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## **Corporate Governance Report**

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### **COMPLIANCE STATEMENT**

The Company is committed to the highest standard of business integrity, transparency and professionalism in all its activities 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 endeavours to comply with the Code of Corporate Governance for Mauritius.

### **COMPANY STRUCTURE**

Fincorp Investment Ltd (Fincorp) is a subsidiary of MCB Group Limited (MCBG). MCBG has a 57.73% stake in Fincorp.

### **BOARD OF DIRECTORS**

(a) Composition

**Jean-Pierre Montocchio** – (Non Executive Director) Age 52

Notary Public since 1990, he has participated in the National Committee on Corporate Governance. He joined the Company on 27 December 2004 and is presently the Chairman.

#### Directorship in other listed companies

Caudan Development Ltd  
Rogers & Co. Ltd  
Promotion and Development Ltd  
New Mauritius Hotels Ltd  
MCB Group Limited  
ENL Land Ltd  
Les Moulins de la Concorde Ltée

**Sunil Banymandhub** – (Non Executive Director) Age 66

Holds 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), and is an Associate of the Institute of Chartered Accountants of England and Wales. He has been appointed Director of MCB Group Limited in April 2014 and Director of Fincorp Investment Ltd in December 2014.

#### Directorship in other listed companies

New Mauritius Hotels Ltd  
MCB Group Limited  
Omnican Ltd

**Herbert Couacaud, C.M.G.** – (Independent Director) Age 67

Holder of a BSc in Economics and Mathematics from the University of Cape Town (1971). He has actively contributed to the development of the tourism industry in Mauritius and is the Chief Executive Officer of the New Mauritius Hotels Group.

#### Directorship in other listed companies

New Mauritius Hotels Ltd

## **Corporate Governance Report** (Continued)

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**Bashirali Abdulla Currimjee, G.O.S.K.** – (Independent Director) Age 72

Holds a BA Arts, Major in Economics and Government from Tufts University (US) obtained in 1965. He joined Currimjee Jeewanjee & Co. Ltd in 1965 where he is currently the Chairman .

Directorship in other listed companies

Compagnie Immobilière Limitée

Margarine Industries Limited

Quality Beverages Limited

Soap & Allied Industries Limited

Vital Water Bottling Co Ltd

**Michel Doger de Spéville, C.B.E.**- (Independent Director) Age 77

Founder of the Mauritius Jaycees, Mr Doger de Spéville 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 Chairman of the Food and Allied Group since 1975.

Directorship in other listed companies

Les Moulins de la Concorde Ltée

Livestock Feed Ltd

Tropical Paradise Co Ltd

(b) Role and Responsibilities of the board

All the 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, independent of management and to protect the interests of shareholders, clients and other stakeholders.

(c) Role of the Chairman

The Chairperson's primary role is to ensure that the board is effective in its tasks of setting and implementing the company's direction and strategy. He must ensure that appropriate policies and procedures are in place for the effective management of the Company.

(d) All the directors being non-executive there is no assessment of directors being performed.

## **Corporate Governance Report** (Continued)

### **DIRECTORS' INTEREST AND DEALINGS IN SHARES**

With regard to Directors' dealings in the shares of their own 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.

The Company Secretary maintains a Register of Interests which is updated with every transaction entered into by Directors and their closely related parties. Such transactions, which have to take place exclusively outside the close periods prescribed by the Stock Exchange Regulations, require the written authorisation of the Board of Directors.

All new Directors are required to notify in writing to the Company Secretary their holdings in the Company's shares as well as those in related corporations. This is entered in the Register of Interests, which is subsequently updated with all relevant movements.

| <b>Directors</b>                      | <b>No. of Shares held as at<br/>30th June 2015</b> |                 |
|---------------------------------------|--|-----------------|
|                                       | <b>Direct</b>                                      | <b>Indirect</b> |
| Sunil BANYMANDHUB                     | -  | -               |
| Herbert COUACAUD, C.M.G.              | 41,587   | 55,075          |
| Bashirali Abdulla CURRIMJEE, G.O.S.K. | -  | -               |
| Michel DOGER DE SPEVILLE, C.B.E.      | -  | 12,002          |
| Jean-Pierre MONTOCCHIO                | -  | 12,493          |
| <b>Secretary</b>                      |  |                 |
| Jean-François DESVAUX DE MARIGNY      | -  | 88,225          |

There has been no movement of shares during the year.

### **DIRECTORS OF THE SUBSIDIARY OF FINCORP INVESTMENT LIMITED**

#### **FINLEASE COMPANY LIMITED**

Sow Man (Claude) AHYUK SHING (as from 16.10.2014)

Luc Alain Gurty CHAMARY (as from 16.10.2014)

Jocelyn DE CHASTEAUNEUF (up to 16.10.2014)

Marie Joseph Bernard D'HOTMAN DEVILLIERS (as from 16.10.2014)

Jean-François DESVAUX DE MARIGNY (up to 16.10.2014)

Thierry KOENIG (up to 16.10.2014)

Alain LAW MIN (as from 16.10.2014)

Jean MAMET

M J François MONTOCCHIO (as from 16.10.2014)

Jean Michel NG TSEUNG

Louis Eric WILSON RIBOT (up to 16.10.2014)

## Corporate Governance Report (Continued)

### **DIRECTORS' REMUNERATION AND BENEFITS**

|  | From the Holding Company |                | From Subsidiary |                |
|--|--------------------------|----------------|-----------------|----------------|
|  | 2015<br>Rs'000           | 2014<br>Rs'000 | 2015<br>Rs'000  | 2014<br>Rs'000 |
| <b>Directors of Fincorp Investment Ltd<br/>Non-Executive</b> | <b>281</b>               | 262            | <b>110</b>      | 70             |
| <b>Directors of subsidiary only<br/>Non-Executive</b>        |                          |                | <b>290</b>      | 155            |

Details of Directors Remuneration for year 2015

| Directors (Non-executive)                  | From the Holding Co. | From Subsidiary |
|--|----------------------|-----------------|
|  | Rs. 000              | Rs. 000         |
| Jean-Pierre MONTOCCHIO                     | 110                  | -               |
| Sunil BANYMANDHUB (as from 2.12.2014)      | 19                   | -               |
| Herbert COUACAUD                           | 38                   | -               |
| Bashirali A CURRIMJEE                      | 38                   | -               |
| Jocelyn DE CHASTEAUNEUF ( up to 2.12.2014) | 38                   | 110             |
| Michel DOGER DE SPEVILLE                   | 38                   | -               |
| <b>Total</b>                               | <b>281</b>           | <b>110</b>      |

### **Remuneration philosophy**

No remuneration philosophy is in place as the Company does not have a workforce.

### **DIRECTORS' SERVICE CONTRACTS**

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

## Corporate Governance Report (Continued)

### CONTRACT OF SIGNIFICANCE

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

### RELATED PARTY TRANSACTIONS

For related party transactions, please refer to note 26 of the financial statements.

### SHAREHOLDING PROFILE

Ownership of ordinary share capital by size of shareholding as at 30th June 2015 is given in the table below.

| Size of Shareholding as at 30 June 2015 | Number of shareholders | Number of shares owned | % Holding     |
|---|------------------------|------------------------|---------------|
| 1 - 500 shares                          | 1,020                  | 199,854                | 0.19          |
| 501 - 1,000 shares                      | 285                    | 226,437                | 0.22          |
| 1,001 - 5,000 shares                    | 810                    | 2,009,717              | 1.95          |
| 5,001 - 10,000 shares                   | 261                    | 1,935,422              | 1.87          |
| 10,001 - 50,000 shares                  | 308                    | 7,007,564              | 6.78          |
| 50,001 - 100,000 shares                 | 52                     | 3,786,891              | 3.66          |
| Above 100,000 shares                    | 43                     | 88,189,455             | 85.33         |
| <b>Total</b>                            | <b>2,779</b>           | <b>103,355,340</b>     | <b>100.00</b> |

### 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 | 10,731,600    | 10.38     |

Messrs Jean-Pierre Montocchio and Sunil Banymandhub are common directors of Fincorp Investment Ltd and MCB Group Limited.

### DIVIDEND POLICY

The Company aims to supply its shareholders with ongoing returns in the form of stable dividends. Key dividend ratios over the past five years are shown hereunder.

|                               | FY 2010/11 | FY 2011/12 | FY 2012/2013 | FY 2013/2014 | FY 2014/2015 |
|-------------------------------|------------|------------|--------------|--------------|--------------|
| Dividend per share (Rs)       | 0.25       | 0.25       | 0.30         | 0.45         | <b>0.60</b>  |
| Dividend cover (No. of times) | 0.84       | 0.74       | 0.89         | 3.38         | <b>1.08</b>  |
| Dividend yield (%)            | 0.97       | 1.50       | 1.67         | 2.24         | <b>2.96</b>  |

## **Corporate Governance Report** (Continued)

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### **SHAREHOLDERS AGREEMENT AFFECTING THE GOVERNANCE OF THE COMPANY BY THE BOARD**

There is currently no such agreement.

### **THIRD PARTY MANAGEMENT AGREEMENT**

No such agreement presently exists.

### **BOARD ATTENDANCE**

The following table gives the record of attendance at Fincorp Board for Financial Year 2014/2015.

|  | <b><u>Board of Directors</u></b> |
|--|----------------------------------|
| <b>Number of Meetings held</b>                 | 2                                |
| <b>Meetings attended</b>                       |                                  |
| Jean-Pierre MONTOCCHIO                         | 2                                |
| Sunil BANYMANDHUB (as from 2.12.2014)          | 1                                |
| Jocelyn DE CHASTEAUNEUF (up to 2.12.2014)      | 1                                |
| Herbert COUACAUD, C.M.G.                       | 2                                |
| Bashirali Abdulla CURRIMJEE, G.O.S.K.          | 2                                |
| Michel Pierre Elysée DOGER DE SPEVILLE, C.B.E. | 2                                |

### **COMMITTEES**

#### **Audit Committee**

Members of the Audit Committee set up on 3rd March 2005 are as follows:

- Jocelyn DE CHASTEAUNEUF (up to 2.12.2014)
- Michel DOGER DE SPEVILLE
- Sunil BANYMANDHUB (as from 29.09.2015)

The Committee's duties are to assist the Board in fulfilling its financial reporting responsibilities. The Committee reviews the financial reporting process, the internal control system and the management of financial risk, the audit process and monitors compliance with laws and regulations. There have been no proper quorum during the year, the Committee did not meet and its responsibilities under the above terms of reference were taken over by the Board of Directors. The latter are satisfied that these responsibilities were properly carried out.

## **Corporate Governance Report** (Continued)

### **CORPORATE GOVERNANCE COMMITTEE**

The Company is a subsidiary of MCB Group Limited and as such does not have a separate Corporate Governance Committee as allowed by section 1.3 of the Code of Corporate Governance of Mauritius 2003. The Directors ensure that the principles of good governance of the MCB Group are followed and applied throughout.

Fincorp has no Board Charter. All decisions of the Company are taken at Board level.

