for the better

UNLOCKING POTENTIALS

ANNUAL REPORT 2023

Welcome to our annual report for 2023, which reflects **Harel Mallac's ongoing journey toward unlocking its full potential.** Standing upon the pillars of our legacy and strong foundations, we forged ahead with a fresh strategic direction, consolidating our business, empowering our people to harness their talents and thrive in their roles, and pioneering solutions that serve a wider purpose for the planet and people. These pages tell the story of the milestones, challenges and achievements that define our dedication to **Unlocking Potentials** - a symbol of forward momentum, responsible growth and excellence in every aspect of our business.

Dear Shareholder

The Board of Directors of Harel Mallac & Co. Ltd ('Harel Mallac' or 'the Company') is pleased to present the Company's annual report for the year ended 31 December 2023.

This report was approved by the Board of Directors on 2 May 2024.

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

MAIN 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

Reporting Principles

Reporting period and boundary

This report presents a fair account of the Harel Mallac Group's performance for the financial year 01 January 2023 to 31 December 2023. Any notable or material events that may have occurred after this period, and up to the date of the report's approval by the Board of Directors, have also been included.

Basis of preparation

This report was prepared in accordance with and/or in reference to the following frameworks and guidelines:

- ➔ The Mauritius Companies Act 2001
- ➔ The International Financial Reporting Standards (IFRS)
- ➔ The National Code of Corporate Governance (2016)
- ➔ The United Nations Sustainable Development Goals (SDGs)
- ➔ Some elements of the International Integrated Reporting Council (IIRC)'s International Framework

While this report only contains certain principles of the Integrated Reporting (IR) Framework, it represents a notable step forward in the Group's commitment to transparency, accountability and stakeholder engagement. As we embark on our journey towards integrated reporting, which we view as an iterative and dynamic process, we aim to continuously refine the relevance and quality of the information we communicate.

Contact

We are committed to enhancing our reporting practices each year, ensuring that our stakeholders are able to make an informed assessment of how Harel Mallac creates value over the short, medium and long term.

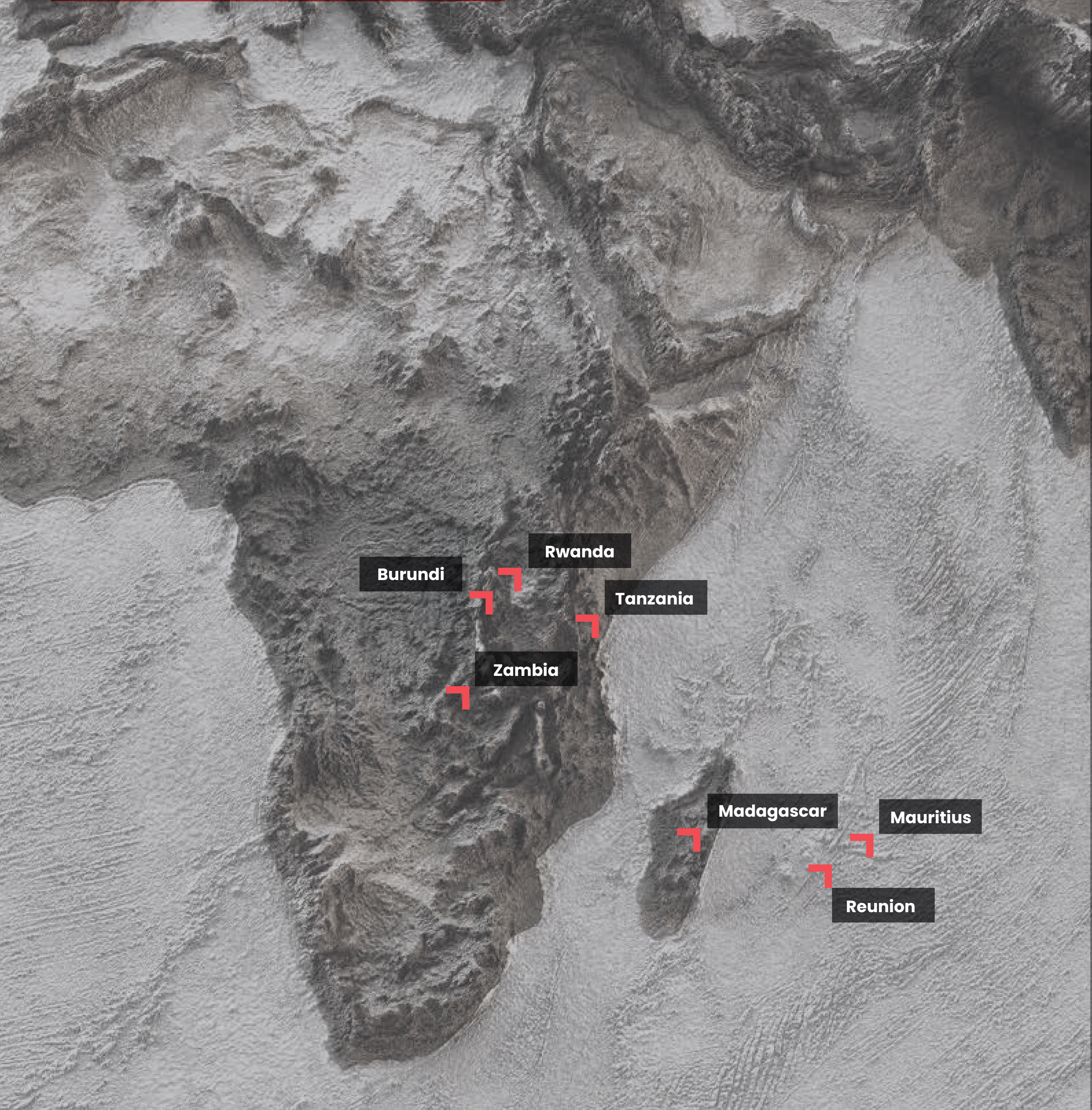
As we strive for continuous improvement, we welcome feedback from our readers regarding the design and content of our annual report. Kindly send your comments or questions to investors@harelmallac.com

Abbreviations

- **ACT** - Agility, Care, Trust
- **AFD** - The Agence Française de Développement (AFD)
- **AISE** - International Association for Soaps, Detergents and Maintenance Products
- **ARC** - Audit & Risk Committee
- **BU** - Business Unit
- **CEO** - Chief Executive Officer
- **CFO** - Chief Finance Officer
- **CGC** - Corporate Governance Committee
- **CNIS** - Carbon Neutral Industrial Scheme
- **COE** - Code of Ethics
- **CSR** - Corporate Social Responsibility
- **DEM** - Development & Enterprise Market
- **EBITDA** - Earnings Before Interest, Taxes, Depreciation, and Amortization
- **ESG** - Environmental, Social, Governance
- **EU CRSD** - EU Corporate Sustainability Reporting Directive
- **FHM** - Fondation Harel Mallac
- **FY** - Financial Year
- **GDPR** - General Data Protection Regulation
- **GRI** - Global Reporting Initiative
- **HM** - Harel Mallac
- **HMT** - Harel Mallac Technologies
- **KPI** - Key Performance Indicator
- **MCFI** - The Mauritius Chemical and Fertilizer Industry Limited
- **O&M** - Operation and Maintenance
- **PAT** - Profit After Tax
- **PIE** - Public Interest Entity
- **R&D** - Research & Development
- **RS** - Mauritian Rupees
- **SASB** - Sustainability Accounting Standards Board
- **SDG** - Sustainable Development Goals
- **SEM** - Stock Exchange of Mauritius
- **TCFD** - Task Force on Climate-Related Financial Disclosures
- **TNFD** - Taskforce on Nature-related Financial Disclosures
- **TWS** - Technic Water Services
- **WASH** - WASH (Water, Sanitation & Hand Washing)

UPSCALING
efficiency levels

Our Group at a Glance



918 Employees

4 Divisions

7 Countries

21 Companies

Rs **4.33** Bn
turnover for 2023

GROUP CONSOLIDATED REVENUE

Rs **4.33** Bn ▲ 3%

Rs 4.194Bn - DECEMBER 22

PROFIT BEFORE FINANCE COST

Rs **250** M ▲ 100%

Rs 114M - DECEMBER 22

GROUP PROFIT AFTER TAX

Rs **185** M ▲ 16%

Rs 159M - DECEMBER 22

Our Guiding Principles

These principles form the cornerstone of our daily actions and behaviours, shaping how we interact with and serve our diverse stakeholders. They serve as a vital compass, guiding us to always stay true to our strong principles and values, and ensuring that we move forward as a cohesive, united team.

Our purpose

Our purpose drives us in our everyday actions, as we believe that a business conducted with passion is the most powerful model for meaningful change.

"Committed to making a difference for the better of our people, our performance, our consumers and our planet."

We believe that continuing our development with this purpose as a compass is the only way to leave a strong legacy to the future generations of Mauritians.

AGILITY

CARE

TRUST

Our values

AGILITY AND DETERMINATION IN ACHIEVING

Our agility enables us to seize and create the opportunities. We believe in the power of ambition and it is only by taking determined initiatives and by moving quickly that we can serve our clients with excellence, and generate sustainable value for everyone.

CARE AND ENGAGEMENT IN WHAT WE DO

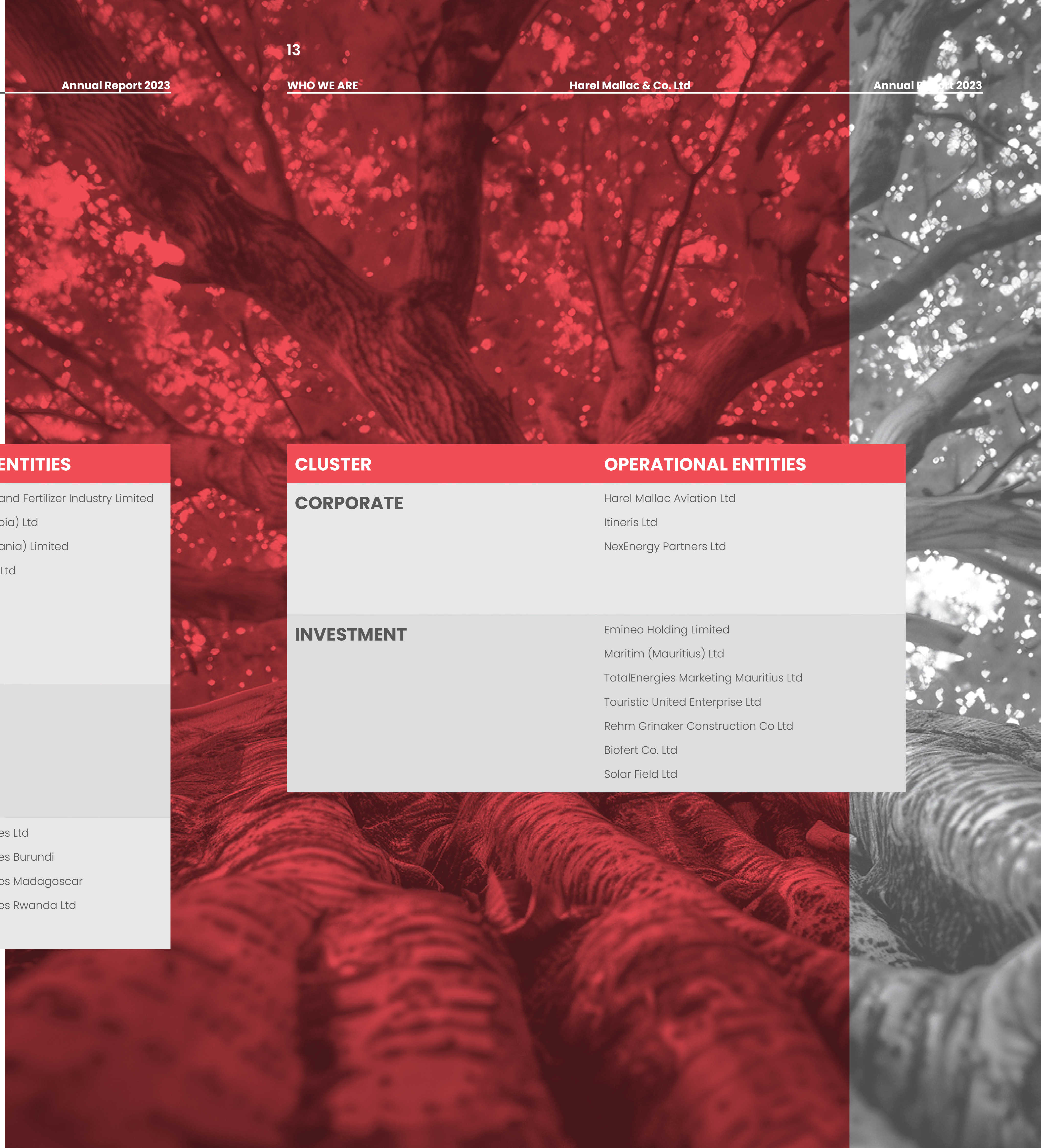
We believe that one has to care for what they do to do it well, fuelled by the passion and enthusiasm we put in every action. We operate in a spirit of cooperation and respect, embracing each individual's talents and creating a forward-thinking environment.

TRUST AND RESPONSIBILITY IN OUR RELATIONSHIPS

We lead by example and take ownership of our individual responsibility. This means doing the right thing at all times, and conducting our business with the highest standards of professional behaviour and ethics.

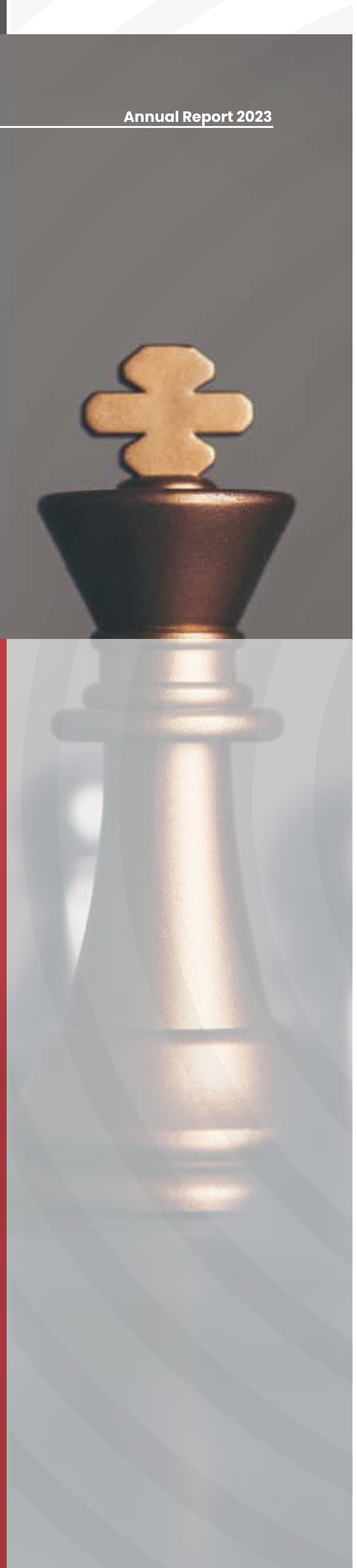
Group Structure at 31 December 2023

CLUSTER	OPERATIONAL ENTITIES
CHEMICALS	The Mauritius Chemical and Fertilizer Industry Limited
	MCFI International (Zambia) Ltd
	MCFI International (Tanzania) Limited
	MCFI International & Co. Ltd
	Chemco Limited
	Bychemex Limited
	Suchem Limited
	Archemics Ltd
EQUIPMENT AND SYSTEMS	EO Solutions Ltd
	Linxia Ltd
	Novengi Ltd
	Aerolik Ltd
	Aerolik. OI
TECHNOLOGY	Harel Mallac Technologies Ltd
	Harel Mallac Technologies Burundi
	Harel Mallac Technologies Madagascar
	Harel Mallac Technologies Rwanda Ltd
	Activeline Ltd



CLUSTER	OPERATIONAL ENTITIES
CORPORATE	Harel Mallac Aviation Ltd
	Itineris Ltd
	NexEnergy Partners Ltd
INVESTMENT	Emineo Holding Limited
	Maritim (Mauritius) Ltd
	TotalEnergies Marketing Mauritius Ltd
	Touristic United Enterprise Ltd
	Rehm Grinaker Construction Co Ltd
	Biofert Co. Ltd
	Solar Field Ltd

Our Activities



Chemicals

Equipment and Systems

Technology

Investments & Corporate

Chemicals

Improving Productivity, Responsibly.

This division manufactures and distributes a wide range of chemicals for the agricultural sector, industrial needs and Fast Moving Consumer Goods (FMCGs). Its mission is to offer solutions that increase the competitiveness of companies, and bolster local and foreign industries, all while preserving the environment and the future of communities they serve.

Corporate Umbrella brand	Main activities	At a glance	Brands
ARCHEMICS	Specialises in the production, marketing, sales and distribution of products in the following areas: Hygiene & Industrial Cleaning, Laundry & Homecare, Beauty Care, Adhesive and Cementitious Technologies, and Textile Auxiliaries. Archemics serves B2B and B2C customers in the hospitality, automobile, textile and construction sectors, amongst others, making its products available through both online channels and retail outlets.	→ 191 team members → 200+ customers → 60 brands → Holds 'Made in Moris' label for 5 brands → Exclusive franchisee of Henkel and Les Laboratoires Rochex → Certified ISO 9001 - Quality Management system → Certified OHSAS 18001- Occupational Health & Safety Management System → 71,131 KWh renewable energy produced (2023)	Xtra Le Chat Supercroix Fa Mir Tylon Clearshield K2R Gliss Palette Le Petit Olivier Lirene Schwarzkopf
ingenia BY MCFI	Group of companies combining engineering expertise, technology, circularity and ecology to supply chemical products and solutions to businesses in Mauritius, sub-Saharan Africa and the Indian Ocean. Ingenia offers solutions across 3 strategic sectors, completed with lab services, aimed at sustainability addressing the current and future challenges of communities and the environment: **Aqua**: pool treatment, desalination, air quality. **Agri**: nursery, soil, crop protection, precision agriculture. **Industry**: smart solutions to optimise operations, paints & coating, plastic converters.	→ 8 companies → 184 team members → Serves 14 countries → Listed on the Stock Exchange of Mauritius → 19 brands → ISO 9001 and ISO 45001	Fertifort (Made in Moris label) Tradecorp Forward chemicals Jacto Red Roo Silvan Fineotex Jintex Eternal Ncs Kemira Kaytec Kool air Aux

Equipment and Systems

Engineering solutions for the 21st century

This division supplies, installs and services equipment and industrial systems for the modern business and home. Whether it's equipping Mauritians with the latest consumer electronics and office equipment, supporting companies in their transition towards Industry 4.0, or improving their energy efficiency, our portfolio of services and products were designed to future-proof Mauritius.

Corporate Umbrella brand	Main activities	At a glance	Brands
AEROLIK	Supplies architects, contractors and building professionals with state-of-the art and leading brands of air control, ductwork and fire safety solutions for their projects and properties. Backed by the latest technology, Aerolik's products are tailor-made, energy efficient, cost effective and compliant with the highest industry standards to create smarter, safer buildings in Mauritius, Reunion and across the Indian Ocean.	→ 30 team members → 200+ customers → 4 brands → Partnership with leading international brands → Best-in-class HVAC systems, complete with technical support	Aldes Hunter Sikla Dynair York
NOVENGI engineering our future	A pioneer in the supply of engineering solutions in Mauritius, including compressed air, refrigeration and material handling solutions, among others. Driven by the philosophy that all companies need to consciously operate in a more sustainable manner, Novengi not only integrates social and environmental objectives into its own operational processes, but it also offers Industry 4.0, smart building solutions designed to improve the sustainable and economic performance of companies it serves, as well as the communities they form part of.	→ 118 team members → 38 brands → 1500 + customers → Exclusive partner of Kaeser since Yr. 2004 in the region → Exclusive partner of Toyota material handling since Yr. 2000 → Partner since 1949 of Victa → Sole Distributor of Terberg trucks in the region.	Kaeser Abac BT Toyota Godrej Doosan/Bobcat Terberg Victa Active Club Cadet Wayne Gree Sri

Corporate Umbrella brand	Main activities	At a glance	Brands
eo PERFORMING WORKPLACES	One-stop solutions provider committed to delivering efficient, agile and high-performing workplaces that reverberate with positivity. As architects of transformation, EO Solutions combines expert knowledge and systems & solutions from the world's leading brands to uncover efficiencies and accompany businesses on the path to more productivity and growth. From printing and mailing, to cash-handling solutions, it provides reliable implementation and support services to customers in Mauritius, the Indian Ocean and Africa, always driven by an ethos of environmental responsibility.	→ 88 team members → 1,500 customers → more than 30 brands → 60 years of robust partnership as the sole distributor of Xerox → 14 years of partnership with Glory and CPS → Innovative introduction of Glory Teller → Cash Recycler on the Mauritian market → 12 years of partnership with Quadient (Neopost) → Pioneer in inserter folder and franking machine at the Mauritius Post → Ambition to be a regional player for Xerox and Cash Handling solutions	Xerox Fujifilm Glory Quadient CPS EBS Heidi G+D KAL XA Flow Acrelec Hexis
Linxia	A leading value-added distributor of world-renowned brands in the IT, smartphones, consumer electronics and domestic appliances markets. Leveraging its network of 300+ resellers across Mauritius and the Indian Ocean islands, along with decades of industry knowledge and longstanding partnerships with industry experts Linxia meets the evolving needs of its customers by bringing the latest technologies at competitive rates, underpinned by the best possible customer support and efficient logistics.	→ 54 team members → 9 brands → A homegrown brand, Myros	Acer Candy D-Link Dell Gree Myros Xiaomi TP-Link Kingston Technologies

Technology

Empowering Digital Transformation

This division empowers Mauritian and African businesses to harness the countless possibilities in the realm of Information Technology, and embark on a digital transformation journey that will help them remain relevant, build a competitive edge and thrive like never before in today's ever-evolving landscape.

Corporate Umbrella brand	Main activities	At a glance	Brands
harel mallac technologies	As a leading technology integrator and one of the pioneering companies in the field, Harel Mallac Technologies rides the cusp of innovation and grants businesses privileged access to the latest technologies and leading brands, helping them unlock their full potential. Through its network of ICT specialists across the African continent, the company provides solutions across key technological segments, including Digital Transformation Strategy, Customer Experience, Cybersecurity, Automation, Business Process Engineering and Fintech, amongst others.	→ 200+ team members → 35+ years of industry experience → 4 strategically located offices in Mauritius, Rwanda, Burundi and Madagascar	IBM DELL Microsoft Diebold Nixdorf Next Go Oracle VMWare Broadcom Veritas Backup Solutions Veeam Backup Citrix Nozomi Networks Trend Micro Kaspersky

Investment & Corporate

Shaping a secure future

This division holds the Group's travel companies and holdings in businesses operating in the tourism, hospitality, engineering, construction and energy sectors. Its mission is to add value to these promising ventures by lending its decades-long experience and network in the business community.

Corporate Umbrella brand	Main activities	At a glance	Brands
harel mallac aviation	The General Sales Agent (GSA) for the German airline, Condor, and Air India, Harel Mallac Aviation operates passengers services. With a dedicated team of aviation experts and a commitment to excellence, it ensures that every aspect of the travel process is seamless, broadening horizons and opportunities for both leisure and business travellers.	→ 3 team members → Recipient of 'Best Irregularity Management' 'Best Turnaround Performance', both for Condor Long Haul flights worldwide.	Condor (since 1992) Air India (since 2015)
ITINERIS Your travel designer	Travel designer serving as a getaway to a world of exploration. With expertise in travel planning and deep destination knowledge, it serves as a trusted advisor and reliable travel partner, offering tailored solutions that exceed expectations and create memorable experiences for every type of traveller.	→ 4 team members → Member of the International Air Travel Association (IATA) and the Mauritius Association of IATA Travel Agents (MAITA) → Exclusive partner of Carlson WagonLit Travel (CWT), the world's leading Business → Travel organisation → Exclusive partner of Intrepid Travel, a small group adventure travel company	
	A minority investor in Mauritian companies, holding investments in promising ventures and dedicated to adding value through its extensive experience and network in the business community. These investments include businesses operating in the hospitality, printing, engineering, renewable energy, commodities and construction sectors. The business regularly reviews its investments, strategically disposing of mature holdings to optimise its portfolio.	→ Joint control of Solar Field, a photovoltaic farm based in the North of Mauritius and supplying 2MW of clean electricity to the national grid, since 2016.	

UPSURGING
market visibility

Chairman's Message

How did Harel Mallac perform this past financial year? Could you discuss some of the major achievements and challenges encountered, and how the Group addressed them?

Amid a backdrop of challenges, including escalating import and finance costs, fierce market competition, and staff turnover, the operational mettle of Harel Mallac was put to the test. Yet, the Group not only weathered the storm, but also invested for resilience and agility, charting a course towards sustainable and responsible growth.

Notably, Harel Mallac's profit for the year increased to Rs 185 million (2022: Rs 159 million). This is even more impressive when considering that underlying Profit after Tax for 'continuing operations' (excluding the contribution of the hospitality investments distributed to the Group's shareholders in 2023, and hence discontinued within Harel Mallac) more than doubled from the previous year, increasing from Rs 76 million to Rs 163 million.

Another facet of this year's achievements lies in the Group's unwavering commitment to its workforce. Recognising that our talent pool is the driving force behind our organisation, strong emphasis was placed on empowering our employees to unleash their full potential and on developing their skills so they can contribute effectively to our growth journey. By fostering an environment rooted in high performance, collaboration, and a results-oriented mindset, Harel Mallac has not only attracted new talent but also retained seasoned professionals who are vital to our expansion.

These measures have laid the foundations for a meticulously crafted strategy termed "Unlocking Potentials", slated to be rolled out in the medium term. This overarching approach, guided by principles of social responsibility, environmental stewardship, and financial excellence, aims to provide the Group with the stability needed to advance its expansion plans, and with more clarity than ever on the way forward.

How did the Group create value for its shareholders during the year?

Recognising its responsibility as the custodian of its shareholders' investments, the Group is wholly committed to consistently delivering and enhancing shareholder value, particularly through strategic initiatives and prudent decision-making. Specifically, over the past year, the Group undertook several external growth transactions, outlined in greater detail in the CEO's section, aimed at strengthening the regional footprint of Harel Mallac, while also laying down the groundwork for sustainable long-term returns.

One notable action in this regard was the carve-out of its investments in Attitude Hospitality Management Ltd, Water Sports Village Limited and Zilwa Resort Ltd into a new listed subsidiary named Cavell Touristic Investments Ltd (CTIL). The distribution of the entire 11,259,388 CTIL ordinary shares as a Special Dividend – at a ratio of one ordinary share of CTIL for every share of Harel Mallac held by its shareholders at the close of business on 27 April 2023, reducing book equity by Rs 411 million – not only streamlined our operations, but also served to maximise returns for shareholders.

