Fincorp

Fincorp Investment Ltd

Annual Report

June 30, 2019

Contents

Corporate Governance Report

COMPLIANCE STATEMENT

It is the policy of Fincorp Investment Limited ("the Company" or "Fincorp") to ensure the highest standard of business integrity, transparency and professionalism in all its activities and to ensure that the activities within the Company are managed ethically and responsibly to enhance business value for all stakeholders. As an essential part of this commitment, the board subscribes to and is fully committed to comply with the National Code of Corporate Governance for Mauritius ("the Code").

Throughout the year ended 30th June 2019 to the best of the Board's knowledge, the Company has applied the principles set out in the Code and has explained how these have been applied.

The Company is a public interest entity, as defined by law.

1. GOVERNANCE STRUCTURE

1.1. Conduct of affairs

The objective of the Board is to define the Company's purpose, strategy and values and determine all matters relating to the direction, policies, practices, management and operations of the Company.

The Board has adopted a Charter which sets out the objectives, roles and responsibilities and composition of the Board. The Board reviews the Charter on a regular basis. The Board Charter is available for consultation on the Company's website.

1.2. Code of Ethics

The Company is committed to the highest standards of integrity and ethical conduct in dealing with all its stakeholders. The MCB Group Ltd (the "Group") has adopted a Code of Ethics which is applicable to all its subsidiaries, its employees and directors and which is published on the website of the Company. The Group encourages a corporate culture that promotes ethical and responsible decision-making throughout the organisation by way of group-wide awareness of its operating beliefs and principles.

The Code of Ethics is regularly reviewed at MCB Group level and compliance thereto is monitored at both Company and MCB Group level.

1.3. Statement of Accountabilities

The Directors have approved the following Statement of Accountabilities:

- The Board assumes the responsibility for leading and controlling the Company and meeting all legal and regulatory requirements. Directors are aware of their legal duties.
- The Board is accountable for the performance and affairs of the Company and for achieving sustainable growth.
- The Board is responsible for ensuring that the Company adheres to high standards of ethical behavior and acts in the best interest of shareholders.
- The Board has the responsibility of reviewing and approving the results announcements of the Company.

Additionally, the Board Charter and the Position Statements, which have been approved by the Board, provide for a clear definition of the roles and responsibilities of the Chairperson, the Directors and the Company Secretary.

Corporate Governance Report *(Continued)*

Key roles and responsibilities

Chairperson	• Provides overall leadership to the Board • Ensures that the Board is effective in its tasks of setting and implementing the company's direction and strategy • Presides and conducts meetings effectively • Ensures that directors receive accurate, timely and clear information • Ensures that development needs of the directors are identifed and that appropriate training is provided to continuously update the skills and knowledge of the directors • Maintains sound relations with shareholders
Directors	• Contribute to the development of the strategy • Ensure that fnancial information released to the market and shareholders is accurate • Ensure that the Company has adequate and proper fnancial controls and systems of risk management • Actively participate in Board decision-making • Provide specialist knowledge and experience to the Board • Remain permanently bound by fduciary duties of care and skill
Company Secretary	• Ensures compliance with all relevant statutory and regulatory requirements • Provides the Board as a whole and directors individually with guidance as to their roles and responsibilities • Assists the Chairperson in governance processes such as Board and Committee evaluation • Develops and circulates agendas for meetings and drafts minutes and ensures follow ups • Ensures that the shareholder's interests are taken care of and acts as primary point of contact

1.4. Organisation Chart

The Company has no personnel directly employed by it and all employees are at the level of its subsidiaries and associates. Administrative matters are carried out by the staff of the subsidiaries of MCB Group Limited.

2. THE STRUCTURE OF THE BOARD AND ITS COMMITTEES

2.1. Board Structure

The Board is a unitary Board that currently consists of 3 independent and 2 non-executive directors including 2 female directors, as shown below:

NAME	GENDER	COUNTRY OF RESIDENCE	BOARD APPOINTMENT
Jean-Pierre Montocchio	M	Mauritius	Non-Executive Director and Chairperson
Sunil Banymandhub	M	Mauritius	Independent Director
Jean-Philippe Coulier	M	Mauritius	Independent Director
Marivonne Oxenham	F	Mauritius	Non-Executive Director
Margaret Wong Ping Lun	F	Mauritius	Independent Director

Corporate Governance Report *(Continued)*

2.2. Board Size and Composition

The Board regularly reviews its size and composition to ensure that there is an appropriate balance of expertise, skills and experience amongst its members. All members of the Board possess the necessary knowledge, skills, objectivity, intellectual honesty, integrity, experience and commitment to make sound judgements on various key issues relevant to the business of the Company and to protect the interests of shareholders, clients and other stakeholders.

Taking into consideration the size of the Company and the scope and nature of its operations, the Board considers that the current number of 5 directors is appropriate for enabling effective decision-making. The Board has recruited 2 independent directors during the year under review.

Fincorp having no personnel directly employed by it, has no executive directors.

2.3. Directors' Profile

Jean-Pierre Montocchio

Notary Public since 1990, Jean-Pierre, sits on several boards of companies spanning various sectors of the economy. He participated in the National Committee on Corporate Governance as a member of the Board of Directors' Sub-Committee. He joined Fincorp on 27 December 2004 and is presently the Chairperson.

Directorship in other listed companies:

Rogers & Co. Ltd, New Mauritius Hotels Ltd, ENL Land Ltd, Les Moulins de la Concorde Ltée

Sunil Banymandhub

Holder of a BSc (Honours) First Class in Civil Engineering from the University of Manchester Institute of Science and Technology, a Master's degree in Business Studies from London Business School (UK), Sunil is also an Associate of the Institute of Chartered Accountants of England and Wales. He has occupied senior positions in the private sector in Mauritius prior to launching his own transport company in 1990. In 2001, he joined the CIM Group, a company engaged in financial and international services, from which he retired as Chief Executive Officer in 2008. During his career, he has been involved in various private sector organisations. Amongst others, he was President of the Mauritius Employers' Federation. He was a Member of the Presidential Commission on Judicial Reform, headed by Lord Mackay of Clashfern, a former UK Lord Chancellor. He is currently a Director of a number of domestic and global business entities, acting either as Chairperson or board member, and is also Adjunct Professor at the University of Mauritius. He has been appointed Director of MCB Group Limited in April 2014 and Director of Fincorp Investment Ltd in December 2014. He is also the Chairperson of the Audit Committee.

Directorship in other listed companies:

New Mauritius Hotels Ltd, MCB Group Limited, Blue Life Ltd

Corporate Governance Report *(Continued)*

Jean-Philippe Coulier (as from December 2018)

Holder of a Diplôme d'Études Supérieures en Droit' and 'Diplôme de l'Institut d'Études Politiques de Paris' (France), Jean-Philippe has accumulated extensive experience during his career in the banking sector, having worked for the Société Générale Group for some 40 years. Over this period, he has assumed a range of high-level responsibilities within the group, acting as Director, Chief Operating Officer and Chief Executive Officer in its various offices based worldwide. Before his retirement from Société Générale in early 2013, he was the Vice Chairman and Managing Director of the National Société Générale Bank in Cairo, Egypt. He was appointed Director of The Mauritius Commercial Bank Limited in 2012 and held the chairmanship from 2014 until his retirement from its Board in 2018. In 2018, he was appointed director and Chairperson of Promotion and Development Ltd and Caudan Development Ltd. He is also a director of MCB Factors Ltd and MCB Microfinance Ltd.

Directorship in other listed companies

Caudan Development Limited, Promotion and Development Ltd

Herbert Couacaud, C.M.G. (up to December 2018)

Holder of a BSc in Economics and Mathematics from the University of Cape Town (1971), Herbert has actively contributed to the development of the tourism industry in Mauritius. He was appointed on the Board of Fincorp in 2004.

Directorship in other listed companies:

New Mauritius Hotels Ltd

Bashirali Abdulla Currimjee, G.O.S.K. (up to December 2018)

Holder of a BA Arts, Major in Economics and Government from Tufts University (US), Bashirali joined Currimjee Jeewanjee & Co. Ltd in 1965 where he is currently the Chairperson.

Directorship in other listed companies:

Compagnie Immobilière Limitée, Margarine Industries Limited, Quality Beverages Limited, Soap & Allied Industries Limited

Michel Doger de Spéville, C.B.E. (up to December 2018)

Founder of the Mauritius Jaycees, Michel is also a member of the Duke of Edinburgh's Award World Fellowship and Honorary Fellow in Agro-Industry of the University of Mauritius. He was the President of the Mauritius Chamber of Commerce and Industry and partner of De Chazal du Mée. He joined the Board of Fincorp Investment Ltd since its incorporation and has been the Chairperson of the Food and Allied Group since 1975. He was also a member of the Audit Committee.

Directorship in other listed companies:

Les Moulins de la Concorde Ltée, Livestock Feed Ltd, Tropical Paradise Co Ltd

Corporate Governance Report *(Continued)*

Marivonne Oxenham

Marivonne is the Managing Director of MCB Group Corporate Services Ltd, ("MCBGCS"). She is a fellow Member of the Institute of Chartered Secretaries and Administrators and has over 25 years of work experience within the MCB Group. She was the Managing Director of MCB Registry & Securities Ltd which offered both Secretarial and Registrar and Transfer Agent services prior to a restructuring whereby the Secretarial services are now being offered by MCBGCS. She fulfils the Company Secretarial function for MCB Group Limited and The Mauritius Commercial Bank Limited and oversees the company secretarial services of various other subsidiaries of the Group.

Margaret Wong Ping Lun (as from December 2018)

Holder of a BA (Honours) in Business Studies (UK), Margaret is also a fellow member of the Institute of Chartered Accountants in England and Wales. Prior to joining the University of Mauritius in 1991 where she was a lecturer in Accounting and Finance until her retirement this year, Margaret was a Senior Manager at De Chazal Du Mée's Consultancy Department. She was formerly a member of the Listing Executive Committee of the Stock Exchange of Mauritius Ltd. She was appointed to the Board of MCB Ltd in 2004 and was a Director thereof until March 2014, after which she joined the Board of MCB Group Ltd following the restructuring of the Group. She is currently the Chairperson of MCB Factors Ltd, MCB Real Assets Ltd and Compagnie Des Villages De Vacances De L'Isle De France Limitée (COVIFRA) and has been appointed Independent Director of Fincorp Investment Limited in December 2018.

Directorship in other listed companies

MCB Group Limited, COVIFRA, Terra Mauricia Ltd

2.4. Attendance at Board meetings during financial year 2018/2019

Number of meetings held	**4**
	Meetings attended
Jean-Pierre MONTOCCHIO	4/4
Sunil BANYMANDHUB	2/4
Herbert COUACAUD, C.M.G. (up to December 2018)	1/2
Jean-Philippe COULIER (as from December 2018)	2/2
Bashirali Abdulla CURRIMJEE, G.O.S.K. (up to December 2018)	-/2
Michel Pierre Elysée DOGER DE SPEVILLE, C.B.E. (up to December 2018)	2/2
Marivonne OXENHAM	4/4
Margaret WONG PING LUN (as from December 2018)	2/2

2.5. Company Secretary

MCB Group Corporate Services Ltd acts as Company Secretary to the Company. The Company Secretary has 3 qualified Chartered Secretaries with more than 20 years of experience each. The Company Secretary also acts as Secretary to the Committee/s of the Board. Profiles of the representatives of the Company Secretary may be viewed on the website of the Company.

Corporate Governance Report *(Continued)*

2.6. Committees of the Board

There is currently one sub-committee of the Board, namely the Audit Committee.

The Audit Committee currently consists of 3 members, namely Messrs. Sunil Banymandhub acting as Chairperson, Mr Jean-Philippe Coulier and Mrs Margaret Wong Ping Lun. The composition of the Committee was reviewed in February 2019 further to the appointment of the additional independent directors The Audit Committee is governed by a Charter approved by the Board of Directors and which is reviewed on a regular basis. The Charter of the Audit Committee is available on the website of the Company. Two meetings, where all members were present, were held during the financial year 2018/2019 on 26th September 2018 and 13th May 2019.

The main roles and responsibilities of the Audit Committee include regular reviews and monitoring of the following:

- Effectiveness of the internal financial control systems.
- Independence of the external audit process and assessment of the external auditor's performance.
- Compliance with accounting standards, local and international, and with legal requirements.
- Annual financial statements to be submitted to the Board.

3. DIRECTOR APPOINTMENT PROCEDURES

3.1. Appointment Process

The Board of directors may at any time appoint any person to be a director either to fill a casual vacancy or as an addition to the existing directors up to a maximum number permitted by the Memorandum and Articles of Association of the Company. The appointed director remains in office until the next Annual Meeting of Shareholders where the director shall then be eligible for re-election.

The nomination and appointment processes are carried out by the Remuneration, Corporate Governance and Ethics Committee (RCGEC) of MCB Group Limited, the ultimate holding company of Fincorp Investment Limited (the Company).

The RCGEC identifies suitable candidates after determining whether the potential candidates have the required criteria established by the RCGEC and whether the potential new director/s are fit and proper and are not disqualified from being director/s. The RCGEC then proposes the selected candidate/s to the Board of the Company. Once the Board has reviewed and is satisfied with the profile of the candidate/s, the Board shall appoint the director/s either to fill a casual vacancy or as an addition to the existing directors until the next Annual Meeting of Shareholders where the director/s shall then be eligible for re-election.

3.2. Time commitment

Each Director is expected to devote sufficient time and attention to the affairs of the Company. The Board of Directors does not believe that its members should be prohibited from serving on boards of other organisations unless the number of directorships limits the amount of time they are able to dedicate to being a Director of the Company. The Company anticipates a time commitment of around 10 days per year. This will include attendance at Board and committee meetings, the Annual Meeting of Shareholders, meetings as part of the Board evaluation process, trainings and development programmes. There is always the possibility of additional time commitment in respect of ad hoc matters that may arise from time to time, and particularly when the Company is undergoing a period of increased activity.

The external obligations of the Chairperson have not changed materially during the Financial Year 2018/2019 and those obligations have in no way hindered the discharge of his duties and responsibilities.

Corporate Governance Report *(Continued)*

3.3. Induction of new directors

Upon appointment, the Company provides a comprehensive, formal and tailored induction to the new directors. The newly appointed directors receive an induction pack which includes a set of the Company's governing documents.

The Chairperson and the Company Secretary are readily available to answer to any further queries that the newly appointed directors may have with respect to the Company.

The programme meets the specific needs of both the Company and the newly appointed directors and enable the latter to participate actively in Board's discussion.

3.4. Professional Development

Directors are encouraged to keep themselves up to date with the professional practices and industry related developments.The Chairperson regularly reviews and comes to an agreement with each director, if necessary, on his or her training and development needs. Upon request from the directors, the Company shall provide the necessary resources for developing and updating the skills and knowledge of the directors so that they fulfill their role on the Board and its committees.

3.5. Succession planning

The Company has no employees and all administrative matters are carried out by the staff of the subsidiaries of MCB Group Limited.

The Company, therefore, does not have any formal succession plan of its own. The Chairperson of the Board is responsible for overseeing the succession planning for the Board in collaboration with the Remuneration, Corporate Governance and Ethics Committee of MCB Group Limited, the Company's ultimate holding company.

4. DIRECTOR DUTIES, REMUNERATION AND PERFORMANCE

4.1. Legal duties of Directors

The directors are aware of their legal duties and are responsible for ensuring that the activities of the Company are managed ethically and responsibly, in line with relevant laws and regulations. The directors exercise the required standard degree of care, skill and diligence which a reasonable prudent and competent director in his or her position would exercise.

4.2. Register of Interests

The Company Secretary maintains a Register of Interests that is regularly updated with the information submitted by the directors. The Register is available for consultation by shareholders upon written request to the Company Secretary.

4.3. Whistleblowing Policy

The MCB Group Ltd has adopted a Whistleblowing Policy which is applicable to all its subsidiaries, its employees and directors. This policy aims at providing an avenue for issues to be raised in good faith, concerns of potential breaches of laws, rules, regulations or compliance. The whistle-blowing mechanism is designed to motivate responsible actions to uphold the Group's reputation.

This policy, which has been approved by the Board, is published on the website of the company.

4.4. Conflicts of Interest & Related Party Transactions Policy

The MCB Group Ltd has adopted a Conflicts of Interest & Related Party Transactions Policy which is applicable to all its subsidiaries. The objective of this policy is to define the scope of conflicts of interest and related party transactions and to set out prudent rules and limits for granting credit to related parties.

This policy, which has been approved by the Board, is published on the website of the Company.

4.5. Related Party Transactions

For Related Party Transactions, please refer to note 28 of the financial statements.