### **AUDITORS' FEES**

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

|                            | 2015            |                 | 2014            |                 |
|----------------------------|-----------------|-----------------|-----------------|-----------------|
|                            | Audit<br>Rs'000 | Other<br>Rs'000 | Audit<br>Rs'000 | Other<br>Rs'000 |
| BDO & CO                   |                 |                 |                 |                 |
| Fincorp Investment Limited | 201             | -               | 200             | -               |
| Finlease Company Limited   | 529             | 132             | 507             | 104             |

### **RISK MANAGEMENT**

#### **RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM**

The Board of Directors is responsible for risk management and for the Company's systems of internal control. 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.



## **Corporate Governance Report** (Continued)

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### **SHARE OPTION PLAN**

No such scheme currently exists within the Company.

### **TIME TABLE – IMPORTANT FORTHCOMING EVENTS**

|                |  |
|----------------|--|
| November 2015  | Release of quarterly results and declaration of interim dividend |
| December 2015  | Annual Meeting of shareholders                                   |
| February 2016  | Release of half yearly results                                   |
| May 2016       | Release of results for the 9 months to 31st March 2016           |
| June 2016      | Declaration of final dividend                                    |
| July 2016      | Payment of final dividend  |
| September 2016 | Release of full year results to 30th June 2016                   |

### **SHARE PRICE INFORMATION**

The Company's share price started the year at Rs 20.10. It attained a peak of Rs. 24 on 31st December 2014 and 5th January 2015 before closing at Rs 20.30 on 30th June 2015.

### **DONATIONS**

#### **Political donations**

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

#### **Charitable donations**

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

### **CORPORATE SOCIAL RESPONSIBILITY**

As the Company is not properly structured to identify and manage CSR projects, the Board has decided that Corporate Social Responsibility contributions will be made to the MCB Forward Foundation, the entity set up within the MCB Group for these very purposes. Contributions made during the year amounted to Rs 2,102,548.

## **Corporate Governance Report** *(Continued)*

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### **MATERIAL CLAUSES OF THE CONSTITUTION**

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

### **HEALTH AND ENVIRONMENT SAFETY**

The Company has 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.

### **STAKEHOLDERS' RELATIONS AND COMMUNICATION**

The shareholders are properly kept informed on matters affecting the Company as they are fairly represented on the Board. All Board members are requested to attend the Annual Meeting, to which all shareholders are invited. Open lines of communication are maintained to ensure transparency and optimal disclosure.

For and on behalf of the Board of Directors

MCB Registry & Securities Ltd  
Company Secretary

Date: 29th September 2015

## **Report of the Directors**

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On behalf of the Board of Directors of Fincorp Investment Limited, I am pleased to present the Report of the Directors in respect of the financial year ended 30th June 2015.

### **RESULTS AND DIVIDENDS**

Consolidated results for the year amounted to Rs 67.0 million compared to Rs 157.5 million achieved last year. This drop in profitability is primarily attributable to the reduction in the contribution from Promotion and Development Ltd which amounted to Rs 28 million this year compared to Rs 121 million last year, which had benefited from non recurrent profits on the disposal of shares.

At company level helped by increased dividends from Promotion and Development Ltd and a first dividend from Mauritius Freeport Development Ltd the profitability increased from Rs 45.9 million last year to Rs 64 million this year.

This improved profitability at company level enabled the Board to declare a final dividend of 60 cents per share, an increase of 15 cents over that paid in respect of FY 2013/14.

### **FINLEASE COMPANY LIMITED**

Finlease, the company's wholly-owned subsidiary which provides operating and financial leasing services, has continued to perform satisfactorily during the year under review. Good growth was achieved in the level of activity which was boosted during the first part of the financial year to a large extent by the Lease Equipment Modernisation Scheme (LEMS), with total disbursements for the year increasing by 22% compared to last year to reach Rs 2 billion. Financial leases grew by some 11.3% to reach almost Rs 3.6 billion, while operating leases also witnessed a healthy growth of some Rs 140 million compared to last year to reach Rs460 million at the end of the financial year.

Despite this healthy growth in portfolio the profitability of Finlease was slightly down to Rs 75.9 million, compared to Rs 79.7 million for last year. The main cause for this drop in profitability was to the suspension of the LEMS at the beginning of this calendar year, resulting in leases already approved and ready for disbursements under the terms of the Scheme having to be refinanced at more expensive rates. It is estimated that the additional cost of such refinancing is of the order of Rs 5 million per annum.

The liquidity and Capital situations of Finlease remain stable and adequate to ensure continued growth in its activities and results in future years.

### **ASSOCIATED COMPANIES**

Promotion and Development Ltd (PAD), in which Fincorp has a 46.4% stake, is an investment company with strategic assets, a 63% stake in Caudan Development Ltd (Caudan), a quoted company which owns and manages a large waterfront property in Port Louis and a minority holding of 35% in Medine Ltd, a sugar-based entity with substantial real estate interests. Additionally, PAD also holds a large portfolio of quoted shares.

PAD achieved consolidated results of Rs 61.3 million for the year, with profits attributable to shareholders amounting Rs 60.9 million compared to Rs 259.7 million last year, which had benefited from a non-recurrent profit of Rs 161.3 million on disposal of investments.

At the level of Caudan only a marginal consolidated profit was achieved for the year, the results having been impacted by the closure of the centre's Food Court for refurbishment purposes for a major part of the year. With the new Food Court now fully operational and higher occupancy rates being achieved for the Caudan Phase II offices, results from Caudan can be expected to improve this year.

The contribution of PAD's own Associates to its results was also down compared to last year amounting to only Rs 59 million compared to Rs 76 million last year. Results from Medine remain highly dependant on the realisation of assets as part of the company's development Master Plan while Mauritius Freeport Development has now completed its development phase and should start reaping the benefits therefrom.

## Report of the Directors (Continued)

### INVESTMENT PORTFOLIO

At company level, Fincorp's portfolio of investments increased by 5.5% during the year, reaching Rs 2,424 million at 30th June 2015, with the value of PAD and Caudan growing by slightly less than 4% to Rs 1,739 million while the listed available for sale portfolio grew by a further 15% to Rs. 485 million.

Fincorp's net assets per share amounted to Rs 36.17 at 30th June 2015, slightly up from Rs 35.93 last year. The Fincorp share however continues to trade at a substantial discount to net asset value. As at 30 June 2015 the share traded at Rs 20.30 , representing a discount of almost 45% to net asset value.

|   | Value of Investments<br>30.06.2015 |               | Value of Investments<br>30.06.2014 |        |
|---|------------------------------------|---------------|------------------------------------|--------|
|   | Rs'm                               | %             | Rs'm                               | %      |
| <b>Subsidiary Company</b>                         |                                    |               |                                    |        |
| Shares in Finlease Co. Ltd.                       | <b>200.0</b>                       | <b>8.25</b>   | 200.0                              | 8.71   |
| <b>Associated Companies</b>                       |                                    |               |                                    |        |
| Shares in Promotion and Development Ltd.          | <b>1,678.1</b>                     | <b>69.24</b>  | 1,624.0                            | 70.71  |
| Shares in Caudan Development Ltd.                 | <b>60.8</b>                        | <b>2.51</b>   | 51.2                               | 2.23   |
|   | <b>1,738.9</b>                     | <b>71.75</b>  | 1,675.2                            | 72.94  |
| <b>Other Investments</b>                          |                                    |               |                                    |        |
| Shares in Le Refuge du Pêcheur Ltd.               | <b>203.7</b>                       | <b>8.41</b>   | 203.7                              | 8.87   |
| Shares in Mauritius Freeport Development Co. Ltd. | <b>263.3</b>                       | <b>10.86</b>  | 202.5                              | 8.82   |
| Other Investments                                 | <b>17.8</b>                        | <b>0.73</b>   | 15.2                               | 0.66   |
|   | <b>484.8</b>                       | <b>20.00</b>  | 421.4                              | 18.35  |
|   | <b>2,423.7</b>                     | <b>100.00</b> | 2,296.6                            | 100.00 |

### PROSPECTS

While Group results will always depend on the real estate activities of the PAD Group, which can greatly vary from one year to the next, the Board feels that all of Fincorp's main investments are financially healthy and in a position from which value should be unlocked in the medium term.

## **Report of the Directors** *(Continued)*

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### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors acknowledge their responsibilities for:

- i) adequate accounting records and maintenance of effective internal control systems;
- ii) 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 cashflows for that period and which comply with International Financial Reporting Standards (IFRS); and
- iii) the selection of appropriate accounting policies supported by reasonable and prudent judgements.

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

The directors report that:

- i) adequate accounting records and an effective system of internal controls have been maintained;
- ii) appropriate accounting policies supported by reasonable and prudent judgements and estimates have been used consistently;
- iii) International Financial Reporting Standards have been adhered to; and
- iv) the Code of Corporate Governance has been adhered to. Reasons have been provided where there has not been compliance.

Signed by

For and on behalf of the Board of Directors

Jean-Pierre MONTOCCHIO  
Chairman

Sunil BANYMANDHUB  
Director

Date: 29th September 2015

FINCORP INVESTMENT LIMITED  
AND ITS SUBSIDIARY

## ***Company Secretary's Certificate***

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I certify that, to the best of my 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 Registry & Securities Ltd  
Company Secretary  
Sir William Newton Street  
Port Louis

Port Louis  
Mauritius

29th September 2015

## ***Statement of Compliance***

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### **STATEMENT OF COMPLIANCE**

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

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

**Reporting Period:** 1 July 2014 to 30 June 2015

We, the Directors of Fincorp Investment Ltd , confirm , to the best of our knowledge, that the Company has complied with the obligations and requirements under the Code of Corporate Governance in all material aspects.

Jean-Pierre MONTOCCHIO

**Chairman**

Sunil BANYMANDHUB

**Director**

Port Louis  
Mauritius

29th September 2015

## ***Independent Auditors' Report To The Members***

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This report is made solely to the members 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 members those matters we are required to state to them in an auditors’ 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Report on the Financial Statements**

We have audited the financial statements of Fincorp Investment Limited and its subsidiary (the “Group”) and the Company’s separate financial statements on pages 18 to 51 which comprise the statements of financial position at June 30, 2015, the statements of profit or loss, the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

#### *Directors’ Responsibility for the Financial Statements*

The directors are responsible for the preparation and fair presentation of these 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.

#### *Auditors’ Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors’ judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company’s preparation and fair presentation of the financial statements 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 Company’s internal control.



## ***Independent Auditors' Report To The Members (Continued)***

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An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements on pages 18 to 51 give a true and fair view of the financial position of the Group and of the Company at June 30, 2015, 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.

### **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.

#### *The Financial Reporting Act 2004*

The directors are responsible for preparing the corporate governance report. Our responsibility is to report on the extent of compliance with the Code of Corporate Governance as disclosed in the annual report and on whether the disclosure is consistent with the requirements of the Code.

In our opinion, the disclosure in the annual report is consistent with the requirements of the Code.

**BDO & CO**  
Chartered Accountants

**Ameenah Ramdin, FCCA, ACA**  
Licensed by FRC

29th September 2015,  
Port Louis,  
Mauritius.