Shareholders were afforded the opportunity to capitalise on the share price discount to the Group's net asset value. The Harel Mallac share price saw a surge from Rs 38 before the dividend announcement on 13 March 2023, to a peak of Rs 66 leading up to the ex-dividend date on 25 April 2023 (after which new shareholders of Harel Mallac were not eligible for the Special Dividend). This increase highlights the substantial shareholder value to be gained from the restructuring. Subsequently, on 8 December 2023, the CTIL shares started trading on the Development & Enterprise Market of the Stock Exchange of Mauritius and closed at Rs 36. This provided Harel Mallac's shareholders with a tradable instrument to effectively realise this additional value, while also retaining their shares in Harel Mallac, which closed on the same date at Rs 27.

This deliberate and complex transaction underscores the Group's commitment to shareholder value, as well as its proactive approach to unlocking the potential within its assets for the benefit of all its shareholders.

Could you share more about the 'Unlocking Potentials' strategy?

The 'Unlocking Potentials' strategy positions the Group to navigate the evolving competitive landscape and market trends with greater flexibility and agility. At its core, this medium-term strategy is a comprehensive framework that encompasses various facets of the business, from reevaluating certain business models and optimising our investment portfolio, to realising efficiency and productivity gains across all our operations.

A winning implementation of the 'Unlocking Potentials' strategy will enable Harel Mallac to reward all its stakeholders, including its shareholders by maintaining a consistent and market-competitive dividend payout over the next three years.

Could you elaborate further on this new ESG-centric journey?

Harel Mallac's new ESG-centric journey is anchored in a more science-based and targeted approach to sustainability. While the Group acknowledges the importance and success of previous initiatives like the Planet Goals, particularly in raising sustainability awareness across the organisation, it has now adopted a more rigorous methodology to ensure that resources are allocated efficiently to address the most material issues.

Armed with the insights stemming from the Group's carbon footprint calculation and double materiality assessment, Harel Mallac has initiated several major projects aimed at reducing its carbon emissions and contributing to climate resilience. One such initiative involves leveraging the Group's investment in Solar Field, a company renowned for its cutting-edge technology in renewable energy, to accelerate our efforts towards our sustainability and ESG goals.

How has the Board of Directors helped to navigate the challenges of the past year?

Good corporate governance is central to the Group's ability to pursue sustainable growth. As stewards of Harel Mallac's values, the Board of Directors is entrusted with the responsibility to oversee and uphold good governance practices, ensuring that stakeholder interests are safeguarded at all times.

This past year, drawing upon their combined experience, meticulous risk management, and strategic insights, the Board steered the company through a complex and dynamic operating environment, ensuring that ethical business practices, responsible conduct and a diversity of perspectives remain at the forefront of decision-making.

This approach also extends to our environmental and social initiatives. The impact we wish to have demands a targeted allocation of resources and a corporate culture that considers ESG as an inseparable component of Harel Mallac's overarching strategy.

On a personal note, do you have any insights to share? Additionally, where do you envision Harel Mallac heading in the coming year and beyond?

As someone highly involved in Harel Mallac's journey, I cannot help but reflect on the remarkable evolution of the Group. From its humble beginnings to its current stature as a listed company with a diverse portfolio spanning five key sectors of the economy, over 21 companies, 100 brands and almost 1,000 employees, our journey has been one of continuous growth and transformation.

At the heart of Harel Mallac's mission is a profound sense of duty to serve and develop the country, to provide employment opportunities, and to support Mauritian families in leading more fulfilling lives. This commitment is woven into the fabric of our organisation, guiding every action and decision. This will hold true not only next year, but also in the years to come. This is what fills me with optimism for what lies ahead.

Looking to 2024, uncertainties may linger, but we are confident in the Group's strategic direction and ability to pursue its ambitions. The primary objective remains to increase profitability by adopting an asset-light approach, freeing up capital to fuel planned investments and expansion into new markets and geographies.

Amidst dramatic shifts in the labour market, understanding the motivations of employees and Unlocking their full Potential will be paramount to the successful execution of our strategy.

In closing, I extend my gratitude to all the shareholders, customers, employees, and partners for their unwavering support and trust. Each one of you is a valuable part of our journey, inspiring us to constantly raise the bar.

I am especially thankful to our CEO and his management team for their exemplary leadership during this transformative period. They have empowered Harel Mallac's teams to adapt to changing circumstances and seize opportunities with confidence.

To my fellow colleagues on the Board, I thank you for your insightful guidance and wisdom, which enrich our deliberations and strengthen our decision-making processes.

We are determined to pursue the 2023 momentum and channel all our resources towards taking Harel Mallac to new levels of excellence, building upon a legacy of integrity and innovation.

Antoine L. Harel
Chairman

Interview with the Group CEO

The theme of this annual report is centred on moving 'UP' and solidifying business foundations. How does this theme tie to Harel Mallac's performance for FY 2023?

Indeed, this positive momentum is evident within our financial performance of FY 2023 - a year where the seeds of many years of hard work, careful planning and strategic investments have come to fruition. The Group's key indicators turned green on multiple fronts, including a Profit after Tax of Rs 185 million (contrasting with a trough experienced over the last three years of Rs 16 million losses incurred in 2021) and operations generating net cash inflows of Rs 85 million (compared to a three-year low of Rs 61 million operating cash outflows reported in 2022).

With confidence in our underlying businesses, the Group resolved to ensure that our key stakeholders participate in the turnaround of our activities:

- We restored dividend distribution after more than three years of no remuneration (the last dividend paid was in 2019) through the Special Dividend in kind of Cavell Touristic Investments Ltd, amounting to more than Rs 400 million during the year.
- Employees' remuneration and other benefits increased to Rs 629 million in 2023, compared to Rs 546 million three years ago in 2021.
- As a corporate citizen of good standing, the Group also contributed Rs 36 million in income taxes to the governments of the various countries in which we operate, which once again represents a significant increase from the trough in the last three years of Rs 12 million in 2021).

The performance achieved by the Group in FY 2023 confirms our steadfast progress and trajectory, uniting nearly 1,000 talented team members around a shared purpose, which harnesses our collective skills and innovation capacity in pursuit of the trinity of economic, social and environmental value.

"Our 'Unlocking Potentials' roadmap is inspired by the ethos that People invest in our 'why' -a philosophy of integrating excellence and steadfast ESG commitment across all facets of our business."

Could you provide further insights into the challenges faced during the year 2023, and how the Group responded to them?

As a Group heavily exposed to trading activities and reliant on imports, we were squeezed both on the supply and the demand fronts. The depreciation of the Mauritian Rupee against hard currencies such as the US Dollar, coupled with disruptions in global supply chains and rising commodity prices, directly impacted our cost of sales. On the operating side, the Group faced tight labour markets, rising energy prices and hikes in interest rates, which collectively amplified our cost of doing business and compromised our competitiveness. Revenues, for their part, were affected by the inflationary pressures, further weakening consumer confidence and limiting our capacity to pass through such cost increases.

In response to these external factors, we took the opportunity to overhaul our business model and map out a clear competitive edge to deliver sustainable growth:

- We invested in our organisational capabilities through projects that drive customer centricity, cash flow optimisation, efficiency and agility.
- We built resilience and depth into our existing activities through the acquisition of both additional expertise and market share in wastewater treatment. This was achieved through the transaction with Technic Water Services (TWS), as well as the acquisition of the remaining minority stake in Aerolik.OI, based in Reunion Island, enabling us to gain full economic participation in its operational results.
- We enriched our talent pool, promoting generational and gender diversity to prompt fresh insights and drive transformative changes within the Group.

This medium-term thrust, termed **'Unlocking Potentials'**, was designed to steer the Group towards profitable growth by emphasising environmental sustainability, social responsibility, and good governance, alongside enhanced shareholder value.

Did the Group face similar challenges in the global markets in which it operates?

In addition to Mauritius, the Group operates in six other countries, namely Burundi, Madagascar, Reunion, Rwanda, Tanzania and Zambia.

Besides our subsidiary in Reunion, which benefits from trading in a hard currency, the Euro, all our overseas activities faced similar issues, to varying degrees, to the ones that affected our cost of sales in Mauritius. They also encountered distinct local challenges, which differed from country to country, including political uncertainty stemming from national elections, socio-economic instability related to the devaluation of local currency, and staffing issues.

Notwithstanding the above, our subsidiaries in Reunion and Madagascar managed to achieve commendable results, with increases in Profit after tax of 26% and 4% respectively compared to the prior year.

You mentioned the delivery of key strategic projects during the year. Could you elaborate more on them?

In addition to the restructuring of our hospitality assets, which led to the distribution of about Rs 0.4 billion worth of shares of Cavell Touristic Investments Ltd (CTIL), we are pleased to share two other strategic milestones that mark a leap forward in our expansion plans and reinforce our commitment to creating shareholder value:

- MCFI's subsidiary, Chemco Ltd, successfully completed the acquisition of the activities of TWS, previously a subsidiary of a major European civil engineering company, Eiffage Infrastructures, specialising in wastewater treatment. This transaction marks a natural and logical progression after years of synergistic collaboration between the two entities to provide sustainable water solutions to the region. The addition of TWS to MCFI's portfolio has already opened up important revenue avenues and expanded its reach in the region. Above all, this has now positioned MCFI as a one-stop shop, capable of meeting the diverse needs of businesses and industries, while significantly contributing to the preservation of water and an improved social balance in the communities in which it operates.
- Secondly, the Group finalised the purchase of the remaining 19% stake in Aerolik.OI for a total consideration of EUR 435k, consolidating it as a wholly-owned subsidiary of Harel Mallac Group going forward. With this transaction, we expect to significantly enhance our capabilities in air conditioning and ventilation, Aerolik's core area of operation, while developing greater synergies between Aerolik.OI, Aerolik Mauritius and Novengi, leveraging their complementary strengths and engineering expertise.

In this context, how did the Group perform? What were the primary drivers behind this performance?

Given the challenges detailed above, we are proud of the results we achieved during the year.

Revenue
In FY 2023, revenues increased by 3.3% to reach Rs 4.3 billion, compared to Rs 4.2 billion in FY 2022. This growth was primarily driven by an uptick in all the companies of the Equipment and Systems segment, and Archemics within the Chemicals segment, which more than offset the revenue decline in the Technology segment and in the Agro division of MCFI Group, which forms part of the Chemicals segment.

EBITDA
Our Group EBITDA improved by 4.8% to reach Rs 392 million, compared to Rs 374 million in FY 2022, benefitting from an improved gross profit margin of 27%, up from 24% the previous year, as well as from one-off litigation provision reversals.

Finance costs
Finance costs increased significantly by 45% to Rs 113 million, compared to Rs 78 million in FY 2022. This is attributable to the increase in the repo rate from 2.0% in March 2022 to 4.5% during the full financial year 2023. The interest cover ratio slightly improved to 2.16x versus 1.42x in the previous financial year.

Indebtedness
Even though our total borrowings remained at the same level, our net debt worsened. This rise can be attributed to two primary factors: the implementation of IFRS 16 accounting for right-of-use assets (lease liabilities increased by Rs 96 million to Rs 355 million at Dec 2023), coupled with a decrease in cash and cash equivalents following the strategic allocation of funds towards self-financing capital expenditures.

Cash flow
A positive cash flow of Rs 85 million was generated from operating activities, a significant improvement of Rs 146 million compared to the Rs 61 million cash outflow during the previous financial year.

This was, however, entirely consumed by our investment activities. Specifically, Rs 121 million was spent mostly on expansion capital expenditure, as well as the acquisition of new businesses. Additionally, Rs 108 million was used for financing activities, mainly for repaying debt.

What specific measures are being taken to improve the Group's competitiveness?

As highlighted by our Chairman and as discussed above, the challenges faced are manifold. In response, we have redirected our efforts towards several key areas:

- Driving customer engagement and improving the customer experience by restructuring key touchpoints in the customer journey. This includes elevating service levels, conducting regular satisfaction surveys and fostering a customer-centric culture.
- Boosting efficiency through process enhancement and digitalisation across our administrative and production functions for optimised cost management and enhanced job satisfaction.
- Reviewing capital allocation priorities to release financial resources for reinvestment and debt reduction.

That said, our competitive edge over the long term relies heavily on our ability to attract and retain top talent at all levels, ensuring a stable and skilled workforce capable of supporting our growth. This has become a recurring issue across not only for our businesses, but also for the wider business community in Mauritius in recent times.

How exactly is Harel Mallac planning to address these labour challenges?

Again, labour challenges are not unique to Harel Mallac; rather, this is a widespread issue affecting businesses across all industries. Mauritius is not only dealing with an ageing workforce and scarcity of skilled labour, but local businesses like ours are also facing competition from the increasing availability of employment opportunities abroad, making it extremely difficult to attract and retain talent. At Harel Mallac, this has served as an impetus to redouble our efforts in talent development and retention, aiming to transform our Group into an even more attractive workplace that fosters innovation, learning and pride of belonging.

To achieve this, we are revisiting our Employer Value Proposition to enhance our Employer Brand, rolling out policies that optimise engagement, develop future leaders from within the organisation, and empower each individual to maximise their potential. In building a high-performance culture, we aim to attract quality candidates and world-class performers from diverse backgrounds and experiences, who will bring a wealth of perspectives and insights to our teams, and in turn, benefit from a fulfilling and meaningful career at Harel Mallac.

People & Culture (pages 50 to 54)

You mentioned that the Group has renewed its focus on Environmental, Social and Governance (ESG) matters. What were the tangible outcomes of these efforts?

Balancing environmental stewardship and social responsibility has been integral to Harel Mallac's century-long legacy. A deeper introspection regarding ESG pushed the Group to transition away from the Planet Goals and formulate a new structured approach, grounded in comprehensive data analysis. A significant milestone was the completion of the Group's first carbon footprint assessment in 2023, which provided valuable insights into emissions across our operations and supply chains.

In short, this assessment has informed an action plan aimed at reducing emissions, alongside projects and initiatives focused on our most material areas, including Decarbonization & Energy, Circular Economy and Regenerative Agriculture. Gathering data and monitoring our progress against specific objectives and metrics will also position the Group to meet the new sustainability reporting standards effectively.

Sustainability and ESG report (pages 40 to 49)

How will the 'Unlocking Potentials' strategy guide the Group's future direction and growth in the next financial year and beyond?

Seeking to build upon our strong foundations and core competencies, Harel Mallac has charted a path forward rooted in responsible and sustainable business practices. Five fundamental areas were identified to provide the Group with the strategic direction it needs to respond flexibly to market dynamics and thrive in a competitive landscape. These pillars will remain central to our focus over the next 12 months and beyond.

Environmental, Social and Governance (ESG) values and Investing in People and Talent are the foundational principles that underpin and cut across all our decision-making processes. The Sustainability and ESG section on pages 40 to 49 emphasises our vision of creating healthy, enduring businesses that contribute positively to society at large.

Our **People** are the frontline of our activities, both individually and as teams, serving our customers, building and running our systems, making daily tough decisions, managing risks, and driving innovation. As such, our focus remains to develop and retain committed employees, and attract performance-driven talents who share our values and culture.

Operational Efficiency is the pillar that will drive our process, resource and workflow optimisation, aiming to enhance productivity and efficiency to improve profitability and customer satisfaction.

Financial Re-engineering will champion measures to strengthen our financial position and cash flow management through better financial structuring and resource allocation, as well as improved reporting practices and risk controls.

Marketing Excellence aims to develop a customer-centric marketing and sales strategy that supports quality customer service, customer loyalty and market share gains that will drive our growth.

Internationalisation refers to the drive to identify promising overseas markets and partners that will diversify our revenue streams and grow our foreign customer base.

The **Innovation** pillar aims to foster a culture of creativity and continuous improvement within the Group, to ensure we are capable of adapting to changing market dynamics and customer needs, and create a sustainable 'economic moat'.

Progress in these areas will not only shape the Harel Mallac of the future, but also strengthen our capacity to navigate the many unknowns and uncertainties that will certainly come our way, if the past few years are any indication. Given our deep-rooted presence in the Mauritian economy, with a significant portion of our activities catering to our home market, Harel Mallac's performance will be heavily impacted by local dynamics and factors.

- As we step into the electoral cycle in 2024, we recognise that the government is one of our most important partners. We approach this period with caution, mindful of the array of local challenges that could impact the economy, including extreme climate events, fiscal and social spending, inflation and any subsequent monetary policy adjustments, labour market issues, amongst others. While our overseas ventures represent both growth prospects and strategic efforts to reduce concentration risk, we aim to proceed with diligence, carefully evaluating the right strategic partners in our chosen markets to build a sustainable business related to our core competencies.
- Our 'go-to-market' strategy remains to offer value-added solutions, rather than merely supply goods and services. We aim to be the trusted partner, catering comprehensively to all the needs of our consumers within our core activities. Through continuous and ongoing investments and restructuring, we are committed to providing innovative solutions that will drive our performance going forward.

I remain convinced that the Group possesses the requisite assets and strategy to continue perpetuating its legacy, and deliver sustainable growth and profitability.

Strategy (page 34 to 35)

Appreciation

I would like to extend my deepest appreciation to all our People for their hard work and unflinching dedication during the challenges of the year. I am wholly committed to the betterment of our People so that each team member feels recognised, fulfilled and rewarded for his or her contributions.

To our clients, thank you for your continued confidence in us. Your needs form the cornerstone of our efforts to continually innovate and improve our services. I would also like to thank our esteemed financiers and partners for their support throughout our journey.

The synergies between our shareholders' trust, our Board's strategic foresight, our team's resilience, our partners' support, and our clients' loyalty have laid a robust foundation for our growth plans. I am deeply grateful for our collaborations and enduring partnerships, and I look forward to achieving greater milestones together as we embark on the **'Unlocking Potentials'** journey with **Agility, Care and Trust.**

Charles Harel
Chief Executive Officer

UPWARD
bound for new markets

Our Strategy: Unlocking Potentials (UP)

In September 2023, the Board devised a new three-year strategy to set a more focused strategic direction for Harel Mallac, one that capitalises on the Group's inherent strengths and unlocks the full potential of our diverse businesses. This strategy, aptly named Unlocking Potentials (UP), is anchored in five focus areas that will drive our trajectory from 2023 to 2026, setting the stage for sustainable growth and improved shareholder value.

Unlocking Potentials

Operational Efficiency

Achieve greater profitability and customer satisfaction by streamlining our processes, optimising our resources and capabilities, and enhancing productivity.

Financial Re-Engineering

Strengthen our financial position and improve cash flow management by restructuring our financial strategies, optimising our resource allocation, improving our reporting systems, and setting up prudent financial controls.

Marketing Excellence

Expand market share, earn customer loyalty and drive growth through a comprehensive marketing and sales strategy, exceptional customer support, and data-driven analytics.

Internationalisation

Diversify our revenue streams and grow our customer base regionally by targeting promising international markets that align with our investment objectives and through strategic partnerships.

Innovation

Build a sustainable competitive advantage by fostering a culture of creativity, cross-functional collaboration and continuous improvement, and allocating resources to sustainable innovation.

INVESTING IN PEOPLE AND TALENT

Our entire strategy hinges on attracting, developing, and retaining high-performing individuals by fostering a culture in which they can excel, cultivate new skills, thrive in their careers, and effectively contribute to achieving the Group's strategic objectives.

Business Review

Chemicals

Turnover	Profit - (loss) After Tax
Rs. 2,028 M FY 2023	Rs. 50 M FY 2023
7%	12%
Rs.2,190M FY 2022	Rs. 57M FY 2022

Market environment

In 2023, the chemical industry navigated a complex landscape shaped by several global factors, including high inflation, geopolitical conflicts, and the growing climate crisis. These factors led to sluggish demand and elevated inventory levels, affecting market dynamics and stability. As a result, prices of key products such as fertilizers and industrial chemicals experienced significant reductions, impacting revenue streams.

In Mauritius, the industry responded by intensifying efforts to optimise and rationalise operational costs, and enhance operational efficiencies to mitigate the effects of rising overhead costs and interest charges. This strategic focus proved crucial in maintaining competitiveness and financial health.

The industry's resilience is largely attributed to its diversified business models, which provided stability and a buffer against market volatility. Overall, the chemical industry demonstrated remarkable agility, underscoring its commitment to operational excellence and strategic adaptability in response to shifting market conditions.

Operational review FY 2023

The Mauritius Chemical and Fertilizer Industry Limited (MCFI)

The Mauritius Chemical and Fertilizer Industry Limited reported revenues of Rs 1.4 billion (2022: Rs 1.6 billion), a 13% decrease compared to previous year. This decline stems from lower sales volumes in the Agro Segment due to a delayed fertilisation season and lower selling prices of both agro and industrial chemicals, attributed to a significant drop in raw material costs. These were partially offset by the good performance of the Aqua segment, which was boosted by higher sales of water treatment chemicals and additional revenues from a new line of business in the wastewater treatment segment.

Overall, the International Division showed resilience and growth. Despite supply chain disruptions in Zambia, operations remained effective. Additionally, expansion efforts in East Africa, notably in Uganda and Madagascar, strengthened MCFI International's footprint and adaptability to diverse market needs.

The Aqua Division expanded its portfolio through the strategic acquisition of Technic Water Services (TWS), a wastewater treatment company previously under Eiffage Infrastructures. This acquisition not only diversified our service offerings, but also introduced new projects and services, positioning us at the forefront of innovative water management solutions in Mauritius and the region.

The share of profit from associates amounted to Rs 14.4 million (2022: Rs 10.9 million). Ingenia recorded a Profit After Tax of Rs 29 million for the year ended 31 December 2023, down from Rs 58 million in 2022.

Archemics

Archemics achieved revenues of Rs 653 million, marking a 6% improvement from Rs 614 million in 2022. This growth was primarily driven by price increases and reduced discounts, which helped to offset the decline in volume and product mix within the Consumer Adhesive and Textile segments. As a result, improved gross profit margins had a positive impact on Archemic's overall profitability and operating cash flow.

For the year ended 31 December 2023, Archemics recorded a Profit After Tax of Rs 21 million, a significant improvement compared to the loss of Rs 1 million in 2022.

Link to strategic pillars

Financial Excellence | Operational Excellence | Internationalisation | Innovation

Outlook for FY 2024

The focus will be on optimising capital and assets to ensure financial stability, implementing projects geared towards enhancing operational efficiency and digital integration, and adhering to high quality and ESG standards. Our strategy also includes deepening customer engagement, expanding into international markets, and introducing innovative and sustainable biotech solutions. As part of our strategic efforts to increase our regional presence, the Ingenia Group is set to establish physical operations in Madagascar in Q4 2023, marking a significant step forward. Operations are expected to begin in Q1 2024.

Equipment and Systems

Turnover	Profit - (loss) After Tax
Rs.1,691M FY 2023	Rs.59M FY 2023
21%	100%
Rs.1,395M FY 2022	Rs. (0.78) FY 2022

Market environment

Various industries encountered a mix of challenges, opportunities and growth during the year. Despite high inflation and foreign exchange costs impacting revenues, major strategic contract wins led to increased turnover, fueled by enhanced operational efficiency. The trade and retail sector experienced a nominal real increase in imports, while service import declined.

Meanwhile, the construction sector experienced a slowdown in growth to 18.1% (Statistics Mauritius), due to ongoing and upcoming public infrastructure projects and private developments, including smart city initiatives and hotel renovations. These combined efforts reflect the evolving economic conditions and strategic responses across sectors.

The Equipment & Systems Segment witnessed a revenue growth, reaching Rs 1.7 billion (FY 2022: Rs 1.4 billion), along with a Profit After Tax of Rs 59 million, compared to losses of Rs (0.78) million in 2022.

Operational review FY 2023

EO Solutions

EO solutions achieved commendable results, having secured major projects with Grade A clients. Additionally, the launch of new products contributed to revenues increasing to Rs 242 million (2022: Rs 215 million) and Profit After Tax surging by Rs 11 million, compared to Rs 5 million in 2022.

Linxia

Linxia reported increased sales revenues of Rs 530 million (2022: Rs 485 million) and a positive bottom line, achieving a Profit After Tax of Rs 12 million (2022: Loss of Rs 24 million), which includes a stock provision reversal of Rs 11 million. The company is nearing a break-even point when excluding the reversal provision, indicating positive signs of recovery and resilience in a challenging retail environment.

Novengi Group

Novengi Group achieved notable success this past year, largely due to its strategic investments in Reunion Island, which significantly boosted profitability and the delivery of several key client projects. Aerolik Mauritius and Aerolik OI reported increased profitability from higher sales. Additionally, Novengi completed the acquisition of an additional 19% of shares in Aerolik OI, making it a fully owned subsidiary. The Novengi Group achieved a Profit After Tax of Rs 39 million, up from Rs 12 million in 2022.

Link to strategic pillars

Operational Excellence | Internationalisation | Innovation

Outlook for FY 2024

Looking ahead, the focus will be on reviewing Linxia and Novengi's business models to drive improved gross profit margins and enhance operational and financial excellence, while also improving customer satisfaction.

Technology

Turnover	Profit - (loss) After Tax
Rs.894M FY 2023	Rs.4M FY 2023
3%	100%
Rs.926M FY 2022	Rs. (2) FY 2022

Market environment

The technology industry has successfully and adeptly navigated primary challenges such as supply chain constraints, providing essential tools and technologies needed for remote work and online business operations, thereby sustaining the global economy. However, improvements in the supply chain were offset by deteriorating political, economic, and financial conditions. In response, tech vendors are streamlining operations and, where possible, raising prices to safeguard their businesses.

Currently, the technology sector is facing several hurdles including high inflation rates, an energy crisis, financial volatility, and declining consumer confidence, all of which are impacting results, outlooks, and valuations. Additionally, the sector is dealing with a significant talent crunch driven by both domestic demand and international competition from rival International Financial Centres, further exacerbating the local scarcity of seasoned professionals. This talent deficit poses a critical risk that could impede the industry's growth trajectory.

Operational review FY 2023

Harel Mallac Technologies

Despite disruptions in the supply chain and the loss of key personnel, the technology segment remains fundamentally strong and poised for continued growth.

Harel Mallac Technologies skilfully navigated a multitude of challenges, including currency devaluations in key markets and delays in project execution. By effectively managing the impact of foreign exchange fluctuations and selectively passing on costs to clients, the technology segment has showcased its remarkable agility and ability to mitigate adverse impacts.