4.6. Information, Information Technology and Information Security Governance Policy

The Board oversees information governance within the organisation. The Information, Information Technology and Information Security Governance Policy of the MCB Group applies to all the subsidiaries of the Group. All policies relating to information security are made accessible to all the employees of the Group without restriction via its intranet system. Appropriate governance arrangements are in place whereby the IT function and function responsible for monitoring adherence to Information Risk and IT are kept separate.

This Information, Information Technology and Information Security Governance Policy, which has been approved by the Board, is published on the website of the Company.

4.7. Board Evaluation

The Board acknowledges the need to regularly review its performance and effectiveness. A board evaluation was carried out in May 2018 for the financial year 2017/2018 and the review established that the Directors consider the Board to be effective with an appropriate mix of expertise, skills and competence.

The evaluation was carried out by means of a questionnaire to be filled in by each Director. The questionnaire covered the following areas:

- The Structure of the Board
- Board Efficiency and Effectiveness
- Strategy and Performance
- Risk Management and Governance
- Board Members self-evaluation
- Chairperson's evaluation by Board Members

Additionally, individual meetings with the Chairperson may be organised if required. The results of the questionnaire are analysed and an action plan implemented, where necessary.

The Board has decided that the board evaluation exercise would be carried out every 2 years. As such, the next exercise will be held in 2020.

Corporate Governance Report *(Continued)*

4.8. Statement of Remuneration Philosophy

The RCGEC of MCB Group Ltd is responsible for the setting up and developing of the Group's general policy concerning the remuneration of directors. MCB Group Ltd lays significant emphasis on appointing the right people with the right skills and behaviours whilst rewarding them adequately, in line with market practices.

The Company applies the same remuneration philosophy that its ultimate holding company, MCB Group Limited which consist of:

- a monthly basic retainer for membership of the Board and Committee
- an attendance fee per sitting of the Board and Committee
- a fee dor attending the Annual Meeting of Shareholders
- higher remuneration of the Chairperson of the Board, having wider responsibilities;
- ineligibility to share option or bonus to non-executive or independent directors.

4.9. Directors' Remuneration

	From the Holding Company		From Subsidiary	
	2019 Rs'000	**2018 Rs'000**	**2019 Rs'000**	**2018 Rs'000**
Directors of Fincorp Investment Ltd	**376.3**	268.5	**-**	-
Directors of subsidiary - Non-Executive only	**-**	**-**	**454.5**	390.0

Details of Directors Remuneration for year 2019:

Directors	**From the Holding Co. Rs'000**	**From Subsidiary Rs'000**
Jean-Pierre MONTOCCHIO	156.3	-
Sunil BANYMANDHUB	60	-
Herbert COAUCAUD	30	-
Jean-Philippe COULIER	35	-
Bashirali A. CURRIMJEE	30	-
Michel DOGER DE SPEVILLE	30	-
Marivonne OXENHAM	-	-
Margaret WONG PING LUN	35	-
Total	**376.3**	**-**

Non-executive directors having an executive role within the entities of MCB Group are not remunerated.

Non-executive directors have not received remuneration in the form of share options or bonuses associated with organisational performance.

Remuneration of the directors is reviewed on an annual basis and the Board is of the opinion that the level and form of remuneration are adequate.

4.10. Share Option Plan

No such scheme currently exists within the Company.

Corporate Governance Report *(Continued)*

5. RISK GOVERNANCE AND INTERNAL CONTROL

5.1. Risk Management

The Board of Directors is ultimately responsible for risk management, the organisation's systems of internal control, procedures in place within the organisation and for the definition of the overall strategy for risk tolerance. The Company's policy on risk management encompasses all significant business risks including physical, operational, business continuity, financial, compliance and reputational which could influence the achievement of the Company's objectives.

The risk management mechanisms in place include:

- a system for the ongoing identification and assessment of risk;
- development of strategies in respect of risk and definition of acceptable and non-acceptable levels of risk;
- reviewing the effectiveness of the system of internal control; and
- processes to reduce or mitigate identified risks and contain them within the levels of tolerance defined by the Board.

The Company's subsidiary, MCB Leasing Limited ("MCB Leasing" previously known as Finlease Company Limited), has its own:

- Risk Management and Conduct Review Committee, a board sub-committee comprising of 3 independent directors and the Managing Director;
- Audit Committee comprising of 3 independent directors.

Any material issues arising out of these committees are reported to the board of MCB Leasing and subsequently to the board of Fincorp.

The key risks for the Company are legal, regulatory, operational, reputational, performance and financial risks and the Board is directly responsible for the design, implementation and monitoring of all risk, including compliance with policies and procedures of the Company.

- Legal risk is managed by the Board, taking advice from the Company's legal advisor where appropriate. The Board also takes out appropriate insurance cover.
- Regulatory risk is managed by the Board and involves the setting out of proper processes and procedures in order to comply with all relevant legislations in force to safeguard the assets of the Company.
- Operational risk is managed by the Board and involves the identification of proper operational and administrative procedures to mitigate the risk of losses through errors or omissions.
- Reputational and performance risks are also managed by the Board.
- Financial risks relate to:
    - equity investment risks comprising of the risks of gains or losses arising from adverse changes in the fair value of the investments of the Company. The Board regularly reviews the financial performance and share performance of the Company's underlying investments; and
    - Credit, foreign currency, interest rate, liquidity and capital adequacy which the Risk Management and Conduct Review Committee of MCB Leasing oversees and which are further described in notes 3 and 4 of the financial statements.

Corporate Governance Report *(Continued)*

5.2. Internal Control

The Board of Directors has delegated the responsibility to ensure the effectiveness of the internal control systems to the Audit Committee of the Company which has set adequate policies to provide reasonable assurance that risks are identified and managed appropriately. Any serious issue arising is taken at Board level.

5.3. Integration of internal control and risk management

The system of internal control, which is embedded in all key operations, provides reasonable rather than absolute assurance that the Company's business objectives will be achieved within the risk tolerance levels defined by the Board. The effectiveness of the internal control systems (including financial, operational, compliance and risk management) are reviewed by the Audit Committee and the review covers all internal control systems.

6. REPORTING WITH INTEGRITY

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable laws and regulations.

The directors are also responsible for ensuring that the accounts present a fair statement of the affairs of the Company and have been prepared in compliance with International Financial Reporting Standards.

Additional information regarding the Company's financial, environmental and performance outlook is set out in the Report of the Directors.

6.1. Material Clauses of the Constitution

There are no clauses of the constitution deemed material enough for special disclosure.

6.2. Company Structure and Common Directors

Fincorp Investment Limited is a subsidiary of MCB Group Limited, which has a 57.73% stake in the Company.

Mrs Margaret Wong Ping Lun and Mr Sunil Banymandhub are common Directors of Fincorp Investment Limited and MCB Group Limited.

6.3. Directors' interest and dealings in shares

With regard to directors' dealings in the shares of the Company, the Directors confirm that they have followed the absolute prohibition principles and notification requirements of the model code on securities transactions by directors as detailed in Appendix 6 of the Mauritius Stock Exchange Listing Rules.

Corporate Governance Report *(Continued)*

The following table gives the interests of the directors in the shares of the Company as at 30th June 2019.

Directors	No. of shares held as at 30th June 2019 Direct	Indirect
Sunil BANYMANDHUB	-	-
Jean-Philippe COULIER	-	-
Jean-Pierre MONTOCCHIO	-	9,370
Marivonne OXENHAM	-	-
Margaret WONG PING LUN	-	10,000

6.4. Directors of the Subsidiary

MCB Leasing Limited

Marie Joseph Bernard D'HOTMAN DE VILLIERS
Mulk Raj GUNGAH
Martine IP MIN WAN
Alain LAW MIN
François MONTOCCHIO
Jean Michel NG TSEUNG (up to December 2018)
Anju UMROWSING-RAMTOHUL (as from July 2018)

6.5. Directors' service contracts

There are no service contracts between the Company and its directors.

6.6. Shareholder agreement affecting the governance of the Company by the Board

There is currently no such agreement.

6.7. Contract of significance

The directors have no contract of significance with the Company and its subsidiary.

6.8. Third party management agreement

At the subsidiary level, there are service level agreements for the provision of technical assistance and other services between sister companies within the MCB Group.

6.9. Political Donations

No political donation was made by the Company and its subsidiary.

Corporate Governance Report (Continued)

6.10. Political and Charitable Donations

No charitable donation was made by the Company. Rs 10,000 was given to charitable associations by MCB Leasing during the year.

6.11. Corporate Social Responsibility

Total contributions with respect to Corporate Social Responsibility ("CSR") made during the year amounted to Rs 165,290 out of which Rs 82,645 were given to the MCB Forward Foundation, the entity set up within the MCB Group for CSR purposes. Contributions applicable for the year for its subsidiary MCB Leasing amounted to Rs 1,925,751 out of which 50% are remitted to the Mauritius Revenue Authority and 50% to the MCB Forward Foundation.

6.12. Health and environment safety

The Company and its subsidiary have applied social, safety, health and environmental policies and practices of the MCB Group that in all material respects comply with existing legislative and regulatory frameworks.

6.13. Documents available on the website

The Board of Directors is pleased to announce that the following documents which have been approved by the Board can be viewed on the website of the Company:

- The Annual Report of the Company including the financial statements
- The Memorandum and Articles of Association
- The Board Charter
- The Audit Committee Charter
- The Position Statements
- The Appointment process of Non-Executive Directors
- The terms and conditions of appointment of Non-Executive Directors
- The Conflicts of Interest & Related Party Transactions Policy
- The Statement of accountabilities
- The Code of Ethics
- The Whistle Blowing Policy
- The Information, Information Technology and Information Security Governance Policy

7. AUDIT

7.1. Internal Audit

Given:

- the nature of the activities of the Company (i.e. a holding company); and
- the fact that all material matters arising out of the reviews of the internal audit function of its subsidiary (MCB Leasing) are discussed at the Audit Committee of both the subsidiary and the Company;

the Board is of the opinion that there is no need to establish an internal audit function at the Company level.

Corporate Governance Report *(Continued)*

7.2. External Auditor

The Audit Committee of MCB Group Limited reviews the appointment of the External Auditor and makes recommendations to the Board. The appointment of the external auditors is passed as an ordinary resolution at the Annual Meeting of Shareholders of the Company for approval by shareholders.

The Audit Committee of the Company also reviews the audit plan and meets the External Auditor to discuss the accounting principles applied to the Company as well as to review the financial statements of the Company on a yearly basis.

The Audit Committee of the Company evaluates the performance of the External Auditor against set criteria and reviews the integrity, independence and objectivity of the External Auditor by:

- Confirming that the External Auditor is independent from the Company
- Considering whether the relationships that may exist between the Company and the External Auditor impair the External Auditor's judgement.

Although the External Auditor may provide non-audit services to the Company, the objectivity and independence of the External Auditor is safeguarded through restrictions on the provisions of these services such as:

- where the External Auditor may be required to audit its own work, or
- where the External Auditor participates in activities that should normally be undertaken by the Company.

By virtue of the new legislation whereby listed companies are required to rotate their auditors every seven years, a tender exercise shall be carried out to appoint new auditors for the financial year 2019/2020.

7.3. Auditor's Fees

The fees paid to the auditors for audit and other services were:

	2019			2018		
	Audit	**Other services related to audit**	**Other services**	Audit	Other services related to audit	Other services
	Rs'000	**Rs'000**	**Rs'000**	Rs'000	Rs'000	Rs'000
Fincorp Investment Limited						
BDO & Co	**238**	**-**	**-**	230	-	-
MCB Leasing Limited						
PricewaterhouseCoopers Ltd	**605**	**500**	**275**	605	-	255

Fees for other services relate to internal control reviews and assignment in relation to dividend declaration by its subsidiary company MCB Leasing Limited.

8. RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS

8.1. Shareholding profile

Ownership of ordinary share capital by size of shareholding as at 30th June 2019 is given in the table below.

Size of Shareholding as at 30 June 2019	Number of shareholders	Number of shares owned	% Holding
1 – 500 shares	980	190,931	0.19
501 – 1,000 shares	267	210,873	0.20
1,001 – 5,000 shares	728	1,865,652	1.81
5,001 – 10,000 shares	234	1,727,241	1.67
10,001 – 50,000 shares	304	6,593,360	6.38
50,001 – 100,000 shares	52	3,497,517	3.38
Above 100,000 shares	44	89,269,766	86.37
Total	**2,609**	**103,355,340**	**100.00**

The following tables set out the shareholders holding more than 5% of the Company.

Name of shareholder	No. of shares	% Holding
MCB Group Limited	59,667,245	57.73
Pershing Llc Main custody a/c	11,627,700	11.25

8.2. Shareholders' rights

The Company is committed to providing to the shareholders with adequate, timely and sufficient information pertaining to the Company's business.

The Shareholders are entitled to receive the Annual Report of the Company and the notice of Annual Meeting within six months of the end of the financial year and at least 21 days before the Annual Meeting in accordance with the Companies Act 2001.

During the meeting of shareholders, the Shareholders are encouraged to communicate their views and to discuss the activities and performance of the Company with the Board.

Corporate Governance Report *(Continued)*

8.3. Dividend Policy

The Company aims to supply its shareholders with ongoing returns in the form of stable dividends.

The Board approved on the 19 July 2019 a final dividend of Re 0.60 per share for the financial year ended 30 June 2019. (Financial year ended June 30, 2018: Rs0.60 per share declared on 17 July 2018).

8.4. Share price information

The Company's share price started the year at Rs 24.00. It closed at Rs 24.70 on 28th June 2019.

8.5. Calendar of events

November 2019	Release of quarterly results
December 2019	Annual Meeting of shareholders
February 2020	Release of half yearly results
May 2020	Release of results for the 9 months to 31st March 2020
June/July 2020	Declaration of dividend
July/August 2020	Payment of dividend
September 2020	Release of full year results to 30th June 2020

8.6. Stakeholder's relations and communication

The Board aims to properly understand the information needs of all stakeholders and places great importance on an open and meaningful dialogue including outlook and performance with all those involved with the Company. The main stakeholders of the Company are its shareholders, the regulatory authorities and the population at large. The Company's website is used to provide relevant information. Open lines of communication are maintained to ensure transparency and optimal disclosure. All Board members are requested to attend Annual Meeting, to which shareholders are invited.

Corporate Governance Report (Continued)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors acknowledge their responsibilities for:

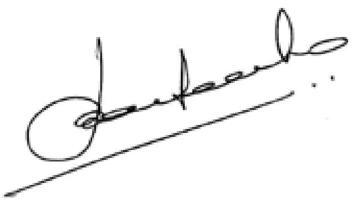
- adequate accounting records and maintenance of effective internal control systems;
- the preparation of financial statements which fairly present the state of affairs of the Company as at the end of the financial year and the results of its operations and cash flows for that period and which comply with International Financial Reporting Standards (IFRS), International Accounting Standard (IAS), the Companies Act 2001 and the Financial Reporting Act 2004;
- the selection of appropriate accounting policies supported by reasonable and prudent judgements;
- the preparation of the financial statements on a going concern basis.

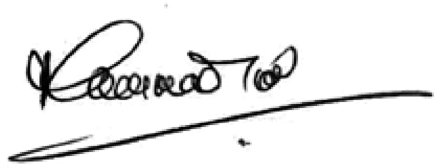
The external auditors are responsible for reporting on whether the financial statements are fairly presented.

The Directors report that:

- adequate accounting records and an effective system of internal controls and risk management have been maintained;
- appropriate accounting policies supported by reasonable and prudent judgements and estimates have been used consistently;
- International Financial Reporting Standards, International Accounting Standard, the Companies Act 2001 and the Financial Reporting Act 2004 have been adhered to;
- the need to have an internal audit function has been reviewed and the Board considered that the Company having no workforce, an internal audit function is not relevant presently;
- the financial statements have been prepared on a going concern basis;
- the Company complies with all the requirements of the The National Code of Corporate Governance for Mauritius.

For and on behalf of the Board of Directors:





Jean-Pierre MONTOCCHIO

Chairperson

Sunil BANYMANDHUB

Director

Date: 26th September 2019

Report of the Directors

On behalf of the Board of Directors of Fincorp Investment Limited ("Fincorp"), we are pleased to present the Report of the Directors in respect of the financial year ended 30 June 2019.

RESULTS AND DIVIDENDS

Fincorp posted a consolidated profit after tax amounting to Rs 213.0 million for the financial year ended June 30, 2019 compared to a loss of Rs 8.7 million last year.

Operating profit before share of profits of associates improved from Rs 49.3 million to Rs 68.3 million on the back of the better performance of MCB Leasing Limited ("MCB Leasing" and previously Finlease Company Limited). On the other hand, the contribution of the Company's associates improved significantly from a loss of Rs 42.2 million last year to a profit of Rs 152.0 million for the current year. As a result, Fincorp posted a consolidated profit before tax of Rs 220.3 million for the financial year to 30 June 2019 (2018: Rs 7.1 million).