## Statements of Financial Position

As at 30th June 2015

|  | Notes | GROUP              |                  | COMPANY          |                  |
|--|-------|--------------------|------------------|------------------|------------------|
|  |       | 2015<br>Rs' 000    | 2014<br>Rs' 000  | 2015<br>Rs' 000  | 2014<br>Rs' 000  |
| <b>ASSETS EMPLOYED</b>                     |       |                    |                  |                  |                  |
| <b>NON-CURRENT ASSETS</b>                  |       |                    |                  |                  |                  |
| Intangible assets                          | 4     | 5,783              | 4,951            | -                | -                |
| Property, plant and equipment              | 5     | 456,164            | 322,662          | -                | -                |
| Investments in associates                  | 6     | 3,580,698          | 3,631,891        | 1,738,945        | 1,675,185        |
| Investment in subsidiary                   | 7     | -                  | -                | 200,000          | 200,000          |
| Investment securities - available-for-sale | 8     | 484,787            | 421,437          | 484,787          | 421,437          |
| Loan receivable                            | 9     | 299,898            | 315,439          | 349,898          | 340,439          |
| Finance lease receivables                  | 10    | 2,434,966          | 2,125,946        | -                | -                |
| Deposits with financial institutions       |       | 100,000            | 250,000          | -                | -                |
|  |       | <b>7,362,296</b>   | <b>7,072,326</b> | <b>2,773,630</b> | <b>2,637,061</b> |
| <b>CURRENT ASSETS</b>                      |       |                    |                  |                  |                  |
| Finance lease receivables                  | 10    | 1,145,242          | 1,093,841        | -                | -                |
| Other receivables                          | 11    | 116,708            | 86,875           | 98,312           | 88,411           |
| Current tax asset                          |       | 2,237              | -                | -                | -                |
| Bank balances                              |       | 265,602            | 65,972           | -                | -                |
|  |       | <b>1,529,789</b>   | <b>1,246,688</b> | <b>98,312</b>    | <b>88,411</b>    |
| <b>CURRENT LIABILITIES</b>                 |       |                    |                  |                  |                  |
| Bank overdraft                             |       | 694,711            | 701,637          | 694,711          | 701,637          |
| Deposits                                   |       | 1,394,940          | 537,605          | -                | -                |
| Borrowings                                 | 12    | 415,193            | 181,998          | -                | -                |
| Other payables                             | 13    | 182,396            | 187,249          | 27,324           | 2,304            |
| Current tax liabilities                    |       | -                  | 5,998            | 631              | 221              |
| Proposed dividend                          | 20    | 62,013             | 46,510           | 62,013           | 46,510           |
|  |       | <b>2,749,253</b>   | <b>1,660,997</b> | <b>784,679</b>   | <b>750,672</b>   |
| <b>NET CURRENT LIABILITIES</b>             |       |                    |                  |                  |                  |
|  |       | <b>(1,219,464)</b> | <b>(414,309)</b> | <b>(686,367)</b> | <b>(662,261)</b> |
|  |       | <b>6,142,832</b>   | <b>6,658,017</b> | <b>2,087,263</b> | <b>1,974,800</b> |
| <b>FINANCED BY</b>                         |       |                    |                  |                  |                  |
| <b>SHARE CAPITAL</b>                       |       |                    |                  |                  |                  |
|  | 14(a) | 103,355            | 103,355          | 103,355          | 103,355          |
| <b>RETAINED EARNINGS</b>                   |       |                    |                  |                  |                  |
|  |       | 1,571,915          | 1,584,587        | 4,798            | 3,904            |
| <b>OTHER COMPONENTS OF EQUITY</b>          |       |                    |                  |                  |                  |
|  |       | 2,062,832          | 2,025,176        | 1,679,212        | 1,552,102        |
| <b>SHAREHOLDERS' INTERESTS</b>             |       |                    |                  |                  |                  |
|  |       | <b>3,738,102</b>   | <b>3,713,118</b> | <b>1,787,365</b> | <b>1,659,361</b> |
| <b>NON-CURRENT LIABILITIES</b>             |       |                    |                  |                  |                  |
| Deposits                                   |       | 1,415,580          | 2,108,725        | -                | -                |
| Borrowings                                 | 12    | 969,646            | 823,042          | 299,898          | 315,439          |
| Deferred tax liabilities                   | 21    | 19,504             | 13,132           | -                | -                |
|  |       | <b>2,404,730</b>   | <b>2,944,899</b> | <b>299,898</b>   | <b>315,439</b>   |
|  |       | <b>6,142,832</b>   | <b>6,658,017</b> | <b>2,087,263</b> | <b>1,974,800</b> |
| <b>NET ASSETS PER SHARE</b>                |       |                    |                  |                  |                  |
|  |       | <b>36.17</b>       | <b>35.93</b>     | <b>17.29</b>     | <b>16.05</b>     |

These financial statements were approved for issue by the Board of Directors on 29th September 2015.

Jean-Pierre MONTOCCHIO )  
Sunil BANYMANDHUB )  
DIRECTORS

The notes on pages 24 to 51 form part of these financial statements.  
Auditors' report on pages 16 and 17.

## Statements of Profit or Loss

Year ended 30th June 2015

|  |        | GROUP            |           | COMPANY         |          |
|--|--------|------------------|-----------|-----------------|----------|
|  |        | 2015             | 2014      | 2015            | 2014     |
|  |        | Rs' 000          | Rs' 000   | Rs' 000         | Rs' 000  |
|  | Notes  |                  |           |                 |          |
| <b>Revenue</b>   | 2(e)   | <b>421,628</b>   | 412,166   | <b>114,467</b>  | 102,457  |
| Other income   | 15     | <b>131,195</b>   | 123,632   | <b>104,203</b>  | 92,110   |
| Profit/(Loss) on exchange                                  |        | <b>1,420</b>     | (685)     | <b>1,420</b>    | (685)    |
| Operating expenses   | 16     | <b>(131,710)</b> | (122,076) | <b>(2,712)</b>  | (2,636)  |
|  |        | <b>905</b>       | 871       | <b>102,911</b>  | 88,789   |
| Finance income   | 17     | <b>291,723</b>   | 289,699   | <b>10,264</b>   | 10,346   |
| Finance costs  | 17     | <b>(235,762)</b> | (239,367) | <b>(49,052)</b> | (53,222) |
| <b>Operating profit</b>                                    |        | <b>56,866</b>    | 51,203    | <b>64,123</b>   | 45,913   |
| Share of profits of associates                             |        | <b>28,291</b>    | 123,679   | -               | -        |
| <b>Profit before tax</b>                                   | 18     | <b>85,157</b>    | 174,882   | <b>64,123</b>   | 45,913   |
| Income tax expense   | 19     | <b>(18,113)</b>  | (17,373)  | <b>(1,216)</b>  | (743)    |
| <b>Profit attributable to equity holders of the parent</b> |        | <b>67,044</b>    | 157,509   | <b>62,907</b>   | 45,170   |
| Earnings per share   | 22 Re. | <b>0.65</b>      | 1.52      | <b>0.61</b>     | 0.44     |

The notes on pages 24 to 51 form part of these financial statements.  
Auditors' report on pages 16 and 17.

## Statements of Profit or Loss and Other Comprehensive Income

Year ended 30th June 2015

|  | GROUP           |         | COMPANY        |         |
|--|-----------------|---------|----------------|---------|
|  | 2015            | 2014    | 2015           | 2014    |
|  | Rs' 000         | Rs' 000 | Rs' 000        | Rs' 000 |
| <b>Profit attributable to equity holders of the parent</b>                     | <b>67,044</b>   | 157,509 | <b>62,907</b>  | 45,170  |
| <b>Other comprehensive income:</b>   |                 |         |                |         |
| <b>Items that will not be reclassified to profit or loss:</b>                  |                 |         |                |         |
| Share of other comprehensive income/(expense) of associates                    | <b>1,197</b>    | (3,221) | -              | -       |
| <b>Items that may be reclassified subsequently to profit or loss:</b>          |                 |         |                |         |
| Net fair value gain on available-for-sale investments                          | <b>63,350</b>   | 69,044  | <b>127,110</b> | 220,400 |
| Share of other comprehensive (expense)/income of associates                    | <b>(43,709)</b> | 67,640  | -              | -       |
|  | <b>19,641</b>   | 136,684 | <b>127,110</b> | 220,400 |
| Other comprehensive income for the year  | <b>20,838</b>   | 133,463 | <b>127,110</b> | 220,400 |
| <b>Total comprehensive income attributable to equity holders of the parent</b> | <b>87,882</b>   | 290,972 | <b>190,017</b> | 265,570 |

The notes on pages 24 to 51 form part of these financial statements.  
Auditors' report on pages 16 and 17.

FINCORP INVESTMENT LIMITED  
AND ITS SUBSIDIARY

## Statement of Changes in Equity

Year ended 30th June 2015

| GROUP   | Note | Share Capital  | Retained Earnings | Capital Reserve | Revaluation & Other Reserve | Statutory Reserve | General Risk Reserve | Total            |
|---|------|----------------|-------------------|-----------------|-----------------------------|-------------------|----------------------|------------------|
|   |      | Rs' 000        | Rs' 000           | Rs' 000         | Rs' 000                     | Rs' 000           | Rs' 000              | Rs' 000          |
| <b>At 1st July 2013 - As restated</b>                                       |      | <b>103,355</b> | <b>1,482,687</b>  | <b>376,099</b>  | <b>1,452,246</b>            | <b>48,345</b>     | <b>6,100</b>         | <b>3,468,832</b> |
| Profit for the year   |      | -              | 157,509           | -               | -                           | -                 | -                    | 157,509          |
| Other comprehensive income for the year                                     |      | -              | -                 | 1,755           | 131,708                     | -                 | -                    | 133,463          |
| Total comprehensive income for the year                                     |      | -              | 157,509           | 1,755           | 131,708                     | -                 | -                    | 290,972          |
| Share of transfer on disposal of property, plant and equipment by associate |      | -              | 3,803             | -               | (3,803)                     | -                 | -                    | -                |
| Effect of employee share options exercised in associate                     |      | -              | (311)             | -               | 119                         | -                 | -                    | (192)            |
| Increase in effective shareholding in associate                             |      | -              | 16                | -               | -                           | -                 | -                    | 16               |
| Share of other movements in reserves of associate                           |      | -              | (865)             | -               | 865                         | -                 | -                    | -                |
| Dividends   | 20   | -              | (46,510)          | -               | -                           | -                 | -                    | (46,510)         |
| Transfer to statutory reserve   |      | -              | (11,742)          | -               | -                           | 11,742            | -                    | -                |
| <b>At 30th June 2014</b>  |      | <b>103,355</b> | <b>1,584,587</b>  | <b>377,854</b>  | <b>1,581,135</b>            | <b>60,087</b>     | <b>6,100</b>         | <b>3,713,118</b> |
| Profit for the year   |      | -              | 67,044            | -               | -                           | -                 | -                    | 67,044           |
| Other comprehensive (expense)/ income for the year                          |      | -              | -                 | (4)             | 20,842                      | -                 | -                    | 20,838           |
| Total comprehensive income/ (expense) for the year                          |      | -              | 67,044            | (4)             | 20,842                      | -                 | -                    | 87,882           |
| Share of transfer by associate  |      | -              | 6,492             | -               | (6,492)                     | -                 | -                    | -                |
| Effect of employee share options exercised in associate                     |      | -              | (1,543)           | -               | 658                         | -                 | -                    | (885)            |
| Share of other movements in reserves of associate                           |      | -              | (2,716)           | -               | 2,716                       | -                 | -                    | -                |
| Dividends   | 20   | -              | (62,013)          | -               | -                           | -                 | -                    | (62,013)         |
| Transfer to statutory reserve   |      | -              | (11,394)          | -               | -                           | 11,394            | -                    | -                |
| Transfer to general risk reserve  |      | -              | (8,542)           | -               | -                           | -                 | 8,542                | -                |
| <b>At 30th June 2015</b>  |      | <b>103,355</b> | <b>1,571,915</b>  | <b>377,850</b>  | <b>1,598,859</b>            | <b>71,481</b>     | <b>14,642</b>        | <b>3,738,102</b> |

The notes on pages 24 to 51 form part of these financial statements.  
Auditors' report on pages 16 and 17.