Overall, Harel Mallac Technologies reported a turnover of Rs 894 million, representing a 3% reduction from the previous year's Rs. 926 million, primarily due to the deferral of some key projects to the following financial year 2024 and currency devaluations in its operating markets. On a positive note, the segment reported a Profit After Tax of Rs 4 million for the year, marking a notable improvement from the Rs 2 million loss reported previously.

Regionally, Harel Mallac Technologies Rwanda is focusing on boosting sales, while Harel Mallac Technologies Madagascar recorded a notable improvement in cash flow despite the lingering political uncertainty. Harel Mallac Technologies Burundi, for its part, faced a 35% currency devaluation, managing to offset these costs only partially to clients.

Link to strategic pillars

Financial Excellence | Operational Excellence | Internationalisation

Outlook for FY 2024

Amid the many challenges, there are promising opportunities ahead as the technology sector gears up for growth, fuelled by rising demand for robust digital transformation solutions, enhanced connectivity, and strict cybersecurity compliance measures. The technology segment intends to prioritise strategic recruitment to boost its competitive edge and innovation capacity. Furthermore, new service lines and strategic offerings will be introduced to reinforce market positioning. A comprehensive review of the organisational structure is planned to bolster operational agility. Additionally, Harel Mallac Technologies aims to cultivate a robust contract acquisition strategy to secure a future-proof revenue pipeline. Emphasis will also be placed on risk mitigation protocols for international operations, with a focus on sustaining project completions and sales momentum.

Our Sustainability and ESG Report

Our purpose and approach

With a legacy of innovation spanning over a century, Harel Mallac has always stood guided by its purpose – **to Make a Difference for the Better**. It recognises our conviction that both environmental stewardship and social responsibility are essential for the long-term prosperity of our business. This purpose is more than a statement; it is a call to action. It urges us to be better corporate citizens, continually reimagining our business practices not only to better serve our customers, but also to reduce our environmental impact, champion social inclusion, and create a sustainable future for generations to come.

The Group takes pride in the progress made towards sustainability and environmental stewardship, reflected through the implementation of the Harel Mallac Planet Goals 2025. However, in today's rapidly evolving landscape, we are confronted with a growing number of societal and climate-related challenges.

In turn, this has prompted our stakeholders to place greater emphasis on Environmental, Social, and Governance (ESG) factors, and to demand more transparency and accountability from businesses. While the Planet Goals served their purpose in raising awareness about sustainability within the organisation, we became aware that an improved approach was required.

We asked ourselves: how can we enhance our impact and create greater value through ESG? How can we align our actions with our values to promote economic prosperity, while also benefiting People and the Planet? How can we leverage our innovation capabilities to turn risks into opportunities? This insight gave rise to a new structured approach, described in greater detail below.

Led by the belief that collaboration, continuous learning and sharing good practices are key to delivering shared value for all, we continue to adhere to locally and globally recognised frameworks.

Signe Natir
FOR A SUSTAINABLE & INCLUSIVE MAURITIUS

UN GLOBAL COMPACT

SUSTAINABLE DEVELOPMENT GOALS

Harel Mallac Planet Goals 2025: Progress report

PLANET GOALS

Although we have shifted away from using the Planet Goals as our primary framework, we recognise the importance of maintaining accountability, transparency and continuity in reporting. Below is a snapshot of our progress made towards the Planet Goals in FY 2023.

Trade Ethically

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Responsible Consumption & Production | Ensure sustainable consumption and production patterns

Goal	Progress made in FY 2023
By 2025, we will integrate ESG criteria in our selection of suppliers.	40%
By 2025, we will eliminate products that are detrimental to biodiversity.	30%
By 2025, we will raise the weightage of eco-certified products to 12% of our portfolio.	33%
By 2025, we guide our consumers on the responsible use of our products.	60%
By 2025, we will optimise our packaging, while maintaining compliance with international standards.	80%

Rethink Energy

7 AFFORDABLE AND CLEAN ENERGY

Affordable and Clean Energy | Ensure access to affordable, reliable, sustainable and modern energy for all

11 SUSTAINABLE CITIES AND COMMUNITIES

Sustainable Cities and Communities | Make cities inclusive, safe, resilient and sustainable

Goal	Progress made in FY 2023
By 2025, we will reduce our energy consumption (excl. production) by 25%.	100%
In 2025, 30% of our energy will come from renewable sources.	55%
By 2025, we will optimise our vehicle fleet both in numbers and fuel efficiency.	75%

Manage waste

Responsible Consumption & Production | Ensure sustainable consumption and production patterns

Life on Land | Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss

Goal	Progress made in FY 2023
By 2025, we will stop purchasing single-use plastics and non-recyclable materials.	80%
By 2025, we will reduce our paper consumption by 30%.	100%
By 2025, all our waste will be recycled or disposed of responsibly.	50%

Save water

Clean Water & Sanitation | Ensure access to water and sanitation for all

Goal	Progress made in FY 2023
By 2025, we will reduce our usage of water for operations (excluding manufacturing facilities) by 25%.	10%

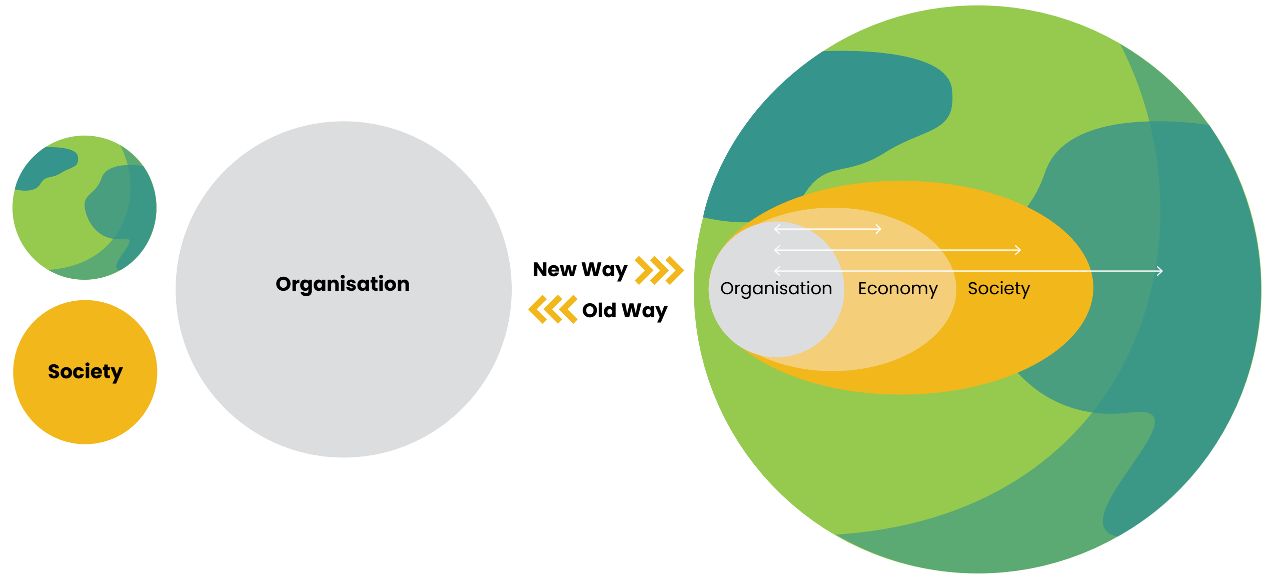
Advance diversity

Gender Equality | Achieve gender equality and empower all women and girls

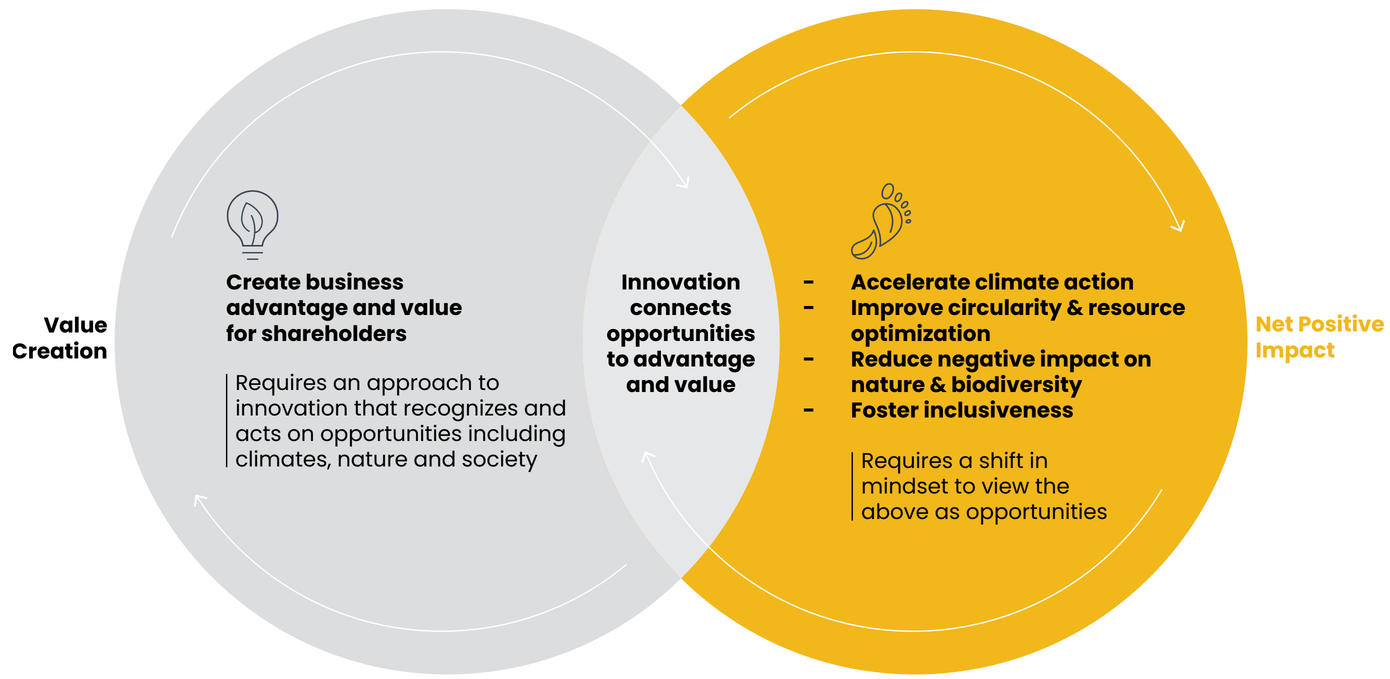
Goal	Progress made in FY 2023
By 2025, we will achieve gender equality in our staff.	10%

A Refined Sustainability & ESG approach

In June 2023, Harel Mallac embarked on a journey to reassess and refine its ESG & Sustainability strategy. We have adopted an evidence-based methodology focusing on two crucial elements which have never been undertaken at Harel Mallac before:: a carbon footprint assessment and a double materiality assessment (refer to page 10-11). By leveraging these science-based evaluations, we are gaining a more accurate understanding of our environmental and social impacts, allowing us to craft a more targeted and effective sustainability strategy. This ensures that we address both ESG risks and opportunities in all our decisions, while facilitating our transition to the new IFRS S1 and S2 standards.



Our Sustainability and ESG approach leads to value creation and net positive impact through **innovation**. This approach ensures that we are delivering shareholder value while also addressing the material topics of Harel Mallac Group



1. Align the Strategic Committee and leadership team (up to N-2) on ESG to secure commitment from the very top.
2. Identify, map and prioritise stakeholders and their primary interests/concerns, and develop a strategy and means of engaging with each stakeholder.
3. Assess ESG materiality and risks using tools such as SASB, GRI, EU CSRD, TCFD, TNFD and other assessments.
4. Prioritise relevant ESG topics and develop a strategy for relevant BUs, including a climate transition plan and an internal engagement plan.
5. Articulate the strategy to communicate to stakeholders, and report on progress through clear KPIs.

Double Materiality Assessment

We define materiality as the identification of topics that are most relevant and significant to our business, our strategy, and our stakeholders. Prioritising these material issues allows us to allocate our resources more effectively, focusing on areas with the greatest potential for long-term value creation. Gathering data-driven insights over time also ensures that our sustainability efforts remain relevant, practical and aligned with our operational realities, resulting in more meaningful and impactful outcomes.

This past year, we carried out a double materiality assessment, which adopts both an inside-out lens (impact materiality) and an outside-in lens (financial materiality). In other words, this approach prompts us to not only consider how our operations impact external factors (such as People and the Planet), but also how those external factors impact our operations. This perspective has helped us better understand, anticipate and respond to emerging risks and opportunities. From this assessment, Decarbonisation and Climate Change emerged as the most material topics for our business, guiding our focus areas moving forward.

People	Planet	Prosperity
Health & Safety Keeping all our employees, contractors, and neighbouring communities safe and minimally exposed to risks.	**Climate Change adaptation*** Adapting to climate change by increasing our businesses' resilience across our value chains.	**Profitability** Sustaining profitability in our business and delivering superior shareholder returns based on reliable and cost-efficient operations, capital discipline, and global optimisation.
Talent Developing and retaining the skills, talent, and culture needed to deliver our strategy and realise our vision.	**Decarbonisation & Energy** Improving energy efficiency, product energy efficiency and transitioning to renewable energy to mitigate reduce Greenhouse Gas (GHG) emissions. * Refer to the summary results of the carbon footprint on page 46	**Sustainable supply chains** Understanding, managing, and improving environmental, social, and economic impacts along the value chain.

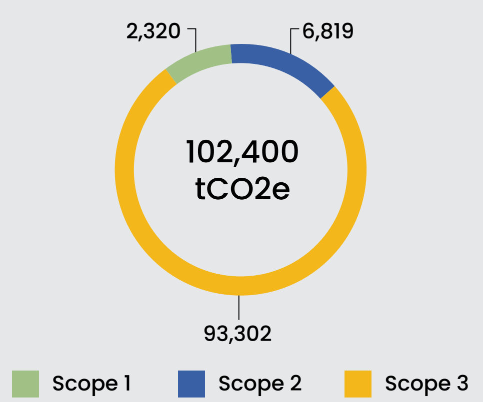
People	Planet	Prosperity
Diversity, Equity and Inclusion Building a diverse and inclusive working environment, and ensuring fair treatment and equitable opportunities for all employees.	**Circular Economy (including waste & water)** Working towards zero harm to the environment by protecting fresh air and clean water, adopting the waste hierarchy, and moving towards a circular economy.	**Innovation** Creating new innovative offerings that meet customer needs, while generating social and/or environmental benefits.
Product Safety Taking proper care of our products' compliance, quality, safety, and environmental footprint throughout the entire value chain.	**Biodiversity & Regenerative Agriculture** Promoting and aiding in the adoption of sustainable agricultural techniques, our focus is on enhancing crop quality, reducing greenhouse gas emissions, and improving biodiversity, soil health and water efficiency.	
	Digital Technologies Implementing digital technologies and solutions to help shape a sustainable future within and outside the organisation.	

Governance (which underpins all actions and efforts)		
Business Integrity Honouring responsible business conduct and promoting accountability by maintaining proper policies and practices, upholding a culture of respect, honesty and fairness, and contributing to transparency.	**Regulatory Changes and Compliance** Conforming to all applicable laws, regulations, standards, and voluntary commitments while keeping abreast of and prepared for new regulatory changes.	

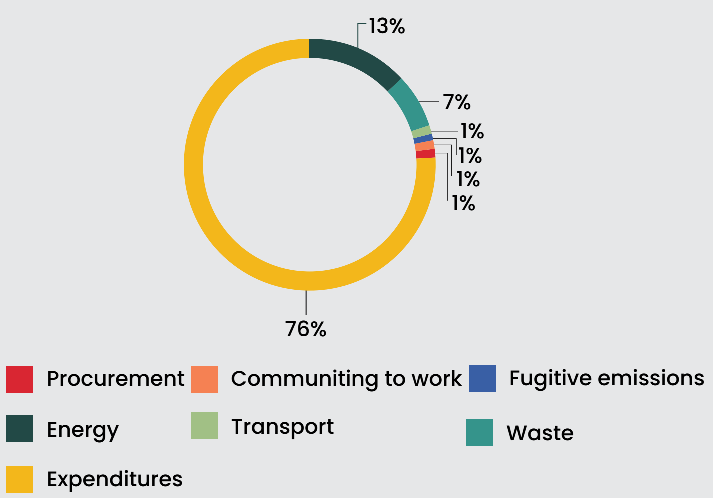
Carbon footprint assessment

In 2023, we took a noteworthy step towards addressing Decarbonization & Climate Change by completing our first carbon footprint assessment, involving a thorough measurement of both our direct (Scope 1) and indirect (Scope 2 & 3) carbon emissions. The evaluation yielded invaluable insights into the carbon emissions relating to our operations, products and supply chain activities, enabling us to set specific targets and actions for reducing emissions.

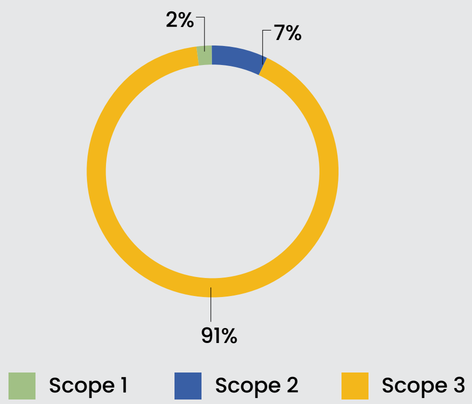
Carbon Emission per Scope



% Carbon Emission per Sector



% Carbon Emission per Scope



Observations and findings

- 76% of our emissions originate from expenditures associated with the trading nature of our diverse businesses.
- Waste constitutes the second significant source, contributing 13% to the Group's emissions.

Planned actions in FY 2024 and beyond

The table below offers an overview of some of the main initiatives launched in the areas of Decarbonization & Energy, Circular Economy, Biodiversity & Regenerative Agriculture, and Digital Technologies. A more comprehensive list of our initiatives across all areas will be available on each BU's website and/or sustainability report.

Material matter and focus area	Entity	Projects and initiatives	Progress and/outcomes
Decarbonization & Energy	Group-level	→ Creation of NeXEnergy to help the Group make progress in energy management and energy transition, along with the implementation of renewable power production facilities and an Operation and Maintenance (O&M) programme.	✓ NeXEnergy has begun the O&M for a 2-MW photovoltaic farm in Mont Choisy and other existing micro solar facilities within the Group. We are currently planning energy audits for Pailles and looking to increase the Group's renewable facilities.
	Ingenia	→ Launch of a project under the CEB Carbon Neutral Industrial Scheme (CNIS), allowing us to engage in clean, renewable electricity production. → Initial trials with biofuels (renewable energy sources made from organic materials) have been carried out as an alternative to the use of fossil fuels.	✓ The CNIS project is in the design stage. ✓ R&D is ongoing, and other biofuels are being explored.
	Archemics	→ Exploring the integration of green energy into existing processes. → Joined the Climate Ambition Accelerator, a six-month accelerator programme designed to help companies accelerate their progress towards setting science-based emissions reduction targets. Archemics is also exploring a project under the CEB Carbon Neutral Industrial Scheme (CNIS).	✓ Completion of the carbon footprint assessment. The focus areas for reducing emissions have been identified. ✓ CNIS project is at ideation stage.

Material matter and focus area	Entity	Projects and initiatives	Progress and/outcomes
Circular Economy	**EO Solutions**	→ Adopted the 5Rs for ZERO waste by 2025 (applicable to all types of waste: single-use plastic, e-waste, parts and consumables, heavy-duty carton packaging). Initiatives include: recycling of used advertising flex banners into reusable printer covers, reuse of waste toner powder into raw materials for cement slabs, set up of a process for the efficient dismantling and reutilisation of electronic spare parts from end-of-life electronic equipment, upcycling and repurposing of heavy-duty carton packaging into an innovative tripod box placed at strategic client sites for the collection of used toners.)	✓ Stopped the use of single-use plastic and non-recyclable materials ✓ 100% of solid waste is recycled or disposed of responsibly ✓ Creation of 35 recycled flex covers, usable for 20 years ✓ 184 kg used toners collected from clients for recycling ✓ Decreased paper consumption by 30%, contributing to reducing deforestation
	Archemics	→ Development of action plans for water and wastewater, along with materials & waste, intended to reduce both CO_2 emissions per MT produced and waste to landfill. → Undertaking an audit by AISE (International Association for Soaps, Detergents and Maintenance Products) to calculate its water footprint. → Continuous R&D and innovation to substitute ingredients of concern and implement water-saving techniques. The upgrade of the ETP system is being considered. → Raising awareness of water stewardship through the WASH (Water, Sanitation & Hand Washing) pledge campaign.	✓ Reuse of reject reverse osmosis water in our operations ✓ 2.4 kg reused,recycled carton / MT production ✓ 8.5 tonnes of reused containers (plastic and metal) ✓ 31.27 kg recycled plastic / MT production ✓ Participation as an industry partner on the Mauritius Plastic Challenge programme, led by NGO Mission Verte, resulted in: ✓ Training of 4,000 people on the circular economy ✓ Diversion of more than 50 tonnes of plastic from landfill and nature

Material matter and focus area	Entity	Projects and initiatives	Progress and/or outcomes
Circular Economy	**Ingenia**	→ Entered the shareholding of Sealife Organics, a local compost & organic fertiliser manufacturer, and established partnerships for the distribution of its products. → Participation in La Fresque du Plastique, a collaborative scientific workshop designed to create and deploy solutions to eliminate plastic use. → Key raw materials sourced in bulk or Intermediate Bulk Containers, then reused, sent for recycling or sold for repurposing. → Shifted from single-bag use to reusable big bags in the Agri segment.	✓ Distribution of products expected by May 2024 ✓ Stopped the use of single-use plastic and non-recyclable materials ✓ 100% of solid waste is recycled or disposed of responsibly
Biodiversity & Regenerative Agriculture	**Ingenia**	→ Conducted a study to identify the products that are detrimental to biodiversity within its portfolio of existing products. → Ingenia was a participant in a study of the impact of its industry on the Mauritian economy, and the readiness of the stakeholders to align with the EU Green Deal requirements. This study was led by Business Mauritius and financed by AFD and the EU delegation in Mauritius.	✓ A workstream has been initiated with the sales team for transitioning to safer products. ✓ A presentation of the findings of the study is scheduled in Q1 2024. A training programme on the implication of the EU Green Deal is also planned for key stakeholders.
Digital Technologies	**Ingenia**	→ Signed partnership for providing digital services to accompany planters in managing their fields to optimise yields.	✓ Commercialisation stage started in April 2024.
	EO Solutions	→ Exploring partnership to develop a digitally connected ESG & Sustainability pole.	✓ Credible partners have been identified and discussions are being pursued.

In 2024, the Harel Mallac Group will launch a new Sustainability and ESG Programme to further demonstrate its commitment towards having a net positive impact on its material topics.

Championing social inclusion

As reflected in the double materiality assessment, Harel Mallac's commitment to sustainability also encompasses social initiatives, aligning with the "S" in ESG. This includes not just addressing the needs of our external stakeholders, such as the communities we operate in, but also our internal stakeholders, who are the people who form part of our companies. We collaborate closely with the Human Resources department to develop initiatives that engage our employees, promote diversity and inclusion, and enhance the wellbeing of all team members. The People & Culture section on pages 50 to 54 provides more details into the actions we take to ensure our people feel valued and supported within the organisation.

Externally, the Group is dedicated to addressing key societal challenges and making a positive impact on society. The Fondation Harel Mallac (FHM), set up in 2009, was designed to centralise and coordinate the Group's CSR efforts and activities. The foundation's primary objective is to support vulnerable communities and causes that align with our values, including children, education, health and environmental conservation, amongst many others. As the ambassadors for our values and commitments, our employees play a key role in our social endeavours. They are encouraged to actively participate in CSR projects and sensitisation efforts, contributing their time and skills to advance our social initiatives.

People and Culture

Our People strategy is a key enabler of the Group's overarching strategy (page 5) and paramount to maintaining the competitive advantage we have carefully and deliberately honed since the 1830s. At the heart of this strategy lies a compelling purpose:

To shape an engaged, innovative, and high-performing culture by creating an exceptional employee journey.

As we navigate through challenging business landscapes, we need to adapt to the ever-changing world of work, and encourage opportunities for growth. Our success hinges on attracting, developing and retaining agile team members. Our approach is rooted in **three key pillars,** each one designed to build an engaged and resilient workforce, equipped with the skills, knowledge and motivation to deliver on our long-term objectives and meet the challenges of tomorrow.

Talent transformation and adaptability

In today's volatile, uncertain, complex, and ambiguous (VUCA) environment, **agility and adaptability** are essential to anticipate and respond to market demands and talent challenges. Given the competitive talent landscape, we are working towards adapting our work model to drive **efficiency, continuous improvement, and operational excellence.**

Reinforcing the talent ecosystem

A **highly skilled and diverse talent pool** is key to maintaining our competitive advantage in the markets we operate. We aim to develop a robust talent ecosystem by refining our recruitment practices, recognising and rewarding outstanding performance, upskilling our people, and offering meaningful opportunities for growth.

Employer brand and Employee Value Proposition

Every interaction, experience, and opportunity within our organisation contributes to the collective journey of our employees, empowering them to thrive and excel in their roles. We understand that creating **a differentiated Employee Value Proposition** will enable us to make Harel Mallac a great place to work and position us as an **employer of choice.**

Key developments and highlights in 2023

- **Pursued our operational excellence journey,** initiated in 2021 under the aegis of Mr. Harold Mayer. As part of this programme, several human capital tools were introduced:
  - Clear organisational structure, reporting lines and job objectives.
  - Implementation of customer rating forms to gauge the quality of service being provided.

- **Strengthened the leadership team** through the appointment of key strategic roles at the Head Office:
  - **A Chief Finance Officer**, responsible for overseeing and driving our financial strategies.
  - **A Group Head of Communications** to enhance internal/external communications and brand reputation.
  - **A Group Head of Sustainability and Innovation** define and spearhead our ESG and Sustainability Strategy and integrate same into our operations for delivering net positive impact and value.

- Carried out the **Group Engagement Survey 2023**, requiring employees of all levels to evaluate their satisfaction on ten specific topics, including Work-Life Balance, Salaries and Benefits, Culture, and Group Identity amongst others. This survey allows our people to voice their opinions on our culture and leaders. Their feedback is then analysed to identify strengths, weaknesses and areas of improvement, and relevant action plans are crafted and implemented to boost engagement levels.

