harel mallac

for the better

Annual Report 2022

Dear Shareholder,

The Board of Directors of Harel Mallac & Co. Ltd is pleased to present its Annual Report for the year ended 31 December 2022. This report was approved by the Board of Directors on 30 May 2023.

Antoine L. Harel
Chairman

Charles Harel
Chief Executive Officer

Corporate Information

REGISTERED OFFICE
18, Edith Cavell Street
Port Louis

WEBSITE
harelmallac.com

BUSINESS REGISTRATION NUMBER
C07000952

SECRETARY
HM Secretaries Ltd
18, Edith Cavell Street
Port Louis

AUDITORS
Nexia Baker & Arenson

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

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

Chairman's Message

Dear Fellow Shareholders,

Our new 'normal' seems to be characterised by challenges at every turn: on the world stage, we saw the uncoordinated winding down of pandemic responses, heightened uncertainty on the economic cycle, mounting inflation, war and moves towards deglobalisation, while closer to home, these trends translated into supply chain disruptions, cost-push inflationary pressures, foreign currency issues and tighter monetary policy amongst others.

Being a trading business at heart, Harel Mallac has historically worked across borders, and accordingly deployed significant efforts to manage these headwinds, and deliver creditable results despite the challenging and increasingly competitive landscape. I remain proud of what all our employees in Mauritius and the region have achieved in 2022 with our results showing:

- Revenues are up 15%+ to Rs4.2bn compared to Rs3.6bn last year, which indicates that we outgrew our local market where growth of 8% was estimated by Statistics Mauritius for 2022.
    - The Aerolik entities acquired part-way in 2021 contributed Rs328m for their first full year 2022 so that even on an organic basis, Harel Mallac's 'historic' businesses reported a respectable 12% growth to Rs3.9bn.
    - In other words, the Group has managed to recover and grow beyond the 2019 pre-Covid revenue of Rs3.6bn.
- Consolidated Profit after Tax (PAT) at Rs159m (2021: Rs15m loss after tax) is at the highest since 2017 when it was at Rs116m, providing validation that we have taken the right decisions in terms of the group restructuring undertaken in the last five years.
    - On a like-for-like basis (excluding Aerolik's PAT contribution of Rs18m in 2021 and Rs27m in 2022, as well as the non-recurring profit on disposal of investments of Rs25m in 2021 and discontinued operations profit of Rs16m in 2022 to remain within the same scope of operations), the Group still managed an upswing of Rs174m (from a 'normalised' loss of Rs58m in 2021 to a profit in 2022 of Rs116m).
    - However, it is not unalloyed good news since this was mainly driven by the recovery of our associates and joint ventures (Rs192m improvement in 2022 to contribute Rs126m share of profits to the HM Group). Our 'historic core' suffered setbacks as they were unable to maintain margins in the face of cost increases and weak markets in many places so that there is still work ahead in the Group's turnaround plan.

Overall, the fact that our Group has come out of the pandemic with a better performance than before gives me confidence that our leadership, management teams and strategy are able to deliver sustained growth and stability.

STRATEGIC CONTEXT

To drive the Group forward, we have consistently applied the basic principles and strategies of building on our market-leading businesses and client portfolios to then spread risks via related diversification. We will continue to strengthen our Mauritian core in areas where Harel Mallac has strong leadership positions and reinvest into adjacent markets – the visible success stories include:

- building on the strong foundations of Harel Mallac Technologies in Mauritius to expand its profitable footprint in the region, and
- taking the expertise of Novengi in the air conditioning business and expanding further into the ventilation industry with the successful integration of Aerolik.

In the past, we have not shied from withdrawing from our weaker market positions to free capital to strengthen our core activities, and 2022 saw the completion of our exit from sub-scale regulated financial services activities with the share registry business of Harel Mallac Corporate Services being sold for Rs18m while a further 21% of Aerolik.OI in Reunion was acquired from the minority investor for Rs20m.

I would also like to directly address the allegations involving one of our subsidiaries, Harel Mallac Technologies, as a member of the consortium in the recent government contract for the national identity card. No substance was found to these prejudicial claims and management has acted promptly to get to the bottom of this troubling matter in a manner consistent with our guiding principles:

- one of the Big Four professional services firm, KPMG, was appointed for an independent and in-depth fact-finding audit of said contract;
- we have been in communication with our partners (whether our consumers, our suppliers and our fellow consortium member) to ensure that they are apprised of our approach and key findings.

I would like to seize this opportunity to thank all the employees and partners concerned for their assistance and continued support on the matter.

Clearly, although the silver-lining from this episode is that our internal controls and governance were sufficiently robust to prevent any untoward payments, it also highlighted the need to keep improving risk management as well as maintaining a strong focus on our consumers while at the same time investing in and nurturing talent in a manner beneficial to the communities we operate in.

OUTLOOK

Our businesses will continue to feel the after-effects of Covid crisis although these should fade with time but new trials likely await us. Looking ahead, the priority remains to put our core operations on a sustained profitability path, and while 2022 was a satisfactory year, the target is for all our divisions to yield a positive profit after tax, and in the long-run, a return on equity above its cost.

The benefits of our conglomerate structure, with a strong recovery in the hardest-hit Tourism & Hospitality (collective improvement of Rs138m to contribute Rs43m to our 2022 results) and Engineering & Construction (a swing from a Rs10m share of losses in 2021 to a profit contribution of Rs10m in 2022) associates as situations normalise from the turmoil of the last two years and our supportive shareholders allow the Group to take the long view.

SHAREHOLDER RETURNS

While we do not run the company worrying about the stock price in the short run, the continuing underperformance of the Harel Mallac shares (down a further 15% from 31 December 2021 to finish the year at Rs38) vs a wider market downturn of only 2% in the SEMDEX suggest a disconnect with the improvements in our underlying core operations and associated investments. We feel this is unwarranted especially given the audited equity of Rs1.7bn at 31 December 2022 which yield a net asset per share of more than Rs152 per Harel Mallac share.

Hence, a dividend in specie of the associated investments in Attitude Hospitality Management Ltd (20.1% ownership interest), Water Sports Village Limited (24.5% ownership interest) and Zilwa Resort Ltd (24.0% ownership interest) to shareholders via the spin-off of Cavell Touristic Investments Ltd (CTIL) is being proposed with a view to optimise shareholder value.

The spin-off is intended to complete in 2023 and would:

- remunerate shareholders with a tradable instrument (the listed CTIL share) after three years of no dividend which would then allow shareholders to rebalance their portfolio according to their risk/reward profile and investment assessment;
- highlight the embedded value in our mature hospitality investments with local partners (who have approved that CTIL steps into the shoes of Harel Mallac). Based on the audited fair values in the books for these associated investments, the company estimates the dividend value of the CTIL share at around Rs36 per share of Harel Mallac, even after factoring in estimated debt and listing costs of CTIL.
- This strongly indicates that the market may not be fully appreciating the value of such associated investments within the Harel Mallac conglomerate structure so that the sum of the parts (CTIL and Harel Mallac shares) following the spin-off should exceed the pre-dividend declaration Harel Mallac share price;
- allow CTIL and Harel Mallac to focus on a narrower set of core activities while preserving the diversification benefits of Harel Mallac (which would retain exposure to the Tourism & Hospitality industry in the running of its core operations, supplying the sector, as well as developing its remaining associates with foreign partners but reducing concentration risk in relation to its exposure to other industries).

It should be borne in mind that this spin-off only represents a portion of the non-strategic assets of Harel Mallac and that the associated investments in question are controlled by our local third-party partners. As such, we do not expect material changes in the operations of the Group and this should be a win-win scenario for our shareholders as well as our partners.

ACKNOWLEDGEMENTS

The basis of our success is our people – they are the ones who serve our customers and communities, operate the technology and capital invested, manage the risks and drive innovation. Having a great team able to navigate challenging circumstances while maintaining high standards of professional excellence is what ensures our common prosperity and I would like to express my deep gratitude to all 918 employees of the Harel Mallac Group and their families.

I would also like to thank all our stakeholders, whether customers, suppliers, financial partners, as well as my fellow directors, the CEO and his team, for their continued support in delivering on the Group's purpose.

Antoine L. Harel
Chairman

CEO's Report

Dear Shareholder,

As the Covid pandemic finally wanes, new business opportunities have emerged as well as inevitable unplanned bumps in the road. We have now embedded the guiding principles set for the Group in our day-to-day lives to enable Harel Mallac to respond to unexpected challenges, with the 'agility' to adapt quickly and efficiently to new circumstances while showing 'care' in how we do things to ensure that we act to the benefit of the communities in which we operate and maintain the 'trust' of all our stakeholders.

In 2022, we pressed ahead with energy and dedication on the roll-out of our operational excellence programme, which focuses on:

- Delivering a great customer service experience to stand out in sectors where we operate. Being the dependable partner on which our customers can rely on despite the challenging environment boosted our working capital investment, but we are confident that we will return to more reasonable stock levels (as the situation normalises) in the medium term and see the benefit in the long-run.

- Investing in our people to build world-class teams within the Group. Growing, developing and retaining our top talents has been essential to cope with the 'Great Resignation' trend and limit key skills shortages in our activities.

  We have favoured in-house mobility in some cases where our team members have been able to grow and pursue other professional challenges within the Group.

- Making progress on our sustainability journey in addition to monitoring the Environmental, Social and Governance (ESG) Planet Goals 2025 set on our water, energy, waste, ethical trade and social diversity impact. Our status on the Planet Goals is detailed in the sustainability report published on our website.

- Achieving our financial performance objectives where we had mixed results:

  - We made strides in our top-line, with our revenue increasing by more than 15% to Rs4.2bn (2021: Rs3.6bn) despite adverse demand conditions where inflation is changing the buying patterns as well as lowering the purchasing power of the end consumer.

    Our conglomerate structure proved its worth once again with strength in our corporate and regional markets more than offsetting weakness in our consumer-dependent activities. Sectoral slow down (wholesale and retail trade grew only 2.5% in 2022 vs. 4.1% last year), as consumer discretionary spending was pared back, translated into a 16% drop in revenues on Linxia's high-value IT products. However, even on such final consumption products, our exposure was mitigated by our range of activities and we are pleased to report that the Archemics products which have much lower retail price points did not experience such a drastic drop.

- At the Profit Before Finance Costs (PBFC) level, this was almost at the peak achieved pre-Covid in the last five years of Rs118m in 2018. It is a fair performance in the prevailing market conditions but it remains a 'work-in-progress' to reengineer the delivery of value to our consumers to improve profit (and hence cash generating-ability) of the business since the Group showed a Rs19m PBFC decrease to Rs114m in 2022.

  This was partly attributable to our strategy to hold precautionary stock levels to avoid stock-outs given the supply chain issues experienced in the last few years (impacting our profit margins via additional stock provisions), which also had an Rs85m impact on the Group's liquidity immobilised into inventory.

  As a consequence, cash generated from operations declined from Rs116m in 2021 to Rs24m in 2022 since working capital consumed Rs204m in the current year (vs. only Rs122m last year). However, we should be able to return to more reasonable stock levels and we expect to see the pay-out from moving to a 'just in case' (vs. our previous 'just in time') approach in terms of continued revenue growth over time.

> **"In 2022, we pressed ahead with energy and dedication on the roll-out of our operational excellence programme."**

OUR FINANCIAL PERFORMANCE

On a more granular level, details of the performance of our operating segments are available in the 'Business Overview' section of this annual report.

At group level, I am pleased to report that, we are closing the year on a stronger Profit After Tax from continuing operations than pre-Covid at Rs142m (2021: Rs16m losses):

- This was driven by the contribution from our asset management division which turned strongly positive after being battered during the pandemic:

  - Our associates and joint ventures delivered Rs126m in terms of share of profits contributed to the Group (a significant swing of Rs192m compared to 2021 share of losses). The reopening of the tourism sector was by far the biggest contributor adding Rs138m to this turnaround, but our bottom line also benefited from improvements of Rs35m in our Energy sector profitability, and Rs20m from Engineering & Construction investments.

  - Improved occupancy rates in our investment properties and continuing appreciation of our 'hard' assets in an inflationary environment added a further Rs11m to our bottom line in 2022 (2021: Rs8m).

- The financing costs of the Group remained more or less consistent (2022: Rs78m vs. 2021: Rs80m) as the deadweight of foreign exchange on the Group's results abated (foreign exchange losses of only Rs1m in 2022 vs. Rs12m last year) despite

  - Group net debt rising with our working capital needs to Rs 1.4bn (Rs 1.2bn in 2021), and

  - the rising interest rate environment.

As the worst market conditions in recent history move into our rear-view mirror, the strength of the Harel Mallac balance sheet (net debt to equity down to 73% from 86% in 2021) and the positive underlying trends in our core businesses as well as our non-strategic associates provide us the confidence to address other matters, in particular to remunerate our shareholders:

- The improvement in our core operations from a loss before finance costs of Rs33m in 2020 to a PBFC of Rs114m in 2022 has not been rewarded in our share price, leading management to consider the best way to create value for our supportive shareholder base while keeping impact on our turnaround efforts at a minimum.

- The scheme approved at the April Special Meeting and in process of implementation is a spin-off of the Attitude Hospitality Management Ltd, Water Sports Village Limited and Zilwa Resort Ltd associates (Hospitality Shares) to you, our shareholders, since:

  - These only represent a portion of our exposure to the Tourism & Hospitality sector (which would continue to remain an important consumer to our core operations and still count for close to Rs193m of our 2022 group asset management total investments) so that the Group would still have exposure to the upside from this important pillar of the Mauritian economy.

  - These non-core investments are not managed by Harel Mallac, and post-distribution, the Harel Mallac asset management portfolio would actually have a much more balanced allocation across sectors, enhancing the diversification/risk profile of the Group by limiting downside exposure to the sector (based on 2022 numbers, investments in Maritim and Touristic United Enterprise would make up 'only' 20% of the remaining assets vs. Tourism & Hospitality - before the Hospitality Shares spin-off - currently overweight at 49%).

  - Consent of our fellow investors in (including the controlling shareholders of) these entities have been obtained to the spin-off so that no significant negative impact are expected in the day-to-day operations of Harel Mallac.

CEO's
Report (continued)

> "I am pleased to report that, we are closing the year on a stronger Profit After Tax from continuing operations than pre-Covid at Rs142m (2021: Rs16m losses)."

LOOKING FORWARD

As it stands, it is clear that we will have to tackle an uneven economic recovery, high inflation, and its resulting monetary policy tightening and weakening currency amongst some of the known business risks. However, our operation excellence programme and new projects in Mauritius and the region give us the confidence to look forward with optimism - we have trimmed our sails to reduce our risk profile and prepare for contingencies, and I remain convinced that our core operations and existing investments provide the appropriate foundation from which a path to sustainable growth and profitability can be achieved.

A healthy company means taking good care of our stakeholders: whether employees, consumers, shareholders and communities, and in line with our purpose, we will continue to strive for a proper balance between the needs of all.

I would like to express my deep gratitude to the entire Harel Mallac team, and their supportive families, for the tremendous character shown in navigating challenging circumstances while maintaining high standards of professional excellence to ensure our collective prosperity now and in the future.

I want to extend a heartfelt thanks to the Board of Directors for their trust, support and insights and last but not least, a special note of appreciation to our shareholders, other finance providers, consumers, suppliers and all our partners for their continued confidence in Harel Mallac.

Charles Harel
Chief Executive Officer

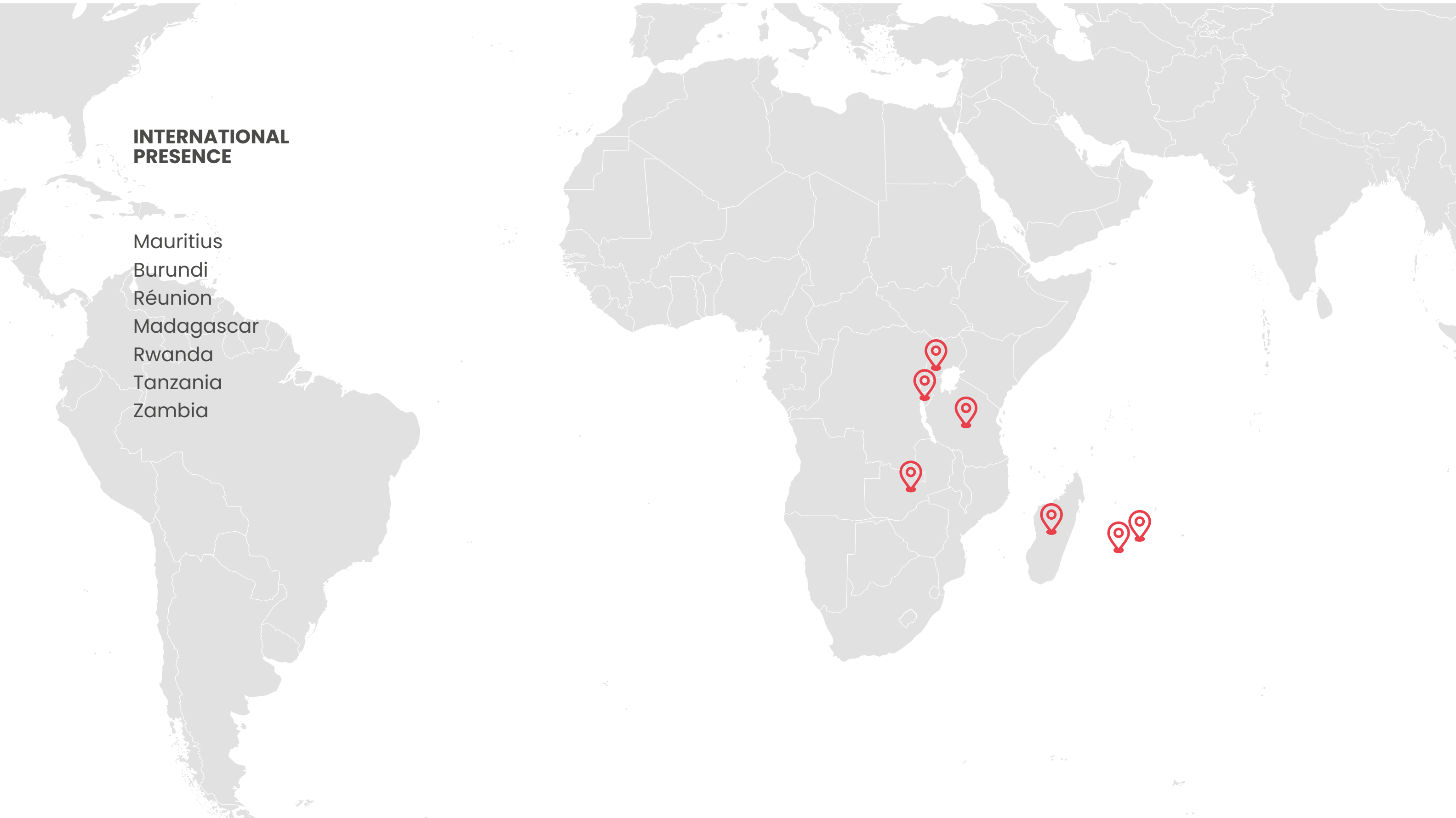
Our Group at a Glance

5 DIVISIONS

24	COMPANIES
918	EMPLOYEES
34th	TOP 100 COMPANIES 2022

RS 4.2 BILLION
TURNOVER IN 2022

PROFIT FOR THE YEAR	TOTAL EARNINGS PER SHARE	MOVEMENT IN CASH /CASH EQUIVALENTS
TO RS 158.7M	TO RS 12.17	TO RS 19.3M

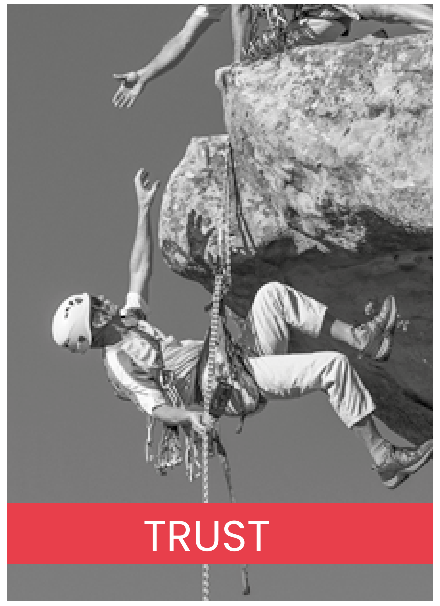


Purpose & Guiding Principles

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.

CORPORATE VALUES

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



Our Group Structure

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

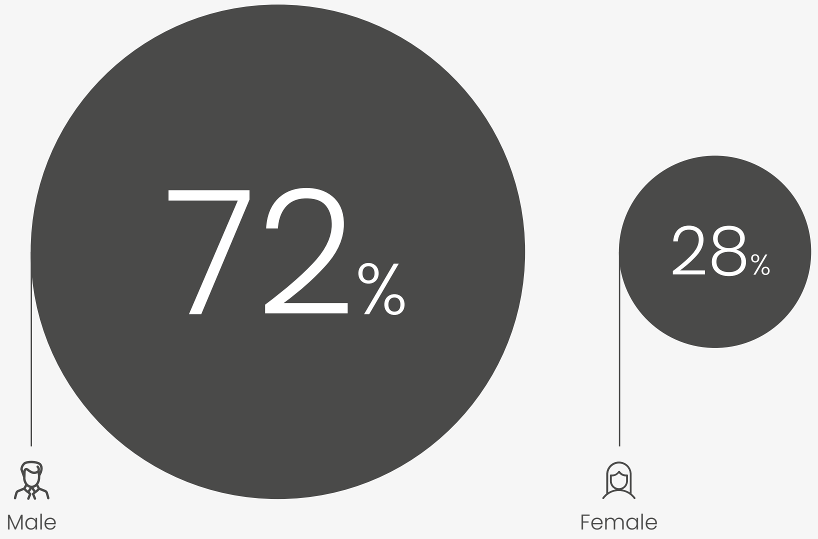
ASSOCIATES

- 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 Sports Village Limited
- Zilwa Resort Ltd

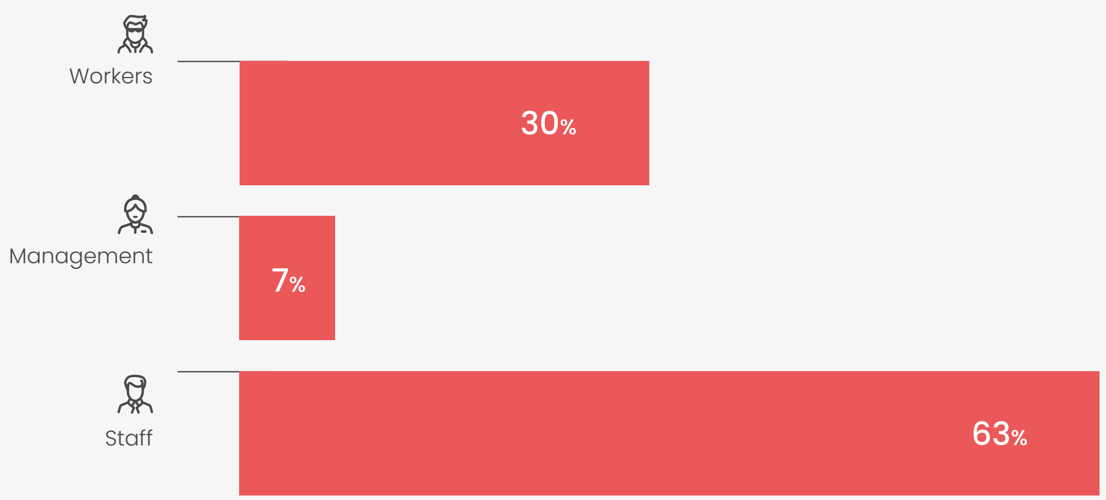
For the Better of Our People

DIVERSITY AND INCLUSION

On 31 December 2022, the Group's workforce in Mauritius totalled 918 persons (including our overseas staff). It was composed of 72% male and 28% female.

