

STATEMENTS OF FINANCIAL POSITION

	GROUP	
	30 September 2020	31 December 2019
	Rs'000	Rs'000
ASSETS		
Non-current assets	2,404,984	2,620,196
Current assets	1,578,504	1,720,496
Total assets	3,983,488	4,340,692
EQUITY AND LIABILITIES		
Capital and reserves		
Owners' interest	1,353,196	1,582,294
Non controlling interests	153,634	178,722
Total equity	1,506,830	1,761,016
Non-current liabilities	773,096	767,941
Current liabilities	1,703,562	1,811,735
Total equity and liabilities	3,983,488	4,340,692
Net assets per share (Rs)	120.18	140.53
Number of ordinary shares	11,259,388	11,259,388

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	GROUP			
	Three months to 30 Sep 2020	Three months to 30 Sep 2019	Nine months to 30 Sep 2020	Nine months to 30 Sep 2019
	Rs'000	Rs'000	Rs'000	Rs'000
Revenue	871,987	915,549	2,185,609	2,538,801
(Loss)/profit before finance costs	(16,795)	19,502	(92,712)	(19,377)
Finance costs	(14,883)	(17,083)	(52,701)	(50,183)
Share of results of associates & joint ventures	(53,041)	24,443	(105,848)	71,282
(Loss)/profit before tax and exceptional items	(84,719)	26,862	(251,261)	1,722
Restructuring costs	-	(22,007)	-	(41,078)
Impairment of assets	-	(13,194)	-	(54,525)
Loss before tax	(84,719)	(8,339)	(251,261)	(93,881)
Income tax	(9,599)	(7,534)	(12,317)	(9,527)
Loss for the period from continuing operations	(94,318)	(15,873)	(263,578)	(103,408)
Discontinued operations				
Post tax profit/(loss) from discontinued operations	2,952	-	2,174	(6,744)
Loss on disposal of subsidiary	(4,818)	-	(4,818)	-
Loss for the period	(96,184)	(15,873)	(266,222)	(110,152)
Attributable to:				
Owners of the parent	(91,431)	(4,071)	(239,753)	(78,162)
Non controlling interests	(4,753)	(11,802)	(26,469)	(31,990)
Loss for the year	(96,184)	(15,873)	(266,222)	(110,152)
Other comprehensive profit/(loss) for the period net of tax	20,723	(6,195)	12,036	(14,228)
Total comprehensive loss for the period	(75,461)	(22,068)	(254,186)	(124,380)
Other comprehensive income attributable to:				
Owners of the parent	20,379	(6,406)	10,655	(13,680)
Non controlling interests	344	211	1,381	(548)
	20,723	(6,195)	12,036	(14,228)
Basic (loss)/earnings per share from continuing operations(Rs/cents)	(6.34)	(0.36)	(21.45)	(6.43)
Earnings/(loss) per share from discontinued operations(Rs/cents)	0.22	-	0.16	(0.51)

STATEMENTS OF CHANGES IN EQUITY

GROUP	Owner of the parent	Non-controlling Interests	Total
	Rs'000	Rs'000	Rs'000
Balance at 1 January 2020	1,582,294	178,722	1,761,016
Loss for the period	(239,753)	(26,469)	(266,222)
Other comprehensive income	10,655	1,381	12,036
Balance at 30 September 2020	1,353,196	153,634	1,506,830
Balance at 1 January 2019	1,843,842	293,068	2,136,910
Effect of changes in accounting policies (IFRS 16)	(27,013)	-	(27,013)
	1,816,829	293,068	2,109,897
Loss for the period	(78,162)	(31,990)	(110,152)
Other comprehensive losses	(13,680)	(548)	(14,228)
Change in ownership interest in subsidiary that does not result in loss of control	(57,848)	(20,257)	(78,105)
Balance at 30 September 2019	1,667,139	240,273	1,907,412