## Statement of Changes in Equity

Year ended 30th June 2015

| COMPANY                                 | Note | Share Capital  | Retained Earnings | Capital Reserve | Revaluation & Other Reserve | Total            |
|---|------|----------------|-------------------|-----------------|-----------------------------|------------------|
|   |      | Rs' 000        | Rs' 000           | Rs' 000         | Rs' 000                     | Rs' 000          |
| <b>At 1st July 2013</b>                 |      | <b>103,355</b> | <b>5,244</b>      | <b>100,596</b>  | <b>1,231,106</b>            | <b>1,440,301</b> |
| Profit for the year                     |      | -              | 45,170            | -               | -                           | 45,170           |
| Other comprehensive income for the year |      | -              | -                 | -               | 220,400                     | 220,400          |
| Total comprehensive income for the year |      | -              | 45,170            | -               | 220,400                     | 265,570          |
| Dividends                               | 20   | -              | (46,510)          | -               | -                           | (46,510)         |
| <b>At 30th June 2014</b>                |      | <b>103,355</b> | <b>3,904</b>      | <b>100,596</b>  | <b>1,451,506</b>            | <b>1,659,361</b> |
| Profit for the year                     |      | -              | <b>62,907</b>     | -               | -                           | <b>62,907</b>    |
| Other comprehensive income for the year |      | -              | -                 | -               | <b>127,110</b>              | <b>127,110</b>   |
| Total comprehensive income for the year |      | -              | <b>62,907</b>     | -               | <b>127,110</b>              | <b>190,017</b>   |
| Dividends                               | 20   | -              | <b>(62,013)</b>   | -               | -                           | <b>(62,013)</b>  |
| <b>At 30th June 2015</b>                |      | <b>103,355</b> | <b>4,798</b>      | <b>100,596</b>  | <b>1,578,616</b>            | <b>1,787,365</b> |

The notes on pages 24 to 51 form part of these financial statements.  
Auditors' report on pages 16 and 17.

## Statements of Cash Flows

Year ended 30th June 2015

|  | GROUP            |                  | COMPANY          |                  |
|--|------------------|------------------|------------------|------------------|
|  | 2015<br>Rs' 000  | 2014<br>Rs' 000  | 2015<br>Rs' 000  | 2014<br>Rs' 000  |
| <b>OPERATING ACTIVITIES</b>                                  |                  |                  |                  |                  |
| Cash received from investments                               | 39,435           | 29,015           | 94,435           | 79,015           |
| Interest received  | 25,276           | 27,262           | 8,611            | 9,668            |
| Net cash outflow from leasing activities                     | (44,676)         | (39,377)         | -                | -                |
| Net increase/(decrease) in deposits                          | 164,190          | (190,959)        | -                | -                |
| Other cash received/(payments)                               | 2,263            | (1,476)          | 248              | (3,126)          |
| <b>Cash inflow/(outflow) generated from operations</b>       | <b>186,488</b>   | <b>(175,535)</b> | <b>103,294</b>   | <b>85,557</b>    |
| Interest paid  | (250,635)        | (280,980)        | (49,052)         | (53,222)         |
| <b>Net cash (outflow)/inflow from operations</b>             | <b>(64,147)</b>  | <b>(456,515)</b> | <b>54,242</b>    | <b>32,335</b>    |
| <b>TAXATION</b>  |                  |                  |                  |                  |
| Income tax paid  | (19,976)         | (16,097)         | (806)            | (790)            |
| <b>INVESTING ACTIVITIES</b>                                  |                  |                  |                  |                  |
| Purchase of property, plant and equipment                    | (265,992)        | (107,404)        | -                | -                |
| Purchase of intangible assets                                | (2,246)          | (75)             | -                | -                |
| Decrease in deposits with financial institutions             | 150,000          | -                | -                | -                |
| Proceeds from sale of investment                             | -                | 3                | -                | 3                |
| Proceeds from sale of property, plant and equipment          | 51,128           | 58,042           | -                | -                |
| Proceeds from sale of intangible assets                      | -                | 134              | -                | -                |
| Proceeds from sale of repossessed leased assets              | 8,960            | 6,683            | -                | -                |
| <b>Net cash (outflow)/inflow from investing activities</b>   | <b>(58,150)</b>  | <b>(42,617)</b>  | <b>-</b>         | <b>3</b>         |
| <b>NET CASH (OUTFLOW)/INFLOW BEFORE FINANCING ACTIVITIES</b> | <b>(142,273)</b> | <b>(515,229)</b> | <b>53,436</b>    | <b>31,548</b>    |
| <b>FINANCING ACTIVITIES</b>                                  |                  |                  |                  |                  |
| Net increase in other borrowed funds                         | 395,339          | 467,935          | -                | -                |
| Dividends paid   | (46,510)         | (31,007)         | (46,510)         | (31,007)         |
| <b>Net cash inflow/(outflow) from financing activities</b>   | <b>348,829</b>   | <b>436,928</b>   | <b>(46,510)</b>  | <b>(31,007)</b>  |
| <b>INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>      | <b>206,556</b>   | <b>(78,301)</b>  | <b>6,926</b>     | <b>541</b>       |
| <b>CASH AND CASH EQUIVALENTS AT 1ST JULY</b>                 | <b>(635,665)</b> | <b>(557,364)</b> | <b>(701,637)</b> | <b>(702,178)</b> |
| <b>CASH AND CASH EQUIVALENTS AT 30TH JUNE</b>                | <b>(429,109)</b> | <b>(635,665)</b> | <b>(694,711)</b> | <b>(701,637)</b> |
| <b>Cash and Cash Equivalents are made up as follows:</b>     |                  |                  |                  |                  |
| Bank balances  | 265,602          | 65,972           | -                | -                |
| Bank overdraft   | (694,711)        | (701,637)        | (694,711)        | (701,637)        |
|  | <b>(429,109)</b> | <b>(635,665)</b> | <b>(694,711)</b> | <b>(701,637)</b> |

The notes on pages 24 to 51 form part of these financial statements.  
Auditors' report on pages 16 and 17.

## **Notes to the Financial Statements**

Year ended 30th June 2015

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### **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 and provides leases.

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 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.

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 available-for-sale securities are stated at their fair value.

#### **Amendments to published Standards and Interpretations effective in the reporting period**

Amendments to IAS 32, 'Offsetting Financial Assets and Financial Liabilities', clarify the requirements relating to the offset of financial assets and financial liabilities. The amendment is not expected to have any impact on the Group's financial statements.

Amendments to IFRS 10, IFRS 12 and IAS 27, 'Investment Entities', define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements. Consequential amendments have been made to IFRS 12 and IAS 27 to introduce new disclosure requirements for investment entities. As the Company is not an investment entity, the standard has no impact on the Group's financial statements.

IFRIC 21, 'Levies', sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses what obligating event that gives rise to pay a levy and when should a liability be recognised. The Company is not subject to levies so the interpretation has no impact on the Group's financial statements.

Amendments to IAS 36, 'Recoverable Amount Disclosures for Non-financial Assets', remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated. The amendment has no impact on the Group's financial statements.



## **Notes to the Financial Statements** (Continued)

Year ended 30th June 2015

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### **2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **(a) Basis of preparation (continued)**

##### **Amendments to published Standards and Interpretations effective in the reporting period (continued)**

Amendments to IAS 39, 'Novation of Derivatives and Continuation of Hedge Accounting', provide relief from the requirement to discontinue hedge accounting when a derivative designated as a hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative designated as a hedging instrument arising from the novation should be included in the assessment and measurement of hedge effectiveness. The amendment has no impact on the Group's financial statements.

Defined Benefit Plans: Employee Contributions (Amendments to IAS 19) applies to contributions from employees or third parties to defined benefit plans and clarifies the treatment of such contributions. The amendment distinguishes between contributions that are linked to service only in the period in which they arise and those linked to service in more than one period. The objective of the amendment is to simplify the accounting for contributions that are independent of the number of years of employee service, for example employee contributions that are calculated according to a fixed percentage of salary.

Entities with plans that require contributions that vary with service will be required to recognise the benefit of those contributions over employee's working lives. The amendment has no impact on the Group's financial statements.

##### **Annual Improvements 2010-2012 Cycle**

IFRS 2, 'Share based payments' amendment is amended to clarify the definition of a 'vesting condition' and separately defines 'performance condition' and 'service condition'. The amendment has no impact on the Group's financial statements.

IFRS 3, 'Business combinations' is amended to clarify that an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or equity, on the basis of the definitions in IAS 32, 'Financial instruments: Presentation'. It also clarifies that all non-equity contingent consideration is measured at fair value at each reporting date, with changes in value recognised in profit and loss. The amendment has no impact on the Group's financial statements.

IFRS 8, 'Operating segments' is amended to require disclosure of the judgements made by management in aggregating operating segments. It is also amended to require a reconciliation of segment assets to the entity's assets when segment assets are reported. See Note 25 for the amendment on the Group's financial statements.

IFRS 13 (Amendment), 'Fair Value Measurement' clarifies in the Basis for Conclusions that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. The amendment has no impact on the Group's financial statements.

## **Notes to the Financial Statements** (Continued)

Year ended 30th June 2015

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### **2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **(a) Basis of preparation (continued)**

##### **Amendments to published Standards and Interpretations effective in the reporting period (continued)**

##### **Annual Improvements 2010-2012 Cycle (continued)**

IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible' are amended to clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model. The amendment has no impact on the Group's financial statements.

IAS 24, 'Related party disclosures' is amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity (the 'management entity'). Disclosure of the amounts charged to the reporting entity is required. The amendment has no impact on the Group's financial statements.

##### **Annual Improvements 2011-2013 Cycle**

IFRS 1, 'First-time Adoption of International Financial Reporting Standards' is amended to clarify in the Basis for Conclusions that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but permits early application, provided either standard is applied consistently throughout the periods presented in the entity's first IFRS financial statements. The amendment has no impact on the Group's financial statements, since the Group is an existing IFRS preparer.