Key developments and highlights in 2023

- Implementation of a **new Performance Management System** for the management team, with clear operational excellence metrics aligned with the Group's strategic goals. The new model provides employees with measurable benchmarks and goals to strive towards in their roles, enabling us to better evaluate individual performances.
- Embarked on the integration and alignment of our human capital tools - succession planning, performance management and talent management - for a more cohesive and synergistic Human Capital strategy, able to support the Group's objectives:
- Succession planning evaluates the criticality of the positions/ roles in the organisation based on the Group's strategic objectives: based on the Group's strategic objectives and the following criteria: training needs and skills requirements for new recruits to quickly become proficient in these roles, scarcity/ availability of qualified candidates on the market, and the potential impact on profitability in the event of an unexpected departure.
- **Development of a tailor-made succession plan** for those roles to ensure the Group can maintain stability in key areas of the business and mitigate risks associated with talent shortages or turnover.
- **Pursued our training programmes across all BUs** to upgrade and reinforce our team members' skills. Focus areas during the year included Marketing, IT, Technical skills, Soft skills, Leadership, Health & Safety, Sustainability and Sales.
- The Chemicals vision appointed Sandler, a global leader in Sales Training & Development. The sales teams at Archemics and Ingenia embarked on a tailor-made training programme designed to build better behaviours and habits, which, when applied consistently, lead to a mastery of the craft of selling. Areas of focus included:
  - establishing a clear sales process and a common sales language.
  - cultivating a culture of accountability where each individual is accountable to specific, measurable actions.
  - stepping out of one's comfort zone and accepting both success and failure as part of a continuous improvement journey.
- **Implemented a new pension scheme in eight companies of the Group** to better support our employees in their retirement. This measure extends the retirement age to 65 and offers additional contributions/benefits paid for by the employer. The human capital function ensured that employees were well supported by independent pension specialists and actuaries to help them with their decision-making.
- **Pursued our Employee Welfare Programme**, which strives to provide our people with the holistic support, resources and tools to foster their wellbeing. Examples include a 'Top Chef' culinary team-building session for Novengi and Aerolik, and a focused Leadership, Communication & Interpersonal Quest for Harel Mallac Technologies.

Key developments and highlights in 2023

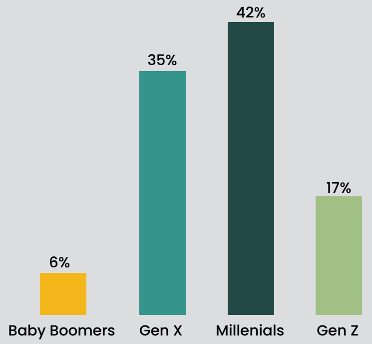
- **Mapping of the skills and performance of employees** currently filling these roles against the defined objectives and metrics. The analysis is carried out using the insights gleaned from the new Performance Management System. **Targeted training programmes are developed** to help our talents succeed in their existing roles and grow into future leadership roles.
- **Identification of potential successors** for these roles within the Group to ensure the smooth transfer of knowledge, **analysis of their readiness** to grow into more challenging roles, and **identification of coaching/training needs** to prepare them to eventually fill a new position.
- **Mapping of each employee's performance** against their unique ambitions and career aspirations, ensuring that their jobs are attuned to their professional goals. These are assessed during the **annual talent review**.
- **Regular communication with employees** to provide feedback and updates on their progress, and reward outstanding performances.
- **Regular reviews of the evolving landscape** to ensure our plans take into account changes in technology, the industry and the workforce.
- **Launched the first Group Induction Programme**, aimed at:
  - Welcoming new talents in an efficient way, through presentations and activities.
  - Introducing the Group's purpose, activities and teams.
  - Strong emphasis on Harel Mallac's 'Act the ACT' way of doing business, rooted in three guiding principles: Agility, Care & Trust.
  - Bringing together employees from various business units, inducing a stronger sense of belonging.

Outcomes

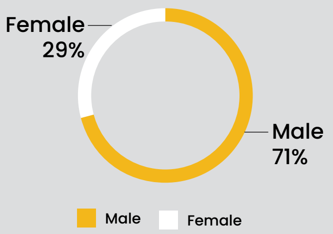
→ **More diversity in the workforce**

Age

Employees per Age Group



Gender



→ Better allocation of resources

→ **Rs 8,556,321 spent on training and development for 433 employees, covering 3,306 hours**

→ **27 participants undertook the Sales training**

→ **120 new recruits took part in the Induction Programme**

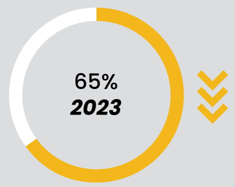
→ Establishment of a shared commercial language within the Chemicals division, aligning the teams around a cohesive sales process

→ Greater collaboration and team spirit

→ Better understanding of individual and collective goals

→ Valuable opportunities for career advancement and skills development

Group Engagement Level



→ The findings of the survey indicated that the following **Key Engagement Sustenance Drivers** need to be maintained:

- **Quality of Relationship with superior**
- **Clear department objectives & link with employee's objectives**
- **Quality of Relationship with colleagues**
- **Commitment of team to high performance**
- **Helpful colleagues**
- **Being proud of company's and services**

→ The survey revealed the following **Key Engagement Sustenance Drivers** that must be improved to achieve better engagement levels:

- **Welfare & sports activities**
- **Pay & Benefits**
- **Career development plans for high performing employees**
- **Uniforms for Business units concerned**
- **Resources when working from home (wherever applicable)**

→ **64%** of applicable employees agreed to convert from the Defined Benefit Scheme to the Defined Contribution Scheme

UPSTIRRING
ideas, always

Simmi Boodhoo
Forklift Driver
Archemics

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. It details, amongst others, the objectives of the Board, as well as 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 with 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 out the framework for and advocates for:

- honest communication
- confidentiality
- financial integrity
- business ethics including commercial ethics
- corporate citizenship

Our COE, which is available on our website, also addresses insider dealing, conflicts of interest and political involvement, as well as exercise of public duties.

All the employees of the Group have had the opportunity to fully familiarise themselves with our COE through our e-learning platform.

RESPONSIBILITIES AND ACCOUNTABILITY

The Group operates within a clear governance framework that enables the Board to exercise effective control and supervision.

The 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 2023)

CHARLES HAREL
CHIEF EXECUTIVE OFFICER

OPERATIONS	HEAD OFFICE
Alain Ah Sue **Managing Director** - Linxia and EO Solutions	**Candice Couacaud** **Group Head of Communications**
Yannick Applasamy **General Manager -** Novengi and Aerolik	**Laurent Gordon Gentil** **Group Head of Human Capital**
Charles Dufourcq **Chief Operations Officer -** Harel Mallac Technologies, Linxia, EO Solutions and Activeline	**Patricia Grenouille** **Manager HM Secretaries Ltd**
Yanis Fayd'herbe **Managing Director -** MCFI Group and Archemics	**Christian Nanon** **Group Head of Sustainability and Innovation**
	Nivejita Rambajun **Group Head of Legal Affairs & Compliance**
	Belinda Vacher **Chief Finance Officer**
	Christian Yong Kiang Young **General Manager Projects & Investments**

Leadership Team

From left to right

Nivejita Rambajun
Christian Nanon
Alain Ah-Sue
Candice Couacaud
Charles Dufourcq
Yanis Fayd'herbe

Charles Harel
Belinda Vacher
Laurent Gordon Gentil
Patricia Grenouille
Christian Yong Kiang Young
Yannick Applasamy

LEADERSHIP TEAM PROFILE AS AT 31 DECEMBER 2023

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 was then nominated as CEO of the Harel Mallac Group as of 1 January 2014, and appointed to the Board of Directors in June 2006.

Belinda Vacher
Chief Finance Officer

Belinda Vacher holds various finance degrees/certifications: a Master's degree in Business Administration (University of Mauritius), a certificate in Business Strategy for leaders (INSEAD), as well as a Master's degree of Laws (Université Panthéon Assas). Belinda spent most of her career working for the Rogers Group in various departments, including investment, property asset management, corporate advisory, sustainability and fund management. Until recently, she served as the Chief Fund Management Executive with directorship roles for Ascencia and Velogic. She joined the Harel Mallac Group in April 2023.

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, has been serving as 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.

Charles Dufourcq
Chief Operations Officer Technology Division – Harel Mallac Technologies, Linxia, EO Solutions and Activeline

Charles Dufourcq holds an 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, where he was responsible for 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 the Professional Services division in Singapore. In 2018, Charles relocated back to France as an entrepreneur and investor, becoming the CEO of CETRAFACT, a specialised SaaS company, and CEO of Palo IT for the EMEA region. He joined Harel Mallac in November 2022.

Yanis Fayd'herbe
Managing Director – MCFI Group and Archemics Ltd

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. He is also 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 Group in June 2019.

Laurent Gordon Gentil
Group Head of Human Capital

Laurent Gordon-Gentil 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.

Nivejita Rambajun
Group Head of Legal Affairs and Compliance

Nivejita Rambajun is a holder of Bachelor of Laws (LLB) from the University of Mauritius and a Graduate Diploma in Law from 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 the Harel Mallac Group in March 2021.

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 (LSE), 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, before accepting the challenge of managing the Group's projects and investments portfolio in August 2016.

Patricia Grenouille
Manager – HM Secretaries Ltd.

M. Patricia Grenouille is a member of the Institute of Chartered Secretaries UK (now The Chartered Institute of Governance, UK) and holds a Licence en Lettres Modernes from Université de la Réunion. She joined Harel Mallac & Co. Ltd in 1988 and holds, since 2008, the position of Manager - HM Secretaries Ltd which acts as the Company Secretary for Harel Mallac & Co. Ltd, and its domestic subsidiaries, and some other legal entities.

Candice Couacaud
Group Head of Communications

Candice is a seasoned professional with extensive experience in marketing communications and holds a Master's Degree in Information and Communications from Université Sorbonne Paris Nord. She was a Project Manager in the tourism industry for more than 10 years in Paris, before heading into branding and marketing for property development projects in Mauritius. She served as Group Communication and Media Relations Manager for Rogers Hospitality (2016-2021), and teamed up with NGO Reef Conservation to spearhead the organisation's communication on funded projects. She joined Harel Mallac in July 2023.

Christian Nanon
Group Head of Sustainability and Innovation

Christian Nanon holds a Master's degree of Science and Technology (Chimie Paristech, France), an MS in Strategy and organisation (ESCP Europe), a Certificate in Sustainability Leadership/Corporate Responsibility (LBS). as well as a Certificate in Sustainable Investing (Harvard). He is also a certified Sustainability (ESG) Practitioner. He has spent most of his career at the Omnicane Group, where he was employed as Product Development Engineer, and at the Rogers Group, where he was until recently the Corporate Manager – Sustainability. During his career, Christian has worked on major energy projects and strategic business ventures both locally and internationally. He joined the Harel Mallac Group in June 2023.

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 Chief Finance Officer at Board meetings is 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 2023

Directors	Gender	Age	Country of Residence	Category
HAREL Antoine L. (Chairman)	M	66	Mauritius	NED
AH-CHUEN Dean	M	59	Mauritius	NED
BORIS Pascal C.B.E	M	73	UK	ID
DE CHASTEAUNEUF Jérôme	M	57	Mauritius	NED
DE JUNIAC Christian	M	70	UK	NED
GIRAUD Daniel G.O.S.K.	M	71	Mauritius	ID
HAREL Charles	M	56	Mauritius	ED
LEVIGNE-FLETCHER Anne Christine C.S.K.	F	69	Mauritius	NED
MOOLLAN Anwar S.C.	M	56	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.

BOARD MEETINGS

During the year under review, the Board met seven (7) times.

ATTENDANCE AT BOARD MEETINGS

Director	Attendance
HAREL Antoine L. (Chairman)	7/7
AH-CHUEN Dean	5/7
BORIS Pascal C.B.E	7/7
DE CHASTEAUNEUF Jérôme	5/7
DE JUNIAC Christian	7/7
GIRAUD Daniel G.O.S.K.	7/7
HAREL Charles	7/7
LEVIGNE-FLETCHER Anne Christine C.S.K.	6/7
MOOLLAN Anwar SC	2/7

BOARD'S FOCUS AREAS DURING THE YEAR

- Risk identification and mitigation strategy
- Group restructuring
- 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
- Remuneration and talent management

BOARD EVALUATION

A Board evaluation exercise is carried out yearly by the Company Secretary. The Directors are invited to rate various areas of the Board's governance, such as the preparation and effectiveness of meetings, performance of the Chair and of the Board Committees. It also provides for each Director's self-evaluation. Directors are invited to comment on each area being evaluated. The Company Secretary may interview the Directors to collect more information on comments made. A detailed report is presented to the Corporate Governance Committee, which in turn makes its recommendations to the Board on ways and means to improve on the lowest-rated areas.

BOARD COMMITTEES

AUDIT & RISK COMMITTEE ('ARC') MEETINGS

During the year under review, the ARC met four times. The Board is satisfied that the members of the ARC have the right mix of skills, knowledge, financial literacy and expertise to fulfil their duties, and that they have effectively discharged their responsibilities during the year under review according to the Committee's terms of reference.

ATTENDANCE AT ARC MEETINGS

Director	Attendance
DE CHASTEAUNEUF Jérôme (Chairman)	4/4
LEVIGNE-FLETCHER Anne Christine C.S.K.	4/4
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')

During the year under review, the CGC met three (3) times.

ATTENDANCE AT CGC MEETINGS

Director	Attendance
HAREL Antoine L. (Chairman)	3/3
MOOLLAN Anwar S.C.	1/3
AH-CHUEN Dean	3/3

CGC'S FOCUS AREAS DURING THE YEAR

- Remuneration
- Remuneration, pay and benefits framework
- Board appraisal
- Board composition
- Employee engagement
- Talent Management framework
- Succession planning
- Recruitment of senior executives
- Directors' remuneration

STRATEGIC COMMITTEE MEETINGS

During the year under review the Strategic Committee held two (2) meetings.

ATTENDANCE AT STRATEGIC COMMITTEE MEETINGS

Director	Attendance
HAREL Antoine L. (Chairman)	2/2
HAREL Charles	2/2

STRATEGIC COMMITTEE'S FOCUS AREAS DURING THE YEAR

- Investment projects
- Divestments
- Performance rating of investments
- Group's strategic plan

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, the 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 the 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, remitted prior to the induction course, consists of recent minutes of Board and Committee meetings, recent unaudited and audited financial statements, the Company's Constitution, Listing Rules, and the Company's annual report. The newly-appointed Directors have one-to-one meetings with the CEO and members of the Leadership Team as part of the induction process. The newly-appointed Directors also proceed with the visit of local-based operational sites.

Directors' Profiles

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 L. Harel

Absent

Anwar Moollan

DIRECTORS' PROFILES

ANTOINE L. HAREL (66)
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 (59)
NON-EXECUTIVE DIRECTOR

Mr. Dean Ah-Chuen holds a BA degree in computer science, 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, listed on DEM and also a 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. He was first appointed to the Board of Harel Mallac & Co. Ltd. on 8 June 2012.

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

PASCAL BORIS C.B.E. (73)
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 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 (57)
NON-EXECUTIVE DIRECTOR

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

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

DANIEL GIRAUD G.O.S.K. (71)
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 (56)
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 (70)
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. (69)
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. (56)
NON-EXECUTIVE DIRECTOR

After his first degree in Mechanical Engineering in France, Anwar Moollan S.C. read Law at Downing College, Cambridge. He joined the Chambers of Sir Hamid Moollan QC in 1995, and practices as a barrister. Mr Moollan joined the Board of Directors of Harel Mallac & Co. Ltd. as an Independent Director in June 2003.

Other Directorships (listed Companies): Compagnie Immobilière Limitée.

PROFESSIONAL DEVELOPMENT

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

SUCCESSION PLANNING

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

PRINCIPLE 4: DIRECTORS' DUTIES, REMUNERATION AND PERFORMANCE

DIRECTORS' DUTIES AND RESPONSIBILITIES

The Directors are aware of their legal duties and responsibilities. Policies are in place to 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 84 and 85.

REMUNERATION POLICY

The Company's remuneration policy recommends that the Company provides competitive rewards for its senior executives and other senior management staff, taking into account the Company's performance and external market data from independent sources and in particular, regarding the latter, salary levels for similar positions in comparable companies. The remuneration package consists of a 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

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 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.

PEOPLE RISK

People risk is being identified globally as one of those risks that needs to be carefully monitored. The scarcity of skilled human resources in some specific industries such as the IT industry is a major challenge facing our local economy. The loss of key personnel has also been identified as a major risk factor. In view of mitigating these risks, retention policies have been adopted, and a formal performance assessment and reward system have been implemented within the Company.

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 the regular improvement of internal controls in place. Our internal control system covers the Company, as well as its local and foreign subsidiaries. It does not cover our associate companies.

OUR GROUP POLICIES

The following policies are applicable across the Group:

- Equal Opportunity Policy
- Data Protection Policy and Data Privacy Rights Management Policy
- Policy on conflicts of interest and related party transactions
- Information Technology Policy
- Ancillary Policy on post contractual obligations
- Gift Policy
- Ethics Whistle-Blowing Policy

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

PRINCIPLE 6: REPORTING WITH INTEGRITY

SUSTAINABILITY REPORTING AND INTEGRATED REPORTING

The Company firmly believes in transitioning towards sustainability. In line with this, the Company has conducted its double materiality assessment and its first carbon footprint calculation.

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 2023 audit exercise. The issues reported were discussed and recommendations made.

INTERNAL AUDITORS

Internal Audit is a function responsible for providing assurance to the Board regarding the implementation, operation and effectiveness of internal control and risk management systems within the Group. KPMG is, since January 2019, the Group's Internal Auditor, with a scope covering the Group's subsidiaries except for some of our foreign entities. The Internal Audit function reports to the ARC and to the Board of Directors. It assists in the maintenance and improvement of the process by which risks are identified and managed, and in the strengthening of the internal control framework. The Internal Audit function has examined the current control systems to check their suitability and to ensure that they are being adhered to.

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 2023 at the Company's and subsidiaries' levels (along with follow-up audits) include data protection compliance and the internal audit plan implementation. 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 with 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? Annual Meetings Quarterly financial reporting Comprehensive annual report	**How?** Intranet & emails Regular meetings with CEO and Head Office Team Semi-annual management meetings Social events & volunteering	**How?** Website & social platform Public relations Customer satisfaction surveys	**How?** Regular exchanges with regulatory bodies' representatives Quarterly financial reporting Comprehensive annual report	**How?** Public & media relations Social media Sponsorships & CSR

SHAREHOLDERS

Shareholders holding more than 5%

16.77% Terra Mauricia Ltd

8.35% Société de Bon Espoir

Harel Mallac & Co. Ltd

50.51% Société de Lerca

24.37% Others

SHAREHOLDING STRUCTURE

The Directors recognise that, at 31 December 2023, 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 2023

Size of shareholding	Number of shareholders	Number of shares owned	% holding
1-500	473	41,112	0.36
501-1,000	43	33,952	0.30
1,001-2,500	27	40,319	0.36
2,501-5,000	11	34,875	0.31
5,001-10,000	16	118,323	1.05
10,001-25,000	13	210,433	1.86
25,001-50,000	7	258,411	2.30
50,001-100,000	6	380,493	3.38
100,001-250,000	3	426,503	3.79
250,001-500,000	3	1,197,850	10.64
500,001-750,000	0	0	0
750,001-1,000,000	1	941,020	8.36
1,000,001-2,000,000	1	1,888,377	16.77
Over 2,000,000	1	5,687,720	50.52
Total	605	11,259,388	100

PROFILE OF COMPANY'S SHAREHOLDERS AS AT 31 DECEMBER 2023

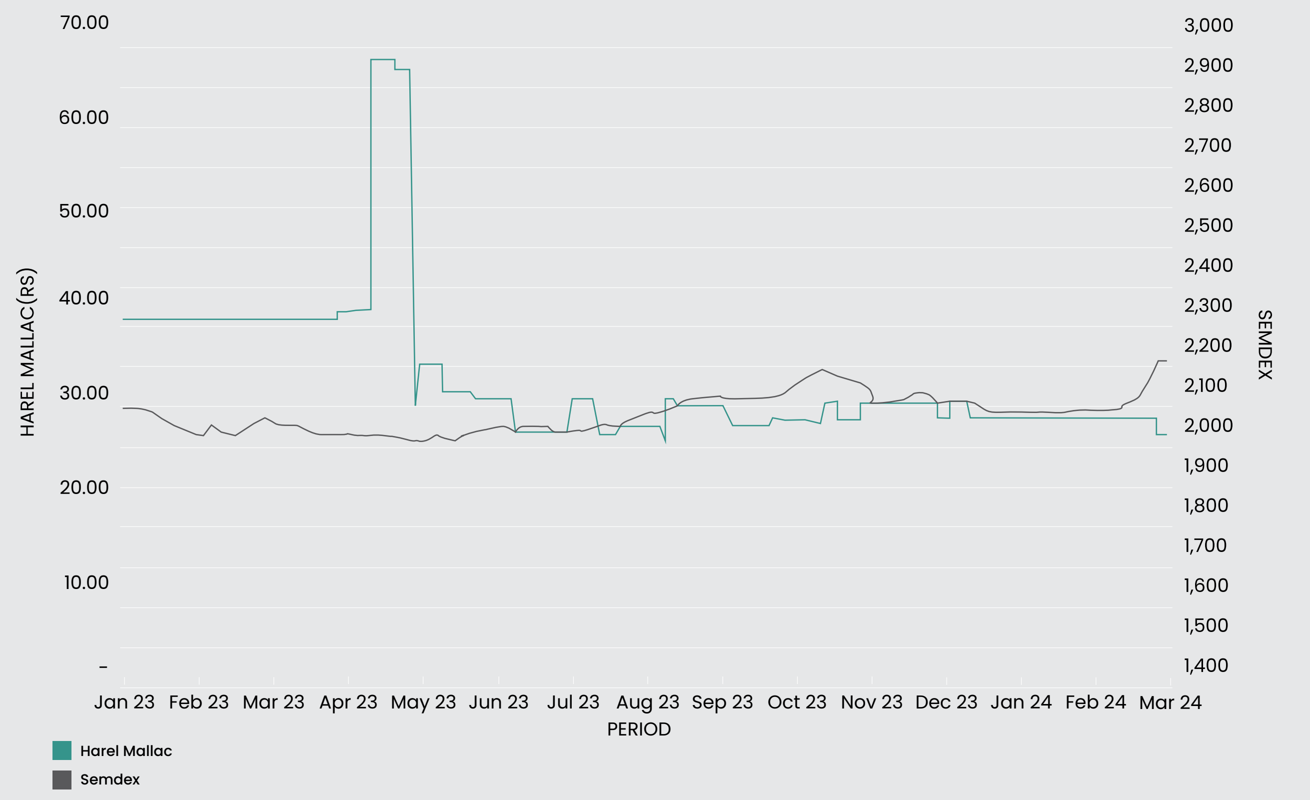
Category of shareholders	Number of shareholders	Number of shares owned	% holding
Individual	529	449,309	4.00
Insurance & Assurance Companies	2	17,000	0.15
Pension & Provident Funds	15	338,693	3.01
Investment & Trust Companies	3	27,325	0.24
Other Corporate Bodies	56	10,427,061	92.60
Total	605	11,259,388	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.

SHARE PRICE INFORMATION

DAILY SHARE PRICE FROM JANUARY 2023 TO MARCH 2024



*In March 2023 the Company announced, as part of its restructuring plan, a dividend in specie in the form of one share of Cavell Touristic Investment Ltd for each share held in the Company, and between the date of the communique issued and the last cum-dividend date of 24 April 2023, the HM share price increased from Rs 38 before the dividend communique to a peak of Rs 66 in the period to the ex-dividend date of 25 April 2023, highlighting the shareholder value to be gained.

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 for registration purposes.

SCHEDULE OF EVENTS

Publication of condensed audited results for previous year	March 2024
*Annual meeting	May 2024
Publication of condensed results for first quarter	May 2024
Publication of condensed results for second quarter	August 2024
Publication of condensed results for third quarter	November 2024
*Dividend declaration and payment if applicable	Quarter 4 of 2024 / Quarter 1 of 2025

*DATES ARE INDICATIVE

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 86.

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 private social media community page - 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 have been integrated into 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').

Focusing on Education through Sports and Arts, and Support to vulnerable communities, funds have been channelled for the year under review to support projects benefiting Mauritian Youth, with a focus on the Port Louis region :

- The Port Louis Sailors Rugby Club, created in 2018 in partnership with Rugby Union Mauritius, is composed today of 25 players from a vulnerable area of the Capital City, with a promising female junior player joining the Women National Team.
- The Atelier Mo'zar, social integration and education through music, benefitting 19 promising young musicians during a two-week tour in France and Belgium to perform like future musicians on stage, and gain exposure/learn from international musicians.

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CORPORATE GOVERNANCE Harel Mallac & Co. Ltd Annual Report 2023

DIRECTORS OF SUBSIDIARY COMPANIES

	ACTIVELINE LTD	AEROLIK LTD	AEROLIK. OI	ARCHEMICS LTD	BIOGEN LTD	BYCHEMEX LIMITED	CAVELL TOURISTIC INVESTMENTS LTD **	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 (FORMELY KNOWN AS ORINUX BURUNDI SA)	HAREL MALLAC TECHNOLOGIES LTD	HAREL MALLAC TECHNOLOGIES MADAGASCAR	HAREL MALLAC TECHNOLOGIES RWANDA LTD (FORMELY KNOWN AS ORINUX (RWANDA) SARL)	HAREL MALLAC TRADING LTD	HM ELECTRONICS LTD *	HM SECRETARIES LTD	INFORMATICS BUSINESS SOLUTIONS LTD	ITINERIS LTD	LINXIA LTD	LOGIMA LTEE	LOGIMA REUNION SAS	MCFI EXPORT LTD	MCFI INTERNATIONAL & CO. LTD	MCFI INTERNATIONAL (TANZANIA) LIMITED	MCFI INTERNATIONAL (ZAMBIA) LTD	NOVENGI LTD	PHARMALLAC SARL *	NEXENERGY PARTNERS LTD (FORMELY KNOWN AS PHOTOVOLTAIC FARM LTD)	PORTUS LTD	REUNIFERT SAS	SOCIETE GARE DU NORD	SOCIETE SICAREX	SOLAR FIELD LTD	SUCHEM LTD	THE MAURITIUS CHEMICAL AND FERTILIZER INDUSTRY LIMITED
AH SUE M Alain											●					●											●																
APPLASAMY Yannick		●																																									
AUMEERALLY Feriel							●																																				
BISSOONAUTH Sunil Kumar															■																				■								
BOULLÉ François Louis				○																																						○	●
CRAMBADE Olivier Philippe																																									●		
CYAGA Eric																					●																						
DESVAUX DE MARIGNY Jean Philippe							●																																				
DUVIVIER Virginie							●																																				
ESPOSITO ERDOZAIN Phillipe Michel																																									●		
EYNAUD Nicolas							●																																				
FAYD'HERBE Yanis				●	●	●		●	●																					●	●	●										●	●
FRANCIS Alfred L																																	●										
GIRAUD Daniel							○																																				
HAREL Antoine L				●	●	●	○	●		●		●							●			●									●	●		●		●						●	●
HAREL Charles	●	●	■	●	●	●	○	●	●	●	●	●	●	●		●	●	●	●		●	●	●	●	●	●	●	●	■	●	●	●	●	●		◉	●	■			●	●	●
HAREL Guy				●																																							●
HAREL Henri							●																																				
HAREL MALLAC & CO. LTD.																																							■	■			
JODHUN Hurrydeosingh																				■																							
KOENIG Louis Denis							●																																				
LABAT Vincent																																											●
LEVIGNE-FLETCHER Anne Christine							○																																				
MAIGROT Nicolas Marie Edouard							●																																				
NG KWING KING Harold																																											●
NGUYEN THAC Christine	○	○	○	○					○		○		○	○		○	○		○		○	○	○	○	○	○	○	○		○				○		○	○					○	○
PANDEA Bhoonesh							●																																				
RIVALLAND Patrick																																											●
SEWPAUL Shateeaum																		●			●																						
VACHER Belinda	●	●		●					●		●			●		●	●		●			●		●	●	●	●	●		●				●		●	●					●	
VENKATASAMY Ravi																																	○										
VERIEN Philippe																			●			●												●									
YONG KIANG YOUNG Christian Pierre							○			●	●	●						●	●		●	●					●							●							●		

○ Resigned during the year ended 31 December 2023 ● Director during the year ended 31 December 2023 ■ Gérant Statutaire ◉ Alternate Director

* Entity removed from register during the year ended 31 December 2023 ** Ceased to be a subsidiary during the year ended 31 December 2023

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 SUBSIDIARY COMPANIES

The Directors of the Company are listed on pages 70 to 73. In addition, a list of the Directors of subsidiary companies is found on pages 82 and 83.