At company level, profit after tax amounted to Rs 83.1 million compared to Rs 80.9 million last year on account of lower net finance costs resulting from a lower cost of borrowing.

The Board has approved on July 19, 2019 a final dividend of Re 0.60 per share for the financial year ended 30 June 2019 (2018: Rs 0.60 per share).

MCB LEASING

During the year under review, MCB Leasing's operations continued to be impacted by a highly competitive commercial environment and by high levels of liquidity in the market. The lease portfolio grew by 1.9% to reach Rs 4,173.0 million (2018: Rs 4,094.2 million), with the finance lease portfolio down by 0.7% to Rs 3,479.2 million whilst operating leases increased by 17.4% to stand at Rs 693.8 million.

Despite a flat finance lease portfolio, net interest income grew by 11.8% to Rs 98.1 million as a result of the refinancing of an interest bearing shareholder loan by preference share capital at the end of the previous financial year and a marginal drop in the cost of deposits. Other income (comprising principally of operating lease income net of depreciation charges on leased assets) increased by Rs 13.6 million to Rs 76.1 million in line with the significant growth of the operating lease portfolio. Altogether, operating income increased by 16.0% to reach Rs 174.1 milion for the year ended June 30 2019.

On the expenses side, operating expenses increased by 3.6%, up Rs 2.7 million to Rs 76.8 million, the increase in staff expenses, on the back of some capacity building initiatives undertaken during the year, being compensated to a large extent by a significant drop in impairment charges as a result of the closer monitoring of underperforming leases. Furthermore, the tax charges dropped by more than 50% to Rs 7.3 million due to the recent changes in legislation.

As a result of the above net profit increased by 44.0% from Rs 62.9 million to Rs 90.6 million.

Report of the Directors *(Continued)*

ASSOCIATED COMPANIES

PAD, in which Fincorp has a 46.4% stake, is an investment company with strategic assets that include:

- A 71% stake in Caudan Development Ltd ("Caudan"), a quoted company which owns and manages a large waterfront property in Port Louis. Fincorp also has a direct shareholding of 5.3% in Caudan, which together with its indirect holding through PAD, give rise to a net effective shareholding of 38.1%; and
- a minority holding of 35% in Medine Ltd ("Medine"), a sugar-based entity with substantial real estate interests.

PAD's contribution to the profits of Fincorp amounted to Rs 152.0 milion for the year ended 30 June 2019 (2018: share of losses of Rs 42.2 million). This turnaround over the previous year is explained by the following factors:

- an increase of Rs 115.2 million in the profits of Caudan to Rs 218.8 million, driven mainly by net gains from fair value adjustment on investment property compensating the drop in operating profit as a result of the opening of the phase II of the Caudan Development which is still in its take off stage. Fincorp's effective share of this increase in profits amounts to Rs 43.9 million;
- PAD's share of profits of associates improving by Rs 299.3 million to Rs 132.7 million driven mainly by a significant improvement in the profits of Medine which had incurred significant losses last year because of the impairment of its factory equipment. On the other hand, Medine benefited this year from a significant increase in profits from the sale of land, fair value gains from the revaluation of its investment properties, as well as lower operating losses following significant reduction in oveheads in order to address the falling sugar prices. Fincorp's share of this increase in profits amounts to Rs 138.8 million.

INVESTMENT PORTFOLIO

At company level, Fincorp's portfolio of investments fell by 10.4% during the year to Rs 2,539.9 million at 30 June 2019, with the value of PAD falling by some 10.7% to reach Rs 1,810.7 million and that of MFD Group Limited falling by 26.1% to reach Rs 204.8 million at 30 June 2019.

At Group level, Fincorp's net assets per share amounted to Rs 53.98 at 30 June 2019, an increase of some 2.5% from last year's value of Rs 52.65 . The Fincorp share however continues to trade at a substantial discount to net asset value, of 54.2% (2018: 54.4%) based on the market value of Rs24.70 on the Stock Exchange as at 30 June 2019 (2018: Rs 24.00).

	Value of Investments 30.06.2019		Value of Investments 30.06.2018	
	Rs'm	%	Rs'm	%
Subsidiary Company				
Shares in MCB Leasing Limited	**200.0**	**7.88**	200.0	7.06
Associated Companies				
Shares in Promotion and Development Ltd.	**1,810.7**	**71.30**	2,028.2	71.56
Shares in Caudan Development Ltd.	**110.0**	**4.33**	115.3	4.07
	1,920.7	**75.63**	2,143.5	75.63
Other Investments				
Shares in Le Refuge du Pêcheur Ltd.	**203.7**	**8.02**	203.7	7.19
MFD Group Limited	**204.8**	**8.06**	277.0	9.77
Other Investments	**10.6**	**0.41**	9.9	0.35
	419.1	**16.49**	490.6	17.31
	2,539.9	**100.00**	2,834.1	100.00

Report of the Directors *(Continued)*

PROSPECTS

After posting a significant improvement in net profits during the year, the results of the Company's only subsidiary, MCB Leasing for the next financial year are expected, from an operational perspective and excluding any exceptional items, to be in line with the current reported operating profits. MCB Leasing will continue to invest in its brand and market positioning in order to improve its market share whilst the focus and investments made in the management of impaired assets will continue to bring positive results in terms of the reduction of our NPL ratio which is currently at 2.3% (2018: 2.9%) and impairment charges currently at 16.1 basis points (2018: 43.5 basis points).

The operating results of PAD (mainly through its subsidiary companies Caudan Development Limited, Caudan Security Services Limited and Security & Property Protection Agency Limited) are expected to be in line with those of the current year, excluding any fair value adjustments made to the investment property owned by Caudan. The results of PAD will however continue to be dependent on the results of its associate Medine Limited. The price of sugar on international markets as well as the timing of the materialisation of its real estate activities will continue to bring volatility in the results of Medine Limited and by extension to those of PAD.

The Board is of the opinion that all of Fincorp's main investments are financially healthy and in a position from which value should be unlocked in the medium term.

Signed by

Jean-Pierre MONTOCCHIO	Sunil BANYMANDHUB
Chairman	**Director**

For and on behalf of the Board of Directors

Date: 26th September 2019

Company Secretary's Certificate

We certify that, to the best of our knowledge and belief, the Company has filed with the Registrar of Companies all such returns as are required of the Company under the Companies Act 2001 in terms of section 166(d).

MCB Group Corporate Services Ltd

Company Secretary

Date: 26th September 2019

Statement of Compliance

STATEMENT OF COMPLIANCE

(Section 75(3) of the Financial Reporting Act)

Name of Public Interest Entity ('the PIE'): Fincorp Investment Limited

Reporting Period: 1 July 2018 to 30 June 2019

We, the Directors of Fincorp Investment Limited, confirm that to the best of our knowledge, Fincorp Investment Limited has complied with all of its obligations and requirements under the National Code of Corporate Governance for Mauritius (2016).

Jean-Pierre MONTOCCHIO	Sunil BANYMANDHUB
Chairperson	**Director**

Date: 26th September 2019

Independent Auditor's Report
To the shareholders of Fincorp Investment Limited

Report on the audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Fincorp Investment Limited and its subsidiary (the Group), and the Company's separate financial statements on pages 28 to 79 which comprise the statements of financial position as at June 30, 2019, and the statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements on pages 28 to 79 give a true and fair view of the financial position of the Group and of the Company as at June 30, 2019, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group and of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Mauritius, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Impairment of investment in finance lease and operating lease receivables

Key Audit Matter

The Group has adopted IFRS 9 'Financial Instruments' which requires the recognition of expected credit losses ('ECL') rather than incurred credit losses.

This represents a fundamentally new and highly judgemental approach to impairment computation, and relies on complex modelling.

The key areas of significant judgement and estimation uncertainty within the ECL computations include:

- Identification of significant increase in credit risk ("SICR");
- Incorporation of forward-looking information into the ECL measurement;
- Input assumptions applied to estimate the probability of default ("PD"), exposure at default ("EAD") and loss given default ("LGD") within the ECL measurement;
- Assessment of ECL raised for Stage 3 exposures on both finance and operating lease receivables.

The application of IFRS 9 by the Group, mainly through the subsidiary company MCB Leasing Limited, along with its impact on the opening balances have been disclosed in notes 19 of the financial statements.

Independent Auditor's Report
To the shareholders of Fincorp Investment Limited *(Continued)*

How our audit addressed the Key Audit Matter

We have ascertained that the following has been performed:

Testing the design and operating effectiveness of controls surrounding the different processes within the credit risk process. This included testing the accuracy and completeness of critical data elements and reviewing the criteria definition for SICR.

Given the complexity of the model used for the ECL computation, a specialist team was appointed to assess the input assumptions applied within the ECL model. The procedures further included assessing the correct classification of leases into the different stages and the resulting ECL computation through independent re-performance and validation procedures.

Where ECL has been raised for Stage 3 exposures, the impairment indicators, uncertainties and assumptions applied were considered by management in their assessment of the recoverability of the exposures. For a sample of leases, ECL based on our assessment of the expected cash flows and recoverability of collaterals at an individual counterparty level were independently calculated.

The minutes of the Risk Management and Conduct Review Committee were reviewed and any management overlays through the process was assessed and challenged.

Other information

The Directors are responsible for the other information. The other information comprises the report of the directors, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Corporate Governance Report

Our responsibility under the Financial Reporting Act is to report on the compliance with the Code of Code of Corporate Governance disclosed in the annual Report and assess the explanations given for non-compliance with any requirement of the Code. From our assessment of the disclosures made on corporate governance in the Annual report, the public interest entity has, pursuant to section 75 of the Financial Reporting Act, compiled with the requirements of the Code.

Independent Auditor's Report
To the shareholders of Fincorp Investment Limited (Continued)

Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Companies Act 2001, and for such internal control as the directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group and the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by directors.
- Conclude on the appropriateness of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

Independent Auditor's Report
To the shareholders of Fincorp Investment Limited (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Companies Act 2001

We have no relationship with, or interests in, the Company or its subsidiary, other than in our capacity as auditors, and dealings in the ordinary course of business.

We have obtained all information and explanations we have required.

In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

Other matter

This report is made solely to the shareholders of Fincorp Investment Limited (the "Company"), as a body, in accordance with Section 205 of the Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's the shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's the shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

BDO & Co

BDO & CO
Chartered Accountants

Ameenah Ramdin, FCCA, ACA
Licensed by FRC

Port Louis,
Mauritius.
September 26, 2019

Statements of Financial Position

As at 30th June 2019

	Notes	GROUP 2019 Rs' 000	GROUP 2018 Rs' 000	COMPANY 2019 Rs' 000	COMPANY 2018 Rs' 000
ASSETS EMPLOYED					
NON-CURRENT ASSETS					
Intangible assets	6	**24,706**	26,048	**-**	-
Property, plant and equipment	7	**694,910**	592,372	**-**	-
Investments in associates	8	**5,374,078**	5,219,097	**1,920,740**	2,143,513
Investment in subsidiary	9	**-**	-	**200,000**	200,000
Investment securities	10	**521,439**	490,642	**419,123**	490,642
Loan receivable	11	**308,868**	308,914	**308,868**	308,914
Finance lease receivables	12	**2,214,331**	2,199,442	**-**	-
Deposits with financial institutions	13	**55,842**	104,787	**-**	-
		9,194,174	8,941,302	**2,848,731**	3,143,069
CURRENT ASSETS					
Finance lease receivables	12	**1,264,845**	1,303,865	**-**	-
Deposits with financial institutions	13	**55,089**	123,271	**-**	-
Investment securities	10	**96,389**	-	**-**	-
Other receivables	14	**69,722**	47,009	**59,577**	57,859
Current tax asset		**7,676**	-	**288**	-
Cash and cash equivalents	15	**98,801**	394,407	**-**	-
		1,592,522	1,868,552	**59,865**	57,859
CURRENT LIABILITIES					
Bank overdrafts	16(a)	**669,557**	684,217	**669,557**	684,217
Deposits	17	**650,338**	603,388	**-**	-
Borrowings	16(b)	**132,798**	210,357	**-**	-
Other payables	18	**82,430**	104,909	**2,652**	5,468
Current tax liabilities		**-**	9,074	**-**	947
		1,535,123	1,611,945	**672,209**	690,632
NET CURRENT ASSETS/(LIABILITIES)		**57,399**	256,607	**(612,344)**	(632,773)
		9,251,573	9,197,909	**2,236,387**	2,510,296
FINANCED BY					
Share capital	20(a)	**103,355**	103,355	**103,355**	103,355
Retained earnings		**2,110,286**	1,894,834	**80,253**	52,989
Other components of equity		**3,565,190**	3,643,356	**1,743,911**	2,045,038
SHAREHOLDERS' INTERESTS		**5,778,831**	5,641,545	**1,927,519**	2,201,382
NON-CURRENT LIABILITIES					
Deposits	17	**3,122,089**	3,115,335	**-**	-
Borrowings	16(b)	**334,414**	423,018	**308,868**	308,914
Deferred tax liabilities	27	**16,239**	18,011	**-**	-
		3,472,742	3,556,364	**308,868**	308,914
		9,251,573	9,197,909	**2,236,387**	2,510,296

These financial statements were approved for issue by the Board of Directors on 26th September 2019.

JP Montocchio

Director

Sunil Banymandhub

Director

The notes on pages 34 to 79 form part of these financial statements.
Auditor's report on pages 24 to 27.

Statements of Profit or Loss

Year ended 30th June 2019

			GROUP		COMPANY	
			2019	2018	**2019**	2018
	Notes		**Rs' 000**	Rs' 000	**Rs' 000**	Rs' 000
Revenue	2(d)		**501,423**	504,298	**128,360**	135,749
Other income	21		**220,318**	208,526	**121,631**	122,331
Proft/(loss) on exchange			**68**	(362)	**68**	(362)
Finance income	22		**281,812**	296,195	**7,434**	13,418
Finance costs	22		**(218,466)**	(244,979)	**(42,173)**	(49,939)
Operating expenses	23		**(209,374)**	(192,261)	**(3,233)**	(3,008)
Operating profit before impairment			**74,358**	67,119	**83,727**	82,440
Net impairment of fnancial assets	24		**(6,105)**	(17,846)	**-**	-
Operating profit			**68,253**	49,273	**83,727**	82,440
Share of profts/(losses) of associates			**152,044**	(42,201)	**-**	-
Profit before tax			**220,297**	7,072	**83,727**	82,440
Income tax expense	25		**(7,323)**	(15,800)	**(579)**	(1,496)
Profit/(loss) attributable to equity holders of the parent			**212,974**	(8,728)	**83,148**	80,944
Earnings/(loss) per share	28	Rs.	**2.06**	(0.08)	**0.80**	0.78

The notes on pages 34 to 79 form part of these financial statements.
Auditor's report on pages 24 to 27.

Statements of Other Comprehensive Income

Year ended 30th June 2019

		GROUP		COMPANY	
	Note	**2019** **Rs' 000**	2018 Rs' 000	**2019** **Rs' 000**	2018 Rs' 000
Profit /(loss) attributable to equity holders of the parent		**212,974**	(8,728)	**83,148**	80,944
Other comprehensive income/(expense):					
Items that will not be reclassified to profit or loss:					
Net fair value loss on investments in associates		**-**	-	**(222,773)**	-
Net fair value loss on equity investments		**(72,225)**	-	**(72,225)**	-
Share of other comprehensive income/(expense) of associates	8	**69,138**	(18,470)	**-**	-
		(3,087)	(18,470)	**(294,998)**	-
Items that may be reclassified subsequently to profit or loss:					
Net fair value loss on investments in associates		**-**	-	**-**	(79,800)
Net fair value gain on available-for-sale investments		**-**	37,939	**-**	37,939
Share of other comprehensive income of associates	8	**4,441**	29,019	**-**	-
		4,441	66,958	**-**	(41,861)
Other comprehensive income/(expense) for the year		**1,354**	48,488	**(294,998)**	(41,861)
Total comprehensive income/(expense) attributable to equity holders of the parent		**214,328**	39,760	**(211,850)**	39,083

The notes on pages 34 to 79 form part of these financial statements.

Auditor's report on pages 24 to 27.