IFRS 3, 'Business combinations' is amended to clarify that IFRS 3 does not apply to the accounting for the formation of any joint venture under IFRS 11. The amendment has no impact on the Group's financial statements.

IFRS 13, 'Fair value measurement' is amended to clarify that the portfolio exception in IFRS 13 applies to all contracts (including non-financial contracts) within the scope of IAS 39 or IFRS 9. The amendment has no impact on the Group's financial statements.

IAS 40, 'Investment property' is amended to clarify that IAS 40 and IFRS 3 are not mutually exclusive. IAS 40 assists users to distinguish between investment property and owner-occupied property. Preparers also need to consider the guidance in IFRS 3 to determine whether the acquisition of an investment property is a business combination. The amendment has no impact on the Group's financial statements.

##### **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, 2015 or later periods, but which the Group has not early adopted.

## **Notes to the Financial Statements** (Continued)

Year ended 30th June 2015

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### **2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **(a) Basis of preparation (continued)**

##### **Standards, Amendments to published Standards and Interpretations issued but not yet effective (continued)**

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

IFRS 9 Financial Instruments

Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)

IFRS 14 Regulatory Deferral Accounts

Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)

Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)

IFRS 15 Revenue from Contract with Customers

Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)

Equity Method in Separate Financial Statements (Amendments to IAS 27)

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

Annual Improvements to IFRSs 2012-2014 Cycle

Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)

Disclosure Initiative (Amendments to IAS 1)

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 3.3.

#### **(b) Basis of consolidation**

##### **Investment in subsidiary**

###### *Separate financial statements of the Company*

In the separate financial statements of the Company, investments 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.

## **Notes to the Financial Statements** (Continued)

Year ended 30th June 2015

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### **2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **(b) Basis of consolidation (continued)**

##### **Investment in subsidiary (continued)**

###### *Consolidated financial statements (continued)*

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.

#### **(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.

## **Notes to the Financial Statements** (Continued)

Year ended 30th June 2015

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### **2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **(c) Investments in associates (continued)**

*Consolidated financial statements (continued)*

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) Accounting for leases**

*Finance leases*

When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable, the amount being equal to the net investment in the leases after specific provision for bad and doubtful debt in respect of all identified impaired leases in the light of periodical reviews. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method, which reflects a constant periodic rate of return.

*Operating leases*

Assets leased out under operating leases are included in plant and equipment in the statement of financial position. They are depreciated over their expected useful lives on a basis consistent with similar fixed assets. Rental income is recognised on a straight line basis over the lease term.

## **Notes to the Financial Statements** *(Continued)*

Year ended 30th June 2015

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### **2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **(e) Revenue**

Revenue includes investment income, gross rental income under finance and operating leases and management fees receivable.

- Gross rental income receivable under finance leases and income receivable from operating leases are net of value added taxes and discounts, after deducting the relevant amounts for cancelled leases.
- Interest income and expense are recognised in the profit or loss for all interest bearing instruments on an accrual basis taking into account the effective yield on the asset or liability.
- Interest income includes interest on finance leases, coupons earned on fixed income investment and trading securities and accrued discount and premium on treasury bills.
- Other revenues earned by the Group are recognised on the following bases:
  - Fees and commissions: on an accrual basis
  - Dividend income: where the Group's rights to receive payment is established

#### **(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 other (losses)/gains - net.

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.

## **Notes to the Financial Statements** (Continued)

Year ended 30th June 2015

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### **2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **(g) Plant and equipment**

All plant and equipment are initially recorded at cost and stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the assets 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 company and the cost of the item can be measured reliably.

Depreciation is calculated on the straight line method to write off the cost of the assets to their residual values over their estimated useful lives as follows:

|  | <b>Per annum</b> |
|--|------------------|
| Computer Equipment                       | 30%              |
| Office Equipment, Furniture and Fittings | 20%              |
| Motor Vehicles                           | 20%              |
| Plant and Equipment                      | 20%              |

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

Repairs and renewals are charged to the profit or loss when the expenditure is incurred. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at end of each reporting period.

Gains and losses on disposals of property, plant and equipment are determined by comparing proceeds with carrying amount and are included in the profit or loss. Assets under operating leases are depreciated over their expected useful lives net of any residual value.

#### **(h) Impairment**

At each reporting date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, an impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount which is the higher of an asset's fair value less cost to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows.

#### **(i) Intangible Assets**

##### *Computer Software*

Acquired computer software licences are capitalised on the basis of costs incurred to acquire and bring to use the specific software and are amortised over their estimated useful lives at 20-30% per annum.

## **Notes to the Financial Statements** *(Continued)*

Year ended 30th June 2015

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### **2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **(j) Financial assets**

##### *(a) Categories of financial assets*

Financial assets are recognised on the Group's statement of financial position when the company has become a party to the contractual provisions of the instrument. The Group classifies its financial assets as held-to-maturity investments. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its financial assets at initial recognition.

##### *(i) Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

The Group's loans and receivables comprise cash and cash equivalents, and trade and other receivables.

##### *(ii) Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the company's management has the positive intention and ability to hold to maturity. Held-to-maturity investments are recognised initially at fair value plus directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment.

##### *(iii) Available -for-sale financial assets*

Available -for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within twelve months of the end of the reporting period.

##### *(b) Recognition and measurement*

Purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Investments are initially measured at fair value plus transaction costs.

The annual amortisation of any discount or premium on the acquisition of a held-to-maturity security is aggregated with other investment income receivable over the term of the instrument so that the revenue recognised in each period represents a constant yield on the investment.

##### *(c) Derecognition*

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



## **Notes to the Financial Statements** (Continued)

Year ended 30th June 2015

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### **2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **(k) Investment Securities**

Investments are classified as available-for-sale. The classification is dependent on the purpose for which the investments were acquired. Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates are classified as available-for-sale.

Purchases and sales of investments are recognised on the trade date which is the date where the Group commits to purchase or sell the asset. Investments are initially measured at fair value plus transaction costs. Available for sale investments are subsequently carried at fair value.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active, the Group establishes fair value by using valuation techniques, including use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis.

Unrealised gains and losses arising from changes in fair value of securities classified as available-for-sale are recognised in other comprehensive income. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the profit or loss as gains and losses from investment securities.

The Group assesses at the end of the reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity investments classified as available-for-sale a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss, measured as the difference between acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity and recognised in profit or loss.

#### **(l) Other receivables**

Other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

A provision for impairment of other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of provision is recognised in the profit or loss.

#### **(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.

## **Notes to the Financial Statements** *(Continued)*

Year ended 30th June 2015

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### **2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **(n) Other payables**

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

#### **(o) Long term loan receivables**

Long term loan receivables with fixed maturity terms are measured at amortised cost using the effective interest rate method, less provision for impairment. The carrying amount of the asset is reduced by the difference between the asset's carrying amount and the present value of estimated cash flows discounted using effective interest rate. The amount of loss is recognised in the profit or loss. Long term receivables without fixed maturity terms are measured at cost.

#### **(p) Cash and cash equivalents**

Cash and cash equivalents include balances held with banks and bank overdraft.

#### **(q) Share capital**

##### *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.

#### **(r) 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.

##### **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.

## **Notes to the Financial Statements** (Continued)

Year ended 30th June 2015

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### **2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **(s) 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 25 to the financial statement.

#### **(t) Provisions**

Provisions 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.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

#### **(u) Impairment of leases**

Allowance for credit losses consists of specific and portfolio provision for credit losses and is determined based on the company's best estimate of impairment in respect of statement of financial position items.

An allowance for impairment is established if there is objective evidence that the Group will not be able to collect the amount due according to the original contractual terms of the lease. The amount of the provision is the difference between the carrying amount at the time the lease is considered doubtful and the recoverable amount.

The provision amount also covers losses when there is objective evidence that probable losses are present in components of the lease portfolio at the end of the reporting period. They have been estimated based on the future specific losses inherent in the leases and upon historical patterns of losses in each component and the economic climate in which the clients operate. When a lease is uncollectible, it is written off against the related provision for impairment; subsequent recoveries are credited to the provision for losses in the profit or loss.

Statutory and regulatory loss reserve requirements that exceed these amounts are dealt with in the general risk reserve as an appropriation of retained earnings.

#### **(v) 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.

## Notes to the Financial Statements (Continued)

Year ended 30th June 2015

### 3. FINANCIAL RISK FACTORS

#### 3.1. 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 doubtful receivables, 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.

An analysis of the financial assets that are individually determined to be impaired is given below:

|                  | <b>2015</b>    | 2014    | <b>Collateral held</b>       |
|------------------|----------------|---------|------------------------------|
|                  | <b>Rs' 000</b> | Rs' 000 |                              |
| Rental due on:   |                |         |                              |
| Operating leases | -              | -       | Heavy Equipment              |
| Finance leases   | <b>66,402</b>  | 17,062  | Vehicles and other equipment |
|                  | <b>66,402</b>  | 17,062  |                              |

The above amounts have been determined individually based on the probability of default and past experience. Also, there are objective evidences that the Group will not be able to collect all amounts due according to the original terms of the lease agreement. A specific provision of Rs 8.7 million (2014: Rs 4.5 million) has been made on the impaired receivables.

## Notes to the Financial Statements (Continued)

Year ended 30th June 2015

### 3. FINANCIAL RISK FACTORS (CONTINUED)

#### (a) Credit Risk (continued)

An age analysis of rental in arrears that are past due but not impaired is given below:

|                    | <b>2015</b>    | 2014    |
|--------------------|----------------|---------|
|                    | <b>Rs' 000</b> | Rs' 000 |
| Less than 6 months | <b>43,605</b>  | 28,760  |
| Over 6 months      | <b>4,248</b>   | 2,754   |
|                    | <b>47,853</b>  | 31,514  |

The Group's maximum exposure to credit risk is as follows:

|                               | <b>2015</b>      | 2014      |
|-------------------------------|------------------|-----------|
|                               | <b>Rs' 000</b>   | Rs' 000   |
| Net finance lease receivables | <b>3,580,208</b> | 3,219,787 |
| Subordinated loan             | <b>299,898</b>   | 315,439   |
| Other receivables             | <b>116,708</b>   | 86,875    |
|                               | <b>3,996,814</b> | 3,622,101 |

The collaterals held as security are mainly vehicles and equipment.

#### (b) Market Risk - price risk

The Company is exposed to equity securities price risk because of investments held by the Company.

A 5% change in the fair value of the Company's quoted investments would impact the Company's equity by Rs 100.6 m (2014: Rs 94.2m).

#### (c) Interest rate risk

For existing interest bearing assets and liabilities, the Group's income and operating cash flows are mostly independent of changes in market interest rates as the implicit interest rates on leases, interest rates offered to depositors and debenture holders are mostly fixed.

For new ones, the Group ensures that the losses that may be created or reduced following interest margins change are not significant by setting limits on the level of mismatch in interest rate repricing that may be undertaken.