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	
Executive Directors	**2023 Rs '000**	2022 Rs '000	**2023 Rs '000**	2022 Rs '000
Full-time	**11,634**	10,448	-	-
Part-time	-	-	-	-
Non-Executive Directors	**5,706**	5,816	**1,563**	1,818
	17,340	16,264	**1,563**	1,818

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

Directors of subsidiary companies	**2023 Rs '000**	2022 Rs '000
Executive Directors		
Full-time	**30,951**	33,130
Part-time	**-**	-
Non-Executive Directors	**1,981**	2,459
	32,932	35,589

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 (Rs'000)	Corporate Governance Committee	Audit Committee	Strategic Committee	From the Company
Non-Executive/Independent				
Antoine L. Harel	Chairman		Chairman	1,761
Dean Ah-Chuen	Member			520
Pascal Boris C.B.E				892
Jérôme de Chasteauneuf		Chairman		601
Christian de Juniac				892
Daniel Giraud G.O.S.K.		Member		520
Anne Christine Levigne-Fletcher C.S.K.		Member		520
Anwar Moollan S.C. *	Member	Member		-
SUB TOTAL				**5,706**
Executive				
Executive Director			Member	11,634
SUB TOTAL				**11,634**
GRAND TOTAL				**17,340**

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

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

DIRECTORS' AND SENIOR OFFICERS' INTERESTS IN SHARES

The interests of the Directors and senior officers in the securities of the Company and of the Group as at 31 December 2023 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
Senior Officers	**Direct**	**Indirect**	**Direct**	**Indirect**
GRENOUILLE Patricia	40	-	-	-

None of other Directors hold direct or indirect interest in the shares of the Company or its subsidiaries.

None of the other senior officers of the Company has direct or indirect holding in the shares of the Company or its subsidiaries.

CONTRACTS OF SIGNIFICANCE

There was no contract of significance to which the Company or any of its subsidiaries have been a party and in which a Director of the Company was materially interested, be it directly or indirectly.

SHAREHOLDERS

MAJOR SHAREHOLDERS

At 31 December 2023, 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 de Bon Espoir	941,020	8.35

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	
	2023 Rs'000	2022 Rs'000	**2023 Rs'000**	2022 Rs'000
Donations made during the year:				
Political	**Nil**	Nil	**Nil**	Nil
Others	**435**	890	**174**	265

AUDITORS' FEES

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

	THE GROUP		THE COMPANY	
Audit fees payable to:	**2023 Rs'000**	2022 Rs'000	**2023 Rs'000**	2022 Rs'000
- Nexia Baker & Arenson	**5,135**	4,409	**775**	702
- BDO & Co	**-**	1,259	**-**	-
- Other firms	**840**	373	**-**	-
Fees paid for other services provided by:				
- Nexia Baker & Arenson	**105**	105	**105**	105
- Other firms	**-**	-	**-**	-

Other services provided by Nexia Baker & Arenson in 2023 and 2022 relate to review of quarterly consolidated abridged financial statements.

Statement of Directors' Responsibilities

The Directors acknowledge their responsibilities for:

1. adequate accounting records and maintenance of effective internal control systems;
2. 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 which comply with International Financial Reporting Standards (IFRS); and
3. 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:

1. adequate accounting records and an effective system of internal controls and risk management have been maintained;
2. appropriate accounting policies supported by reasonable and prudent judgments and estimates have been used consistently;
3. applicable accounting standards have been adhered to. Any departure in the interest of fair presentation has been disclosed, explained and quantified; and
4. 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 2024.

Antoine L. Harel
Chairman

Charles Harel
Chief Executive Officer

Secretary's Certificate

For the year ended 31 December 2023

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 2024

Statement of Compliance

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

Name of Public Interest Entity (PIE) : Harel Mallac & Co. Ltd

Reporting period: 31 December 2023

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 least two executives as members.	The CEO being a Board Member, is present at Board meetings. In addition, the Chief Finance Officer 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.

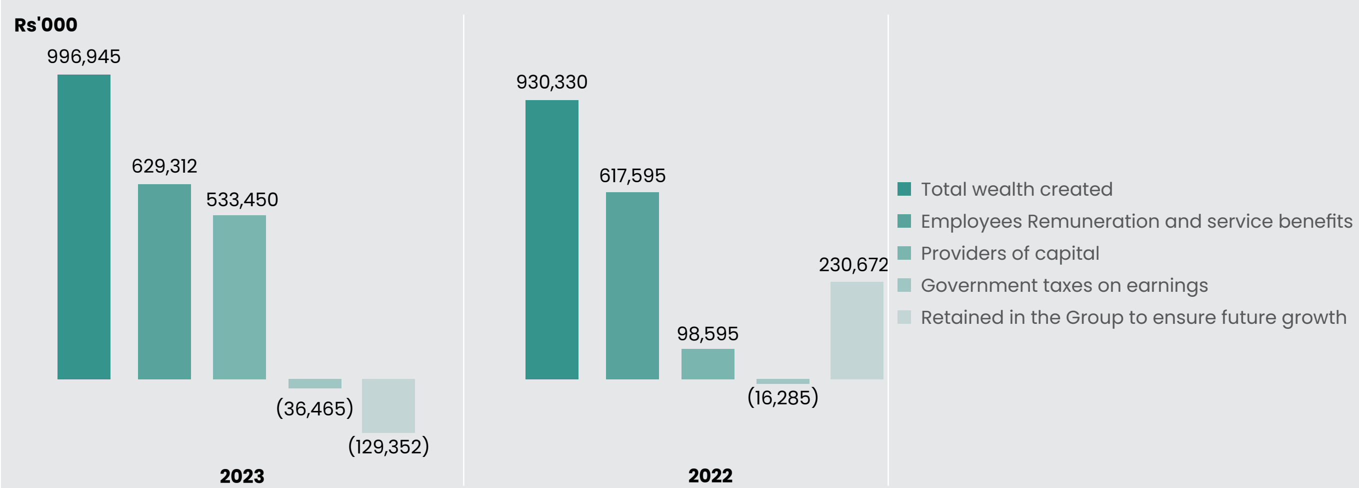
Antoine L. Harel
Chairman

Charles Harel
Chief Executive Officer

27 March 2024

Value Added Statement

	2023 Rs'000		2022 Rs'000		2021 Rs'000	
Revenue	**4,333,058**		4,194,331		3,634,553	
Paid to suppliers for materials and services	**3,420,173**		3,403,241		2,880,401	
Value added	**912,885**		791,090		754,152	
Net share of results of associates and joint ventures	**68,012**		125,952		(66,069)	
Profit on disposal of investments	**22,114**		16,480		24,609	
Net impairment of investment, receivables & goodwill	**(6,066)**		(3,192)		(14,715)	
Total wealth created	**996,945**	**100%**	930,330	100%	697,977	100%
Distributed as follows:						
Employees Remuneration and service benefits	**629,312**	**63%**	617,595	66%	546,319	78%
Providers of capital						
Dividends to shareholders	**410,980**		-		-	
Interest paid on borrowings	**113,845**		76,653		68,704	
Minority interests	**8,625**		21,695		9,207	
	533,450	**54%**	98,348	11%	77,911	11%
Government taxes on earnings						
Taxation	**(36,465)**	**-4%**	(16,285)	-2%	(11,603)	-2%
Retained in the group to ensure future growth						
Depreciation and amortisation	**105,468**		93,608		109,639	
Retained (loss)/profit	**(234,820)**		137,064		(24,289)	
	(129,352)	**-13%**	230,672	25%	85,350	1%
Total wealth distributed and retained	**996,945**	**100%**	930,330	100%	697,977	88%



UPSHIFTING
financial gears

Kaneesh Munbodh
Projects & Corporate Finance
Ingenia by MCFI

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF HAREL MALLAC & CO. LTD

Report on the Financial Statements

Opinion

We have audited the consolidated financial statements of **Harel Mallac & Co. Ltd** (the "Company") and its subsidiaries (the "Group") and the Company's separate financial statements set out on pages 100 to 193 which comprise the statements of financial position as at 31 December 2023, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Group and the Company as at 31 December 2023, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and comply with the Mauritius Companies Act 2001.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The Key Audit Matter for the Company is as follows:

KEY AUDIT MATTER	HOW THE MATTER WAS ADDRESSED IN THE AUDIT
1. Valuation of investments in subsidiaries, associates, joint ventures and others The Company carries its investments in subsidiaries, associates, joint ventures and other investments in financial assets at fair value. At 31 December 2023, total investments amounted to Rs1.391bn. 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(f), (g) and (n) (ii) (accounting policy note) and notes 8, 9, 10A and 11 (financial statement disclosures).	We adopted the following audit procedures, among others, with respect to valuation of investments in subsidiaries and associates: • Reviewed the valuation methods used; • Discussed with management regarding the reasonableness of the underlying bases and assumptions; • Verified the main inputs used in the fair value computation and its accuracy; and • Discussed with management on the assumptions behind the forecasted results of the subsidiaries to determine the fair value calculation.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF HAREL MALLAC & CO. LTD

Report on 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(d) (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. Revenue recognition Revenue is an important measure used to evaluate the performance of the Group and the Company. There is a risk that the revenue is presented for amounts higher than what has been actually generated by the Group and the Company. Consequently, we considered revenue recognition to be a significant key audit matter. The Group's and the Company's revenue is recognised at a point in time when control of the goods has been transferred to the customer, except for some of its subsidiaries for which revenue is recognised over time on the basis of direct measurement of the value of work performed to date. Refer to note 2(s) (accounting policy note) and note 22 (financial statement disclosures).	Our audit procedures with respect to revenue included the following: • Reviewed management's documentation with respect to identification of revenue to be recognised under IFRS 15; • Ensured that the five-step model of the standard has been appropriately applied by management with respect to revenue recognition; • Ensured the completeness and accuracy of disclosures relating to IFRS 15, including significant judgements; • Tested the effectiveness of revenue internal control procedures implemented by management, as well as test of details to ensure correct processing of revenue transactions; • Performed other substantive tests to determine both reasonableness and completeness of revenue; and • Ensured all inter-group revenue is eliminated.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF HAREL MALLAC & CO. LTD

Report on 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 2023 was Rs 604.8 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(j) (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 2023, trade receivables, net of provision amounted to Rs 924.4m. Refer to note 2(n)(i) (accounting policy note) and note 13 (financial statement disclosures).	Among our audit procedures, we have tested management's simplified impairment Expected Credit Loss (ECL) model by: • Evaluating the relevance of the factors used (type of customer, payment terms, payment ratio, credit insurance); • Understanding basic assumptions used in the ECL model specifications, and determining its relevance and correlation with the risk of default; • Verifying that the probability of default and default rates are being applied appropriately; • Reperforming calculations by applying the probability of default and loss rates to each group of assets; • Investigating any difference(s) between ECL calculated and ECL reported in the financial statements; • Comparing actual ECL with prior period results to determine reasonableness; and • Examining events occurring after the reporting date and before the issuance of the financial statements to verify if evidence supports or contradicts assumptions and judgements used in the ECL model.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF HAREL MALLAC & CO. LTD

Report on the Financial Statements (continued)

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the Corporate Governance Report, the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

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.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF HAREL MALLAC & CO. LTD

Report on the Financial Statements (continued)

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

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a 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.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF HAREL MALLAC & CO. LTD

Report on the Financial Statements (continued)

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

Nexia Baker & Arenson

Chartered Accountants

27 March 2024

Kian-Fah K.T. Chung Chun Lam FCCA

Licensed by FRC

STATEMENTS OF FINANCIAL POSITION

AT 31 DECEMBER 2023

	Notes	THE GROUP		THE COMPANY	
		2023 Rs'000	2022 Rs'000	**2023 Rs'000**	2022 Rs'000
ASSETS					
Non current assets					
Property, plant and equipment	5	**946,482**	860,033	**127,846**	299,616
Right-of-use assets	5A	**319,912**	231,469	**8,386**	4,052
Investment properties	6	**473,722**	439,397	**631,025**	436,606
Intangible assets	7	**88,853**	80,124	**-**	171
Investments in subsidiaries	8	**-**	-	**616,067**	555,291
Investments in associates	9	**573,377**	1,090,827	**741,749**	1,093,811
Financial assets at fair value through other comprehensive income	10A	**26,768**	28,639	**21,276**	23,194
Financial assets at amortised cost	10B	**1,197**	279	**-**	-
Investments in joint ventures	11	**4,854**	4,311	**12,217**	12,217
Deferred tax assets	17	**33,840**	33,704	**-**	-
		2,469,005	2,768,783	**2,158,566**	2,424,958
Current assets					
Inventories	12	**604,843**	717,576	**-**	-
Contract assets	22 (c)	**116,673**	88,059	**-**	-
Trade receivables	13	**924,362**	970,984	**27,574**	26,873
Financial assets at amortised cost	10B	**216,171**	182,245	**66,256**	19,103
Prepayments		**33,499**	20,960	**3,464**	2,259
Current tax assets		**6,561**	5,087	**-**	-
Cash and cash equivalents	30 (b)	**124,555**	250,685	**55,047**	42,672
		2,026,664	2,235,596	**152,341**	90,907
TOTAL ASSETS		**4,495,669**	5,004,379	**2,310,907**	2,515,865

STATEMENTS OF FINANCIAL POSITION

AT 31 DECEMBER 2023

	Notes	THE GROUP		THE COMPANY	
		2023 Rs'000	2022 Rs'000	**2023 Rs'000**	2022 Rs'000
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	14	**112,594**	112,594	**112,594**	112,594
Revaluation and other reserves	15	**526,553**	652,863	**487,980**	487,980
Fair value reserves		**(9,042)**	(7,171)	**578,683**	423,954
Actuarial losses		**(97,663)**	(82,250)	**(52,395)**	(51,413)
Retained earnings		**794,289**	1,027,566	**411,075**	739,100
Owners' interests		**1,326,731**	1,703,602	**1,537,937**	1,712,215
Non controlling interests		**173,386**	201,378	**-**	-
Total equity		**1,500,117**	1,904,980	**1,537,937**	1,712,215
Non current liabilities					
Lease liabilities	5B	**319,811**	238,778	**6,899**	3,076
Borrowings	16	**477,745**	512,592	**316,757**	345,485
Deferred tax liabilities	17	**80,857**	66,557	**46,799**	35,609
Retirement benefit obligations	18	**172,397**	182,759	**40,220**	51,080
		1,050,810	1,000,686	**410,675**	435,250
Current liabilities					
Lease liabilities	5B	**35,645**	20,407	**1,468**	564
Trade and other payables	19	**1,013,970**	1,152,069	**39,032**	68,014
Contract liabilities	22 (c)	**23,452**	40,414	**-**	-
Current tax liabilities		**822**	9,336	**-**	-
Borrowings	16	**864,992**	876,487	**321,795**	299,822
Dividend payable	8 (c)(i)	**5,861**	-	**-**	-
		1,944,742	2,098,713	**362,295**	368,400
TOTAL EQUITY & LIABILITIES		**4,495,669**	5,004,379	**2,310,907**	2,515,865

These financial statements have been approved for issue by the Board of Directors on 27 March 2024:

Antoine L. Harel
Chairman

Charles Harel
Chief Executive Officer

The notes on pages 107 to 193 form an integral part of these financial statements.

Independent auditor's report on pages 94 to 99.

STATEMENTS OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	THE GROUP		THE COMPANY	
		2023	2022	**2023**	2022
		Rs'000	Rs'000	**Rs'000**	Rs'000
Revenue	22	**4,333,058**	4,194,331	**205,694**	180,629
Continuing operations					
Profit before finance costs	23	**249,705**	113,783	**113,695**	45,668
Finance costs	24	**(112,515)**	(77,979)	**(37,125)**	(23,548)
		137,190	35,804	**76,570**	22,120
Net share of results of associates and joint ventures		**68,012**	59,435	**-**	-
		205,202	95,239	**76,570**	22,120
(Impairment)/reversal of impairment of receivables		**(6,066)**	(3,192)	**13,911**	1,624
		(6,066)	(3,192)	**13,911**	1,624
Profit before taxation	25	**199,136**	92,047	**90,481**	23,744
Income tax	20	**(36,465)**	(16,285)	**(7,526)**	1,418
Profit for the year from continuing operations		**162,671**	75,762	**82,955**	25,162
Discontinued operations					
Post tax profit from discontinued operations	21	**22,114**	82,997	**-**	-
Profit for the year		**184,785**	158,759	**82,955**	25,162
Attributable to:					
Owners of the parent		**176,160**	137,064	**82,955**	25,162
Non controlling interests		**8,625**	21,695	**-**	-
		184,785	158,759	**82,955**	25,162
Earnings per share from continuing operations (Rs/cents)	29(a)	**13.68**	4.80	**7.37**	2.23
Earnings per share from discontinued operations (Rs/cents)	29(b)	**1.96**	7.37	**-**	-
Total earnings per share		**15.64**	12.17	**7.37**	2.23

The notes on pages 107 to 193 form an integral part of these financial statements.
Independent auditor's report on pages 94 to 99.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	THE GROUP		THE COMPANY	
		2023	2022	**2023**	2022
		Rs'000	Rs'000	**Rs'000**	Rs'000
Profit for the year		**184,785**	158,759	**82,955**	25,162
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		**(1,871)**	(5,991)	**154,729**	(14,066)
Movement in actuarial reserve, net of deferred tax		**(14,068)**	(7,933)	**(982)**	(2,646)
Movement in associate reserves		**(5,136)**	108,469	**-**	-
Changes in fair value of land & buildings, net of deferred tax		**19,913**	237,161	**-**	141,407
Items that may be reclassified subsequently to profit or loss					
Currency translation differences		**(34,993)**	5,557	**-**	-
Other comprehensive (loss)/income for the year, net of tax	27	**(36,155)**	337,263	**153,747**	124,695
Total comprehensive income for the year		**148,630**	496,022	**236,702**	149,857
Other comprehensive income					
Owners of the parent		**(25,634)**	319,787	**153,747**	124,695
Non - controlling interest		**(10,521)**	17,476	**-**	-
		(36,155)	337,263	**153,747**	124,695
Total comprehensive income attributable to:					
Owners of the parent		**150,526**	456,851	**236,702**	149,857
Non controlling interests		**(1,896)**	39,171	**-**	-
		148,630	496,022	**236,702**	149,857

The notes on pages 107 to 193 form an integral part of these financial statements.
Independent auditor's report on pages 94 to 99.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

	(Attributable to owners of the parent)							
THE GROUP	Share Capital	Revaluation and Other Reserves	Fair Value Reserves	Actuarial (Losses)/ gains	Retained Earnings	Total	Non Controlling Interests	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Balance at 1 January 2023	**112,594**	**652,863**	**(7,171)**	**(82,250)**	**1,027,566**	**1,703,602**	**201,378**	**1,904,980**
Profit for the year	**-**	**-**	**-**	**-**	**176,160**	**176,160**	**8,625**	**184,785**
Other comprehensive loss for the year	**-**	**(8,350)**	**(1,871)**	**(15,413)**	**-**	**(25,634)**	**(10,521)**	**(36,155)**
Total comprehensive (loss)/ income for the year	**-**	**(8,350)**	**(1,871)**	**(15,413)**	**176,160**	**150,526**	**(1,896)**	**148,630**
Transfer between reserves	**-**	**(117,960)**	**-**	**-**	**117,960**	**-**	**-**	**-**
Effect of restructuring (Note 37)	**-**	**-**	**-**	**-**	**(117,112)**	**(117,112)**	**-**	**(117,112)**
Dividend declared to Owners of the Parent (Note 28)	**-**	**-**	**-**	**-**	**(410,980)**	**(410,980)**	**-**	**(410,980)**
Dividend declared to Non-controlling interests	**-**	**-**	**-**	**-**	**-**	**-**	**(5,861)**	**(5,861)**
Acquisition of subsidiaries with non-controlling interest (Note 35)	**-**	**-**	**-**	**-**	**695**	**695**	**(20,235)**	**(19,540)**
Balance at 31 December 2023	**112,594**	**526,553**	**(9,042)**	**(97,663)**	**794,289**	**1,326,731**	**173,386**	**1,500,117**
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(c))	-	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 loss for the year	-	333,316	(5,991)	(7,538)	137,064	456,851	39,171	496,022
Acquisition of subsidiaries with non-controlling interest (Note 35)	-	-	-	-	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

The notes on pages 107 to 193 form an integral part of these financial statements.

Independent auditor's report on pages 94 to 99.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

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 2023	**112,594**	**487,980**	**423,954**	**(51,413)**	**739,100**	**1,712,215**
Profit for the year	**-**	**-**	**-**	**-**	**82,955**	**82,955**
Other comprehensive income/(loss) for the year	**-**	**-**	**154,729**	**(982)**	**-**	**153,747**
Total comprehensive income/(loss) for the year	**-**	**-**	**154,729**	**(982)**	**82,955**	**236,702**
Dividend declared (Note 28)	**-**	**-**	**-**	**-**	**(410,980)**	**(410,980)**
Balance at 31 December 2023	**112,594**	**487,980**	**578,683**	**(52,395)**	**411,075**	**1,537,937**
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(c))	-	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

The notes on pages 107 to 193 form an integral part of these financial statements.

Independent auditor's report on pages 94 to 99.

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	THE GROUP 2023 Rs'000	THE GROUP 2022 Rs'000	THE COMPANY 2023 Rs'000	THE COMPANY 2022 Rs'000
Cash flows from operating activities					
Cash generated from/(absorbed in) operations	30(a)	**208,522**	23,788	**(29,596)**	(17,059)
Interest paid		**(88,682)**	(56,523)	**(36,729)**	(23,361)
Income tax paid		**(34,981)**	(28,305)	**-**	-
Net cash generated from/(absorbed in) operating activities		**84,859**	(61,040)	**(66,325)**	(40,420)
Cash flows from investing activities					
Purchase of property, plant and equipment		**(150,678)**	(80,806)	**(3,559)**	(10,561)
Net expenditure on intangible assets		**(15,810)**	(8,252)	**(14)**	-
Net expenditure on investment properties		**(1,548)**	(1,006)	**(1,549)**	(1,006)
Payments made on acquisition of right-of-use assets		**(2,373)**	-	**-**	-
Acquisition of business assets		**(5,528)**	-	**-**	-
Investments in subsidiaries	35(a)	**(19,540)**	(19,793)	**-**	-
Investments in associates		**-**	(7,629)	**-**	(7,629)
Proceeds on sale of investments in associates		**36,943**	-	**36,943**	-
Interest received		**1,606**	67	**2,022**	634
Dividends received		**36,154**	42,700	**51,381**	66,964
Net cash (absorbed in)/generated from investing activities		**(120,774)**	(74,719)	**85,224**	48,402
Cash flows from financing activities					
Proceeds from borrowings		**122,681**	311,812	**48,952**	80,140
Payments on borrowings		**(186,214)**	(160,030)	**(83,305)**	(35,094)
Principal paid on lease liabilities		**(19,028)**	(15,225)	**(1,182)**	(541)
Interest paid on lease liabilities		**(25,163)**	(20,130)	**(396)**	(187)
Net cash generated from/ (absorbed in) financing activities		**(107,724)**	116,427	**(35,931)**	44,318
Net (decrease)/ increase in cash and cash equivalents		**(143,639)**	(19,332)	**(17,032)**	52,300
Movement in cash and cash equivalents					
At 1 January		**6,970**	28,604	**1,885**	(50,415)
(Decrease) / increase in cash and cash equivalents		**(143,639)**	(19,332)	**(17,032)**	52,300
Effect of foreign exchange rate changes		**318**	(2,302)	**1,809**	-
At 31 December	30(b)	**(136,351)**	6,970	**(13,338)**	1,885

The notes on pages 107 to 193 form an integral part of these financial statements.

Independent auditor's report on pages 94 to 99.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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 2023

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Application of new and revised international financial reporting standards ("IFRS")

(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 2023.

IFRS 17- Insurance Contracts

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts.

IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach. The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

The Group does not have any contracts that meet the definition of an insurance contract under IFRS 17.

Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2

The IASB amended IAS 1 Presentation of Financial Statements to require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' (being information that, when considered together with other information included in an entity's financial statements, can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements) and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.

To support this amendment, the IASB also amended IFRS Practice Statement 2 Making Materiality Judgements to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

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

Definition of Accounting Estimates – Amendments to IAS 8

The amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, whereas changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

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

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments to IAS 12 Income Taxes require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences, and will require the recognition of additional deferred tax assets and liabilities. The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Application of new and revised international financial reporting standards ("IFRS") (continued)

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

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12 (continued)

In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

- right-of-use assets and lease liabilities, and
- decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets.

The cumulative effect of recognising these adjustments is recognised in the opening balance of retained earnings, or another component of equity, as appropriate.