Statements of Changes in Equity

Year ended 30th June 2019

THE GROUP	Note	**Share Capital** Rs' 000	**Capital Contribution** Rs' 000	**Retained Earnings** Rs' 000	**Capital Reserve** Rs' 000	**Revaluation & Other Reserve** Rs' 000	**Statutory Reserve** Rs' 000	**General Risk Reserve** Rs' 000	**Total** Rs' 000
At 1st July 2017		**103,355**	**-**	**1,968,113**	**377,794**	**2,907,414**	**86,321**	**19,658**	**5,462,655**
Loss for the year		-	-	(8,728)	-	-	-	-	(8,728)
Other comprehensive income/(expense) for the year		-	-	5,973	(2)	42,517	-	-	48,488
Total comprehensive (expense)/income for the year		-	-	(2,755)	(2)	42,517	-	-	39,760
Share of transfer by associate		-	-	407	-	(407)	-	-	-
Effect of employee share options exercised in associate		-	-	(2,319)	-	798	-	-	(1,521)
Share of other movements in reserves of associate		-	-	2,664	-	-	-	-	2,664
Issue of irredeemable preference shares by subsidiary		-	200,000	-	-	-	-	-	200,000
Dividends	26	-	-	(62,013)	-	-	-	-	(62,013)
Transfer to statutory reserve		-	-	(9,263)	-	-	9,263	-	-
At 30th June 2018		**103,355**	**200,000**	**1,894,834**	**377,792**	**2,950,322**	**95,584**	**19,658**	**5,641,545**
Impact of adopting IFRS 9									
Expected credit losses		**-**	**-**	**(18,390)**	**-**	**-**	**-**	**-**	**(18,390)**
Reversal of general risk reserve		**-**	**-**	**19,658**	**-**	**-**	**-**	**(19,658)**	**-**
Reclassifcation and movement of fnancial assets		**-**	**-**	**6,129**	**-**	**(6,129)**	**-**	**-**	**-**
As restated		**103,355**	**200,000**	**1,902,231**	**377,792**	**2,944,193**	**95,584**	**-**	**5,623,155**
Proft for the year		**-**	**-**	**212,974**	**-**	**-**	**-**	**-**	**212,974**
Other comprehensive income/(expense) for the year		**-**	**-**	**68**	**4,280**	**(2,994)**	**-**	**-**	**1,354**
Total comprehensive income/(expense) for the year		**-**	**-**	**213,042**	**4,280**	**(2,994)**	**-**	**-**	**214,328**
Share of transfer by associate		**-**	**-**	**64,479**	**-**	**(64,479)**	**-**	**-**	**-**
Effect of employee share options exercised in associate		**-**	**-**	**6,804**	**-**	**-**	**-**	**-**	**6,804**
Share of other movements in reserves of associate		**-**	**-**	**-**	**-**	**(2,779)**	**-**	**-**	**(2,779)**
Share of impact of change in shareholding in associates		**-**	**-**	**(664)**	**-**	**-**	**-**	**-**	**(664)**
Dividends	26	**-**	**-**	**(62,013)**	**-**	**-**	**-**	**-**	**(62,013)**
Transfer to statutory reserve		**-**	**-**	**(13,593)**	**-**	**-**	**13,593**	**-**	**-**
At 30th June 2019		**103,355**	**200,000**	**2,110,286**	**382,072**	**2,873,941**	**109,177**	**-**	**5,778,831**

The notes on pages 34 to 79 form part of these financial statements.

Auditor's report on pages 24 to 27.

Statements of Changes in Equity *(Continued)*

Year ended 30th June 2019

THE COMPANY	Note	**Share Capital Rs' 000**	**Retained Earnings Rs' 000**	**Capital Reserve Rs' 000**	**Revaluation & Other Reserve Rs' 000**	**Total Rs' 000**
At 1st July 2017		**103,355**	**34,058**	**100,596**	**1,986,303**	**2,224,312**
Proft for the year		-	80,944	-	-	80,944
Other comprehensive expense for the year		-	-	-	(41,861)	(41,861)
Total comprehensive income/(expense) for the year		-	80,944	-	(41,861)	39,083
Dividends	26	-	(62,013)	-	-	(62,013)
At 30th June 2018		**103,355**	**52,989**	**100,596**	**1,944,442**	**2,201,382**
Impact of adopting IFRS 9						
Reclassifcation and movement of fnancial assets		**-**	**6,129**	**-**	**(6,129)**	**-**
As restated		**103,355**	**59,118**	**100,596**	**1,938,313**	**2,201,382**
Proft for the year		**-**	**83,148**	**-**	**-**	**83,148**
Other comprehensive expense for the year		**-**	**-**	**-**	**(294,998)**	**(294,998)**
Total comprehensive income/(expense) for the year		**-**	**83,148**	**-**	**(294,998)**	**(211,850)**
Dividends	26	**-**	**(62,013)**	**-**	**-**	**(62,013)**
At 30th June 2019		**103,355**	**80,253**	**100,596**	**1,643,315**	**1,927,519**

The notes on pages 34 to 79 form part of these financial statements.

Auditor's report on pages 24 to 27.

Statements of Cash Flows

Year ended 30th June 2019

	GROUP		COMPANY	
	2019	2018	**2019**	2018
	Rs' 000	Rs' 000	**Rs' 000**	Rs' 000
OPERATING ACTIVITIES				
Cash received from investments	**78,463**	73,277	**118,463**	113,277
Interest received	**36,465**	11,945	**4,544**	13,847
Net cash inflow from leasing activities	**358,745**	669,369	**-**	-
Net increase/(decrease) in deposits	**17,875**	(83,275)	**-**	-
Other cash payments	**(2,357)**	(2,491)	**(2,357)**	(2,491)
Cash inflow generated from operations	**489,191**	668,825	**120,650**	124,633
Interest paid	**(185,501)**	(212,564)	**(42,163)**	(49,939)
Net cash flows from operating activities	**303,690**	456,261	**78,487**	74,694
TAXATION				
Income tax paid	**(22,510)**	(9,699)	**(1,814)**	(508)
INVESTING ACTIVITIES				
Purchase of property, plant and equipment	**(305,794)**	(188,105)	**-**	-
Purchase of intangible assets	**(2,275)**	-	**-**	-
Purchase of Government of Mauritius bonds	**(102,316)**	-	**-**	-
Purchase of Government of Mauritius treasury bills	**(96,389)**	-	**-**	-
Proceeds from financial institutions	**100,000**	-	**-**	-
Proceeds from sale of plant and equipment	**67,433**	63,274	**-**	-
Proceeds from sale of repossessed leased assets	**5,345**	6,267	**-**	-
Net cash flows used in investing activities	**(333,996)**	(118,564)	**-**	-
NET CASH FLOWS BEFORE FINANCING ACTIVITIES	**(52,816)**	327,998	**76,673**	74,186
FINANCING ACTIVITIES				
Refund of loan by subsidiary	**-**	-	**-**	108,016
Net decrease in borrowings	**(166,117)**	(235,389)	**-**	-
Issue of irredeemable preference shares by subsidiary	**-**	200,000	**-**	-
Dividends paid	**(62,013)**	(62,013)	**(62,013)**	(62,013)
Net cash flows (used in)/from financing activities	**(228,130)**	(97,402)	**(62,013)**	46,003
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(280,946)**	230,596	**14,660**	120,189
CASH AND CASH EQUIVALENTS AT 1ST JULY	**(289,810)**	(520,406)	**(684,217)**	(804,406)
CASH AND CASH EQUIVALENTS AT 30TH JUNE	**(570,756)**	(289,810)	**(669,557)**	(684,217)
Cash and Cash Equivalents are made up as follows:				
Bank balances	**98,801**	394,407	**-**	-
Bank overdrafts	**(669,557)**	(684,217)	**(669,557)**	(684,217)
	(570,756)	(289,810)	**(669,557)**	(684,217)

The notes on pages 34 to 79 form part of these financial statements.

Auditor's report on pages 24 to 27.

Notes to the Financial Statements

Year ended 30th June 2019

1. INCORPORATION AND ACTIVITIES

Fincorp Investment Limited ("the Company") is a public company incorporated in Mauritius and listed on the Stock Exchange of Mauritius. Its registered office is situated at 9-15, Sir William Newton Street, Port Louis, Mauritius. The main activities of the Company and its subsidiary ("the Group") are those of a group which invests in priority in the financial services sector, provide leases for equipment and motor vehicles and takes deposit.

These financial statements will be submitted for consideration and approval at the forthcoming Annual Meeting of shareholders of the Company.

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The financial statements comply with the Companies Act 2001 and have been prepared in accordance with International Financial Reporting Standards (IFRS).

The financial statements include the consolidated financial statements of the parent company and its subsidiary company ("the Group") and the separate financial statements of the parent company ("the Company"). The financial statements are presented in Mauritian Rupees and all values are rounded to the nearest thousand (Rs 000), except when otherwise indicated.

The Company had net current liabilities MUR 612M (2018: MUR 633M) at 30 June, 2019. The Board is satisfied that the Company has the resources to meet its liabilities in foreseeable future. Furthermore, the Board is not aware of any uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. The financial statements are prepared on a going concern basis.

Where necessary, comparative figures have been amended to conform with change in presentation in the current year. The financial statements are prepared under the historical cost convention, except that:

(i) financial assets and liabilities are stated at their fair value,

(ii) certain classes of property, plant and equipment namely agricultural land, factory buildings and other specific assets held through associates are carried at revalued amounts/deemed costs.

Standards, Amendments to published Standards and Interpretations effective in the reporting period

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The adoption of IFRS 9 Financial Instruments from January 1, 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The new accounting policies are set out in note 2(j). The Group has elected to apply the exemption in IFRS 9 paragraph 7.2.15 not to restate prior periods in the year of initial application of the standard. The Group has chosen to adopt the simplified expected credit loss model for trade receivables in accordance with IFRS 9 paragraph 5.5.15.

Notes to the Financial Statements *(Continued)*

Year ended 30th June 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of preparation (cont'd)

Standards, Amendments to published Standards and Interpretations effective in the reporting period (cont'd)

IFRS 15 Revenue from Contracts with Customers is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The Group has adopted IFRS 15 Revenue from Contracts with Customers from January 1, 2018 which resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The new accounting policies are set out in note 2(d). In accordance with the transition provisions in IFRS 15, the Group has not restated comparatives for the 2018 financial year.

Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)

The amendments clarify the measurement basis for cash-settled share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. The amendment has no impact on the Group's financial statements.

Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments to IFRS 4)

The amendment provides two different solutions for insurance companies: a temporary exemption from IFRS 9 for entities that meet specific requirements (applied at the reporting entity level), and the 'overlay approach'. Both approaches are optional. The amendment has no impact on the Group's financial statements.

Annual Improvements to IFRSs 2014-2016 Cycle

• IFRS 1 - deleted short-term exemptions covering transition provisions of IFRS 7, IAS 19 and IFRS 10 which are no longer relevant.

• IAS 28 - clarifies that the election by venture capital organisations, mutual funds, unit trusts and similar entities to measure investments in associates or joint ventures at fair value through profit or loss should be made separately for each associate or joint venture at initial recognition. The amendment has no impact on the Group's financial statements.

IFRIC 22 Foreign Currency Transactions and Advance Consideration. The interpretation clarifies how to determine the date of transaction for the exchange rate to be used on initial recognition of a related asset, expense or income where an entity pays or receives consideration in advance for foreign currency-denominated contracts. The amendment has no impact on the Group's financial statements.

Transfers of Investment Property (Amendments to IAS 40). The amendments clarify that transfers to, or from, investment property can only be made if there has been a change in use that is supported by evidence. A change in use occurs when the property meets, or ceases to meet, the definition of investment property. A change in intention alone is not sufficient to support a transfer. The amendment has no impact on the Group's financial statements.

Notes to the Financial Statements *(Continued)*
Year ended 30th June 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of preparation (Cont'd)

Standards, Amendments to published Standards and Interpretations issued but not yet effective

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning on or after January 1, 2019 or later periods, but which the Group has not early adopted.

At the reporting date of these financial statements, the following were in issue but not yet effective:

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

IFRS 16 Leases

IFRS 17 Insurance Contracts

IFRIC 23 Uncertainty over Income Tax Treatments

Prepayment Features with negative compensation (Amendments to IFRS 9)

Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)

Annual Improvements to IFRSs 2015-2017 Cycle

Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)

Definition of a Business (Amendments to IFRS 3)

Definition of Material (Amendments to IAS 1 and IAS 8)

Where relevant, the Group is still evaluating the effect of these Standards, Amendments to published Standards and Interpretations issued but not yet effective, on the presentation of its financial statements.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 5.

New standards and interpretations not yet adopted

IFRS 16 Leases

IFRS 16 Leases was issued in January 2016 and has an effective date for annual periods beginning on or after 1 January 2019. It results in lessees accounting for most leases within the scope of the standard in a manner similar to the way in which finance leases are currently accounted for under IAS 17 'Leases'. Lessees will recognise a right of use ('ROU') asset and a corresponding financial liability on the statement of financial position. The asset will be amortised over the length of the lease, and the financial liability will be measured at amortised cost. Given that lessor accounting remains substantially the same as under IAS 17, the directors do not expect IFRS 16 to have a significant impact on the financial statements of the Group upon adoption on 1 July 2019.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Basis of consolidation

Investment in subsidiary

Separate financial statements of the Company

In the separate financial statements of the Company, investment in subsidiary company is carried at cost. The carrying amount is reduced to recognise any impairment in the value of individual investments.

Consolidated financial statements

Subsidiaries are all entities (including special purpose entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has the rights to, variable returns from its involvement with the entity and has ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interests in the acquiree either at fair value or at the non-controlling interests' proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interests in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree (if any) over the fair value of the Group's share of identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss as a bargain purchase gain.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Transactions and non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Investments in associates

Separate financial statements of the Company

In the separate financial statements of the Company, investments in associated companies are carried at fair value. The carrying amount is reduced to recognise any impairment in the value of individual investments.

Consolidated financial statements

An associate is an entity over which the Group has significant influence but not control, or joint control, generally accompanying a shareholding between 20% and 50% of voting rights.

Investments in associates are accounted using the equity method of accounting except when classified as held-for-sale. Investments in associates are initially recognised at cost as adjusted by post acquisition changes in the Group's share of net assets of the associate less any impairment in the value of individual investments.

Any excess of the cost of acquisition and the Group's share of the net fair value of the associate's identifiable assets and liabilities recognised at the date of acquisition is recognised as goodwill, which is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of identifiable assets and liabilities over the cost of acquisition, after assessment, is included as income in the determination of the Group's share of the associate's profit or loss.

When the Group's share of losses exceeds its interest in an associate, the Group discontinues recognising further losses, unless it has incurred legal or constructive obligation or made payments on behalf of the associate.

Unrealised profits and losses are eliminated to the extent of the Group's interest in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The Group profit or loss reflects the Group's share of post-tax profits of associates.

Where necessary, appropriate adjustments are made to the financial statements of associates to bring the accounting policies used in line with those adopted by the Group.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in the other comprehensive income are reclassified to the profit or loss where appropriate. Dilution gains and losses arising in associates are recognised in profit or loss.

(d) Revenue

(i) Revenue from contracts with customers

The Group adopted IFRS 15 Revenue from contracts with customers as from July 1, 2018. IFRS 15 deals with the revenue recognition and establishes principles to reporting useful information to users of financial statements about nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The adoption did not have a significant effect on the current year or prior period.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Revenue (CONT'D)

(ii) Other revenue

Other revenue earned by the Group are recognised on the following bases:

- Interest income - Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

- Finance lease income - Finance lease income is recognised over the term of the lease using the net investment method, which reflects a constant periodic rate of return on the net investment amount outstanding on the finance leases.

- Operating lease income - Operating lease income is recognised over the term of the lease using the straight line method.

- Dividend income - when the shareholders' right to receive payment is established.

(e) Processing fees

Processing fees are generally recognised on an accrual basis when the service has been provided. Lease commitment fees for leases that are likely to be drawn down are deferred (together with related direct costs) and recognised as an adjustment to the effective interest rate on the lease.

(f) Foreign currencies

(i) Functional and presentation currency

Items included in the financial statements are measured using Mauritian rupee , the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are presented in Mauritian rupees, which is the Group's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within finance income or cost. All other foreign exchange gains or losses are presented in profit or loss within profit/(loss) on exchange.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date the fair value was determined.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Property, Plant and equipment

(i) Recognition and measurement

Items of plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

If significant parts of an item of plant and equipment have different useful lives, then they are accounted for as separate items (major components) of equipment.

Any gain or loss on disposal of an item of plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in the statement of profit or loss.

When the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

(ii) Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

(iii) Depreciation

Depreciation is calculated to write off the cost of items of equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is recognised in profit or loss.

The estimated useful lives of significant equipment are as follows:

Office equipment	5 years
Computer equipment	3 years
Furniture & fittings	5 years
Motor vehicles	5-7 years
Plant and equipment	3-7 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if necessary.

(iv) Assets under operating leases

Assets under operating leases are depreciated over their expected useful lives net of any residual value.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(i) Intangible assets

Software

Acquired computer software licences are capitalised on the basis of costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 3 to 10 years.

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads. Other development expenditure that does not meet these criteria are recognised as an expense and are not recognised as an asset in a subsequent year.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if necessary.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Financial assets

(i) Classification and subsequent measurement

Under IFRS 9 (As from 01 July 2018)

From 01 July 2018, the Group has applied IFRS 9 and has the option to classify its financial assets in the following measurement categories:
- Fair value through profit or loss (FVPL);
- Fair value through other comprehensive income (FVOCI) or
- Amortised cost.

