

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	GROUP			
	Three months to 30 June 2022 Rs'000	Three months to 30 June 2021 Rs'000	Six months to 30 June 2022 Rs'000	Six months to 30 June 2021 Rs'000
<b>Revenue</b>	<b>1,016,684</b>	775,463	<b>1,910,419</b>	1,467,761
<b>Profit/(loss) before finance costs</b>	<b>4,006</b>	13,528	<b>6,908</b>	(1,698)
Finance costs	(10,028)	(16,263)	(31,405)	(31,806)
Share of results of associates & joint ventures	22,594	(26,630)	37,227	(38,554)
Impairment of receivables	(5,588)	(12,258)	(12,229)	(22,850)
Profit on disposal of subsidiaries	-	-	-	24,418
<b>Profit/(Loss) before tax</b>	<b>10,984</b>	(41,623)	<b>501</b>	(70,490)
Income tax	(8,064)	(6,710)	(13,775)	(8,149)
Post tax profit from discontinued operations	-	-	16,417	-
<b>Profit/(loss) for the period</b>	<b>2,920</b>	(48,333)	<b>3,143</b>	(78,639)
<b>Attributable to:</b>				
Owners of the parent	1,433	(40,643)	256	(68,706)
Non controlling interests	1,487	(7,690)	2,887	(9,933)
<b>Profit/(loss) for the period</b>	<b>2,920</b>	(48,333)	<b>3,143</b>	(78,639)
Other comprehensive income/(loss) for the period net of tax	1,021	(11,333)	6,106	(13,231)
<b>Total comprehensive income/(loss) for the period</b>	<b>3,941</b>	(59,666)	<b>9,249</b>	(91,870)
<b>Other comprehensive income/(loss) attributable to:</b>				
Owners of the parent	3,011	(7,911)	8,096	(10,519)
Non controlling interests	(1,990)	(3,422)	(1,990)	(2,712)
<b>Profit/(loss) per share from continuing operations (Rs/cents)</b>	<b>0.13</b>	(3.61)	<b>(1.44)</b>	(6.10)
<b>Profit per share from discontinued operations (Rs/cents)</b>	<b>-</b>	-	<b>1.46</b>	-

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

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

Six months to 30 June 2022

	Revenue		Profit/(Loss) after tax	
	2022 Rs'000	2021 Rs'000	2022 Rs'000	2021 Rs'000
Investment & Corporate (Note 1)	78,929	60,174	19,872	(50,809)
Technology	352,269	332,064	(18,560)	(387)
Chemicals	898,096	694,468	(12,131)	(35,145)
Equipment & Systems	680,333	466,339	(1,882)	(17,102)
Non recurring items (Note 2)	-	-	16,417	24,418
Consolidation adjustments	(99,208)	(85,284)	(573)	386
	<b>1,910,419</b>	1,467,761	<b>3,143</b>	(78,639)

Note 1: The Profit/(Loss) after tax for segment 'Investment & Corporate' includes the Share of results of associates and joint ventures.

Note 2: Non recurring items are attributable to 'Investment & Corporate' segment for 2022 and to 'Equipment & Systems' segment for 2021.

STATEMENT OF FINANCIAL POSITION

	GROUP	
	30 June 2022 Rs'000	31 December 2021 Rs'000
<b>ASSETS</b>		
Non-current assets	2,322,767	2,302,569
Current assets	2,065,585	2,006,361
<b>Total assets</b>	<b>4,388,352</b>	4,308,930
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves</b>		
Owners' interest	1,255,088	1,246,736
Non controlling interests	182,912	182,015
<b>Total equity</b>	<b>1,438,000</b>	1,428,751
Non-current liabilities	1,010,470	958,148
Current liabilities	1,939,882	1,922,031
<b>Total equity and liabilities</b>	<b>4,388,352</b>	4,308,930
Net assets per share (Rs)	111.47	110.73
Number of ordinary shares	11,259,388	11,259,388

