nil**	Nil
Others	**906**	1,278	**582**	180
(Recipients for the Group **2021: 35** (2020: 5)				
(Recipients for the Company **2021: 31** (2020: 2)				

AUDITORS' FEES

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

	THE GROUP		THE COMPANY	
	2021	2020	**2021**	2020
	RS'000	Rs'000	**RS'000**	Rs'000
Audit fees payable to:				
- Nexia Baker & Arenson	**4,249**	3,310	**650**	585
- BDO & Co	**1,128**	1,924	**-**	-
- Other firms	**401**	305	**-**	-
Fees paid for other services provided by:				
- Nexia Baker & Arenson	**105**	105	**105**	105

Other services provided by Nexia Baker & Arenson in 2021 and 2020 relate to review of quarterly consolidated abridged financial statements.

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 Group and 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 judgement. 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 31 March 2022.

ANTOINE L. HAREL
Chairman

CHARLES HAREL
Chief Executive Officer

SECRETARY'S CERTIFICATE

FOR THE YEAR ENDED 31 DECEMBER 2021

CERTIFICATE BY SECRETARY REQUIRED BY SECTION 166(D) OF THE COMPANIES ACT 2001

We certify that, to the best of our knowledge and belief, Harel Mallac & Co. Ltd (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

Date: 31 March 2022.

STATEMENT OF COMPLIANCE

STATEMENT OF COMPLIANCE

(Section 75(3) of the Financial Reporting Act)

Name of PIE : Harel Mallac & Co. Ltd

Reporting period: 31 December 2021

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 last 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.

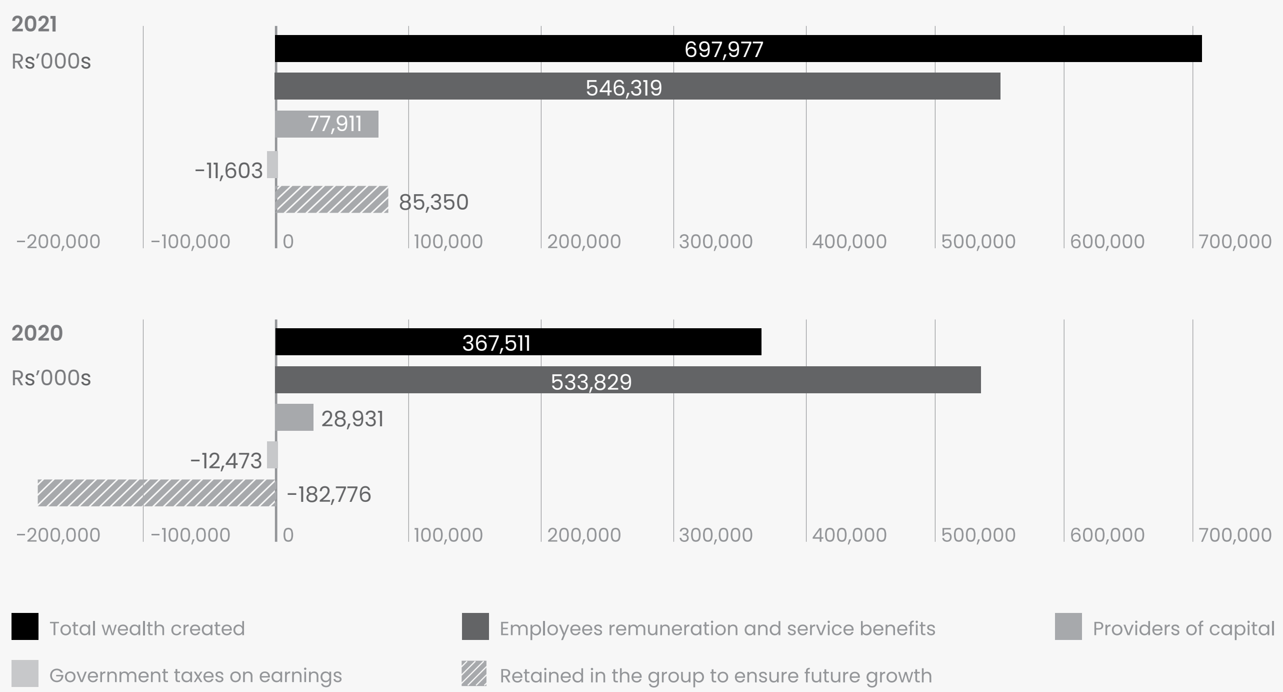
ANTOINE L. HAREL
Chairman

CHARLES HAREL
Chief Executive Officer

Date: 31 March 2022

VALUE ADDED STATEMENT

	2021 Rs'000s		2020 Rs'000s	
Revenue	**3,634,553**		3,010,206	
Paid to suppliers for materials and services	**2,880,401**		2,424,925	
Value added	**754,152**		585,281	
Losses from investment in associates & Joint Ventures	**(66,069)**		(129,268)	
Profit/(loss) on disposal of investments	**24,609**		(5,288)	
Net impairment of investment, receivables & goodwill	**(14,715)**		(83,214)	
Total wealth created	**697,977**	**100%**	367,511	100%
Distributed as follows:				
Employees Remuneration and service benefits	**546,319**	**78%**	533,829	145%
Providers of capital				
Dividends to shareholders	**-**		-	
Interest paid on borrowings	**68,704**		75,698	
Minority interests	**9,207**		(46,767)	
	77,911	**11%**	28,931	8%
Government taxes on earnings				
Taxation	**(11,603)**	**-1%**	(12,473)	-3%
Retained in the group to ensure future growth				
Depreciation and amortisation	**109,639**		107,031	
Retained profit/(loss)	**(24,289)**		(289,807)	
	85,350	**12%**	(182,776)	-50%
Total wealth distributed and retained	**697,977**	**100%**	367,511	100%



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 54 to 124 which comprise the statements of financial position as at 31 December 2021, 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 2021, 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:

Key audit matter	How the matter was addressed in the audit
1. Valuation of investments in subsidiaries, associates, joint ventures and others	
The Company carries its investments in subsidiaries, associates, joint ventures and other investments in financial assets at fair value. At 31 December 2021, total investments amounted to Rs1.691bn. 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).	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.

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

Key audit matter	How the matter was addressed in the audit
2. Valuation of investment properties	
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).	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.

Key Audit Matters (continued)

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

Key audit matter	How the matter was addressed in the audit
3. Revenue recognition	
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 22 (financial statement disclosures).	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.

The Key Audit Matters for the Group are as follows:

Key audit matter	How the matter was addressed in the audit
4. Assessment of net realisable value of inventories	
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 2021 was Rs 632.4 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).	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 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 2021, trade receivables, net of provision amounted to Rs 827.1m. Refer to note 2(n)(i) (accounting policy note) and note 13 (financial statement disclosures).	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.

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.
- 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

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

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.

Use of this report

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.

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

31 March 2022

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

STATEMENTS OF FINANCIAL POSITION

AT 31 DECEMBER 2021

	Notes	THE GROUP 2021 Rs'000	THE GROUP 2020 Rs'000	THE COMPANY 2021 Rs'000	THE COMPANY 2020 Rs'000
ASSETS					
Non current assets					
Property, plant and equipment	5	**698,803**	720,105	**255,713**	261,934
Right-of-use assets	5A	**246,262**	233,947	**4,757**	-
Investment properties	6	**320,177**	312,518	**317,950**	311,325
Intangible assets	7	**79,013**	98,586	**182**	240
Investments in subsidiaries	8	**-**	-	**562,938**	605,461
Investments in associates	9	**889,734**	951,856	**1,086,470**	1,061,782
Financial assets at fair value through other comprehensive income	10A	**34,630**	28,544	**29,340**	23,495
Financial assets at amortised cost	10B	**456**	220	**-**	-
Investments in joint ventures	11	**3,244**	4,505	**12,217**	12,217
Deferred tax assets	17	**30,250**	30,321	**-**	-
		2,302,569	2,380,602	**2,269,567**	2,276,454
Current assets					
Inventories	12	**632,379**	406,902	**-**	-
Contract assets	22	**78,497**	33,921	**-**	-
Trade receivables	13	**827,078**	694,475	**31,387**	52,755
Financial assets at amortised cost	10B	**239,785**	191,894	**14,515**	11,085
Current tax assets		**-**	2,497	**-**	-
Cash and cash equivalents	30 (b)	**228,622**	120,125	**3,435**	17,427
		2,006,361	1,449,814	**49,337**	81,267
Assets classified as held for sale	33	**-**	51,445	**-**	-
		2,006,361	1,501,259	**49,337**	81,267
TOTAL ASSETS		**4,308,930**	3,881,861	**2,318,904**	2,357,721
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	14	**112,594**	112,594	**112,594**	112,594
Revaluation and other reserves	15	**(125,455)**	(101,071)	**14,654**	14,654
Fair value reserves		**(1,180)**	(7,266)	**438,020**	479,299
Actuarial losses		**(74,712)**	(100,169)	**(48,767)**	(46,751)
Retained earnings		**1,335,489**	1,359,778	**1,045,857**	1,022,401
Owners' interests		**1,246,736**	1,263,866	**1,562,358**	1,582,197
Non controlling interests		**182,015**	150,755	**-**	-
Total equity		**1,428,751**	1,414,621	**1,562,358**	1,582,197
Non current liabilities					
Lease liabilities	5B	**236,101**	215,931	**3,641**	-
Borrowings	16	**502,832**	313,245	**303,863**	333,570
Deferred tax liabilities	17	**48,952**	54,596	**27,550**	29,014
Retirement benefit obligations	18	**170,263**	201,071	**52,937**	55,011
		958,148	784,843	**387,991**	417,595
Current liabilities					
Lease liabilities	5B	**33,994**	24,818	**540**	-
Trade and other payables	19	**1,163,561**	908,474	**58,554**	57,452
Contract liabilities	22	**29,708**	14,032	**-**	-
Current tax liabilities		**4,000**	-	**-**	-
Borrowings	16	**690,768**	684,063	**309,461**	300,477
		1,922,031	1,631,387	**368,555**	357,929
Liabilities directly associated with assets classified as held for sale	33	**-**	51,010	**-**	-
TOTAL EQUITY & LIABILITIES		**4,308,930**	3,881,861	**2,318,904**	2,357,721

These financial statements have been approved for issue by the Board of Directors on 31 March 2022.

Antoine L. Harel
Chairman

Charles Harel
Chief Executive Officer

The notes on pages 59 to 124 form an integral part of these financial statements.
Independent auditor's report on pages 50 to 53.

STATEMENTS OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	THE GROUP 2021 Rs'000	THE GROUP 2020 Rs'000	THE COMPANY 2021 Rs'000	THE COMPANY 2020 Rs'000
Revenue	22	**3,634,553**	2,914,132	**144,778**	151,691
Continuing operations					
Profit/(loss) before finance costs	23	**133,163**	(32,868)	**45,048**	40,821
Finance costs	24	**(80,467)**	(79,388)	**(21,941)**	(33,148)
		52,696	(112,256)	**23,107**	7,673
Net share of results of associates and joint ventures		**(66,069)**	(129,268)	**-**	-
		(13,373)	(241,524)	**23,107**	7,673
Net profit/(loss) on disposal of investments		**24,609**	(5,288)	**-**	(894)
Impairment of receivables		**(14,715)**	(82,476)	**(702)**	701
		9,894	(87,764)	**(702)**	(193)
(Loss)/profit before taxation	25	**(3,479)**	(329,288)	**22,405**	7,480
Income tax	20	**(11,603)**	11,366	**1,051**	4,564
(Loss)/profit for the year from continuing operations		**(15,082)**	(317,922)	**23,456**	12,044
Discontinued operations					
Post tax (loss)/profit from discontinued operations	21	**-**	(18,652)	**-**	-
(Loss)/profit for the year		**(15,082)**	(336,574)	**23,456**	12,044
Attributable to:					
Owners of the parent		**(24,289)**	(289,807)	**23,456**	12,044
Non controlling interests		**9,207**	(46,767)	**-**	-
		(15,082)	(336,574)	**23,456**	12,044
(Loss)/earnings per share from continuing operations (Rs/cents)	29(a)	**(2.16)**	**(24.99)**	**2.08**	**1.07**
(Loss)/earnings per share from discontinued operations (Rs/cents)	29(b)	**-**	(0.75)	**-**	-
Total (loss)/earnings per share		**(2.16)**	(25.74)	**2.08**	1.07

The notes on pages 59 to 124 form an integral part of these financial statements.
Independent auditor's report on pages 50 to 53.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	THE GROUP 2021 Rs'000	THE GROUP 2020 Rs'000	THE COMPANY 2021 Rs'000	THE COMPANY 2020 Rs'000
(Loss)/profit for the year		**(15,082)**	(336,574)	**23,456**	12,044
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		**6,086**	(1,893)	**(41,279)**	(165,828)
Movement in actuarial reserve net of deferred tax		**25,457**	(13,344)	**(2,016)**	(3,814)
Movement in associate reserves		**-**	570	**-**	-
Items that may be reclassified subsequently to profit or loss					
Movement in associate reserves		**-**	-	**-**	-
Currency translation differences		**(32,216)**	11,920	**-**	-
Other comprehensive (loss)/income for the year, net of tax	27	**(673)**	(2,747)	**(43,295)**	(169,642)
Total comprehensive (loss)/income for the year		**(15,755)**	(339,321)	**(19,839)**	(157,598)
Other comprehensive income/(loss)					
Owners of the parent		**7,159**	(5,801)	**(43,295)**	(169,642)
Non-controlling interest		**(7,832)**	3,054	**-**	-
		(673)	(2,747)	**(43,295)**	(169,642)
Total comprehensive (loss)/income attributable to:					
Owners of the parent		**(17,130)**	(295,608)	**(19,839)**	(157,598)
Non controlling interests		**1,375**	(43,713)	**-**	-
		(15,755)	(339,321)	**(19,839)**	(157,598)

