

For the quarter ended 31 March 2019, Harel Mallac generated Rs 785m, and continues its business transformation through in-depth restructuring and new growth relays.

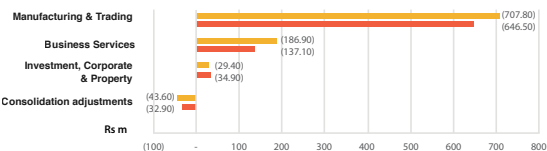
STATEMENTS OF FINANCIAL POSITION

	GROUP	
	31 March 2019	31 December 2018
	Rs'000	Rs'000
<b>ASSETS</b>		
Non-current assets	2,509,482	2,431,429
Current assets	1,830,839	2,200,863
<b>Total assets</b>	<b>4,340,321</b>	<b>4,632,292</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves</b>		
Owners' interest	1,786,078	1,843,842
Non controlling interests	281,669	293,068
<b>Total equity</b>	<b>2,067,747</b>	<b>2,136,910</b>
<b>Non-current liabilities</b>	<b>600,537</b>	<b>519,994</b>
Current liabilities	1,672,037	1,975,388
<b>Total equity and liabilities</b>	<b>4,340,321</b>	<b>4,632,292</b>
Net assets per share(Rs)	158.63	163.76
Number of ordinary shares	11,259,388	11,259,388

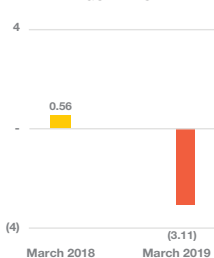
STATEMENTS OF PROFIT OR LOSS

	GROUP	
	Quarter to 31 March 2019	Quarter to 31 March 2018
	Rs'000	Rs'000
<b>Revenue</b>	<b>785,603</b>	<b>880,507</b>
<b>Loss before finance costs</b>	<b>(63,142)</b>	<b>(9,732)</b>
Finance costs	(15,625)	(14,468)
Share of results of associates & joint ventures	33,055	25,980
(Loss)/profit before tax	(45,712)	1,780
Income tax	(711)	(1,397)
<b>(Loss)/profit for the period from continuing operations</b>	<b>(46,423)</b>	<b>383</b>
<b>Discontinued operations</b>		
Post tax loss from discontinued operations	-	(1,114)
	<b>(46,423)</b>	<b>(731)</b>
<b>Attributable to:</b>		
Owners of the parent	(35,002)	5,136
Non controlling interests	(11,421)	(5,867)
<b>Loss for the year</b>	<b>(46,423)</b>	<b>(731)</b>
Other comprehensive income/(loss) for the period net of tax	3,463	(8,073)
<b>Total comprehensive loss for the period</b>	<b>(42,960)</b>	<b>(8,804)</b>
<b>Other comprehensive income attributable to:</b>		
Owners of the parent	3,441	(10,428)
Non controlling interests	22	2,355
	<b>3,463</b>	<b>(8,073)</b>
(Loss)/earnings per share from continuing operations(Rs/cents)	(3.11)	0.56
Loss per share from discontinued operations(Rs/cents)	-	(0.10)

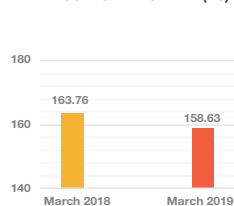
SEGMENTAL CONTRIBUTION TO REVENUE



EARNINGS PER SHARE



NET ASSETS PER SHARE (Rs)



STATEMENTS OF CHANGES IN EQUITY

	Owners of the parent	Non-controlling Interests	Total
	Rs'000	Rs'000	Rs'000
<b>GROUP</b>			
<b>Balance at 1 January 2019</b>	1,843,842	293,068	2,136,910
Effect of changes in accounting policies(IFRS 16)	(26,203)	-	(26,203)
As restated	1,817,639	293,068	2,110,707
Loss for the period	(35,002)	(11,421)	(46,423)
Other comprehensive income for the period	3,441	22	3,463
Total comprehensive loss income for the period	(31,561)	(11,399)	(42,960)
<b>Balance at 31 March 2019</b>	<b>1,786,078</b>	<b>281,669</b>	<b>2,067,747</b>
Balance at 1 January 2018	1,773,582	296,680	2,070,262
Profit/(loss) for the period	5,136	(5,867)	(731)
Other comprehensive (loss)/income for the period	(10,428)	2,355	(8,073)
Total comprehensive loss for the period	(5,292)	(3,512)	(8,804)
<b>Balance at 31 March 2018</b>	<b>1,768,290</b>	<b>293,168</b>	<b>2,061,458</b>

STATEMENTS OF CASH FLOWS

	GROUP	
	Quarter to 31 March 2019	Quarter to 31 March 2018
	Rs'000	Rs'000
<b>Continuing operations</b>		
Net cash absorbed in operating activities	(11,800)	(99,423)
Net cash absorbed in investing activities	(7,310)	(3,704)
Net cash absorbed in financing activities	(104,507)	(12,104)
Net decrease in cash and cash equivalents	(123,617)	(115,231)
<b>Discontinued operations</b>		
Net decrease in cash and cash equivalents	-	(1,047)
<b>Decrease in cash and cash equivalents</b>	<b>(123,617)</b>	<b>(116,278)</b>
At 01 January	98,479	54,574
Effect of foreign exchange difference	501	(10,561)
<b>At 31 March</b>	<b>(24,637)</b>	<b>(72,265)</b>