#### (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.

## Notes to the Financial Statements (Continued)

Year ended 30th June 2015

### 3. FINANCIAL RISK FACTORS (CONTINUED)

#### (d) Liquidity risk (continued)

##### 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.

|   | Up to<br>1 year    | 1 to 5<br>years  | Over 5<br>years | Non-<br>maturity<br>items | Total            |
|---|--------------------|------------------|-----------------|---------------------------|------------------|
|   | Rs' 000            | Rs' 000          | Rs' 000         | Rs' 000                   | Rs' 000          |
| <b>Maturities of assets and liabilities</b> |                    |                  |                 |                           |                  |
| <b>At June 30, 2015</b>                     |                    |                  |                 |                           |                  |
| <b>Assets</b>                               |                    |                  |                 |                           |                  |
| Intangible assets                           | -                  | -                | -               | 5,783                     | 5,783            |
| Property, plant and equipment               | -                  | -                | -               | 456,164                   | 456,164          |
| Investments in associates                   | -                  | -                | -               | 3,580,698                 | 3,580,698        |
| Investment securities - available-for-sale  | -                  | -                | -               | 484,787                   | 484,787          |
| Loan receivable                             | -                  | 299,898          | -               | -                         | 299,898          |
| Finance lease receivables                   | 1,145,242          | 2,376,320        | 58,646          | -                         | 3,580,208        |
| Deposits with financial institutions        | -                  | 100,000          | -               | -                         | 100,000          |
| Other receivables                           | 116,708            | -                | -               | -                         | 116,708          |
| Current tax asset                           | 2,237              | -                | -               | -                         | 2,237            |
| Bank balances                               | 265,602            | -                | -               | -                         | 265,602          |
| <b>Total assets</b>                         | <b>1,529,789</b>   | <b>2,776,218</b> | <b>58,646</b>   | <b>4,527,432</b>          | <b>8,892,085</b> |
| <b>Liabilities</b>                          |                    |                  |                 |                           |                  |
| Bank overdraft                              | 694,711            | -                | -               | -                         | 694,711          |
| Deposits                                    | 1,394,940          | 1,415,580        | -               | -                         | 2,810,520        |
| Borrowings                                  | 415,193            | 969,646          | -               | -                         | 1,384,839        |
| Other payables                              | 182,396            | -                | -               | -                         | 182,396          |
| Proposed dividend                           | 62,013             | -                | -               | -                         | 62,013           |
| Deferred tax liabilities                    | -                  | -                | -               | 19,504                    | 19,504           |
| <b>Total liabilities</b>                    | <b>2,749,253</b>   | <b>2,385,226</b> | <b>-</b>        | <b>19,504</b>             | <b>5,153,983</b> |
| <b>Net liquidity gap</b>                    | <b>(1,219,464)</b> | <b>390,992</b>   | <b>58,646</b>   | <b>4,507,928</b>          | <b>3,738,102</b> |
| At June 30, 2014                            |                    |                  |                 |                           |                  |
| Total assets                                | 1,396,688          | 2,507,576        | 33,809          | 4,380,941                 | 8,319,014        |
| Total liabilities                           | 1,660,997          | 2,931,767        | -               | 13,132                    | 4,605,896        |
| <b>Net liquidity gap</b>                    | <b>(264,309)</b>   | <b>(424,191)</b> | <b>33,809</b>   | <b>4,367,809</b>          | <b>3,713,118</b> |

## Notes to the Financial Statements (Continued)

Year ended 30th June 2015

### 3. FINANCIAL RISK FACTORS (CONTINUED)

#### (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.

#### 3.2. 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 shareholders and benefits for other stakeholders and
- to maintain a strong capital base to support the development of its business.

#### 3.3. Critical accounting estimates and judgements

Estimates and judgements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### (a) Provisions for credit losses

The Group makes a provision against its portfolio of leases. The Group follows the guidance of International Financial Reporting Standards and the Bank of Mauritius Guidelines in order to determine its best estimate of the provision required. In making this estimate, the Group looks, among other factors, at future specific losses inherent in the leases, historical patterns of losses and the economic climate in which clients operate.

#### (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.

### 4. INTANGIBLE ASSETS

#### GROUP

#### COST

At 1st July

Additions

Disposals

**At 30th June**

#### AMORTISATION

At 1st July

Charge for the year

**At 30th June**

#### NET BOOK VALUES

| <b>2015</b>    | 2014    |
|----------------|---------|
| <b>Rs' 000</b> | Rs' 000 |
| <b>27,002</b>  | 27,061  |
| <b>2,246</b>   | 75      |
| <b>-</b>       | (134)   |
| <b>29,248</b>  | 27,002  |
| <b>22,051</b>  | 20,806  |
| <b>1,414</b>   | 1,245   |
| <b>23,465</b>  | 22,051  |
| <b>5,783</b>   | 4,951   |

## Notes to the Financial Statements (Continued)

Year ended 30th June 2015

### 5. PROPERTY, PLANT AND EQUIPMENT

#### GROUP

|                          | Assets<br>under operating<br>leases |                   |                     |                       | Total<br>Rs' 000 |
|--------------------------|-------------------------------------|-------------------|---------------------|-----------------------|------------------|
|                          | Plant and<br>Machinery              | Motor<br>Vehicles | Office<br>Equipment | Computer<br>Equipment |                  |
|                          | Rs' 000                             | Rs' 000           | Rs' 000             | Rs' 000               |                  |
| <b>COST</b>              |                                     |                   |                     |                       |                  |
| At 1st July 2014         | 161,547                             | 355,536           | 4,636               | 5,831                 | 527,550          |
| Additions                | 109,361                             | 156,289           | 292                 | 50                    | 265,992          |
| Disposals                | (13,943)                            | (99,056)          | -                   | -                     | (112,999)        |
| <b>At 30th June 2015</b> | <b>256,965</b>                      | <b>412,769</b>    | <b>4,928</b>        | <b>5,881</b>          | <b>680,543</b>   |
| <b>DEPRECIATION</b>      |                                     |                   |                     |                       |                  |
| At 1st July 2014         | 68,354                              | 126,588           | 4,159               | 5,787                 | 204,888          |
| Charge for the year      | 26,323                              | 56,058            | 244                 | 27                    | 82,652           |
| Disposals adjustment     | (13,226)                            | (49,935)          | -                   | -                     | (63,161)         |
| <b>At 30th June 2015</b> | <b>81,451</b>                       | <b>132,711</b>    | <b>4,403</b>        | <b>5,814</b>          | <b>224,379</b>   |
| <b>COST</b>              |                                     |                   |                     |                       |                  |
| At 1st July 2013         | 184,738                             | 361,231           | 4,514               | 5,831                 | 556,314          |
| Additions                | 9,191                               | 98,091            | 122                 | -                     | 107,404          |
| Disposals                | (32,382)                            | (103,786)         | -                   | -                     | (136,168)        |
| <b>At 30th June 2014</b> | <b>161,547</b>                      | <b>355,536</b>    | <b>4,636</b>        | <b>5,831</b>          | <b>527,550</b>   |
| <b>DEPRECIATION</b>      |                                     |                   |                     |                       |                  |
| At 1st July 2013         | 65,026                              | 129,466           | 3,918               | 5,740                 | 204,150          |
| Charge for the year      | 24,692                              | 55,047            | 241                 | 47                    | 80,027           |
| Disposals adjustment     | (21,364)                            | (57,925)          | -                   | -                     | (79,289)         |
| <b>At 30th June 2014</b> | <b>68,354</b>                       | <b>126,588</b>    | <b>4,159</b>        | <b>5,787</b>          | <b>204,888</b>   |
| <b>NET BOOK VALUES</b>   |                                     |                   |                     |                       |                  |
| <b>At 30th June 2015</b> | <b>175,514</b>                      | <b>280,058</b>    | <b>525</b>          | <b>67</b>             | <b>456,164</b>   |
| At 30th June 2014        | 93,193                              | 228,948           | 477                 | 44                    | 322,662          |



## Notes to the Financial Statements (Continued)

Year ended 30th June 2015

### 6. INVESTMENTS IN ASSOCIATES

|                     | <b>GROUP</b>     |           |
|---------------------|------------------|-----------|
|                     | <b>2015</b>      | 2014      |
|                     | <b>Rs' 000</b>   | Rs' 000   |
| Share of net assets | <b>3,580,698</b> | 3,631,891 |

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

|                                   | <b>Nature of Business</b>   | <b>Principal place of Business and Country of Incorporation</b> | <b>2015</b>            |                        | 2014   |       |
|-----------------------------------|---|---|------------------------|------------------------|--------|-------|
|                                   |   |   | <b>Percentage held</b> | <b>Percentage held</b> | Direct | Total |
|                                   |   |   | <b>Direct</b>          | <b>Total</b>           | %      | %     |
|                                   |   |   | %                      | %                      | %      | %     |
| Promotion and Development Limited | Investment and Property development                                 | Mauritius   | <b>46.37</b>           | <b>46.37</b>           | 46.39  | 46.39 |
| Caudan Development Limited        | Property development, investment and provision of security services | Mauritius   | <b>5.34</b>            | <b>34.51</b>           | 5.34   | 34.52 |

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

|             | <b>Current assets</b> | <b>Non-Current Assets</b> | <b>Current Liabilities</b> | <b>Non-Current Liabilities</b> | <b>Non-controlling Interest</b> | <b>Revenue</b> | <b>Profit</b> | <b>Other Comprehensive income</b> |
|-------------|-----------------------|---------------------------|----------------------------|--------------------------------|---------------------------------|----------------|---------------|-----------------------------------|
|             | <b>Rs'000</b>         | <b>Rs'000</b>             | <b>Rs'000</b>              | <b>Rs'000</b>                  | <b>Rs'000</b>                   | <b>Rs'000</b>  | <b>Rs'000</b> | <b>Rs'000</b>                     |
| <b>2015</b> | <b>252,047</b>        | <b>10,033,464</b>         | <b>737,992</b>             | <b>1,078,289</b>               | <b>1,083,943</b>                | <b>518,925</b> | <b>60,882</b> | <b>(91,625)</b>                   |
| 2014        | 317,974               | 9,707,670                 | 498,613                    | 950,931                        | 1,083,699                       | 516,862        | 261,349       | 140,857                           |

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

|             | <b>Opening net assets</b> | <b>Profit</b> | <b>Other Comprehensive income</b> | <b>Other Movements in Reserves</b> | <b>Dividends</b> | <b>Closing Net assets</b> | <b>Ownership Interest</b> | <b>Carrying Value</b> |
|-------------|---------------------------|---------------|-----------------------------------|------------------------------------|------------------|---------------------------|---------------------------|-----------------------|
|             | <b>Rs'000</b>             | <b>Rs'000</b> | <b>Rs'000</b>                     | <b>Rs'000</b>                      | <b>Rs'000</b>    | <b>Rs'000</b>             | <b>Rs'000</b>             | <b>Rs'000</b>         |
| <b>2015</b> | <b>7,492,401</b>          | <b>60,882</b> | <b>(91,625)</b>                   | <b>1,455</b>                       | <b>(77,824)</b>  | <b>7,385,289</b>          | <b>46.37%</b>             | <b>3,424,695</b>      |
| 2014        | 7,148,241                 | 261,349       | 140,857                           | 296                                | (58,342)         | 7,492,401                 | 46.39%                    | 3,475,925             |