The notes on pages 59 to 124 form an integral part of these financial statements.
Independent auditor's report on pages 50 to 53.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

THE GROUP	*(Attributable to owners of the parent)*							
	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 2021	**112,594**	**(101,071)**	**(7,266)**	**(100,169)**	**1,359,778**	**1,263,866**	**150,755**	**1,414,621**
Loss for the year	-	-	-	-	(24,289)	(24,289)	9,207	(15,082)
Other comprehensive (loss)/ income for the year	-	(24,384)	6,086	25,457	-	7,159	(7,832)	(673)
Total comprehensive loss for the year	-	(24,384)	6,086	25,457	(24,289)	(17,130)	1,375	(15,755)
Acquisition of subsidiaries with non-controlling interest	-	-	-	-	-	-	27,379	27,379
Disposal of a subsidiary	-	-	-	-	-	-	2,506	2,506
	-	-	-	-	-	-	29,885	29,885
Balance at 31 December 2021	**112,594**	**(125,455)**	**(1,180)**	**(74,712)**	**1,335,489**	**1,246,736**	**182,015**	**1,428,751**
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

THE COMPANY	**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 2021	**112,594**	**14,654**	**479,299**	**(46,751)**	**1,022,401**	**1,582,197**
Profit for the year	-	-	-	-	23,456	23,456
Other comprehensive income/(loss) for the year	-	-	(41,279)	(2,016)	-	(43,295)
Total comprehensive income/(loss) for the year	-	-	(41,279)	(2,016)	23,456	(19,839)
Balance at 31 December 2021	**112,594**	**14,654**	**438,020**	**(48,767)**	**1,045,857**	**1,562,358**
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

The notes on pages 59 to 124 form an integral part of these financial statements.
Independent auditor's report on pages 50 to 53.

	Notes	THE GROUP 2021 Rs'000	THE GROUP 2020 Rs'000	THE COMPANY 2021 Rs'000	THE COMPANY 2020 Rs'000
Cash flows from operating activities					
Cash generated from/(absorbed in) operations	30(a)	**115,568**	(7,120)	**28,449**	26,314
Interest paid		**(48,554)**	(55,874)	**(22,383)**	(33,280)
Income tax paid		**(8,565)**	(7,823)	**-**	-
Net cash generated from/ (absorbed in) generated from operating activities		**58,449**	(70,817)	**6,066**	(6,966)
Cash flows from investing activities					
Purchase of property, plant and equipment		**(41,764)**	(40,394)	**(1,426)**	(553)
Net expenditure on intangible assets		**(6,897)**	(13,634)	**-**	-
Purchase of financial assets at fair value through other comprehensive income		**-**	(100)	**-**	-
Investment in subsidiaries	38 (i)	**(1,956)**	-	**-**	(6,008)
Investments in associates		**(41,203)**	-	**(29,314)**	-
Loan granted		**(5,007)**	-	**(5,007)**	-
Proceeds on sale of property, plant and equipment		**703**	5,907	**-**	-
Proceeds on sale of investments in subsidiaries		**48,525**	-	**-**	143,670
Proceeds on sale of investment properties		**-**	57,950	**-**	109,150
Net cash outflow on disposal of subsidiaries		**-**	(951)	**-**	-
Interest received		**11**	9	**68**	283
Dividends received		**36,570**	3,656	**36,570**	61,581
Net cash (absorbed in)/generated from investing activities		**(11,018)**	12,443	**891**	308,123
Cash flows from financing activities					
Proceeds from borrowings		**425,848**	331,914	**81,456**	103,308
Payments on borrowings		**(225,620)**	(325,628)	**(101,797)**	(302,207)
Principal paid on lease liabilities		**(20,616)**	(6,103)	**(175)**	-
Interest paid on lease liabilities		**(20,150)**	(18,760)	**(51)**	-
Dividends paid		**-**	(15,763)	**-**	(15,763)
Dividends paid by subsidiaries to non-controlling shareholders		**-**	(2,084)	**-**	-
Net cash generated from/ (absorbed in) financing activities		**159,462**	(36,424)	**(20,567)**	(214,662)
Net increase/ (decrease) in cash and cash equivalents		**206,893**	(94,798)	**(13,610)**	86,495
Movement in cash and cash equivalents					
At 1 January		**(167,273)**	(84,740)	**(36,805)**	(123,300)
Increase/ (decrease) in cash and cash equivalents		**206,893**	(94,798)	**(13,610)**	86,495
Effect of foreign exchange rate changes		**(11,016)**	12,265	**-**	-
At 31 December	30(b)	**28,604**	(167,273)	**(50,415)**	(36,805)

The notes on pages 59 to 124 form an integral part of these financial statements.
Independent auditor's report on pages 50 to 53.

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 estimates are revised if the revision affects only that period; they are recognised in the period of the revision and future periods if the revision affects both current and future periods.

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

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

(ii) investment properties are stated at fair value;

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

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

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

The following standards and interpretations apply for the first time to financial reporting periods commencing on or after 01 January 2021.

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest.
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

These amendments had no impact on the financial statements of the Group.

Covid-19-Related Rent Concessions beyond 30 June 2021 - Amendments to IFRS 16. On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification. The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022.The amendment applies to annual reporting periods beginning on or after 01 April 2021.

These amendments had no impact on the financial statements of the Group.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

(ii) 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 2022 or later periods, but which the Group has not early adopted.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)
IFRS 17 Insurance Contracts
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)
Disclosure of Accounting policies – Amendments to IAS 1 and IFRS Practice Statement 2
Definition of Accounting Estimates and disclosure of accounting policies - Amendments to IAS 8
Deferred tax related to assets and liabilities arising from a single transaction – Amendment to IAS 12

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 (continued)*

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 benefit 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.

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.

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

(j) Foreign currencies (continued)

(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

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

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

Identifying Leases

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

(a) There is an identified asset;

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

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

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

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

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

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

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

(m) Leases (continued)

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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Financial assets (continued)

(i) *Amortised cost (continued)*

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Revenue recognition (continued)

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

One of the subsidiaries 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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 and Mid-March to April 2021) 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 22), as the conditions have been fulfilled in the years ended 31 December 2020 and 31 December 2021.

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 in the years ended 31 December 2020 and 31 December 2021 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 ended 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 was paid 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 previous year.

During the year ended 31 December 2021, the Group has recognised a Covid -19 Levy of Rs 6.5m as an expense and this amount is payable in the year of assessment commencing on 01 July 2021. The Company did not recognise any Covid-19 Levy due to tax losses in the current year.

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.

3. FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

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 2021, if the Rupee had weakened/strengthened by 5% against the Euro/Ariary/Tanzanian Shilling/Zambian Kwacha and US Dollar with all other variables held constant, group post-tax profit for the year would have been **Rs 1.9m** (2020: Rs 5.8m) 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.

<u>*Sensitivity analysis*</u>

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	
	2021 Rs'000	2020 Rs'000	**2021 Rs'000**	2020 Rs'000
Categories of investments: Financial assets at fair value value through other comprehensive income	**1,184**	911	**1,184**	911

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.

<u>Cash flow interest risk</u>

At 31 December 2021, 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	
	2021 Rs'000	2020 Rs'000	**2021 Rs'000**	2020 Rs'000
Effect higher/lower interest rate on post tax profit	**4,680**	3,930	**2,607**	2,695

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.

3. FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(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 2021						
Lease liabilities	**33,994**	**16,177**	**15,899**	**14,121**	**189,904**	**270,095**
Bank overdraft	**200,018**	–	–	–	–	**200,018**
Bank loans	**49,355**	**46,833**	**82,785**	**302,189**	**71,025**	**552,187**
Unsecured loans	**441,395**	–	–	–	–	**441,395**
Trade and other payables	**1,163,561**	–	–	–	–	**1,163,561**
	1,888,323	**63,010**	**98,684**	**316,310**	**260,929**	**2,627,256**
	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	33,994	2,996	5,046	173,895	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	93,108	44,609	170,588	220,871	2,146,531

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 2021						
Lease liabilities	**540**	**567**	**594**	**1,276**	**1,204**	**4,181**
Bank overdraft	**614**	**–**	**–**	**–**	**–**	**614**
Bank loans	**16,328**	**28,500**	**57,000**	**57,000**	**39,833**	**198,661**
Loan at call	**53,236**	**–**	**–**	**–**	**–**	**53,236**
Unsecured loans at call	**239,283**	**121,530**	**–**	**–**	**–**	**360,813**
Trade and other payables	**58,554**	**–**	**–**	**–**	**–**	**58,554**
	368,555	**150,597**	**57,594**	**58,276**	**41,037**	**676,059**
	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

3.2 Fair value estimation

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

3. FINANCIAL RISK MANAGEMENT (continued)

3.2 Fair value estimation (continued)

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** (2020: Rs 1m) and **Rs 0.5m** (2020: Rs 0.4m) lower/higher for the Group and the Company respectively if the fair value differed by 10% from management estimates.

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

3.3 Capital risk management

The Group's objectives when managing capital are:

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

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

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

The debt-to-adjusted capital ratios at 31 December 2021 and at 31 December 2020 were as follows:

	THE GROUP		THE COMPANY	
	2021	2020	**2021**	2020
	Rs'000	Rs'000	**Rs'000**	Rs'000
Total debt	**1,463,695**	1,238,057	**617,505**	634,047
Less: cash and cash equivalents	**(228,622)**	(120,125)	**(3,435)**	(17,427)
Net debt	**1,235,073**	1,117,932	**614,070**	616,620
Total equity	**1,428,751**	1,414,621	**1,562,358**	1,582,197
Debt-to-adjusted capital ratio	**0.86:1**	0.79:1	**0.39:1**	0.39:1

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) **Estimated impairment of goodwill**

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

(b) **Impairment of financial assets**

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

(c) **Pension benefits**

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

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

Other key assumptions for pension obligations are based on past and current market conditions. Additional information is disclosed in note 18.

(d) **Revaluation of investment properties**

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

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

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

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

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

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

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

(g) **Limitation of sensitivity analysis**

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

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

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

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

(i) **Impairment of assets**

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

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

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

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

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

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

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

When using the simplified approach for measurement of expected credit loss for trade receivables, an ECL Model is adopted which requires significant assumptions and judgements, such as:

- Determining the appropriate groupings of receivables into categories of shared credit risk characteristics;
- Determining the probability of default based on the credit risk charactheristics of each receivable;
- Considering macro-economic factors and adjust the probability of default accordingly, to reflect relevant future economic conditions and its impact on ECL; and
- Calculating the expected credit losses.

5. PROPERTY, PLANT AND EQUIPMENT

(a)

THE GROUP **2021**	Freehold Land and Buildings Rs'000	Buildings on Leasehold Land Rs'000	Improvement to buildings Rs'000	Plant and Machinery Rs'000	Motor Vehicles Rs'000	Furniture, Fittings and Office Equipment Rs'000	Rental Equipment Rs'000	Other Tools and Equipment Rs'000	Assets in Progress Rs'000	Total Rs'000
COST/DEEMED COST										
At 1 January 2021	472,376	131,702	36,827	286,556	81,876	254,484	194,759	23,111	5,419	1,487,110
Additions	1,495	-	-	23,708	6,223	5,607	-	625	4,106	41,764
Arising on business combination	-	-	-	53,018	1,463	3,732	-	-	-	58,213
Disposals	-	-	-	(347)	(13,283)	(2,383)	-	-	-	(16,013)
Exchange difference	69	-	-	-	711	520	-	-	-	1,300
Transfer	-	-	-	8,656	9,679	2,110	-	-	(231)	20,214
Assets written off	-	-	(725)	-	-	(22,910)	-	(3,731)	-	(27,366)
At 31 December 2021	**473,940**	**131,702**	**36,102**	**371,591**	**86,669**	**241,160**	**194,759**	**20,005**	**9,294**	**1,565,222**
DEPRECIATION										
At 1 January 2021	35,309	12,074	11,373	244,560	66,522	211,428	167,254	18,485	-	767,005
Arising on business combination	-	-	-	48,669	2,106	2,874	-	-	-	53,649
Charge for the year	13,730	-	-	16,632	6,949	19,914	17,349	1,757	-	76,331
Disposal adjustments	-	-	-	(347)	(12,769)	(2,194)	-	-	-	(15,310)
Exchange difference	69	-	-	-	37	229	-	-	-	335
Transfer	-	-	-	4,265	6,983	527	-	-	-	11,775
Assets written off	-	-	(725)	-	-	(22,910)	-	(3,731)	-	(27,366)
At 31 December 2021	**49,108**	**12,074**	**10,648**	**313,779**	**69,828**	**209,868**	**184,603**	**16,511**	**-**	**866,419**
NET BOOK VALUE										
At 31 December 2021	**424,832**	**119,628**	**25,454**	**57,812**	**16,841**	**31,292**	**10,156**	**3,494**	**9,294**	**698,803**