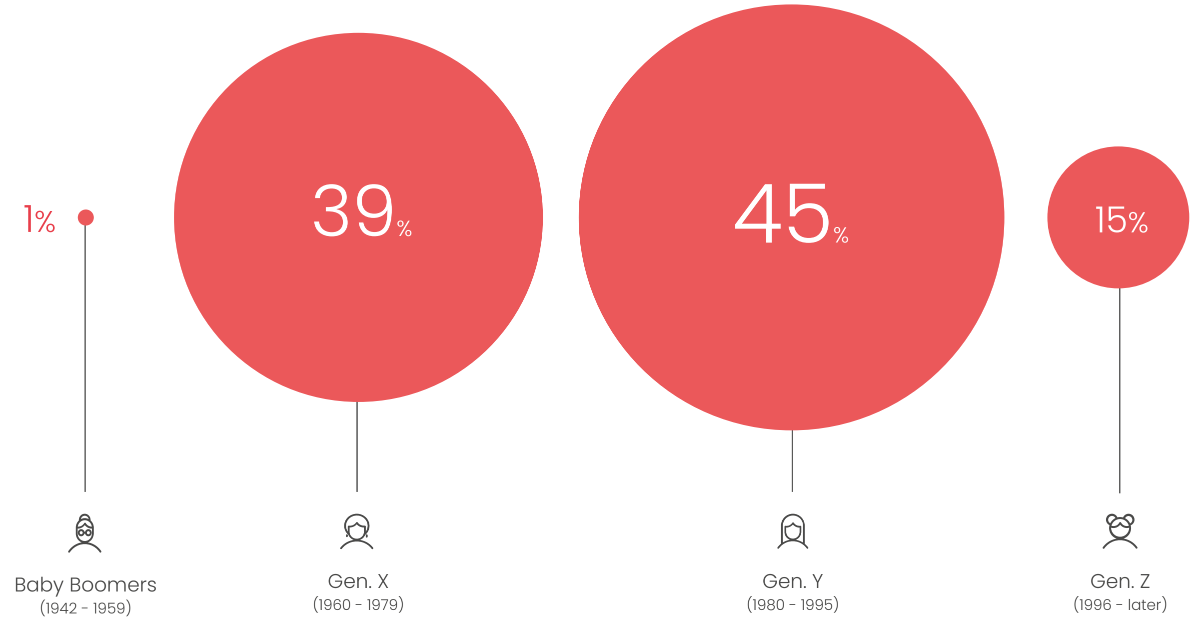


Employees by Category



For the Better of Our People (continued)

Age Distribution



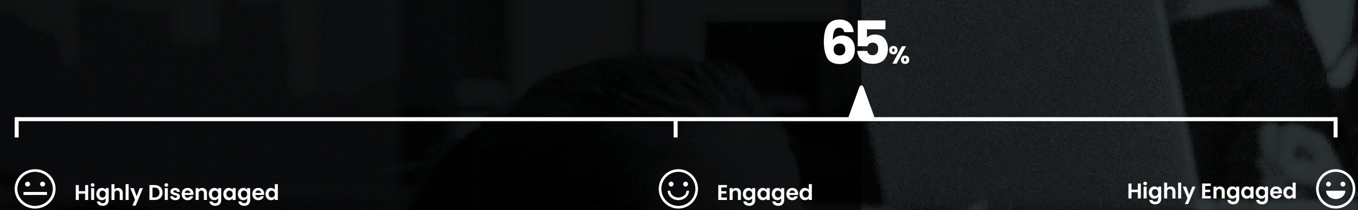
Our workforce has a classic age distribution, where Gen. X and Gen. Y (millennials) make up the largest proportion. It is to be noted that the Gen. Z has noticeably increased in the last two years: from 2% in 2019, 7% in 2020 to 10% in 2021.

EMPLOYEE ENGAGEMENT

We conducted an Employee Engagement Survey during the first semester of 2023. The results showed an encouraging global engagement rate of 65%.

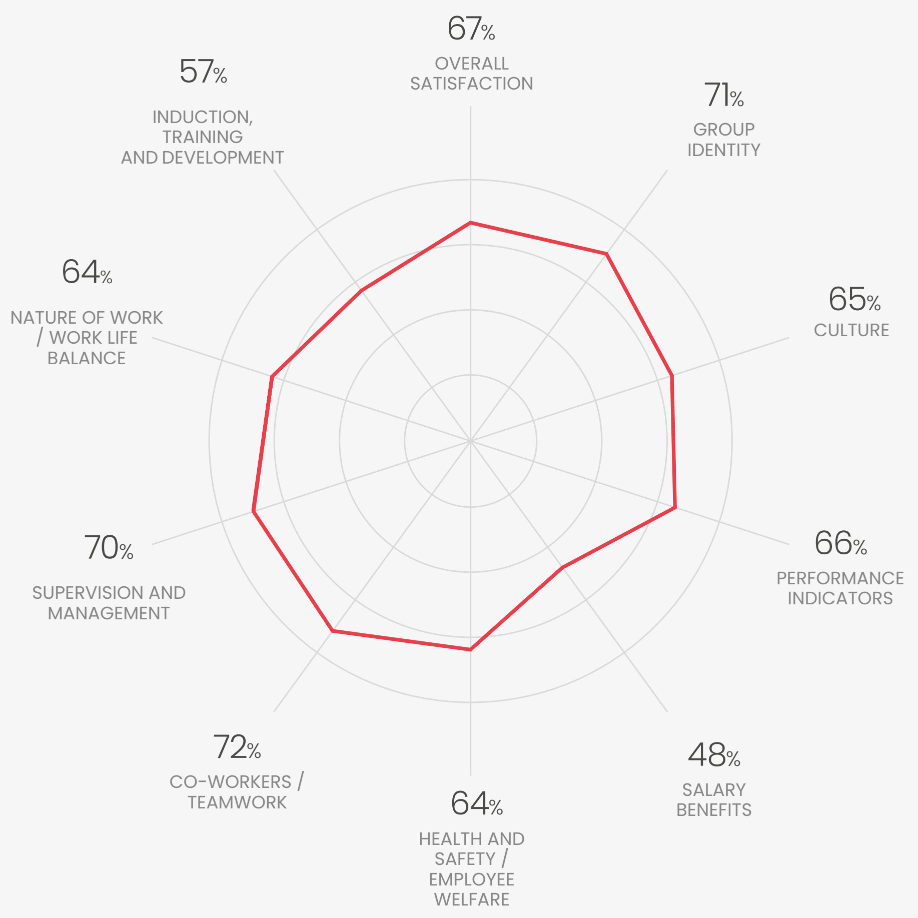
Based on the Engagement Survey results, the Group will engage in initiatives to sustain its engagement drivers and action on the engagement improvement drivers.

We identified the following areas to improve in the medium term: salary and benefits, career development plans for high performing employees 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.



For the Better
of Our People (continued)

Engagement Rate per Topic



TRAINING AND DEVELOPMENT

After Covid, our training and development activities are back on track. In 2022, 340 employees throughout the Group received training in different fields; soft skills, technical, management and leadership.

This totalled in 3,591 hours of training as compared to 2,350 hours of training in 2021.

For the Better of Our Planet

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

By 2025, we will integrate Environment / Social / Governance (ESG) criteria in our selection of suppliers.

In 2025, we will eliminate products that are proven destructive to biodiversity.

By 2025, we will raise the weightage of environmentally-sound products by 10% in each BU's portfolio.

By 2025, we guide our consumers on the responsible and sustainable use of our products.

By 2025, we will optimise our packagings, while maintaining compliance with international standards.

Rethink Energy

By 2025, we will reduce our energy consumption (excl. production) by 25%.

In 2025, 30% of our energy will come from renewable sources.

By 2025, we will optimise our vehicle fleet both in numbers and fuel efficiency.

Manage Waste

By 2025, we will stop purchasing single-use plastics and non-recyclable materials.

By 2025, we will reduce our paper consumption by 30%.

By 2025, all our waste will be recycled or disposed of responsibly.

Save Water

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

Advance Diversity

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

For the Better
of Our Planet (continued)

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.

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.

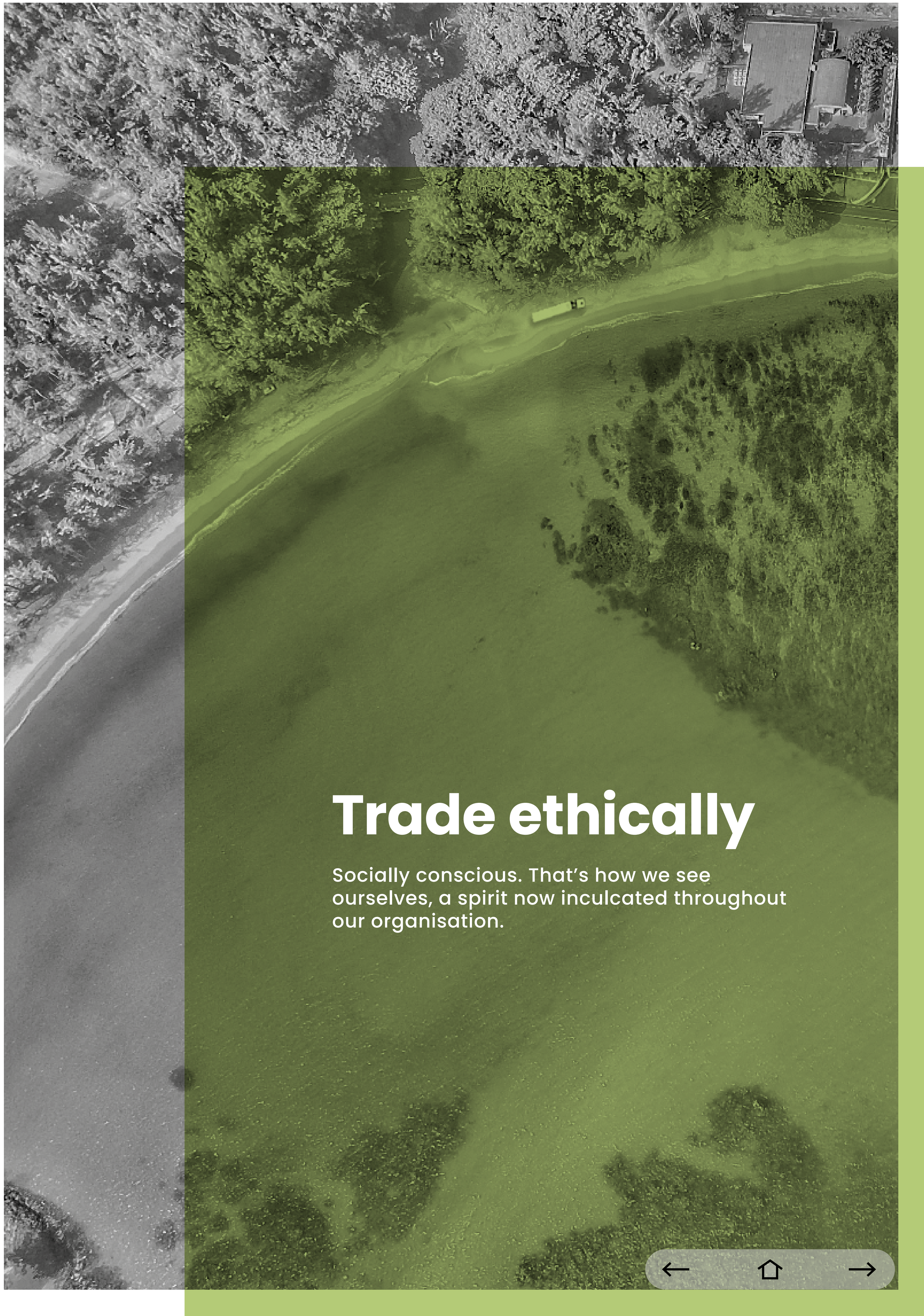
Although it was not notable on all sides, the Planet Goals roll-out has so far coincided with two years of dealing with the pandemic and deriving business priorities. We reckon that the progress is slow on many indicators but remain convinced of our duty to tackle the climate crisis and social exclusion 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 operates 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 was created by Harel Mallac in partnership with the Mauritius Rugby Federation in 2018, and benefits 30+ girls and boys of the northern suburbs of Port Louis
- The "Ecole de Foot de Grand Gaube" trains 60+ youngsters of the village to participate in local tournaments.
- The Atelier Mo'Zar sent three young players to an International Jazz Clinic in Spain in October 2022
- Reef Conservation's Eco Schools programme covers 120+ schools in Mauritius and Rodrigues, where pupils and staff are engaged in ecological projects.
- The Flamboyant Education Centre dispenses early childhood and pre-school care to 62 children in Cité Richelieu.

In 2022, 344 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.



Business Overview

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

This segment 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 manufacturing, warehousing and logistics industries, as well as scalable smart building solutions for monitoring and automating all functions in buildings (Novengi).
- Equipment to enhance buildings' safety, energy consumption, quality of air and thermal comfort (Aerolik).

The division saw a very mixed bag, performance-wise: revenue rose to Rs1.4bn (up 8% from 2021) but profit before finance costs (PBFC) dropped 45% to only Rs33m compared to last year.

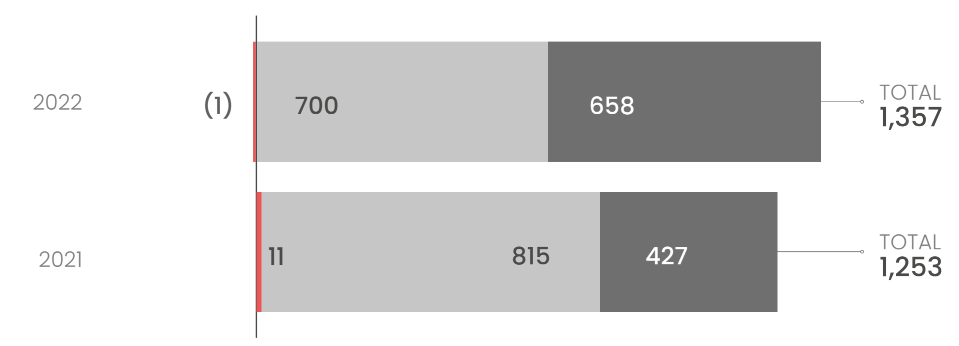
- Revenue and profit went into reverse in our Technology Equipment lines:
    - Linxia, with its product portfolio focused on consumer durables, felt the brunt of the slow-down in market demand as wholesale and retail trade grew only 2.5% in 2022 (vs. 4.1% in prior year), with end consumers cutting back on discretionary spending in the face of restrictive monetary policy (the Bank of Mauritius has more than doubled interest rates from 1.85% at Dec-21 to 4.5% by Dec-22) and a cost of living crisis (with Statistics Mauritius estimating an inflation rate of 10.8% in 2022 on top of the 4.0% price rises experienced in 2021).
    - EO's issues were more focused on the sourcing side as one of its key vendors faced temporary supply chain issues in the first half of the year, leading to shortages and restricting our capacity to physically service our clients. Long lead times in developing regional sales and the travel restrictions of the Covid years also meant that EO was unable to rely on international contracts that delivered a boost to its 2021 results.
    - The revenue issues proved impossible to fully offset on the PBFC side, with Linxia reporting a heavy loss of Rs15m at that level (from a PBFC of Rs18m in 2021), compounded by product supply chain issues adding Rs27m to its cost base, while EO, similarly, more than halved its reported PBFC to only Rs7m vs. Rs17m last year.
- Industrial Equipment experienced:
    - A banner year on the demand side as Novengi and its Aerolik subsidiaries made the most of strong investment trends (fixed capital investment experienced a further 6% growth in 2022 after 14% in 2021) to boost revenues up 54%. Even excluding Aerolik which were only acquired part-way through 2021, Novengi was able to record organic growth of 31% (well above the construction or the transportation and storage sectors served by Novengi Group which were both in low single digits), with two major 'construction' projects as well as a number of warehousing contracts being particular highlights in 2022.
    - More problematic issues on the delivery side of the equation where inflation and its impact on input costs, freight issues and staff availability issues (especially in the first part of the year when Covid absences were still being felt), all contributed to limiting the pass-through of the revenue growth to the bottom line. Nonetheless, these entities still delivered Rs31m at the PBFC level (2021: Rs16m).
- This performance also consumed more of the Group's liquidity as the issues in the supply chain led to availability of stock being a primary driver of commercial success in 2022.

The outlook for 2023 is no less challenging for the division as we anticipate limited relief in the pressure on our costs (higher interest rates, working capital requirements, growing payroll costs, etc.) nor on the final consumers (inflation eating away at the purchasing power of the local population). Our focus remains on operational efficiency and developing our presence in the region and 'lateral' market segments to our established core product portfolio, to maintain our market share and profitability.

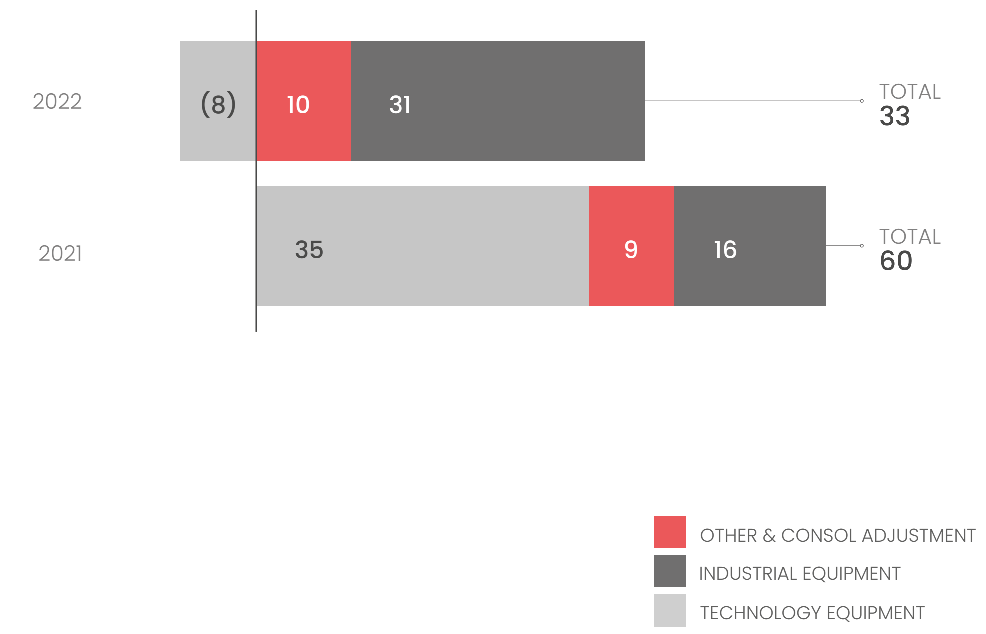
EQUIPMENT & SYSTEMS (EO SOLUTIONS, LINXIA AND NOVENGI GROUP) (continued)

REVENUE AND PBFC BY ENTITY (OTHERS AND CONSOLIDATED TO NET OFF)

Revenue (Rs M)



PBFC (Rs M)



Business
Overview (continued)

CHEMICALS (ARCHEMICS AND MCFI GROUP)

Harel Mallac regroups in this segment its activities focused on 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 Fast Moving Consumer Goods sector (e.g. household detergents, personal care and cosmetics).

As 2022 returned to normal, the division provided comfort of its ability to deliver consistent returns following the hard restructuring decisions taken pre-Covid with the top line rising 24% to Rs2.1bn, and even better operational profitability up 88% with PBFC at Rs100m, reaching a five-year high.

Such a stand-out performance was achieved despite the high benchmarks already established in last year (2021 reported revenue growth of 16%) even as tailwinds moderated in 2022:

- The core MCFI fertiliser business faced a slow-down in the agriculture sector which expanded at less than 3% in 2022 vs. 7%+ in 2021, while still juggling volatile commodity and other input costs, as well as moving further into specialty products including our associate, Biofert, achieving the internationally recognised ECOCERT certificate for its biofertiliser products.

- Our industrial chemicals business similarly built on the continued growth of its customer base, with the key textile sector, for example, registering a further 3% growth after 9% in 2021.

- With the first full year reopening since Covid (tourism up 243% based on the Statistics Mauritius estimates), Archemics experienced a strong recovery in its industrial detergents operations servicing hotels, which somewhat offset weaknesses in its consumer-facing businesses (where household spending was logically impacted by double-digit inflation rate). The revitalisation of this important segment of the economy also boosted the aqua segment of Ingenia which seized the opportunity to push new products into the market.

- International operations provided mixed results with higher exports from Mauritius, including new client wins in West Africa, while the local operations in Tanzania and Zambia were affected by specific local issues.

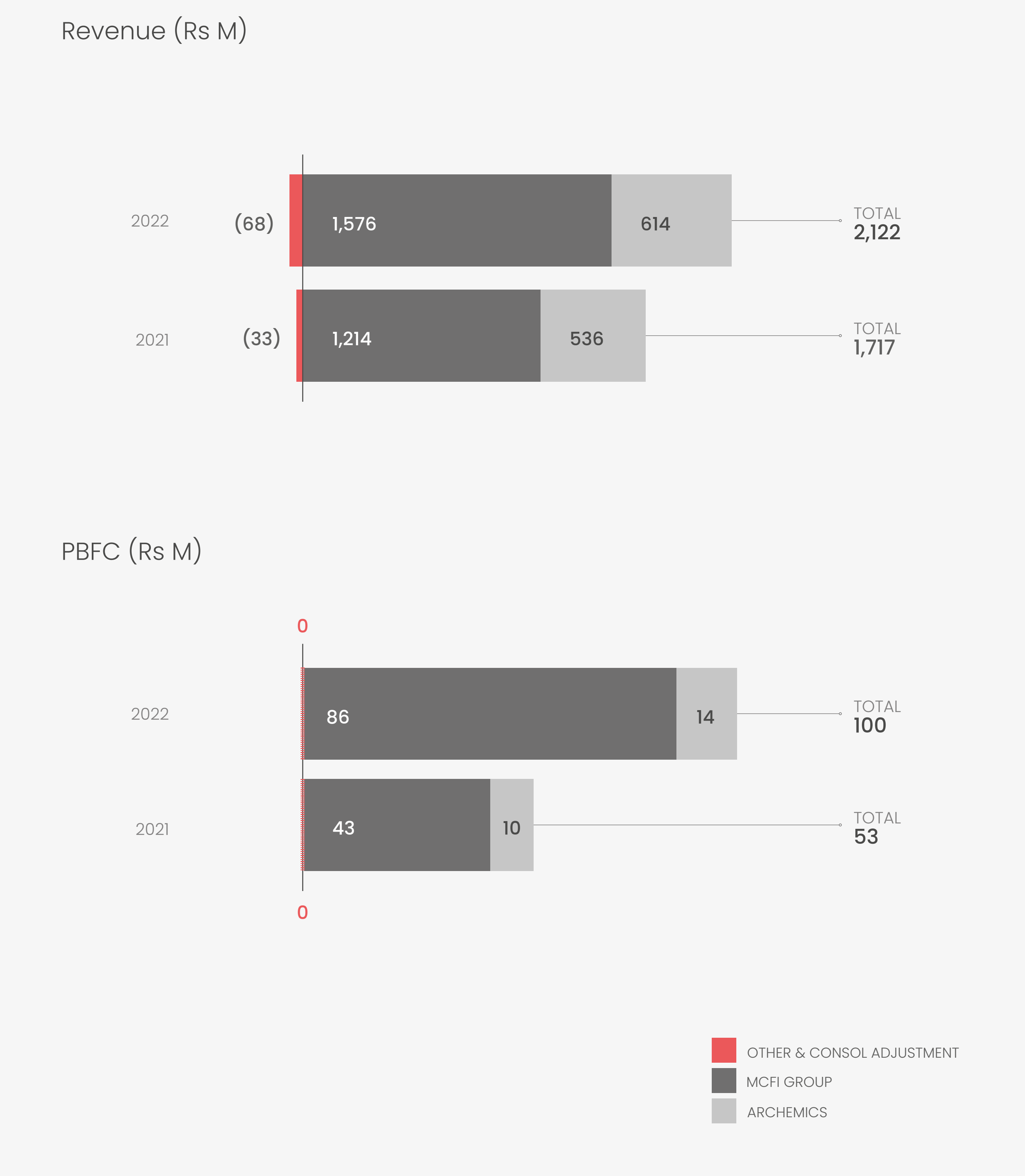
- The growth reported by this segment however put further pressure on the Group's liquidity which was immobilised into working capital to service the higher volumes of business.

2023 priorities remain revenue optimisation and efficiency gains: consolidating our leadership position by driving operational excellence throughout our manufacturing, distribution and administrative activities to drive down cost of operations and secure our existing market share. Resources released accordingly will be reinvested to develop new products and service lines to better service our customers.

Business
Overview (continued)

CHEMICALS (ARCHEMICS AND MCFI GROUP) (continued)

REVENUE AND PBFC BY ENTITY



Business
Overview (continued)

TECHNOLOGY (HAREL MALLAC TECHNOLOGIES)

The composition of the segment was reorganised in 2022 with its sole component now being the Harel Mallac Technologies Group which is a leading technology integrator in Mauritius, with a physical presence also in Madagascar, Burundi and Rwanda from which it 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.