(ii) Information of associate that is not material:

|                                      | <b>GROUP</b>   |         |
|--------------------------------------|----------------|---------|
|                                      | <b>2015</b>    | 2014    |
|                                      | <b>Rs' 000</b> | Rs' 000 |
| Carrying amount of interest          | <b>156,003</b> | 155,966 |
| Share of profit                      | <b>59</b>      | 2,432   |
| Share of other comprehensive expense | <b>(24)</b>    | (928)   |

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

## Notes to the Financial Statements (Continued)

Year ended 30th June 2015

### 6. INVESTMENTS IN ASSOCIATES (CONTINUED)

(iv) As at June 30, 2015, the fair value of the Company's interest in Promotion and Development Limited and Caudan Development Ltd which are listed on the Stock Exchange of Mauritius Ltd was Rs1,678,120,551 (2014:Rs1,623,987,630) and Rs60,824,037 (2014:Rs51,197,211) respectively based on the quoted market price available, which is a level 1 input in terms of IFRS 13.

|                       | COMPANY          |                  |
|-----------------------|------------------|------------------|
|                       | 2015             | 2014             |
|                       | Rs' 000          | Rs' 000          |
| At 1st July           | 1,675,185        | 1,523,829        |
| Fair value adjustment | 63,760           | 151,356          |
| <b>At 30th June</b>   | <b>1,738,945</b> | <b>1,675,185</b> |

### 7. INVESTMENT IN SUBSIDIARY

|  | COMPANY                                |                 |                               |  |                 |               |
|--|--|-----------------|-------------------------------|--|-----------------|---------------|
|  | Rs' 000                                |                 |                               |  |                 |               |
|  | 200,000                                |                 |                               |  |                 |               |
| At 1st July 2014 and 30th June 2015 - cost | Country of Incorporation and Operation | Class of Shares | Cost of Investment<br>Rs' 000 | Nominal Value of Investment<br>Rs' 000 | Percentage Held | Main Business |
| <b>2014 &amp; 2015</b>                     |  |                 |                               |  |                 |               |
| Finlease Company Limited                   | Mauritius                              | Ordinary        | 200,000                       | 200,000                                | 100%            | Leasing       |

The issued share capital of Finlease Company Ltd, Fincorp Investment's only subsidiary, consists of 20,000,000 ordinary shares of Rs.10 each.

### 8. INVESTMENT SECURITIES

#### Available-for-sale

|                          | GROUP & COMPANY              |                                |                  |
|--------------------------|------------------------------|--------------------------------|------------------|
|                          | Quoted<br>Level 1<br>Rs' 000 | Unquoted<br>Level 3<br>Rs' 000 | Total<br>Rs' 000 |
| At 1st July 2013         | 139,770                      | 212,626                        | 352,396          |
| Disposal                 | -                            | (3)                            | (3)              |
| Fair value increase      | 69,044                       | -                              | 69,044           |
| At 30th June 2014        | <b>208,814</b>               | <b>212,623</b>                 | <b>421,437</b>   |
| Fair value increase      | <b>63,350</b>                | <b>-</b>                       | <b>63,350</b>    |
| <b>At 30th June 2015</b> | <b>272,164</b>               | <b>212,623</b>                 | <b>484,787</b>   |

Available-for-sale securities are denominated in rupees.

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

|  | 2015            | 2014  |
|--|-----------------|-------|
| Nature   | Percentage held |       |
|  | %               | %     |
| Mauritius Freeport Development Company Limited | 15.00           | 15.00 |
| Le Refuge du Pêcheur Ltd                       | 11.00           | 11.00 |

## Notes to the Financial Statements (Continued)

Year ended 30th June 2015

### 9. LOAN RECEIVABLE

|                          | GROUP           |                 | COMPANY         |                 |
|--------------------------|-----------------|-----------------|-----------------|-----------------|
|                          | 2015<br>Rs' 000 | 2014<br>Rs' 000 | 2015<br>Rs' 000 | 2014<br>Rs' 000 |
| Amount due by subsidiary | -               | -               | 50,000          | 25,000          |
| Subordinated loans       | 299,898         | 315,439         | 299,898         | 315,439         |
|                          | <b>299,898</b>  | 315,439         | <b>349,898</b>  | 340,439         |

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

### 10. FINANCE LEASE RECEIVABLES

|  | GROUP            |                 |
|--|------------------|-----------------|
|  | 2015<br>Rs' 000  | 2014<br>Rs' 000 |
| Gross investment in finance leases:                    |                  |                 |
| Within one year  | 1,389,422        | 1,313,068       |
| After one year and before five years                   | 2,696,704        | 2,369,509       |
| After five years                                       | 62,434           | 36,039          |
|  | <b>4,148,560</b> | 3,718,616       |
| Less unearned income                                   | (528,758)        | (466,511)       |
|  | <b>3,619,802</b> | 3,252,105       |
| Less allowances for credit impairment                  | (39,594)         | (32,318)        |
| Net investment in finance leases                       | <b>3,580,208</b> | 3,219,787       |
| Finance lease receivables may be analysed as follows:- |                  |                 |
| Receivable within one year                             | 1,145,242        | 1,093,841       |
| Receivable after one year and before five years        | 2,415,915        | 2,124,455       |
| Receivable after five years                            | 58,645           | 33,809          |
|  | <b>3,619,802</b> | 3,252,105       |
| Less allowances for credit impairment                  | (39,594)         | (32,318)        |
| Net investment in finance leases                       | <b>3,580,208</b> | 3,219,787       |
| Non-Current assets                                     | 2,434,966        | 2,125,946       |
| Current assets   | 1,145,242        | 1,093,841       |
| Net investment in finance leases                       | <b>3,580,208</b> | 3,219,787       |

## Notes to the Financial Statements (Continued)

Year ended 30th June 2015

### 11. OTHER RECEIVABLES

|  | GROUP           |                 | COMPANY         |                 |
|--|-----------------|-----------------|-----------------|-----------------|
|  | 2015<br>Rs' 000 | 2014<br>Rs' 000 | 2015<br>Rs' 000 | 2014<br>Rs' 000 |
| Amount due by subsidiary                           | -               | -               | 62,066          | 61,085          |
| Investment and other receivable from group company | -               | -               | 36,088          | 27,067          |
| Other investment and rental income receivable      | 78,371          | 66,961          | -               | 111             |
| Assets repossessed pending disposals               | 10,363          | 7,529           | -               | -               |
| Others   | 27,974          | 12,385          | 158             | 148             |
|  | <b>116,708</b>  | 86,875          | <b>98,312</b>   | 88,411          |

The carrying amounts of other receivables approximate their fair value.

### 12. BORROWINGS

|   | GROUP            |                 | COMPANY         |                 |
|---|------------------|-----------------|-----------------|-----------------|
|   | 2015<br>Rs' 000  | 2014<br>Rs' 000 | 2015<br>Rs' 000 | 2014<br>Rs' 000 |
| <b>Current</b>  |                  |                 |                 |                 |
| Other loans   | 215,621          | 181,998         | -               | -               |
| Bank loans  | 199,572          | -               | -               | -               |
|   | <b>415,193</b>   | 181,998         | -               | -               |
| <b>Non-current</b>  |                  |                 |                 |                 |
| Other loans   | 538,992          | 507,603         | -               | -               |
| Bank loans  | 430,654          | 315,439         | 299,898         | 315,439         |
|   | <b>969,646</b>   | 823,042         | <b>299,898</b>  | 315,439         |
|   | <b>1,384,839</b> | 1,005,040       | <b>299,898</b>  | 315,439         |
| <b>Analysed as follows:</b>                                   |                  |                 |                 |                 |
| Within a period of 1 year                                     | 415,193          | 181,998         | -               | -               |
| Within a period of more than 1 year but not exceeding 5 years | 969,646          | 823,042         | 299,898         | 315,439         |

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

The carrying amounts of current and non-current borrowings are not materially different from the fair value.

## Notes to the Financial Statements (Continued)

Year ended 30th June 2015

### 13. OTHER PAYABLES

|                          | GROUP           |                 | COMPANY         |                 |
|--------------------------|-----------------|-----------------|-----------------|-----------------|
|                          | 2015<br>Rs' 000 | 2014<br>Rs' 000 | 2015<br>Rs' 000 | 2014<br>Rs' 000 |
| Amount due to subsidiary | -               | -               | 25,000          | -               |
| Interest payable         | 177,549         | 153,941         | -               | -               |
| Others                   | 4,847           | 33,308          | 2,324           | 2,304           |
|                          | <b>182,396</b>  | 187,249         | <b>27,324</b>   | 2,304           |

The carrying amounts of other payables equal their fair value.

### 14. SHARE CAPITAL AND RESERVES

#### (a) SHARE CAPITAL

|  | COMPANY<br>2015 & 2014<br>Rs' 000 |
|--|-----------------------------------|
| AUTHORISED:<br>250,000,000 ordinary shares of Re.1 each              | <b>250,000</b>                    |
| ISSUED AND FULLY PAID:<br><b>At 1st July 2014 and 30th June 2015</b> | <b>103,355</b>                    |

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

#### (b) NATURE AND PURPOSE OF RESERVES :

##### Capital reserve:

Capital reserve comprise of all the 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 available-for-sale 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 in respect of impairment of the lease portfolio, in addition to the specific and portfolio provision.