5. PROPERTY, PLANT AND EQUIPMENT (continued)

(b)

THE GROUP 2020	Freehold Land and Buildings Rs'000	Buildings on Leasehold Land Rs'000	Improvement to buildings Rs'000	Plant and Machinery Rs'000	Motor Vehicles Rs'000	Furniture, Fittings and Office Equipment Rs'000	Rental Equipment Rs'000	Other Tools and Equipment Rs'000	Assets in Progress Rs'000	Total Rs'000
COST/DEEMED COST										
At 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 popperty	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

5. PROPERTY, PLANT AND EQUIPMENT (continued)

(c)

THE COMPANY **2021**	**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**
COST/DEEMED COST					
At 1 January 2021	274,669	12,714	4,885	52,917	345,185
Additions	408	530	–	488	1,426
At 31 December 2021	**275,077**	**13,244**	**4,885**	**53,405**	**346,611**
DEPRECIATION					
At 1 January 2021	18,625	12,026	4,050	48,550	83,251
Charge for the year	5,398	79	499	1,671	7,647
At 31 December 2021	**24,023**	**12,105**	**4,549**	**50,221**	**90,898**
NET BOOK VALUE					
At 31 December 2021	**251,054**	**1,139**	**336**	**3,184**	**255,713**

(d)

THE COMPANY 2020	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
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

(e)

	THE GROUP	
	2021 Rs'000	2020 Rs'000
Depreciation charge is analysed as follows:		
Cost of sales	**4,862**	4,766
Marketing and selling expenses	**29,197**	15,787
Administrative expenses	**42,272**	64,362
	76,331	84,915

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 2021	202,934	31,013	233,947
Additions	-	13,381	13,381
Arising on business combination	34,275	379	34,654
Amortisation	(15,832)	(10,828)	(26,660)
Modification to lease terms	-	(1,026)	(1,026)
Transfer to property, plant and equipment	-	(8,439)	(8,439)
Forex exchange movement	-	405	405
At 31 December 2021	**221,377**	**24,885**	**246,262**

	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 COMPANY		
	Land and buildings Rs'000	**Plant, machinery and motor vehicles Rs'000**	**Total Rs'000**
At 1 January 2021	-	-	-
Additions	-	4,933	4,933
Amortisation	-	(176)	(176)
At 31 December 2021	**-**	**4,757**	**4,757**

	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	-	-	-

5B. LEASE LIABILITIES

	THE GROUP		
	Land and buildings Rs'000	**Plant, machinery and motor vehicles Rs'000**	**Total Rs'000**
At 1 January 2021	219,339	21,410	240,749
Additions	-	12,391	12,391
Arising on business combination	37,703	285	37,988
Interest expense	19,194	956	20,150
Lease payments	(31,016)	(9,750)	(40,766)
Lease modifications	-	(1,026)	(1,026)
Foreign exchange movements	-	609	609
At 31 December 2021	**245,220**	**24,875**	**270,095**
Current			33,994
Non current			236,101
			270,095

	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 COMPANY		
	Land and buildings Rs'000	**Plant, machinery and motor vehicles Rs'000**	**Total Rs'000**
At 1 January 2021	-	-	-
Additions	-	4,356	4,356
Interest expense	-	51	51
Lease payments	-	(226)	(226)
At 31 December 2021	**-**	**4,181**	**4,181**
Current			540
Non current			3,641
			4,181

5B. LEASE LIABILITIES (continued)

	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			-
			-

(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 ended 31 December 2020.

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 2021	**Lease Contracts Number**	**Fixed payments %**	**Variable payments %**	**Sensitivity Rs.**
Property leases with payments linked to inflation	1	-	3%	122,208
Property leases with periodic uplifts to market rentals	2	6%	-	-
Property leases with fixed payments	3	9%	-	-
Leases of plant and equipment	13	38%	-	-
Vehicle leases	15	44%	-	-
	34	97%	3%	122,208

(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 2021 is **Rs 40.8m** (2020: Rs.24.9m) and **Rs 0.2m** (2020: Rs.Nil) for the Group and the Company respectively.

6. INVESTMENT PROPERTIES

	THE GROUP		**THE COMPANY**	
	2021 Rs'000	2020 Rs'000	**2021 Rs'000**	2020 Rs'000
At 1 January	**312,518**	406,619	**311,325**	426,375
Disposals	**-**	(40,950)	**-**	(115,050)
Transfer to property, plant and equipment	**-**	(51,200)	**-**	-
Transfer from property, plant and equipment	**-**	-	**-**	-
Exchange difference	**2,287**	(2,601)	**-**	-
Increase in fair value	**5,372**	650	**6,625**	-
At 31 December	**320,177**	312,518	**317,950**	311,325

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 2021 are as follows:

	THE GROUP	
	2021	2020
	Level 2	
	Rs'000	Rs'000
Buildings	**120,327**	108,675
Land	**199,850**	203,843
Total	**320,177**	312,518

	THE COMPANY	
	2021	2020
	Level 2	
	Rs'000	Rs'000
Buildings	**118,100**	118,100
Land	**199,850**	193,225
Total	**317,950**	311,325

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**	
	2021 Rs'000	2020 Rs'000	**2021 Rs'000**	2020 Rs'000
Rental income	**7,516**	14,621	**5,256**	7,182
Direct operating expenses arising on investment properties that generated investment income	**-**	-	**-**	-
Direct operating expenses arising on investment properties that did not generate investment income	**-**	545	**-**	-

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 2021	179,210	-	63,525	5,244	247,979
Additions	8,520	-	6,897	-	15,417
Disposal of subsidiaries	(26,524)	-	-	-	(26,524)
Assets written off	-	-	(558)	-	(558)
Exchange difference	-	-	311	-	311
At 31 December 2021	161,206	-	70,175	5,244	236,625
AMORTISATION					
At 1 January 2021	99,065	-	45,373	4,955	149,393
Charge for the year	-	-	6,648	-	6,648
Impairment for the year	2,078	-	-	-	2,078
Assets written off	-	-	(558)	-	(558)
Exchange difference	-	-	51	-	51
At 31 December 2021	101,143	-	51,514	4,955	157,612
NET BOOK VALUE					
At 31 December 2021	60,063	-	18,661	289	79,013

(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 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

Amortisation charge of **Rs 6.6m** (2020: Rs 4.6m) has been accounted for in administrative expenses.

(c) **THE COMPANY**

	Computer Software Rs'000
COST	
At 1 January 2021	8,007
Additions	-
At 31 December 2021	8,007
AMORTISATION	
At 1 January 2021	7,767
Charge for the year	58
At 31 December 2021	7,825
NET BOOK VALUE	
At 31 December 2021	182

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

7. INTANGIBLE ASSETS (continued)

(d) 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

(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	
	2021 Rs'000	2020 Rs'000
Manufacturing & Trading	**57,115**	77,647
Business Services	**2,948**	2,498
	60,063	80,145

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

	2021 Rs'000	2020 Rs'000
THE COMPANY		
At 1 January	**605,461**	806,058
Additions	**-**	6,007
Disposals	**-**	(144,415)
Fair value loss	**(42,523)**	(62,189)
At 31 December	**562,938**	605,461

Investments in subsidiaries comprise listed and unquoted securities.

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

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

YEAR 2021

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	Rs23,179,245	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
Distrisoft 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	Rs1,000,000	-	100.00	-	Mauritius	Retail sale of medical and orthopaedic goods in stores
Harel Mallac International Ltd	Ordinary	31 December	Rs124,870,862	100.00	-	-	Mauritius	Investment company
Harel Mallac Technologies Ltd	Ordinary	31 December	Rs40,603,659	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
Aerolik Mauritius Ltd	Ordinary	31 December	Rs4,000,000	-	100.00	-	Mauritius	Production and distribution of aeraulic products
Aerolik.IO SAS	Ordinary	31 December	EUR80,000	-	60.00	40.00	Reunion	Production and distribution of aeraulic products

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

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

YEAR 2021

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	MGA299,740,000	-	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	Rs75,110,494	-	100.00	-	Mauritius	Agro industrial, engineering, refrigeration and electrical products
HMT Rwanda	Ordinary	31 December	RWF479,400,000	-	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
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 control apparatus
Suchem Ltd	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

Note 1 - In 2021, Harel Mallac & Co Ltd has disposed all of its shareholdings in Corexsolar International SAS Group of companies ("Corexsolar entities") for a consideration of Euro 1,250,000.

Note 2 - In 2021, Harel Mallac & Co Ltd, through Novengi Ltd, an indirect subsidiary, acquired 100% of the shares of Aerolik Ltd (formerly known as Aldes Mauritius Ltd) for a consideration of Rs 6,601,901. At the same date, Aerolik Ltd acquired 60% of the shares of AEROLIK.IO SAS (formerly known as Aldes Reunion SAS) for a consideration of Rs 40,470,536.

Note 3 - During the year under review, Harel Mallac Trading Ltd, a subsidiary, injected an additional Rs 21,110,494 in Novengi 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 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
Distrisoft 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

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8. INVESTMENTS IN SUBSIDIARIES (continued)

(b) 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

8. INVESTMENTS IN SUBSIDIARIES (continued)

(b) 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 ended 31 December 2020, 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 ended 31 December 2020, 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.

(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 2021 Rs'000**
2021		
The Mauritius Chemical and Fertilizer Industry Limited	**2,827**	**148,255**
AEROLIK.IO SAS (Formerly known as Aldes Reunion SAS)	**6,380**	**33,760**

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

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8. INVESTMENTS IN SUBSIDIARIES (continued)

(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**
2021								
The Mauritius Chemical and Fertilizers Industry Limited	**695,673**	**567,561**	**574,952**	**349,954**	**1,213,702**	**9,554**	**(23,838)**	**-**
Aldes Reunion SAS	**173,025**	**4,225**	**92,850**	**-**	**138,299**	**15,950**	**-**	**-**
2020								
The Mauritius Chemical and Fertilizers Industry Limited	559,244	594,287	490,333	307,953	859,411	(123,545)	10,891	2,084

(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**
2021				
The Mauritius Chemical and Fertilizer Industry Limited	**(98,452)**	**(19,168)**	**150,042**	**32,422**
Aldes Reunion SAS	**22,200**	**(1,119)**	**(269)**	**20,812**
2020				
The Mauritius Chemical and Fertilizer	(34,723)	(187,484)	173,875	(48,332)
Corexsolar International (Mauritius) Ltd	-	-	-	-

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

(e) **Investment in subsidiaries**

	THE COMPANY	
	2021 Rs'000	2020 Rs'000
(i) Investments in subsidiaries include the following:		
Equity securities at fair value:		
- Official market	**150,921**	200,659
- Unquoted	**412,017**	404,802
	562,938	605,461

(ii) **THE COMPANY**	**Level 1 Rs'000**	**Level 2 Rs'000**	**Level 3 Rs'000**	**Total Rs'000**
At 31 December 2021				
Investment in subsidiaries	**150,921**	**-**	**412,017**	**562,938**
At 31 December 2020				
Investment in subsidiaries	200,659	-	404,802	605,461

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

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

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

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

8. INVESTMENTS IN SUBSIDIARIES (continued)

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

	THE COMPANY Level 3	
	2021 Rs'000	2020 Rs'000
At 1 January	**404,802**	589,129
Additions	**-**	6,007
Disposals	**-**	(144,415)
Fair value gain/(loss)	**7,215**	(45,919)
At 31 December	**412,017**	404,802

9. INVESTMENTS IN ASSOCIATES

	2021 Rs'000	2020 Rs'000
(a) **THE GROUP**		
At 1 January	**951,856**	1,078,833
Additions	**41,203**	-
Share of loss	**(64,808)**	(126,674)
Dividends	**(35,881)**	-
Movements in other reserves	**(2,636)**	(303)
At 31 December	**889,734**	951,856
Made up as follows:		
Share of net assets	**596,875**	658,997
Goodwill on acquisition	**292,859**	292,859
	889,734	951,856

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

(b) **THE COMPANY**	**2021 Rs'000**	2020 Rs'000
At 1 January	**1,061,782**	1,163,613
Additions	**29,314**	-
Fair value loss	**(4,626)**	(101,831)
At 31 December	**1,086,470**	1,061,782

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.

9. INVESTMENTS IN ASSOCIATES (continued)

(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
2021					
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	-

Société Oneo was liquidated during the year ended 31 December 2021.