At the country level, 2022 saw a slow-down of the sector with the growth rate falling to 3.9% (2021: 7.1%) in Mauritius, and Harel Mallac Technologies suffered accordingly with growth at the segmental level dropping to only 2%, admittedly from the high base recorded in 2021 (when growth reached 26%). More importantly, the segment maintained operational profitability as PBFC remained positive at Rs7m although this compared to the Rs17m reported last year.

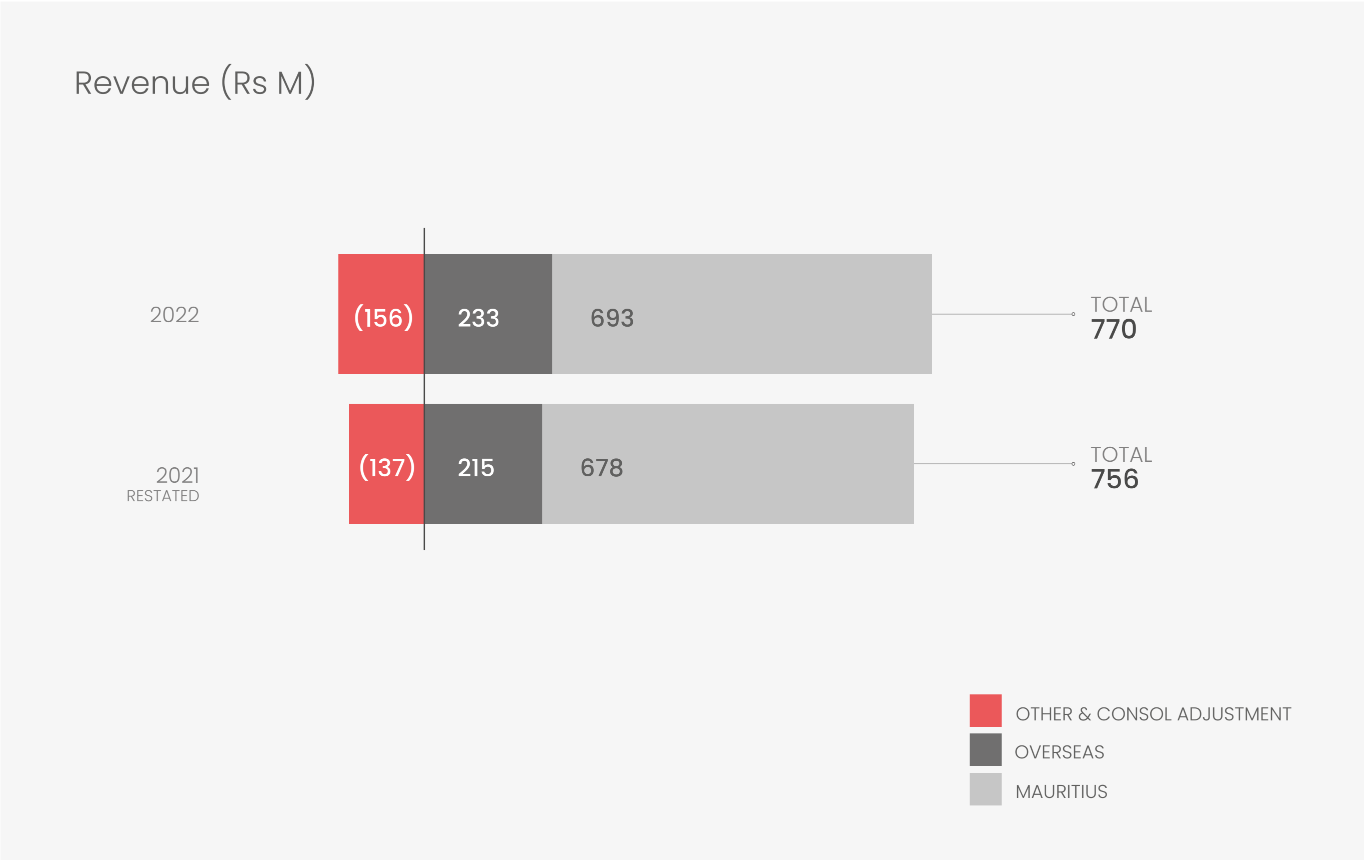
This outcome was driven by:

- Excellent results from our overseas subsidiaries which generated Rs 233m of revenues (2021: Rs215m) and close to tripled their PBFC to Rs19m (2021: Rs6m), continuing to reward our faith in the potential of leveraging our existing local competences in the regional market, while our Mauritius core was hampered by a sales mix favouring lower-margin infrastructure vs. higher value-added services (although that is before factoring in synergies between the local and regional operations).

- Nonetheless, this segment should be commended for its success in being the only one making progress on managing its working capital to be as efficient as possible once conditions normalised in 2022.

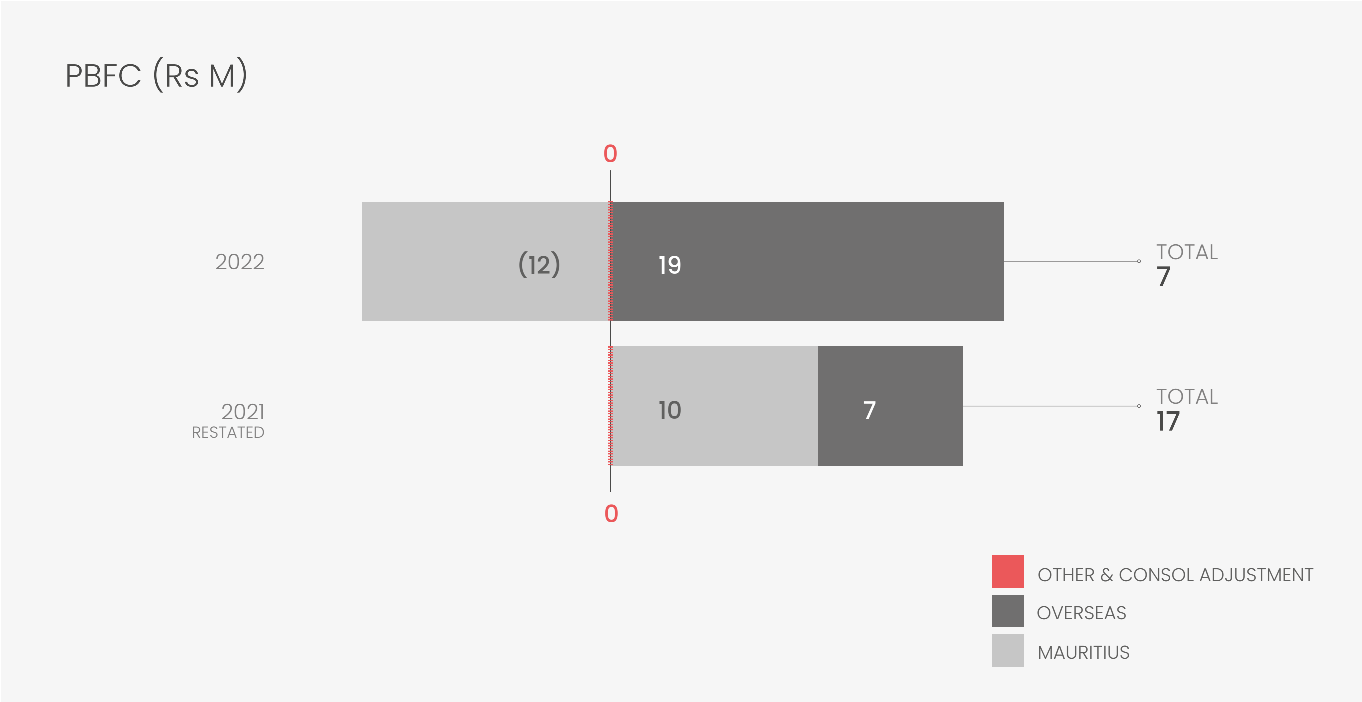
The objective for 2023 is to drive profitability by tapping into the known opportunities that will arise from continuing digitalisation trends, while emphasizing operational excellence to ensure efficient delivery on commitments to our consumers and our performance.

REVENUE AND PBFC BY ENTITY



Business
Overview (continued)

REVENUE AND PBFC BY ENTITY



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 tourism, hospitality, engineering, construction and energy sectors. It aims at adding value to promising ventures through its experience and network in the business community.

  2022 was the first full year of reopening following the Covid pandemic and our Tourism & Hospitality investments staged a strong recovery adding Rs156m of the Rs201m increase in our investments in associates in the balance sheet as profitability returned and their own assets revalued upwards from the inflationary environment. However, our other sectoral investments also delivered, with Energy growing their net assets by Rs33m and Engineering & Construction by Rs14m.

  Our associates have driven the volatility in our bottom-line performance over the past few years, being heavily exposed to sectors like Tourism & Hospitality and Construction:

  - As tourist arrivals for the country headed towards the government target of a million for 2022, occupancy rates returned to 'normal' in the hospitality sector in Mauritius and our investees in the Tourism & Hospitality sector made the most of the improving economic environment to contribute Rs43m to our profits. This is an even more impressive turnaround when compared to the Rs95m share of losses consolidated in 2021.

  - Similarly, construction reported a swing of Rs21m to yield Rs8m for the Group's share of associate profits and end its run of losses that had been driven by Covid closures (e.g. delays on sites not always being recoverable from the clients).

  - Even TotalEnergies Marketing Mauritius benefited from the upturn in economic conditions so that Harel Mallac Group ended consolidating Rs72m from its profits (2021: Rs39m).

  - Our engineering associate, Emineo, remained positive at Rs2m profits but declined from the close to Rs4m reported last year.

Business
Overview (continued)

ASSET MANAGEMENT (continued)

- Joint ventures – Solar Field

  Solar Field returned to profitability Rs1m in 2022 (vs. Rs1m of losses in 2021) due to:

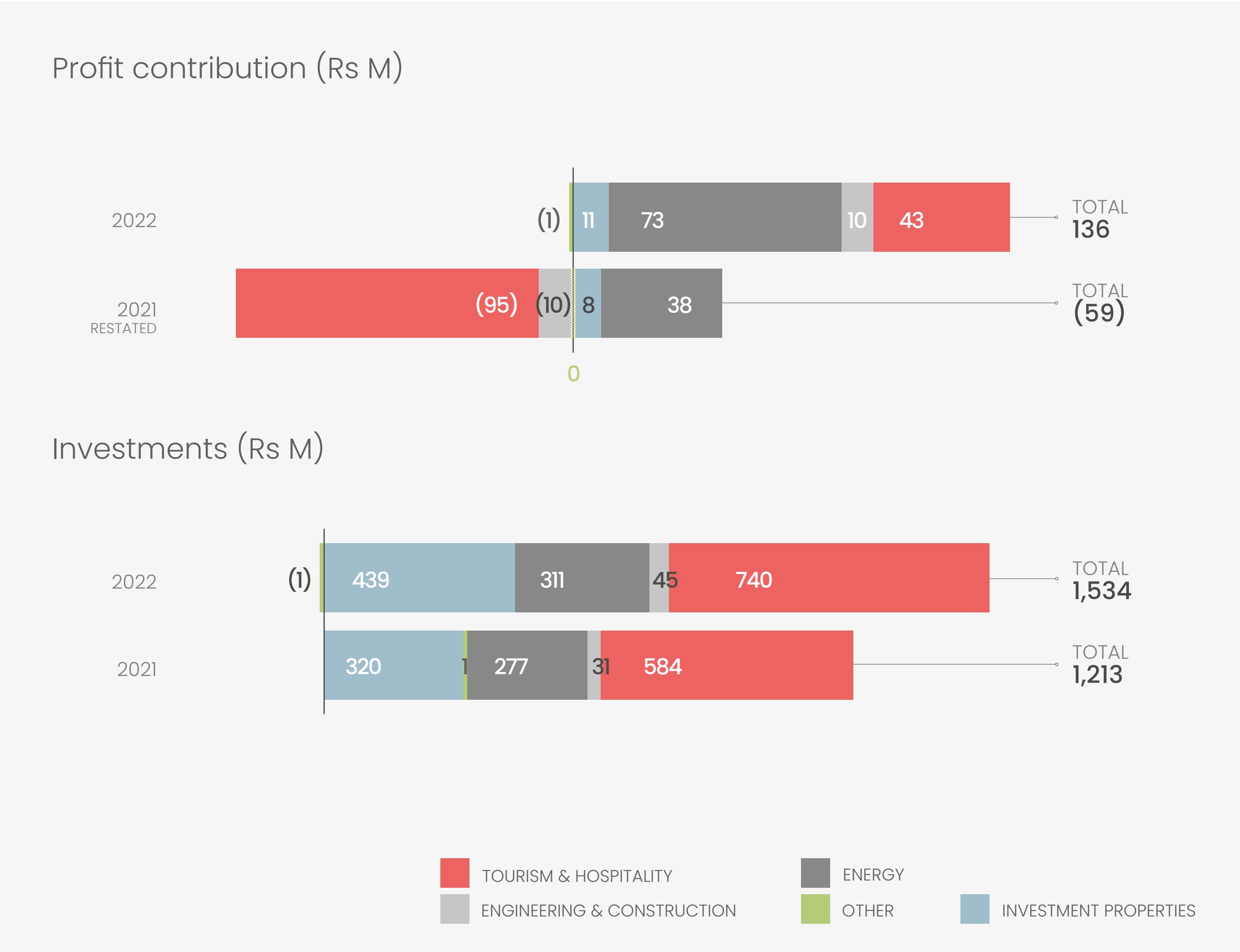
  - Lower finance costs as foreign exchange loses declined from Rs8m last year to only Rs1m in the current period.
  - Unfortunately, operational performance also deteriorated as a result of damages incurred from intrusions during the year and additional costs required from having to reorganise.

- Property

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

  2022 saw improved occupancy rates as the Group reorganised its activities to benefit from synergies available to its operations being repatriated on the same sites and signed new long-term leases in its core properties. Once comparatives are aligned to show net operating rental income, the investment properties contributed Rs11m in current year to the bottom line (vs. 2021's Rs8m profit), split Rs4m from net rental income (2021: Rs2m) and the remainder from fair value gains.

INVESTMENTS AND SHARE OF PROFIT BE ENTITY



Corporate Governance

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
- financial integrity
- business ethics including 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.

Corporate Governance (continued)

PRINCIPLE 1: OUR GOVERNANCE STRUCTURE (continued)

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 2022)

CHARLES HAREL
CHIEF EXECUTIVE OFFICER

OPERATIONS

Alain Ah Sue
Managing Director
Linxia and EO Solutions

Yannick Applasamy
General Manager
Novengi & Aerolik

Charles Dufourcq
Chief Operating Officer
Technology Division

Yanis Fayd'herbe
Managing Director
MCFI Group

Interim Managing Director
Archemics Ltd

Shateeaum Sewpaul
General Manager
Harel Mallac Technologies

HEAD OFFICE

Laurent Gordon Gentil
Group Head of Human Capital

Christine Nguyen Thac
Group Head of Finance

Nivejita Rambajun
Group Head of Legal Affairs & Compliance

Christian Yong Kiang Young
General Manager
Projects & Investments

Sophie Desvaux De Marigny
Group Head of Communications & Sustainability
(up to November 2022)

Corporate
Governance (continued)

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 UP TO NOVEMBER 2022

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.

CHARLES DUFOURCQ
CHIEF OPERATIONS OFFICER – TECHNOLOGY AS FROM NOVEMBER 2022

Charles Dufourcq holds a MSc in International Management and Finance from NEOMA Business School in France and is an alumnus of the INSEAD executive program in Singapore.

From 2000, he held various positions in the technology industry: first in sales and marketing, then in Singapore in 2008, as General Manager for BT Global Services, in charge of Sales and Marketing for the South East Asia Region. In the 10 years he spent in Asia, he also served as Managing Director for Blackberry Singapore and Microsoft Director for Professional Services division in Singapore. In 2018, Charles relocated back to France as an entrepreneur and investor and became the CEO of CETRAFACT, a specialised SaaS company, and CEO of Palo IT for the EMEA Region. He joined Harel Mallac in November 2022.

Corporate
Governance (continued)

PRINCIPLE 1: OUR GOVERNANCE STRUCTURE (continued)

LEADERSHIP TEAM PROFILE (continued)

YANIS FAYD'HERBE
MANAGING DIRECTOR – MCFI GROUP
INTERIM MANAGING DIRECTOR – ARCHEMICS AS FROM NOVEMBER 2022

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.

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.

Corporate
Governance (continued)

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 2022

Directors	Gender	Age	Country of Residence	Category
HAREL Antoine L. (Chairman)	M	65	Mauritius	NED
AH-CHUEN Dean	M	58	Mauritius	NED
BORIS Pascal C.B.E	M	72	UK	ID
DE CHASTEAUNEUF Jérôme	M	56	Mauritius	NED
DE JUNIAC Christian	M	69	UK	NED
GIRAUD Daniel G.O.S.K.	M	70	Mauritius	ID
HAREL Charles	M	55	Mauritius	ED
LEVIGNE-FLETCHER Anne Christine C.S.K.	F	68	Mauritius	NED
MOOLLAN Anwar S.C.	M	55	Mauritius	NED

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

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.

Corporate
Governance (continued)

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

BOARD MEETINGS

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

ATTENDANCE AT BOARD MEETINGS

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

BOARD'S FOCUS AREAS DURING THE YEAR

- Covid 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' focus areas
- 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.

Corporate
Governance (continued)

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

BOARD COMMITTEES (continued)

ATTENDANCE AT ARC MEETINGS

Director	Attendance
DE CHASTEAUNEUF Jérôme (Chairman)	3/4
LEVIGNE FLETCHER Anne Christine C.S.K.	3/4
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
- Accounting procedures and processes
- Delegation of authority matrix

CORPORATE GOVERNANCE COMMITTEE ('CGC') MEETINGS

During the year under review the CGC met six times.

ATTENDANCE AT CGC MEETINGS

Director	Attendance
HAREL Antoine L. (Chairman)	6/6
MOOLLAN Anwar S.C.	3/6
AH-CHUEN Dean	6/6

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
- Whistleblowing
- Directors' remuneration

Corporate
Governance (continued)

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

BOARD COMMITTEES (continued)

STRATEGIC COMMITTEE MEETINGS

During the year under review the Strategic Committee met three times.

ATTENDANCE AT STRATEGIC COMMITTEE MEETINGS

Director	Attendance
HAREL Antoine L. (Chairman)	3/3
HAREL Charles	3/3

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.

Back, left to right

CHARLES HAREL
JÉRÔME DE CHASTEAUNEUF
CHRISTIAN DE JUNIAC
PASCAL BORIS

Front, left to right

DANIEL GIRAUD
ANNE CHRISTINE LEVIGNE-FLETCHER
DEAN AH-CHUEN
ANTOINE HAREL

Absent

ANWAR MOOLLAN

Corporate
Governance (continued)

DIRECTORS' PROFILES

ANTOINE L. HAREL (65)
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 (58)
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 Cluster, and also Managing Director of the Shipping & Logistics, Property and Insurance Clusters of ABC Group of Companies. 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). Previously, he was a director of the Mauritius Post & Co-operative Bank Ltd and also a member of the Board of Directors of the Trust Fund for Excellence in Sports (TFES), from 2006 to 2022.

Other Directorships (listed Company): ABC Motors Co Ltd., ABC Banking Corporation Ltd.

PASCAL BORIS C.B.E. (72)
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. He was first appointed to the Board of Directors of Harel Mallac & Co. Ltd on 4 October 2017.

Other Directorships (listed Companies): None.

JÉRÔME DE CHASTEAUNEUF (56)
NON-EXECUTIVE DIRECTOR

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

Other Directorships (listed Companies): Alteo Limited (Chairman), CIEL Limited, Miwa Sugar Limited, Sun Limited.

Corporate
Governance (continued)

DIRECTORS' PROFILES (continued)

DANIEL GIRAUD G.O.S.K. (70)
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 Floréal Group (CIEL Textiles), the largest textile manufacturer, before joining Médine Limited as Chief Executive Officer in 2002. He sat on the Board of Médine Limited and EUDCOS and their subsidiaries from 2003 until his retirement from Médine Limited in 2017. He was appointed to the Board of Harel Mallac & Co. Ltd on 27 June 2018.

Other Directorships (listed Companies): None.

CHARLES HAREL (55)
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.

CHRISTIAN DE JUNIAC (69)
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. (68)
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 Litterature 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.

ANWAR MOOLLAN S.C. (55)
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.

Corporate
Governance (continued)

PRINCIPLE 3: DIRECTORS' APPOINTMENT AND PROCEDURES (continued)

PROFESSIONAL DEVELOPMENT

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

SUCCESSION PLANNING

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

PRINCIPLE 4: DIRECTORS' DUTIES, REMUNERATION AND PERFORMANCE

DIRECTORS' DUTIES AND RESPONSIBILITIES

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

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE POLICY

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

CONFLICT OF INTEREST/RELATED PARTY TRANSACTIONS

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

INFORMATION ALLOWING DIRECTORS TO MAKE LEARNED DECISIONS

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

SUPPORT OF EXTERNAL EXPERTS

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

DIRECTORS' REMUNERATION

Non-Executive Directors and Independent Directors are paid directors' fees commensurate with their responsibilities on the Board. Directors are paid fixed fees. A benchmarking exercise is carried out regularly by the Corporate Governance Committee to ensure that the directors' fees are market and industry-related. The Company's Non-Executive Directors and Independent Directors sitting on the boards of subsidiary companies may also receive directors' fees from such subsidiaries. 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 48 and 49.

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

Corporate
Governance (continued)

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

REMUNERATION POLICY (continued)

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

Corporate
Governance (continued)

PRINCIPLE 5: RISK GOVERNANCE AND INTERNAL CONTROL (continued)

RISK MANAGEMENT (continued)

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. Since the outbreak of the Covid the Company has kept reviewing its strategies and ways of doing business in order to adapt to the 'new normal' which is gradually emerging globally.

HUMAN RESOURCES RISKS

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

TECHNOLOGY RISKS

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

FINANCIAL RISKS

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

INTERNAL CONTROL

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

Corporate
Governance (continued)

PRINCIPLE 5: RISK GOVERNANCE AND INTERNAL CONTROL (continued)

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 2022, in 2023 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 2022 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

Corporate
Governance (continued)

PRINCIPLE 7: AUDIT (continued)

INTERNAL AUDITORS (continued)

which risks are identified and managed, and in the strengthening of the internal control framework. The Internal Audit function has examined the current control systems to check their suitability and to ensure that they are being adhered to.