A description of each of the measurement category is given below:

- Under the amortised cost model, assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described in 2(d). Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.
- Financial assets held for a business model that is achieved by both collecting contractual cash flows and selling and that contain contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest are measured at FVOCI. They are recognised on the trade date when the Group enters into contractual arrangements to purchase and are normally derecognised when they are either sold or redeemed. They are subsequently remeasured at fair value and changes therein (except for those relating to impairment, interest income and foreign currency exchange gains and losses) are recognised in other comprehensive income until the assets are sold. Upon disposal, the cumulative gains or losses in other comprehensive income are recognised in the statement of profit or loss as 'Other income'.
- Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL and is not part of a hedging relationship is recognised in profit or loss and presented within 'Other income' in the period in which it arises. Interest income from these financial assets is included in `Interest income' using the effective interest rate method.

In order to determine the classification and subsequent measurement of its financial assets, IFRS 9 introduces the concept of SPPI and business model.

Business model

The business model reflects how the Group manages its assets in order to generate cash flows. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or to collect both the contractual cash flows and cash flows arising from the sale of the assets. If neither of these is applicable (e.g. financial assets being held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVPL as described above. Factors which have been considered by the Group in determining its business model includes past experience on how the cash flows for the assets were collected, amongst others.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Financial assets (cont'd)

(i) Classification and subsequent measurement (cont'd)

Under IFRS 9 (As from 01 July 2018) (cont'd)

SPPI

Where the business model is to hold assets to collect contractual cash flows, or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows, represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement, i.e. interest includes only consideration for the time value of money, credit risk and other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVPL.

The Group classifies its financial assets, comprising cash and cash equivalents, deposits with financial institutions, investment securities, net lease receivables and other receivables under the amortised cost measurement model. As per the Group's own assessment for the classification of financial assets under IFRS 9 under the SPPI test, the classification of the financial assets has been determined as follows:

Financial instrument	SPPI met?	Business model	Classification
Cash and cash equivalents	Yes	Hold to collect	At amortised cost
Deposits with financial institutions	Yes	Hold to collect	At amortised cost
Investment securities	Yes	Hold to collect	At amortised cost
Other assets (excluding non-financial assets)	Yes	Hold to collect	At amortised cost

The Group, as a lessor recognises and measures the rights and obligations under a lease as per the general requirements of IAS 17 Leases and consequently those rights and obligations are not subject to the general recognition and measurement requirements of IFRS 9. However, the lease receivables recognised by the Group are subject to the derecognition and impairment requirements of IFRS 9 which is described in note 2(j)(ii) and 2(j)(iii).

(ii) Derecognition

Under IFRS 9 (as from 01 July 2018)

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Financial assets (cont'd)

(iii) Impairment of financial assets

The Group assesses on a forward-looking basis the expected credit losses ("ECL") associated with financial assets at amortised cost and with exposures arising from lease commitments. The Group recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability- weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Under IFRS 9 (as from 01 July 2018)

This note further provides details about how ECL is computed, along with the 'three-stage' model for impairment adopted by the Group in line with IFRS 9 requirements.

'Three-Stage' model

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Group;
- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired. Details of SICR is further described below.
- If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'.
- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis.

The following diagram summarises the impairment requirements under IFRS 9 :

Change in credit quality since initial recognition		
Stage 1	**Stage 2**	**Stage 3**
(Initial recognition)	(Significant increase in credit risk since initial recognition) Lifetime expected credit	(Credit-impaired assets)

SICR

The Group considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative or qualitative criteria have been met:

Quantitative criteria:

The Group has applied the backstop as prescribed under IFRS 9 and a financial instrument is considered to have experienced a significant increase in credit risk if the borrower is more than 30 days past due on its contractual payments, i.e. would move from Stage 1 to Stage 2.

Qualitative criteria:

For retail customers, if the borrower meets one of more of the following criteria:

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Financial assets (cont'd)

(iii) Impairment of financial assets (cont'd)

Qualitative criteria :

- Short term forbearance;
- Standing order or direct debit cancellation;
- Extension to terms granted;
- Previous arrears within the last 12 months;

For wholesale customers, if the borrower is on the watchlist or if the instrument meets one or more of the below criteria:

- Significant adverse changes in business, financial and/or economic conditions in which the borrower operates
- Actual or expected forbearance or restructuring
- Actual or expected significant adverse change in operating results of the borrower
- Significant change in collateral value (secured facilities only) which is expected to increase risk of default
- Early signs of cash flow/liquidity problems such as delay in servicing of trade creditors/leases.

ECL measurement

The ECL is measured on either a 12-month or Lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether the asset is considered credit-impaired. Expected credit losses are the discounted product of Probability of Default (PD), Exposure at Default (EAD) and the Loss Given Default (LGD).

ECL = PD x LGD x EAD

- The PD represents the likelihood of a borrower defaulting on its financial obligation either over the next 12 months (12-month PD) or over the remaining lifetime (Lifetime PD) of the obligation.
- EAD is based on the amounts the Group expects to be owed at the time of default, over the next 12 months (12-month EAD) or over the remaining lifetime (Lifetime EAD).
- LGD represents the Group's expectation of the extent of loss on a defaulted exposure. LGD is expressed as a percentage loss per unit of exposure at the time of default. LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and Lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the lease.

Forward economic information

The assessment of SICR incorporates forward-looking information. In the case of the Group, management has determined average consumer price index and nominal gross value added to be appropriate macro-economic conditions.

The forward-looking variable is estimated as a ratio of the forward-looking Probability of Default ('PD') to the historical 12-month PD for the year. In order to calculate the forward-looking PD, the weighted average of the three scenarios namely the Baseline, Upside and Downside PDs.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Financial assets (cont'd)

(iii) Impairment of financial assets (cont'd)

Definition of default

The Group considers a financial instrument or lease defaulted and Stage 3 credit-impaired for ECL computations when the borrower becomes 90 days past due on its contractual payments.

Movement between stages

Financial assets can be transferred between the different categories depending on their relative increase in credit risk since initial recognition. Financial instruments are transferred out of stage 2 if their credit risk is no longer considered to be significantly increased since initial recognition based on the assessments described above. Except for renegotiated leases, financial instruments are transferred out of stage 3 when they no longer exhibit any evidence of credit impairment as described above.

Leases to customers

Under the Bank of Mauritius Guideline on Credit Impairment Measurement and Income Recognition, collective impairment provision shall not be less than one percent of aggregate amount of portfolio assessed leases except if dispensed by the Bank of Mauritius.

The Bank of Mauritius Guideline on Credit Impairment Measurement and Income Recognition, effective as from 1st July 2017, also directs financial institutions to stand guided by the following minimum requirements with regards to classification and assessment of credit impairment:

Classified Credits	**Specific Provisioning Requirement**
(i) Sub - standard Credit Credit that is currently performing but has weaknesses that throw doubt on the customer's ability to comply with the terms and conditions of the credit, may warrant to be classified as sub-standard. However, when it is impaired and is past due between 90 and 180 days, it must, as a minimum, be classified as sub-standard.	20 per cent of (outstanding amount of credit less any net realizable value of applicable collateral)
(ii) Doubtful Credit Credit that is not in arrears or in arrears for less than 180 days, but has weaknesses that make collection in full highly improbable, may warrant to be classified as doubtful. However, when it is impaired and is past due for a period exceeding 180 days but less than one year, it must, as a minimum, be classified as doubtful.	50 per cent of (outstanding amount of credit less any net realizable value of applicable collateral)
(iii) Loss Credit classified as loss and uncollectible although there may be some salvage or recovery value of security available. Such credit should not be kept on the books of the financial institution for the reason that there might be some recoveries in the long term. An impaired credit that is past due in excess of a year, must be classified as loss.	100 per cent of (outstanding amount of credit less any net realizable value of applicable collateral)

Statutory and other regulatory loan loss reserve requirements that exceed the amounts to be provided under IFRS 9 are dealt with in the general risk reserve as an appropriation of retained earnings.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Financial liabilities

Financial liabilities carried at amortised cost consist mainly of deposits from customers, borrowings, shareholders' loan and other liabilities. All financial liabilities are recognised initially at fair value and in the case of borrowings, net of transaction costs incurred.

They are subsequently stated at amortised cost; using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well through the effective interest rate method (EIR) amortisation process.

Financial liabilities are derecognised only when the obligation is discharged, cancelled or expired.

(l) Deposits from customers

Deposits are received from individual and corporate clients. Deposits are repayable and derecognised on demand or when the deposits come to maturity.

Deposits are initially measured at fair value and subsequently measured at amortised cost using the effective interest rate method.

(m) Borrowings

Borrowings are recorded initially at fair value being their issue proceeds net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit or loss over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

Borrowing costs are recognised in the statement of profit or loss in the period in which they occur.

(n) Other payables

Other payables are stated at fair value and subsequently measured at amortised cost using the effective method.

(o) Share capital and equity reserves

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as deduction, net of tax, from proceeds.

Capital contribution

The Group has on the 28 June 2018 issued 20,000,000 5.5% Non-Cumulative Preference Shares of Rs 10 each to MCB Group Limited.

The reserves recorded in equity in the Group's statement of financial position include:

- Statutory reserve which represents 15% of the profit for the year which is transferred in accordance with Section 21 (1) of the Mauritian Banking Act 2004; until the reserve is equal to the stated capital; and
- General Risk Reserve which comprises of amounts set aside to meet the 1% minimum provisioning requirement and the Prudential Norms set out by the Bank of Mauritius Guideline on Credit Impairment Measurement and Income Recognition.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Current and Deferred income tax

The tax expense for the period comprises of current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current tax

The current income tax charge is based on taxable income for the year calculated on the basis of tax laws enacted or substantially enacted by the end of the reporting period.

The directors periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred income tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values in the financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for.

Deferred income tax is determined using tax rates that have been enacted or substantively enacted at the reporting date and are expected to apply in the period when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which deductible temporary differences can be utilised.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

In line with the definition within the Income Tax Act 1995, Corporate Social Responsibility (CSR) is regarded as a tax and is therefore subsumed with the income tax shown within profit or loss and the income tax liability on the statement of financial position. The Corporate Social Responsibility (CSR) charge for the current period is measured at the amount expected to be paid to the Mauritian Tax Authorities.

The Group is subject to the Advanced Payment System (APS) whereby it pays income tax on a quarterly basis.

(q) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Board to make decisions about resources to be allocated to the segment and assesses its performance, and for which discrete financial information is available.

Detailed analysis of operating segments are shown in Note 31 to the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) Provisions

Provisions, including legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources that can be reliably estimated will be required to settle the obligation. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

(s) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are declared.

(t) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to set off the amounts and intends either to settle on a net basis or realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from a group of similar transactions.

(u) Employee benefits

(i) Pension benefits

The Group provides retirement benefits for its employees through a defined contribution plan which is funded by contributions from the Group. Under the defined contribution plan, the Group has no legal or constructive obligation to contribute further to what has been contributed into the fund as defined in the rules of the scheme. Pension contributions are charged to the statement of comprehensive income in the year to which they relate. The Group has an obligation under the current labour laws to pay a severance allowance on retirement of its employees and is allowed to deduct from this severance allowance up to five times the amount of any annual pension granted at retirement age from the said fund.

The present value of the severance allowance payable under the Employment Rights Act 2008 is calculated annually by independent actuaries using the projected unit credit method. The present value of the severance allowance is determined by the estimated future cash outflows using a discount rate by reference to current interest rates and the yield on bonds and treasury bills and recent corporate debenture issues. Where the present value of the severance allowance payable on retirement is greater than five years of pension payable under the pension plan, the additional severance allowance payable is recognised as a liability and disclosed as unfunded obligations under retirement benefits obligations.

(ii) State pension plan

Contributions to the National Pension Scheme are recognised in profit or loss in the period in which they fall due.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(v) Leases

Operating leases – Group acting as the Lessor

Assets leased out under operating leases are included in plant and equipment in the statement of financial position.

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Assets classified as operating leases are depreciated over their useful lives on a basis consistent with similar fixed assets.

Finance leases – Group acting as the Lessor

(i) Recognition and initial measurement

Assets held under finance leases are derecognised, and a receivable is recognised in the statement of financial position at an amount equal to the net investment in the lease.

Under a finance lease, substantially all the risks and rewards incidental to legal ownership are transferred by the Group, and thus the lease payment receivable is treated by the Group as repayment of principal and interest income to reimburse and reward the lessor for its investment and services.

Initial direct costs such as commissions, legal fees and internal costs that are incremental and directly attributable to negotiating and arranging a lease, but excluding general overheads, are included in the initial measurement of the finance lease receivable and reduce the amount of income recognised over the lease term. The interest rate implicit in the lease is defined in such a way that the initial direct costs are included automatically in the finance lease receivable; there is no need to add them separately.

(ii) Subsequent measurement

The recognition of interest income shall be based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

The Group aims to allocate interest income over the lease term on a systematic and rational basis. This income allocation is based on a pattern reflecting a constant periodic return on the Group's finance lease receivable.

Lease repayments relating to the period, excluding cost for services, are applied against the gross investment in the lease to reduce both the principal and the unearned finance income. Estimated unguaranteed residual values used in computing the Group's gross investment in a lease are reviewed regularly. If there has been a reduction in the estimated unguaranteed residual value, the income allocation over the lease is revised any reduction in respect of amounts accrued is recognised immediately.

Repossessed assets

Assets repossessed from non-performing clients pending disposals are stated at their net realisable value under "Other Receivables" in the statement of financial position.

(w) Comparatives

Except when a standard or an interpretation permits or requires otherwise, all amounts are reported or disclosed with comparative information. Where IAS 8 applies, comparative figures have been adjusted to conform with changes in presentation in the current year.

3. FINANCIAL RISK FACTORS

The Group's activities expose it to a variety of financial risks, including:

- Credit risk;
- Market risk;
- Interest rate risk; and
- Liquidity risk.

A description of the significant risk factors is given below together with the risk management policies applicable.

(a) Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The Group's credit risk is primarily attributable to its receivables. The amounts presented in the Statements of Financial Position are net of allowances for impairment, estimated by management based on prior experience and the current economic environment.

The Group has policies in place to ensure that leases are granted to customers with appropriate credit history.

The Group has policies that limit the amount of credit exposure to any one financial position.

The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Lease facilities to customers are monitored and the Group has policies in place to identify defaults and recover amounts due. Leases granted are also effectively secured as the rights to the leased assets revert to the lessor in the event of default. The maximum exposure to credit risk at the reporting date is the fair value of the receivables. Specific provision and portfolio provision are made according to the requirements of the Bank of Mauritius.

Write-off policy

The Group writes off a lease balance (and any related allowances for impairment losses) when the Group's management determines that the leases are uncollectible. This determination is reached after considering information such as the occurrence of significant changes in the borrower/issuer's financial position such that the borrower/issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure. For smaller leases, charge off decisions generally are based on a product specific past due status.

The Group also holds fixed and floating charges on assets for exposures. For the vast majority of leases, the underlying collateral is the leased asset itself, i.e. the leased equipment and vehicles. The lease facilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

Estimates of fair value are based on the value of collateral assessed at the time of borrowing, and generally are updated every year when a lease is individually assessed as impaired.

At 30th June 2019, no amount was written off. (2018: Rs 1.2m)

3. FINANCIAL RISK FACTORS (CONT'D)

(a) *Credit Risk (Continued)*

Repossessed assets

As a last resort, management would consider repossessing the leased asset for impaired exposures.

Collaterals on finance leases repossessed during the year were as follows:

	2019 Rs' 000	2018 Rs' 000
Vehicles	2,746	4,190

These repossessed collaterals are sold to third parties to recover the investment in the leases. Collaterals possessed are readily convertible into cash.

Analysis of credit quality

	2019 Rs' 000
Neither past due nor impaired	3,445,345
Past due but not impaired	51,502
Individually impaired	97,614
Gross	3,594,461
Less allowance for impairment	
Stage 1 & 2 ECL/Portfolio allowance	(46,967)
Stage 3 ECL/Individual allowance	(68,318)
Net lease receivables	3,479,176

Comparative information under IAS 39

	2018 Rs' 000
Neither past due nor impaired	3,384,304
Past due but not impaired	100,659
Individually impaired	120,244
Gross	3,605,207
Less allowance for impairment	
Portfolio allowance	(37,841)
Individual allowance	(64,059)
Net lease receivables	3,503,307

3. FINANCIAL RISK FACTORS (CONT'D)

(a) Credit Risk (Continued)

Leases past due but not impaired

These are leases where contractual payments are past due but the Group believes that impairment is not appropriate on the basis of the level of security/collateral available and/ or the stage of collection of amounts owed.

