

Harel Mallac Group has achieved a Profit After Tax of MUR 31 million for the six months ended 30 June 2023

GROUP CONSOLIDATED REVENUE

MUR 1,951M ▲2%
MUR 1,910M - 30 JUNE 22

PROFIT BEFORE FINANCE COST

MUR 45M ▲+100%
MUR 7M - 30 JUNE 22

GROUP PROFIT AFTER TAX

MUR 31M ▲+100%
MUR 3M - 30 JUNE 22

COMPANY NET ASSET VALUE PER SHARE

MUR 143 ▲28%
MUR 111 - 30 JUNE 22

KEY HIGHLIGHTS

- Chemicals experienced an increase in revenue by 7% to MUR 959 million (H1 2022: MUR 898 million), driven mainly by the growth of the agrochemical and aqua business activities. The Profit After Tax stood at MUR 13 million, showing an improvement from H1 2022 Loss After Tax of MUR 12 million.
- Equipment & Systems reported improved revenue of MUR 740 million (H1 2022: MUR 680 million) and a Profit After Tax of MUR 2 million (H1 2022: Loss After Tax of MUR 2 million). The Segment is delivering key projects with a sustained pipeline of new revenues in H2.
- Technology posted a decrease of 22% in its revenue to MUR 274 million (H1: MUR 352 million), resulting from delays on key projects. The Loss After Tax has increased by MUR 9 million, reaching MUR 28 million (H1 2022: Loss After Tax of MUR 18 million).
- Investments & Corporate reported improved revenue of MUR 86 million (H1 2022: MUR 79 million) and a Profit After Tax of MUR 29 million (H1 2022: Profit After Tax of MUR 5 million).

OUTLOOK

The Group shall focus on strengthening its operations such as new sales channels and markets, new product offerings and key recruitment. As interest rates are expected to remain high and inflation remains a concern, the Group is taking a cautious approach to its business activities through close monitoring of its gross margins, operating costs, and overheads to navigate these challenges successfully.

OVERALL PERFORMANCE

For the six months ended 30 June 2023, the Group's consolidated revenue from continuing operations increased by 2% to MUR 1,951 million compared to the same period last year (H1 2022: MUR 1,910 million). The Group recorded a Profit before Finance Costs of MUR 45 million (H1 2022: Profit of MUR 7 million) following an improvement in the gross profit margin.

The Group's share of results of associates and joint ventures saw an improvement to MUR 38 million (H1 2022: MUR 22 million). The increase in finance costs to MUR 59 million (H1 2022: MUR 31 million) is driven by an increase in interest rates. The Group posted an overall Profit After Tax of MUR 31 million for the semester (H1 2022: MUR 3 million), representing an improvement of MUR 28 million from last year.

Post Tax Profit from Discontinued Operations of MUR 18 million relate to the Group share of profit realised by its associates Attitude Hospitality Management Ltd, Watersports Village Limited and Zilwa Resort Ltd (the Hospitality Shares) to be spun-off as part of the dividend in specie approved by the Company's shareholders on 25 April 2023 and which is subject to and conditional on relevant regulatory approval and compliance with any relevant legislation.

The Group produced a positive cash flow of MUR 89 million from its operating activities, which represents a significant improvement from the corresponding semester of 2022, where there was a cash outflow of MUR 171 million. This is attributable to better management of the working capital in this semester.

CONDENSED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	THE GROUP			
	Three months to 30 June 2023 MUR' 000	Three months to 30 June 2022 MUR' 000	Six months to 30 June 2023 MUR' 000	Six months to 30 June 2022 MUR' 000
Revenue	1,064,271	1,016,684	1,951,299	1,910,419
Profit before finance costs	47,132	4,006	44,768	6,908
Finance costs	(30,124)	(10,027)	(58,787)	(31,405)
Share of results of associates & joint ventures	18,018	13,389	37,710	22,424
Impairment of receivables	(3,002)	(5,588)	(3,071)	(12,229)
Profit/(Loss) before tax	32,024	1,780	20,620	(14,302)
Income tax	(5,659)	(8,065)	(8,365)	(13,775)
Post tax profit from discontinued operations	-	9,205	8,251	31,220
Profit for the period	26,365	2,920	30,506	3,143
Attributable to:				
Owners of the parent	22,311	1,433	25,176	256
Non controlling interests	4,054	1,487	5,330	2,887
Profit for the period	26,365	2,920	30,506	3,143
Other comprehensive income/(loss) for the period net of tax	1,788	1,021	(4,315)	6,106
Total comprehensive income for the period	28,153	3,941	26,191	9,249
Other comprehensive income/(loss) attributable to:				
Owners of the parent	241	3,011	(2,961)	8,096
Non controlling interests	1,547	(1,990)	(1,354)	(1,990)
	1,788	1,021	(4,315)	6,106
Profit/(loss) per share from continuing operations (Rs/cents)	1.98	0.13	0.62	(1.44)
Profit per share from discontinued operations (Rs/cents)	-	-	1.62	1.46

CONDENSED STATEMENTS OF FINANCIAL POSITION

	THE GROUP		
	30 June 2023 MUR' 000	30 December 2022 MUR' 000	30 June 2022 MUR' 000
ASSETS			
Non-current assets	2,286,602	2,768,783	2,322,767
Current assets	1,843,379	2,235,596	2,065,585
Assets classified as held for distribution	447,800	-	-
Total assets	4,577,781	5,004,379	4,388,352
EQUITY AND LIABILITIES			
Capital and reserves	1,608,582	1,703,602	1,255,088
Owners' interest	205,354	201,378	182,912
Non controlling interests	1,813,936	1,904,980	1,438,000
Total equity	1,024,617	1,000,686	1,010,470
Non-current liabilities	1,739,228	2,098,713	1,939,882
Current liabilities	4,577,781	5,004,379	4,388,352
Total equity and liabilities	4,577,781	5,004,379	4,388,352
Net assets value per share (Rs)	142.87	151.31	111.47
Number of ordinary shares	11,259,388	11,259,388	11,259,388