The Internal Audit function conducts its assignments based on a yearly plan that is validated by the ARC. The Group Internal Audit has unrestricted access to the Company's records, management and employees. Systems reviewed in 2022 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? Shareholders	Who? Employees	Who? Customers	Who? Government & Regulatory Bodies	Who? The Community
How?	How?	How?	How?	How?
Annual Meetings	Intranet & emails	Website & social platform	Regular exchanges with regulatory bodies' representatives	Public & media relations
Quarterly financial reporting	Regular meetings with CEO and Head Office Team	Public relations	Quarterly financial reporting	Social media
Comprehensive annual report	Semi-annual management meetings	Customer satisfaction surveys	Comprehensive annual report	Sponsorships & CSR
	Social events & volunteering			

SHAREHOLDERS

Shareholders holding more than 5%

Corporate
Governance (continued)

PRINCIPLE 8: RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS

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 2022

Size of shareholding	Number of shareholders	Number of shares owned	% holding
1-500	475	40,689	0.36
501-1,000	41	32,970	0.29
1,001-2,500	31	47,619	0.42
2,501-5,000	10	37,285	0.33
5,001-10,000	16	117,395	1.05
10,001-25,000	23	361,949	3.22
25,001-50,000	8	304,213	2.70
50,001-100,000	7	459,852	4.08
100,001-250,000	3	395,017	3.51
250,001-500,000	2	756,902	6.72
500,001-750,000	2	1,129,400	10.03
750,001-1,000,000	0	0	00.00
1,000,001-2,000,000	1	1,888,377	16.77
Over 2,000,000	1	5,687,720	50.52
Total	620	11,259,388	100

PROFILE OF COMPANY'S SHAREHOLDERS AS AT 31 DECEMBER 2022

Category of shareholders	Number of shareholders	Number of shares owned	% holding
Individual	534	627,835	5.58
Insurance & Assurance Companies	2	17,000	0.15
Pension & Provident Funds	18	344,743	3.06
Investment & Trust Companies	3	16,131	0.14
Other Corporate Bodies	63	10,253,679	91.07
Total	620	11,259,388	100

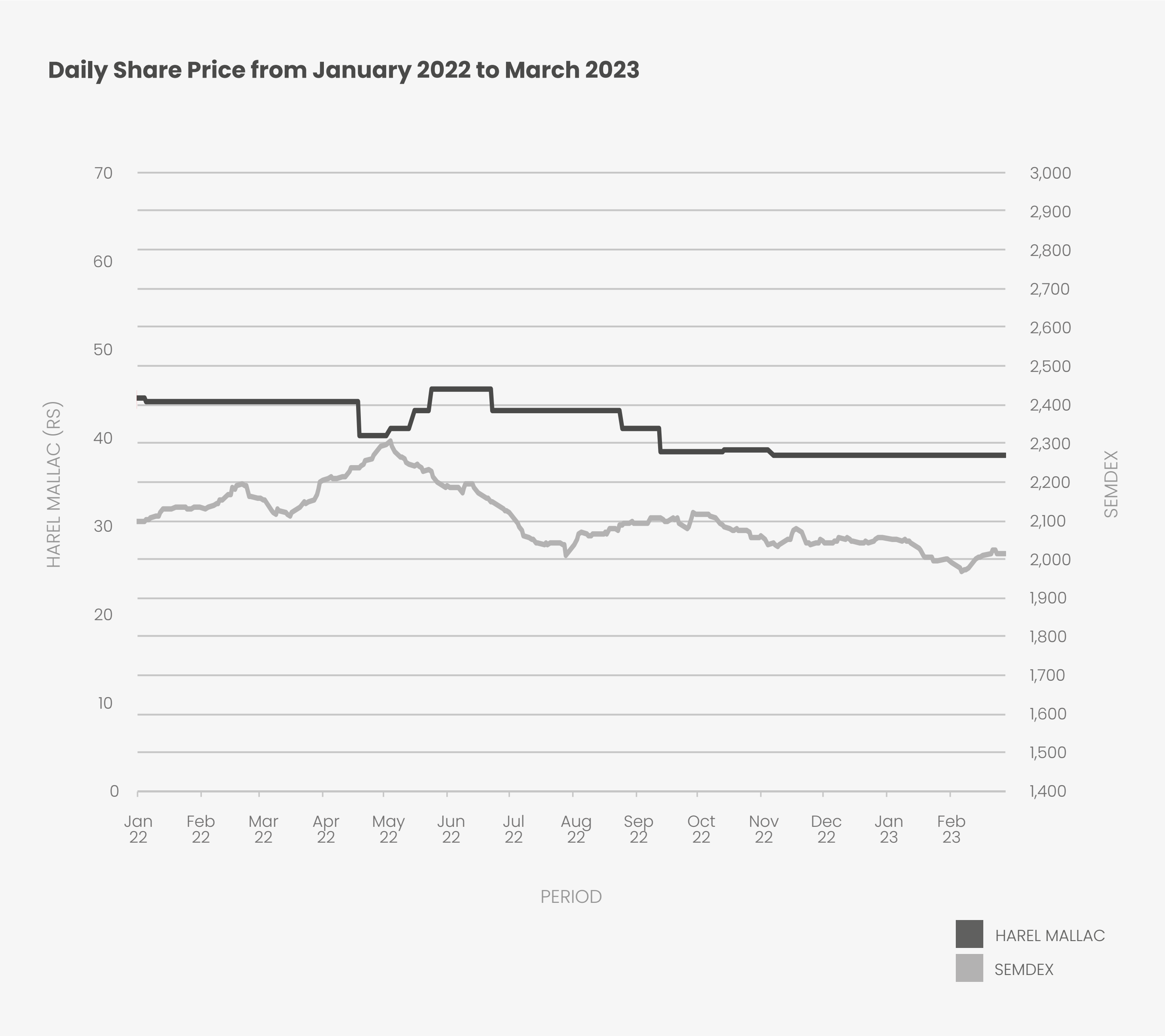
DIVIDEND POLICY

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, no dividend was declared or paid.

Corporate
Governance (continued)

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

SHARE PRICE INFORMATION



EMPLOYEE SHARE OPTION PLAN

No employee share option plan is available.

FORTHCOMING ANNUAL MEETING

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

Corporate
Governance (continued)

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

SCHEDULE OF EVENTS

Publication of condensed audited results for previous year	March 2023
Annual meeting	June 2023
Publication of condensed results for first quarter	May 2023
Publication of condensed results for second quarter	August 2023
Publication of condensed results for third quarter	November 2023
Dividend declaration and payment if applicable	Quarter 4 of 2023 / Quarter 1 of 2024

SHAREHOLDER'S PRACTICAL GUIDE

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

DIRECTORS

DIRECTORS' AND OFFICERS' INTERESTS IN SHARES

The direct and indirect interests of Directors and officers in the ordinary shares of the Company and its subsidiaries are to be found on page 49.

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 2022 are detailed in the Sustainability ("Giving Back") section of the report.

Corporate
Governance (continued)

DIRECTORS OF SUBSIDIARY COMPANIES

	ACTIVELINE LTD	AEROLIK LTD	AEROLIK. OI SAS	ARCHEMICS LTD	BYCHEMEX LIMITED	CHEMCO LIMITED	COOLKOTE LTD	ECAVEL 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 TECHNOLOGIES BURUNDI	HAREL MALLAC TECHNOLOGIES LTD	HAREL MALLAC TECHNOLOGIES MADAGASCAR	HAREL MALLAC TECHNOLOGIES RWANDA LTD	HAREL MALLAC TRADING LTD
AH SUE M Alain									Red					Red						
APPLASAMY Yannick		Red																		
BISSOONAUTH Sunil Kumar													Blue							
BOULLÉ François Louis				Red																
CRAMBADE Olivier Philippe																				
CYAGA Eric																			Red	
DOGER DE SPEVILLE Allain																				
ESPOSITO ERDOZAIN Phillipe Michel																				
FAYD'HERBE Yanis					Red	Red	Red													
FRANCIS Alfred L																				
HAREL Antoine L				Red	Red	Red		Red		Red							Red			Red
HAREL Charles	Red	Red		Red	Red	Red	Red	Red	Red	Red	Red	Red		Red	Red	Red	Red		Red	Red
HAREL Guy				Red																
HAREL MALLAC & CO. LTD.																				
JODHUN Hurrydeosingh																		Blue		
LABAT Vincent																				
NG KWING KING Harold																				
NGUYEN THAC Christine	Red	Red	Blue	Red			Red		Red		Red	Red		Red	Red		Red		Red	Red
NTAHOKAGIYE Roger																			Blue	
RIVALLAND Patrick																				
SEWPAUL Shateeaum																Red			Red	
VENKATASAMY Ravi																				
VERIEN Philippe																	Red			Red
YONG KIANG YOUNG Christian								Red	Red	Red						Red	Red		Red	Red

	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	SUCHEM LTD	TECHNO CITY LTD**	THE MAURITIUS CHEMICAL AND FERTILIZER INDUSTRY LIMITED
AH SUE M Alain					Red																	
APPLASAMY Yannick																						
BISSOONAUTH Sunil Kumar													Blue									
BOULLÉ François Louis																				Red		
CRAMBADE Olivier Philippe																			Red			
CYAGA Eric																						
DOGER DE SPEVILLE Allain																						Yellow
ESPOSITO ERDOZAIN Phillipe Michel																			Red			
FAYD'HERBE Yanis								Red	Red	Red												Red
FRANCIS Alfred L											Red											
HAREL Antoine L									Red			Red		Red						Red		Red
HAREL Charles	Red	Red	Red	Red	Red	Red	Blue	Red	Red	Red	Red	Red		Green	Red	Blue			Red	Red	Red	Red
HAREL Guy																						Red
HAREL MALLAC & CO. LTD.																	Blue	Blue				
JODHUN Hurrydeosingh																						
LABAT Vincent																						Red
NG KWING KING Harold																						Red
NGUYEN THAC Christine	Red	Red	Red	Red	Red	Red		Red				Red		Red	Red					Red	Red	Red
NTAHOKAGIYE Roger																						
RIVALLAND Patrick																						Red
SEWPAUL Shateeaum																						
VENKATASAMY Ravi											Red											
VERIEN Philippe												Red										
YONG KIANG YOUNG Christian					Red							Red							Red			

- Red: Resigned during the year ended 31 December 2022
- Grey: Director during the year 31 December 2022
- Blue: Gérant Statutaire/ Président
- Green: Alternate Director
- Yellow: Ceased to act as Director during the year ended 31 December 2022
- ** Entity removed from register during the year ended 31 December 2022
- * In process of winding-up

Statutory Disclosures

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 34 to 37. In addition, a list of the directors of subsidiary companies is found on pages 46 and 47.

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	
	2022	2021	**2022**	2021
Executive Directors	**RS '000**	RS '000	**RS '000**	RS '000
Full-time	**10,448**	9,601	**-**	-
Part-time	**-**	-	**-**	-
Non-Executive Directors	**5,816**	5,978	**1,818**	1,651
	16,264	15,579	**1,818**	1,651

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

Directors of subsidiary companies	**2022**	2021
	RS '000	Rs '000
Executive Directors		
Full-time	**33,130**	29,262
Part-time	**-**	-
Non-Executive Directors	**2,459**	2,403
	35,589	31,665

Statutory
Disclosures (continued)

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				1,125
Jérôme de Chasteauneuf		Chairman		546
Christian de Juniac				1,125
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				**5,816**
Executive				
Executive Director			Member	10,448
SUB TOTAL				**10,448**
GRAND TOTAL				**16,264**

* 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 Rs1.8m.

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 2022 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.

Statutory
Disclosures (continued)

SHAREHOLDERS

MAJOR SHAREHOLDERS

At 31 December 2022, 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	
	2022	2021	**2022**	2021
	RS'000	RS'000	**RS'000**	RS'000
Donations made during the year:				
Political	**Nil**	Nil	**Nil**	Nil
Others	**890**	906	**265**	582

AUDITORS' FEES

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

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
	RS'000	RS'000	**RS'000**	RS'000
Audit fees payable to:				
- Nexia Baker & Arenson	**4,409**	4,249	**702**	650
- BDO & Co	**1,259**	1,128	**-**	-
- Other firms	**373**	401	**-**	-
Fees paid for other services provided by:				
- Nexia Baker & Arenson	**105**	105	**105**	105

Other services provided by Nexia Baker & Arenson in 2022 and 2021 relate to review of quarterly consolidated abridged financial statements

Statement of Directors' Responsibilities

The Directors acknowledge their responsibilities for:

i. adequate accounting records and maintenance of effective internal control systems;
ii. the preparation of financial statements which fairly present the state of affairs of the 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 27 March 2023.

Antoine L. Harel
Chairman

Charles Harel
Chief Executive Officer

Secretary's Certificate

For the year ended 31 December 2022

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

27 March 2023

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 2022

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

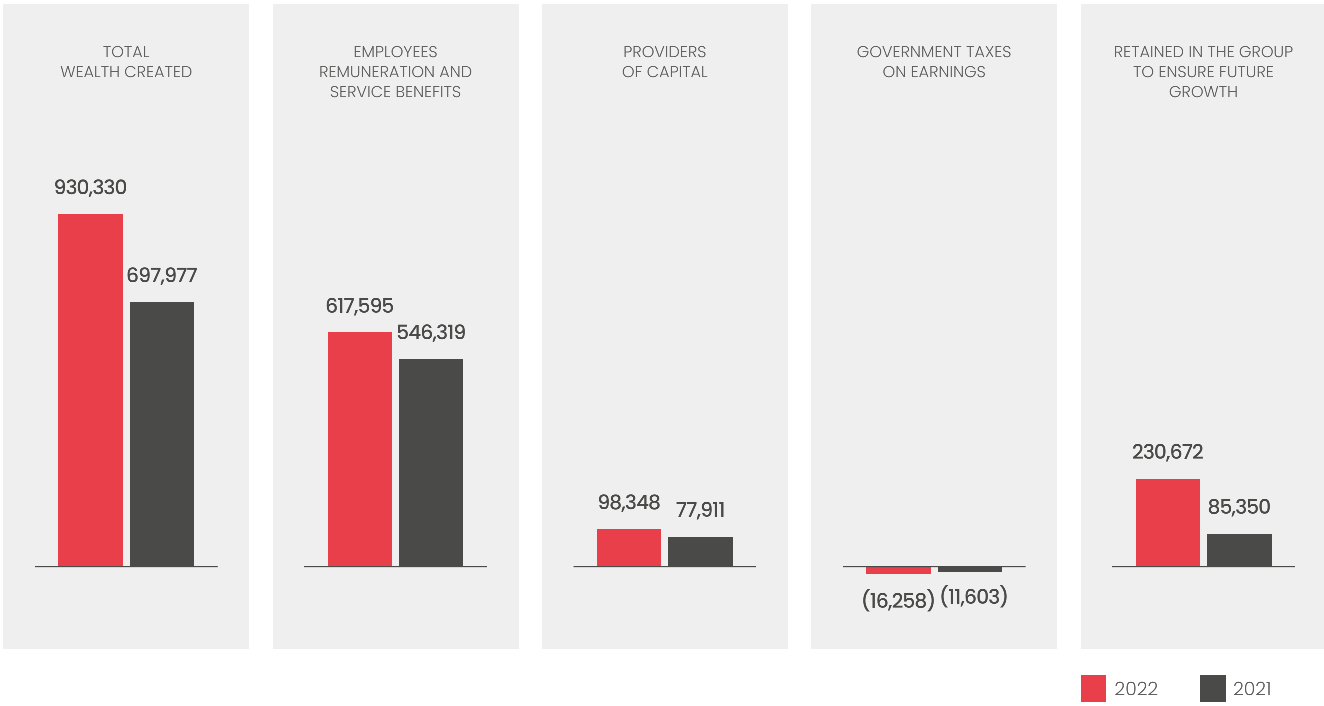
Charles Harel
Chief Executive Officer

27 March 2023

Value Added Statement

	2022 Rs'000s		2021 Rs'000s	
Revenue	**4,194,331**		3,634,553	
Paid to suppliers for materials and services	**3,403,241**		2,880,401	
Value added	**791,090**		754,152	
Net share of results of associates and joint ventures	**125,952**		(66,069)	
Profit on disposal of investments	**16,480**		24,609	
Net impairment of investment, receivables & goodwill	**(3,192)**		(14,715)	
Total wealth created	**930,330**	**100%**	697,977	100%
Distributed as follows:				
Employees Remuneration and service benefits	**617,595**	**66%**	546,319	78%
Providers of capital				
Dividends to shareholders	**-**		-	
Interest paid on borrowings	**76,653**		68,704	
Minority interests	**21,695**		9,207	
	98,348	**11%**	77,911	11%
Government taxes on earnings				
Taxation	**(16,285)**	**-2%**	(11,603)	-2%
Depreciation and amortisation	**93,608**		109,639	
Retained profit/(loss)	**137,064**		(24,289)	
	230,672	**25%**	85,350	1%
Total wealth distributed and retained	**930,330**	**100%**	697,977	88%

Rs'000s



Independent Auditor's Report

To the Shareholders of Harel Mallac & Co. Ltd

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the consolidated financial statements of Harel Mallac & Co. Ltd (the "Company") and its subsidiaries (the "Group") and the Company's separate financial statements set out on pages 60 to 158 which comprise the statements of financial position as at 31 December 2022, 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 set out on pages 60 to 158 give a true and fair view of the financial position of the Group and the Company as at 31 December 2022, 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' International 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 2022, total investments amounted to Rs1.685bn. 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 (m) (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.

Independent Auditor's Report (continued)

To the Shareholders of Harel Mallac & Co. Ltd

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

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
1. 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.
2. Valuation of land and buildings included in property, plant and equipment	
The Group and the Company have revalued their land and buildings, which are included in property, plant and equipment, at fair value at 31 December 2022. The valuation was performed by independent professional valuers. The valuation exercise involves significant accounting estimates and a range of assumptions and, therefore, valuation of land and building included in property, plant and equipment is considered as a key audit matter. Refer to note 2(b) (accounting policy note) and note 5 (financial statement disclosures).	Our audit procedures for valuation of land and buildings include the following: - Reviewed the Independent Professional Valuer's Report; - Discussed with the independent valuer regarding the valuation methods and selection therefrom; and - Challenged the key assumptions used in the valuation process.
3. Revenue recognition	
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(r) (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.

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

KEY AUDIT MATTERS (continued)

The Key Audit Matters for the Group are as follows:

Key audit matter	How the matter was addressed in the audit
1. 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 2022 was Rs 717.6 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.
2. Recoverability of receivable balances	
The recoverability of trade receivables and the level of provision Expected Credit Loss (ECL) 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 2022, trade receivables, net of provision amounted to Rs 971.0m. Refer to note 2(m)(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.

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

REPORT ON THE AUDIT OF 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.

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.

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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.

FINANCIAL REPORTING ACT 2004 - 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.

Nexia Baker & Arenson
Chartered Accountants

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

27 March 2023

Statements of Financial Position

At 31 December 2022

	Notes	THE GROUP 2022 Rs'000	THE GROUP 2021 Restated Rs'000	THE COMPANY 2022 Rs'000	THE COMPANY 2021 Restated Rs'000
ASSETS					
Non current assets					
Property, plant and equipment	**5**	**860,033**	698,803	**299,616**	255,713
Right-of-use assets	**5A**	**231,469**	246,262	**4,052**	4,757
Investment properties	**6**	**439,397**	320,177	**436,606**	317,950
Intangible assets	**7**	**80,124**	79,013	**171**	182
Investments in subsidiaries	**8**	**-**	-	**555,291**	562,938
Investments in associates	**9**	**1,090,827**	889,734	**1,093,811**	1,086,470
Financial assets at fair value through other comprehensive income	**10A**	**28,639**	34,630	**23,194**	29,340
Financial assets at amortised cost	**10B**	**279**	456	**-**	-
Investments in joint ventures	**11**	**4,311**	3,244	**12,217**	12,217
Deferred tax assets	**17**	**33,704**	30,250	**-**	-
		2,768,783	2,302,569	**2,424,958**	2,269,567
Current assets					
Inventories	**12**	**717,576**	632,379	**-**	-
Contract assets	**22**	**88,059**	78,497	**-**	-
Trade receivables	**13**	**970,984**	827,078	**26,873**	31,387
Financial assets at amortised cost	**10B**	**182,245**	226,931	**19,103**	12,565
Prepayments		**20,960**	12,854	**2,259**	1,950
Current tax assets		**5,087**	-	**-**	-
Cash and cash equivalents	**30 (b)**	**250,685**	228,622	**42,672**	3,435
		2,235,596	2,006,361	**90,907**	49,337
TOTAL ASSETS		**5,004,379**	4,308,930	**2,515,865**	2,318,904

Statements of Financial Position

At 31 December 2022

	Notes	THE GROUP 2022 Rs'000	THE GROUP 2021 Restated Rs'000	THE COMPANY 2022 Rs'000	THE COMPANY 2021 Restated Rs'000
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	**14**	**112,594**	112,594	**112,594**	112,594
Revaluation and other reserves	**15**	**652,863**	319,547	**487,980**	346,573
Fair value reserves		**(7,171)**	(1,180)	**423,954**	438,020
Actuarial losses		**(82,250)**	(74,712)	**(51,413)**	(48,767)
Retained earnings		**1,027,566**	890,487	**739,100**	713,938
Owners' interests		**1,703,602**	1,246,736	**1,712,215**	1,562,358
Non controlling interests		**201,378**	182,015	**-**	-
Total equity		**1,904,980**	1,428,751	**1,712,215**	1,562,358
Non current liabilities					
Lease liabilities	5B	**238,778**	236,101	**3,076**	3,641
Borrowings	16	**512,592**	502,832	**345,485**	303,863
Deferred tax liabilities	17	**66,557**	48,952	**35,609**	27,550
Retirement benefit obligations	18	**182,759**	170,263	**51,080**	52,937
		1,000,686	958,148	**435,250**	387,991
Current liabilities					
Lease liabilities	5B	**20,407**	33,994	**564**	540
Trade and other payables	19	**1,152,069**	1,163,561	**68,014**	58,554
Contract liabilities	22	**40,414**	29,708	**-**	-
Current tax liabilities		**9,336**	4,000	**-**	-
Borrowings	16	**876,487**	690,768	**299,822**	309,461
		2,098,713	1,922,031	**368,400**	368,555
TOTAL EQUITY & LIABILITIES		**5,004,379**	4,308,930	**2,515,865**	2,318,904

These financial statements have been approved for issue by the Board of Directors on 27 March 2023.

Antoine L. Harel
Chairman

Charles Harel
Chief Executive Officer

The notes on pages 67 to 158 form an integral part of these financial statements.
Independent auditor's report on pages 54 to 58.

Statements of Profit or Loss

For the year ended 31 December 2022

	Notes	THE GROUP 2022 Rs'000	THE GROUP 2021 Rs'000	THE COMPANY 2022 Rs'000	THE COMPANY 2021 Rs'000
Revenue	22	**4,194,331**	3,634,553	**180,629**	144,778
Continuing operations					
Profit before finance costs	23	**113,783**	133,163	**45,668**	45,048
Finance costs	24	**(77,979)**	(80,467)	**(23,548)**	(21,941)
		35,804	52,696	**22,120**	23,107
Net share of results of associates and joint ventures		**125,952**	(66,069)	**-**	-
		161,756	(13,373)	**22,120**	23,107
Net profit on disposal of investments		**-**	24,609	**-**	-
(Impairment)/reversal of impairment of receivables		**(3,192)**	(14,715)	**1,624**	(702)
		(3,192)	9,894	**1,624**	(702)
Profit/(loss) before taxation	25	**158,564**	(3,479)	**23,744**	22,405
Income tax	20	**(16,285)**	(11,603)	**1,418**	1,051
Profit/(Loss) for the year from continuing operations		**142,279**	(15,082)	**25,162**	23,456
Discontinued operations					
Post tax profit from discontinued operations	21	**16,480**	-	**-**	-
Profit/(loss) for the year		**158,759**	(15,082)	**25,162**	23,456
Attributable to:					
Owners of the parent		**137,064**	(24,289)	**25,162**	23,456
Non controlling interests		**21,695**	9,207	**-**	-
		158,759	(15,082)	**25,162**	23,456
Earnings/(loss) per share from continuing operations (Rs/cents)	29(a)	**10.71**	(2.16)	**2.23**	2.08
Earnings/(loss) per share from discontinued operations (Rs/cents)	29(b)	**1.46**	-	**-**	-
Total (loss)/earnings per share		**12.17**	(2.16)	**2.23**	2.08

The notes on pages 67 to 158 form an integral part of these financial statements.
Independent auditor's report on pages 54 to 58.

Statements of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2022

	Notes	THE GROUP 2022 Rs'000	THE GROUP 2021 Rs'000	THE COMPANY 2022 Rs'000	THE COMPANY 2021 Rs'000
Profit/(loss) for the year		**158,759**	(15,082)	**25,162**	23,456
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		**(5,991)**	6,086	**(14,066)**	(41,279)
Movement in actuarial reserve, net of deferred tax		**(7,933)**	25,457	**(2,646)**	(2,016)
Movement in associate reserves		**108,469**	-	**-**	-
Changes in fair value of land & buildings, net of deferred tax		**237,161**	-	**141,407**	-
Items that may be reclassified subsequently to profit or loss					
Currency translation differences		**5,557**	(32,216)	**-**	-
Other comprehensive income/(loss) for the year, net of tax	27	**337,263**	(673)	**124,695**	(43,295)
Total comprehensive income/(loss) for the year		**496,022**	(15,755)	**149,857**	(19,839)
Other comprehensive income/(loss)					
Owners of the parent		**319,787**	7,159	**124,695**	(43,295)
Non - controlling interest		**17,476**	(7,832)	**-**	-
		337,263	(673)	**124,695**	(43,295)
Total comprehensive income/(loss) attributable to:					
Owners of the parent		**456,851**	(17,130)	**149,857**	(19,839)
Non controlling interests		**39,171**	1,375	**-**	-
		496,022	(15,755)	**149,857**	(19,839)

The notes on pages 67 to 158 form an integral part of these financial statements.
Independent auditor's report on pages 54 to 58.