Gross amount of leases that were past due but not impaired were as follows:

	2019 Rs' 000	2018 Rs' 000
Leases		
Up to 3 months	1,959	66,193
Over 3 months and up to 6 months	23,191	28,572
Over 6 months and up to 1 year	4,447	536
Over 1 year	21,905	5,358
Total	51,502	100,659

Leases individually impaired

Impaired leases are those leases for which the Group determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the lease agreement(s).

The table below shows the gross amount of individually impaired assets.

	2019 Rs' 000	2018 Rs' 000	Collaterals held
Leases			
Gross Amount	97,614	120,249	Vehicles and
Stage 3/Individual allowance	68,318	64,059	other equipment

The fair value of collateral for the impaired facilities amounts to Rs 29.1 million (2018: Rs 72.8 million). A provision of Rs 68.3 million (2018: Rs 64.1 million) has been made on the impaired receivables.

Notes to the Financial Statements (Continued)

Year ended 30th June 2019

3. FINANCIAL RISK FACTORS (CONT'D)

(a) Credit Risk (Continued)

Maximum exposure to credit risk before collateral and other credit enhancements

The following table presents the maximum exposure at 30 June 2019 and 2018 to credit risk on financial instruments in the statement of financial position, before taking account of any collateral held or other credit enhancements after allowance for impairment and netting where appropriate.

	Maximum exposure	
	2019	2018
	Rs' 000	Rs' 000
Bank balances	**98,801**	394,407
Investment securities	**198,705**	-
Deposits with financial institutions	**110,931**	228,058
Net finance lease receivables	**3,479,176**	3,503,307
Subordinated loan	**308,868**	308,914
Other receivables	**54,922**	38,209
	4,251,403	4,472,895

For financial assets recognised in the statement of financial position, the exposure to credit risk equals their carrying amount. Other assets exclude prepayment and VAT receivables amounting to Rs 14.8m (2018: Rs 8.8m).

Credit risk from balances with banks and financial institutions is considered negligible, since the counterparty is The Mauritius Commercial Bank Limited, which is a reputable bank with high quality external credit rating.

Summary of credit risk

The disclosure below presents the gross carrying/nominal amount of financial instruments to which the impairement requirement in IFRS 9 are applied and the associate allowance for expected credit losses ('ECL'). Due to the forward-looking nature of IFRS 9, the scope of financial instruments on which ECL are recognised is greater than the scope of IAS 39.

	Gross carrying / nominal amount	**Allowance for ECL**	**Net carrying amount**
	Rs' 000	**Rs' 000**	**Rs' 000**
Net lease receivables	**3,594,461**	**(115,285)**	**3,479,177**
Other financial assets measured at amortised cost			
– cash and cash equivalents	**98,997**	**(196)**	**98,801**
– deposits with financial institutions	**111,151**	**(220)**	**110,931**
– investment securities	**198,727**	**(22)**	**198,705**
– other receivables	**56,589**	**(9,027)**	**47,562**
Total gross carrying amount on balance sheet	**4,059,925**	**(124,750)**	**3,935,176**
Off balance sheet lease commitments	**693,870**	**(2,912)**	**690,958**
At 30th June 2019	**4,753,795**	**(127,662)**	**4,626,134**

Notes to the Financial Statements (Continued)

Year ended 30th June 2019

3. FINANCIAL RISK FACTORS (CONT'D)

(a) Credit Risk (Continued)

The following table further summarises credit risk by staging and ECL coverage.

	Gross carrying/nominal amount				Allowance for ECL				ECL coverage %			
	Stage 1	Stage 2	Stage 3	Total	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total	Stage 1	Stage 2	Stage 3	Total
	Rs' 000	Rs' 000	Rs' 000	Rs' 000	Rs' 000	Rs' 000	Rs' 000	Rs' 000	%	%	%	%
Net lease receivables	3,334,242	162,605	97,614	3,594,461	(19,645)	(27,322)	(68,318)	(115,285)	0.60%	16.80%	70%	3.20%
Cash and cash equivalents	98,997	-	-	98,997	(196)	-	-	(196)	0.20%	-	-	0.20%
Investment securities	198,727	-	-	198,727	(22)	-	-	(22)	0.01%	-	-	0.01%
Deposits with financial institutions	111,151	-	-	111,151	(220)	-	-	(220)	0.20%	-	-	0.20%
Other receivables	50,991	-	5,598	56,589	(3,429)	-	(5,598)	(9,027)	6.70%	-	100%	16.00%
Lease commitments	693,870	-	-	693,870	(2,912)	-	-	(2,912)	0.40%	-	-	0.40%
At 30 June 2019	4,487,978	162,605	103,212	4,753,795	(26,424)	(27,322)	(73,916)	(127,662)	0.60%	16.80%	75.70%	2.80%

3. FINANCIAL RISK FACTORS (CONT'D)

(a) Credit Risk (Continued)

Modification of leases

The Group sometimes modifies the terms of leases provided to customers due to commercial renegotiations, or for distressed leases, with a view to maximising recovery. Such restructured activities include extended payment term arrangements or payment holidays (moratoriums). Restructuring policies and practices are based on indicators or criteria, which, in the judgement of management, indicate that payment will most likely continue. These policies are kept under regular review.

The risk of default on such leases after modification is assessed at the reporting date and compared with the risk under the original terms at initial recognition, when the modification is not substantial and does not result in the derecognition of the original lease. The Group monitors the subsequent performance of the modified lease in line with the requirements of the Bank of Mauritius set out in the *Guideline on Credit Impairment Measurement and Income Recognition*.

The Group may determine that the credit risk has significantly improved after restructuring. The gross carrying amount of such restructured leases at 30 June 2019 was Rs 25.0 m. (2018: Rs11.8m).

Collateral and other credit enhancements

The Group employs a range of policies and practices to mitigate credit risk. The most common of these is ensuring right from the offset, that the customer's profile fits into the Group's risk appetite and has the right profile to service the borrowing without distress. It is the Group's policy to establish that leases are within the customer's capacity to repay, rather than rely excessively on security.

In the case of finance leases, the ownership of the vehicles and equipment financed remain the property of the Group until full settlement of the lease and after which the title is transferred to the lessee. Collaterals for impaired leases are reviewed regularly by the Group by obtaining the fair value of the collaterals through independent qualified surveyors. Where the collateral values have decreased, an additional ECL is booked.

The Group closely monitors collaterals held for financial assets considered to be credit-impaired, as it becomes more likely that the Group will take possession of the collateral to mitigate potential credit losses. Financial assets that are credit-impaired and related collaterals held in order to mitigate potential losses are shown below:

	Gross exposure	Impairment allowance	Fair value of collateral held
	Rs' 000	**Rs' 000**	**Rs' 000**
Credit impaired leases	97,614	68,318	29,109

Notes to the Financial Statements (Continued)

Year ended 30th June 2019

3 FINANCIAL RISK FACTORS (CONT'D)

(b) Market Risk - price risk

The Group is exposed to equity securities price risk because of investments held by the Group. This risk is managed by having a diversified portfolio.

A 5% change in the fair value of the Group's quoted investments would impact the Group's equity by Rs106.8m (2018: Rs121.5m).

(c) Interest rate risk

Interest rate risk is the risk that a movement in interest rates will have a significant adverse effect on the financial condition of the Group. This is controlled by ensuring that there are no mismatches or gaps in amounts of financial assets and financial liabilities.

The principal source of funding of the Group is from fixed deposits by the public, whereby the majority of same bears fixed interest rate. On the other hand, the majority of leases granted by the Group are also at fixed rate hence ensuring a constant differential. Very few contracts are on variable terms. Therefore the Group is not significantly exposed to interest rate risk.

(d) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivery of cash or another financial asset.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding and the ability to close out market positions.

Management monitors rolling forecasts of the Group's liquidity reserve on the basis of expected cash flow and does not foresee any major liquidity risk over the next two years. The objective of liquidity management is to ensure that funds are available or there is assurance of the availability of funds, to honour the Group's cash flow commitments as they fall due, including off-balance sheet outflow commitments in a timely and cost effective manner.

Liquid assets equivalent to not less than 10 per cent of deposit liabilities are maintained at all times. This is monitored continually and a weekly return of liquid assets and deposits is submitted to the Bank of Mauritius. The Group has complied with this requirement at 30 June 2019.

Notes to the Financial Statements *(Continued)*

Year ended 30th June 2019

3. FINANCIAL RISK FACTORS (CONT'D)

(d) *Liquidity risk (continued)*

	Up to 1 year	1 to 5 years	Over 5 years	Non-maturity items	Total
	Rs' 000	Rs' 000	Rs' 000	Rs' 000	Rs' 000
Maturities of assets and liabilities					
At June 30, 2019					
Assets					
Intangible assets	-	-	-	24,706	24,706
Property, plant and equipment	-	-	-	694,910	694,910
Investments in associates	-	-	-	5,374,078	5,374,078
Investment securities	96,389	-	-	521,439	617,828
Loan receivable	-	-	308,868	-	308,868
Finance lease receivables	1,264,845	2,088,356	125,975	-	3,479,176
Deposits with financial institutions	55,089	55,842	-	-	110,931
Other receivables	69,722	-	-	-	69,722
Current tax assets	7,676	-	-	-	7,676
Cash and cash equivalents	98,801	-	-	-	98,801
Total assets	1,592,522	2,144,198	434,843	6,615,133	10,786,696
Liabilities					
Bank overdrafts	669,557	-	-	-	669,557
Deposits	650,338	3,122,089	-	-	3,772,427
Borrowings	132,798	334,414	-	-	467,212
Other payables	82,430	-	-	-	82,430
Current tax liabilities	-	-	-	-	-
Deferred tax liabilities	-	-	-	16,239	16,239
Total liabilities	1,535,123	3,456,503	-	16,239	5,007,865
Net liquidity gap	57,399	(1,312,305)	434,843	6,598,894	5,778,831
At June 30, 2018					
Total assets	1,868,552	2,304,229	308,914	6,328,159	10,809,854
Total liabilities	1,611,945	3,229,439	308,914	18,011	5,168,309
Net liquidity gap	256,607	(925,210)	-	6,310,148	5,641,545

(e) *Fair values of financial assets and liabilities*

The fair values of those financial assets and liabilities not presented on the Group's and the Company's Statements of Financial Position at fair values are not materially different from their carrying amounts.

(f) *Fair value hierarchy*

The Group uses hierarchy of valuation techniques based on whether the inputs to these valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Group's market assumptions.

These two types of inputs have created the following fair value hierarchy:

Level 1 : Quoted prices(unadjusted) for identical assets. This level includes listed equity securities.

Level 2 : Inputs other than quoted prices that are observable for the assets.

Level 3 : Inputs for the assets that are not based on observable market data.

Notes to the Financial Statements *(Continued)*

Year ended 30th June 2019

3. FINANCIAL RISK FACTORS (CONT'D)

(g) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. It is the Group's policy to ensure that it is not significantly exposed to currency risk by ensuring that borrowings denominated in foreign currencies are contracted in order to grant leases in the same currency. The Group is not exposed to fluctuations in exchange rates and any fluctuation in the exchange rate of EURO/GBP/USD against the rupee will have an immaterial impact on the Group.

The Group's foreign currency profile is as follows:

	2019			2018		
	EURO	**GBP**	**USD**	**EURO**	**GBP**	**USD**
	Rs' 000	**Rs' 000**	**Rs' 000**	**Rs' 000**	**Rs' 000**	**Rs' 000**
Assets						
Bank balances	**-**	**2**	**4,030**	13,017	3	5,207
Loan receivable	**308,868**	**-**	**-**	308,914	-	-
Net lease receivables	**49,174**	**-**	**84,338**	80,405	-	161,198
	358,042	**2**	**88,368**	402,336	3	166,405
Liabilities						
Other liabilities	**11,390**	**1**	**3,180**	51	-	954
Borrowings	**357,354**	**-**	**72,453**	400,149	-	156,162
	368,744	**1**	**75,633**	400,200	-	157,116

4. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are:

- to comply with the capital requirements set by the Bank of Mauritius for its leasing activities.

- to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for its shareholders and benefits for other stakeholders; and

- to maintain a strong capital base to support the development of its business.

Quantitative data about what the Group manages as capital:

	GROUP		COMPANY	
	2019	2018	**2019**	2018
	Rs' 000	Rs' 000	**Rs' 000**	Rs' 000
Long term debt	**334,414**	423,018	**308,868**	308,914
less Cash and cash equivalents	**(98,801)**	(394,407)	**-**	-
Net debt	**235,613**	28,611	**308,868**	308,914
Total Equity	**5,778,831**	5,641,545	**1,927,518**	2,201,382
Adjustments	**(3,256,013)**	(3,328,114)	**-**	-
Adjusted Equity	**2,522,818**	2,313,431	**1,927,518**	2,201,382
Debt to equity ratio	**0.09**	0.01	**0.16**	0.14

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

(a) Impairment losses on lease receivables

Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). The assessment of credit risk, and the estimation of ECL, are unbiased and probability-weighted, and incorporate all available information which is relevant to the assessment including information about past events, current conditions and reasonable and supportable forecasts of future events and economic conditions at the reporting date.

In addition, the estimation of ECL should take into account the time value of money. A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as determining the criteria for significant increase in credit risk and determine the level of management overlays.

The directors estimate that a 0.1% change in lease loss rate will lead to a change in impairment of Rs 4.1m (2018 – Rs 3.6m). Management believes that a 0.1% shift in loss rate is adequate to determine the sensitivity of impairment as a result of a change in loss rate.

(b) Asset lives, residual values and depreciation policies

Plant and equipment are depreciated over their useful lives taking into account residual values. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors (maintenance, future market conditions, projected disposal values, among other things). The directors make estimates based on historical experience and use best judgement to assess the useful lives of assets and to forecast the expected residual values of the assets at the end of their expected useful lives.

(c) Judgements

In preparing the financial statements, the directors had to consider whether the significant risks and rewards of ownership are transferred to the lessees in determining whether the leases should be classified as finance or operating lease. The Board of Directors makes use of the guidance as set out in IAS17 leases to classify leases between finance and operating leases.

6. INTANGIBLE ASSETS

GROUP	2019 Rs' 000	2018 Rs' 000
COST		
At 1st July	**63,944**	63,944
Additions	**2,275**	-
At 30th June	**66,219**	63,944
AMORTISATION		
At 1st July	**37,896**	33,867
Charge for the year	**3,617**	4,029
At 30th June	**41,513**	37,896
NET BOOK VALUES	**24,706**	26,048

Notes to the Financial Statements (Continued)

Year ended 30th June 2019

7. PROPERTY, PLANT AND EQUIPMENT

GROUP	Assets under operating leases					
	Plant and Equipment	Motor Vehicles	Office Equipment	Computer Equipment	Motor Vehicle	Total
	Rs' 000	Rs' 000	Rs' 000	Rs' 000	Rs' 000	Rs' 000
COST						
At 1st July 2018	**210,218**	**700,068**	**6,593**	**6,207**	**302**	**923,388**
Additions	**19,912**	**285,685**	**74**	**123**	**-**	**305,794**
Disposals	**(31,636)**	**(116,954)**	**-**	**-**	**-**	**(148,590)**
At 30th June 2019	**198,494**	**868,799**	**6,667**	**6,330**	**302**	**1,080,592**
DEPRECIATION						
At 1st July 2018	**89,649**	**229,755**	**5,475**	**6,042**	**95**	**331,016**
Charge for the year	**25,592**	**109,326**	**361**	**109**	**60**	**135,448**
Disposals adjustment	**(20,750)**	**(60,032)**	**-**	**-**	**-**	**(80,782)**
At 30th June 2019	**94,491**	**279,049**	**5,836**	**6,151**	**155**	**385,682**
COST						
At 1st July 2017	270,940	612,840	6,418	6,116	302	896,616
Additions	10,429	177,410	175	91	-	188,105
Disposals	(69,426)	(91,666)	-	-	-	(161,092)
Reclassifcation	(1,725)	1,484	-	-	-	(241)
At 30th June 2018	210,218	700,068	6,593	6,207	302	923,388
DEPRECIATION						
At 1st July 2017	106,301	178,941	5,109	5,943	35	296,329
Charge for the year	30,032	102,006	366	99	60	132,563
Disposals adjustment	(46,322)	(51,313)	-	-	-	(97,635)
Reclassifcation	(362)	121	-	-	-	(241)
At 30th June 2018	89,649	229,755	5,475	6,042	95	331,016
NET BOOK VALUES						
At 30th June 2019	**104,003**	**589,750**	**831**	**179**	**147**	**694,910**
At 30th June 2018	120,569	470,313	1,118	165	207	592,372

8. INVESTMENTS IN ASSOCIATES

	GROUP	
	2019	2018
	Rs' 000	Rs' 000
At 1st July	**5,219,097**	5,317,033
Impact of adoption of IFRS 9	**(2,065)**	-
Share of profits/(losses)	**152,044**	(42,201)
Share of other comprehensive income:		
- Revaluation and other reserve	**69,138**	(18,470)
- Fair value reserve	**4,441**	29,019
Share of other movements in reserves of associates	**(2,779)**	2,664
Impact of change in shareholding by associates	**(664)**	-
Effect of employee share options exercised in associate	**6,804**	(1,521)
Dividends	**(71,938)**	(67,427)
At 30th June	**5,374,078**	5,219,097

The following are associated companies of Fincorp Investment Limited. Both companies are listed.

