

Harel Mallac & Co. Ltd.

UNAUDITED CONDENSED FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 SEPTEMBER 2014

STATEMENTS OF FINANCIAL POSITION

	GROUP	
	30 Sep 2014	31 Dec 2013
	Rs'000	Rs'000
ASSETS		
Non-current assets	2,382,995	2,348,703
Current assets	1,861,197	1,986,025
Total assets	4,244,192	4,334,728
EQUITY AND LIABILITIES		
Capital and reserves		
Owners' interest	1,760,958	1,682,362
Non controlling interests	320,667	348,701
Total equity	2,081,625	2,031,063
Non-current liabilities	887,774	876,859
Current liabilities	1,274,793	1,426,806
Total equity and liabilities	4,244,192	4,334,728
Net assets per share(Rs)	156.40	149.42
Number of ordinary shares	11,259,388	11,259,388

STATEMENTS OF PROFIT OR LOSS

	GROUP			
	Three months to 30 Sep 2014	Three months to 30 Sep 2013	Nine months to 30 Sep 2014	Nine months to 30 Sep 2013
	Rs'000	Rs'000	Rs'000	Rs'000
Revenue	1,129,326	1,046,002	2,973,330	2,803,408
Profit/(loss) before finance costs	23,135	26,511	(27,858)	31,476
Finance costs	(25,133)	(26,061)	(75,247)	(64,759)
Profit on disposal of investments	112,340	-	112,340	4,039
Share of result of associates	5,072	5,471	36,282	9,942
Profit/(loss) before tax	115,414	5,921	45,517	(19,302)
Income tax	(4,532)	(9,222)	(5,201)	(10,899)
Profit/(loss) for the period from continuing operations	110,882	(3,301)	40,316	(30,201)
Discontinued operations				
Post tax profit/(loss) from discontinued operations	74	(5,433)	1,591	(10,878)
Profit/(loss) for the period	110,956	(8,734)	41,907	(41,079)
Attributable to:				
Owners of the parent	122,957	(13,876)	69,423	(40,853)
Non controlling interests	(12,001)	5,142	(27,516)	(226)
	110,956	(8,734)	41,907	(41,079)
Earnings/(loss) per share from continuing operations(Rs)	10.91	(0.75)	6.02	(2.66)
Earnings/(loss) per share from discontinued operations(Rs)	0.01	(0.48)	0.14	(0.97)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Profit/(loss) for the period	110,956	(8,734)	41,907	(41,079)
Other comprehensive income for the period net of tax	16,765	1,520	8,655	25,165
Total comprehensive income for the period	127,721	(7,214)	50,562	(15,914)
Other comprehensive income attributable to:				
Owners of the parent	16,569	1,475	9,173	25,355
Non controlling interests	196	45	(518)	(190)
	16,765	1,520	8,655	25,165

STATEMENTS OF CHANGES IN EQUITY

	Share Capital	Actuarial losses	Revaluation, Fair value and other Reserves	Retained Earnings	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
GROUP					
Balance at 1 January 2014	112,594	(31,775)	368,473	1,233,070	1,682,362
Total comprehensive income for the period	-	-	9,173	69,423	78,596
Balance at 30 September 2014	112,594	(31,775)	377,646	1,302,493	1,760,958
Balance at 1 January 2013, as previously stated	112,594	-	379,011	1,314,215	1,805,820
Effect of adopting IAS 19(Revised)	-	(31,342)	-	6,248	(25,094)
As restated	112,594	(31,342)	379,011	1,320,463	1,780,726
Total comprehensive income for the period	-	-	25,355	(40,853)	(15,498)
Balance at 30 September 2013	112,594	(31,342)	404,366	1,279,610	1,765,228

STATEMENTS OF CASH FLOWS

	GROUP	
	Nine months to 30 Sep 2014	Nine months to 30 Sep 2013
	Rs'000	Rs'000
Operating activities		
Net cash generated from operating activities	52,963	141,821
Investing activities		
Net cash from/(used in) investing activities	134,746	(279,416)
Financing activities		
Net cash (used in)/generated from financing activities	(210,079)	148,429
(Decrease)/increase in cash and cash equivalents	(22,370)	10,834
Movement in cash and cash equivalents		
At 1 January	(10,950)	(249,087)
(Decrease)/increase	(22,370)	10,834
Effect of Foreign Exchange difference	(3,432)	(6,029)
At 30 September	(36,752)	(244,282)

The quarterly condensed financial statements have been prepared using the same accounting policies as for the statutory financial statements for the year ended 31 December 2013, except for the adoption of published Standards that are now effective.