IAS 12 did not previously address how to account for the tax effects of on balance sheet leases and similar transactions and various approaches were considered acceptable. Some entities may have already accounted for such transactions consistent with the new requirements. These entities will not be affected by the amendments.

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

International Tax Return - Pillar Two Rules - Amendments to IAS 12

In December 2021, the Organisation for Economic Co-operation and Development (OECD) released the Pillar Two model rules (the Global Anti Base Erosion Proposal, or 'GloBE') to reform international corporate taxation. Large multinational enterprises within the scope of the rules are required to calculate their GloBE effective tax rate for each jurisdiction where they operate. They will be liable to pay a top-up tax for the difference between their GloBE effective tax rate per jurisdiction and the 15% minimum rate.

In May 2023, the IASB made narrow-scope amendments to IAS 12 which provide a temporary relief from the requirement to recognise and disclose deferred taxes arising from enacted or substantively enacted tax law that implements the Pillar Two model rules, including tax law that implements qualified domestic minimum top-up taxes described in those rules.

- the fact that they have applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes
- their current tax expense (if any) related to the Pillar Two income taxes, and
- during the period between the legislation being enacted or substantially enacted and the legislation becoming effective, known or reasonably estimable information that would help users of financial statements to understand an entity's exposure to Pillar Two income taxes arising from that legislation. If this information is not known or reasonably estimable, entities are instead required to disclose a statement to that effect and information about their progress in assessing the exposure.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Application of new and revised international financial reporting standards ("IFRS") (continued)

(ii) Standards, Amendments to published Standards and Interpretations 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 2024 or later periods, but which the Group has not early adopted.

Classification of Liabilities as Current or Non-current – Amendments to IAS 1 Non-current Liabilities with Covenants – Amendments to IAS 1

Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

Supplier finance arrangements – Amendments to IAS 7 and IFRS 7

Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28

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.

(c) 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 Rs 331.9m 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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Property, plant and equipment (continued)

No depreciation is charged on freehold land.

The assets' residual values and useful lives are reviewed and adjusted prospectively, if appropriate, at the end of each reporting date.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposals of property, plant and equipment are determined by comparing proceeds with carrying amount and are included in profit or loss.

(d) 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.

(e) 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 2023

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) 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 accounted 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 2023

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) 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.

(h) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Current and deferred income tax (continued)

Deferred tax

Deferred income tax is provided in full, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. If the deferred income tax arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for.

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

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

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

(i) 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 2023

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) 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.

(j) 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.

(k) Foreign currencies

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Foreign currencies (continued)

(iii) Group companies

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

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

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

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

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

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

(l) Impairment of non-financial assets

At the end of each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount which is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash generating units).

(m) Leases

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

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

Identifying Leases

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

(a) There is an identified asset;

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Leases (continued)

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 IFRS 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 2023

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) 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.

(n) Financial assets

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

(i) Amortised cost

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

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 2023

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) 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.

(o) Financial liabilities

The Group classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired.

The Group's accounting policy for each category is as follows:

(i) Fair value through profit or loss

This category comprises only out-of-the-money derivatives (see "Financial assets" for in the money derivatives). They are carried in the statement of financial position at fair value with changes in fair value recognised in the statement of comprehensive income. The Group does not hold or issue derivative instruments for speculative purposes, but for hedging purposes. Other than these derivative financial instruments, the Group does not have any liabilities held for trading nor has it designated any financial liabilities as being at fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) 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.

(p) Hedge accounting

Certain subsidiaries enter into derivative financial instruments to manage their exposure to foreign exchange rate risk, including foreign exchange forward contracts and cross currency swaps.

Hedge accounting is applied to financial assets and financial liabilities only where all of the following criteria are met:

- At the inception of the hedge there is formal designation and documentation of the hedging relationship and the Group's risk management objective and strategy for undertaking the hedge;
- The hedge relationship meets all of the hedge effectiveness requirements including that an economic relationship exists between the hedged item and the hedging instrument, the credit risk effect does not dominate the value changes, and the hedge ratio is designated based on actual quantities of the hedged item and hedging instrument.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured at their fair value at the end of each reporting period. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Trading derivatives are classified as a current asset or liability.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within twelve months. Other derivatives are presented as current assets or current liabilities.

Fair value hedges

Where derivatives are used to hedge the Group's exposure to fair value interest rate risk (such as fixed to floating rate swaps), the hedged item is remeasured to take into account the gain or loss attributable to the hedged risk (in the case of a fixed rate loan, the hedged risk is changes in the fair value of interest rates) with the gains or losses arising recognised in profit or loss. This offsets the gain or loss arising on the hedging instrument which is measured at fair value through profit or loss.

(q) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as deduction, net of tax, from proceeds.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Borrowing costs

Borrowings costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised until such time as the assets are substantially ready for their intended use or sale. Other borrowing costs are expensed.

(s) Revenue recognition

(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 2023

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) 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.

(t) Deferred income

Gain on sale and leaseback of equipment is not immediately recognised. The gain is deferred and amortised over the lease period. Gain amortised during the year is shown net against depreciation charge.

(u) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events which will probably result in an outflow of economic benefits that can be reasonably estimated.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risk and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligations, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Provision for restructuring costs are recognised when the Group has a detailed formal plan for the restructuring which has been notified to affected parties.

A provision for warranties is recognised upon the sale of a product or the rendering of a service based on historical experience or directors' best estimate of the expenditure required to settle the obligation.

(v) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the financial statements in the period in which the dividends are declared.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) Segment reporting

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

(x) Non-current assets classified as held for sale

Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through a continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks, as follows:

- Market risk (including currency risk, price risk and cash flow and fair value interest risk);
- Credit risk; and
- Liquidity risk

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

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

(a) Market risk

(i) Currency risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures primarily with respect to Euro, Ariary, South African Rand, 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

At 31 December 2023, 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 2.2m** (2022: Rs 2.6m) 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	
Categories of investments:	**2023**	2022	**2023**	2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
Financial assets at fair value value through other comprehensive income	**557**	703	**557**	703

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

(iii) Cash flow interest risk

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

Cash flow interest risk

At 31 December 2023, 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	
Effect higher/lower interest rate on post tax profit	**2023**	2022	**2023**	2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
Rupee denominated borrowings	**5,950**	4,817	**3,210**	2,612
USD denominated borrowings	**663**	415	**-**	-

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(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 risk 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.

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	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At 31 December 2023						
Lease liabilities	**35,645**	**33,877**	**39,620**	**63,878**	**182,436**	**355,456**
Bank overdraft	**260,906**	**-**	**-**	**-**	**-**	**260,906**
Bank loans	**286,325**	**271,593**	**58,301**	**44,757**	**50,531**	**711,507**
Unsecured & Other loans	**317,761**	**39,000**	**7,000**	**6,563**	**-**	**370,324**
Trade and other payables	**1,013,970**	**-**	**-**	**-**	**-**	**1,013,970**
	1,914,607	**344,470**	**104,921**	**115,198**	**232,967**	**2,712,163**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	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

The Company

	Less than 1 year	**Between 1 and 2 years**	**Between 2 and 3 years**	**Between 3 and 5 years**	**Over 5 years**	**Total**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
At 31 December 2023						
Lease liabilities	**1,468**	**1,551**	**1,638**	**2,750**	**960**	**8,367**
Bank overdraft	**28,111**	**-**	**-**	**-**	**-**	**28,111**
Bank loans	**132,000**	**57,000**	**35,083**	**-**	**-**	**224,083**
Loan at call	**40,274**	**-**	**-**	**-**	**-**	**40,274**
Unsecured & Other loans	**121,410**	**211,111**	**7,000**	**6,563**	**-**	**346,084**
Trade and other payables	**39,032**	**-**	**-**	**-**	**-**	**39,032**
	362,295	**269,662**	**43,721**	**9,313**	**960**	**685,951**

	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

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.

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 2.6m** (2022: Rs 1.2m) and **Rs 2.1m** (2022: Rs 0.6m) 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 2023 and at 31 December 2022 were as follows:

	THE GROUP		**THE COMPANY**	
	2023	2022	**2023**	2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
Total debt	**1,698,193**	1,648,264	**646,919**	648,947
Less: cash and cash equivalents	**(124,555)**	(250,685)	**(55,047)**	(42,672)
Net debt	**1,573,638**	1,397,579	**591,872**	606,275
Total equity	**1,500,117**	1,904,980	**1,537,937**	1,712,215
Debt-to-adjusted capital ratio	**1.05**	0.73	**0.38**	0.35

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 2023

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(e)(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 investment properties

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

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

(e) Depreciation policies - Asset lives and residual values

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(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.

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 characteristics 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

5. PROPERTY, PLANT AND EQUIPMENT

	THE GROUP	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
(a)	**2023**										
	COST/VALUATION										
	At 1 January 2023	471,094	211,375	34,723	409,934	84,416	251,319	200,011	15,793	8,703	1,687,368
	Additions	7,506	-	4,269	56,072	9,313	41,142	-	6,100	26,276	150,678
	Disposals	(6,752)	-	-	(1,498)	(3,280)	(8,535)	-	-	-	(20,065)
	Exchange difference	-	-	-	126	-	(474)	-	-	-	(348)
	Transfer	-	-	-	(444)	(80)	524	-	-	-	-
	Transfer from Investment Property (Note 6)	6,308	-	-	-	-	-	-	-	-	6,308
	Transfer from Intangible Assets (Note 7)	-	-	-	-	-	171	-	-	-	171
	Assets written off	-	-	-	(49,033)	(1,319)	(12,401)	-	-	-	(62,753)
	At 31 December 2023	**478,156**	**211,375**	**38,992**	**415,157**	**89,050**	**271,746**	**200,011**	**21,893**	**34,979**	**1,761,359**
	DEPRECIATION										
	At 1 January 2023	-	-	9,971	323,792	70,127	228,233	192,058	3,154	-	827,335
	Charge for the year	7,366	4,228	3,610	31,414	6,375	15,751	-	1,190	-	69,934
	Disposal adjustments	(6,752)	-	-	(1,498)	(3,232)	(8,340)	-	-	-	(19,822)
	Exchange difference	-	-	-	-	-	(230)	-	-	-	(230)
	Assets written off	-	-	-	(48,996)	(1,319)	(12,025)	-	-	-	(62,340)
	At 31 December 2023	**614**	**4,228**	**13,581**	**304,712**	**71,951**	**223,389**	**192,058**	**4,344**	**-**	**814,877**
	NET BOOK VALUE										
	At 31 December 2023	**477,542**	**207,147**	**25,411**	**110,445**	**17,099**	**48,357**	**7,953**	**17,549**	**34,979**	**946,482**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	THE GROUP	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
(b)	2022										
	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 2023

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	THE COMPANY	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
(c)	**2023**					
	COST/VALUATION					
	At 1 January 2023	292,619	13,412	3,457	45,178	354,666
	Additions	1,102	421	-	2,036	3,559
	Assets written off	-	-	-	(7,231)	(7,231)
	Reclassification	-	(444)	(80)	524	-
	Transfer from intangible assets (Note 7)	-	-	-	171	171
	Transfer to investment property (Note 6)	(168,422)	-	-	-	(168,422)
	At 31 December 2023	**125,299**	**13,389**	**3,377**	**40,678**	**182,743**
	DEPRECIATION					
	At 1 January 2023	-	12,420	3,302	39,328	55,050
	Charge for the year	4,773	385	75	1,845	7,078
	Assets written off	-	-	-	(7,231)	(7,231)
	At 31 December 2023	**4,773**	**12,805**	**3,377**	**33,942**	**54,897**
	NET BOOK VALUE					
	At 31 December 2023	**120,526**	**584**	**-**	**6,736**	**127,846**

	THE COMPANY	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
(d)	2022					
	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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

		THE GROUP	
		2023	2022
		Rs'000	Rs'000
(e)	Depreciation charge is analysed as follows:		
	Cost of sales	**42,872**	25,110
	Marketing and selling expenses	**10,059**	14,215
	Administrative expenses	**17,003**	27,395
		69,934	66,720

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 surplus in shareholders' equity. It is the Group policy to revalue land and buildings classified under property, plant and equipment every three years.

(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 2023 and 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 2023	**181,456**	**289,638**	**211,375**	**100,156**	**192,463**
Additions	**-**	**7,506**	**-**	**-**	**1,102**
Depreciation	**-**	**(7,366)**	**(4,228)**	**-**	**(4,773)**
Transfer to Investment Property (Note 6)		**6,308**	**-**	**1,294**	**(169,716)**
	181,456	**296,086**	**207,147**	**101,450**	**19,076**
Revaluation gain for the year	**-**	**-**	**-**	**-**	**-**
Carrying amount as at 31 December 2023	**181,456**	**296,086**	**207,147**	**101,450**	**19,076**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	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:

	Valuation techniques	Significant unobservable inputs	Fair Value Group	Fair Value Company
			Rs'000	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

(h) Part of Land & Buildings which were previously owner occupied have been transferred to Investment Property during the year ended 31 December 2022, as the property is now occupied by a third party and rental income earned by the Company.

(i) Part of Land & Buildings have been transferred to Investment Property during the year ended 31 December 2023 at Company level, as the property is occupied by companies within the Group and rental income earned by the Company.

(j) Bank borrowings are secured by floating charges on the assets of the Group, including property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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 2023	206,576	24,893	231,469
Additions	103,776	16,855	120,631
Amortisation	(21,296)	(7,807)	(29,103)
Modification to lease terms	(5,535)	-	(5,535)
Foreign exchange difference	2,450	-	2,450
At 31 December 2023	**285,971**	**33,941**	**319,912**

	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)
Foreign exchange difference	494	49	543
At 31 December 2022	206,576	24,893	231,469

	THE COMPANY	
	Motor Vehicles	
	2023	2022
	Rs'000	Rs'000
At 1 January	**4,052**	4,757
Additions	**5,761**	-
Amortisation	**(1,427)**	(705)
At 31 December	**8,386**	4,052

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

5B. LEASE LIABILITIES

	THE GROUP		
	Land and buildings	Plant, machinery and motor vehicles	Total
	Rs'000	Rs'000	Rs'000
At 1 January 2023	236,179	23,006	259,185
Additions	103,776	15,568	119,344
Interest expense	23,425	1,738	25,163
Lease payments	(35,455)	(8,736)	(44,191)
Lease modifications	(6,059)	-	(6,059)
Exchange difference	2,014	-	2,014
At 31 December 2023	**323,880**	**31,576**	**355,456**
Current			35,645
Non current			319,811
			355,456

	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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

5B. LEASE LIABILITIES (CONTINUED)

	THE COMPANY	
	Motor Vehicles	
	2023	2022
	Rs'000	Rs'000
At 1 January 2023	**3,640**	4,181
Additions	**5,908**	-
Interest expense	**396**	187
Lease payments	**(1,577)**	(728)
At 31 December 2023	**8,367**	3,640
Current	**1,468**	564
Non current	**6,899**	3,076
	8,367	3,640

(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 2023	Lease Contracts	Fixed payments	Variable payments	Sensitivity
	Number	%	%	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 2023

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 2023 is **Rs 44.2m** (2022: Rs 35.3m) and **Rs 1.6m** (2022: Rs 0.7m) for the Group and the Company respectively.

6. INVESTMENT PROPERTIES

	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 1 January	**439,397**	320,177	**436,606**	317,950
Additions	**1,548**	1,006	**1,548**	1,006
Transfer (to)/ from property, plant and equipment (Note 5)	**(6,308)**	112,281	**168,422**	112,281
Exchange difference	**(2,307)**	(606)	**-**	-
Increase in fair value	**41,392**	6,539	**24,449**	5,369
At 31 December	**473,722**	439,397	**631,025**	436,606

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 the Statement of Profit or Loss.

Details of the investment properties and information about fair value hierachy as at 31 December 2023 are as follows:

	THE GROUP	
	2023	2022
	Rs'000	Rs'000
Buildings - level 3	**216,752**	190,478
Land - level 2	**256,970**	248,919
Total	**473,722**	439,397

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

6. INVESTMENT PROPERTIES (CONTINUED)

	THE COMPANY	
	2023	2022
	Rs'000	Rs'000
Buildings - level 3	**374,055**	187,687
Land - level 2	**256,970**	248,919
Total	**631,025**	436,606

The following information is relevant:

	Valuation techniques	Significant observable 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	
	2023	2022	**2023**	2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
Rental income	**18,753**	14,015	**46,886**	36,403
Direct operating expenses arising on investment properties that generated investment income	**9,882**	9,922	**24,708**	25,772
Direct operating expenses arising on investment properties that did not generate investment income	**-**	-	**-**	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

7. INTANGIBLE ASSETS

(a) THE GROUP

	Goodwill	Computer Software	Operating Licence	Total
	Rs'000	Rs'000	Rs'000	Rs'000
COST				
At 1 January 2023	**161,206**	**78,266**	**5,244**	**244,716**
Additions	**6,500**	**9,310**	**-**	**15,810**
Transfer to property, plant and equipment (Note 5)	**-**	**(171)**	**-**	**(171)**
Assets written off	**-**	**(401)**	**-**	**(401)**
Exchange difference	**-**	**(477)**	**-**	**(477)**
At 31 December 2023	**167,706**	**86,527**	**5,244**	**259,477**
AMORTISATION				
At 1 January 2023	**101,143**	**58,494**	**4,955**	**164,592**
Charge for the year	**-**	**6,431**	**-**	**6,431**
Assets written off	**-**	**(399)**	**-**	**(399)**
At 31 December 2023	**101,143**	**64,526**	**4,955**	**170,624**
NET BOOK VALUE				
At 31 December 2023	**66,563**	**22,001**	**289**	**88,853**

(b) 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

Amortisation charge of has been accounted for in administrative expenses.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

7. INTANGIBLE ASSETS (CONTINUED)

(c) THE COMPANY

	Computer Software
	Rs'000
COST	
At 1 January 2023	**8,007**
Additions	**14**
Transfer to property, plant and equipment (Note 5)	**(171)**
At 31 December 2023	**7,850**
AMORTISATION	
At 1 January 2023	7,836
Charge for the year	14
At 31 December 2023	7,850
NET BOOK VALUE	
At 31 December 2023	**-**

(d) 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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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	
	2023	2022
	Rs'000	Rs'000
Manufacturing & Trading	**63,615**	57,115
Business Services	**2,948**	2,948
	66,563	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 13.5% to 14.4%. 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

	2023	2022
	Rs'000	Rs'000
THE COMPANY		
At 1 January	**555,291**	562,938
Fair value gain/ (loss)	**60,776**	(7,647)
At 31 December	**616,067**	555,291

Investments in subsidiaries comprise listed and unquoted securities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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 %	Effective percentage holding and voting power %	Country of operation & incorporation	Main business
				2023	2022		
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
Coolkote Ltd	Ordinary	31 December	Rs21,605,272	70.41	70.41	Mauritius	Waterproofing activities
EO Solutions Ltd	Ordinary	31 December	Rs39,338,997	100.00	100.00	Mauritius	Office equipment products
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 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.IO SAS*	Ordinary	31 December	EUR80,000	100.00	81.00	Reunion	Production and distribution of aeraulic products

* During the year under review, the Group through its wholly owned subsidiary, Aerolik Mauritius Ltd, acquired the remaining 19% shareholding in Aerolik.IO SAS for an amount of Rs. 19,539,567.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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 % 2023	% 2022	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	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
The Mauritius Chemical and Fertilizer Industry Limited (MCFI)	Ordinary	31 December	Rs220,064,180	70.41	70.41	Mauritius	Blending and trading of fertilizers

**Pharmallac SARL was wound up during the year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(b) Subsidiaries with material non-controlling interests

Details for subsidiaries that have non-controlling interests that are material to the entity:

Name	**Profit allocated to non-controlling interests during the period**	**Accumulated non-controlling interests at 31 December 2023**
	Rs'000	**Rs'000**
2023		
The Mauritius Chemical and Fertilizer Industry Limited	**8,625**	**173,386**

Name	Profit 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.IO SAS	6,522	20,235

(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 Comprehensive Income**	**Dividend payable to non-controlling shareholders**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
2023								
The Mauritius Chemical and Fertilizers Industry Limited	**756,656**	**689,143**	**622,360**	**387,513**	**1,349,226**	**23,706**	**(42,739)**	**5,861**
2022								
The Mauritius Chemical and Fertilizers Industry Limited	960,627	602,493	721,551	389,068	1,576,452	68,039	60,695	-
AEROLIK.IO SAS	160,258	8,518	66,092	-	248,863	21,578	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(c) Summarised financial information on subsidiaries with material non-controlling interests (continued)

(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
2023				
The Mauritius Chemical and Fertilizer Industry Limited	**(22,686)**	**(73,944)**	**(10,293)**	**(106,923)**
2022				
The Mauritius Chemical and Fertilizer	(4,893)	(1,466)	-	(6,359)
AEROLIK.IO SAS	(7,158)	2,746	(155)	(4,567)

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

(d) Investment in subsidiaries

	THE COMPANY	
	2023	2022
	Rs'000	Rs'000
(i) Investments in subsidiaries include the following:		
Equity securities at fair value:		
- Official market	**143,793**	150,301
- Unquoted	**472,274**	404,990
	616,067	555,291

(ii) THE COMPANY

	Level 1	Level 2	Level 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
At 31 December 2023				
Investment in subsidiaries	**143,793**	**-**	**472,274**	**616,067**
At 31 December 2022				
Investment in subsidiaries	150,301	-	404,990	555,291

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(c) Summarised financial information on subsidiaries with material non-controlling interests (continued)

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

	THE COMPANY	
	Level 3	
	2023	2022
	Rs'000	Rs'000
At 1 January	**404,990**	412,017
Fair value gain/ (loss)	**67,284**	(7,027)
At 31 December	**472,274**	404,990

9. INVESTMENTS IN ASSOCIATES

(a) THE GROUP

	2023	2022
	Rs'000	Rs'000
At 1 January	**1,090,827**	889,734
Additions	**-**	7,629
Share of profit	**85,720**	124,885
Dividends	**(36,000)**	(39,890)
Disposal	**(565,035)**	-
Movements in other reserves	**(2,135)**	108,469
At 31 December	**573,377**	1,090,827
Made up as follows:		
Share of net assets	**464,585**	797,968
Goodwill on acquisition	**108,792**	292,859
	573,377	1,090,827

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

9. INVESTMENTS IN ASSOCIATES (CONTINUED)

(b) THE COMPANY

	2023 Rs'000	2022 Rs'000
At 1 January	**1,093,811**	1,086,470
Additions	**-**	7,629
Disposal *	**(447,923)**	-
Fair value gain/(loss)	**95,861**	(288)
At 31 December	**741,749**	1,093,811

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.

* Disposal relates to disposal of associated companies namely, Attitude Hospitality Management Ltd, Water Sport Village Limited and Zilwa Resort Ltd during the year ended 31 December 2023. Refer to note 38 for more details.

(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 2023	Effective % holding 2022
2023					
Attitude Hospitality Management Ltd*	Mauritius	30 June	Hotel management	**0.00**	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
Total Energies 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	**0.00**	24.50
Zilwa Resort Ltd *	Mauritius	30 June	Hotel management	**0.00**	24.00

* Attitude Hospitality Management Ltd, Water Sport Village Limited and Zilwa Resort Ltd have been disposed during the year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

9. INVESTMENTS IN ASSOCIATES (CONTINUED)

(d) Summarised financial information

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

Name	Current assets Rs'000	Non-current assets Rs'000	Current liabilities Rs'000	Non-current liabilities Rs'000	Revenue Rs'000	Profit/(loss) for the year Rs'000	Other comprehensive income/(loss) for the year Rs'000	Total comprehensive income/(loss) for the year Rs'000	Dividends declared during the year Rs'000
2023									
Biofert Co Ltd	**7,883**	**517**	**8,042**	**-**	**226**	**(530)**	**30**	**(500)**	**-**
Emineo Holding Limited	**135,035**	**65,254**	**37,281**	**4,359**	**236,997**	**31,220**	**18**	**31,238**	**-**
Maritim (Mauritius) Ltd	**298,191**	**6,365,145**	**234,868**	**2,075,062**	**827,494**	**(52,004)**	**-**	**(52,004)**	**-**
Rehm Grinaker Construction Co Ltd	**782,327**	**240,778**	**815,315**	**128,303**	**1,553,065**	**38,043**	**(7,953)**	**30,090**	**-**
Total Energies Marketing Mauritius Ltd	**2,770,137**	**1,857,342**	**3,085,864**	**269,224**	**11,843,424**	**286,052**	**-**	**286,052**	**180,000**
Touristic United Enterprise Ltd	**1,619**	**218,550**	**4,926**	**53,928**	**-**	**21,162**	**-**	**21,162**	**-**
2022									
Attitude Hospitality Management Ltd	139,828	18,253	57,352	15,373	203,810	48,083	-	48,083	-
Biofert Co Ltd	7,124	1,206	7,007	-	463	(770)	31	(739)	-
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	56,485	19,500	75,985	-
Total Energies 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	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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 2023	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
2023										
Biofert Co Ltd	**(1,984)**	**(530)**	**30**	**501**	**-**	**(1,983)**	**33.33**	**(661)**	**-**	**(661)**
Emineo Holding Limited	**129,629**	**31,220**	**18**	**(2,220)**	**-**	**158,647**	**25.00**	**39,662**	**-**	**39,662**
Maritim (Mauritius) Ltd	**550,366**	**(52,004)**	**-**	**(4)**	**-**	**498,358**	**22.86**	**113,925**	**35,413**	**149,338**
Rehm Grinaker Construction Co Ltd	**48,563**	**38,043**	**(7,953)**	**38**	**-**	**78,691**	**26.54**	**20,885**	**-**	**20,885**
Total Energies Marketing Mauritius Ltd	**1,166,336**	**286,052**	**-**	**-**	**(180,000)**	**1,272,388**	**20.00**	**254,478**	**73,379**	**327,857**
Touristic United Enterprise Ltd	**140,154**	**21,162**	**-**	**-**	**-**	**161,316**	**22.50**	**36,296**	**-**	**36,296**
Total	**2,033,064**	**323,943**	**(7,905)**	**(1,685)**	**(180,000)**	**2,167,417**		**464,585**	**108,792**	**573,377**

Name	Opening net assets 1 January 2022	Profit/ (loss) for the year	Other comprehensive (loss)/ income for the year	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
Total Energies 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

(f) For associates with non coterminous year end, management accounts for the year ended 31 December 2023 have been included in the consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

10A FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

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

	THE GROUP	
	2023	2022
	Rs'000	Rs'000
At 1 January	**28,639**	34,630
Change in fair value recognised in other comprehensive income	**(1,871)**	(5,991)
At 31 December	**26,768**	28,639

	THE COMPANY	
	2023	2022
	Rs'000	Rs'000
At 1 January	**23,194**	29,340
Change in fair value recognised in other comprehensive income	**(1,918)**	(6,146)
At 31 December	**21,276**	23,194

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

	THE GROUP	
	2023	2022
	Rs'000	Rs'000
Quoted- Mauritius		
Banking	**3,942**	3,558
Sugar Industry	**7,206**	10,500
Unquoted- Mauritius		
Investment fund	**8,391**	7,596
Leisure	**1,104**	1,104
Others	**6,125**	5,881
	26,768	28,639

	THE COMPANY	
	2023	2022
	Rs'000	Rs'000
Quoted- Mauritius		
Banking	**3,942**	3,558
Sugar Industry	**7,206**	10,500
Unquoted- Mauritius		
Investment fund	**8,391**	7,596
Leisure	**1,104**	1,104
Others	**633**	436
	21,276	23,194

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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

(iii) Fair values

	THE GROUP			
	Level 1	level 2	Level 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
At 31 December 2023				
Financial assets at fair value through other comprehensive income	**11,148**	**-**	**15,620**	**26,768**
At 31 December 2022				
Financial assets at fair value through other comprehensive income	14,058	-	14,581	28,639

	THE COMPANY			
	Level 1	level 2	Level 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
At 31 December 2023				
Financial assets at fair value through other comprehensive income	**11,148**	**-**	**10,128**	**21,276**
At 31 December 2022				
Financial assets at fair value through other comprehensive income	14,058	-	9,136	23,194

(iv) Financial assets measured at fair value through other comprehensive income include the Group's strategic equity investments not held for trading. The Group has made an irrevocable election to classify the equity investments at fair value through other comprehensive income rather than through profit or loss because this is considered to be more appropriate for these strategic investments.

