

STATEMENTS OF FINANCIAL POSITION

	GROUP	
	2020 Rs'000	2019 Rs'000
ASSETS		
Non-current assets	2,380,602	2,620,196
Current assets	1,449,814	1,720,496
Assets classified as held for sale	51,445	-
Total assets	3,881,861	4,340,692
EQUITY AND LIABILITIES		
Capital and reserves		
Owners' interest	1,263,866	1,582,294
Non controlling interests	150,755	178,722
Total equity	1,414,621	1,761,016
Non-current liabilities	784,843	767,941
Current liabilities	1,631,387	1,811,735
Liabilities directly associates with assets classified as held for sale	51,010	-
Total equity and liabilities	3,881,861	4,340,692
Net assets per share (Rs)	112.25	140.53
Number of ordinary shares	11,259,388	11,259,388

STATEMENTS OF PROFIT OR LOSS

	GROUP	
	2020 Rs'000	2019 (Represented) Rs'000
Revenue	2,914,132	3,279,343
Loss before finance costs	(32,868)	(35,064)
Finance costs	(79,388)	(72,464)
Reorganisation cost	-	(40,217)
Share of results of associates & joint ventures	(129,268)	92,771
Net (loss)/profit on disposal of investments	(5,288)	1,033
Net impairment of asset	(82,476)	(91,311)
Loss before tax	(329,288)	(145,252)
Income tax	11,366	(8,751)
Loss for the year from continuing operations	(317,922)	(154,003)
Discontinued operations		
Post tax (loss)/profit from discontinued operations	(18,652)	7,530
	(336,574)	(146,473)
Attributable to:		
Owners of the parent	(289,807)	(85,138)
Non controlling interests	(46,767)	(61,335)
Loss for the year	(336,574)	(146,473)
Other comprehensive loss for the year net of tax	(2,747)	(145,222)
Total comprehensive loss for the year	(339,321)	(291,695)
Total comprehensive income attributable to:		
Owners of the parent	(295,608)	(231,670)
Non controlling interests	(43,713)	(60,025)
	(339,321)	(291,695)
Loss per share from continuing operations(Rs/cents)	(24.99)	(7.63)
Loss per share from discontinued operations(Rs/cents)	(0.75)	0.07

STATEMENTS OF CASH FLOWS

	GROUP	
	2020 Rs'000	2019 Rs'000
Continuing operations		
Net cash (absorbed in)/ generated from operating activities	(70,817)	80,361
Net cash generated from/ (absorbed in) investing activities	12,443	(84,039)
Net cash absorbed in financing activities	(36,424)	(185,000)
Net decrease in cash and cash equivalents	(94,798)	(188,678)
At 01 January	(84,740)	98,479
Effect of foreign exchange difference	12,265	5,459
At 31 December	(167,273)	(84,740)

STATEMENTS OF CHANGES IN EQUITY

	Controlling Interests	Non-controlling Interests	Total
	Rs'000	Rs'000	Rs'000
GROUP			
Balance at 1 January 2020	1,582,294	178,722	1,761,016
Loss for the year	(289,807)	(46,767)	(336,574)
Other comprehensive income for the year	(5,801)	3,054	(2,747)
Total comprehensive loss for the year	(295,608)	(43,713)	(339,321)
Change in ownership interest in subsidiary that does not result in loss of control	(22,820)	18,655	(4,165)
Disposal of Subsidiary	-	(825)	(825)
Dividends payable to non controlling shareholders	-	(2,084)	(2,084)
	(22,820)	15,746	(7,074)
Balance at 31 December 2020	1,263,866	150,755	1,414,621
Balance at 1 January 2019	1,843,842	293,068	2,136,910
Loss for the year	(85,138)	(61,335)	(146,473)
Other comprehensive (loss)/income for the year	(146,532)	1,310	(145,222)
Total comprehensive loss for the year	(231,670)	(60,025)	(291,695)
Change in ownership interest in subsidiaries that does not result in loss of control	(37,294)	(42,593)	(79,887)
Dividends	(15,763)	-	(15,763)
Dividends payable to non controlling shareholders	-	(4,559)	(4,559)
Movement in associate reserves	23,179	-	23,179
Adjustment arising on pre-acquisition reserves	-	(7,850)	(7,850)
Issue of shares by subsidiary to non-controlling shareholders	-	681	681
	(29,878)	(54,321)	(84,199)
Balance at 31 December 2019	1,582,294	178,722	1,761,016