	Nature of Business	**Principal place of Business and Country of Incorporation**	**2019 Percentage held Direct %**	**2019 Percentage held Total %**	2018 Percentage held Direct %	2018 Percentage held Total %
Promotion and Development Limited	Investment and Property development	Mauritius	**46.39**	**46.39**	46.33	46.33
Caudan Development Limited	Property development, investment and provision of security services	Mauritius	**5.34**	**38.10**	5.34	38.06

(i) Summarised financial information of the material associate, Promotion and Development Ltd, is set out below:

	Current Assets	**Non-Current Assets**	**Current Liabilities**	**Non-Current Liabilities**	**Non-controlling Interest**	**Revenue**	**Profit/ (Loss)**	**Other Comprehensive Income**	**Total Comprehensive Income**	**Dividend Received**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
2019	**250,723**	**14,223,810**	**758,001**	**1,410,954**	**1,200,881**	**599,075**	**302,583**	**158,561**	**461,144**	**67,666**
2018	278,992	13,224,518	680,418	859,889	1,162,901	563,779	(102,871)	22,824	(80,047)	63,155

Notes to the Financial Statements *(Continued)*

Year ended 30th June 2019

8. INVESTMENTS IN ASSOCIATES (CONTINUED)

Reconciliation of the above summarised financial information to the carrying amount recognised in the financial statements:

	Opening Net assets	Profit/ (Loss)	Other Comprehensive Income	Other Movements in Reserves	Dividends	Closing Net assets	Ownership Interest	Carrying Value
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	%	Rs'000
2019	**10,800,302**	**302,583**	**158,561**	**(8,882)**	**(147,867)**	**11,104,697**	**46.39%**	**5,151,557**
2018	11,010,101	(102,871)	22,824	10,467	(140,219)	10,800,302	46.33%	5,003,478

(ii) Information of associate that is not material:

	GROUP	
	2019	2018
	Rs' 000	Rs' 000
Carrying amount of interest	**222,521**	215,619
Share of proft	**11,681**	5,520
Share of other comprehensive expense	**(222)**	-

(iii)The above associates are accounted using the equity method.

(iv) As at June 30, 2019, the fair value of the Company's interest in Promotion and Development Limited and Caudan Development Limited which are listed on the Stock Exchange of Mauritius Ltd was Rs1,810,746,207 (2018:Rs2,028,180,106) and Rs109,993,774 (2018:Rs115,333,277) respectively based on the quoted market price available, which is a level 1 input in terms of IFRS 13.

	COMPANY	
	2019	2018
	Rs' 000	Rs' 000
At 1st July	**2,143,513**	2,223,313
Fair value adjustment	**(222,773)**	(79,800)
At 30th June	**1,920,740**	2,143,513

Notes to the Financial Statements (Continued)

Year ended 30th June 2019

9. INVESTMENT IN SUBSIDIARY

	COMPANY
	Rs' 000
At 1st July 2018 and 30th June 2019 - cost	**200,000**

	Country of Incorporation and Operation	Class of Shares	Cost of Investment	Nominal Value of Investment	Percentage Held	Main Business
			Rs' 000	Rs' 000		
2018 & 2019						
MCB Leasing Limited (previously Finlease Company Limited)	Mauritius	Ordinary	200,000	200,000	100%	Leasing

10. INVESTMENT SECURITIES

	GROUP	COMPANY
	2019	
	Rs' 000	Rs' 000
Non-current assets		
Amortised cost	102,338	-
Fair value through other comprehensive income	408,574	408,574
Fair value through proft or loss	10,549	10,549
	521,461	419,123
Current assets		
Amortised cost	96,389	-
Less allowance for impairment	(22)	-
	617,828	419,123

Investment securities are denominated in rupees.

Fincorp Investment Limited holds more than 10% interest in the following companies:

	Nature	2019	2018
		Percentage held	
		%	%
MFD Group Limited	Ordinary	15.00	15.00
Le Refuge du Pêcheur Ltd	Ordinary	11.00	11.00

Notes to the Financial Statements *(Continued)*

Year ended 30th June 2019

10. INVESTMENT SECURITIES (CONTINUED)

(a) Amortised cost

	GROUP
	2019
	Rs' 000
Government of Mauritius bonds	**102,338**
Government of Mauritius Treasury bills	**96,389**
	198,727
Less: Allowance for impairment	**(22)**
	198,705

	GROUP & COMPANY
	2019
	Rs' 000
(b) Fair value through other comprehensive income	
Quoted - Level 1	**204,749**
Unquoted - Level 3	**203,825**
	408,574

The dividend recognised in the statement of profit or loss for the year ended 30th June 2019 was Rs 7.2m.

	GROUP & COMPANY
(c) Fair value through profit or loss	
Quoted - Level 1	
Development and Enterprise Market : shares	**10,549**
	10,549

Comparative information under IAS 39

	GROUP & COMPANY		
	Quoted	**Unquoted**	**Total**
Available-for-sale	**Level 1**	**Level 3**	
	Rs' 000	**Rs' 000**	**Rs' 000**
At 1st July 2017	248,878	203,825	452,703
Fair value increase	37,939	-	37,939
At 30th June 2018	286,817	203,825	490,642

11. LOAN RECEIVABLE

	GROUP		COMPANY	
	2019	2018	**2019**	2018
	Rs' 000	Rs' 000	**Rs' 000**	Rs' 000
Subordinated loans	**308,868**	308,914	**308,868**	308,914
	308,868	308,914	**308,868**	308,914

The loans are unsecured and are denominated in Mur and Euro and attract interest at commercial rates.

The loans have no defined repayment date.

Notes to the Financial Statements *(Continued)*

Year ended 30th June 2019

12. FINANCE LEASE RECEIVABLES

	GROUP	
	2019	2018
(a) Gross investment in finance leases:	**Rs' 000**	Rs' 000
Within one year	**1,391,029**	1,462,278
After one year and before fve years	**2,491,507**	2,487,992
After fve years	**129,444**	69,120
	4,011,980	4,019,390
Unearned future fnance income on fnance leases	**(525,263)**	(517,879)
	3,486,717	3,501,511
(b) Rent receivables	**107,744**	103,696
Less allowances for credit impairment	**(115,285)**	(101,900)
Net lease receivables	**3,479,176**	3,503,307
Finance lease receivables may be analysed as follows:-		
Receivable within one year	**1,264,845**	1,303,865
Receivable after one year and before fve years	**2,203,641**	2,232,845
Receivable after fve years	**125,975**	68,497
	3,594,461	3,605,207
Less : Allowances for credit impairment	**(115,285)**	(101,900)
Net lease receivables	**3,479,176**	3,503,307
Non-current assets	**2,214,331**	2,199,442
Current assets	**1,264,845**	1,303,865
Net investment in fnance leases	**3,479,176**	3,503,307

(c) Allowances for credit impairment

	GROUP		
	Stage 1 & 2 ECL	**Stage 3 ECL**	**Total**
	Rs'000	**Rs'000**	**Rs'000**
At 1st July 2018	**37,841**	**64,059**	**101,900**
Impact of adoption of IFRS 9	**17,493**	**-**	**17,493**
(Release)/Provision for the year	**(8,367)**	**4,259**	**(4,108)**
At 30th June 2019	**46,967**	**68,318**	**115,285**

Notes to the Financial Statements *(Continued)*
Year ended 30th June 2019

12. FINANCE LEASE RECEIVABLES (CONTINUED)

(c) Allowances for credit impairment (continued)

Allowance for credit impairment

	GROUP			
	Stage 1	Stage 2	Stage 3	Total
	Rs' 000	Rs' 000	Rs' 000	Rs' 000
Balance at 1st July 2018, as remeasured under IFRS 9	23,488	31,846	64,059	119,393
Transfer to Stage 1	11,990	(952)	(11,038)	-
Transfer to Stage 2	(3,218)	6,239	(3,021)	-
Transfer to Stage 3	(2,980)	(9,840)	12,820	-
Additional Provision	-	29	5,498	5,527
Provision Released	(9,635)	-	-	(9,635)
At 30th June 2019	19,645	27,322	68,318	115,285

	GROUP
Comparative information under IAS 39	Rs' 000
At 1st July 2017	88,028
Provision for the year	17,846
Release/Amounts written off	(3,974)
At 30th June 2018	101,900

13. DEPOSITS WITH FINANCIAL INSTITUTIONS

	GROUP		COMPANY	
	2019	2018	2019	2018
	Rs' 000	Rs' 000	Rs' 000	Rs' 000
Remaining term to maturity:				
Up to one year	55,089	123,271	-	-
Over 1 year and up to 3 years	56,062	104,787	-	-
Allowance for credit impairment	(220)	-	-	-
	110,931	228,058	-	-

The above consists of deposits with The Mauritius Commercial Bank Limited which carries interest rates of 3% - 4% p.a and have maturity dates of 04 February 2019, 11 May 2020 and 11 May 2021 respectively.

	GROUP
Allowance for credit impairment	Stage 1 ECL
	Rs'000
Balance at 01st July 2018	519
Provision released	(299)
At 30th June 2019	220

Notes to the Financial Statements (Continued)

Year ended 30th June 2019

14. OTHER RECEIVABLES

	GROUP		COMPANY	
	2019	2018	**2019**	2018
	Rs' 000	Rs' 000	**Rs' 000**	Rs' 000
Investment and other receivable from group company	**-**	-	**52,089**	51,188
Other investment and rental income receivable	**7,386**	13,050	**7,386**	6,525
Assets repossessed pending disposals	**1,168**	1,784	**-**	-
Fees and residual value receivable	**38,555**	7,502	**-**	-
Others	**31,640**	24,673	**102**	146
	78,749	47,009	**59,577**	57,859
Less Allowance for credit impairment	**(9,027)**	-	**-**	-
	69,722	47,009	**59,577**	57,859

The carrying amounts of other receivables approximate their fair value.

	GROUP		
Allowance for credit impairment	**Stage 1 & 2 ECL**	**Stage 3 ECL**	**Total**
	Rs'000	**Rs'000**	**Rs'000**
Additional provision	**3,429**	**5,598**	**9,027**
At 30th June 2019	**3,429**	**5,598**	**9,027**

15. CASH AND CASH EQUIVALENTS

	GROUP	
	2019	2018
	Rs' 000	Rs' 000
Cash in hand	**3**	-
Balances and deposits with banks in Mauritius	**98,994**	394,407
Allowance for credit impairment	**(196)**	-
	98,801	394,407

	GROUP
Allowance for credit impairment	**Stage 1 ECL**
	Rs' 000
Balance at 01st July 2018	**899**
Provision released	**(703)**
At 30th June 2019	**196**

Notes to the Financial Statements *(Continued)*

Year ended 30th June 2019

16(a) BANK OVERDRAFTS

Bank overdrafts are secured by a floating charge on the Company's assets for Rs 170m and shares held in Promotion and Development Ltd.

The rates of interest varied from 1% to 7% during the year.

16(b) BORROWINGS

	GROUP		COMPANY	
	2019	2018	**2019**	2018
	Rs' 000	Rs' 000	**Rs' 000**	Rs' 000
Current				
Bank loans	**101,916**	58,585	**-**	-
Other loans	**30,882**	151,772	**-**	-
	132,798	210,357	**-**	-
Non-current				
Bank loans	**333,557**	397,556	**308,868**	308,914
Other loans	**857**	25,462	**-**	-
	334,414	423,018	**308,868**	308,914
	467,212	633,375	**308,868**	308,914
Analysed as follows:				
Within a period of 1 year	**132,798**	210,357	**-**	-
Within a period of more than 1 year but not exceeding 2 years	**15,623**	88,685	**-**	-
Within a period of more than 2 years but not exceeding 5 years	**318,791**	25,419	**-**	-
Within a period of more than 5 years	**-**	308,914	**308,868**	308,914
	467,212	633,375	**308,868**	308,914

The carrying amounts of borrowings are not materially different from their fair values.

The bank loans are secured by a floating charge on the Group's assets for Rs 262m.

The rate of interest varied between 1% and 6% during the year.

Other loans consist of loans from State Investment Corporation Limited obtained in order to finance leasing facilities granted under the different Leasing Equipment Modernisation Schemes.

Notes to the Financial Statements *(Continued)*
Year ended 30th June 2019

17. DEPOSITS

	GROUP	
	2019	2018
	Rs' 000	Rs' 000
Retail customers		
Within 3 months	**240,328**	291,460
Over 3 up to 6 months	**59,515**	54,811
Over 6 up to 12 months	**244,462**	99,534
Over 1 up to 5 years	**2,396,521**	2,432,462
	2,940,826	2,878,267
Corporate customers		
Within 3 months	**38,164**	131,285
Over 3 up to 6 months	**5,152**	6,119
Over 6 up to 12 months	**62,717**	20,179
Over 1 up to 5 years	**725,568**	682,873
	831,601	840,456
	3,772,427	3,718,723
Analysed as follows:		
Current	**650,338**	603,388
Non-current	**3,122,089**	3,115,335
	3,772,427	3,718,723

The above consists of deposits bearing interest at the rates of 2% - 6% per annum. Deposits are denominated in rupees.

18. OTHER PAYABLES

	GROUP		COMPANY	
	2019	2018	**2019**	2018
	Rs' 000	Rs' 000	**Rs' 000**	Rs' 000
Registration duty payable to government	**7,425**	10,723	**-**	-
Advances received from customers	**13,491**	16,161	**-**	-
Amounts payable to car distributors	**1,004**	18,364	**-**	-
Others	**63,422**	59,661	**2,652**	5,468
Allowance for credit impairment on undrawn commitments	**(2,912)**	-	**-**	-
	82,430	104,909	**2,652**	5,468

The carrying amounts of other payables equal their fair value.

	GROUP
Allowance for credit impairment on undrawn commitments	**Stage 1 ECL**
	Rs'000
Balance at 01st July 2018	**746**
Impairment charge	**2,166**
At 30th June 2019	**2,912**

19. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

(a) New Measurement Category under IFRS 9 of the Group's financial assets and financial liabilities

The following table shows the original categories in accordance with IAS 39 and the new measurement categories under IFRS 9 for financial assets and liabilities as at date of initial recognition, 1st July 2018.