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	-

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 compre-hensive income/ (loss) for the year Rs'000	Total compre-hensive income/ (loss) for the year Rs'000	Dividends received during the year Rs'000
2021									
Attitude Hospitality Management Ltd	**57,186**	**20,974**	**55,895**	**22,742**	**115,497**	**(56,724)**	**-**	**(56,724)**	**-**
Biofert Co Ltd	**6,318**	**1,900**	**6,155**	**-**	**336**	**(2,945)**	**-**	**(2,945)**	**-**
Emineo Holding Limited	**89,252**	**62,735**	**23,668**	**3,470**	**19,561**	**15,126**	**-**	**15,126**	**-**
Maritim (Mauritius) Ltd	**732,609**	**49,597**	**985,826**	**16,355**	**61,630**	**(143,639)**	**-**	**(143,639)**	**-**
Rehm Grinaker Construction Co Ltd	**559,735**	**195,345**	**623,847**	**157,821**	**1,302,832**	**(38,871)**	**-**	**(38,871)**	**-**
Total Mauritius Limited	**1,287,105**	**1,634,153**	**1,656,815**	**260,309**	**6,159,161**	**196,816**	**-**	**196,816**	**35,881**
Touristic United Enterprise Ltd	**7,442**	**215,460**	**1,938**	**92,523**	**-**	**(52,712)**	**-**	**(52,712)**	**-**
Water Sport Village Limited	**77,851**	**723,335**	**69,411**	**593,047**	**123,028**	**(112,511)**	**-**	**(112,511)**	**-**
Zilwa Resort Ltd	**237,531**	**1,030,711**	**94,040**	**547,679**	**217,877**	**(48,514)**	**-**	**(48,514)**	**-**
2020									
Attitude Hospitality Management Ltd	65,501	4,100	37,603	-	36,956	(33,914)	-	(33,914)	-
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)	-

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 2021 Rs'000	Profit/ (loss) for the year Rs'000	Other compre-hensive (loss)/ income for the year Rs'000	Other Movements Rs'000	Amalga-mation Rs'000	Dividend Rs'000	Closing net assets Rs'000	Ownership interest %	Interest in associates Rs'000	Goodwill Rs'000	Carrying value Rs'000
2021											
Attitude Hospitality Management Ltd	**31,997**	**(56,724)**	**-**	**24,000**	**-**	**-**	**(727)**	20.00	**-**	**44,410**	**44,410**
Biofert Co Ltd	**3,925**	**(2,945)**	**-**	**-**	**-**	**-**	**980**	33.33	**327**	**-**	**327**
Emineo Holding Limited	**108,813**	**15,126**	**-**	**-**	**-**	**-**	**123,939**	25.00	**30,985**	**-**	**30,985**
Maritim (Mauritius) Ltd	**804,037**	**(143,629)**	**-**	**-**	**-**	**-**	**660,408**	22.86	**150,969**	**35,413**	**186,382**
Rehm Grinaker Construction Co Ltd	**12,214**	**(38,871)**	**-**	**(251)**	**-**	**-**	**(26,908)**	37.70	**-**	**-**	**-**
Total Mauritius Limited	**986,700**	**196,816**	**-**	**-**	**-**	**(179,404)**	**1,004,112**	20.00	**200,822**	**73,379**	**274,201**
Touristic United Enterprise Ltd	**181,154**	**(52,712)**	**-**	**-**	**-**	**-**	**128,442**	22.50	**28,899**	**-**	**28,899**
Water Sport Village Limited	**153,354**	**(112,511)**	**-**	**100,000**	**-**	**-**	**140,843**	24.50	**34,507**	**84,371**	**118,878**
Zilwa Resort Ltd	**675,037**	**(48,514)**	**-**	**-**	**-**	**-**	**626,523**	24.00	**150,366**	**55,286**	**205,652**
Total	**2,957,231**	**(243,964)**	**-**	**123,749**	**-**	**(179,404)**	**2,657,612**		**596,875**	**292,859**	**889,734**

Name	Opening net assets 1 January 2021 Rs'000	Profit/ (loss) for the year Rs'000	Other compre-hensive (loss)/ income for the year Rs'000	Other Movements Rs'000	Amalga-mation Rs'000	Dividend Rs'000	Closing net assets Rs'000	Ownership interest %	Interest in associates Rs'000	Goodwill Rs'000	Carrying value Rs'000
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
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

(f) For associates with non co-terminous year end, management accounts for the year ended 31 December 2021 have been included in the consolidated financial statements.

(g) The Group's interest in Rehm Grinaker Construction Co Ltd is reduced to zero and no additional losses have been provided for as the Group has no legal or constructive obligations and has made no payments on behalf of this entity. The amount of unrecognised losses in the consolidated financial statement was Rs 10.1m at 31 December 2021 (2020 Rs nil).

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

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

	THE GROUP 2021 Rs'000	THE GROUP 2020 Rs'000
At 1 January	**28,544**	30,379
Additions	**-**	100
Impairment	**-**	(42)
Change in fair value recognised in other comprehensive income	**6,086**	(1,893)
At 31 December	**34,630**	28,544

	THE COMPANY 2021 Rs'000	THE COMPANY 2020 Rs'000
At 1 January	**23,495**	25,368
Change in fair value recognised in other comprehensive income	**5,845**	(1,873)
At 31 December	**29,340**	23,495

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

	THE GROUP 2021 Rs'000	THE GROUP 2020 Rs'000
Quoted-Mauritius		
Banking	**4,547**	4,981
Sugar Industry	**12,205**	7,859
Unquoted-Mauritius		
Investment fund	**8,191**	7,091
Leisure	**1,104**	1,104
Others	**8,583**	7,509
	34,630	28,544

	THE COMPANY 2021 Rs'000	THE COMPANY 2020 Rs'000
Quoted-Mauritius		
Banking	**4,547**	4,151
Sugar Industry	**12,205**	7,859
Unquoted-Mauritius		
Investment fund	**8,191**	6,991
Leisure	**1,104**	1,104
Others	**3,293**	3,390
	29,340	23,495

(iii) **Fair values**

THE GROUP

	Level 1 Rs'000	level 2 Rs'000	Level 3 Rs'000	Total Rs'000
At 31 December 2021				
Financial assets at fair value through other comprehensive income	**16,752**	**-**	**17,878**	**34,630**
At 31 December 2020				
Financial assets at fair value through other comprehensive income	12,840	-	15,704	28,544

THE COMPANY

	Level 1 Rs'000	level 2 Rs'000	Level 3 Rs'000	Total Rs'000
At 31 December 2021				
Financial assets at fair value through other comprehensive income	**16,752**	**-**	**12,588**	**29,340**
At 31 December 2020				
Financial assets at fair value through other comprehensive income	12,010	-	11,485	23,495

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

(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

	2021 Rs'000 Current	2021 Rs'000 Non-current	2020 Rs'000 Current	2020 Rs'000 Non-current
Other receivables (see note b)	**283,317**	**456**	224,368	220
Less: Loss allowance for financial assets amortised cost (see note (c) (i))	**(43,532)**	**-**	(32,474)	-
	239,785	**456**	191,894	220

THE COMPANY

	2021 Rs'000 Current	2021 Rs'000 Non-current	2020 Rs'000 Current	2020 Rs'000 Non-current
Amount receivable from related parties (see note 35(b)(i))	**5,007**	**-**	4,958	-
Other receivables (see note b)	**9,508**	**-**	6,127	-
	14,515	**-**	11,085	-
Less: Loss allowance for financial assets at amortised cost (see note (c) (i))	**-**	**-**	-	-
	14,515	**-**	11,085	-

(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.

(c) *Impairment and risk exposure*

(i) The loss allowance for financial assets at amortised cost as at 1 January 2020 reconciles to the closing loss allowance on 31 December 2020 and to the closing loss allowance as at 31 December 2021 as follows:

THE GROUP	**Other current receivables Rs'000**
Loss allowance at 1 January 2020	**-**
Allowance recognised in profit or loss during the year	**32,474**
Loss allowance at 31 December 2020	**32,474**
Allowance recognised in profit or loss during the year	**11,060**
Reversal of loss allowance during the year	**(2)**
Loss allowance at 31 December 2021	**43,532**

10B. FINANCIAL ASSETS AT AMORTISED COST (continued)

THE COMPANY	Other Non-current receivables Rs'000
Loss allowance at 1 January 2020	**2,000**
Reversal of loss allowance during the year	**(2,000)**
Loss allowance at 31 December 2020	-
Reversal of loss allowance during the year	-
Loss allowance at 31 December 2021	-

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

	THE GROUP	
	2021 Rs'000	2020 Rs'000
Mauritian rupee	**227,478**	185,113
US Dollar	**6,022**	5,221
Euro	**-**	734
Other	**6,741**	1,046
	240,241	192,114

	THE COMPANY	
	2021 Rs'000	2020 Rs'000
Mauritian rupee	**14,515**	11,085

11. INVESTMENTS IN JOINT VENTURES

	THE GROUP		THE COMPANY	
	2021 Rs'000	2020 Rs'000	**2021 Rs'000**	2020 Rs'000
At 1 January	**4,505**	10,253	**12,217**	12,217
Share of loss	**(1,261)**	(5,748)	**-**	-
At 31 December	**3,244**	4,505	**12,217**	12,217

During the year ended 31 December 2021, the Group disposed of its interest in SPV Petite Rivière Ltd and the carrying value of this investment was nil at the date of disposal.

(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 2021	2020	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 fertilisers

(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

	2021 Rs'000	2020 Rs'000
Current assets	**14,800**	21,048
Non-current assets	**157,173**	164,223
Current liabilities	**44,664**	42,584
Non-current liabilities	**120,950**	132,753
The above amounts of assets include the following:		
Cash and cash equivalents	**103**	7,686

11. INVESTMENTS IN JOINT VENTURES (continued)

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

	2021 Rs'000	2020 Rs'000
Revenue	**26,184**	17,973
Profit before finance cost	**14,248**	5,089
Finance cost	**(16,720)**	(16,359)
Loss before tax	**(2,472)**	(11,270)
Income tax	**-**	-
Loss for the year	**(2,472)**	(11,270)
Other comprehensive income	**-**	-
Total comprehensive loss for the year	**(2,472)**	(11,270)

12. INVENTORIES

	THE GROUP		THE COMPANY	
	2021 Rs'000	2020 Rs'000	**2021 Rs'000**	2020 Rs'000
Raw materials	**29,930**	76,935	**-**	-
Finished goods	**575,802**	323,201	**-**	-
Goods in transit	**23,610**	3,853	**-**	-
Consumables	**3,037**	2,913	**-**	-
	632,379	406,902	**-**	-

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 2.6 billion** (2020: Rs 2 billion).

13. TRADE RECEIVABLES

	THE GROUP		THE COMPANY	
	2021 Rs'000	2020 Rs'000	**2021 Rs'000**	2020 Rs'000
Trade receivables	**1,067,620**	970,467	**59,236**	79,955
Less provision for impairment	**(240,542)**	(275,992)	**(27,849)**	(27,200)
	827,078	694,475	**31,387**	52,755

(i) *Impairment of trade receivables*

The Group applies the IFRS 9 simplified approach to measure ECL which uses a lifetime expected loss allowance for all trade receivables. The trade receivables have been divided into uninsured and insured and its impact on impairment. To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics which considers the credit rating and scoring based on the days past due of each receivable. The longer the days past due the lower the credit rating and scoring, hence the higher the probability of default. The probability of default is adjusted to reflect current and forward-looking information on macroeconomic factors impacting the ability of the customers to settle the receivables. The Group has identified the gross domestic product ("GDP"), unemployment rate ("unem") and inflation ("inf") as the key macroeconomic factors in the countries where the Group operates.

On that basis, the loss allowance as at 31 December 2021 was determined as follows for trade receivables:

THE GROUP At 31 December 2021	**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	**1%**	**1%**	**4%**	**91%**	**23%**
Gross carrying amount-trade receivable	**468,981**	**264,600**	**81,559**	**252,480**	**1,067,620**
Loss allowance	**5,258**	**1,988**	**2,949**	**230,347**	**240,542**

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	1%-93%	2%	2%-100%	21%-100%	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

13. TRADE RECEIVABLES (continued)

THE COMPANY At 31 December 2021	**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%**	**3%**	**73%**	**47%**
Gross carrying amount-trade receivable	**11,068**	**8,313**	**1,726**	**38,129**	**59,236**
Loss allowance	**1**	**4**	**57**	**27,787**	**27,849**

THE COMPANY 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	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 closing loss allowances for trade receivables as at 31 December 2021 reconcile to the opening loss allowances as follows:

	THE GROUP		**THE COMPANY**	
	2021 Rs'000	2020 Rs'000	**2021 Rs'000**	2020 Rs'000
At 1 January	**275,992**	231,588	**27,200**	27,702
Loss allowance recognised in profit or loss during the year	**24,748**	50,002	**702**	(701)
Disposal of subsidiary	**-**	(7,088)	**-**	-
Receivables written off during the year as uncollectible	**(39,122)**	-	**-**	-
Unused amount reversed during the year	**(20,998)**	-	**-**	-
Exchange difference	**(78)**	1,490	**(53)**	199
At 31 December	**240,542**	275,992	**27,849**	27,200

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

	THE GROUP		**THE COMPANY**	
	2021 Rs'000	2020 Rs'000	**2021 Rs'000**	2020 Rs'000
Rupee	**588,786**	574,186	**31,387**	52,755
US Dollar	**150,200**	36,985	**-**	-
Euro	**9,021**	83,304	**-**	-
Other currencies	**79,071**	-	**-**	-
	827,078	694,475	**31,387**	52,755

(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	
	2021 Rs'000	2020 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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

