

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

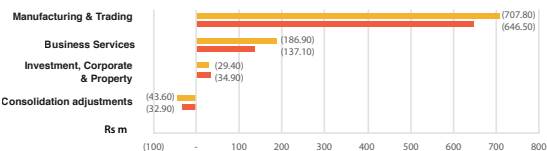
STATEMENTS OF FINANCIAL POSITION

	GROUP	
	31 March 2019	31 December 2018
	Rs'000	Rs'000
ASSETS		
Non-current assets	2,509,482	2,431,429
Current assets	1,830,839	2,200,863
Total assets	4,340,321	4,632,292
EQUITY AND LIABILITIES		
Capital and reserves		
Owners' interest	1,786,078	1,843,842
Non controlling interests	281,669	293,068
Total equity	2,067,747	2,136,910
Non-current liabilities	600,537	519,994
Current liabilities	1,672,037	1,975,388
Total equity and liabilities	4,340,321	4,632,292
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
Revenue	785,603	880,507
Loss before finance costs	(63,142)	(9,732)
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)
(Loss)/profit for the period from continuing operations	(46,423)	383
Discontinued operations		
Post tax loss from discontinued operations	-	(1,114)
	(46,423)	(731)
Attributable to:		
Owners of the parent	(35,002)	5,136
Non controlling interests	(11,421)	(5,867)
Loss for the year	(46,423)	(731)
Other comprehensive income/(loss) for the period net of tax	3,463	(8,073)
Total comprehensive loss for the period	(42,960)	(8,804)
Other comprehensive income attributable to:		
Owners of the parent	3,441	(10,428)
Non controlling interests	22	2,355
	3,463	(8,073)
(Loss)/earnings per share from continuing operations(Rs/cents)	(3.11)	0.56
Loss per share from discontinued operations(Rs/cents)	-	(0.10)

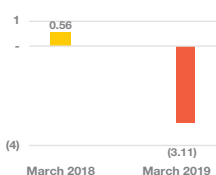
SEGMENTAL CONTRIBUTION TO REVENUE



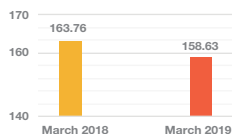
Revenue

2018 2019

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
GROUP			
Balance at 1 January 2019	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)
Balance at 31 March 2019	1,786,078	281,669	2,093,950
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)
Balance at 31 March 2018	1,768,290	293,168	2,061,458

STATEMENTS OF CASH FLOWS

	GROUP	
	Quarter to 31 March 2019	Quarter to 31 March 2018
	Rs'000	Rs'000
Continuing operations		
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)
Discontinued operations		
Net decrease in cash and cash equivalents	-	(1,047)
Decrease in cash and cash equivalents	(123,617)	(116,278)
At 01 January	98,479	54,574
Effect of foreign exchange difference	501	(10,561)
At 31 March	(24,637)	(72,265)

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