(v) The fair value of quoted securities is based on published market prices. In assessing the fair value of unquoted securities, the Group uses a variety of methods and makes assumptions that are based on market conditions existing at end of each reporting date.

(vi) Financial assets at fair value through other comprehensive income are denominated in Mauritian Rupees.

(vii) Impairment and risk exposure

All of the entity's investments at fair value through other comprehensive income are considered to have low credit risk. None of the assets are impaired.

10B FINANCIAL ASSETS AT AMORTISED COST

(a)

	THE GROUP			
	2023		2022	
	Rs'000	Rs'000	Rs'000	Rs'000
	Current	Non-current	Current	Non-current
Amount receivable from related parties	**17,342**	**-**	10,003	-
Other receivables (see Note b)	**242,361**	**1,197**	215,774	279
	259,703	**1,197**	225,777	279
Less: Loss allowance for financial assets amortised cost (see Note (c) (i))	**(43,532)**	**-**	(43,532)	-
	216,171	**1,197**	182,245	279

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

10B FINANCIAL ASSETS AT AMORTISED COST (CONTINUED)

	THE COMPANY	
	2023	2022
	Current	
	Rs'000	Rs'000
Amount receivable from associates (see Note 33(b)(i))	**10,645**	5,007
Other receivables (see Note b)	**62,012**	20,497
	72,657	25,504
Less: Loss allowance for financial assets at amortised cost (see Note (c) (i))	**(6,401)**	(6,401)
	66,256	19,103

(b) **Other receivables**

These amounts generally arise from transactions outside the usual operating activities of the Group and the Company. Collateral is not normally obtained. The non-current other receivables have no fixed terms of repayments.

Due to the short-term nature of the other current receivables, their carrying amount is considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different from their carrying amounts.

(c) **Impairment and risk exposure**

(i) The loss allowance for financial assets at amortised cost as at 1 January 2022 reconciles to the closing loss allowance on 31 December 2022 and to the closing loss allowance as at 31 December 2023 as follows:

THE GROUP

	Loss allowance Rs'000
Other receivables and amount receivable from related parties	
Loss allowance at 1 January 2022	43,532
Allowance recognised in profit or loss during the year	-
Loss allowance at 31 December 2022	43,532
Allowance recognised in profit or loss during the year	-
Loss allowance at 31 December 2023	**43,532**

THE COMPANY

Amount receivable from related parties	Loss allowance Rs'000
Loss allowance at 1 January 2022	**-**
Transfer from Trade Receivables (Note 13)	6,401
Loss allowance at 31 December 2022	6,401
Allowance recognised in profit or loss during the year	-
Loss allowance at 31 December 2023	**6,401**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

10B FINANCIAL ASSETS AT AMORTISED COST (CONTINUED)

(c) Impairment and risk exposure (continued)

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

	THE GROUP 2023 Rs'000	THE GROUP 2022 Rs'000
Mauritian rupee	**202,475**	170,297
US Dollar	**6,304**	5,674
Other	**8,589**	6,553
	217,368	182,524

	THE COMPANY 2023 Rs'000	THE COMPANY 2022 Rs'000
Mauritian rupee	**66,256**	19,103

11. INVESTMENTS IN JOINT VENTURES

	THE GROUP 2023 Rs'000	THE GROUP 2022 Rs'000	THE COMPANY 2023 Rs'000	THE COMPANY 2022 Rs'000
At 1 January	**4,311**	3,244	**12,217**	12,217
Share of profit	**543**	1,067	**-**	-
At 31 December	**4,854**	4,311	**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 2023 & 2022	Principal acticvity
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

	2023 Rs'000	2022 Rs'000
Current assets	**15,679**	14,917
Non-current assets	**135,606**	145,765
Current liabilities	**51,246**	51,049
Non-current liabilities	**90,523**	101,180
The above amounts of assets include the following:		
Cash and cash equivalents	**2,300**	266

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

11. INVESTMENTS IN JOINT VENTURES (CONTINUED)

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

	2023 Rs'000	2022 Rs'000
Revenue	**24,563**	26,427
Profit before finance cost	**9,270**	12,034
Finance cost	**(8,206)**	(9,941)
Profit before tax	**1,064**	2,093
Income tax	**-**	-
Profit for the year	**1,064**	2,093
Other comprehensive income	**-**	-
Total comprehensive loss for the year	**1,064**	2,093

12. INVENTORIES

	THE GROUP 2023 Rs'000	THE GROUP 2022 Rs'000
Raw materials	**130,066**	141,620
Finished goods	**456,027**	565,828
Goods in transit	**15,157**	4,061
Consumables	**3,593**	6,067
	604,843	717,576

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 3.02 billion (2022: Rs 2.96 billion).

13. TRADE RECEIVABLES

	THE GROUP 2023 Rs'000	THE GROUP 2022 Rs'000	THE COMPANY 2023 Rs'000	THE COMPANY 2022 Rs'000
Trade receivables	**1,180,000**	1,223,658	**36,216**	46,697
Less: loss allowances	**(255,638)**	(252,674)	**(8,642)**	(19,824)
	924,362	970,984	**27,574**	26,873

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

13. TRADE RECEIVABLES (CONTINUED)

(i) *Impairment of trade receivables (cont'd)*

On that basis, the loss allowance as at 31 December 2023 was determined as follows for trade receivables:

THE GROUP At 31 December 2023	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%**	**6%**	**71%**	**22%**
Gross carrying amount -					
trade receivable	**489,361**	**210,330**	**130,476**	**349,833**	**1,180,000**
Loss allowance	**-**	**27**	**8,297**	**247,314**	**255,638**

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 COMPANY At 31 December 2023	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	**2%**	**5%**	**16%**	**61%**	**24%**
Gross carrying amount -					
trade receivable	**15,636**	**5,183**	**2,955**	**12,442**	**36,216**
Loss allowance	**290**	**259**	**474**	**7,619**	**8,642**

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%	56%	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 2023

13. TRADE RECEIVABLES (CONTINUED)

(i) *Impairment of trade receivables (cont'd)*

The closing loss allowances for trade receivables as at 31 December 2023 reconcile to the opening loss allowances as follows:

	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 1 January	**252,674**	240,542	**19,824**	27,849
Loss allowance recognised/(reversed) during the year	**6,066**	16,226	**(13,911)**	(1,624)
Transfer to Other Receivables (Note 10B)	**-**	-	**-**	(6,401)
Receivables written off during the year as uncollectible	**(1,625)**	(1,326)	**2,729**	-
Unused amount reversed during the year	**(1,302)**	(2,742)	**-**	-
Exchange difference	**(175)**	(26)	**-**	-
At 31 December	**255,638**	252,674	**8,642**	19,824

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

	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
Rupee	**576,736**	811,734	**27,574**	26,873
US Dollar	**136,013**	68,289	**-**	-
Euro	**125,334**	42,795	**-**	-
Other currencies	**86,279**	48,166	**-**	-
	924,362	970,984	**27,574**	26,873

(iii) The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Group does not hold any collateral as security.

14. SHARE CAPITAL

	THE GROUP AND THE COMPANY	
	2023	2022
	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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

15. REVALUATION AND OTHER RESERVES

	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
Revaluation reserve (Note (a) below)	**692,107**	672,194	**478,283**	478,283
Translation reserve (Note (b) below)	**(57,802)**	(33,787)	**-**	-
Associate reserves (Note (c) below)	**(117,449)**	4,759	**-**	-
Investment reserve	**4,176**	4,176	**4,176**	4,176
General reserve	**5,521**	5,521	**5,521**	5,521
	526,553	652,863	**487,980**	487,980

(a) Revaluation reserve

	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 1 January	**672,194**	452,009	**478,283**	336,876
Revaluation gain for the year, net of deferred tax	**19,913**	220,185	**-**	141,407
At 31 December	**692,107**	672,194	**478,283**	478,283

(b) Translation reserve

	THE GROUP	
	2023	2022
	Rs'000	Rs'000
At 1 January	**(33,787)**	(38,449)
Currency translation differences	**(24,015)**	4,662
At 31 December	**(57,802)**	(33,787)

(c) Associate reserves

	THE GROUP	
	2023	2022
	Rs'000	Rs'000
At 1 January	**4,759**	(103,710)
Movement in associate reserves	**(122,208)**	108,469
At 31 December	**(117,449)**	4,759

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

16. BORROWINGS

	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
Current				
Bank overdraft (Note 30(b))	**260,906**	243,715	**28,111**	-
Bank loans	**286,325**	253,679	**132,000**	108,250
Loan at call	**-**	-	**40,274**	40,787
Other loans	**196,351**	278,308	**-**	50,000
Unsecured loans	**121,410**	100,785	**121,410**	100,785
	864,992	876,487	**321,795**	299,822

	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
Non-current				
Bank loans	**425,182**	465,906	**92,083**	149,083
Unsecured loans	**52,563**	46,686	**224,674**	196,402
	477,745	512,592	**316,757**	345,485
Total borrowings	**1,342,737**	1,389,079	**638,552**	645,307

(a) The borrowings include secured liabilities (overdrafts and loans amounting to **Rs 972m** (2022: Rs 963m) and **Rs 252m** (2022: Rs 257m) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

16. BORROWINGS (CONTINUED)

(b) The exposure of the Group's and the Company's borrowings to interest-rate changes and the contractual repricing dates are as follows:

THE GROUP	1 year	1 - 5 years	Over 5 years	Total
	Rs'000	Rs'000	Rs'000	Rs'000
At December 31, 2023				
Total borrowings	**864,992**	**427,214**	**50,531**	**1,342,737**
At December 31, 2022				
Total borrowings	876,487	487,871	24,721	1,389,079

THE COMPANY	1 year	1 - 5 years	Over 5 years	Total
	Rs'000	Rs'000	Rs'000	Rs'000
At December 31, 2023				
Total borrowings	**321,795**	**316,757**	**-**	**638,552**
At December 31, 2022				
Total borrowings	299,822	345,485	-	645,307

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

	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
After 1 year and before 2 years	**310,593**	112,358	**268,111**	214,965
After 2 years and before 3 years	**65,301**	83,304	**42,083**	40,250
After 3 years and before 5 years	**51,320**	292,209	**6,563**	90,270
After 5 years	**50,531**	24,721	**-**	-
	477,745	512,592	**316,757**	345,485

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

16. BORROWINGS (CONTINUED)

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

THE GROUP	2023		2022	
	USD	**Rs**	USD	Rs
	%	**%**	%	%
Bank overdrafts	**5.50**	**4.10 - 8.45**	5.50	5.40 - 8.40
Bank loans	**6.50**	**1.5 - 7.65**	6.50	1.5 - 6.75
Other loans	**n/a**	**5.00 - 7.65**	n/a	3.55 - 6.75
Unsecured loans	**n/a**	**5.75**	n/a	5.25

THE COMPANY	2023	2022
	%	%
Bank overdrafts	**6.75 - 7.50**	5.40 - 7.50
Bank loans	**6.75**	6.75
Loans at call	**6.75**	6.75
Other loans	**5.00**	3.55
Unsecured loans	**5.75**	5.25

(e) Borrowings are denominated in the following currencies:

	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
Mauritian Rupees	**1,159,540**	1,220,376	**638,552**	645,307
US Dollar	**157,641**	107,739	**-**	-
Euro	**25,556**	57,683	**-**	-
Other currencies	**-**	3,281	**-**	-
	1,342,737	1,389,079	**638,552**	645,307

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

17. DEFERRED TAXES

Deferred tax is calculated on all temporary differences under the liability method at **17%/15%** (2022: 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	
	2023	2022	**2023**	2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
Deferred tax assets	**(33,840)**	(33,704)	**-**	-
Deferred tax liabilities	**80,857**	66,557	**46,799**	35,609
	47,017	32,853	**46,799**	35,609

The movement in deferred tax is as follows:

	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 1 January	**32,853**	18,702	**35,609**	27,550
(Credited)/charged to profit or loss (Note 20(a))	**11,472**	(12,269)	**7,526**	(1,418)
Charged/(credited) to other comprehensive income	**2,692**	26,420	**3,664**	9,477
At 31 December	**47,017**	32,853	**46,799**	35,609

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 394m** (2022: Rs 413m) to carry forward against future taxable income. The Company has tax losses of **Rs 148m** (2022: Rs 157m) to carry forward against future taxable income. A deferred tax asset has not been recognised in respect of **Rs 16m** (2022: Rs 16m) for the Group and Rs Nil (2022: Rs Nil) for the Company in respect of such losses due to uncertainty of their recoverability.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

17. DEFERRED TAXES (CONTINUED)

Deferred tax liabilities and assets and deferred tax charged/(credited) in profit or loss and equity are attributable to the following items:

THE GROUP	At 1 January 2023	Charged/ (credited) to profit or loss	Charged/ (credited) to other comprehensive income	**At 31 December 2023**
	Rs'000	Rs'000	Rs'000	**Rs'000**
Deferred tax liabilities				
Asset revaluations	27,872	6,512	4,077	**38,461**
Accelerated tax depreciation	63,655	(397)	-	**63,258**
Retirement benefit asset	(9,610)	1,362	(1,977)	**(10,225)**
Exchange difference	428	-	-	**428**
Right-of-use asset	108,426	2,116	-	**110,542**
Others	12,554	-	-	**12,554**
	203,325	9,593	2,100	**215,018**
Deferred tax assets				
Tax losses	(16,114)	-	-	**(16,114)**
Retirement benefit obligations	(30,551)	2,746	(2,664)	**(30,469)**
Accelerated tax depreciation	(1,816)	333	-	**(1,483)**
Expected credit losses	(1,979)	-	-	**(1,979)**
Lease liabilities	(111,513)	(1,200)	-	**(112,713)**
Others	(8,499)	-	3,256	**(5,243)**
	(170,472)	1,879	592	**(168,001)**
Net deferred income tax liabilities	**32,853**	**11,472**	**2,692**	**47,017**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

17. DEFERRED TAXES (CONTINUED)

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	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)
Expected credit losses	(2,398)	419	-	(1,979)
Lease liabilities	(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

THE COMPANY	**At 1 January 2023**	**Charged/ (credited) to profit or loss**	**Charged / (credited) to other comprehensive income**	**At 31 December 2023**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Deferred tax liabilities				
Right-of-use asset	-	1,258	-	**1,258**
Accelerated tax depreciation	22,345	94	-	**22,439**
Asset revaluations	21,947	6,202	3,262	**31,411**
	44,292	7,554	3,262	**55,108**
Deferred tax assets				
Lease liabilities	-	(1,255)	-	**(1,255)**
Retirement benefit obligations	(8,683)	1,227	402	**(7,054)**
	(8,683)	(28)	402	**(8,309)**
Net deferred income tax liabilities	**35,609**	**7,526**	**3,664**	**46,799**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

17. DEFERRED TAXES (CONTINUED)

THE COMPANY	At 1 January 2022	(Credited)/ charged to profit or loss	Credited to other comprehensive income	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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

18. RETIREMENT BENEFIT OBLIGATIONS

	THE GROUP		THE COMPANY	
	2023 Rs'000	2022 Rs'000	2023 Rs'000	2022 Rs'000
Amounts recognised on the statement of financial position:				
Made up as follows:				
Retirement benefit obligation	**172,397**	182,759	**40,220**	51,080
Pension benefits (Note (a)(ii))	**93,624**	117,360	**22,060**	33,435
Other post retirement benefits:				
-Former employees (Note (b)(i))	**18,330**	18,352	**15,548**	15,526
-Retirement gratuity (Note (c)(i))	**60,443**	47,047	**2,612**	2,119
	78,773	65,399	**18,160**	17,645
	172,397	182,759	**40,220**	51,080
Analysed as follows:				
Non-current liabilities	**172,397**	182,759	**40,220**	51,080
Amount charged to profit or loss:				
Pension benefits (Note (a)(vi))	**(2,452)**	15,921	**(1,195)**	3,522
Other post retirement benefits:				
-Former employees (Note (b)(iv))	**889**	600	**748**	503
-Retirement gratuity (Note (c)(ii))	**(14,945)**	18,275	**(597)**	982
	(14,056)	18,875	**151**	1,485
	(16,508)	34,796	**(1,044)**	5,007
Amount charged to other comprehensive income				
Pension benefits (Note (a)(vii))	**(8,015)**	7,151	**(6,427)**	3,098
Other post retirement benefits:				
-Former employees (Note (b)(v))	**2,908**	115	**2,656**	462
-Retirement gratuity (Note (c)(v))	**31,619**	(1,116)	**1,090**	565
	34,527	(1,001)	**3,746**	1,027
	26,512	6,150	**(2,681)**	4,125

(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	
	2023 Rs'000	2022 Rs'000	2023 Rs'000	2022 Rs'000
Present value of funded obligations	**298,149**	317,820	**61,595**	77,261
Fair value of plan assets	**(204,525)**	(200,460)	**(39,535)**	(43,826)
Liability on the statement of financial position	**93,624**	117,360	**22,060**	33,435

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

18. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

(a) Pension benefits (continued)

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

	THE GROUP		THE COMPANY	
	2023 Rs'000	2022 Rs'000	2023 Rs'000	2022 Rs'000
At 1 January	**117,360**	112,859	**33,435**	33,383
Charged to profit or loss	**(2,452)**	15,921	**(1,195)**	3,522
Charged to other comprehensive income	**(8,015)**	7,151	**(6,427)**	3,098
Contributions paid	**(13,269)**	(18,571)	**(3,753)**	(6,568)
Balance at 31 December	**93,624**	117,360	**22,060**	33,435

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

	THE GROUP		THE COMPANY	
	2023 Rs'000	2022 Rs'000	2023 Rs'000	2022 Rs'000
At 1 January	**317,820**	300,363	**77,261**	69,423
Current service cost	**2,878**	10,636	**394**	2,172
Interest cost	**16,991**	10,664	**3,742**	2,144
Effect of curtailments/settlements	**(11,170)**	-	**(3,428)**	-
Actuarial loss/(gain)	**(6,368)**	12,307	**(5,620)**	4,073
Benefit paid	**(22,002)**	(16,150)	**(10,754)**	(551)
At 31 December	**298,149**	317,820	**61,595**	77,261

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

	THE GROUP		THE COMPANY	
	2023 Rs'000	2022 Rs'000	2023 Rs'000	2022 Rs'000
At 1 January	**(200,460)**	(187,504)	**(43,826)**	(36,040)
Interest income	**(11,865)**	(6,547)	**(2,094)**	(1,203)
Scheme expenses	**326**	765	**150**	257
Cost of insuring risk benefits	**388**	403	**41**	152
Actuarial (gain)/loss	**(1,647)**	(3,310)	**(807)**	(975)
Employers' contributions	**(13,269)**	(18,571)	**(3,753)**	(6,568)
Fair value adjustment on planned assets	**-**	(1,846)	**-**	-
Benefits paid	**22,002**	16,150	**10,754**	551
At 31 December	**(204,525)**	(200,460)	**(39,535)**	(43,826)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

18. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

(a) Pension benefits (continued)

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

	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
Current service cost	**2,878**	10,636	**394**	2,172
Interest cost/ (income)	**5,126**	4,117	**1,648**	941
Scheme expenses	**326**	765	**150**	257
Cost of insuring risk benefits	**388**	403	**41**	152
Effect of curtailments/settlements	**(11,170)**	-	**(3,428)**	-
Total included in employee benefit expense	**(2,452)**	15,921	**(1,195)**	3,522

The total (credit) / charge of **Rs 2.4M** for the Group (2022: Rs 15.9M) and **Rs 1.2M** for the Company (2022: Rs 3.5m) are included in employee benefit expense.

	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
Actual return on plan assets	**13,512**	9,857	**2,901**	2,178

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

	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
Remeasurement on the net defined benefit liability:				
Liability experience (gains)/losses	**(1,647)**	(3,310)	**(807)**	(975)
Loss/(gains) on pension scheme asset	**728**	1,897	**1,568**	(381)
Changes in assumptions underlying present value of scheme	**(7,096)**	8,564	**(7,188)**	4,454
Actuarial losses/(gains)	**(8,015)**	7,151	**(6,427)**	3,098

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

18. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

(a) Pension benefits (continued)

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

	THE GROUP AND THE COMPANY	
	2023	2022
	%	%
Discount rate	**4.5 - 5.7**	5.0 - 7.0
Expected return on plan assets	**4.0**	4.0
Future salary increases	**1.0 - 5.5**	0.5 - 1.0

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

(b) Other post retirement benefits

Other post retirement benefits comprise of obligation for former employees and retirement gratuity payable under the Worker's Rights Act.

Former employees

(i) The movement in the retirement benefit obligations for former employees obligation over the year is as follows:

	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 1 January	**18,352**	21,210	**15,526**	17,852
Total expense charged in profit or loss (Note (b)(iv))	**889**	600	**748**	503
Actuarial losses recognised in other comprehensive income (Note (b)(v))	**2,908**	115	**2,656**	462
Benefits paid	**(3,819)**	(3,573)	**(3,382)**	(3,291)
At 31 December	**18,330**	18,352	**15,548**	15,526

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

	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
Present value of unfunded obligations	**18,330**	18,352	**15,548**	15,526
Liability on the statement of financial position	**18,330**	18,352	**15,548**	15,526

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

18. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

(b) Other post retirement benefits (continued)

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

	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 1 January	**18,352**	21,210	**15,526**	17,852
Interest cost	**889**	600	**748**	503
Actuarial losses	**2,908**	115	**2,656**	462
Benefits paid	**(3,819)**	(3,573)	**(3,382)**	(3,291)
At 31 December	**18,330**	18,352	**15,548**	15,526

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

	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
Interest cost	**889**	600	**748**	503
Past service cost	**-**	-	**-**	-
Total included in employee benefit expense	**889**	600	**748**	503

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

	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
Remeasurement on the net defined benefit liability:				
Liability experience losses	**2,410**	618	**2,656**	462
Actuarial losses/(gains) arising from changes in financial assumptions	**498**	(503)	**-**	-
Actuarial losses	**2,908**	115	**2,656**	462

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

	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
	%	%	**%**	%
Discount rate	**4.7**	4.2 - 7.0	**4.2**	4.2
Future pension increases	**2.0 - 4.2**	0.5 - 2.0	**0.5**	0.5

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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	
	2023	2022	**2023**	2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
Present value of unfunded obligations	**60,443**	47,047	**2,612**	2,119
Liability on the statement of financial position	**60,443**	47,047	**2,612**	2,119

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

	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
Current service cost	**(1,542)**	8,719	**203**	427
Interest cost	**2,950**	1,550	**125**	71
Past service cost recognised	**(16,353)**	8,006	**(925)**	484
Total included in employee benefit expense	**(14,945)**	18,275	**(597)**	982

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

	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 1 January	**47,047**	36,194	**2,119**	1,702
Actuarial losses/(gains)	**31,619**	(1,116)	**1,090**	(565)
Total (income)/expense (Note (c)(ii))	**(14,945)**	18,275	**(597)**	982
Benefits paid	**(3,278)**	(6,306)	**-**	-
At 31 December	**60,443**	47,047	**2,612**	2,119

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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	
	2023	2022	**2023**	2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 1 January	**47,047**	36,194	**2,119**	1,702
Current service cost	**(1,542)**	8,719	**203**	427
Interest cost	**2,950**	1,550	**125**	71
Past service cost	**(16,353)**	8,006	**(925)**	484
Actuarial losses/(gains) (Note (c)(v))	**31,619**	(1,116)	**1,090**	(565)
Benefits paid	**(3,278)**	(6,306)	**-**	-
At 31 December	**60,443**	47,047	**2,612**	2,119

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

	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
Remeasurement on the net defined benefit liability:				
Liability experience gains	**(11,322)**	(1,116)	**(1,356)**	(565)
Changes in assumptions underlying present value of scheme	**42,941**	-	**2,446**	-
Actuarial losses/(gains)	**31,619**	(1,116)	**1,090**	(565)

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

Pension benefits

December 31, 2023	**Increase Rs'000**	**Decrease Rs'000**
Decrease in defined benefit obligation due to 1% increase in discount rate	**-**	**16,637**
Increase in defined benefit obligation due to 1% increase in future long-term salary assumption	**16,164**	**-**

December 31, 2022	Increase Rs'000	Decrease Rs'000
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	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

18. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

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

Other post retirement benefits

December 31, 2023	**Increase Rs'000**	**Decrease Rs'000**
Decrease in defined benefit obligation due to 1% increase in discount rate	**-**	**2,731**

Other post retirement benefits

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

Retirement gratuity

December 31, 2023	**Increase Rs'000**	**Decrease Rs'000**
Decrease in defined benefit obligation due to 1% increase in discount rate	**8,733**	**-**
Increase in defined benefit obligation due to 1% increase in future long-term salary assumption	**-**	**11,446**

December 31, 2022	Increase Rs'000	Decrease Rs'000
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

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

18. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

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

	Years	
	2023	2022
Pension benefits	**4 - 9**	4 - 14
Other post retirement benefits	**5**	8
Retirement gratuity	**14 - 24**	8 - 26

(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 21.5m for the Group and Rs 9.1m for the Company.