Statement of Changes in Equity

For the year ended 31 December 2022

THE GROUP	Share Capital	Revaluation and Other Reserves	Fair Value Reserves	Actuarial (Losses)/ gains	Retained Earnings	Total	Non controlling Interests	Total
	(Attributable to owners of the parent)							
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Balance at 1 January 2022 - as previously stated	**112,594**	**(125,455)**	**(1,180)**	**(74,712)**	**1,335,489**	**1,246,736**	**182,015**	**1,428,751**
Reversal of transfer of revaluation reserve (Note 2(b))	**-**	**445,002**	**-**	**-**	**(445,002)**	**-**	**-**	**-**
Balance at 1 January 2022 - restated	**112,594**	**319,547**	**(1,180)**	**(74,712)**	**890,487**	**1,246,736**	**182,015**	**1,428,751**
Profit for the year	**-**	**-**	**-**	**-**	**137,064**	**137,064**	**21,695**	**158,759**
Other comprehensive income/(loss) for the year	**-**	**333,316**	**(5,991)**	**(7,538)**	**-**	**319,787**	**17,476**	**337,263**
Total comprehensive income/(loss) for the year	**-**	**333,316**	**(5,991)**	**(7,538)**	**137,064**	**456,851**	**39,171**	**496,022**
Additional acquisition of interests in Subsidiary	**-**	**-**	**-**	**-**	**15**	**15**	**(19,808)**	**(19,793)**
Balance at 31 December 2022	**112,594**	**652,863**	**(7,171)**	**(82,250)**	**1,027,566**	**1,703,602**	**201,378**	**1,904,980**
Balance at 1 January 2021 - as previously stated	112,594	(101,071)	(7,266)	(100,169)	1,359,778	1,263,866	150,755	1,414,621
Reversal of transfer of revaluation reserve (Note 2(b))	-	445,002	-	-	(445,002)	-		-
Balance at 1 January 2021 - restated	112,594	343,931	(7,266)	(100,169)	914,776	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	319,547	(1,180)	(74,712)	890,487	1,246,736	182,015	1,428,751

The notes on pages 67 to 158 form an integral part of these financial statements.
Independent auditor's report on pages 54 to 58.

Statement of Changes in Equity

For the year ended 31 December 2022

THE COMPANY	Share Capital	Revaluation and Other Reserves	Fair Value Reserves	Actuarial (Losses)/ gains	Retained Earnings	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Balance at 1 January 2022 - as previously reported	**112,594**	**14,654**	**438,020**	**(48,767)**	**1,045,857**	**1,562,358**
Reversal of transfer of revaluation reserve (Note 2(b))	**-**	**331,919**	**-**	**-**	**(331,919)**	**-**
Balance at 1 January 2022 - as restated	**112,594**	**346,573**	**438,020**	**(48,767)**	**713,938**	**1,562,358**
Profit for the year	**-**	**-**	**-**	**-**	**25,162**	**25,162**
Other comprehensive income/(loss) for the year	**-**	**141,407**	**(14,066)**	**(2,646)**	**-**	**124,695**
Total comprehensive income/(loss) for the year	**-**	**141,407**	**(14,066)**	**(2,646)**	**25,162**	**149,857**
Balance at 31 December 2022	**112,594**	**487,980**	**423,954**	**(51,413)**	**739,100**	**1,712,215**
Balance at 1 January 2021 - as previously reported	112,594	14,654	479,299	(46,751)	1,022,401	1,582,197
Reversal of transfer of revaluation reserve (Note 2(b))	-	331,919	-	-	(331,919)	-
Balance at 1 January 2021 - as restated	112,594	346,573	479,299	(46,751)	690,482	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	346,573	438,020	(48,767)	713,938	1,562,358

The notes on pages 67 to 158 form an integral part of these financial statements.
Independent auditor's report on pages 54 to 58.

Statements of Cash Flows

For the year ended 31 December 2022

	Notes	THE GROUP 2022 Rs'000	THE GROUP 2021 Rs'000	THE COMPANY 2022 Rs'000	THE COMPANY 2021 Rs'000
Cash flows from operating activities					
Cash generated from/(absorbed in) operations	30(a)	**23,788**	115,568	**(17,059)**	28,449
Interest paid		**(56,523)**	(48,554)	**(23,361)**	(22,383)
Income tax paid		**(28,305)**	(8,565)	**-**	-
Net cash (absorbed in) / generated from operating activities		**(61,040)**	58,449	**(40,420)**	6,066
Cash flows from investing activities					
Purchase of property, plant and equipment		**(80,806)**	(41,764)	**(10,561)**	(1,426)
Net expenditure on intangible assets		**(8,252)**	(6,897)	**-**	-
Net expenditure on investment properties		**(1,006)**	-	**(1,006)**	-
Investment in subsidiaries	36(a)	**(19,793)**	(1,956)	**-**	-
Investments in associates		**(7,629)**	(41,203)	**(7,629)**	(29,314)
Loan granted		**-**	(5,007)	**-**	(5,007)
Proceeds on sale of property, plant and equipment		**-**	703	**-**	-
Proceeds on sale of investments in subsidiaries		**-**	48,525	**-**	-
Interest received		**67**	11	**634**	68
Dividends received		**42,700**	36,570	**66,964**	36,570
Net cash (absorbed in)/generated from investing activities		**(74,719)**	(11,018)	**48,402**	891
Cash flows from financing activities					
Proceeds from borrowings		**311,812**	425,848	**80,140**	81,456
Payments on borrowings		**(160,030)**	(225,620)	**(35,094)**	(101,797)
Principal paid on lease liabilities		**(15,225)**	(20,616)	**(541)**	(175)
Interest paid on lease liabilities		**(20,130)**	(20,150)	**(187)**	(51)
Net cash generated from/ (absorbed in) financing activities		**116,427**	159,462	**44,318**	(20,567)
Net (decrease)/ increase in cash and cash equivalents		**(19,332)**	206,893	**52,300**	(13,610)
Movement in cash and cash equivalents					
At 1 January		**28,604**	(167,273)	**(50,415)**	(36,805)
(Decrease) / Increase in cash and cash equivalents		**(19,332)**	206,893	**52,300**	(13,610)
Effect of foreign exchange rate changes		**(2,302)**	(11,016)	**-**	-
At 31 December	30(b)	**6,970**	28,604	**1,885**	(50,415)

The notes on pages 67 to 158 form an integral part of these financial statements.
Independent auditor's report on pages 54 to 58.

Notes to the Financial Statements

For the year ended 31 December 2022

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 revalued amounts;
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.

Notes to the Financial Statements
For the year ended 31 December 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

(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 2022.

Property, plant and equipment: proceeds before intended use – Amendments to IAS 16

The amendment to IAS 16 Property, plant and equipment (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment.

Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities.

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

Reference to the conceptual framework – Amendments to IFRS 3

Minor amendments were made to IFRS 3 Business combinations to update the references to the conceptual framework for financial reporting and to add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 provisions, contingent liabilities and contingent assets and IFRIC 21 - Levies. The amendments also confirm that contingent assets should not be recognised at the acquisition date.

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

Onerous contracts – cost of fulfilling a contract - Amendments to IAS 37

The amendment to IAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract.

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

Annual improvements to IFRS Standards 2018–2020

The following improvements were finalised in May 2020:

- IFRS 9 Financial Instruments – clarifies which fees should be included in the 10% test for derecognition of financial liabilities.
- IFRS 16 Leases – amendment of illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives.
- IFRS 1 First-time Adoption of International Financial Reporting Standards – allows entities that have measured their assets and liabilities at carrying amounts recorded in their parent's books to also measure any cumulative translation differences using the amounts reported by the parent. This amendment will also apply to associates and joint ventures that have taken the same IFRS 1 exemption.
- IAS 41 Agriculture – removal of the requirement for entities to exclude cash flows for taxation when measuring fair value under IAS 41. This amendment is intended to align with the requirement in the standard to discount cash flows on a post-tax basis.

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

Notes to the Financial Statements
For the year ended 31 December 2022

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 2023 or later periods, but which the Group has not early adopted.

IFRS 17 Insurance Contracts
Classification of Liabilities as Current or Non-current - Amendments to IAS 1
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2
Definition of Accounting Estimates - Amendments to IAS 8
Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12
Sale or contribution of assets between an investor and its associate or joint venture - Amendments to IFRS 10 and IAS 28
Lease Liability in a Sale and Leaseback - Amendments to IFRS 16
Non-current Liabilities with Covenants - Amendments to IAS 1

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 previously stated at fair value based on the revaluation which was carried out in December 2016. The Group then elected to account for its land and buildings at deemed cost as from December 2019 due to the uncertainty relative to the outbreak of Covid-19 on the revaluation model. The deemed cost showed a more realistic fair value and avoided temporary disruptions in values. In view of the prevailing improved sanitary and economic conditions, the directors have used the independent valuer's reports during the current financial year. Consequently, the transfer from Revaluation Reserve to Retained Earnings in 2019, which referred to the net cummulative revaluation gain amounting to Rs 445m and Rs331.9m for the Group and the Company respectively, has been reversed without changing the total equity. 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.

Increase in the carrying amount arising on revaluation are credited to revaluation reserves in the statement of other comprehensive income and shown in revaluation and other reserves in equity. Decreases that offset previous increases of the same asset are charged against revaluation reserve in other comprehensive income; all other decreases are charged to profit or loss.

Depreciation is calculated on a straight line method to write off the cost or the revalued amounts 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.

Notes to the Financial Statements
For the year ended 31 December 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Property, plant and equipment (continued)

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.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the valuation for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

(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

(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).

Notes to the Financial Statements
For the year ended 31 December 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Investments in subsidiaries

Separate financial statements

In the separate financial statements of the investor, investments in subsidiary companies are carried at fair value and are classified as financial assets at Fair Value Through the Statement of Other Comprehensive Income (FVTOCI). The gains and losses in fair value are recognised in Other Comprehensive Income and acconted under fair value reserves.

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.

Notes to the Financial Statements
For the year ended 31 December 2022

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 and are classified as financial assets at Fair Value Through the Statement of Other Comprehensive Income (FVTOCI). The gains and losses in fair value are recognised in Other Comprehensive Income and accounted under fair value reserves.

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 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.

Notes to the Financial Statements
For the year ended 31 December 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Current and deferred income tax (continued)

Deferred tax (continued)

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

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

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

(h) Retirement benefit obligations

(i) Defined benefit plans

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

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

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

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

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

(ii) Defined contribution plans

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

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

Notes to the Financial Statements
For the year ended 31 December 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Retirement benefit obligations (continued)

(iii) Retirement gratuity

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

(iv) Profit-sharing and bonus plans

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

(v) Termination benefits

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

(i) Inventories

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

(j) Foreign currencies

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

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

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

Translation differences on non-monetary items are included in the fair value reserve in equity.

Notes to the Financial Statements
For the year ended 31 December 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Foreign currencies (continued)

(ii) Transactions and balances (continued)

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

(iii) Group companies

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

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

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

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

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

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

(k) 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).

(l) 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.

Notes to the Financial Statements
For the year ended 31 December 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Leases (continued)

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.

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.

Notes to the Financial Statements
For the year ended 31 December 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Leases (continued)

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.

(m) Financial assets

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

(i) Amortised cost

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

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

Notes to the Financial Statements
For the year ended 31 December 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Financial assets (continued)

(i) Amortised cost (continued)

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.

(n) 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.

Notes to the Financial Statements
For the year ended 31 December 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Financial liabilities (continued)

(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.

(o) 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.

(p) 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.

Notes to the Financial Statements

For the year ended 31 December 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) 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.

(r) Revenue recognition

(i) Revenue from contracts with customers

Performance obligations and timing of revenue recognition

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

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

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

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

One of the subsidiaries 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).

Notes to the Financial Statements

For the year ended 31 December 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Revenue recognition (continued)

(i) Revenue from contracts with customers (continued)

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.

(ii) 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.

(s) 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.

(t) 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.

(u) 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.

Notes to the Financial Statements
For the year ended 31 December 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Segment reporting

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

(w) 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.

(x) 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 were 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:

i. 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.

ii. 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 2021, the Group recognised a Covid-19 Levy of Rs 6.5m as an expense and this amount was paid 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 past 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

Notes to the Financial Statements
For the year ended 31 December 2022

3. FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

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

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

(a) Market risk

(i) Currency risk

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

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

At 31 December 2022, 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 2.6m** (2021: Rs 1.9m) higher/lower, mainly as a result of foreign exchange gains/losses on translation of US dollar/Euro denominated trade receivables, trade payables, borrowings and cash balances.

(ii) Price risk

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

Sensitivity analysis

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

	Impact on Equity			
	THE GROUP		**THE COMPANY**	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
Categories of investments:				
Financial assets at fair value value through other comprehensive income	**703**	1,184	**703**	1,184

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

Notes to the Financial Statements
For the year ended 31 December 2022

3. FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

(iii) Cash flow interest risk

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

Cash flow interest risk

At 31 December 2022, if interest rates on borrowings 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:

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
Effect higher/lower interest rate on post tax profit				
Rupee denominated borrowings	**4,817**	4,680	**2,612**	2,607
USD denominated borrowings	**415**	342	**-**	-

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

(b) Credit risk

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

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

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

(c) Liquidity risk

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

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

Notes to the Financial Statements
For the year ended 31 December 2022

3. FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

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 2022						
Lease liabilities	**20,407**	**27,574**	**20,667**	**30,345**	**160,192**	**259,185**
Bank overdraft	**243,715**	**-**	**-**	**-**	**-**	**243,715**
Bank loans	**253,679**	**79,672**	**76,304**	**285,209**	**24,721**	**719,585**
Unsecured & Other loans	**379,093**	**32,686**	**7,000**	**7,000**	**-**	**425,779**
Trade and other payables	**1,152,069**	**-**	**-**	**-**	**-**	**1,152,069**
	2,048,963	**139,932**	**103,971**	**322,554**	**184,913**	**2,800,333**

	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 & Other 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

Notes to the Financial Statements
For the year ended 31 December 2022

3. FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

THE COMPANY	Less than 1 year Rs'000	Between 1 and 2 years Rs'000	Between 2 and 3 years Rs'000	Between 3 and 5 years Rs'000	Over 5 years Rs'000	Total Rs'000
At 31 December 2022						
Lease liabilities	**564**	**592**	**621**	**1,388**	**475**	**3,640**
Bank loans	**108,250**	**57,000**	**57,000**	**35,083**	**-**	**257,333**
Loan at call	**40,787**	**-**	**-**	**-**	**-**	**40,787**
Unsecured & Other loans	**150,785**	**182,402**	**7,000**	**7,000**	**-**	**347,187**
Trade and other payables	**68,014**	**-**	**-**	**-**	**-**	**68,014**
	368,400	**239,994**	**64,621**	**43,471**	**475**	**716,961**

	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 & Other loans	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

3.2 Fair value estimation

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

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

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

Notes to the Financial Statements
For the year ended 31 December 2022

3. FINANCIAL RISK MANAGEMENT (continued)

3.2 Fair value estimation (continued)

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 1.2m (2021: Rs 1m) and Rs 0.6m (2021: Rs 0.5m) 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 shareholders and benefits for the other stakeholders.
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

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 2022 and at 31 December 2021 were as follows:

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
Total debt	**1,648,264**	1,463,695	**648,947**	617,505
Less: cash and cash equivalents	**(250,685)**	(228,622)	**(42,672)**	(3,435)
Net debt	**1,397,579**	1,235,073	**606,275**	614,070
Total equity	**1,904,980**	1,428,751	**1,712,215**	1,562,358
Debt-to-adjusted capital ratio	**0.73**	0.86	**0.35**	0.39

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

Notes to the Financial Statements

For the year ended 31 December 2022

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.

(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 property, plant and equipment investment properties

The Group carries its investment properties at fair value, with changes in fair value being recognised in profit or loss. In addition, it measures land and buildings classified under property, plant and equipment at revalued amounts with changes in fair value being recognised in other comprehensive income. 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.

Notes to the Financial Statements

For the year ended 31 December 2022

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

(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.

(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.

Notes to the Financial Statements

For the year ended 31 December 2022

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

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

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 charcteristics 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 2022	Freehold Land and Buildings	Buildings on Leasehold Land	Improvement to buildings	Plant and Machinery	Motor Vehicles	Furniture, Fittings and Office Equipment	Rental Equipment	Other Tools and Equipment	Assets in Progress	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
COST/VALUATION										
At 1 January 2022	473,940	131,702	36,102	371,591	86,669	241,160	194,759	20,005	9,294	1,565,222
Additions	9,566	-	3,899	31,591	3,497	21,568	11,655	(970)	-	80,806
Disposals	-	-	(5,882)	(30)	(6,724)	(1,860)	(1,407)	(2,581)	(394)	(18,878)
Exchange difference	-	-	-	-	43	(2,484)	-	-	-	(2,441)
Transfer	(44,864)	30,443	604	6,782	2,359	5,534	-	(661)	(197)	-
Transfer to Investment Property (Note 6)	(112,281)	-	-	-	-	-	-	-	-	(112,281)
Revaluation adjustment	148,168	49,230	-	-	-	-	-	-	-	197,398
Assets written off	(3,435)	-	-	-	(1,428)	(12,599)	(4,996)	-	-	(22,458)
At 31 December 2022	**471,094**	**211,375**	**34,723**	**409,934**	**84,416**	**251,319**	**200,011**	**15,793**	**8,703**	**1,687,368**
DEPRECIATION										
At 1 January 2022	49,108	12,074	10,648	313,779	69,828	209,868	184,603	16,511	-	866,419
Charge for the year	6,257	4,572	2,607	15,777	6,077	17,448	13,357	625	-	66,720
Disposal adjustments	-	-	(4,468)	(24)	(6,724)	(1,125)	(1,407)	(2,581)	-	(16,329)
Exchange difference	-	-	-	-	-	(81)	-	-	-	(81)
Transfer	-	(860)	1,184	(5,740)	2,374	14,443	-	(11,401)	-	-
Revaluation adjustment	(51,930)	(15,786)	-	-	-	-	-	-	-	(67,716)
Assets written off	(3,435)	-	-	-	(1,428)	(12,320)	(4,495)	-	-	(21,678)
At 31 December 2022	**-**	**-**	**9,971**	**323,792**	**70,127**	**228,233**	**192,058**	**3,154**	**-**	**827,335**
NET BOOK VALUE										
At 31 December 2022	**471,094**	**211,375**	**24,752**	**86,142**	**14,289**	**23,086**	**7,953**	**12,639**	**8,703**	**860,033**

Notes to the Financial Statements

For the year ended 31 December 2022

5. PROPERTY, PLANT AND EQUIPMENT (continued)

(b)

THE GROUP 2021	Freehold Land and Buildings	Buildings on Leasehold Land	Improve-ment to buildings	Plant and Machinery	Motor Vehicles	Furniture, Fittings and Office Equipment	Rental Equipment	Other Tools and Equipment	Assets in Progress	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
COST/VALUATION										
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**

Notes to the Financial Statements
For the year ended 31 December 2022

5. PROPERTY, PLANT AND EQUIPMENT (continued)

(c)

THE COMPANY **2022**	**Freehold Land and Buildings**	**Plant and Machinery**	**Motor Vehicles**	**Furniture, Fittings and Office Equipment**	**Total**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
COST/VALUATION					
At 1 January 2022	**275,077**	**13,244**	**4,885**	**53,405**	**346,611**
Additions	**6,107**	**168**	**–**	**4,286**	**10,561**
Assets written off	**(3,435)**	**–**	**(1,428)**	**(12,513)**	**(17,376)**
Revaluation adjustment	**127,151**	**–**	**–**	**–**	**127,151**
Transfer to Investment Property (Note 6)	**(112,281)**	**–**	**–**	**–**	**(112,281)**
At 31 December 2022	**292,619**	**13,412**	**3,457**	**45,178**	**354,666**
DEPRECIATION					
At 1 January 2022	**24,023**	**12,105**	**4,549**	**50,221**	**90,898**
Charge for the year	**6,257**	**315**	**181**	**1,341**	**8,094**
Assets written off	**(3,435)**	**–**	**(1,428)**	**(12,234)**	**(17,097)**
Revaluation adjustment	**(26,845)**	**–**	**–**	**–**	**(26,845)**
At 31 December 2022	**–**	**12,420**	**3,302**	**39,328**	**55,050**
NET BOOK VALUE					
At 31 December 2022	**292,619**	**992**	**155**	**5,850**	**299,616**

(d)

THE COMPANY **2021**	**Freehold Land and Buildings**	**Plant and Machinery**	**Motor Vehicles**	**Furniture, Fittings and Office Equipment**	**Total**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
COST/VALUATION					
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**

Notes to the Financial Statements
For the year ended 31 December 2022

5. PROPERTY, PLANT AND EQUIPMENT (continued)

	THE GROUP	
	2022	2021
	Rs'000	Rs'000
(e) Depreciation charge is analysed as follows:		
Cost of sales	**25,110**	4,862
Marketing and selling expenses	**14,215**	29,197
Administrative expenses	**27,395**	42,272
	66,720	76,331

Depreciation charge for the Company is recorded in administrative expenses.

(f) Land and buildings were revalued on 31 December 2022 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 reserve in shareholders' equity.

(g) Details of the Group's and the Company's freehold land and buildings and Buildings on leasehold land and information about the fair value hierarchy as at 31 December 2022 are as follows:

	THE GROUP			**THE COMPANY**	
Reconciliation of Carrying amount:	**Land**	**Buildings on freehold land**	**Buildings on leasehold land**	**Land**	**Buildings on freehold land**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
Carrying amount as at 1 January 2022	159,333	265,499	119,628	89,828	161,226
Additions	–	9,566	–	–	6,107
Depreciation	–	(6,257)	(4,572)	–	(6,257)
Transfer to other categories	(3,850)	(41,014)	31,303	–	-
Transfer to Investment Property (Note 6)	(44,344)	(67,937)	–	(44,344)	(67,937)
	111,139	159,857	146,359	45,484	93,139
Revaluation gain for the year	70,317	129,781	65,016	54,672	99,324
Carrying amount as at 31 December 2022	181,456	289,638	211,375	100,156	192,463

The freehold land are classified into level 2 and the buildings categorised into Level 3 of the fair value hierarchies, the following information are relevant:

			Fair Value	
	Valuation techniques	**Significant unobservable inputs**	**Group** **Rs'000**	**Company** **Rs'000**
Land - year 2022	Sales Comparison approach	Price per square metre	181,456	100,156
Buildings - year 2022	Depreciated replacement cost	Depreciation rate	501,013	192,463

Notes to the Financial Statements
For the year ended 31 December 2022

5. PROPERTY, PLANT AND EQUIPMENT (continued)

(h) Part of Land & Buildings which were previously owner occupied have been transferred to Investment Property as the property is now occupied by a third party and rental income earned by the Company.

(i) 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	Plant, machinery and motor vehicles	Total
	Rs'000	Rs'000	Rs'000
At 1 January 2022	221,377	24,885	246,262
Additions	-	5,903	5,903
Amortisation	(14,090)	(5,818)	(19,908)
Modification to lease terms	(1,205)	(126)	(1,331)
Forex exchange movement	494	49	543
At 31 December 2022	**206,576**	**24,893**	**231,469**

	THE GROUP		
	Land and buildings	Plant, machinery and motor vehicles	Total
	Rs'000	Rs'000	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 COMPANY	
	Motor Vehicles	
	2022	2021
	Rs'000	Rs'000
At 1 January	4,757	4,933
Amortisation	**(705)**	(176)
At 31 December	**4,052**	4,757

Notes to the Financial Statements
For the year ended 31 December 2022

5B. LEASE LIABILITIES

	THE GROUP		
	Land and buildings	Plant, machinery and motor vehicles	Total
	Rs'000	Rs'000	Rs'000
At 1 January 2022	245,220	24,875	270,095
Additions	-	5,903	5,903
Interest expense	19,378	752	20,130
Lease payments	(26,577)	(8,778)	(35,355)
Lease modifications	(1,842)	254	(1,588)
At 31 December 2022	**236,179**	**23,006**	**259,185**
Current			20,407
Non current			238,778
			259,185

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

Notes to the Financial Statements

For the year ended 31 December 2022

5B. LEASE LIABILITIES (continued)

	THE COMPANY Motor Vehicles 2022 Rs'000	2021 Rs'000
At 1 January	**4,181**	-
Additions	**-**	4,356
Interest expense	**187**	51
Lease payments	**(728)**	(226)
At 31 December	**3,640**	4,181
Current	**564**	540
Non current	**3,076**	3,641
	3,640	4,181

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

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 2022	Lease Contracts Number	Fixed payments %	Variable payments %	Sensitivity Rs.
Property leases with payments linked to inflation	1	-	3%	127,562
Property leases with periodic uplifts to market rentals	2	5%	-	-
Property leases with fixed payments	3	9%	-	-
Leases of plant and equipment	15	40%	-	-
Vehicle leases	16	43%	-	-
	37	97%	3%	127,562

Notes to the Financial Statements

For the year ended 31 December 2022

5B. LEASE LIABILITIES (continued)

(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 2022 is Rs 35.3m (2021: Rs.40.8m) and Rs.0.7m (2021: Rs.0.2m) for the Group and the Company respectively.