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	Rs'000	Rs'000
Nine months ended 30 September 2020					
Total segment revenues	91,394	548,013	1,750,019	-	2,389,426
Inter-segment revenues	(3,272)	(47,845)	(60,983)	(91,717)	(203,817)
Revenues from external customers	88,122	500,168	1,689,036	(91,717)	2,185,609
Segment Profit/(loss)	5,117	(19,400)	(57,192)	(21,237)	(92,712)
Share of results of associates & joint ventures	(105,848)	-	-	-	(105,848)
Finance costs	(26,465)	(4,093)	(39,660)	17,517	(52,701)
Profit/(loss) before tax	(127,196)	(23,493)	(96,852)	(3,720)	(251,261)
Total assets					
30 September 2020	1,603,689	344,379	2,035,420	-	3,983,488
31 December 2019	1,797,349	381,882	2,161,461	-	4,340,692
Nine months ended 30 September 2019					
Total segment revenues	200,109	484,195	2,229,074	-	2,913,378
Inter-segment revenues	(11,372)	(13,106)	(160,466)	(189,633)	(374,577)
Revenues from external customers	188,737	471,089	2,068,608	(189,633)	2,538,801
Segment (loss)/profit	(4,329)	2,160	2,736	(19,944)	(19,377)
Share of results of associates & joint ventures	71,282	-	-	-	71,282
Finance costs	(40,416)	(6,906)	(22,805)	19,944	(50,183)
Restructuring costs	-	-	(41,078)	-	(41,078)
Impairment of assets	-	-	(54,525)	-	(54,525)
Profit/(loss) before tax	26,537	(4,746)	(115,672)	-	(93,881)
Total assets					
30 September 2019	1,891,818	336,489	1,980,405	-	4,208,712
31 December 2018	1,874,866	436,335	2,321,091	-	4,632,292

STATEMENTS OF CASH FLOWS

	GROUP	
	Nine months 30 Sep 2020	Nine months 30 Sep 2019
	Rs'000	Rs'000
Operating activities		
Net cash absorbed in operating activities	(148,709)	(165,244)
Investing activities		
Net cash absorbed in investing activities	(5,767)	(78,693)
Financing activities		
Net cash generated from/ (absorbed in) financing activities	92,410	(133,463)
Decrease in cash and cash equivalents	(62,066)	(377,400)
Movement in cash and cash equivalents		
At 1 January	(84,740)	98,479
Decrease	(62,066)	(377,400)
Effect of foreign exchange difference	(371)	(5,321)
At 30 September	(147,177)	(284,242)

OUR GROUP AT A GLANCE

Harel Mallac operates in Mauritius and has a regional presence in five African countries with some 850 employees.

The Group operates in three segments:

Manufacturing and Trading

- Equipment & Systems Division (EO Solutions, Linxia, Novengi and Corexsolar)
- Chemicals Division (MCFI Group and Archemics)

Business Services

- Technology Division (Harel Mallac Technologies)
- Financial Services Division (Harel Mallac Corporate Service)
- Travel Division (Itineris)

Asset Management

Property, Associates and Corporate Services

PERFORMANCE

The Group remains impacted by the economic recession emanating from the Covid-19 pandemic and the closure of our borders. For the nine months under review, the Group achieved a consolidated revenue from continuing operations of Rs 2.1 billion, down by 14% from 2019.

The drop in demand in our traditional markets resulted in fierce competition having a direct impact on our overall gross profit margins. Despite important cost reduction measures across the Group, a Loss before Finance Costs of Rs 93 million was registered for the period, compared to a loss of Rs 19 million in prior year.

In the Manufacturing & Trading cluster, the core businesses of the Equipment & Systems division were significantly affected by the national lockdown in the second quarter, and suffered from a postponement of several planned capital expenditures from our customers in all market segments in the third quarter. This was, however, partly mitigated by the improved performance of the Chemicals division.

The Business Services cluster posted a notable improvement in the Technology division's revenue. However, margins have been compressed due to an increase in competition for fewer projects on the market.

Our Associate companies, which mainly operate in the hospitality and construction sectors, are heavily impacted by the ongoing economic turmoil. The share of results from our Associates and joint ventures worsened by Rs 177 million compared to 2019.

As a result of the above, for the nine months ended 30 September 2020, the Group posted a Loss after tax of Rs 266 million, compared to a loss of Rs 110 million in 2019.

OUTLOOK

The last quarter of the year is generally the most significant one for the Group. However, the lack of visibility caused by the continued economic contraction experienced by several sectors of the local economy coupled with the uncertainty on the duration and on-going spread of the Covid-19 pandemic globally commands caution in any forecasting exercise. The Group, through resilience and reactivity, is adapting its transformation journey to the "new normal" while remaining vigilant in its working capital management.

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 2019, 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.

By order of the Board

HM Secretaries Ltd

Company Secretary

10 November 2020