(i) The pension plans expose the Group and the Company to the following risks:

(i) *Longevity Risk*

Pensions are bought out with an insurance company at retirement. Once bought out, the risk is therefore shifted to the insurance company. However, there is the risk that the cost of annuities increases before buying out.

(ii) *Interest rate risk*

If the bond interest rate decreases, the liabilities would be calculated using a lower discount rate, and would therefore increase.

(iii) *Investment risk*

The present value of the liabilities of the plan are calculated using a discount rate. Should the returns on the assets of the plan be lower than the discount rate, a deficit will arise.

(iv) *Salary risk*

If salary increases are higher than assumed in our basis, the liabilities would increase giving rise to actuarial losses.

19. TRADE AND OTHER PAYABLES

	THE GROUP		THE COMPANY	
	2023	2022	2023	2022
	Rs'000	Rs'000	Rs'000	Rs'000
Trade payables	**494,050**	524,633	**4,557**	7,575
Accruals and other payables	**515,260**	626,714	**31,505**	57,941
Amounts due to related parties	**4,660**	722	**2,970**	2,498
	1,013,970	1,152,069	**39,032**	68,014

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

20. CURRENT TAX ASSETS/ LIABILITIES

	THE GROUP		THE COMPANY	
	2023	2022	2023	2022
	Rs'000	Rs'000	Rs'000	Rs'000
(a) **Charged to profit or loss:**				
Current tax on the adjusted profit for the year at 17%/15% (2022: 17%/15%):				
- Continuing operations	**26,067**	26,072	**-**	-
(Over)/under provision in previous year	**(1,074)**	2,482	**-**	-
Deferred tax (Note 17)	**11,472**	(12,269)	**7,526**	(1,418)
Tax charge/(credit)	**36,465**	16,285	**7,526**	(1,418)

(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	
	2023	2022	2023	2022
	Rs'000	Rs'000	Rs'000	Rs'000
Profit before taxation- attributed to continuing operations	**199,136**	92,047	**90,481**	23,744
Less net share of results of associates and joint ventures	**(68,012)**	(59,435)	**-**	-
	131,124	32,612	**90,481**	23,744
Tax calculated at a rate of 17%/15% (2022: 17%/15%)	**22,291**	5,544	**15,382**	4,036
Effect of different tax rate	**1,690**	1,351	**-**	-
(Over)/under provision in previous year	**(1,074)**	2,482	**-**	-
Income not subject to tax	**(8,961)**	(478)	**(21,392)**	(11,384)
Expenses not deductible for tax purposes	**14,477**	12,910	**6,372**	1,177
Utilisation of tax losses for which no deferred tax was recognised	**(3,400)**	(7,110)	**-**	-
CSR	**1,298**	-	**-**	-
Tax losses for which no deferred tax recognised	**10,144**	1,586	**7,164**	4,753
Taxation charge/ (credit)	**36,465**	16,285	**7,526**	(1,418)

Further information about deferred tax is presented in Note 17.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

21. DISCONTINUED OPERATIONS

	THE GROUP	
	2023	2022
	Rs'000	Rs'000
Disposal of business activities of Ecavel Ltd (formerly Harel Mallac Corporate Services Ltd)	**-**	16,480
Disposal of investment in associates of Attitude Hospitality Management Ltd (Note 37)	**4,084**	9,905
Disposal of investment in associates of Water Sports Village Limited (Note 37)	**4,386**	30,316
Disposal of investment in associates of Zilwa Resort Ltd (Note 37)	**9,781**	26,296
Discontinued operations of Pharmallac SARL	**3,863**	-
	22,114	82,997

(i) During the year ended 31 December 2022, 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

(ii) During the year ended 31 December 2023, the Group discontinued operations of Pharmallac SARL in Madagascar. The financial position at time of winding-up was as follows:

	THE GROUP
	2023
	Rs'000
Analysed as follows:	
Current assets	99
Current liabilities	(3,962)
Net Equity	**(3,863)**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

22. REVENUE

		THE GROUP		THE COMPANY	
		2023	2022	**2023**	2022
		Rs'000	Rs'000	**Rs'000**	Rs'000
Revenue is made up of:					
Sales of goods		**3,906,924**	3,882,300	**-**	-
Sales of services		**366,469**	276,298	**81,460**	76,331
Revenue from contracts with customers (Note (a))		**4,273,393**	4,158,598	**81,460**	76,331
Other operating income		**37,787**	18,841	**-**	297
Rent		**18,753**	14,015	**46,886**	36,403
		56,540	32,856	**46,886**	36,700
Investment income	- Listed	**534**	300	**14,479**	-
	- Unquoted	**985**	2,510	**60,847**	66,964
Interest income		**1,606**	67	**2,022**	634
		3,125	2,877	**77,348**	67,598
		4,333,058	4,194,331	**205,694**	180,629

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

	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
(b) **Timing of revenue recognition**				
At a point in time	**3,966,589**	3,909,221	**205,694**	180,629
Over time	**366,469**	285,110	**-**	-
	4,333,058	4,194,331	**205,694**	180,629

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

22. REVENUE (CONTINUED)

(c) Assets and liabilites related to contracts with customers

	THE GROUP			
	Contract Assets		Contract Liabilities	
	2023	2022	2023	2022
	Rs'000	Rs'000	Rs'000	Rs'000
At 1 January	88,059	78,497	40,414	29,708
Transfers in the period from contract assets to trade receivables	(57,623)	(116,685)	-	-
Amounts included in contract liabilities that was recognised as revenue during the period	-	-	(50,144)	(45,259)
Transfers in the period from contract assets to raw materials, consumables and purchases of finished goods	(908)	(12,768)	-	-
Provision for cost not recognised as raw materials, consumables and purchases of finished goods	583	7,604	-	-
Excess of revenue recognised over rights to cash being recognised during the period	86,562	131,411	-	-
Cash received in advance of performance and not recognised as revenue during the period	-	-	33,182	24,985
Other movement	-	-	-	30,980
	116,673	88,059	23,452	40,414

Contract assets and contract liabilities arise from some of the subsidiaries' installation services and design division, where contracts' period can run over the next financial year, because cumulative payments received from customers at the end of each reporting date do not necessarily equal the amount of revenue recognised on the contracts.

(i) *Impairment of contract assets*

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all contract assets.

To measure the expected credit losses, contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 12 months before 31 December 2023 or 1 January 2023 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 2023	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%	0%	5%	4%
Gross carrying amount - trade receivable	10,042	6,448	6,966	98,597	122,053
Loss allowance	-	-	-	(5,380)	(5,380)
Deferred cost					-
					116,673

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

22. REVENUE (CONTINUED)

(c) Assets and liabilites related to contracts with customers (continued)

(i) *Impairment of contract assets (continued)*

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%	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

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

	THE GROUP	
	Contract assets	
	2023	2022
	Rs'000	Rs'000
Loss allowance as at 1 January	5,380	5,380
Recognised in profit or loss during the year	-	-
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			
	2024	2025	2026	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Installation contracts	3,057	-	-	3,057
Maintenance contract	20,395	-	-	20,395
	23,452	-	-	23,452

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

23. PROFIT BEFORE FINANCE COSTS

	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
Revenue	**4,333,058**	4,194,331	**205,694**	180,629
Changes in finished goods and work in progress	**263,670**	233,565	**-**	-
Raw materials, consumables and purchases of finished goods	**(3,349,292)**	(3,296,209)	**-**	-
Employee benefit expense (Note 26)	**(629,312)**	(617,595)	**(75,667)**	(75,235)
Depreciation and amortisation expense	**(105,468)**	(93,608)	**(8,519)**	(8,810)
Other gains	**6,405**	20,582	**1,809**	-
Net increase in fair value of investment properties	**41,392**	6,539	**24,449**	5,369
Other operating expenses	**(310,748)**	(333,822)	**(34,071)**	(56,285)
	249,705	113,783	**113,695**	45,668

24. FINANCE COSTS

	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
Bank overdrafts	**18,450**	14,167	**696**	36
Bank loans repayable by instalments	**2,837**	22,404	**12,030**	10,084
Other loans not repayable by instalments	**67,395**	19,952	**24,003**	13,241
Leases	**25,163**	20,130	**396**	187
	113,845	76,653	**37,125**	23,548
Net foreign exchange transaction (gains)/ losses				
(Note (a))	**(1,330)**	1,326	**-**	-
	112,515	77,979	**37,125**	23,548

(a) Net foreign exchange (gains)/ losses

	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
The exchange differences (credited)/charged to profit or loss are as follows:				
Other gains	**(6,405)**	(20,582)	**(1,809)**	-
Finance (income)/costs	**(1,330)**	1,326	**-**	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

25. PROFIT BEFORE TAXATION

	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
The profit before taxation is arrived at after:				
Crediting:				
Fair value gain on investment properties	**41,392**	6,539	**24,449**	5,369
Reversal of impairment of receivables	**-**	-	**13,911**	1,624

	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
and charging:				
Depreciation				
- owned assets	**69,934**	66,720	**7,078**	8,094
Amortisation of intangible assets	**6,431**	6,980	**14**	11
Amortisation of right of use assets	**29,103**	19,908	**1,427**	705
Impairment of assets	**243**	279	**-**	270
Impairment of receivables	**6,066**	3,192	**-**	-
Employee benefit expense (Note 26)	**629,312**	617,595	**75,667**	75,235

26. EMPLOYEE BENEFIT EXPENSE

	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
Wages and salaries, including termination benefits	**578,647**	549,819	**71,047**	60,862
Social security costs	**52,687**	28,428	**5,664**	8,761
Pension costs - defined contribution plans	**14,486**	4,552	**-**	605
- defined benefit plans (Note 18)	**(16,508)**	34,796	**(1,044)**	5,007
	629,312	617,595	**75,667**	75,235

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

27. OTHER COMPREHENSIVE INCOME

THE GROUP

2023	Revaluation and other reserves Rs'000	Fair value reserves Rs'000	Actuarial loss Rs'000	Total Rs'000
Increase in fair value of equity instruments at fair value through other comprehensive income	**-**	**(1,871)**	**-**	**(1,871)**
Movement in actuarial reserve	**-**	**-**	**(14,068)**	**(14,068)**
Revaluation gain on Land and Buildings	**19,913**	**-**	**-**	**19,913**
Movement in associate reserves	**(5,136)**	**-**	**-**	**(5,136)**
Currency translation differences	**(34,993)**	**-**	**-**	**(34,993)**
Other comprehensive loss for the year	**(20,216)**	**(1,871)**	**(14,068)**	**(36,155)**

	Revaluation and other reserves Rs'000	Fair value reserves Rs'000	Actuarial loss Rs'000	Total Rs'000
2022				
Decrease 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

THE COMPANY

	Revaluation and other reserves Rs'000	Fair value reserves Rs'000	Actuarial loss Rs'000	Total Rs'000
2023				
Movement in actuarial reserve	**-**	**-**	**(982)**	**(982)**
Increase in fair value of equity instruments through other comprehensive income	**-**	**154,729**	**-**	**154,729**
Other comprehensive income/(loss) for the year	**-**	**154,729**	**(982)**	**153,747**
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 at fair value through other comprehensive income	-	(14,066)	-	(14,066)
Other comprehensive income/(loss) for the year	141,407	(14,066)	(2,646)	124,695

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

28. DIVIDENDS

THE GROUP AND THE COMPANY

On 28 November 2023, the Company has resolved to distribute the entire 11,259,388 ordinary shares of Cavell Touristic Investments Ltd ("CTIL") to its shareholders in the ratio of one ordinary share of CTIL for every share held in the Company at close of business on 27 April 2023 (refer to note 37). The total value of dividend distributed amounted to Rs 410,979,948.

29. EARNINGS PER SHARE

	THE GROUP		THE COMPANY	
	2023 Rs'000	2022 Rs'000	**2023 Rs'000**	2022 Rs'000
(a) **From continuing operations**				
Basic earnings per share				
Net profit attributable to shareholders (Rs'000)	**154,046**	54,067	**82,955**	25,162
Number of ordinary shares in issue (thousands)	**11,259**	11,259	**11,259**	11,259
Basic earnings per share (Rs/cents)	**13.68**	4.80	**7.37**	2.23

(b) From discontinued operations

	THE GROUP	
	2023 Rs'000	2022 Rs'000
Basic earnings per share		
Net profit attributable to shareholders (Rs'000)	**22,114**	82,997
Number of ordinary shares in issue (thousands)	**11,259**	11,259
Basic earnings per share (Rs/cents)	**1.96**	7.37

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

30. NOTES TO STATEMENTS OF CASH FLOWS

	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
(a) Cash generated from/(absorbed in) operations				
Profit before taxation attributable to				
continuing operations	**199,136**	92,047	**90,481**	23,744
Profit before taxation attributable to discontinued operations	**22,114**	82,997	**-**	-
Depreciation and amortisation	**76,365**	73,700	**7,092**	8,105
Amortisation on right of use asset	**29,103**	19,908	**1,427**	705
Net share of results of associated companies	**(67,469)**	(58,368)	**-**	-
Net share of results of associated companies attributable to discontinued operations	**(22,114)**	(66,517)	**-**	-
Share of results of joint ventures	**(543)**	(1,067)	**-**	-
Retirement benefit obligations	**(36,874)**	12,652	**(8,179)**	(4,852)
Impairment of assets	**243**	279	**-**	279
Impairment/ (Reversal of) of receivables	**6,066**	3,192	**(13,911)**	(1,624)
Loss on exchange	**(1,330)**	1,326	**-**	-
Investment income	**(1,519)**	(2,810)	**(75,326)**	(66,964)
Interest income	**(1,606)**	(67)	**(2,022)**	(634)
Interest expense	**113,845**	76,653	**37,125**	23,548
Increase in fair value of investment property	**(41,392)**	(6,539)	**(24,449)**	(5,369)
Changes in working capital:				
- inventories	**112,733**	(85,197)	**-**	-
- trade and other receivables and contract assets	**(29,375)**	(116,711)	**(25,115)**	(2,333)
- trade and other payables and contract liabilities	**(148,861)**	(1,690)	**(16,719)**	8,336
Cash generated from/(absorbed in) operations	**208,522**	23,788	**(29,596)**	(17,059)

(b) Cash and cash equivalents

	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
Bank and cash balances	**124,555**	250,685	**-**	38,261
Loan receivable at call	**-**	-	**55,047**	4,411
Bank overdrafts (Note 16)	**(260,906)**	(243,715)	**(28,111)**	-
Loan payable at call	**-**	-	**(40,274)**	(40,787)
	(136,351)	6,970	**(13,338)**	1,885

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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.

During the year, the Company has declared a dividend in species amounting to Rs 410,979,948. Refer to notes 37 for more details.

(d) Reconciliation of liabilities arising from financing activities

THE GROUP

	2022	Cash flows	**2023**
	Rs'000	Rs'000	**Rs'000**
Long-term borrowings	512,592	(34,847)	**477,745**
Short-term borrowings	632,772	(28,686)	**604,086**
Total	1,145,364	(63,533)	**1,081,831**

THE COMPANY

	2022	Cash flows	**2023**
	Rs'000	Rs'000	**Rs'000**
Long-term borrowings	345,485	(28,728)	**316,757**
Short-term borrowings	259,035	(5,625)	**253,410**
Total	604,520	(34,353)	**570,167**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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, Technology, Chemicals and Equipment & Systems.

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies. The Group evaluates performance on the basis of profit or loss from operations after tax expense.

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

	Investment & Corporate	Technology	Chemicals	Equipment & Systems	Consolidation adjustments	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Year ended 31 December 2023						
Total segment revenues	**233,622**	**893,891**	**2,027,708**	**1,690,707**	**-**	**4,845,928**
Inter-segment sales	**(4,788)**	**(152,230)**	**(27,174)**	**(25,562)**	**(303,116)**	**(512,870)**
Revenues from external customers	**228,834**	**741,661**	**2,000,534**	**1,665,145**	**(303,116)**	**4,333,058**
Segment profit/(loss)	**49,109**	**21,284**	**102,016**	**117,990**	**(40,694)**	**249,705**
Share of result of associates and joint ventures	**57,903**	**-**	**10,109**	**-**	**-**	**68,012**
Finance costs	**(37,221)**	**(12,099)**	**(41,150)**	**(33,535)**	**11,490**	**(112,515)**
Profit after tax from discontinued operations	**22,114**	-	-	-	-	**22,114**
Net impairment of receivables	**12,708**	**-**	**(13,262)**	**(9,413)**	**3,901**	**(6,066)**
Profit/(Loss) before tax	**104,613**	**9,185**	**57,713**	**75,042**	**(25,303)**	**221,250**
Income tax	**(8,002)**	**(4,767)**	**(7,720)**	**(15,976)**	**-**	**(36,465)**
Net profit/(loss) after tax	**96,611**	**4,418**	**49,993**	**59,066**	**(25,303)**	**184,785**
Total assets						
31 December 2023	**2,534,879**	**451,962**	**1,911,433**	**1,048,900**	**(1,451,505)**	**4,495,669**
31 December 2022	2,720,766	412,223	2,028,975	1,287,517	(1,445,102)	5,004,379

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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 2022						
Total segment revenues	201,964	926,320	2,190,363	1,395,434	-	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	1,357,104	(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)
Net profit on disposal of investments	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

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	
	2023	2022	**2023**	2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
Mauritius	**3,813,822**	3,712,584	**2,451,527**	2,754,253
Madagascar	**173,299**	159,579	**1,505**	1,165
Reunion	**274,370**	248,863	**14,007**	8,518
Africa	**71,567**	73,305	**1,966**	4,846
Total	**4,333,058**	4,194,331	**2,469,005**	2,768,782

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

32. CONTINGENT LIABILITIES

(i) During the current financial year, a litigation against the Harel Mallac HealthCare Ltd ("HMH") was referred to Arbitration, whereby the Government of Mauritius is making a claim against HMH amounting to Rs 14.3m for an alleged delivery of defective equipment.

The Attorney and the Counsel of HMH consider that the proceedings of this case are still at a very early stage and are therefore unable to give further details or opinion on the outcome of the Arbitration.

(ii) At 31 December 2023, 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.

(iii) At 31 December 2023, 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.

(iv) At 31 December 2023, no guarantee were given by the Group and the Company other than in the normal course of business.

33. RELATED PARTY TRANSACTIONS

(a)

	THE GROUP	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
		Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
(i)	**Year 2023**							
	Associated companies	**2,071**	**36,908**	**23,480**	**360**	**-**	**17,342**	**4,660**
	Directors and key management personnel	**-**	**-**	**80**	**-**	**-**	**-**	**-**
	Enterprises in which directors/ key management personnel (and close families) have significant/ substantial interest	**-**	**4,182**	**-**	**-**	**-**	**-**	**-**
	Shareholders	**7,684**	**-**	**-**	**-**	**173,973**	**-**	**-**
(ii)	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	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

33. RELATED PARTY TRANSACTIONS (CONTINUED)

(b)

	THE COMPANY	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
(i)	**Year 2023**							
	Subsidiaries	**2,022**	**10,230**	**18,132**	**103,774**	**212,385**	**24,966**	**2,820**
	Associated companies	**-**	**2,071**	**1,482**	**360**	**-**	**10,645**	**150**
	Directors and key management personnel	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	Enterprises in which directors/key management personnel (and close families) have significant/ substantial interest	**-**	**-**	**4,182**	**-**	**-**	**-**	**-**
	Shareholders	**-**	**7,684**	**-**	**-**	**173,973**	**-**	**-**
(ii)	Year 2022							
	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	-	-

THE GROUP	Remuneration and benefits	
	2023	2022
	Rs'000	Rs'000
Key management personnel compensation		
Salaries and short-term employee benefits	**45,747**	43,578
Post-employment benefits	**2,482**	6,136
	48,229	49,714

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

33. RELATED PARTY TRANSACTIONS (CONTINUED)

THE COMPANY	Remuneration and benefits	
	2023	2022
	Rs'000	Rs'000
Key management personnel compensation		
Salaries and short-term employee benefits	**15,716**	18,255
Post-employment benefits	**874**	4,177
	16,590	22,432

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 2023, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (2022: Rs Nil). 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. 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.

35. BUSINESS COMBINATIONS

THE GROUP

(a) **Summary of acquisition**

In September 2023, Aerolik Ltd, an indirect subsidiary, acquired the remaining 19% of the shares of AEROLIK.IO SAS (formerly known as Aldes Reunion SAS) for a consideration of Rs 19,539,567. During the previous year Aerolik Ltd acquired an additional 21% of the shares of AEROLIK.IO SAS for a consideration of Rs 19,793,498.

An analysis of assets and liabilities of AEROLIK.IO SAS at time of the additional acquisition of 19 % in 2023 and 21% in 2022 are as follows:

	19% interests acquired	**21% interests acquired**
	2023	2022
	AEROLIK.IO SAS	
	Rs'000	Rs'000
Assets		
Plant and equipment	**9,947**	3,545
Right of use assets	**96,401**	30,671
Inventories	**79,674**	58,653
Trade receivables (net of provision)	**55,285**	41,163
Cash and cash equivalents	**40,585**	37,711
	281,892	171,743

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

35. BUSINESS COMBINATIONS (CONTINUED)

	Additional interests acquired	
	2023	2022
	AEROLIK.IO SAS	AEROLIK.IO SAS
	Rs'000	Rs'000
Liabilities		
Trade and other payables	**42,694**	51,950
Lease liabilities	**98,528**	27,110
Borrowings	**19,661**	21,178
	160,883	100,238
Net identifiable assets at date of additional acquisition / Net identifiable assets acquired	**121,009**	94,326
Less: Share of net assets already held by the Group	**(100,774)**	(56,596)
Less: Non-controlling interests	**-**	(17,922)
Share of net assets/(liabilities)	**20,235**	19,808
Purchase consideration	**(19,540)**	(19,793)
	695	15
Accounted as follows:		
Movement in Equity	**695**	15

The Group has recognised directly in equity attributable to owners of the Company the amount of Rs 695,000 (2022: Rs 15,000), being the difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid.

(i) **Purchase consideration - cash outflow**

	AEROLIK.IO SAS	
	Rs'000	Rs'000
Cash consideration	**(19,540)**	(19,793)
Net outflow of cash - investing activities	**(19,540)**	(19,793)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

36. THREE YEAR SUMMARY - THE GROUP

	2023 Rs'000	2022 Rs'000	2021 Rs'000
STATEMENTS OF PROFIT OR LOSS			
Revenue	**4,333,058**	4,194,331	3,634,553
Profit after finance cost	**137,190**	35,804	52,696
Net share of result of associates and joint ventures	**68,012**	125,952	(66,069)
	205,202	161,756	(13,373)
Net profit on disposal of investments	**-**	-	24,609
Impairment of receivables	**(6,066)**	(3,192)	(14,715)
Profit/ (loss) before taxation	**199,136**	158,564	(3,479)
Taxation	**(36,465)**	(16,285)	(11,603)
Profit/(loss) for the year from continuing operations	**162,671**	142,279	(15,082)
Post tax profit for the year from discontinued operations	**22,114**	16,480	-
Profit/(loss) for the year	**184,785**	158,759	(15,082)
Attributable to:			
Owners of the parent	**176,160**	137,064	(24,289)
Non controlling interests	**8,625**	21,695	9,207
	184,785	158,759	(15,082)
Other comprehensive (loss)/income	**(36,155)**	337,263	(673)
Total comprehensive income/(loss) for the year	**148,630**	496,022	(15,755)

	2023 Rs'000	2022 Rs'000	2021 Rs'000
Attributable to:			
Owners of the parent	**150,526**	456,851	(17,130)
Non controlling interests	**(1,896)**	39,171	1,375
	148,630	496,022	(15,755)
Dividend per share (Note 28)	**36.50**	-	-
Earnings/(loss) per share from continuing operations(Rs/cents)	**13.68**	4.80	(2.16)
Earnings per share from discontinued operations (Rs/cents)	**1.96**	7.37	-
Total earnings/(loss) per share	**15.64**	12.17	(2.16)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

36. THREE YEAR SUMMARY - THE GROUP (CONTINUED)

STATEMENTS OF FINANCIAL POSITION

	2023 Rs'000	2022 Rs'000	2021 Rs'000
Non-current assets	**2,469,005**	2,768,783	2,302,569
Current assets	**2,026,664**	2,235,596	2,006,361
Total assets	**4,495,669**	5,004,379	4,308,930
Capital and reserves	**1,326,731**	1,703,602	1,246,736
Non controlling interests	**173,386**	201,378	182,015
Non-current liabilities	**1,050,810**	1,000,686	958,148
Current liabilities	**1,944,742**	2,098,713	1,922,031
Total equity and liabilities	**4,495,669**	5,004,379	4,308,930

37. RESTRUCTURING OF ACTIVITIES

On 13 March 2023, the Board of Directors (the "Board") of Harel Mallac & Co. Ltd (the "Company") has resolved to proceed with a restructuring of its activities through the carve-out of its investments in Attitude Hospitality Management Ltd (20.0% ownership interest), Water Sports Village Limited (24.5% ownership interest) and Zilwa Resort Ltd (24.0% ownership interest) (together the "Hospitality Shares") from Harel Mallac Group (the "Restructuring").

As part of the Restructuring, the Company has:

- incorporated a new wholly-owned subsidiary, Cavell Touristic Investments Ltd ("CTIL"),
- transferred its investments in Hospitality Shares to CTIL through an intra-group transfer,
- caused the ordinary shares of the CTIL to be listed on the Development & Enterprise Market (the "DEM") of the Stock Exchange of Mauritius (the "SEM"), and
- distributed the ordinary shares of the CTIL to its shareholders in the ratio of one ordinary share of CTIL for every share held in the Company. The distribution related to the 11,259,388 shares constituting 100% of the share capital of CTIL (the "Distribution").

The fair value of the investments held by the Company in the Hospitality Shares at the time of the transfer, was estimated at Rs 447.9 m.

The consideration for the transfer of its investments to CTIL was made partly in cash consideration amounting to Rs 36.9 M (the "refund") and the remaining was made through issue of new ordinary shares to the Company equivalent to the tune of Rs 411 m.

Following the shareholders and the regulatory approval for the listing of the ordinary shares of CTIL on the DEM, the Board has declared a special dividend in specie of one ordinary share of no par value of CTIL, 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.

Following the restructuring, the Directors of the Company are confident that this shall enable the Company to focus on its core operations and unlock value for its shareholders as the fair value of its non-core activities was previously not reflected in its share price. CTIL and the Company are managed independently.

38. EVENTS AFTER THE REPORTING PERIOD

There have been no material events after the reporting date which require disclosure or adjustment to the financial statements for the year ended 31 December 2023.

Notes

Notes

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