

Harel Mallac Group has achieved a Profit After Tax of MUR 185 million for the year ended 31 December 2023

GROUP CONSOLIDATED REVENUE

MUR 4,333M ▲ 3%
MUR 4,194M – DECEMBER 22

PROFIT BEFORE FINANCE COST

MUR 250M ▲ +100%
MUR 114M – DECEMBER 22

GROUP PROFIT AFTER TAX

MUR 185M ▲ 16%
MUR 159M – DECEMBER 22

COMPANY NET ASSET VALUE PER SHARE

MUR 118 ▼ 22%
MUR 151 – DECEMBER 22

OVERALL PERFORMANCE

- Consolidated revenue from continuing operations increased by 3% to MUR 4,333 million for the financial year ended 31 December 2023, compared to MUR 4,194 million in the previous financial year.
- The Group's share of results of associates and joint ventures stood at MUR 68 million (FY 2022: MUR 59 million).
- Finance costs increased to MUR 113 million, up from MUR 78 million in FY 2022, due to higher interest rates.
- Profit After Tax reached MUR 185 million, showing an improvement from MUR 159 million. This performance is principally driven by the improved results of the Equipment and Systems and Technology segments.
- Post Tax Profit from Discontinued Operations was MUR 22 million (FY 2022: MUR 83 million), mainly attributable to the Group's share of profit from associates, namely Rs. 18 million from Attitude Hospitality Management Ltd, Watersports Village Limited, and Zilwa Resort Ltd. These entities have been spun-off by way of a dividend in specie approved by shareholders on 25 April 2023. This transaction has impacted the Group's total assets, contracting to MUR 4,496 million, and equity contracted to MUR 1,500 million.
- Positive cash flow of MUR 85 million was generated from operating activities, a significant improvement from the MUR 61 million cash outflow in the previous financial year. Negative cash and cash equivalent of MUR 136 million is principally due to heavy investments in capital expenditures, completion of the acquisition of Technical Water Services business and the remaining shares in Aerolik.OI and payment of other financial undertakings.

KEY HIGHLIGHTS

- Chemicals** observed a decrease in revenue to MUR 2,001 million (FY 2022: MUR 2,122 million), largely driven by the decline in sales volume in the Agro Segment and lower selling prices arising from the drop in raw materials' costs. This was offset by Archemics' strong performance and turnaround, resulting from increased sales and cost rationalisation efforts. Profit After Tax for the Segment stood at MUR 50 million (FY 2022: MUR 57 million).
- Equipment & Systems** witnessed a revenue growth, reaching MUR 1,665 million (FY 2022: MUR 1,357 million), along with a Profit After Tax of MUR 59 million (FY 2022: Losses of MUR 1 million). Novengi has successfully delivered on key projects and its investments in Réunion Island have significantly contributed to this year's profitability. Meanwhile, Linxia is showing signs of recovery and EO Solutions continues to perform robustly.
- Technology** experienced a decline in revenue, dropping to MUR 742 million (FY 22: MUR 770 million). This is primarily due to the delay of some key projects to the next financial year and currency devaluation in the foreign markets where it operates. Additionally, the segment recorded a Profit After Tax MUR 4 million for the year (FY 22: Losses of MUR 2 million).
- Investments & Corporate** showed an improved revenue of MUR 229 million (FY 2022: MUR 195 million) and a Profit After Tax of MUR 75 million (FY 2022: MUR 85 million).

OUTLOOK

Looking ahead, the Group shall continue to focus on operational efficiency and strategic growth, while navigating market challenges and leveraging opportunities for sustainable profitability and growth.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	THE GROUP	
	December 2023 MUR' 000	December 2022 MUR' 000
Revenue	4,333,058	4,194,331
Profit before finance costs	249,705	113,783
Finance costs	(112,515)	(77,979)
Share of results of associates & joint ventures	68,012	59,435
Impairment of receivables	(6,066)	(3,192)
Profit before tax	199,136	92,047
Income tax	(36,465)	(16,285)
Post tax profit from discontinued operations	22,114	82,997
Profit for the year	184,785	158,759
Attributable to:		
Owners of the parent	176,160	137,064
Non controlling interests	8,625	21,695
Profit for the year	184,785	158,759
Other comprehensive (loss)/income for the year net of tax	(36,155)	337,263
Total comprehensive income for the year	148,630	496,022
Other comprehensive (loss)/income attributable to:		
Owners of the parent	(25,634)	319,787
Non controlling interests	(10,521)	17,476
	(36,155)	337,263
Earning per share from continuing operations(Rs/cents)	13.68	4.80
Earnings per share from discontinued operations(Rs/cents)	1.96	7.37