1st July 2018	Original measurement under IAS 39	New measurement under IFRS 9	GROUP Original carrying amount	GROUP New carrying amount	COMPANY Original carrying amount	COMPANY New carrying amount
			Rs' 000	Rs' 000	Rs' 000	Rs' 000
Financial Assets						
Investment securities	Available for sale	Fair value through other comprehensive income	480,799	480,799	480,799	480,799
Investment securities	Available for sale	Fair value through profit & loss	9,843	9,843	9,843	9,843
Loan receivable	Amortised cost	Amortised cost	308,914	308,914	308,914	308,914
Net lease receivables	Loans and receivables	Amortised cost	3,503,307	3,485,815	-	-
Deposits with financial institutions	Amortised cost	Amortised cost	228,058	227,538	-	-
Other receivables	Loans and receivables	Amortised cost	47,009	47,009	57,859	57,859
Cash and cash equivalents	Amortised cost	Amortised cost	394,407	393,508	-	-
			4,972,337	4,953,426	857,415	857,415
Financial liabilities						
Bank overdrafts	Amortised cost	Amortised cost	684,217	684,217	684,217	684,217
Deposits	Amortised cost	Amortised cost	3,718,723	3,718,723	-	-
Borrowings	Amortised cost	Amortised cost	633,375	633,375	308,914	308,914
Other payables	Amortised cost	Amortised cost	104,909	105,655	5,468	5,468
			5,141,224	5,141,970	998,599	998,599

(b) The following table shows the reconciliation of the carrying amounts under IAS 39 to the carrying amounts under IFRS 9

	IAS 39 carrying amount	Re-measurement	IFRS 9 carrying amount
	Rs' 000	Rs' 000	Rs' 000
Financial Assets			
Amortised Cost			
Loan receivable	308,914	-	308,914
Net lease receivables	3,503,307	(17,493)	3,485,814
Deposits with financial institutions	228,058	(519)	227,538
Other receivables	47,009	-	47,009
Cash and cash equivalents	394,407	(899)	393,508
Total amortised cost	4,481,695	(18,911)	4,462,783

Notes to the Financial Statements *(Continued)*

Year ended 30th June 2019

19. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

	GROUP & COMPANY			
	IAS 39 carrying amount	Re-classification	Re-measurement	IFRS 9 carrying amount
1st July 2018	**Rs' 000**	**Rs' 000**	**Rs' 000**	**Rs' 000**
Financial Assets				
Investment securities- Available for Sale				
Opening Balance	490,642	-	-	-
To FVOCI- Equity	-	(480,799)	-	-
To FVPL	-	(9,843)	-	-
Closing Balance	490,642	(490,642)	-	-

	IAS 39 carrying amount	Re-classification	Re-measurement	IFRS 9 carrying amount
1st July 2018	**Rs' 000**	**Rs' 000**	**Rs' 000**	**Rs' 000**
Financial Assets				
Fair value through other comprehensive income				
From available for sale	-	480,799	-	480,799
Fair value through profit or loss				
From available for sale	-	9,843	-	9,843
Financial Liabilities				
Bank overdrafts	684,217	-	-	684,217
Deposits	3,718,723	-	-	3,718,723
Borrowings	633,375	-	-	633,375
Other payables	104,909	-	746	105,655
Total amortised cost	5,141,224	-	746	5,141,970

The following table reconciles the prior year's closing impairment allowance in accordance with IAS 39 incurred loss model to the new impairment allowance with IFRS 9 expected loss model at 1st July 2018:

	Loan loss allowance under IAS 39	Re-measurement	Loan loss allowance under IFRS 9
	Rs' 000	**Rs' 000**	**Rs' 000**
Cash and cash equivalents	-	899	899
Deposits with financial institutions	-	519	519
Net receivables	101,900	17,493	119,393
Lease commitments	-	746	746
	101,900	19,657	121,557

(c) *Designation of equity instruments at fair value through other comprehensive income*

Except for its invesment in C-Care (Mauritius Ltd) which is fair valued in the Statement of Profit or Loss, the Group has elected to irrevocably designate its other strategic investments at fair value through other comprehensive income as permitted under IFRS 9. These securities were previously classified as available for sale. The changes in the fair value of such securities will no longer be reclassified to profit or loss when they are disposed of.

Notes to the Financial Statements *(Continued)*
Year ended 30th June 2019

20. SHARE CAPITAL AND RESERVES

(a) SHARE CAPITAL

	COMPANY
	2019 & 2018
	Rs' 000
AUTHORISED:	
250,000,000 ordinary shares of Re.1 each	250,000
ISSUED AND FULLY PAID:	
At 1st July 2018 and 30th June 2019	103,355

The issued share capital consists of 103,355,340 ordinary shares of Re.1 each.

(b) CAPITAL CONTRIBUTION:

20,000,000 5.5% non-cumulative irredeemable preference shares issued by subsidiary at Rs10. each to MCB Group Limited.

(c) NATURE AND PURPOSE OF RESERVES

Capital reserve:

Capital reserve comprise mainly of movements arising in the reserves of associates.

Revaluation and Other reserve:

Fair value adjustments, which comprise of the cumulative net change in the fair value of financial assets that has been recognised in other comprehensive income until the investments are derecognised or impaired. Other reserve comprise of all the movements arising in the reserves of associates.

Statutory reserve:

15% of the profit after tax is transferred to the Statutory reserve in compliance with the requirements of the Banking Act 2004.

General risk reserve:

The general risk reserve consists of amounts set aside to meet the 1% minimum provisioning requirement and the Prudential Norms set out by the Bank of Mauritius.

Notes to the Financial Statements *(Continued)*
Year ended 30th June 2019

21. OTHER INCOME

	GROUP		COMPANY	
	2019	2018	**2019**	2018
	Rs' 000	Rs' 000	**Rs' 000**	Rs' 000
Dividend income from quoted investments	**7,200**	12,375	**80,040**	81,606
Dividend income from unquoted investments	**186**	-	**40,186**	40,000
Operating lease income	**185,214**	175,697	**-**	-
Other processing fees	**9,348**	7,606	**-**	-
Other operating income	**16,964**	11,700	**-**	-
Proft on disposal of fnancial assets	**-**	423	**-**	-
Others	**1,406**	725	**1,405**	725
	220,318	208,526	**121,631**	122,331

22. FINANCE INCOME/(COSTS)

	GROUP		COMPANY	
	2019	2018	**2019**	2018
	Rs' 000	Rs' 000	**Rs' 000**	Rs' 000
Finance income:				
Finance leases	**261,482**	276,996	**-**	-
Other interest income	**20,330**	19,199	**7,434**	13,418
	281,812	296,195	**7,434**	13,418
Finance costs:				
Borrowings	**50,627**	64,702	**42,173**	49,939
Deposits	**167,839**	180,277	**-**	-
	218,466	244,979	**42,173**	49,939
Net Finance income/(costs)	**63,346**	51,216	**(34,739)**	(36,521)

23. OPERATING EXPENSES

	GROUP		COMPANY	
	2019	2018	**2019**	2018
	Rs' 000	Rs' 000	**Rs' 000**	Rs' 000
Wages and salaries	**32,301**	26,097	**-**	-
Defned beneft plan	**2,909**	1,832	**-**	-
Defned contribution plan	**847**	478	**-**	-
Other personnel expenses	**2,446**	2,262	**-**	-
Depreciation charge	**135,448**	132,563	**-**	-
Amortisation of intangible assets	**3,617**	4,029	**-**	-
Other expenses	**31,806**	25,000	**3,233**	3,008
	209,374	192,261	**3,233**	3,008

The Group has a multi-employer plan and contributions made have been accounted as a defined contribution plan.

24. NET IMPAIRMENT OF FINANCIAL ASSETS

The table below provides the reconciliation in balance sheet movement and profit and loss charge for 2019:

	GROUP (Rs'000)				
	Closing Impairment provisions at 30th June 2018	**Impact of adoption of IFRS 9**	**Opening Impairment provisions at 01st July 2018**	**Closing impairment provisions at 30th June 2019**	**Impairment charge/ (reversal)**
Lease receivables - Specifc provisioning Stage 3 - ECL	64,059	-	64,059	68,318	**4,259**
Lease receivables - General provision Stages 1&2 - ECL	37,841	17,493	55,334	46,967	**(8,367)**
ECL on Cash and cash equivalents	-	899	899	196	**(703)**
Other assets Stage 3 - ECL	-	-	-	5,598	**5,598**
Other assets Stages 1&2 - ECL	-	-	-	3,429	**3,429**
ECL on Deposits with fnancial institutions	-	519	519	220	**(299)**
ECL on Investment Securities	-	-	-	22	**22**
ECL on Undrawn commitments	-	746	746	2,912	**2,166**
Total Impairment charge/ (reversal) to proft or loss	**101,900**	**19,657**	**121,557**	**127,662**	**6,105**

25. INCOME TAX EXPENSE

	GROUP		COMPANY	
	2019	2018	**2019**	2018
	Rs' 000	Rs' 000	**Rs' 000**	Rs' 000
Income tax on adjusted profts	**3,745**	14,857	**511**	1,240
Deferred tax (Note 27)	**1,563**	(1,316)	**-**	-
Corporate Social Responsibility contribution	**2,015**	2,259	**68**	256
Charge for the year	**7,323**	15,800	**579**	1,496

The tax on the Group and the Company's proft differs from the theoretical amount that would arise using the basic rate as follows:

	GROUP 2019	GROUP 2018	COMPANY 2019	COMPANY 2018
Proft before tax	**220,297**	7,072	**83,727**	82,440
Less: Share of (profts)/losses of associates	**(152,044)**	42,201	**-**	-
	68,253	49,273	**83,727**	82,440
Tax calculated at a tax rate of 15%	**10,238**	7,391	**12,559**	12,366
Impact of:				
Income not subject to tax	**(11,462)**	(1,162)	**(18,580)**	(18,241)
Expenses not deductible for tax purposes	**6,532**	7,312	**6,532**	7,115
Corporate Social Responsibility contribution	**2,015**	2,259	**68**	256
Tax charge	**7,323**	15,800	**579**	1,496

Notes to the Financial Statements (Continued)

Year ended 30th June 2019

26. DIVIDENDS

Amounts not recognised as distribution to owners:

Before the financial statements were authorised for issue, the Board of Directors of Fincorp Investment Limited declared final dividends of Re 0.60 per share for the financial years ended 30th June 2018 & 30th June 2019.

27. DEFERRED TAX LIABILITIES

	GROUP	
	2019	2018
	Rs' 000	Rs' 000
At 1st July	**18,011**	19,327
Statement of profit or loss and other comprehensive income	**(3,335)**	-
Accelerated tax depreciation (Note 25)	**1,563**	(1,316)
At 30th June	**16,239**	18,011

Deferred income taxes are calculated on all temporary differences under the liability method at 17%.

28. EARNINGS/(LOSS) PER SHARE

Earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to equity holders of the parent by the number of equity shares in issue and ranking for dividend.

	GROUP		COMPANY	
	2019	2018	**2019**	2018
Profit/(loss) attributable to equity holders of the parent (Rs'000)	**212,974**	(8,728)	**83,148**	80,944
Number of shares in issue and ranking for dividend (thousands)	**103,355**	103,355	**103,355**	103,355
Earnings/(loss) per share (Rs.)	**2.06**	(0.08)	**0.80**	0.78

29. CAPITAL COMMITMENTS

	GROUP	
	2019	2018
	Rs' 000	Rs' 000
Capital commitments at 30th June are as follows :		
Future leases	**693,870**	327,219

30. OPERATING LEASES

	GROUP	
	2019	2018
	Rs' 000	Rs' 000
Future minimum lease receivables under non-cancellable operating leases may be analysed as follows:		
Less than 1 year	**182,514**	156,983
More than 1 year and less than 5 years	**314,497**	286,106
More than 5 years	**11,708**	1,040
	508,719	444,129

Notes to the Financial Statements (Continued)

Year ended 30th June 2019

31. OPERATING SEGMENTS

Year ended 30th June 2019

	Group	Leasing	Investing	Eliminations
	Rs' 000	**Rs' 000**	**Rs' 000**	**Rs' 000**
Revenue from external customers	**501,423**	485,903	15,520	-
Revenue from associates	**-**	-	72,840	(72,840)
Inter segment revenue	**-**	-	40,000	(40,000)
Total revenue	**501,423**	485,903	128,360	(112,840)
Operating profit before impairment	**74,358**	103,470	83,727	(112,839)
Net impairment of fnancial assets	**(6,105)**	(6,105)	-	-
Operating profit	**68,253**	97,365	83,727	(112,839)
Share of profts of associates	**152,044**			
Profit before tax	**220,297**			
Income tax expense	**(7,323)**			
Profit attributable to equity holders of the parent	**212,974**			
Other segment items:				
Segment assets	**5,412,618**	4,677,140	987,856	(252,378)
Investments in associates	**5,374,078**		1,920,740	
Total assets	**10,786,696**		2,908,596	
Segment liabilities	**5,007,865**	4,026,788	981,077	-
Unallocated liabilities	**-**			
Total liabilities	**5,007,865**			
Capital expenditure	**305,794**	305,794		
Depreciation charge	**135,448**	135,448		
Amortisation	**3,617**	3,617		

31. OPERATING SEGMENTS (CONTINUED)

Year ended 30th June 2018

	Group	Leasing	Investing	Eliminations
	Rs' 000	**Rs' 000**	**Rs' 000**	**Rs' 000**
Revenue from external customers	504,298	483,684	20,614	-
Revenue from associates	-	-	69,231	(69,231)
Inter segment revenue	-	-	45,904	(45,904)
Total revenue	504,298	483,684	135,749	(115,135)
Operating profit before impairment	67,119	93,909	82,440	(109,230)
Net impairment of financial assets	(17,846)	(17,846)	-	-
Operating profit	49,273	76,063	82,440	(109,230)
Share of losses of associates	(42,201)			
Profit before tax	7,072			
Income tax expense	(15,800)			
Loss attributable to equity holders of the parent	(8,728)			
Other segment items:				
Segment assets	5,590,757	4,787,403	1,057,415	(254,061)
Investments in associates	5,219,097		2,143,513	
Total assets	10,809,854		3,200,928	
Segment liabilities	5,159,235	4,163,509	998,599	(2,873)
Unallocated liabilities	9,074			
Total liabilities	5,168,309			
Capital expenditure	188,105	188,105		
Depreciation charge	132,563	132,563		
Amortisation	4,029	4,029		

32. RELATED PARTY TRANSACTIONS

(a) Group

The following transactions were carried out by the Group with related parties:

	Lease Rental Income	Interest Income	Expenses/ Financial Charges	Loan/ Amount Due	Deposit Balance/ Amount due	Net Finance Lease Receivables
	Rs' 000	Rs' 000	Rs' 000	Rs' 000	Rs' 000	Rs' 000
2019						
Entity under common control	**-**	**10,866**	**62,827**	**1,080,030**	**209,732**	**-**
Directors and close family members	**-**	**-**	**-**	**-**	**18,035**	**2,132**
Enterprises in which directors/key management personnel have signifcant interest	**766**	**2,828**	**-**	**-**	**-**	**35,978**
2018						
Entity under common control	-	11,685	79,766	1,140,357	627,439	-
Directors and close family members	-	-	-	-	18,032	3,884
Enterprises in which directors/key management personnel have signifcant interest	514	4,372	-	-	20,179	42,787

(b) Company

The following transactions were carried out by the Company with related parties:

	2019	2018
	Rs' 000	Rs' 000
Entity under joint control		
Loan/amount due to	**978,425**	993,131
Expenses/fnancial charges	**42,173**	49,939

The above transactions have been made on normal commercial terms and in the normal course of business.

The loans are unsecured and will be settled according to the terms of the loans.

The Group/Company has not recorded any impairment of receivables relating to the amount owed by related parties.

Collaterals are held for the Net fnance lease receivables.

(c) Remuneration

	2019	2018
Directors and key management personnel : Salaries and short term employee benefts	**4,808**	4,858

33. HOLDING COMPANY

The directors regard MCB Group Limited as its holding company. The MCB Group Limited is incorporated in Mauritius.

Five-year Financial Summary
Year ended 30th June 2019

		GROUP					COMPANY				
		2019	2018	2017	2016	2015	**2019**	2018	2017	2016	2015
		Rs' m	Rs' m	Rs' m	Rs' m	Rs' m	**Rs' m**	Rs' m	Rs' m	Rs' m	Rs' m
STATEMENTS OF FINANCIAL POSITION											
Non-current assets		**9,194**	8,941	9,406	8,993	7,370	**2,849**	3,143	3,281	2,677	2,780
Current assets		**1,592**	1,869	1,654	1,502	1,522	**60**	58	50	96	92
Current liabilities		**1,535**	1,612	1,927	1,856	2,703	**673**	691	807	833	785
Net current liabilities		**57**	257	(273)	(354)	(1,181)	**(613)**	(633)	(757)	(737)	(693)
		9,251	9,198	9,133	8,639	6,189	**2,236**	2,510	2,524	1,940	2,087
Share capital		**103**	103	103	103	103	**103**	103	103	103	103
Retained earnings		**2,110**	1,895	1,968	1,824	1,572	**80**	53	34	7	5
Other components of equity		**3,566**	3,643	3,392	3,141	2,063	**1,744**	2,045	2,087	1,529	1,679
Shareholders' interests		**5,779**	5,641	5,463	5,068	3,738	**1,927**	2,201	2,224	1,639	1,787
Non-current liabilities		**3,472**	3,557	3,670	3,571	2,451	**309**	309	300	301	300
		9,251	9,198	9,133	8,639	6,189	**2,236**	2,510	2,524	1,940	2,087
STATEMENTS OF PROFIT OR LOSS											
Revenue		**501**	504	497	464	422	**128**	136	82	117	114
Proft before tax		**220**	7	87	399	85	**84**	82	28	65	64
Proft /(loss) attributable to equity holders of the parent		**213**	(9)	82	382	67	**83**	81	27	64	63
Dividends*		**62.0**	62.0	62.0	62.0	62.0	**62.0**	62.0	62.0	62.0	62.0
DATA PER SHARE											
Earnings/(loss) per share	Rs	**2.06**	(0.08)	0.79	3.70	0.65	**0.80**	0.78	0.27	0.62	0.61
Dividend per share*	Re	**0.60**	0.60	0.60	0.60	0.60	**0.60**	0.60	0.60	0.60	0.60
Net assets per share**	Rs	**53.98**	52.65	52.85	49.04	36.17	**18.65**	21.30	21.52	15.86	17.29

* Dividends for the financial years ended 30th June 2017, 30th June 2018 and 30th June 2019 were declared after year end.

** After adjusting for the non-cumulative irredeemable preference shares.

Fincorp

Fincorp Investment Limited
9-15 Sir William Newton Street
Port Louis
Republic of Mauritius
T: +230 202 5000