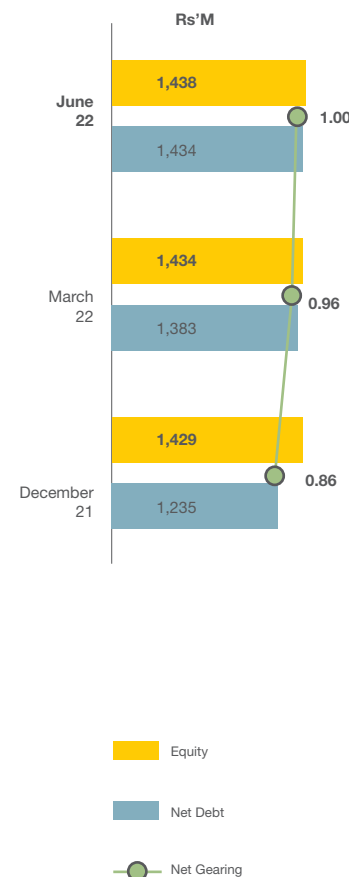
STATEMENTS OF CHANGES IN EQUITY

	Owner of the Parent Rs'000	Non-controlling interests Rs'000	Total Rs'000
<b>GROUP</b>			
Balance at 1 January 2022	1,246,736	182,015	1,428,751
Profit for the period	256	2,887	3,143
Other comprehensive income/(loss)	8,096	(1,990)	6,106
<b>Balance at 30 June 2022</b>	<b>1,255,088</b>	<b>182,912</b>	<b>1,438,000</b>
Balance at 1 January 2021	1,263,866	150,755	1,414,621
Loss for the period	(68,706)	(9,933)	(78,639)
Other comprehensive loss	(10,519)	(2,712)	(13,231)
Acquisition of subsidiary	-	28,614	28,614
<b>Balance at 30 June 2021</b>	<b>1,184,641</b>	<b>166,724</b>	<b>1,351,365</b>

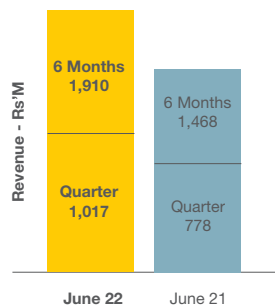
STATEMENTS OF CASH FLOWS

	GROUP	
	Six months 30 June 2022 Rs'000	Six months 30 June 2021 Rs'000
Net cash (absorbed in)/generated from operating activities from continuing operations	(170,517)	26,368
Net cash (absorbed in)/generated from investing activities	(34,436)	20,496
Net cash generated from financing activities	67,972	228,240
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(136,981)</b>	275,104
<b>Movement in cash and cash equivalents</b>		
At 1 January	28,604	(167,273)
Net (decrease)/increase in cash and cash equivalents	(136,981)	275,104
Effect of foreign exchange difference	6,106	795
<b>At 30 June</b>	<b>(102,270)</b>	108,626

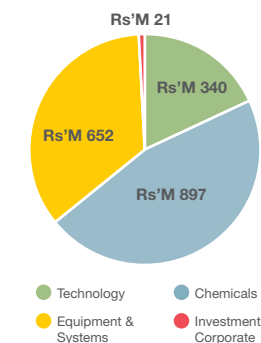
EQUITY & NET DEBT



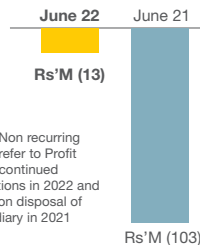
REVENUE



6 MONTHS SEGMENT REVENUE

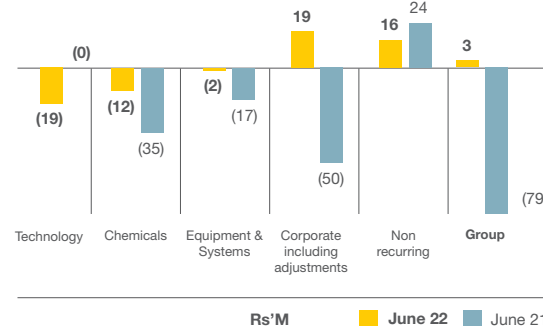


6 MONTHS NORMALISED PAT AFTER ADJUSTING NON RECURRING ITEMS



Note: Non recurring items refer to Profit on discontinued operations in 2022 and Profit on disposal of subsidiary in 2021

6 MONTHS SEGMENT RESULTS



PROFILE

Harel Mallac (the Group) operates mainly in Mauritius, and additionally in six countries in Africa and the Indian Ocean. Strong with some 860 employees, it comprises of four divisions: Investments & Corporate, Technology, Chemicals and Equipment & Systems.