STATEMENTS OF FINANCIAL POSITION

	THE GROUP	
	December 2023 MUR' 000	December 2022 MUR' 000
ASSETS		
Non-current assets	2,469,005	2,768,783
Current assets	2,026,664	2,235,596
Total assets	4,495,669	5,004,379
EQUITY AND LIABILITIES		
Capital and reserves		
Owners' interest	1,326,731	1,703,602
Non controlling interests	173,386	201,378
Total equity	1,500,117	1,904,980
Non-current liabilities	1,050,810	1,000,686
Current liabilities	1,944,742	2,098,713
Total equity and liabilities	4,495,669	5,004,379
Net assets per share (Rs)	117.83	151.31
Number of ordinary shares	11,259,388	11,259,388

NOTES TO THE CONDENSED AUDITED FINANCIAL STATEMENTS (MUR' M)

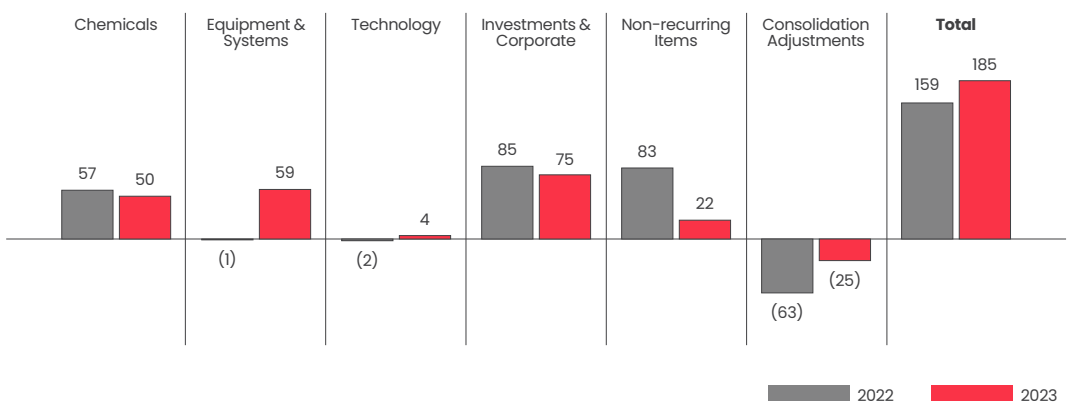
		CHEMICALS	EQUIPMENT AND SYSTEMS	TECHNOLOGY	INVESTMENTS AND CORPORATE	NON-RECURRING ITEMS	CONSOLIDATION ADJUSTMENTS	TOTAL
		REVENUE	2023	2,001	1,665	742	229	-
	2022	2,122	1,357	770	195	-	(250)	4,194
PROFIT/(LOSS) AFTERTAX	2023	50	59	4	75	22	(25)	185
	2022	57	(1)	(2)	85	83	(63)	159

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

STATEMENTS OF CHANGES IN EQUITY

GROUP	THE GROUP		
	Owners of the Parent MUR' 000	Non-controlling interests MUR' 000	Total Equity MUR' 000
Balance at 1 January 2023	1,703,602	201,378	1,904,980
Profit for the year	176,160	8,625	184,785
Other comprehensive income	(25,634)	(10,521)	(36,155)
Effect of restructuring	(117,112)	-	(117,112)
Acquisition of subsidiaries with non-controlling interests	695	(20,235)	(19,540)
Dividend declared to Non-controlling interests	-	(5,861)	(5,861)
Dividend Declared to Owners of the Parent	(410,980)	-	(410,980)
Balance at 31 December 2023	1,326,731	173,386	1,500,117
Balance at 1 January 2022	1,246,736	182,015	1,428,751
Profit for the year	137,064	21,695	158,759
Acquisition of additional interests in subsidiary	15	(19,808)	(19,793)
Other comprehensive income	319,787	17,476	337,263
Balance at 31 December 2022	1,703,602	201,378	1,904,980

YEARLY SEGMENT RESULTS (MUR' M)



STATEMENTS OF CASH FLOWS

	THE GROUP	
	December 2023 MUR' 000	December 2022 MUR' 000
Operating activities		
Net cash generated from/(absorbed in) operating activities from continuing operations	84,859	(61,040)
Investing activities		
Net cash absorbed in investing activities	(120,774)	(74,719)
Financing activities		
Net cash (absorbed in)/generated from financing activities	(107,724)	116,427
Decrease in cash and cash equivalents	(143,639)	(19,332)
Movement in cash and cash equivalents		
At 1 January	6,970	28,604
Net decrease in cash and cash equivalents	(143,639)	(19,332)
Effect of foreign exchange difference	318	(2,302)
At 31 December	(136,351)	6,970

These abridged financial statements have been prepared in line with International Financial Reporting Standards and audited by Nexia Baker and Arenson and were authorised for issue by the Board of Directors on 29 March 2024.

Copies of the abridged audited 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 12.14. The Board of Directors of Harel Mallac & Co. Ltd accepts full responsibility for the accuracy of the information contained therein.

By order of the Board
HM Secretaries Ltd
Company Secretary
29 March 2024