15. REVALUATION AND OTHER RESERVES

	THE GROUP		**THE COMPANY**	
	2021 Rs'000	2020 Rs'000	**2021 Rs'000**	2020 Rs'000
Capital reserves	**7,007**	7,007	**4,957**	4,957
Translation reserve (see note (a) below)	**(38,449)**	(14,065)	**-**	-
Associate reserves (see note (b) below)	**(103,710)**	(103,710)	**-**	-
Investment reserve	**4,176**	4,176	**4,176**	4,176
General reserve	**5,521**	5,521	**5,521**	5,521
	(125,455)	(101,071)	**14,654**	14,654

(a) Translation reserve

	THE GROUP		**THE COMPANY**	
	2021 Rs'000	2020 Rs'000	**2021 Rs'000**	2020 Rs'000
At 1 January	**(14,065)**	(22,289)	**-**	-
Currency translation differences	**(24,384)**	8,224	**-**	-
At 31 December	**(38,449)**	(14,065)	**-**	-

(b) Associate reserves

	THE GROUP		**THE COMPANY**	
	2021 Rs'000	2020 Rs'000	**2021 Rs'000**	2020 Rs'000
At 1 January	**(103,710)**	(104,280)	-	-
Movement in associate reserves	**-**	570	-	-
At 31 December	**(103,710)**	(103,710)	-	-

16. BORROWINGS

	THE GROUP		**THE COMPANY**	
	2021 Rs'000	2020 Rs'000	**2021 Rs'000**	2020 Rs'000
Current				
Bank overdraft	**200,018**	287,398	**614**	39
Bank loans	**49,355**	226,583	**16,328**	56,172
Loan at call	**-**	-	**53,236**	54,193
Other loans	**324,591**	51,285	**122,479**	71,276
Unsecured loans at 4% interest (2020: 4%)	**116,804**	118,797	**116,804**	118,797
	690,768	684,063	**309,461**	300,477

	THE GROUP		**THE COMPANY**	
	2021 Rs'000	2020 Rs'000	**2021 Rs'000**	2020 Rs'000
Non-current				
Bank loans	**502,832**	313,245	**182,333**	203,411
Other loans	**-**	-	**84,935**	81,565
Unsecured loans at 5.75% interest	**-**	-	**36,595**	48,594
	502,832	313,245	**303,863**	333,570
Total borrowings	**1,193,600**	997,308	**613,324**	634,047

(a) The borrowings include secured liabilities (overdrafts and loans amounting to **Rs 752m** (2020: Rs 827m) and **Rs 199m** (2020: Rs 260m) 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, 2021				
Total borrowings	**690,768**	**431,807**	**71,025**	**1,193,600**
At December 31, 2020				
Total borrowings	684,063	266,269	46,976	997,308

THE COMPANY	1 year Rs'000	1 - 5 years Rs'000	Over 5 years Rs'000	Total Rs'000
At December 31, 2021				
Total borrowings	**309,461**	**264,030**	**39,833**	**613,324**
At December 31, 2020				
Total borrowings	300,477	314,159	19,411	634,047

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

	THE GROUP		THE COMPANY	
	2021 Rs'000	2020 Rs'000	**2021 Rs'000**	2020 Rs'000
After 1 year and before 2 years	**46,833**	59,114	**113,436**	146,487
After 2 years and before 3 years	**82,785**	41,613	**93,594**	28,500
After 3 years and before 5 years	**302,189**	165,542	**57,000**	139,172
After 5 years	**71,025**	46,976	**39,833**	19,411
	502,832	313,245	**303,863**	333,570

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

	2021			2020		
THE GROUP	**USD %**	**Rs %**	**Euro %**	USD %	Rs %	Euro %
Bank overdrafts	**5.40**	**4.10 - 5.75**	**-**	4.10	4.10 - 5.40	-
Bank loans	**6.10**	**4.10 - 6.50**	**-**	4.90 - 5.75	3.50 - 6.95	-
Covid-19 loans	**-**	**1.5**	**-**	-	-	-

THE COMPANY	**2021 %**	2020 %
Bank overdrafts	**4.85**	4.85
Bank loans	**4.10 - 4.30**	4.10 - 4.30
Loans at call	**2.35 - 4.10**	2.35 - 4.10

(e) Borrowings are denominated in the following currencies:

	THE GROUP		THE COMPANY	
	2021 Rs'000	2020 Rs'000	**2021 Rs'000**	2020 Rs'000
Mauritian Rupees	**1,101,181**	924,747	**613,324**	634,047
US Dollar	**92,419**	72,561	**-**	-
Euro	**-**	-	**-**	-
	1,193,600	997,308	**613,324**	634,047

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

17. DEFERRED TAXES

Deferred tax is calculated on all temporary differences under the liability method at 17%/15% (2020: 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	
	2021 Rs'000	2020 Rs'000	**2021 Rs'000**	2020 Rs'000
Deferred tax assets	**(30,250)**	(30,321)	**-**	-
Deferred tax liabilities	**48,952**	54,596	**27,550**	29,014
	18,702	24,275	**27,550**	29,014

The movement in deferred tax is as follows:

	THE GROUP		THE COMPANY	
	2021 Rs'000	2020 Rs'000	**2021 Rs'000**	2020 Rs'000
At 1 January	**24,275**	51,651	**29,014**	34,251
(Credit)/charged to profit or loss (note 20(a))	**(8,753)**	(20,591)	**(1,051)**	(4,564)
Arising on business combination	**(71)**	-	**-**	-
(Credited)/charged to other comprehensive income	**3,251**	(6,785)	**(413)**	(673)
At 31 December	**18,702**	24,275	**27,550**	29,014

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 429m** (2020: Rs 460m) to carry forward against future taxable income. The Company has tax losses of **Rs 169m** (2020: Rs 187m) to carry forward against future taxable income. A deferred tax asset has been recognised in respect of **Rs 97m** (2020: Rs 92m) for the Group and Rs Nil (2020: 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 2021 Rs'000	Arising on business combination Rs'000	Charged/ (credited) to profit or loss Rs'000	(Credited)/ charged to other comprehensive income Rs'000	**At 31 December 2021 Rs'000**
Deferred tax liabilities					
Asset revaluations	7,466	-	(1,398)	-	**6,068**
Accelerated tax depreciation	68,415	93	(3,512)	-	**64,996**
Retirement benefit asset	(9,422)	-	161	-	**(9,261)**
Exchange difference	428	-	-	-	**428**
Right-of-use asset (ROU)	109,184	677	(1,897)	-	**107,964**
Others	13,833	-	(1,279)	-	**12,554**
	189,904	770	(7,925)	-	**182,749**
Deferred tax assets					
Tax losses	(15,672)	-	(372)	-	**(16,044)**
Retirement benefit obligations	(30,090)	(144)	749	2,711	**(26,774)**
Accelerated tax depreciation	2,014	-	(2,840)	-	**(826)**
Provision	(2,231)	-	(167)	-	**(2,398)**
Lease under ROU asset	(111,699)	(697)	1,802	845	**(109,749)**
Others	(7,951)	-	-	(305)	**(8,256)**
	(165,629)	(841)	(828)	3,251	**(164,047)**
Net deferred income tax liabilities	**24,275**	**(71)**	**(8,753)**	**3,251**	18,702

17. DEFERRED TAXES (continued)

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

THE COMPANY	**At 1 January 2021 Rs'000**	**(Credited)/ charged to profit or loss Rs'000**	**Credited to other comprehensive income Rs'000**	**At 31 December 2021 Rs'000**
Deferred tax liabilities				
Accelerated tax depreciation	22,266	(328)	-	**21,938**
Asset revaluations	15,000	(1,398)	-	**13,602**
	37,266	(1,726)	-	**35,540**
Deferred tax assets				
Retirement benefit obligations	(8,252)	675	(413)	**(7,990)**
	(8,252)	675	(413)	**(7,990)**
Net deferred income tax liabilities	**29,014**	**(1,051)**	**(413)**	**27,550**

THE COMPANY	At 1 January 2020 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	(5,748)	-	22,266
Asset revaluations	14,402	598	-	15,000
	42,416	(5,150)	-	37,266
Deferred tax assets				
Retirement benefit obligations	(8,165)	586	(673)	(8,252)
	(8,165)	586	(673)	(8,252)
Net deferred income tax liabilities	34,251	(4,564)	(673)	29,014

18. RETIREMENT BENEFIT OBLIGATIONS

	THE GROUP		THE COMPANY	
	2021 Rs'000	2020 Rs'000	**2021 Rs'000**	2020 Rs'000
Amounts recognised on the statement of financial position:				
Made up as follows:				
Retirement benefit obligation	**170,263**	201,071	**52,937**	55,011
Pension benefits (note (a)(ii))	**112,859**	122,505	**33,383**	32,902
Other post retirement benefits:				
- Former employees (note (b)(i))	**21,210**	23,305	**17,852**	19,861
- Retirement gratuity (note (c)(i))	**36,194**	55,261	**1,702**	2,248
	57,404	78,566	**19,554**	22,109
	170,263	201,071	**52,937**	55,011
Analysed as follows:				
Non-current liabilities	**170,263**	201,071	**52,937**	55,011
Amount charged to profit or loss:				
Pension benefits (note (a)(vi))	**15,650**	17,096	**1,331**	3,579
Other post retirement benefits:				
- Former employees (note (b)(iv))	**307**	814	**255**	689
- Retirement gratuity (note (c)(ii))	**6,759**	7,388	**518**	750
	7,066	8,202	**773**	1,439
	22,716	25,298	**2,104**	5,018
Amount charged to other comprehensive income				
Pension benefits (note (a)(vii))	**(10,110)**	23,076	**2,503**	3,827
Other post retirement benefits:				
- Former employees (note (b)(v))	**1,290**	5,096	**990**	4,392
- Retirement gratuity (note (c)(v))	**(21,125)**	(14,339)	**(1,064)**	(3,730)
	(19,835)	(9,243)	**(74)**	662
	(29,945)	13,833	**2,429**	4,489

(a) **Pension benefits**

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

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

	THE GROUP		THE COMPANY	
	2021 Rs'000	2020 Rs'000	**2021 Rs'000**	2020 Rs'000
Present value of funded obligations	**300,363**	306,975	**69,423**	64,879
Fair value of plan assets	**(187,504)**	(184,470)	**(36,040)**	(31,977)
Liability on the statement of financial position	**112,859**	122,505	**33,383**	32,902

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

	THE GROUP		THE COMPANY	
	2021 Rs'000	2020 Rs'000	**2021 Rs'000**	2020 Rs'000
At 1 January	**122,505**	98,720	**32,902**	30,975
Charged to profit or loss	**15,650**	17,096	**1,331**	3,579
Charged to other comprehensive income	**(10,110)**	23,076	**2,503**	3,827
Contributions paid	**(15,186)**	(16,387)	**(3,353)**	(5,479)
Balance at 31 December	**112,859**	122,505	**33,383**	32,902

18. RETIREMENT BENEFIT OBLIGATIONS (continued)

(a) **Pension benefits** (continued)

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

	THE GROUP		THE COMPANY	
	2021 Rs'000	2020 Rs'000	**2021 Rs'000**	2020 Rs'000
At 1 January	**306,975**	286,347	**64,879**	57,769
Current service cost	**13,317**	11,147	**2,050**	1,896
Interest cost	**5,958**	12,641	**1,164**	2,631
Actuarial (gain)/loss	**(5,820)**	24,621	**1,721**	3,771
Benefit paid	**(20,067)**	(27,781)	**(391)**	(1,188)
At 31 December	**300,363**	306,975	**69,423**	64,879

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

	THE GROUP		THE COMPANY	
	2021 Rs'000	2020 Rs'000	**2021 Rs'000**	2020 Rs'000
At 1 January	**(184,470)**	(187,627)	**(31,977)**	(26,794)
Interest income	**(5,367)**	(8,185)	**(2,164)**	(1,322)
Scheme expenses	**956**	621	**129**	222
Cost of insuring risk benefits	**786**	872	**152**	152
Actuarial (gain)/loss	**(4,290)**	(1,545)	**782**	56
Employers' contributions	**(15,186)**	(16,387)	**(3,353)**	(5,479)
Benefits paid	**20,067**	27,781	**391**	1,188
At 31 December	**(187,504)**	(184,470)	**(36,040)**	(31,977)

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

	THE GROUP		THE COMPANY	
	2021 Rs'000	2020 Rs'000	**2021 Rs'000**	2020 Rs'000
Current service cost	**13,317**	11,147	**2,050**	1,896
Interest cost/ (income)	**591**	4,456	**(1,000)**	1,309
Scheme expenses	**956**	621	**129**	222
Cost of insuring risk benefits	**786**	872	**152**	152
Total included in employee benefit expense	**15,650**	17,096	**1,331**	3,579

The total charge of **Rs 15.6m** for the Group (2020: Rs 17.1m) and **Rs 1.3m** for the Company (2020: Rs 3.6m) are included in employee benefit expenses.