6. INVESTMENT PROPERTIES

	THE GROUP 2022 Rs'000	THE GROUP 2021 Rs'000	THE COMPANY 2022 Rs'000	THE COMPANY 2021 Rs'000
At 1 January	**320,177**	312,518	**317,950**	311,325
Additions	**1,006**	-	**1,006**	-
Transfer from property, plant and equipment (Note 5)	**112,281**	-	**112,281**	-
Exchange difference	**(606)**	2,287	**-**	-
Increase in fair value	**6,539**	5,372	**5,369**	6,625
At 31 December	**439,397**	320,177	**436,606**	317,950

Investment Properties are revalued annually on the basis of revaluation exercise carried out by Professional Valuers Co. Ltd, Chartered Valuation Surveyors and one of the properties of the Group's subsidiary in Zambia was valued by Anderson & Anderson Valuation Surveyors. Valuation was made on a depreciated replacement cost approach and a sales comparison approach. The revaluation surplus is credited to Statement of Profit or Loss.

Details of the investment properties and information about fair value hierachy as at 31 December 2022 are as follows:

	THE GROUP 2022 Rs'000	2021 Rs'000
Buildings - level 3	**190,478**	120,327
Land - level 2	**248,919**	199,850
Total	**439,397**	320,177

Notes to the Financial Statements
For the year ended 31 December 2022

6. INVESTMENT PROPERTIES (continued)

	THE COMPANY	
	2022	2021
	Rs'000	Rs'000
Buildings - level 3	**187,687**	118,100
Land - level 2	**248,919**	199,850
Total	**436,606**	317,950

The following information is relevant:

	Valuation techniques	Significant unobservable inputs
Land	Sales Comparison approach	Price per square metre
Buildings	Depreciated replacement cost	Depreciation rate

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	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
Rental income	**14,015**	7,516	**36,403**	33,715
Direct operating expenses arising on investment properties that generated investment income	**9,922**	5,321	**25,772**	20,561
Direct operating expenses arising on investment properties that did not generate investment income	**-**	-	**-**	-

Notes to the Financial Statements
For the year ended 31 December 2022

7. INTANGIBLE ASSETS

(a) THE GROUP

	Goodwill	Computer Software	Operating Licence	Total
	Rs'000	Rs'000	Rs'000	Rs'000
COST				
At 1 January 2022	**161,206**	**70,175**	**5,244**	**236,625**
Additions	**-**	**8,252**	**-**	**8,252**
Exchange difference	**-**	**(161)**	**-**	**(161)**
At 31 December 2022	**161,206**	**78,266**	**5,244**	**244,716**
AMORTISATION				
At 1 January 2022	**101,143**	**51,514**	**4,955**	**157,612**
Charge for the year	**-**	**6,980**	**-**	**6,980**
At 31 December 2022	**101,143**	**58,494**	**4,955**	**164,592**
NET BOOK VALUE				
At 31 December 2022	**60,063**	**19,772**	**289**	**80,124**

(b) THE GROUP

	Goodwill	Computer Software	Operating Licence	Total
	Rs'000	Rs'000	Rs'000	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)
Transfer to assets held for sale	-	(558)	-	(558)
Assets written off	-	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
Disposal of subsidiaries	2,078	-	-	2,078
Transfer to assets held for sale	-	(558)	-	(558)
Assets written off	-	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

Notes to the Financial Statements

For the year ended 31 December 2022

7. INTANGIBLE ASSETS (continued)

Amortisation charge has been accounted for in administrative expenses.

(c) THE COMPANY

	Computer Software
	Rs'000
COST	
At 1 January 2022	**8,007**
Additions	**-**
At 31 December 2022	**8,007**
AMORTISATION	
At 1 January 2022	**7,825**
Charge for the year	**11**
At 31 December 2022	**7,836**
NET BOOK VALUE	
At 31 December 2022	**171**

(d) 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 2022

7. INTANGIBLE ASSETS (continued)

(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	
	2022	2021
	Rs'000	Rs'000
Manufacturing & Trading	**57,115**	57,115
Business Services	**2,948**	2,948
	60,063	60,063

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 ten-year period and also on market conditions prevailing. The pre-tax discount rates (WACC) applied to cash flow projections vary between 15.2% to 19.4%. 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

	2022	2021
	Rs'000	Rs'000
THE COMPANY		
At 1 January	**562,938**	605,461
Fair value loss	**(7,647)**	(42,523)
At 31 December	**555,291**	562,938

Investments in subsidiaries comprise listed and unquoted securities.

Notes to the Financial Statements
For the year ended 31 December 2022

8. INVESTMENTS IN SUBSIDIARIES (continued)

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

Name of Company	Class of shares held	Year ended	Stated capital	Effective percentage holding and voting power % 2022	% 2021	Country of operation & incorporation	Main business
Activeline Ltd	Ordinary	31 December	Rs23,179,245	**100.00**	100.00	Mauritius	Business process outsourcing
Archemics Ltd	Ordinary	31 December	Rs400,000	**100.00**	100.00	Mauritius	Chemicals
Bychemex Limited	Ordinary	31 December	Rs5,000,000	**70.41**	70.41	Mauritius	Chemicals
Chemco Limited	Ordinary	31 December	Rs6,208,722	**70.41**	70.41	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**	70.41	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**	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**	100.00	Mauritius	General sale agent
Harel Mallac Distribution SARL	Ordinary	31 December	MGA1,821,940,000	**99.00**	99.00	Madagascar	Distributor of consumer goods and IT products
MCFI Export Ltd	Ordinary	31 December	Rs25,025,000	**70.41**	70.41	Mauritius	Trading of chemicals
Harel Mallac Healthcare Ltd	Ordinary	31 December	Rs1,000,000	**100.00**	100.00	Mauritius	Retail sale of medical and orthopaedic goods in stores
Harel Mallac International Ltd	Ordinary	31 December	Rs124,870,862	**100.00**	100.00	Mauritius	Investment company
Harel Mallac Technologies Ltd	Ordinary	31 December	Rs40,603,659	**100.00**	100.00	Mauritius	Markets computer hardware and IT solutions
MCFI International (Tanzania) Limited	Ordinary	31 December	TZS6,525,230,000	**70.41**	70.41	Tanzania	Trading of chemicals and general goods
Ecavel Ltd (formerly HM Corporate Services Ltd)	Ordinary	31 December	Rs500,000	**100.00**	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**	100.00	Mauritius	Professional consultancy services
Harel Mallac Trading Ltd	Ordinary	31 December	Rs136,348,488	**100.00**	100.00	Mauritius	Investment holding
Aerolik Mauritius Ltd	Ordinary	31 December	Rs4,000,000	**100.00**	100.00	Mauritius	Production and distribution of aeraulic products
Aerolik.OI SAS	Ordinary	31 December	EUR80,000	**81.00**	60.00	Reunion	Production and distribution of aeraulic products

Notes to the Financial Statements
For the year ended 31 December 2022

8. INVESTMENTS IN SUBSIDIARIES (continued)

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

Name of Company	Class of shares held	Year ended	Stated capital	Effective percentage holding and voting power % 2022	% 2021	Country of operation & incorporation	Main business
Informatics Business Solutions Ltd	Ordinary	31 December	Rs25,000	**100.00**	100.00	Mauritius	Markets computer hardware and IT solutions
Harel Mallac Technologies Madagascar	Ordinary	31 December	MGA299,740,000	**100.00**	100.00	Madagascar	Markets computer hardware and IT solutions
Itineris Ltd	Ordinary	31 December	Rs10,000,000	**100.00**	100.00	Mauritius	Travel agent
Linxia Ltd	Ordinary	31 December	Rs62,160,000	**100.00**	100.00	Mauritius	Markets computer hardware and IT solutions
Logima Ltée	Ordinary	31 December	Rs55,050,000	**100.00**	100.00	Mauritius	Trading in Fast Moving Consumer Goods (FMCG)
Logima Reunion SAS	Ordinary	31 December	EUR1,000	**70.41**	70.41	Reunion Island	Trading company
MCFI International & Co Ltd	Ordinary	31 December	USD565,179	**70.41**	70.41	Mauritius	Trading of chemicals
MCFI International (Zambia) Pty Ltd	Ordinary	31 December	ZMK5,000	**70.41**	70.41	Zambia	Trading of chemicals and general goods
Novengi Ltd	Ordinary	31 December	Rs75,110,494	**100.00**	100.00	Mauritius	Agro industrial, engineering, refrigeration and electrical products
Harel Mallac Technologies Rwanda	Ordinary	31 December	RWF479,400,000	**100.00**	100.00	Rwanda	Audit Software Development, Administration and Maintenance
Harel Mallac Technologies Burundi	Ordinary	31 December	BIF24,190,200	**100.00**	100.00	Burundi	Audit Software Development, Administration and Maintenance
Pharmallac SARL	Ordinary	31 December	MGA140,220,000	**100.00**	100.00	Madagascar	Sales and distribution of pharmaceutical products
Photovoltaic Farm Ltd	Ordinary	31 December	Rs11,000	**100.00**	100.00	Mauritius	Investment company
Portus Ltd*	Ordinary	31 December	Rs2,000,000	**100.00**	100.00	Mauritius	Dormant
Société Gare du Nord	Ordinary	31 December	Rs14,999,900	**100.00**	100.00	Mauritius	Investment company
Société Sicarex	Ordinary	31 December	Rs14,999,900	**100.00**	100.00	Mauritius	Property company
Standard Continuous Stationery Limited	Ordinary	31 December	Rs10,000	**100.00**	100.00	Mauritius	Investment company control apparatus
Suchem Ltd	Ordinary	31 December	Rs17,725,000	**70.41**	70.41	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**	70.41	Mauritius	Blending and trading of fertilizers

** Cyberryder Ltd and Distrisoft Ltd amalgamated with Portus Ltd during the year.*

*** H.M Communications Ltd, HM Electronics Ltd and Techno City Ltd were removed from the Registrar of Companies during the year.*

Notes to the Financial Statements

For the year ended 31 December 2022

8. INVESTMENTS IN SUBSIDIARIES (continued)

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

Note 1 During the year under review the Group, through its wholly owned Subsidiary Novengi Ltd, acquired an additional 21% shareholding in AEROLIK.OI SAS for an amount of Rs19,793,498.

Note 2 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 3 In 2021, Harel Mallac & Co Ltd, through Novengi 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.OI SAS (formerly known as Aldes Reunion SAS) for a consideration of Rs 40,470,536.

Note 4 In 2021, Harel Mallac Trading Ltd, a subsidiary, injected an additional Rs 21,110,494 in Novengi Ltd without changing the % holding.

(b) 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	Accumulated non-controlling interests at 31 December 2022
	Rs'000	Rs'000
2022		
The Mauritius Chemical and Fertilizer Industry Limited	**15,173**	**181,142**
AEROLIK.OI SAS	**6,522**	**20,235**

Name	Profit/(loss) allocated to non-controlling interests during the period	Accumulated non-controlling interests at 31 December 2021
	Rs'000	Rs'000
2021		
The Mauritius Chemical and Fertilizer Industry Limited	2,827	148,255
AEROLIK.OI SAS	6,380	33,760

Notes to the Financial Statements

For the year ended 31 December 2022

8. INVESTMENTS IN SUBSIDIARIES (continued)

(c) 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	Non-current assets	Current liabilities	Non-current liabilities	Revenue	Profit/(loss) for the year	Other Compre-hensive Income	Dividend paid to non-controlling shareholders
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
2022								
The Mauritius Chemical and Fertilizers Industry Limited	**960,627**	**602,493**	**721,551**	**389,068**	**1,576,452**	**68,039**	**60,695**	**-**
AEROLIK.OI SAS	**160,258**	**8,518**	**66,092**	**-**	**248,863**	**21,578**	**-**	**-**
2021								
The Mauritius Chemical and Fertilizers Industry Limited	695,673	567,561	574,952	349,954	1,213,702	9,554	(23,838)	-
AEROLIK.OI SAS	173,025	4,225	92,850	-	138,299	15,950	-	-

(ii) Summarised cash flow information:

Name	Operating activities	Investing activities	Financing activities	Net increase/ (decrease) in cash and cash equivalent
	Rs'000	Rs'000	Rs'000	Rs'000
2022				
The Mauritius Chemical and Fertilizer Industry Limited	(4,893)	(1,466)	-	(6,359)
AEROLIK.OI SAS	(7,158)	2,746	(155)	(4,567)
2021				
The Mauritius Chemical and Fertilizer	(98,452)	(19,168)	150,042	32,422
AEROLIK.OI SAS	22,200	(1,119)	(269)	20,812

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

Notes to the Financial Statements
For the year ended 31 December 2022

8. INVESTMENTS IN SUBSIDIARIES (continued)

(d) Investment in subsidiaries

(i) Investments in subsidiaries include the following:

	THE COMPANY	
	2022	**2021**
	Rs'000	**Rs'000**
Equity securities at fair value:		
- Official market	**150,301**	150,921
- Unquoted	**404,990**	412,017
	555,291	562,938

(ii) THE COMPANY

	Level 1	**Level 2**	**Level 3**	**Total**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
At 31 December 2022				
Investment in subsidiaries	**150,301**	**-**	**404,990**	**555,291**
At 31 December 2021				
Investment in subsidiaries	150,921	-	412,017	562,938

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

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

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

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

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

	THE COMPANY	
	Level 3	
	2022	**2021**
	Rs'000	**Rs'000**
At 1 January	**412,017**	404,802
Fair value (loss)/gain	**(7,027)**	7,215
At 31 December	**404,990**	412,017

Notes to the Financial Statements
For the year ended 31 December 2022

9. INVESTMENTS IN ASSOCIATES

(a) THE GROUP

	2022	**2021**
	Rs'000	**Rs'000**
At 1 January	**889,734**	951,856
Additions	**7,629**	41,203
Share of profit/(loss)	**124,885**	(64,808)
Dividends	**(39,890)**	(35,881)
Movements in other reserves	**108,469**	(2,636)
At 31 December	**1,090,827**	889,734
Made up as follows:		
Share of net assets	**797,968**	596,875
Goodwill on acquisition	**292,859**	292,859
	1,090,827	889,734

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

	2022	**2021**
	Rs'000	**Rs'000**
At 1 January	**1,086,470**	1,061,782
Additions	**7,629**	29,314
Fair value loss	**(288)**	(4,626)
At 31 December	**1,093,811**	1,086,470

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.

Notes to the Financial Statements

For the year ended 31 December 2022

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	Effective % holding 2022	Effective % holding 2021
2022					
Attitude Hospitality Management Ltd	Mauritius	30 June	Hotel management	20.08	20.08
Biofert Co. Ltd	Mauritius	30 June	Trading	23.47	23.47
Emineo Holding Limited	Mauritius	30 June	Investment holding company	25.00	25.00
Maritim (Mauritius) Ltd	Mauritius	31 December	Hotel operation	22.86	22.86
Rehm Grinaker Construction Co Ltd	Mauritius	30 June	Building and civil engineering contractor	15.14	15.14
TotalEnergies Marketing Mauritius Ltd	Mauritius	31 December	Storage and wholesaling of petroleum products	20.00	20.00
Touristic United Enterprise Ltd	Mauritius	30 June	Investment holding company	22.50	22.50
Water Sport Village Limited	Mauritius	30 September	Hotel operation	24.50	24.50
Zilwa Resort Ltd	Mauritius	30 June	Hotel management	24.00	24.00

Notes to the Financial Statements

For the year ended 31 December 2022

9. INVESTMENTS IN ASSOCIATES (continued)

(d) Summarised financial information

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

Name	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Revenue	Profit/(loss) for the year	Other comprehensive income/(loss) for the year	Total comprehensive income/(loss) for the year	Dividends declared durig the year
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
2022									
Attitude Hospitality Management Ltd	**139,828**	**18,253**	**57,352**	**15,373**	**203,870**	**48,083**	**-**	**48,083**	**-**
Biofert Co Ltd	**7,124**	**1,206**	**7,007**	**-**	**463**	**(4,251)**	**-**	**(4,251)**	**-**
Emineo Holding Limited	**122,542**	**60,710**	**47,906**	**5,716**	**48,099**	**8,474**	**(2,784)**	**5,690**	**-**
Maritim (Mauritius) Ltd	**177,545**	**2,464,471**	**545,766**	**1,729,750**	**614,187**	**(112,356)**	**-**	**(112,356)**	**-**
Rehm Grinaker Construction Co Ltd	**738,462**	**223,766**	**773,148**	**155,494**	**1,616,138**	**29,960**	**20,583**	**50,543**	**-**
TotalEnergies Marketing Mauritius Ltd	**1,849,839**	**1,733,041**	**2,162,105**	**253,726**	**10,298,488**	**361,674**	**-**	**361,674**	**199,450**
Touristic United Enterprise Ltd	**7,122**	**194,244**	**7,285**	**53,928**	**-**	**11,712**	**-**	**11,712**	**-**
Water Sport Village Limited	**90,239**	**872,596**	**83,369**	**500,959**	**413,726**	**123,740**	**113,926**	**237,666**	**-**
Zilwa Resort Ltd	**222,537**	**1,336,784**	**111,024**	**396,464**	**662,270**	**109,570**	**315,743**	**425,313**	**-**
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)	-
TotalEnergies Marketing Mauritius Ltd	1,287,105	1,634,153	1,656,815	260,309	6,159,161	196,816	-	196,816	179,405
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)	-

Notes to the Financial Statements

For the year ended 31 December 2022

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 2022	Profit/ (loss) for the year	Other comprehensive (loss)/ income for the year	Additions and Other movements	Dividend	Closing net assets	Ownership interest	Interest in associates	Goodwill	Carrying value
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	%	Rs'000	Rs'000	Rs'000
2022										
Attitude Hospitality Management Ltd	(727)	48,083	-	40,350	-	87,706	20.00	17,541	44,410	61,951
Biofert Co Ltd	980	(4,251)	-	1,287	-	(1,984)	33.33	(661)	-	(661)
Emineo Holding Limited	123,939	8,474	(2,784)	-	-	129,629	25.00	32,407	-	32,407
Maritim (Mauritius) Ltd	660,408	(112,356)	-	2,314	-	550,366	22.86	125,814	35,413	161,227
Rehm Grinaker Construction Co Ltd	(26,908)	29,960	20,583	24,928	-	48,563	26.54	12,889	-	12,889
TotalEnergies Marketing Mauritius Ltd	1,004,112	361,674	-	-	(199,450)	1,166,336	20.00	233,267	73,379	306,646
Touristic United Enterprise Ltd	128,442	11,712	-	-	-	140,154	22.50	31,535	-	31,535
Water Sport Village Limited	140,843	123,740	113,926	-	-	378,509	24.50	92,735	84,371	177,106
Zilwa Resort Ltd	626,523	109,570	315,743	-	-	1,051,836	24.00	252,441	55,286	307,727
Total	2,657,612	576,606	447,468	68,879	(199,450)	3,551,115		797,968	292,859	1,090,827

Name	Opening net assets 1 January 2021	Profit/ (loss) for the year	Other comprehensive (loss)/ income for the year	Additions and Other movements	Dividend	Closing net assets	Ownership interest	Interest in associates	Goodwill	Carrying value
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	%	Rs'000	Rs'000	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	-	-	-
TotalEnergies Marketing Mauritius Ltd	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

(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.

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10A FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

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

	THE GROUP 2022	THE GROUP 2021
	Rs'000	Rs'000
At 1 January	34,630	28,544
Change in fair value recognised in other comprehensive income	(5,991)	6,086
At 31 December	28,639	34,630

	THE COMPANY 2022	THE COMPANY 2021
	Rs'000	Rs'000
At 1 January	29,340	23,495
Change in fair value recognised in other comprehensive income	(6,146)	5,845
At 31 December	23,194	29,340

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

	THE GROUP 2022	THE GROUP 2021
	Rs'000	Rs'000
Quoted- Mauritius		
Banking	3,558	4,547
Sugar Industry	10,500	12,205
Unquoted- Mauritius		
Investment fund	7,596	8,191
Leisure	1,104	1,104
Others	5,881	8,583
	28,639	34,630

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For the year ended 31 December 2022

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

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

	THE COMPANY	
	2022	2021
	Rs'000	Rs'000
Quoted- Mauritius		
Banking	**3,558**	4,547
Sugar Industry	**10,500**	12,205
Unquoted- Mauritius		
Investment fund	**7,596**	8,191
Leisure	**1,104**	1,104
Others	**436**	3,293
	23,194	29,340

(iii) Fair values

	THE GROUP			
	Level 1	**level 2**	**Level 3**	**Total**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
At 31 December 2022				
Financial assets at fair value through other comprehensive income	**14,058**	**-**	**14,581**	**28,639**
At 31 December 2021				
Financial assets at fair value through other comprehensive income	16,752	-	17,878	34,630

	THE COMPANY			
	Level 1	**level 2**	**Level 3**	**Total**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
At 31 December 2022				
Financial assets at fair value through other comprehensive income	**14,058**	**-**	**9,136**	**23,194**
At 31 December 2021				
Financial assets at fair value through other comprehensive income	16,752	-	12,588	29,340

(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.

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

(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			
		2022		2021
	Rs'000	**Rs'000**	Rs'000	Rs'000
	Current	**Non-current**	Current	Non-current
Amount receivable from related parties	**10,003**	**-**	-	-
Other receivables (see Note b)	**215,774**	**279**	270,463	456
	225,777	**279**	270,463	456
Less: Loss allowance for financial assets amortised cost (see Note (c) (i))	**(43,532)**	**-**	(43,532)	-
	182,245	**279**	226,931	456

	THE COMPANY	
	2022	2021
	Current	
	Rs'000	Rs'000
Amount receivable from associates (see Note 33(b)(i))	**5,007**	5,007
Other receivables (see Note b)	**20,497**	7,558
	25,504	12,565
Less: Loss allowance for financial assets at amortised cost (see Note (c) (i))	**(6,401)**	-
	19,103	12,565

(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.

Notes to the Financial Statements
For the year ended 31 December 2022

10B FINANCIAL ASSETS AT AMORTISED COST (continued)

(c) Impairment and risk exposure

(i) The loss allowance for financial assets at amortised cost as at 1 January 2021 reconciles to the closing loss allowance on 31 December 2021 and to the closing loss allowance as at 31 December 2022 as follows:

THE GROUP	Loss allowance
Other receivables and amount receivable from related parties	Rs'000
Loss allowance at 1 January 2021	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
Allowance recognised in profit or loss during the year	-
Loss allowance at 31 December 2022	43,532

THE COMPANY	Loss allowance
Amount receivable from related parties	Rs'000
Loss allowance at 1 January 2021 / 31 December 2021	-
Transfer from Trade Receivables (Note 13)	6,401
Loss allowance at 31 December 2022	6,401

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

	THE GROUP	
	2022	2021
	Rs'000	Rs'000
Mauritian rupee	170,297	214,624
US Dollar	5,674	6,022
Other	6,553	6,741
	182,524	227,387

	THE COMPANY	
	2022	2021
	Rs'000	Rs'000
Mauritian rupee	19,103	12,565

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11. INVESTMENTS IN JOINT VENTURES

	THE GROUP		THE COMPANY	
	2022	2021	2022	2021
	Rs'000	Rs'000	Rs'000	Rs'000
At 1 January	3,244	4,505	12,217	12,217
Share of profit/(loss)	1,067	(1,261)	-	-
At 31 December	4,311	3,244	12,217	12,217

(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 2022 & 2021	Principal activity
Solar Field Ltd	Mauritius	December 31,	51%	Manufacture of electricity, distribution and control apparatus
Compostage Du Sud Ltée	Mauritius	December 31,	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

	2022	2021
	Rs'000	Rs'000
Current assets	14,917	14,800
Non-current assets	145,765	157,173
Current liabilities	51,049	44,664
Non-current liabilities	101,180	120,950
The above amounts of assets include the following:		
Cash and cash equivalents	266	103

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For the year ended 31 December 2022

11. INVESTMENTS IN JOINT VENTURES (continued)

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

	2022	2021
	Rs'000	Rs'000
Revenue	26,427	26,184
Profit before finance cost	12,034	14,248
Finance cost	(9,941)	(16,720)
Profit/(loss) before tax	2,093	(2,472)
Income tax	-	-
Profit/(loss) for the year	2,093	(2,472)
Other comprehensive income	-	-
Total comprehensive income/(loss) for the year	2,093	(2,472)

12. INVENTORIES

	THE GROUP	
	2022	2021
	Rs'000	Rs'000
Raw materials	141,620	29,930
Finished goods	565,828	575,802
Goods in transit	4,061	23,610
Consumables	6,067	3,037
	717,576	632,379

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 2.9 billion (2021: Rs 2.6 billion).