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

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

	Investment, Corporate & Property	Business Services	Manufacturing & Trading	Consolidation adjustments	Total
	Rs'000	Rs'000	Rs'000		
<b>Quarter ended 31 March 2019</b>					
Total segment revenues	36,301	148,691	712,844	-	897,836
Inter-segment revenues	(1,434)	(11,591)	(66,308)	(32,900)	(112,233)
<b>Revenues from external customers</b>	<b>34,867</b>	<b>137,100</b>	<b>646,536</b>	<b>(32,900)</b>	<b>785,603</b>
<b>Timing of Revenue recognition</b>					
At a point in time	34,867	137,100	611,373	(32,900)	750,440
Over time	-	-	35,163	-	35,163
	<b>34,867</b>	<b>137,100</b>	<b>646,536</b>	<b>(32,900)</b>	<b>785,603</b>
<b>Continuing operations Segment loss</b>	<b>(4,741)</b>	<b>(11,482)</b>	<b>(39,245)</b>	<b>(7,674)</b>	<b>(63,142)</b>
Share of results of associates & joint ventures	33,055	-	-	-	33,055
Finance costs	(14,646)	(2,250)	(6,403)	7,674	(15,625)
<b>Profit/(loss) before tax</b>	<b>13,668</b>	<b>(13,732)</b>	<b>(45,648)</b>	<b>-</b>	<b>(45,712)</b>
<b>Total assets</b>					
<b>31 March 2019</b>	<b>1,877,669</b>	<b>445,474</b>	<b>2,017,178</b>	<b>-</b>	<b>4,340,321</b>
31 December 2018	1,813,902	495,805	2,322,585	-	4,632,292
<b>Quarter ended 31 March 2018</b>					
Total segment revenues	29,393	188,417	736,299	-	954,109
Inter-segment revenues	-	(1,497)	(28,513)	(43,592)	(73,602)
<b>Revenues from external customers</b>	<b>29,393</b>	<b>186,920</b>	<b>707,786</b>	<b>(43,592)</b>	<b>880,507</b>
<b>Continuing operations Segment (loss)/profit</b>	<b>(1,507)</b>	<b>(1,824)</b>	<b>886</b>	<b>(7,287)</b>	<b>(9,732)</b>
Share of results of associates & joint ventures	25,980	-	-	-	25,980
Finance costs	(14,472)	(1,287)	(5,996)	7,287	(14,468)
<b>Profit/(loss) before tax</b>	<b>10,001</b>	<b>(3,111)</b>	<b>(5,110)</b>	<b>-</b>	<b>1,780</b>
<b>Total assets</b>					
31 March 2018	1,900,525	447,999	2,027,562	-	4,376,086
31 December 2017	1,853,697	389,793	2,383,199	-	4,626,689

PROFILE

Based in Mauritius, Harel Mallac (the Group) also operates in six countries in Africa and the Indian Ocean, and employs some 990 people. It comprises three distinct clusters of operations: Manufacturing & Trading (Chemicals and Equipment & Systems), Business Services (Technology, Travel and Financial Services) and Asset Management (Property and Investments).

PERFORMANCE

For the first quarter, the Group achieved a consolidated revenue from continuing operations of Rs 786 million, down by 11% from 2018. This is driven by lower revenues from both Manufacturing & Trading and Business Services clusters.

Coupled with a lower gross profit margin witnessed across various divisions of the Group, this decrease in revenue resulted in a deterioration in profitability in the first quarter, with a Loss before Finance Costs of Rs 63 million in 2019.

In the **Manufacturing & Trading cluster**, although the Equipment & Systems division recorded an improvement on the back of higher sales of consumer electronics in particular, the overall profitability of the cluster remains under the negative influence of the ongoing difficulties faced by the sugarcane and textile industries and subsequent restructuring costs incurred in its Chemicals division.

The profitability of the **Business Services cluster** was affected by the delay encountered in the materialisation of a few projects in its Technology division, which also impacted the latter's margins.

Regarding the **Asset Management cluster**, the share of results from our associates and joint ventures is better than in 2018, on the back of continued good performance of the Group's investments in the hotels sector.

GROUP UPDATES

During the first quarter of 2019, our subsidiary Corexsolar International delivered its first photovoltaic farm (PV) project (in Henrietta) to CEB (Green Energy) Co. Ltd, and initiated the Petite Rivière PV Farm. Our Chemicals division continued its reshaping exercise, as MCFI took control of its sister companies Bychemex and Chemco, in mid-April. The Group engaged in Design Thinking initiative and carried on with the rollout of its digital transformation programme.

OUTLOOK

As previously announced, Harel Mallac is actively re-engineering its traditional trading activities by mainstreaming technology and environment-linked opportunities, while seeking organic growth in the international market. The key priorities for 2019 remain to reorganise our businesses around modern and to-the-point offerings to our customers, and improve our operational results.

**By order of the Board**  
**HM Secretaries Ltd**  
 Company Secretary  
 14 May 2019

These quarterly condensed financial statements have been prepared using the same accounting policies as for the statutory financial statements for the year ended 31 December 2018, except for the adoption of published Standards that are now effective.

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

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

This report is issued pursuant to Listing Rule 12.14 and the Securities Act 2005. The Board of Directors of Harel Mallac & Co. Ltd accepts full responsibility for the accuracy of the information contained therein.