OVERALL PERFORMANCE

For the six months ended 30 June 2022, the Group achieved a consolidated revenue from continuing operations of Rs 1,910 million representing a 30% growth compared to the same period last year. This increase reflects year-on-year improved sales by all of our operational divisions as well as revenue from Aerolik Ltd and its subsidiary based in Reunion Island, two entities involved in controlled mechanical ventilation systems, air distribution equipment, and manufacturing of ducting which were acquired in May 2021.

The Group generated Profit Before Finance Costs (PBFC) of Rs 7 million for the semester under review compared to a loss of Rs 2 million for the same period in 2021. However, during the quarter ended 30 June 2022 the sharp increase in cost

of imported products, raw materials and related logistics' costs impacted our margins, resulting in a drop in PBFC compared to corresponding period last year.

The Group's negative cash flows from operating activities amounted to Rs 171 million for the reporting period, compared to a cash inflow of Rs 26 million in 2021. This reflects a higher working capital requirement linked to the additional sales and increase in inventory to either cater for longer lead times or mitigate disruption in supply to better service the market.

DIVISION OVERVIEW

Technology posted higher revenues than last year. A different sales mix coupled with compressed margin impacted profitability which resulted in a net loss of Rs 19 million compared to break-even results last year.

Better results were achieved this year by Chemicals compared to last year on the back of a pick-up of activities in operations which helped mitigate the increase in supply-chain related costs. The net loss was Rs 12 million for the period compared to a net loss of Rs 35 million last year. It

is however important to note that the commercial activity of this sector is historically higher during the second part of the year.

The improvement in results of Equipment & Systems is a direct consequence of the addition of the Aerolik entities. Although most companies performed better than last year, increasing import costs and higher supply chain lead time negatively impacted results. The division ended the six months with a net loss of Rs 2 million compared with a net loss of Rs 17 million last year.

Investments & Corporate shows a major improvement in results as the share of results of Associates and joint ventures recorded a profit of Rs 37 million in the first semester of 2022, compared to a loss of Rs 39 million last year. This increase was driven by the Group's investments in the hospitality sector which benefited from the re-opening of borders in October 2021 as well as our associate operating in the energy sector.

GROUP NEWS

Our subsidiary, The Mauritius Chemical and Fertilizer Industry Limited (MCFI), completed its group reorganisation with a rebranding which

illustrates its ambitions to be the partner of choice of the industrial, agricultural and water sectors, bringing them ingenious solutions integrating technology and ecology. The MCFI Group entities now communicate and operate under the unique brand name "Ingenia by MCFI".

The Group launched its first internal competition on Sustainability, the Planet Convention 2022, which aims at accelerating the achievement of its 13 Planet Goals. Six projects covering the themes of Water, Energy, Ethical Trade and Waste which were presented in June will be implemented by year end.

OUTLOOK

Global and current economic challenges are unfortunately still impacting supply chains and the costs of raw materials and finished products. On the local front, the cost of doing business, the continuing inflationary trend, as well as foreign currency volatility and scarcity, are expected to prevail. In such environment it is difficult to evaluate how resilient the purchasing power of Mauritian consumers will be in the medium to long term and its ultimate impact on the Group's results.

These quarterly condensed financial statements have been prepared using the same accounting policies as for the statutory financial statements for the year ended 31 December 2021, except for the adoption of published Standards that are now effective. This interim financial statements have been prepared in accordance with IAS 34 "Interim financial Reporting."

The statement of direct and indirect interests of officers of the Company required under the rule 8(2)m of the Securities (Disclosure Obligations of Reporting Issuers) Rules 2007 is available upon request from the Company Secretary, HM Secretaries Ltd, 18 Edith Cavell street, Port-Louis.

Copies of the abridged unaudited financial statements are available free of charge upon request at the Company's registered office, 18 Edith Cavell street, Port-Louis.

This report is issued pursuant to Listing Rule 12.20 and the Securities Act 2005. The Board of Directors of Harel Mallac & Co. Ltd accepts full responsibility for the accuracy of the information contained therein.

By order of the Board

HM Secretaries Ltd  
Company Secretary

09 August 2022