PROFILE

Based in Mauritius, Harel Mallac (the Group) employs some 815 people and operates in five countries in Africa and the Indian Ocean Region. It comprises four main segments of activities: *Equipment & Systems, Chemicals, Technology and Asset Management.*

FINANCIAL PERFORMANCE

The Covid-19 pandemic with a lockdown of two months in 2020, closure of borders and the ensuing generalised economic slowdown had a negative impact on the Group's activities. Nevertheless, the Group acted swiftly to maintain an optimal customer service despite the uncertain and difficult economic situation.

The Group achieved a consolidated revenue from continuing operations of Rs 2.9 billion, representing a decrease of 11.1% over 2019 due to a decline in the activities of the *Manufacturing & Trading Cluster.*

Despite this drop in revenue and higher costs of sales due to higher freight costs and a depreciating Mauritian Rupee witnessed in 2020, aggressive cost-containment measures enabled the Group to minimise its losses with a Loss before Finance Costs of Rs 33 million, which is similar to the Loss before Finance Costs of Rs 35 million reported for 2019.

The *Manufacturing & Trading cluster*, which consists of the Equipment & Systems and Chemicals divisions, posted a lower profitability than 2019. The Equipment & Systems division experienced a slowdown in its rental activity, and a postponement of planned capital expenditures from its main customer-base. The division was also impacted by lower sales of consumer goods, mirroring the generalised contraction in consumer spending. The Chemicals division continued its reorganisation, as Suchem integrated the MCFI Group in August 2020, following the move of Cuchem and Bychemex in 2019. The ongoing stand-still since March 2020 in the Mauritius hospitality sector, lost revenues during the lockdown period and the erratic supply of goods due to the continuing disruptions in sea freight activities impacted the division's sales. On the back of the reorganisation already started in 2019 at the MCFI

These abridged financial statements, prepared in line with International Financial Reporting Standards and audited by Nexia Baker and Arenson, were authorised for issue by the Board of Directors on 30 April 2021.

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

This report is issued pursuant to Listing Rule 12.14 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
30 April 2021

Group, an improvement in the operational performance of the Chemicals division has been noted even though lower revenues have been recorded.

The core activity of the *Business Services cluster* lies within its Technology division. Even though the technology division performed better than in 2019 in terms of revenue, it has been heavily impacted by a margin compression emanating from a stiffer than usual competition due to a significant drop in IT related projects available on the market.

The *Asset Management cluster*, which consists of the Group's investment in associates and property portfolio (in Hospitality, Energy and Engineering & Construction), was severely hit by the national lockdown, and the closure of the Mauritius borders. In 2020 a share of loss from associates of Rs 129 million has been recorded compared to a share of profit from associates of Rs 93 million in 2019. After reviewing its property portfolio in 2019, the Group proceeded with the sale of two non-core properties during the year.

Overall, the Group posted a Loss after Tax of Rs 337 million in 2020, compared to Rs 146 million for the preceding year.

GROUP UPDATES

The Group divested from two companies in the last semester: Harel Mallac Global in August 2020 and Corexsolar International in February 2021. It carried forward its digital transformation program to modernise its processes and kickstarted an ambitious sustainability programme: the Planet Goals 2025.

OUTLOOK

The Group, in the aftermath of the local economic downturn in 2020, started 2021 with some optimism. However, the second lockdown in March 2021 as well as the resurgence of the Covid-19 pandemic globally may delay further the reopening of our borders and have a direct impact on the expected rebound of the local economic activity in 2021.