13. TRADE RECEIVABLES

	THE GROUP		THE COMPANY	
	2022	2021	2022	2021
	Rs'000	Rs'000	Rs'000	Rs'000
Trade receivables	1,223,658	1,067,620	46,697	59,236
Less provision for impairment	(252,674)	(240,542)	(19,824)	(27,849)
	970,984	827,078	26,873	31,387

Notes to the Financial Statements

For the year ended 31 December 2022

13. TRADE RECEIVABLES (continued)

(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 2022 was determined as follows for trade receivables:

THE GROUP At 31 December 2022	Current	More than 30 days past due	More than 60 days past due	More than 120 days past due	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Expected loss rate	0%	0%	10%	90%	21%
Gross carrying amount - trade receivable	499,063	291,037	171,179	262,379	1,223,658
Loss allowance	185	57	16,465	235,967	252,674

THE GROUP At 31 December 2021	Current	More than 30 days past due	More than 60 days past due	More than 120 days past due	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
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 COMPANY At 31 December 2022	Current	More than 30 days past due	More than 60 days past due	More than 120 days past due	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Expected loss rate	0%	32%	0%	0%	42%
Gross carrying amount - trade receivable	-	27,039	-	19,658	46,697
Loss allowance	-	8,751	-	11,073	19,824

Notes to the Financial Statements
For the year ended 31 December 2022

13. TRADE RECEIVABLES (continued)

(i) Impairment of 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 closing loss allowances for trade receivables as at 31 December 2022 reconcile to the opening loss allowances as follows:

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 1 January	**240,542**	275,992	**27,849**	27,200
Loss allowance recognised/(reversed) during the year	**16,226**	24,748	**(1,624)**	702
Transfer to Other Receivables (Note 10B)		-	**(6,401)**	-
Receivables written off during the year as uncollectible	**(1,326)**	(39,122)	**-**	-
Unused amount reversed during the year	**(2,742)**	(20,998)	**-**	-
Exchange difference	**(26)**	(78)	**-**	(53)
At 31 December	**252,674**	240,542	**19,824**	27,849

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

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
Rupee	**811,734**	588,786	**26,873**	31,387
US Dollar	**68,289**	150,200	**-**	-
Euro	**42,795**	9,021	**-**	-
Other currencies	**48,166**	79,071	**-**	-
	970,984	827,078	**26,873**	31,387

(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.

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For the year ended 31 December 2022

14. SHARE CAPITAL

	THE GROUP AND THE COMPANY	
	2022	2021
	Rs'000	Rs'000
Authorised		
12,500,000 ordinary shares of Rs10 each	**125,000**	125,000
Issued and fully paid		
11,259,388 ordinary shares of Rs10 each	**112,594**	112,594

15. REVALUATION AND OTHER RESERVES

	THE GROUP		THE COMPANY	
	2022	2021 Restated	**2022**	2021 Restated
	Rs'000	Rs'000	**Rs'000**	Rs'000
Revaluation reserve (see Note (a) below)	**672,194**	452,009	**478,283**	336,876
Translation reserve (see Note (b) below)	**(33,787)**	(38,449)	**-**	-
Associate reserves (see Note (c) below)	**4,759**	(103,710)	**-**	-
Investment reserve	**4,176**	4,176	**4,176**	4,176
General reserve	**5,521**	5,521	**5,521**	5,521
	652,863	319,547	**487,980**	346,573

(a) Revaluation reserve

	THE GROUP		THE COMPANY	
	2022	2021 Restated	**2022**	2021 Restated
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 1 January - as previously stated	**7,007**	7,007	**4,957**	4,957
Reversal of transfer of revaluation reserve (Note 2(b))	**445,002**	445,002	**331,919**	331,919
At 1 January - as restated	**452,009**	452,009	**336,876**	336,876
Revaluation gain for the year, net of deferred tax	**220,185**	-	**141,407**	-
At 31 December	**672,194**	452,009	**478,283**	336,876

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15. REVALUATION AND OTHER RESERVES (continued)

(b) Translation reserve

	THE GROUP	
	2022	2021
	Rs'000	Rs'000
At 1 January	**(38,449)**	(14,065)
Currency translation differences	**4,662**	(24,384)
At 31 December	**(33,787)**	(38,449)

(c) Associate reserves

	THE GROUP	
	2022	2021
	Rs'000	Rs'000
At 1 January	**(103,710)**	(103,710)
Movement in associate reserves	**108,469**	-
At 31 December	**4,759**	(103,710)

16. BORROWINGS

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
Current				
Bank overdraft	**243,715**	200,018	**-**	614
Bank loans	**253,679**	49,355	**108,250**	16,328
Loan at call	**-**	-	**40,787**	53,236
Other loans	**278,308**	324,591	**50,000**	122,479
Unsecured loans	**100,785**	116,804	**100,785**	116,804
	876,487	690,768	**299,822**	309,461

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16. BORROWINGS (continued)

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
Non-current				
Bank loans	**465,906**	502,832	**149,083**	182,333
Other loans	**-**	-	**149,716**	84,935
Unsecured loans	**46,686**	-	**46,686**	36,595
	512,592	502,832	**345,485**	303,863
Total borrowings	**1,389,079**	1,193,600	**645,307**	613,324

(a) The borrowings include secured liabilities (overdrafts and loans amounting to Rs 963m (2021: Rs 752m) and Rs 257m (2021: Rs 199m) 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.

(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**	**1 - 5 years**	**Over 5 years**	**Total**
	Rs'000	Rs'000	Rs'000	Rs'000
At December 31, 2022				
Total borrowings	876,487	487,871	24,721	1,389,079
At December 31, 2021				
Total borrowings	690,768	431,807	71,025	1,193,600

THE COMPANY	**1 year**	**1 - 5 years**	**5 years**	**Total**
	Rs'000	Rs'000	Rs'000	Rs'000
At December 31, 2022				
Total borrowings	299,822	345,485	-	645,307
At December 31, 2021				
Total borrowings	309,461	264,030	39,833	613,324

Notes to the Financial Statements
For the year ended 31 December 2022

16. BORROWINGS (continued)

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

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
After 1 year and before 2 years	**112,358**	46,833	**214,965**	113,436
After 2 years and before 3 years	**83,304**	82,785	**40,250**	93,594
After 3 years and before 5 years	**292,209**	302,189	**90,270**	57,000
After 5 years	**24,721**	71,025	**-**	39,833
	512,592	502,832	**345,485**	303,863

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

	2022		2021	
	USD	**Rs**	USD	Rs
THE GROUP	**%**	**%**	%	%
Bank overdrafts	**5.50**	**5.40 - 8.40**	5.40	4.10 - 5.75
Bank loans	**6.50**	**1.5 - 6.75**	6.10	4.10 - 6.50
Other loans	**n/a**	**3.55 - 6.75**	n/a	0.65
Unsecured loans	**n/a**	**5.25**	n/a	2.35

	2022	2021
THE COMPANY	**%**	%
Bank overdrafts	**5.40 - 7.50**	4.85
Bank loans	**6.75**	4.10 - 4.30
Loans at call	**6.75**	2.35 - 4.10
Other loans	**3.55**	0.65
Unsecured loans	**5.25**	2.35

Notes to the Financial Statements
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16. BORROWINGS (continued)

(e) Borrowings are denominated in the following currencies:

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
Mauritian Rupees	**1,220,376**	1,101,181	**645,307**	613,324
US Dollar	**107,739**	92,419	**-**	-
Euro	**57,683**	-	**-**	-
Other currencies	**3,281**	-	**-**	-
	1,389,079	1,193,600	**645,307**	613,324

(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% (2021: 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	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
Deferred tax assets	**(33,704)**	(30,250)	**-**	-
Deferred tax liabilities	**66,557**	48,952	**35,609**	27,550
	32,853	18,702	**35,609**	27,550

The movement in deferred tax is as follows:

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 1 January	**18,702**	24,275	**27,550**	29,014
(Credited)/charged to profit or loss (Note 20(a))	**(12,269)**	(8,753)	**(1,418)**	(1,051)
Arising on business combination	**-**	(71)	**-**	-
Charged/(credited) to other comprehensive income	**26,420**	3,251	**9,477**	(413)
At 31 December	**32,853**	18,702	**35,609**	27,550

Notes to the Financial Statements
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17. DEFERRED TAXES (continued)

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 392m** (2021: Rs 429m) to carry forward against future taxable income. The Company has tax losses of **Rs 157m** (2021: Rs 169m) to carry forward against future taxable income. A deferred tax asset has been recognised in respect of **Rs 53m** (2021: Rs 97m) for the Group and Rs Nil (2021: Rs Nil) for the Company in respect of such 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 2022	(Credited)/ charged to profit or loss	Charged/ credited to other comprehensive income	At 31 December 2022
	Rs'000	Rs'000	Rs'000	**Rs'000**
Deferred tax liabilities				
Asset revaluations	6,068	(5,446)	27,250	**27,872**
Accelerated tax depreciation	64,996	(3,801)	2,460	**63,655**
Retirement benefit asset	(9,261)	(597)	248	**(9,610)**
Exchange difference	428	-	-	**428**
Right-of-use asset (ROU)	107,964	462	-	**108,426**
Others	12,554	-	-	**12,554**
	182,749	(9,382)	29,958	**203,325**
Deferred tax assets				
Tax losses	(16,044)	(70)	-	**(16,114)**
Retirement benefit obligations	(26,774)	(239)	(3,538)	**(30,551)**
Accelerated tax depreciation	(826)	(990)	-	**(1,816)**
Provision	(2,398)	419	-	**(1,979)**
Lease under ROU asset	(109,749)	(1,764)	-	**(111,513)**
Others	(8,256)	(243)	-	**(8,499)**
	(164,047)	(2,887)	(3,538)	**(170,472)**
Net deferred income tax liabilities	18,702	(12,269)	26,420	**32,853**

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17. DEFERRED TAXES (continued)

THE GROUP	At 1 January 2021	Arising on business combination	(Credited)/ charged to profit or loss	Charged/ (credited) to other comprehensive income	At 31 December 2021
	Rs'000	Rs'000	Rs'000	Rs'000	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

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17. DEFERRED TAXES (continued)

THE COMPANY	At 1 January 2022	Charged/ (credited) to profit or loss	Charged / (credited) to other comprehensive	At 31 December 2022
	Rs'000	Rs'000	Rs'000	Rs'000
Deferred tax liabilities				
Accelerated tax depreciation	21,938	407	-	22,345
Asset revaluations	13,602	(1,473)	9,818	21,947
	35,540	(1,066)	9,818	44,292
Deferred tax assets				
Retirement benefit obligations	(7,990)	(352)	(341)	(8,683)
	(7,990)	(352)	(341)	(8,683)
Net deferred income tax liabilities	27,550	(1,418)	9,477	35,609

THE COMPANY	At 1 January 2021	(Credited)/ charged to profit or loss	Credited to other comprehensive income	At 31 December 2021
	Rs'000	Rs'000	Rs'000	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

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18. RETIREMENT BENEFIT OBLIGATIONS

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
Amounts recognised on the statement of financial position:				
Made up as follows:				
Retirement benefit obligation	**182,759**	170,263	**51,080**	52,937
Pension benefits (Note (a)(ii))	**117,360**	112,859	**33,435**	33,383
Other post retirement benefits:				
- Former employees (Note (b)(i))	**18,352**	21,210	**15,526**	17,852
- Retirement gratuity (Note (c)(i))	**47,047**	36,194	**2,119**	1,702
	65,399	57,404	**17,645**	19,554
	182,759	170,263	**51,080**	52,937
Analysed as follows:				
Non-current liabilities	**182,759**	170,263	**51,080**	52,937
Amount charged to profit or loss:				
Pension benefits (Note (a)(vi))	**15,921**	15,650	**3,522**	1,331
Other post retirement benefits:				
- Former employees (Note (b)(iv))	**600**	307	**503**	255
- Retirement gratuity (Note (c)(ii))	**18,275**	6,759	**982**	518
	18,875	7,066	**1,485**	773
	34,796	22,716	**5,007**	2,104
Amount charged to other comprehensive income				
Pension benefits (Note (a)(vii))	**7,151**	(10,110)	**3,098**	2,503
Other post retirement benefits:				
- Former employees (Note (b)(v))	**115**	1,290	**462**	990
- Retirement gratuity (Note (c)(v))	**(1,116)**	(21,125)	**565**	(1,064)
	(1,001)	(19,835)	**1,027**	(74)
	6,150	(29,945)	**4,125**	2,429

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For the year ended 31 December 2022

18. RETIREMENT BENEFIT OBLIGATIONS (continued)

(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	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
Present value of funded obligations	**317,820**	300,363	**77,261**	69,423
Fair value of plan assets	**(200,460)**	(187,504)	**(43,826)**	(36,040)
Liability on the statement of financial position	**117,360**	112,859	**33,435**	33,383

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

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 1 January	**112,859**	122,505	**33,383**	32,902
Charged to profit or loss	**15,921**	15,650	**3,522**	1,331
Charged to other comprehensive income	**7,151**	(10,110)	**3,098**	2,503
Contributions paid	**(18,571)**	(15,186)	**(6,568)**	(3,353)
Balance at 31 December	**117,360**	112,859	**33,435**	33,383

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

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 1 January	**300,363**	306,975	**69,423**	64,879
Current service cost	**10,636**	13,317	**2,172**	2,050
Interest cost	**10,664**	5,958	**2,144**	1,164
Actuarial loss/(gain)	**12,307**	(5,820)	**4,073**	1,721
Benefit paid	**(16,150)**	(20,067)	**(551)**	(391)
At 31 December	**317,820**	300,363	**77,261**	69,423

Notes to the Financial Statements
For the year ended 31 December 2022

18. RETIREMENT BENEFIT OBLIGATIONS (continued)

(a) Pension benefits (continued)

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

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 1 January	**(187,504)**	(184,470)	**(36,040)**	(31,977)
Interest income	**(6,547)**	(5,367)	**(1,203)**	(2,164)
Scheme expenses	**765**	956	**257**	129
Cost of insuring risk benefits	**403**	786	**152**	152
Actuarial (gain)/loss	**(3,310)**	(4,290)	**(975)**	782
Employers' contributions	**(18,571)**	(15,186)	**(6,568)**	(3,353)
Other adjustments	**(1,846)**	-	**-**	-
Benefits paid	**16,150**	20,067	**551**	391
At 31 December	**(200,460)**	(187,504)	**(43,826)**	(36,040)

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

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
Current service cost	**10,636**	13,317	**2,172**	2,050
Interest cost/ (income)	**4,117**	591	**941**	(1,000)
Scheme expenses	**765**	956	**257**	129
Cost of insuring risk benefits	**403**	786	**152**	152
Total included in employee benefit expense	**15,921**	15,650	**3,522**	1,331

The total charge of **Rs15.9M** for the Group (2021: Rs 15.6M) and **Rs3.5M** for the Company (2021: Rs 1.3m) are included in employee benefit expenses.

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
Actual return on plan assets	**9,857**	9,657	**2,178**	1,382

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For the year ended 31 December 2022

18. RETIREMENT BENEFIT OBLIGATIONS (continued)

(a) Pension benefits (continued)

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

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
Remeasurement on the net defined benefit liability:				
Liability experience (gains)/losses	**(3,310)**	1,439	**(975)**	782
Loss/(gains) on pension scheme asset	**1,897**	(4,703)	**(381)**	(90)
Changes in assumptions underlying present value of scheme	**8,564**	(6,846)	**4,454**	1,811
Actuarial losses/(gains)	**7,151**	(10,110)	**3,098**	2,503

(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.

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

	THE GROUP AND THE COMPANY	
	2022	2021
	%	%
Discount rate	**5.0 - 7.0**	3.1 - 5.2
Expected return on plan assets	**4.0**	4.0
Future salary increases	**0.5 - 1.0**	0.5 - 2.0

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

Notes to the Financial Statements
For the year ended 31 December 2022

18. RETIREMENT BENEFIT OBLIGATIONS (continued)

(b) Other post retirement benefits

Other post retirement benefits comprise obligations 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	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 1 January	**21,210**	23,305	**17,852**	19,861
Total expense charged in profit or loss (Note (b)(iv))	**600**	307	**503**	255
Actuarial losses recognised in other comprehensive income (Note (b)(v))	**115**	1,290	**462**	990
Benefits paid	**(3,573)**	(3,692)	**(3,291)**	(3,254)
At 31 December	**18,352**	21,210	**15,526**	17,852

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

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
Present value of unfunded obligations	**18,352**	21,210	**15,526**	17,852
Liability on the statement of financial position	**18,352**	21,210	**15,526**	17,852

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

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 1 January	**21,210**	23,305	**17,852**	19,861
Interest cost	**600**	307	**503**	255
Actuarial losses	**115**	1,290	**462**	990
Benefits paid	**(3,573)**	(3,692)	**(3,291)**	(3,254)
At 31 December	**18,352**	21,210	**15,526**	17,852

Notes to the Financial Statements
For the year ended 31 December 2022

18. RETIREMENT BENEFIT OBLIGATIONS (continued)

(b) Other post retirement benefits (continued)

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

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
Interest cost	**600**	307	**503**	255
Past service cost	**-**	-	**-**	-
Total, included in employee benefit expense	**600**	307	**503**	255

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

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
Remeasurement on the net defined benefit liability:	**Rs'000**	Rs'000	**Rs'000**	Rs'000
Liability experience losses	**618**	2,411	**462**	2,136
Actuarial (gains)/losses arising from changes in financial assumptions	**(503)**	(1,121)	**-**	(1,146)
Actuarial losses	**115**	1,290	**462**	990

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

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
	%	%	**%**	%
Discount rate	**4.2 - 7.0**	1.4 - 5.1	**4.2**	3.1
Future pension increases	**0.5 - 2.0**	0.5 - 2.0	**0.5**	0.5

Notes to the Financial Statements
For the year ended 31 December 2022

18. RETIREMENT BENEFIT OBLIGATIONS (continued)

(c) Retirement gratuity

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

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
Present value of unfunded obligations	**47,047**	36,194	**2,119**	1,702
Liability on the statement of financial position	**47,047**	36,194	**2,119**	1,702

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

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
Current service cost	**8,719**	4,223	**427**	455
Interest cost	**1,550**	977	**71**	63
Past service cost recognised	**8,006**	1,559	**484**	-
Total included in employee benefit expense	**18,275**	6,759	**982**	518

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

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 1 January	**36,194**	55,261	**1,702**	2,248
Actuarial (gains)/losses	**(1,116)**	(21,125)	**(565)**	(1,064)
Total expense (Note (c)(ii))	**18,275**	6,759	**982**	518
Arising on business combination	**-**	847	**-**	-
Transfer	**-**	603	**-**	-
Benefits paid	**(6,306)**	(6,151)	**-**	-
At 31 December	**47,047**	36,194	**2,119**	1,702

Notes to the Financial Statements
For the year ended 31 December 2022

18. RETIREMENT BENEFIT OBLIGATIONS (continued)

(c) Retirement gratuity (continued)

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

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 1 January	**36,194**	55,261	**1,702**	2,248
Current service cost	**8,719**	4,223	**427**	455
Interest cost	**1,550**	977	**71**	63
Past service cost	**8,006**	1,559	**484**	-
Actuarial gains (Note (c)(v))	**(1,116)**	(21,125)	**(565)**	(1,064)
Adjustment on disposal of subsidiary	**-**	-	**-**	-
Arising on business combination	**-**	847	**-**	-
Transfer	**-**	603	**-**	-
Benefits paid	**(6,306)**	(6,151)	**-**	-
At 31 December	**47,047**	36,194	**2,119**	1,702

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

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
Remeasurement on the net defined benefit liability:				
Liability experience gains	**(1,116)**	(366)	**(565)**	(385)
Changes in assumptions underlying present value of scheme	**-**	(20,759)	**-**	(679)
Actuarial gains	**(1,116)**	(21,125)	**(565)**	(1,064)

Notes to the Financial Statements
For the year ended 31 December 2022

18. RETIREMENT BENEFIT OBLIGATIONS (continued)

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

Pension benefits	**Increase**	**Decrease**
	Rs'000	**Rs'000**
December 31, 2022		
Decrease in defined benefit obligation due to 1% increase in discount rate	**-**	**16,626**
Increase in defined benefit obligation due to 1% increase in future long-term salary assumption	**18,346**	**-**

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

Other post retirement benefits

	Increase	**Decrease**
	Rs'000	**Rs'000**
December 31, 2022		
Decrease in defined benefit obligation due to 1% increase in discount rate	**3,296**	**2,977**

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

Retirement gratuity	**Increase**	**Decrease**
	Rs'000	**Rs'000**
December 31, 2022		
Decrease in defined benefit obligation due to 1% increase in discount rate	**4,636**	**-**
Increase in defined benefit obligation due to 1% increase in future long-term salary assumption	**-**	**3,896**

	Increase	**Decrease**
	Rs'000	Rs'000
December 31, 2021		
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	-

Notes to the Financial Statements

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18. RETIREMENT BENEFIT OBLIGATIONS (continued)

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

An increase/decrease of 1% in other principal actuarial assumptions would not have a material impact on defined benefit obligations at the end of the reporting period.

The sensitivity above have been determined based on a method that extrapolates the impact on net defined obligations as a result of reasonable changes in key assumptions occuring at the end of the reporting period. The present value of the defined benefit obligation has been calculated using the projected unit credit method.

The sensitivity analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

The was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

(e) The funding requirements are based on the pension fund's actuarial measurement framework set out in the funding policies of the plan.

(f) The weighted average duration of the defined benefit obligation is:

	Years	
	2022	2021
Pension benefits	**4 - 14**	5 - 15
Other post retirement benefits	**8**	5
Retirement gratuity	**8 - 26**	9 - 28

(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 2023 are Rs 22m for the Group and Rs 6.6m for the Company.

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.

Notes to the Financial Statements

For the year ended 31 December 2022

18. RETIREMENT BENEFIT OBLIGATIONS (continued)

(h) Expected contributions to the pension plan for the year ending 31 December 2023 are Rs 22m for the Group and Rs 6.6m for the Company. (continued)

(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	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
Trade payables	**524,633**	714,585	**7,575**	4,030
Accruals and other payables	**626,714**	443,877	**57,941**	42,062
Amounts due to related parties	**722**	5,099	**2,498**	12,462
	1,152,069	1,163,561	**68,014**	58,554

20. CURRENT TAX ASSETS/ LIABILITIES

(a) Charged to profit or loss:

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
Current tax on the adjusted profit for the year at 15% (2021: 15%):				
- Continuing operations	**26,072**	20,975	**-**	-
Under/(over) provision in previous year	**2,482**	(619)	**-**	-
Deferred tax (Note 17)	**(12,269)**	(8,753)	**(1,418)**	(1,051)
Tax charge/(credit)	**16,285**	11,603	**(1,418)**	(1,051)

Notes to the Financial Statements
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20. CURRENT TAX ASSETS/ LIABILITIES (continued)

(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	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
Profit/(loss) before taxation- attributed to continuing operations	**158,564**	(3,479)	**23,744**	22,405
Less net share of results of associates and joint ventures	**(125,952)**	66,069	**-**	-
	32,612	62,590	**23,744**	22,405
Tax calculated at a rate of 17%/15% (2021: 17%/15%)	**5,544**	10,442	**4,036**	3,361
Effect of different tax rate	**1,351**	2,631	**-**	-
(Over)/under provision in previous year	**2,482**	(619)	**-**	-
Income not subject to tax	**(478)**	(30,566)	**(11,384)**	(7,343)
Expenses not deductible for tax purposes	**12,910**	29,979	**1,177**	2,445
Utilisation of tax losses for which no deferred tax was recognised	**(7,110)**	(3,307)	**-**	-
Other adjustments	**-**	(798)	**-**	-
Tax losses for which no deferred tax recognised	**1,586**	3,841	**4,753**	486
Taxation charge/ (credit)	**16,285**	11,603	**(1,418)**	(1,051)

Further information about deferred tax is presented in Note 17.