1. Brief review of the activity and the results
The Harel Mallac Group, with activities in Mauritius, Burundi, Madagascar, Rwanda, Tanzania and Zambia, employs over 1400 employees and represents over 250 brands. It is active in various key sectors of the local economy, namely Chemicals, Agribusiness, Information Technology, Engineering, Printing, Travel and Leisure and Retail amongst others.

Harel Mallac is maintaining its steady return to profitability by focusing on its strategic imperatives which also include a reinforced international presence.

The third quarter has therefore seen an improvement in the operating results of most activities of the Group compared to the corresponding period last year.

However, the encouraging results of the Group's overall activities have been mitigated to a certain extent by the negative financial performance of Compagnie des Magasins Populaires Limitée, with its two new Monoprix sales outlets still in the start-up phase. The organisational structure has been further reinforced and the marketing strategies are being implemented to best service the identified markets. These measures will show results in due time.

The Group's investments in Africa are facing the inherent challenges associated with doing business on this continent. However, an improvement for most of our international operations has also been registered during this third quarter. Regarding the Group's investments and in line with our overall strategy to concentrate on selected industries, Harel Mallac released its shares in Mauvilac Industries Ltd. Our recent investments in the hospitality industry are already yielding positive and rewarding results.

We expect the fourth quarter to maintain its course on the positive trend noted during the third quarter.

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

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

	Commercial	Engineering & Manufacturing	Services	Corporate Services	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Nine months ended 30 September 2014					
Continuing operations					
Segment revenues	2,475,758	553,887	166,671	270,272	3,466,588
Inter-segment revenues	(199,898)	(18,318)	(46,030)	(229,083)	(493,329)
Discontinued operations					
Segment revenues	2,226	-	-	-	2,226
Inter-segment revenues	(2,155)	-	-	-	(2,155)
Revenues from external customers	2,275,931	535,569	120,641	41,189	2,973,330
Continuing operations					
Segment (loss)/profit	(18,360)	18,233	(6,393)	(21,338)	(27,858)
Finance costs					(75,247)
Profit on disposal of associate					112,340
Share of profit of associates					36,282
Profit before tax					45,517
Discontinued operations					
Segment profit	1,612	-	-	-	1,612
Finance cost					(21)
Profit before tax					1,591

Total assets					
30 September 2014	2,640,191	524,534	105,781	973,686	4,244,192
31 December 2013	2,676,243	629,120	112,909	916,456	4,334,728

Nine months ended 30 September 2013					
Continuing operations					
Total segment revenues	2,349,807	473,977	159,871	144,929	3,128,584
Inter-segment revenues	(228,735)	(13,876)	(31,681)	(116,284)	(390,576)
Discontinued operations					
Segment revenues	66,414	-	-	-	66,414
Inter-segment revenues	(1,014)	-	-	-	(1,014)
Revenues from external customers	2,186,472	460,101	128,190	28,645	2,803,408
Continuing operations					
Segment profit/(loss)	42,663	19,564	(8,974)	(21,777)	31,476
Finance costs					(64,759)
Profit on disposal of subsidiaries					4,039
Share of profit of associates					9,942
Loss before tax					(19,302)
Discontinued operations					
Segment loss	(8,048)	-	-	-	(8,048)
Finance costs					(2,830)
Loss before tax					(10,878)

Total assets					
30 September 2013	2,232,101	625,204	161,984	1,288,920	4,308,209
31 December 2012	2,349,504	479,081	104,215	1,191,217	4,124,017

2. Taxation has been provided at the appropriate rate in each country where we operate.

3. Copies of these unaudited quarterly financial statements and of the directors' and senior officers' interests are available free of charge from the Company Secretary, HM Secretaries Ltd, 18 Edith Cavell Street, Port Louis.

This report is issued pursuant to Listing Rule 12.20 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
3 November 2014

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