SIX MONTHS (H1) ENDED 30 JUNE SEGMENTAL INFORMATION (MUR' M)

		SEGMENTS					NON-RECURRING ITEMS	CONSOLIDATION ADJUSTMENTS	TOTAL
		CHEMICALS	EQUIPMENT AND SYSTEMS	TECHNOLOGY	INVESTMENTS AND CORPORATE				
REVENUE	2023	959	740	274	86	-	(108)	1,951	
	2022	898	680	352	79	-	(99)	1,910	
PROFIT/(LOSS)	2023	13	2	(28)	29	18	(3)	31	
	AFTER TAX 2022	(12)	(2)	(18)	5	31	(1)	3	

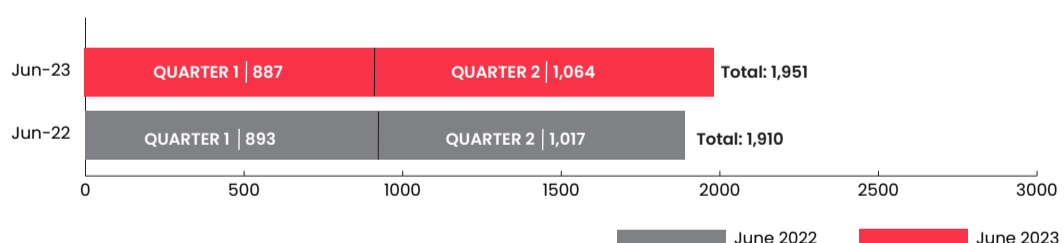
STATEMENTS OF CHANGES IN EQUITY

	THE GROUP		
	Owners of the Parent MUR' 000	Non-controlling interests MUR' 000	Total Equity MUR' 000
Balance as at 1 January 2023	1,703,602	201,378	1,904,980
Profit for the period	25,176	5,330	30,506
Other comprehensive loss	(2,961)	(1,354)	(4,315)
Other movements	(117,235)	-	(117,235)
Balance as at 30 June 2023	1,608,582	205,354	1,813,936
Balance as at 1 January 2022	1,246,736	182,015	1,428,751
Profit for the period	256	2,887	3,143
Other comprehensive income/(loss)	8,096	(1,990)	6,106
Balance as at 30 June 2022	1,255,088	182,912	1,438,000

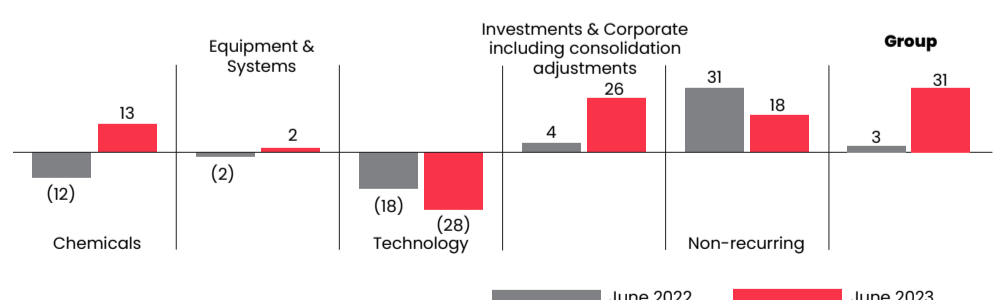
THREE MONTHS QUARTER ENDED 30 JUNE SEGMENTAL INFORMATION (MUR' M)

		SEGMENTS					NON-RECURRING ITEMS	CONSOLIDATION ADJUSTMENTS	TOTAL
		CHEMICALS	EQUIPMENT AND SYSTEMS	TECHNOLOGY	INVESTMENTS AND CORPORATE				
REVENUE	2023	494	444	136	52	-	(61)	1,064	
	2022	474	350	188	47	-	(43)	1,017	
PROFIT/(LOSS)	2023	9	18	(16)	19	-	(3)	27	
	AFTER TAX 2022	(7)	1	(6)	1	9	5	3	

REVENUE (MUR' M)



6 MONTHS SEGMENTAL RESULTS (MUR' M)



STATEMENTS OF CASH FLOWS

	THE GROUP	
	Six months 30 June 2023 MUR' 000	Six months 30 June 2022 MUR' 000
Operating activities		
Net cash generated/(absorbed in) from operating activities	89,490	(170,517)
Investing activities		
Net cash absorbed in from investing activities	(52,372)	(34,436)
Financing activities		
Net cash (absorbed in)/generated from financing activities	(95,941)	67,972
Decrease in cash and cash equivalents	(58,823)	(136,981)
Movement in cash and cash equivalents		
At 1 January	6,970	28,604
Net decrease in cash and cash equivalents	(58,823)	(136,981)
Effect of foreign exchange difference	202	6,106
At 30 June	(51,651)	(102,270)

These quarterly condensed financial statements have been prepared using the same accounting policies as for the statutory financial statements for the year ended 31 December 2022, except for the adoption of published Standards that are now effective. These interim financial statements have been prepared in accordance with IAS 34 "Interim financial Reporting."

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

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

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