21. DISCONTINUED OPERATIONS

	THE GROUP	
	2022	2021
	Rs'000	Rs'000
Disposal of business activities of Ecavel Ltd (formerly Harel Mallac Corporate Services Ltd)	**16,480**	-

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21. DISCONTINUED OPERATIONS (continued)

During the year the Group disposed of the business activities of Ecavel Ltd to a third party for a sum of Rs17.5M. The net gain on the transaction and the subsidiary's results for the year are as follows:

	THE GROUP
	2022
	Rs'000
Analysed as follows:	
Revenue	**746**
Administrative Expenses	**(2,014)**
Other income	**849**
	(1,165)
Loss before finance costs	**(419)**
Finance costs	**(94)**
Operating loss	**(513)**
Net profit on sale of business, net of tax	**16,993**
Profit for the year from discontinued operations	**16,480**

22. REVENUE

		THE GROUP		THE COMPANY	
		2022	2021	**2022**	2021
		Rs'000	Rs'000	**Rs'000**	Rs'000
Revenue is made up of:					
Sales of goods		**3,882,300**	3,312,297	**-**	-
Sales of services		**276,298**	287,447	**76,331**	74,425
Revenue from contracts with customers (Note (a))		**4,158,598**	3,599,744	**76,331**	74,425
Other operating income		**18,841**	22,575	**297**	-
Government Wage Assistance Scheme		**-**	5,926	**-**	-
Rent		**14,015**	5,256	**36,403**	33,715
		32,856	33,757	**36,700**	33,715
Investment income	- Listed	**300**	353	**-**	635
	- Unquoted	**2,510**	688	**66,964**	35,935
Interest income		**67**	11	**634**	68
		2,877	1,052	**67,598**	36,638
		4,194,331	3,634,553	**180,629**	144,778

Notes to the Financial Statements

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22. REVENUE (continued)

(a) Disaggregation of revenue from contracts with customers betweeen different segment and geography is shown in Note 31.

(b) Timing of revenue recognition

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
At a point in time	**3,909,221**	3,461,211	**180,629**	144,778
Over time	**285,110**	173,342	**-**	-
	4,194,331	3,634,553	**180,629**	144,778

(c) Assets and liabilites related to contracts with customers

	THE GROUP			
	Contract Assets		Contract Liabilities	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 1 January	**78,497**	33,921	**29,708**	14,032
Decrease in impairment of contract assets	**-**	93	**-**	-
Transfers in the period from contract assets to trade receivables	**(116,685)**	(135,784)	**-**	-
Amounts included in contract liabilities that was recognised as revenue during the period	**-**	-	**(45,259)**	(32,321)
Transfers in the period from contract assets to raw materials, consumables and purchases of finished goods	**(12,768)**	(5,795)	**-**	-
Provision for cost not recognised as raw materials, consumables and purchases of finished goods	**7,604**	5,786	**-**	-
Excess of revenue recognised over rights to cash being recognised during the period	**131,411**	158,969	**-**	-
Cash received in advance of performance and not recognised as revenue during the period	**-**	-	**24,985**	26,878
Other movement	**-**	21,307	**30,980**	21,119
At 31 December	**88,059**	78,497	**40,414**	29,708

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.

Notes to the Financial Statements

For the year ended 31 December 2022

22. REVENUE (continued)

(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 2022 or 1 January 2022 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 2022**	**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%**	**13%**	**6%**
Gross carrying amount - trade receivable	**39,855**	**4,599**	**7,160**	**41,825**	**93,439**
Loss allowance	**-**	**-**	**-**	**(5,380)**	**(5,380)**
Deferred cost					**-**
					88,059

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

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22. REVENUE (continued)

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

	THE GROUP	
	Contract assets	
	2022	2021
	Rs'000	Rs'000
Loss allowance as at 1 January	**5,380**	5,473
Recognised in profit or loss during the year	**-**	(93)
At 31 December	**5,380**	5,380

(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			
	2023	2024	2025	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Installation contracts	39,696	-	-	39,696
Maintenance contract	578	140	-	718
	40,274	140	-	40,414

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23. PROFIT/(LOSS) BEFORE FINANCE COSTS

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
Revenue	**4,194,331**	3,634,553	**180,629**	144,778
Changes in finished goods and work in progress	**233,565**	204,436	**-**	-
Raw materials, consumables and purchases of finished goods	**(3,296,209)**	(2,795,566)	**-**	-
Employee benefit expense (Note 26)	**(617,595)**	(546,319)	**(75,235)**	(57,662)
Depreciation and amortisation expense	**(93,608)**	(109,639)	**(8,810)**	(7,881)
Other gains	**20,582**	13,175	**-**	-
Net increase in fair value of investment properties	**6,539**	5,372	**5,369**	6,625
Other operating expenses	**(333,822)**	(272,849)	**(56,285)**	(40,812)
	113,783	133,163	**45,668**	45,048

24. FINANCE COSTS

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
Bank overdrafts	**14,167**	11,790	**36**	210
Bank loans repayable by instalments	**22,404**	27,091	**10,084**	12,344
Other loans not repayable by instalments	**19,952**	9,673	**13,241**	9,671
Leases	**20,130**	20,150	**187**	51
	76,653	68,704	**23,548**	22,276
Net foreign exchange transaction (gains)/ losses (see Note (a))	**1,326**	11,763	**-**	(335)
	77,979	80,467	**23,548**	21,941

(a) Net foreign exchange (gains)/ losses

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
The exchange differences charged/(credited) to	**Rs'000**	Rs'000	**Rs'000**	Rs'000
profit or loss are as follows:				
Other gains	**(20,582)**	(13,175)	**-**	-
Finance costs/(income)	**1,326**	11,763	**-**	(335)

Notes to the Financial Statements

For the year ended 31 December 2022

25. PROFIT/(LOSS) BEFORE TAXATION

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
The profit/(loss) before taxation is arrived at after:				
Crediting:				
Fair value gain on investment properties	**6,539**	5,372	**5,369**	6,625
Reversal of impairment of receivables	**-**	-	**1,624**	-
Profit on disposal of subsidiaries	**-**	24,609	**-**	-

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
and charging:				
Depreciation				
- owned assets	**66,720**	76,331	**8,094**	7,647
Amortisation of intangible assets	**6,980**	6,648	**11**	58
Amortisation of right of use assets	**19,908**	26,660	**705**	176
Impairment of assets	**279**	2,078	**279**	-
Impairment of receivables	**3,192**	14,715	**-**	702
Employee benefit expense (Note 26)	**617,595**	546,319	**75,235**	57,662

26. EMPLOYEE BENEFIT EXPENSE

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
Wages and salaries, including termination benefits	**568,694**	504,596	**60,862**	53,648
Social security costs	**28,428**	19,007	**8,761**	1,910
Pension costs - defined contribution plans	**4,552**	7,066	**605**	773
- defined benefit plans (Note 18)	**15,921**	15,650	**5,007**	1,331
	617,595	546,319	**75,235**	57,662

Notes to the Financial Statements

For the year ended 31 December 2022

27. OTHER COMPREHENSIVE INCOME

THE GROUP	Revaluation and other reserves	Fair value reserves	Actuarial loss	Total
	Rs'000	Rs'000	Rs'000	Rs'000
2022				
Increase in fair value of equity instruments at fair value through other comprehensive income	**-**	**(5,991)**	**-**	**(5,991)**
Movement in actuarial reserve	**-**	**-**	**(7,933)**	**(7,933)**
Revaluation gain on Land and Buildings	**237,161**	**-**	**-**	**237,161**
Movement in associate reserves	**108,469**	**-**	**-**	**108,469**
Currency translation differences	**5,557**	**-**	**-**	**5,557**
Other comprehensive income/(loss) for the year	**351,187**	**(5,991)**	**(7,933)**	**337,263**

	Revaluation and other reserves	Fair value reserves	Actuarial loss	Total
	Rs'000	Rs'000	Rs'000	Rs'000
2021				
Decrease 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 loss for the year	(32,216)	6,086	25,457	(673)

THE COMPANY	Revaluation and other reserves	Fair value reserves	Actuarial loss	Total
	Rs'000	Rs'000	Rs'000	Rs'000
2022				
Movement in actuarial reserve	**-**	**-**	**(2,646)**	**(2,646)**
Revaluation gain on Land and Buildings	**141,407**	**-**	**-**	**141,407**
Decrease in fair value of equity instruments	**-**	**(14,066)**	**-**	**(14,066)**
Other comprehensive loss for the year	**141,407**	**(14,066)**	**(2,646)**	**124,695**
2021				
Movement in actuarial reserve	-	-	(2,016)	(2,016)
Increase in fair value of equity instruments at fair value through other comprehensive income	-	(41,279)	-	(41,279)
Other comprehensive income/(loss) for the year	-	(41,279)	(2,016)	(43,295)

Notes to the Financial Statements
For the year ended 31 December 2022

28. DIVIDENDS

THE GROUP AND THE COMPANY

No dividend was declared and paid during the year ended 31 December 2022 (2021: Rs nil).

29. EARNINGS/(LOSS) PER SHARE

(a) From continuing operations

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
Basic earnings/(loss) per share				
Net profit/(loss) attributable to shareholders (Rs'000)	**120,584**	(24,289)	**25,162**	23,456
Number of ordinary shares in issue (thousands)	**11,259**	11,259	**11,259**	11,259
Basic earnings/(loss) per share (Rs/cents)	**10.71**	(2.16)	**2.23**	2.08

(b) From discontinued operations

	THE GROUP	
	2022	2021
	Rs'000	Rs'000
Basic earnings per share		
Net profit attributable to shareholders (Rs'000)	**16,480**	-
Number of ordinary shares in issue (thousands)	**11,259**	-
Basic earnings per share (Rs/cents)	**1.46**	-

Notes to the Financial Statements
For the year ended 31 December 2022

30. NOTES TO STATEMENTS OF CASH FLOWS

(a) Cash generated from/(absorbed in) operations

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
Profit/(loss) before taxation attributable to continuing operations	**158,564**	(3,479)	**23,744**	22,405
Profit before taxation attributable to discontinued operations	**16,480**	-	**-**	-
Depreciation and amortisation	**73,700**	82,979	**8,105**	7,705
Amortisation on right of use asset	**19,908**	26,660	**705**	176
Net share of results of associated companies	**(124,885)**	64,808	**-**	-
Share of results of joint ventures	**(1,067)**	1,261	**-**	-
Retirement benefit obligations	**12,652**	464	**(4,852)**	(1,249)
Profit on disposal of subsidiaries	**-**	(24,609)	**-**	-
Impairment of assets	**279**	-	**279**	-
(Reversal of) / Impairment of receivables	**3,192**	14,715	**(1,624)**	702
Loss on exchange	**1,326**	11,659	**-**	-
Investment income	**(2,810)**	(407)	**(66,964)**	(36,570)
Interest income	**(67)**	(11)	**(634)**	-
Interest expense	**76,653**	68,704	**23,548**	22,276
Increase in fair value of investment property	**(6,539)**	(5,372)	**(5,369)**	(6,625)
Changes in working capital:				
- inventories	**(85,197)**	(146,880)	**-**	-
- trade and other receivables and contract assets	**(116,711)**	(178,675)	**(2,333)**	17,802
- trade and other payables and contract liabilities	**(1,690)**	203,751	**8,336**	1,827
Cash generated from/(absorbed in) operations	**23,788**	115,568	**(17,059)**	28,449

(b) Cash and cash equivalents

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
Bank and cash balances	**250,685**	228,622	**38,261**	3,435
Loan receivable at call	**-**	-	**4,411**	-
Bank overdrafts	**(243,715)**	(200,018)	**-**	(614)
Loan payable at call	**-**	-	**(40,787)**	(53,236)
	6,970	28,604	**1,885**	(50,415)

Notes to the Financial Statements
For the year ended 31 December 2022

30. NOTES TO STATEMENTS OF CASH FLOWS (continued)

(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	2021 Rs'000	Cash flows Rs'000	**2022 Rs'000**
Long-term borrowings	502,832	9,760	**512,592**
Short-term borrowings	490,570	142,202	**632,772**
Total	993,402	151,962	**1,145,364**

THE COMPANY	2021 Rs'000	Cash flows Rs'000	**2022 Rs'000**
Long-term borrowings	303,863	41,622	**345,485**
Short-term borrowings	255,611	3,424	**259,035**
Total	559,474	45,046	**604,520**

31. 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.

Notes to the Financial Statements
For the year ended 31 December 2022

31. SEGMENT INFORMATION - THE GROUP (continued)

	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 2022						
Total segment revenues	201,964	926,320	2,190,363	1,395,435	-	4,714,082
Inter-segment sales	(7,459)	(156,340)	(67,951)	(38,330)	(249,671)	(519,751)
Revenues from external customers	194,505	769,980	2,122,412	1,357,105	(249,671)	4,194,331
Segment profit/(loss)	54,682	6,629	100,161	33,319	(81,008)	113,783
Share of result of associates and joint ventures	118,988	-	6,964	-	-	125,952
Finance costs	(23,870)	(5,927)	(37,839)	(27,625)	17,282	(77,979)
Profit after tax from discontinued operations	16,480	-	-	-	-	16,480
Net impairment of receivables	1,270	1,477	(7,692)	1,416	337	(3,192)
Profit/(Loss) before tax	167,550	2,179	61,594	7,110	(63,389)	175,044
Income tax	908	(4,330)	(4,977)	(7,886)	-	(16,285)
Net profit/(loss) after tax	168,458	(2,151)	56,617	(776)	(63,389)	158,759
Total assets						
31 December 2022	2,720,766	412,223	2,028,975	1,287,517	(1,445,102)	5,004,379
31 December 2021	2,738,214	486,774	1,657,211	1,318,775	(1,892,044)	4,308,930

Notes to the Financial Statements

For the year ended 31 December 2022

31. SEGMENT INFORMATION – THE GROUP (continued)

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

	Investment & Corporate	Technology	Chemicals	Equipment & Systems	Consolidation adjustments	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	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

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	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
Mauritius	**3,712,584**	3,281,094	**2,754,253**	2,287,892
Madagascar	**159,579**	132,835	**1,165**	1,967
Reunion	**248,863**	138,299	**8,518**	4,225
Africa	**73,305**	82,325	**4,846**	8,485
Total	**4,194,331**	3,634,553	**2,768,782**	2,302,569

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

Notes to the Financial Statements

For the year ended 31 December 2022

32. CONTINGENT LIABILITIES

At 31 December 2022, there is a claim amounting to USD 6m made by a supplier in 2012 to a subsidiary in respect of goods shipped to a company based in Reunion Island whereby the subsidiary acted as agent for the supplier. Based on a legal opinion, no provision has been made in the accounts of that subsidiary in respect of this claim. The claim is still being disputed by both parties, the outcome of which is uncertain at the date of signature of the accounts.

At 31 December 2022, 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 2022, no guarantee were given by the Group and the Company other than in the normal course of business.

33. RELATED PARTY TRANSACTIONS

		Interest paid	Purchase of goods and services	Sales of goods and services	Management services and fees receivable	Loan from related party	Amount owed by related party	Amount owed to related party
(a)	**THE GROUP**	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
(i)	**Year 2022**							
	Associated companies	**1,921**	**68,175**	**21,050**	**2,260**	**50,000**	**10,003**	**722**
	Directors and key management personnel	**-**	**-**	**80**	**-**	**-**	**-**	**-**
	Enterprises in which directors/ key management personnel (and close families) have significant/ substantial interest	**-**	**4,716**	**-**	**-**	**-**	**-**	**-**
	Shareholders	**4,368**				**147,471**	**-**	**-**
(ii)	Year 2021							
	Associated companies	1,870	19,469	9,349	1,740	50,000	7,213	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	-	-

Notes to the Financial Statements
For the year ended 31 December 2022

33. RELATED PARTY TRANSACTIONS (continued)

(b) THE COMPANY

(i)

Year 2022	**Interest received**	**Interest paid**	**Purchase of goods and services**	**Management services and fees (payable)/ receivable**	**Loan due to related parties**	**Amount owed by related party**	**Amount owed to related party**
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Subsidiaries	**634**	**6,170**	**12,619**	**98,924**	**149,715**	**43,394**	**12,166**
Associated companies		**1,921**	**2,200**	**1,960**	**50,000**	**5,007**	**-**
Directors and key management personnel	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Enterprises in which directors/key management personnel (and close families) have significant/ substantial interest	**-**	**-**	**4,716**	**-**	**-**	**-**	**-**
Shareholders	**-**	**4,368**	**-**	**-**	**147,471**	**-**	**-**

(ii)

Year 2021							
Subsidiaries	68	7,532	13,776	102,927	197,239	34,822	12,462
Associated companies	-	1,467	1,168	360	50,000	5,007	-
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	-	-

	Remuneration and benefits	
	2022	2021
THE GROUP	**Rs'000**	Rs'000
Key management personnel compensation		
Salaries and short-term employee benefits	**43,578**	34,587
Post-employment benefits	**6,136**	6,049
	49,714	40,636

	Remuneration and benefits	
	2022	2021
THE COMPANY	**Rs'000**	Rs'000
Key management personnel compensation		
Salaries and short-term employee benefits	**18,255**	15,495
Post-employment benefits	**4,177**	4,174
	22,432	19,669

Notes to the Financial Statements
For the year ended 31 December 2022

33. RELATED PARTY TRANSACTIONS (continued)

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 2022, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (2021: Rs 22.9m). 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.

34. COMMITMENTS

The Group has a commitment to acquire the remaining 19% stake in AEROLIK.OI SAS during financial year 2023 which will make the Group the sole shareholder of the subsidiary. During the years 2021 and 2022, the Group has acquired 81% of the shareholding of AEROLIK.OI SAS as described in Note 36.

35. OPERATING LEASE COMMITMENTS

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

The Group's lease with the MPA is for a period of 9 years and 51 years. Lease term for the motor vehicles varies between 5 to 7 years.

36. BUSINESS COMBINATIONS

THE GROUP

(a) Summary of acquisition

In July 2022 Aerolik Ltd, an indirect subsidiary, acquired an additional 21% of the shares of AEROLIK.OI SAS (formerly known as Aldes Reunion SAS) for a consideration of Rs19,793,498. During the previous financial year in May 2021, the Group, through its subsidiary Novengi Ltd, acquired 100% of the shareholding 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.OI SAS for a consideration of Rs 40,470,536.

An analysis of assets and liabilities of AEROLIK.OI SAS at time of the additional acquisition of 21% is shown in the table below. The prior year figures show the assets and liabilities of Aerolik Ltd and AEROLIK.OI SAS recognised at the date of the acquisition in May 2021:

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36. BUSINESS COMBINATIONS (continued)

	Additional interests acquired		**Initial purchase**	
	2022		2021	
	AEROLIK.OI SAS	Aerolik Ltd	AEROLIK.OI SAS	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Assets				
Plant and equipment	**3,706**	1,019	3,545	4,564
Right of use assets	**24,537**	3,983	30,671	34,654
Investment in subsidiary	**-**	40,471	-	40,471
Deferred tax assets	**-**	71	-	71
Inventories	**73,412**	19,945	58,653	78,598
Trade receivables (net of provision)	**51,273**	15,178	41,163	56,341
Cash and cash equivalents	**41,636**	7,406	37,711	45,117
	194,564	88,073	171,743	259,816

Notes to the Financial Statements

For the year ended 31 December 2022

36. BUSINESS COMBINATIONS (continued)

	Additional interests acquired		**Initial purchase**	
	2022		2021	
	AEROLIK.OI SAS	Aerolik Ltd	AEROLIK.OI SAS	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Liabilities				
Trade and other payables	**51,950**	19,773	46,920	66,693
Lease liabilities	**27,110**	4,101	33,887	37,988
Borrowings	**21,178**	63,536	23,040	86,576
Retirement benefit obligations	**-**	847	-	847
Current tax liabilities	**-**	2,001	-	2,001
	100,238	90,258	103,847	194,105
Net identifiable assets at date of additional acquisition / Net identifiable assets acquired	**94,326**	(2,185)	67,896	65,711
Less: Share of net assets already held by the Grop	**(56,596)**	-	-	-
Less: Non-controlling interests	**(17,922)**	-	(27,158)	(27,158)
Share of net assets/(liabilities)	**19,808**	(2,185)	40,738	38,553
Purchase consideration	**(19,793)**	(6,602)	(40,471)	(47,073)
	15	(8,787)	267	(8,520)
Accounted as follows:				
Movement in Equity	**15**	-	-	-
Gain on bargain purchase/(goodwill)	**-**	(8,787)	267	(8,520)

The Group has recognised directly in equity attributable to owners of the Company the amount of Rs15M, being the difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid.

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For the year ended 31 December 2022

36. BUSINESS COMBINATIONS (continued)

(i) Purchase consideration - cash outflow

	AEROLIK.OI SAS	Aerolik Ltd	AEROLIK.OI SAS	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Cash consideration	(19,793)	(6,602)	(40,471)	(47,073)
Cash and cash equivalents acquired in subsidiaries	-	7,406	37,711	45,117
Net (outflow)/inflow of cash - investing activities	(19,793)	804	(2,760)	(1,956)

(ii) Revenue and profit contribution - previous financial year 2021

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.

37. THREE YEAR SUMMARY - THE GROUP

	2022	2021	2020
	Rs'000	Rs'000	Rs'000
STATEMENTS OF PROFIT OR LOSS			
Revenue	4,194,331	3,634,553	2,914,132
Profit/ (loss) after finance cost	35,804	52,696	(112,256)
Net share of result of associates and joint ventures	125,952	(66,069)	(129,268)
	161,756	(13,373)	(241,524)
Net profit/(loss) on disposal of investments	-	24,609	(5,288)
Impairment of receivables	(3,192)	(14,715)	(82,476)
Profit/ (loss) before taxation	158,564	(3,479)	(329,288)
Taxation	(16,285)	(11,603)	11,366
Profit/(loss) for the year from continuing operations	142,279	(15,082)	(317,922)
Post tax profit/(loss) for the year from discontinued operations	16,480	-	(18,652)
Profit/(loss) for the year	158,759	(15,082)	(336,574)

Notes to the Financial Statements
For the year ended 31 December 2022

37. THREE YEAR SUMMARY - THE GROUP (continued)

	2022	2021	2020
	Rs'000	Rs'000	Rs'000
Attributable to:			
Owners of the parent	137,064	(24,289)	(289,807)
Non controlling interests	21,695	9,207	(46,767)
	158,759	(15,082)	(336,574)
Other comprehensive income/(loss)	337,263	(673)	(2,747)
Total comprehensive income/(loss) for the year	496,022	(15,755)	(339,321)
Attributable to:			
Owners of the parent	456,851	(17,130)	(295,608)
Non controlling interests	39,171	1,375	(43,713)
	496,022	(15,755)	(339,321)
Dividend per share	-	-	-
Earnings/(loss) per share from continuing operations(Rs/cents)	10.71	(2.16)	(24.99)
Earnings/(loss) per share from discontinued operations (Rs/cents)	1.46	-	(0.75)
Total earnings/(loss) per share	12.17	(2.16)	(25.74)

STATEMENTS OF FINANCIAL POSITION		**Restated**	**Restated**
	2022	**2021**	**2020**
	Rs'000	Rs'000	Rs'000
Non-current assets	2,768,783	2,302,569	2,380,602
Current assets	2,235,596	2,006,361	1,449,814
Assets classified as held for sale	-	-	51,445
Total assets	5,004,379	4,308,930	3,881,861
Capital and reserves	1,703,602	1,246,736	1,263,866
Non controlling interests	201,378	182,015	150,755
Non-current liabilities	1,000,686	958,148	784,843
Current liabilities	2,098,713	1,922,031	1,631,387
Liabilities directly associated with assets classified as held for sale	-	-	51,010
Total equity and liabilities	5,004,379	4,308,930	3,881,861

Notes to the Financial Statements
For the year ended 31 December 2022

38. EVENTS AFTER THE REPORTING PERIOD

On 13 March 2023 the Board approved to proceed with a restructuring of its activities through the carve-out of its investments in its associates Attitude Hospitality Management Ltd, Water Sports Village Limited and Zilwa Resort Ltd (together the "Hospitality Shares") from Harel Mallac Group (the "Restructuring"). As part of the Restructuring, the Company will:

- incorporate a new wholly-owned subsidiary, Cavell Touristic Investments Ltd (the "New Subsidiary"),
- transfer its investments in Hospitality Shares to the New Subsidiary through an intra-group transfer,
- cause the ordinary shares of the New Subsidiary to be listed on the Development & Enterprise Market (the "DEM") of the Stock Exchange of Mauritius (the "SEM"), and
- distribute the ordinary shares of the New Subsidiary to its shareholders in the ratio of one ordinary share of the New Subsidiary for every share held in the Company.

Subject to and conditional on the approval of shareholders, the regulatory approval for the listing of the ordinary shares of the New Subsidiary on the DEM and compliance with any relevant legislation, the Board has declared a special dividend in specie of one ordinary share of no par value of the New Subsidiary, for every ordinary share of the Company ("Special Dividend") to its shareholders registered in the books of the Company at close of business on 27 April 2023.

39. UKRAINE CONFLICT

The conflict between Russia and Ukraine had a negative impact on the operations of most segments of the Group. The global economic uncertainty is expected to continue adversely affect commodity prices, key assumptions and judgements made by management on forecasting cash flows, amongst others. The Board will continue to monitor the developments and likely impacts on operations closely.

Harel Mallac & Co. Ltd

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