	THE GROUP		THE COMPANY	
	2021 Rs'000	2020 Rs'000	**2021 Rs'000**	2020 Rs'000
Actual return on plan assets	**9,657**	9,730	**1,382**	1,266

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

	THE GROUP		THE COMPANY	
	2021 Rs'000	2020 Rs'000	**2021 Rs'000**	2020 Rs'000
Remeasurement on the net defined benefit liability:				
Liability experience losses/(gains)	**1,439**	2,759	**782**	(1,346)
(Gain)/loss on pension scheme asset	**(4,703)**	(1,545)	**(90)**	56
Changes in assumptions underlying present value of scheme	**(6,846)**	21,862	**1,811**	5,117
Actuarial (gains)/losses	**(10,110)**	23,076	**2,503**	3,827

(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)

(a) **Pension benefits** (continued)

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

	THE GROUP AND THE COMPANY	
	2021 %	2020 %
Discount rate	**3.1-5.2**	1.40 - 3.80
Expected return on plan assets	**4.00**	4.00
Future salary increases	**0.5-2.00**	0.5 - 2.00

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 Worker's 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	
	2021 Rs'000	2020 Rs'000	**2021 Rs'000**	2020 Rs'000
At 1 January	**23,305**	21,053	**19,861**	18,009
Total expense charged in profit or loss (note (b)(iv))	**307**	814	**255**	689
Actuarial losses recognised in other comprehensive income (note (b)(v))	**1,290**	5,096	**990**	4,392
Benefits paid	**(3,692)**	(3,658)	**(3,254)**	(3,229)
At 31 December	**21,210**	23,305	**17,852**	19,861

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

	THE GROUP		THE COMPANY	
	2021 Rs'000	2020 Rs'000	**2021 Rs'000**	2020 Rs'000
Present value of unfunded obligations	**21,210**	23,305	**17,852**	19,861
Liability on the statement of financial position	**21,210**	23,305	**17,852**	19,861

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

	THE GROUP		THE COMPANY	
	2021 Rs'000	2020 Rs'000	**2021 Rs'000**	2020 Rs'000
At 1 January	**23,305**	21,053	**19,861**	18,009
Past service cost	**-**	-	**-**	-
Interest cost	**307**	814	**255**	689
Actuarial losses	**1,290**	5,096	**990**	4,392
Benefits paid	**(3,692)**	(3,658)	**(3,254)**	(3,229)
At 31 December	**21,210**	23,305	**17,852**	19,861

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

	THE GROUP		THE COMPANY	
	2021 Rs'000	2020 Rs'000	**2021 Rs'000**	2020 Rs'000
Interest cost	**307**	814	**255**	689
Past service cost	**-**	-	**-**	-
Total, included in employee benefit expense	**307**	814	**255**	689

18. RETIREMENT BENEFIT OBLIGATIONS (continued)

(b) **Other post retirement benefits** (continued)

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

	THE GROUP		THE COMPANY	
	2021 Rs'000	2020 Rs'000	**2021 Rs'000**	2020 Rs'000
Remeasurement on the net defined benefit liability:				
Liability experience losses	**2,411**	2,073	**2,136**	1,859
Actuarial losses/(gains) arising from changes in financial assumptions	**(1,121)**	3,023	**(1,146)**	2,533
Actuarial losses	**1,290**	5,096	**990**	4,392

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

	THE GROUP		THE COMPANY	
	2021 %	2020 %	**2021 %**	2020 %
Discount rate	**1.40 - 5.10**	1.40 - 3.80	**3.10**	1.40
Future pension increases	**0.50 - 2.00**	0.50	**0.50**	0.50

(c) **Retirement gratuity**

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

	THE GROUP		THE COMPANY	
	2021 Rs'000	2020 Rs'000	**2021 Rs'000**	2020 Rs'000
Present value of unfunded obligations	**36,194**	55,261	**1,702**	2,248
Liability on the statement of financial position	**36,194**	55,261	**1,702**	2,248

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

	THE GROUP		THE COMPANY	
	2021 Rs'000	2020 Rs'000	**2021 Rs'000**	2020 Rs'000
Current service cost	**4,223**	4,201	**455**	478
Interest cost	**977**	3,187	**63**	272
Past service cost recognised	**1,559**	-	**-**	-
Total included in employee benefit expense	**6,759**	7,388	**518**	750

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

	THE GROUP		THE COMPANY	
	2021 Rs'000	2020 Rs'000	**2021 Rs'000**	2020 Rs'000
At 1 January	**55,261**	66,678	**2,248**	5,445
Actuarial losses/(gains)	**(21,125)**	(14,339)	**(1,064)**	(3,730)
Total expense (note (c)(ii))	**6,759**	7,388	**518**	750
Adjustment on disposal of subsidiary	**-**	(404)	**-**	-
Arising on business combination	**847**	**-**		
Transfer	**603**	(1,726)	**-**	-
Benefits paid	**(6,151)**	(2,336)	**-**	(217)
At 31 December	**36,194**	55,261	**1,702**	2,248

18. RETIREMENT BENEFIT OBLIGATIONS (continued)

(b) **Other post retirement benefits** (continued)

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

	THE GROUP		THE COMPANY	
	2021 Rs'000	2020 Rs'000	**2021 Rs'000**	2020 Rs'000
At 1 January	**55,261**	66,678	**2,248**	5,445
Current service cost	**4,223**	4,201	**455**	478
Interest cost	**977**	3,187	**63**	272
Past service cost	**1,559**	-	**-**	-
Actuarial losses/(gains) (note (c)(v))	**(21,125)**	(14,339)	**(1,064)**	(3,730)
Adjustment on disposal of subsidiary	**-**	(404)	**-**	-
Arising on business combination	**847**	-	**-**	-
Transfer	**603**	(1,726)	**-**	-
Benefits paid	**(6,151)**	(2,336)	**-**	(217)
At 31 December	**36,194**	55,261	**1,702**	2,248

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

	THE GROUP		THE COMPANY	
	2021 Rs'000	2020 Rs'000	**2021 Rs'000**	2020 Rs'000
Remeasurement on the net defined benefit liability:				
Liability experience gains	**(366)**	(16,136)	**(385)**	(3,730)
Changes in assumptions underlying present value of scheme	**(20,759)**	1,797	**(679)**	-
Actuarial losses/(gains)	**(21,125)**	(14,339)	**(1,064)**	(3,730)

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

Pension benefits

December 31, 2021	**Increase Rs'000**	**Decrease Rs'000**
Decrease in defined benefit obligation due to 1% increase in discount rate	**-**	**16,376**
Increase in defined benefit obligation due to 1% increase in future long-term salary assumption	**16,864**	**-**

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 befined benefit obligation due to 1% increase in future long-term salary assumption	19,576	-

Other post retirement benefits

December 31, 2021	**Increase Rs'000**	**Decrease Rs'000**
Decrease in defined benefit obligation due to 1% increase in discount rate	**-**	**951**

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

Retirement gratuity

December 31, 2021	**Increase Rs'000**	**Decrease Rs'000**
Decrease in defined benefit obligation due to 1% increase in discount rate	**-**	**5,700**
Increase in defined benefit obligation due to 1% increase in future long-term salary assumption	**7,197**	**-**

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	-

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.

18. RETIREMENT BENEFIT OBLIGATIONS (continued)

(b) **Other post retirement benefits** (continued)

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

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	
	2021	2020
Pension benefits	**5-15**	1-17
Other post retirement benefits	**5**	5-6
Retirement gratuity	**9-28**	7-29

(g) The asset of the plan are invested in Swan Life Ltd Deposit Administration Fund. The latter is expected to produce a smooth progression of return from one year to the next, the long term expected return on asset assumption has been based on historical performance of the fund. Expected return on equities has been based on equity risk premium above a risk free rate. The risk free rate has been measured in accordance to the yields on government bonds at the measurement date. The fixed interest portfolio includes government bonds, debentures, mortgages and cash. The expected return for this asset class has been based on yields of government bonds at the measurement date. There is no available benchmark for the expected return on properties. This has been based on a subjective judgement of the property market.

(h) Expected contributions to the pension plan for the year ending 31 December 2022 are **Rs 22m** for the Group and **Rs 6.6m** 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	
	2021 Rs'000	2020 Rs'000	**2021 Rs'000**	2020 Rs'000
Trade payables	**714,585**	405,862	**4,030**	2,491
Accruals and other payables	**443,877**	502,216	**42,062**	47,713
Forward foreign exchange contracts (note (a))	**-**	396	**-**	-
Amounts due to group companies	**5,099**	-	**12,462**	7,248
	1,163,561	908,474	**58,554**	57,452

(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 nil** as at 31 December 2021 (2020: Rs 49.2m) and the fair value of the liabilities amounted to **Rs nil** as at 31 December 2021 (2020: Rs 0.4m).

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	
	2021 Rs'000	2020 Rs'000
Outstanding forward contracts		
USD	**-**	371
EURO	**-**	25
	-	396

20. CURRENT TAX ASSETS/ LIABILITIES

	THE GROUP		THE COMPANY	
	2021 Rs'000	2020 Rs'000	**2021 Rs'000**	2020 Rs'000
(a) **Charged to profit or loss:**				
Current tax on the adjusted profit for the year at 15% (2020: 15%):				
- Continuing operations	**20,766**	8,618	**-**	-
(Over)/under provision in previous year	**(619)**	350	**-**	-
Deferred tax (Note 17)	**(8,753)**	(20,591)	**(1,051)**	(4,564)
CSR	**209**	257	**-**	-
Tax charge/(credit)	**11,603**	(11,366)	**(1,051)**	(4,564)

(b) The tax on the Group's and Company's profit/(loss) before tax differs from the theoretical amount that would arise using the basic tax rate of the Group and Company as follows:

	THE GROUP		THE COMPANY	
	2021 Rs'000	2020 Rs'000	**2021 Rs'000**	2020 Rs'000
(Loss)/profit before taxation- attributed to continuing operations	**(3,479)**	(329,288)	**22,405**	7,480
Less net share of result of associates and joint ventures	**66,069**	129,268	**-**	-
	62,590	(200,020)	**22,405**	7,480
Tax calculated at a rate of 17%/15% (2020: 17%/15%)	**10,442**	(32,477)	**3,361**	1,122
Effect of different tax rate	**2,631**	(6,278)	**-**	-
(Over)/under provision in previous year	**(619)**	350	**-**	-
Income not subject to tax	**(30,566)**	(20,832)	**(7,343)**	(8,391)
Expenses not deductible for tax purposes	**29,770**	27,698	**2,445**	2,418
Reversal of deferred tax for the year	**-**	(60)	**-**	-
Deferred tax not provided for in previous year	**-**	(5,436)	**-**	-
Unrecognised tax losses	**486**	297	**486**	287
Utilisation of tax losses	**(3,307)**	(277)	**-**	-
Other adjustments	**(798)**	(1,960)	**-**	-
CSR	**209**	257	**-**	-
Tax losses for which no deferred tax recognised	**3,355**	27,352	**-**	-
Taxation charge/ (credit)	**11,603**	(11,366)	**(1,051)**	(4,564)

Further information about deferred tax is presented in Note 17.

21. DISCONTINUED OPERATIONS

	THE GROUP	
	2021 Rs'000	2020 Rs'000
Assets classified as held for sale - Corexsolar entities (Refer to Note 33)	**-**	(20,837)
Disposal of subsidiaries (Refer to Note 31)		
- Harel Mallac Global Ltd	**-**	2,385
- Harel Mallac Advisory Ltd	**-**	(200)
	-	(18,652)

21. DISCONTINUED OPERATIONS (continued)

	THE GROUP	
	2021 **Rs'000**	2020 Rs'000
Analysed as follows:		
Revenue	-	95,340
Raw materials, consumables and purchases of finished goods	-	(69,904)
Employee benefit expense	-	(13,432)
Depreciation and amortisation	-	(113)
Other income	-	734
Interest on finance lease	-	(1,064)
Provision for receivables under IFRS 9	-	(738)
Other operating expense	-	(33,620)
	-	(118,137)
Loss before finance costs	-	(22,797)
Finance income	-	3,038
	-	(19,759)
Loss before taxation	-	(19,759)
Income tax expense	-	1,107
Loss for the year from discontinued operations	-	(18,652)

22. REVENUE

	THE GROUP		THE COMPANY	
	2021 Rs'000	2020 Rs'000	**2021 Rs'000**	2020 Rs'000
Revenue is made up of:				
Sales of goods	**3,312,297**	2,512,567	-	-
Sales of services	**287,447**	320,774	-	-
Revenue from contracts with customers (note (a))	**3,599,744**	2,833,341	-	-
Other operating income	**22,575**	46,058	**102,884**	137,597
Government Wage Assistance Scheme	**5,926**	29,844	-	1,047
Rent	**5,256**	4,150	**5,256**	4,150
	33,757	80,052	**108,140**	142,794
Investment income - Listed	**353**	730	**635**	5,683
- Unquoted	**688**	-	**35,935**	2,931
Interest income	**11**	9	**68**	283
	1,052	739	**36,638**	8,897
	3,634,553	2,914,132	**144,778**	151,691

(a) Disaggregation of revenue from contracts with customers betweeen different segment and geography is shown in note 32.

	THE GROUP		THE COMPANY	
	2021 Rs'000	2020 Rs'000	**2021 Rs'000**	2020 Rs'000
(b) **Timing of revenue recognition**				
At a point in time	**3,461,211**	2,661,090	**144,778**	151,691
Over time	**173,342**	253,042	-	-
	3,634,553	2,914,132	**144,778**	151,691

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22. REVENUE (continued)

(c) Assets and liabilites related to contracts with customers

	THE GROUP			
	Contract Assets		Contract Liabilities	
	2021 Rs'000	2020 Rs'000	**2021 Rs'000**	2020 Rs'000
At 1 January	**33,921**	32,890	**14,032**	40,412
Decrease in impairment of contract assets	**93**	2,015	-	-
Transfers in the period from contract assets to trade receivables	**(135,784)**	(66,751)	-	-
Amounts included in contract liabilities that was recognised as revenue during the period	-	-	**(32,321)**	(10,831)
Transfers in the period from contract assets to raw materials, consumables and purchases of finished goods	**(5,795)**	-	-	-
Provision for cost not recognised as raw materials, consumables and purchases of finished goods	**5,786**	-	-	-
Excess of revenue recognised over rights to cash being recognised during the period	**158,969**	81,544	-	-
Cash received in advance of performance and not recognised as revenue during the period	-	-	**26,878**	-
Other movement	**21,307**	(15,777)	**21,119**	(15,549)
	78,497	33,921	**29,708**	14,032

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 2021 or 1 January 2021 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 2021	**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%**	**57%**	**6%**
Gross carrying amount - trade receivable	**38,363**	**10,684**	**26,901**	**7,929**	**83,877**
Loss allowance	**(409)**	**(135)**	**(320)**	**(4,516)**	**(5,380)**
Deferred cost					-
					78,497

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

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

	THE GROUP	
	Contract assets	
	2021 Rs'000	2020 Rs'000
Loss allowance as at 1 January	**5,473**	7,488
Recognised in profit or loss during the year	**(93)**	(2,015)
At 31 December	**5,380**	5,473

22. REVENUE (continued)

(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			
	2022 Rs'000	2023 Rs'000	2024 Rs'000	Total Rs'000
Installation contracts	21,119	-	-	21,119
Delivery of goods	-	-	-	-
Maintenance contract	7,871	578	140	8,589
	28,990	578	140	29,708

23. PROFIT/(LOSS) BEFORE FINANCE COSTS

	THE GROUP		THE COMPANY	
	2021 Rs'000	2020 Rs'000	2021 Rs'000	2020 Rs'000
Revenue	3,634,553	2,914,132	144,778	151,691
Changes in finished goods and work in progress	204,436	(217,797)	-	-
Raw materials, consumables and purchases of finished goods	(2,795,566)	(1,831,624)	-	-
Employee benefit expense (note 26)	(546,319)	(512,195)	(57,662)	(71,721)
Depreciation and amortisation expense	(109,639)	(106,918)	(7,881)	(7,378)
Other (losses)/gains	13,175	3,495	-	-
Net increase in fair value of investment properties	5,372	650	6,625	-
Other operating expenses	(272,849)	(282,611)	(40,812)	(31,771)
	133,163	(32,868)	45,048	40,821

24. FINANCE COSTS

	THE GROUP		THE COMPANY	
	2021 Rs'000	2020 Rs'000	2021 Rs'000	2020 Rs'000
Bank overdrafts	11,790	17,017	210	1,957
Bank loans repayable by instalments	27,091	9,439	12,344	21,375
Other loans not repayable by instalments	9,673	29,418	9,671	9,949
Leases	20,150	18,760	51	-
	68,704	74,634	22,276	33,281
Net foreign exchange transaction (gains)/losses (see note (a)	11,763	4,754	(335)	(133)
	80,467	79,388	21,941	33,148

(a) **Net foreign exchange (gains)/ losses**

	THE GROUP		THE COMPANY	
	2021 Rs'000	2020 Rs'000	2021 Rs'000	2020 Rs'000
The exchange differences charged/(credited) to profit or loss are as follows:				
Other losses/(gains)	(13,175)	(3,495)	-	-
Finance costs/(income)	11,763	4,754	(335)	(133)

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25. (LOSS)/PROFIT BEFORE TAXATION

	THE GROUP		THE COMPANY	
	2021 Rs'000	2020 Rs'000	2021 Rs'000	2020 Rs'000
The (loss)/profit before taxation is arrived at after:				
Crediting:				
Profit on disposal of property, plant and equipment	-	4,135	-	-
Fair value gain on investment properties	5,372	650	6,625	-
Profit/ (loss) on disposal of subsidiaries	24,609	(5,288)	-	(894)

	THE GROUP		THE COMPANY	
	2021 Rs'000	2020 Rs'000	2021 Rs'000	2020 Rs'000
and charging:				
Depreciation				
- owned assets	76,331	84,915	7,647	7,249
Amortisation of intangible assets	6,648	4,623	58	129
Amortisation of right of use assets	26,660	17,380	176	-
Impairment of intangible assets	2,078	-	-	-
Impairment of receivables	14,715	82,476	702	(701)
Employee benefit expense (note 26)	546,319	512,195	57,662	71,721

26. EMPLOYEE BENEFIT EXPENSE

	THE GROUP		THE COMPANY	
	2021 Rs'000	2020 Rs'000	2021 Rs'000	2020 Rs'000
Wages and salaries, including termination benefits	504,596	469,372	53,648	64,981
Social security costs	19,007	17,525	1,910	1,722
Pension costs - defined contribution plans	7,066	8,202	773	1,439
- defined benefit plans (note 18)	15,650	17,096	1,331	3,579
	546,319	512,195	57,662	71,721

27. OTHER COMPREHENSIVE INCOME

THE GROUP <u>2021</u>	Revaluation and other reserves Rs'000	Fair value reserves Rs'000	Actuarial loss Rs'000	Total Rs'000
Increase in fair value of equity instruments at fair value through other comprehensive income	-	6,086	-	6,086
Movement in actuarial reserve	-	-	25,457	25,457
Movement in associate reserves	-	-	-	-
Currency translation differences	(32,216)	-	-	(32,216)
Other comprehensive income/(loss) for the year	(32,216)	6,086	25,457	(673)

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 loss for the year	12,490	(1,893)	(13,344)	(2,747)

27. OTHER COMPREHENSIVE INCOME (continued)

THE COMPANY **2021**	**Revaluation and other reserves Rs'000**	**Fair value reserves Rs'000**	**Actuarial loss Rs'000**	**Total Rs'000**
Movement in actuarial reserve	**-**	**-**	**(2,016)**	**(2,016)**
Decrease in fair value of equity instruments at fair value through other comprehensive income	**-**	**(41,279)**	**-**	**(41,279)**
Other comprehensive loss for the year	**-**	**(41,279)**	**(2,016)**	**(43,295)**

2020	Revaluation and other reserves Rs'000	Fair value reserves Rs'000	Actuarial loss Rs'000	Total Rs'000
Movement in actuarial reserve	-	-	(3,814)	(3,814)
Increase in fair value of equity instruments at fair value through other comprehensive income	-	(165,828)	-	(165,828)
Other comprehensive income/(loss) for the year	-	(165,828)	(3,814)	(169,642)

28. DIVIDENDS

THE GROUP AND THE COMPANY

No dividend was declared and paid during the year ended 31 December 2021 (2020: Rs nil).

29. (LOSS)/EARNINGS PER SHARE

	THE GROUP		**THE COMPANY**	
	2021 Rs'000	2020 Rs'000	**2021 Rs'000**	2020 Rs'000
(a) **From continuing operations**				
Basic (loss)/earnings per share				
Net (loss)/profit attributable to shareholders (Rs'000)	**(24,289)**	(281,366)	**23,456**	12,044
Number of ordinary shares in issue (thousands)	**11,259**	11,259	**11,259**	11,259
Basic (loss)/earnings per share (Rs/cents)	**(2.16)**	(24.99)	**2.08**	1.07
(b) **From discontinued operations**				
Basic (loss)/earnings per share				
Net (loss)/profit attributable to shareholders (Rs'000)	**-**	(8,441)	**-**	-
Number of ordinary shares in issue (thousands)	**-**	11,259	**-**	-
Basic (loss)earnings per share (Rs/cents)	**-**	(0.75)	**-**	-

30. NOTES TO STATEMENTS OF CASH FLOWS

	THE GROUP		**THE COMPANY**	
	2021 Rs'000	2020 Rs'000	**2021 Rs'000**	2020 Rs'000
(a) **Cash generated from/(absorbed in) operations**				
(Loss)/profit before taxation attributable to continuing operations	**(3,479)**	(329,288)	**22,405**	7,480
Loss before taxation attributable to discontinued operations	**-**	(19,759)	**-**	-
Depreciation and amortisation	**82,979**	89,538	**7,705**	7,378
Amortisation on right of use asset	**26,660**	17,380	**176**	-
Net share of results of associated companies	**64,808**	123,520	-	-
Share of results of joint ventures	**1,261**	5,748	-	-
Retirement benefit obligations	**464**	815	**(1,249)**	(3,906)
Profit on disposal of property, plant and equipment	**-**	(4,135)	**-**	-
(Profit)/ loss on disposal of subsidiaries	**(24,609)**	5,288	**-**	-
Profit on disposal of investment properties	**-**	(31,322)	**-**	(22,895)
(Loss)/profit on disposal of investments in subsidiaries	**-**	-	**-**	894
Impairment of receivables	**14,715**	82,476	**702**	(701)
Loss on exchange	**11,659**	2,870	**-**	-
Investment income	**(407)**	(730)	**(36,570)**	(8,614)
Interest income	**(11)**	(9)	**-**	(283)
Interest expense	**68,704**	74,634	**22,276**	33,281
Increase in fair value of investment property	**(5,372)**	**(650)**	**(6,625)**	**-**
Changes in working capital:				
- inventories	**(146,880)**	134,612	**-**	-
- trade and other receivables	**(178,675)**	(77,563)	**17,802**	13,783
- trade and other payables	**203,751**	(80,545)	**1,827**	(103)
Cash generated from/(absorbed in) operations	**115,568**	(7,120)	**28,449**	26,314

(b) **Cash and cash equivalents**

	THE GROUP		**THE COMPANY**	
	2021 Rs'000	2020 Rs'000	**2021 Rs'000**	2020 Rs'000
Bank and cash balances	**228,622**	120,125	**3,435**	15,763
Loan receivable at call	**-**	-	**-**	1,664
Bank overdrafts	**(200,018)**	(287,398)	**(614)**	(39)
Loan payable at call	**-**	-	**(53,236)**	(54,193)
	28,604	(167,273)	**(50,415)**	(36,805)

(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

	2020 Rs'000	Cash flows Rs'000	Arising on business combination Rs'000	Non-cash movements	**2021 Rs'000**
Long-term borrowings	313,245	189,587	-	-	**502,832**
Short-term borrowings	396,665	10,641	86,576	(3,132)	**490,750**
Total	709,910	200,228	86,576	(3,132)	**993,582**

THE COMPANY

	2020 Rs'000	Cash flows Rs'000	**2021 Rs'000**
Long-term borrowings	333,570	(29,707)	**303,863**
Short-term borrowings	246,245	9,366	**255,611**
Total	579,815	(20,341)	**559,474**

31. 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 is as follows:

Harel Mallac Advisory Ltd

	2020 Rs'000
Revenue	343
Other income	-
Provision for receivables under IFRS 9	-
Other operating expense	(569)
	(569)

Harel Mallac Advisory Ltd (continued)	2020 Rs'000
Loss before finance costs	(226)
Finance income	26
	(200)
Profit before taxation	(200)
Income tax expense	-
Loss for the year from discontinued operations	(200)

31. DISPOSAL OF SUBSIDIARIES (continued)

Harel Mallac Global Ltd

	2020 Rs'000
Revenue	9,136
Employee benefit expense	(2,790)
Depreciation and amortisation	-
Other income	326
Interest on finance lease	(97)
Provision for receivables under IFRS 9	(739)
Other operating expense	(4,060)
	(7,360)
Profit before finance costs	1,776
Finance income	609
	2,385
Profit before taxation	2,385
Income tax expense	-
Profit for the year from discontinued operations	2,385

32. 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.

The reportable segments are strategic business units that offer different products and services.

	Investment & Corporate Rs'000	Technology Rs'000	Chemicals Rs'000	Equipment & Systems Rs'000	Consolidation adjustments Rs'000	Total Rs'000
Year ended 31 December 2021						
Total segment revenues	**171,120**	**892,925**	**1,749,962**	**1,285,974**	**-**	**4,099,982**
Inter-segment sales	**(4,344)**	**(120,755)**	**(37,112)**	**(36,299)**	**(266,919)**	**(465,429)**
Revenues from external customers	**166,776**	**772,170**	**1,712,850**	**1,249,675**	**(266,919)**	**3,634,553**
Segment profit/(loss)	**19,689**	**17,270**	**53,209**	**60,174**	**(17,179)**	**133,163**
Share of result of associates and joint ventures	(52,672)	-	(13,397)	-	-	(66,069)
Finance costs	(22,351)	(10,731)	(38,926)	(19,615)	11,155	(80,468)
Net profit on disposal of investments	-	-	-	27,680	(3,071)	24,609
Net impairment of receivables	(595)	(265)	(1,037)	(12,818)	-	(14,715)
Profit/(Loss) before tax	**(55,929)**	**6,274**	**(151)**	**55,421**	**(9,095)**	**(3,479)**
Income tax	1,108	(2,722)	(3,663)	(6,326)	-	(11,603)
Net profit/(loss) after tax	**(54,821)**	**3,552**	**(3,814)**	**49,095**	**(9,095)**	**(15,082)**
Total assets						
31 December 2021	**2,738,214**	**486,774**	**1,657,211**	**1,318,775**	**(1,892,044)**	**4,308,930**
31 December 2020	1,580,934	332,237	1,510,966	457,724	-	3,881,861

32. SEGMENT INFORMATION - THE GROUP (continued)

The reportable segments are strategic business units that offer different products and services.

	Investment & Corporate Rs'000	Technology Rs'000	Chemicals Rs'000	Equipment & Systems Rs'000	Consolidation adjustments Rs'000	Total Rs'000
Year ended 31 December 2020						
Total segment revenues	161,607	714,634	1,510,436	877,500	-	3,264,177
Inter-segment sales	(5,410)	(94,734)	(41,122)	(35,942)	(172,837)	(350,045)
Revenues from external customers	**156,197**	**619,900**	**1,469,314**	**841,558**	**(172,837)**	**2,914,132**
Segment profit/(loss)	21,464	(21,288)	(29,629)	(3,415)	-	(32,868)
Share of result of associates and joint ventures	(104,479)	-	(24,789)	-	-	(129,268)
Finance costs	(33,148)	(5,629)	(37,707)	(20,711)	17,808	(79,387)
Net loss on disposal of investments	(5,288)	-	-	-	-	(5,288)
Net impairment of receivables	(8,339)	(2,250)	(31,913)	(39,975)	-	(82,477)
Profit/(Loss) before tax	**(129,790)**	**(29,167)**	**(124,038)**	**(64,101)**	**17,808**	**(329,288)**
Income tax	4,529	2,876	183	3,778	-	11,366
Post tax profit/(loss) from discontinued operations	2,184	-	(20,836)	-	(18,652)	
Net profit/(loss) after tax	**(123,077)**	**(26,291)**	**(123,855)**	**(81,159)**	**17,808**	**(336,574)**
Total assets **31 December 2020**	**1,580,934**	**332,237**	**1,510,966**	**457,724**	**-**	**3,881,861**
31 December 2019	1,797,349	381,882	1,520,486	640,975	-	4,340,692

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	
	2021 Rs'000	2020 Rs'000	**2021 Rs'000**	2020 Rs'000
Mauritius	**3,281,094**	2,406,360	**2,287,892**	2,271,627
Madagascar	**132,835**	154,175	**1,967**	2,404
Reunion	**138,299**	25,567	**4,225**	5,755
Africa	**82,325**	324,792	**8,485**	100,816
Seychelles	**-**	3,238	**-**	-
Total	**3,634,553**	2,914,132	**2,302,569**	2,380,602

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

33. ASSETS CLASSIFIED AS HELD FOR SALE

	THE GROUP		THE COMPANY	
	2021 Rs'000	2020 Rs'000	**2021 Rs'000**	2020 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.

33. ASSETS CLASSIFIED AS HELD FOR SALE (continued)

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

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

	2020 Rs'000
Revenue	85,861
Raw materials, consumables and purchases of finished goods	(69,904)
Employee benefit expense	(10,642)
Depreciation and amortisation	(113)
Other income	409
Interest on finance lease	(967)
Other operating expense	(28,990)
Share results of associates	-
	(110,207)
Loss before finance costs	(24,346)
Finance income	2,402
	(21,944)
Loss before taxation	(21,944)
Income tax expense	1,107
Loss for the year from discontinued operations	(20,837)
Cash flows from discontinued operations	
Net cash used in operating activities	(13,298)
Net cash used in investing activities	(136)
Net cash generated from financing activities	10,359

34. CONTINGENT LIABILITIES

At 31 December 2021, 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 approval of the accounts.

At 31 December 2021, 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 2021, no guarantee were given by the Group and the Company other than in the normal course of business.

35. RELATED PARTY TRANSACTIONS

(a) **THE GROUP**

	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 2021**								
Associated companies	**1,870**	**19,469**	**9,349**	**1,740**	**5,007**	**50,000**	**2,206**	**3,099**
Directors and key management personnel	**-**	**-**	**125**	**-**	**-**	**-**	**-**	**-**
Enterprises in which directors/key management personnel (and close families) have significant/substantial interest	**-**	**5,752**	**-**	**-**	**-**	**-**	**-**	**-**
Shareholders	**2,972**	**-**	**-**	**-**	**-**	**116,809**	**-**	**-**
(ii) 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	-	-

(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 2021**										
Subsidiaries	**68**	**7,532**	**13,776**	**102,927**	**429**	**-**	**-**	**197,239**	**34,822**	**12,462**
Associated companies	**-**	**1,467**	**1,168**	**360**	**-**	**-**	**5,007**	**50,000**	**-**	**-**
Directors and key management personnel	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Enterprises in which directors/key management personnel (and close families) have significant/substantial interest	**-**	**-**	**4,870**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Shareholders	**-**	**2,972**	**-**	**-**	**-**	**-**	**-**	**116,809**	**-**	
(ii) 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	-	-

35. RELATED PARTY TRANSACTIONS (continued)

	Remuneration and benefits	
THE GROUP	**2021 Rs'000**	2020 Rs'000
Key management personnel compensation		
Salaries and short-term employee benefits	**17,146**	13,176
Post-employment benefits	**1,633**	1,224
	18,779	14,400

	Remuneration and benefits	
THE COMPANY	**2021 Rs'000**	2020 Rs'000
Key management personnel compensation		
Salaries and short-term employee benefits	**15,495**	11,849
Post-employment benefits	**1,633**	1,224
	17,128	13,073

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 2021, the Company has recorded Rs 22.9m impairment of receivables relating to amounts owed by related parties (2020: Rs 27.2m). Assessment for impairment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

36. CAPITAL COMMITMENTS

There is no capital expenditure contracted for by the Group and the Company at the end of the reporting period (2020: Nil).

37. OPERATING LEASE COMMITMENTS

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

Two subsidiaries lease land from the Mauritius Ports Authority which came up for renewal on the 15 December 2015 and 14 June 2017 respectively. Lease rates were being negotiated with the authority and these have been finalised for one of the subsidiaries in March 2022. That subsidiary has an option for further renewals until 2069. Negotiations of lease rates and extension for the second subsidiary are also expected to be finalised by May 2022.

38. BUSINESS COMBINATIONS

THE GROUP

(a) Summary of acquisition in the year ended 31 December 2021

In May 2021, Novengi Ltd, an indirect subsidiary of Harel Mallac Co. Ltd, acquired 100% of the shares of Aerolik Ltd (formerly known as Aldes Mauritius Ltd) for a consideration of Rs 6,601,901. At the same date, Aerolik Ltd acquired 60% of the shares of AEROLIK.IO SAS (formerly known as Aldes Reunion SAS) for a consideration of Rs 40,470,536.

An analysis of assets and liabilities of Aerolik Ltd and AEROLIK.IO SAS recognised at the date of the acquisition are as follows:

	Aerolik Ltd Rs'000	AEROLIK.IO SAS Rs'000	Total Rs'000
Assets			
Plant and equipment	1,019	3,545	**4,564**
Right of use assets	3,983	30,671	**34,654**
Investment in subsidiary	40,471	-	**40,471**
Deferred tax assets	71	-	**71**
Inventories	19,945	58,653	**78,598**
Trade receivables (net of provision)	15,178	41,163	**56,341**
Cash and cash equivalents	7,406	37,711	**45,117**
	88,073	171,743	**259,816**
Liabilities			
Trade and other payables	19,773	46,920	**66,693**
Lease liabilities	4,101	33,887	**37,988**
Borrowings	63,536	23,040	**86,576**
Retirement benefit obligations	847	-	**847**
Current tax liabilities	2,001	-	**2,001**
	90,258	103,847	**194,105**
Net identifiable assets acquired	(2,185)	67,896	**65,711**
Less: Non-controlling interests	-	(27,158)	**(27,158)**
Share of (liabilities)/net assets	(2,185)	40,738	**38,553**
Purchase consideration	(6,602)	(40,471)	**(47,073)**
(Goodwill)/gain on bargain purchase	(8,787)	267	**(8,520)**

(i) Purchase consideration - cash outflow

	Aerolik Ltd Rs'000	AEROLIK.IO SAS Rs'000	Total Rs'000
Cash consideration	(6,602)	(40,471)	**(47,073)**
Cash and cash equivalents acquired in subsidiaries	7,406	37,711	**45,117**
Net inflow of cash - investing activities	804	(2,760)	**(1,956)**

(ii) Revenue and profit contribution

The acquired business contributed revenues of Rs 175m and net profit of Rs 18m to the Group for the period from 01 June to 31 December 2021.

The revenues and the net profit of these two subsidiaries were Rs 118.4m and Rs 9.8m respectively for the period from 01 January to 31 May 2021.

39. THREE YEAR SUMMARY - THE GROUP

	2021 Rs'000	2020 Rs'000	2019 Rs'000
STATEMENTS OF PROFIT OR LOSS			
Revenue	**3,634,553**	2,914,132	3,279,343
Profit/ (loss) after finance cost	**52,696**	(112,256)	(107,528)
Net share of result of associates and joint ventures	**(66,069)**	(129,268)	92,771
	(13,373)	(241,524)	(14,757)
Net profit/(loss) on disposal of investments	**24,609**	(5,288)	1,033
Reorganisation and restructuring costs	**-**	-	(40,217)
Impairment	**(14,715)**	(82,476)	(91,311)
Profit/ (loss) before taxation	**(3,479)**	(329,288)	(145,252)
Taxation	**(11,603)**	11,366	(8,751)
Loss for the year from continuing operations	**(15,082)**	(317,922)	(154,003)
Post tax (loss)/profit for the year from discontinued operations	**-**	(18,652)	7,530
Loss for the year	**(15,082)**	(336,574)	(146,473)

	2021 Rs'000	2020 Rs'000	2019 Rs'000
Attributable to:			
Owners of the parent	**(24,289)**	(289,807)	(85,138)
Non controlling interests	**9,207**	(46,767)	(61,335)
	(15,082)	(336,574)	(146,473)
Other comprehensive income	**(673)**	(2,747)	(145,222)
Total comprehensive loss for the year	**(15,755)**	(339,321)	(291,695)
Attributable to:			
Owners of the parent	**(17,130)**	(295,608)	(231,670)
Non controlling interests	**1,375**	(43,713)	(60,025)
	(15,755)	(339,321)	(291,695)
Dividend per share	**-**	-	1.40
(Loss)/earnings per share from continuing operations(Rs/cents)	**(2.16)**	(24.99)	(7.63)
(Loss)/earnings per share from discontinued operations (Rs/cents)	**-**	(0.75)	0.07
Total (loss)/earnings per share	**(2.16)**	(25.74)	(7.56)

STATEMENTS OF FINANCIAL POSITION	2021 Rs'000	2020 Rs'000	2019 Rs'000
Non-current assets	**2,302,569**	2,380,602	2,620,196
Current assets	**2,006,361**	1,449,814	1,720,496
Assets classified as held for sale	**-**	51,445	-
Total assets	**4,308,930**	3,881,861	4,340,692
Capital and reserves	**1,246,736**	1,263,866	1,582,294
Non controlling interests	**182,015**	150,755	178,722
Non-current liabilities	**958,148**	784,843	767,941
Current liabilities	**1,992,031**	1,631,387	1,811,735
Liabilities directly associated with assets classified as held for sale	**-**	51,010	-
Total equity and liabilities	**4,308,930**	3,881,861	4,340,692

40. COVID-19 ASSESSMENT

The COVID-19 pandemic has developed rapidly in 2020, with a significant number of cases. Measures taken by governments to contain the virus have affected economic activities 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.
- Significant price increases of raw materials on the world market.
- 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 necessity for all of the employees to work from home has resulted in a significant reduction in sales/productivity.

Despite the consequences of the various government measures and a second lockdown in 2021, the Group has shown great resilience with a better turnover and margins as compared to the previous year.

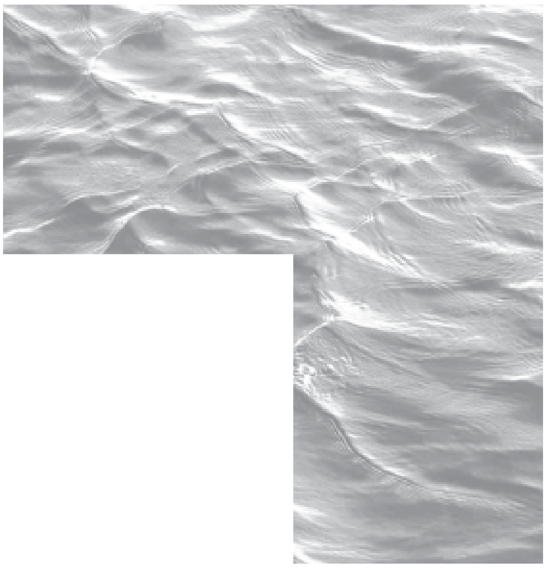
41. EVENTS AFTER THE REPORTING PERIOD

(i) 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.

(ii) Subsequent to the year end, HM Corporate Services, a subsidiary, disposed of its business activities and the related assets for a consideration of Rs 17.5 million.

(iii) On 24 February 2022, Russian Federation launched a full-scale invasion into Ukraine sovereign state. The potential impacts from the emerging Ukraine and Russian conflict remain uncertain, including but not limited to, on global economic conditions, asset valuations, interest rate expectations and exchange rates. The extent of these impacts on the Group and the Company are unclear at this stage.

(iv) Therehave 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 2021.



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