## Notes to the Financial Statements (Continued)

Year ended 30th June 2015

### 15. OTHER INCOME

|                              | GROUP           |                 | COMPANY         |                 |
|------------------------------|-----------------|-----------------|-----------------|-----------------|
|                              | 2015<br>Rs' 000 | 2014<br>Rs' 000 | 2015<br>Rs' 000 | 2014<br>Rs' 000 |
| Dividend                     | 3,235           | 149             | 103,345         | 91,237          |
| Operating lease income       | 110,279         | 108,012         | -               | -               |
| Other processing fees        | 9,450           | 8,348           | -               | -               |
| Other operating income       | 6,757           | 5,760           | -               | -               |
| Profit on disposal of assets | 1,290           | 1,163           | -               | -               |
| Others                       | 184             | 200             | 858             | 873             |
|                              | <b>131,195</b>  | 123,632         | <b>104,203</b>  | 92,110          |

### 16. OPERATING EXPENSES

|                                   | GROUP           |                 | COMPANY         |                 |
|-----------------------------------|-----------------|-----------------|-----------------|-----------------|
|                                   | 2015<br>Rs' 000 | 2014<br>Rs' 000 | 2015<br>Rs' 000 | 2014<br>Rs' 000 |
| Staff costs                       | 18,784          | 17,071          | -               | -               |
| Pension contribution              | 2,291           | 1,609           | -               | -               |
| Other personnel expenses          | 1,178           | 834             | -               | -               |
| Depreciation charge               | 82,652          | 80,027          | -               | -               |
| Amortisation of intangible assets | 1,414           | 1,245           | -               | -               |
| Other operating expenses          | 25,391          | 21,290          | 2,712           | 2,636           |
|                                   | <b>131,710</b>  | 122,076         | <b>2,712</b>    | 2,636           |

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

### 17. FINANCE INCOME/(COSTS)

|                            | GROUP           |                 | COMPANY         |                 |
|----------------------------|-----------------|-----------------|-----------------|-----------------|
|                            | 2015<br>Rs' 000 | 2014<br>Rs' 000 | 2015<br>Rs' 000 | 2014<br>Rs' 000 |
| Finance income:            |                 |                 |                 |                 |
| Finance leases             | 264,518         | 263,553         | -               | -               |
| Other interest income      | 27,205          | 26,146          | 10,264          | 10,346          |
|                            | <b>291,723</b>  | 289,699         | <b>10,264</b>   | 10,346          |
| Finance costs:             |                 |                 |                 |                 |
| Borrowings                 | 76,661          | 67,046          | 49,052          | 53,222          |
| Deposits                   | 159,101         | 172,321         | -               | -               |
|                            | <b>235,762</b>  | 239,367         | <b>49,052</b>   | 53,222          |
| Net Finance income/(costs) | <b>55,961</b>   | 50,332          | <b>(38,788)</b> | (42,876)        |

## Notes to the Financial Statements (Continued)

Year ended 30th June 2015

### 18. PROFIT BEFORE TAXATION

|  | GROUP           |                 | COMPANY         |                 |
|--|-----------------|-----------------|-----------------|-----------------|
|  | 2015<br>Rs' 000 | 2014<br>Rs' 000 | 2015<br>Rs' 000 | 2014<br>Rs' 000 |
| The profit for the year before taxation is arrived at after crediting: |                 |                 |                 |                 |
| Investment income  |                 |                 |                 |                 |
| Quoted   | 3,074           | 112             | 48,184          | 36,200          |
| Unquoted   | 161             | 37              | 55,161          | 55,037          |

### 19. INCOME TAX EXPENSE

|  | GROUP           |                 | COMPANY         |                 |
|--|-----------------|-----------------|-----------------|-----------------|
|  | 2015<br>Rs' 000 | 2014<br>Rs' 000 | 2015<br>Rs' 000 | 2014<br>Rs' 000 |
| Income tax on adjusted profits               | 9,638           | 16,715          | 1,128           | 664             |
| Deferred tax (Note 21)                       | 6,372           | (1,071)         | -               | -               |
| Corporate social responsibility contribution | 2,103           | 1,729           | 88              | 79              |
| Charge for the year                          | <b>18,113</b>   | 17,373          | <b>1,216</b>    | 743             |

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

|  |               |           |               |          |
|--|---------------|-----------|---------------|----------|
| Profit before tax                            | 85,157        | 174,882   | 64,123        | 45,913   |
| Share of profits in Associates               | (28,291)      | (123,679) | -             | -        |
|  | <b>56,866</b> | 51,203    | <b>64,123</b> | 45,913   |
| Tax calculated at a tax rate of 15%          | 8,530         | 7,680     | 9,618         | 6,887    |
| Impact of:                                   |               |           |               |          |
| Income not subject to tax                    | (485)         | (22)      | (15,502)      | (13,686) |
| Expenses not deductible for tax purposes     | 7,965         | 7,986     | 7,012         | 7,463    |
| Corporate social responsibility contribution | 2,103         | 1,729     | 88            | 79       |
| Tax charge                                   | <b>18,113</b> | 17,373    | <b>1,216</b>  | 743      |

### 20. DIVIDENDS

|   | COMPANY         |                 |
|---|-----------------|-----------------|
|   | 2015<br>Rs' 000 | 2014<br>Rs' 000 |
| Final payable on 30th July 2015 Re 0.60 per share (July 2014 : Re 0.45 per share) | <b>62,013</b>   | 46,510          |

## Notes to the Financial Statements (Continued)

Year ended 30th June 2015

### 21. DEFERRED TAX LIABILITIES

#### Accelerated tax depreciation

At 1st July  
Movement for the year (Note 19)

**At 30th June**

| GROUP         |               |
|---------------|---------------|
| 2015          | 2014          |
| Rs' 000       | Rs' 000       |
| 13,132        | 14,203        |
| 6,372         | (1,071)       |
| <b>19,504</b> | <b>13,132</b> |

Deferred income taxes are calculated on all temporary differences under the liability method at 15%.

### 22. EARNINGS PER SHARE

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

Profit attributable to equity holders of the parent  
Number of shares in issue and ranking for dividend (thousands)  
Earnings per share

| GROUP           |                | COMPANY        |                |
|-----------------|----------------|----------------|----------------|
| 2015            | 2014           | 2015           | 2014           |
| Rs' 000         | Rs' 000        | Rs' 000        | Rs' 000        |
| 67,044          | 157,509        | 62,907         | 45,170         |
| <b>103,355</b>  | <b>103,355</b> | <b>103,355</b> | <b>103,355</b> |
| Re. <b>0.65</b> | 1.52           | <b>0.61</b>    | 0.44           |

### 23. CAPITAL COMMITMENTS

Capital commitments at 30th June are as follows :  
Future leases

| GROUP            |         |
|------------------|---------|
| 2015             | 2014    |
| Rs' 000          | Rs' 000 |
| <b>1,173,000</b> | 657,551 |

### 24. OPERATING LEASES

Future minimum lease receivables under non-cancellable operating leases may be analysed as follows:

Less than 1 year  
More than 1 year and less than 5 years  
More than 5 years

| GROUP          |                |
|----------------|----------------|
| 2015           | 2014           |
| Rs' 000        | Rs' 000        |
| <b>103,987</b> | 86,951         |
| <b>338,373</b> | 226,502        |
| <b>13,873</b>  | 6,281          |
| <b>456,233</b> | <b>319,734</b> |



## Notes to the Financial Statements (Continued)

Year ended 30th June 2015

### 25. OPERATING SEGMENTS

Year ended 30th June 2015

|  | Group            | Leasing   | Investing | Eliminations |
|--|------------------|-----------|-----------|--------------|
|  | Rs' 000          | Rs' 000   | Rs' 000   | Rs' 000      |
| Revenue from External Customers                            | 421,628          | 409,598   | 12,030    | -            |
| Inter segment revenue                                      | -                | -         | 57,326    | (57,326)     |
| <b>Total revenue</b>                                       | <b>421,628</b>   | 409,598   | 69,356    | (57,326)     |
| <b>Segment result</b>                                      | <b>905</b>       | (1,895)   | 57,800    | (55,000)     |
| Finance income (net)                                       | 55,961           |           |           |              |
| Share of profits of associates                             | 28,291           |           |           |              |
| <b>Profit before tax</b>                                   | <b>85,157</b>    |           |           |              |
| Income tax expense   | (18,113)         |           |           |              |
| <b>Profit attributable to equity holders of the parent</b> | <b>67,044</b>    |           |           |              |
| <b>Other segment items:</b>                                |                  |           |           |              |
| <b>Segment assets</b>                                      | <b>5,311,387</b> | 4,552,174 | 1,132,997 | (373,784)    |
| Investments in associates                                  | 3,580,698        |           | 1,738,945 |              |
| <b>Total assets</b>  | <b>8,892,085</b> |           | 2,871,942 |              |
| <b>Segment liabilities</b>                                 | <b>3,687,627</b> | 3,047,657 | 722,035   | (82,065)     |
| Unallocated liabilities                                    | 62,013           |           |           |              |
| <b>Total liabilities</b>                                   | <b>3,749,640</b> |           |           |              |
| <b>Capital expenditure</b>                                 | <b>268,238</b>   | 268,238   |           |              |
| <b>Depreciation charge</b>                                 | <b>82,652</b>    | 82,652    |           |              |
| <b>Amortisation</b>  | <b>1,414</b>     | 1,414     |           |              |

## Notes to the Financial Statements (Continued)

Year ended 30th June 2015

### 25. OPERATING SEGMENTS (CONTINUED)

Year ended 30th June 2014

|  | <b>Group</b>     | <b>Leasing</b>   | <b>Investing</b> | <b>Eliminations</b> |
|--|------------------|------------------|------------------|---------------------|
|  | <b>Rs' 000</b>   | <b>Rs' 000</b>   | <b>Rs' 000</b>   | <b>Rs' 000</b>      |
| Revenue from External Customers                            | 412,166          | 402,822          | 9,344            | -                   |
| Inter segment revenue                                      | -                | -                | 57,024           | (57,024)            |
| <b>Total revenue</b>                                       | <b>412,166</b>   | <b>402,822</b>   | <b>66,368</b>    | <b>(57,024)</b>     |
| <b>Segment result</b>                                      | <b>871</b>       | <b>3,172</b>     | <b>52,699</b>    | <b>(55,000)</b>     |
| Finance income (net)                                       | 50,332           |                  |                  |                     |
| Share of profits of associates                             | 123,679          |                  |                  |                     |
| <b>Profit before tax</b>                                   | <b>174,882</b>   |                  |                  |                     |
| Income tax expense   | (17,373)         |                  |                  |                     |
| <b>Profit attributable to equity holders of the parent</b> | <b>157,509</b>   |                  |                  |                     |
| <b>Other segment items:</b>                                |                  |                  |                  |                     |
| <b>Segment assets</b>                                      | <b>4,687,123</b> | <b>3,949,987</b> | <b>1,050,287</b> | <b>(313,151)</b>    |
| Investments in associates                                  | 3,631,891        |                  | 1,675,185        |                     |
| <b>Total assets</b>  | <b>8,319,014</b> |                  | <b>2,725,472</b> |                     |
| <b>Segment liabilities</b>                                 | <b>3,535,216</b> | <b>2,862,360</b> | <b>703,941</b>   | <b>(31,085)</b>     |
| Unallocated liabilities                                    | 52,508           |                  |                  |                     |
| <b>Total liabilities</b>                                   | <b>3,587,724</b> |                  |                  |                     |
| <b>Capital expenditure</b>                                 | <b>107,479</b>   | <b>107,479</b>   |                  |                     |
| <b>Depreciation charge</b>                                 | <b>80,027</b>    | <b>80,027</b>    |                  |                     |
| <b>Amortisation</b>  | <b>1,245</b>     | <b>1,245</b>     |                  |                     |

## Notes to the Financial Statements (Continued)

Year ended 30th June 2015

### 26. RELATED PARTY TRANSACTIONS

#### (a) GROUP

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

|   | Lease<br>Rental<br>Income | Interest<br>Income | Expenses/<br>Financial<br>Charges | Loan/<br>Amount<br>Due | Deposit<br>Balance/<br>Amount due | Net Finance<br>Lease<br>Receivables |
|---|---------------------------|--------------------|-----------------------------------|------------------------|-----------------------------------|-------------------------------------|
|   | Rs' 000                   | Rs' 000            | Rs' 000                           | Rs' 000                | Rs' 000                           | Rs' 000                             |
| <b>2015</b>   |                           |                    |                                   |                        |                                   |                                     |
| Entity under common control   | -                         | 9,192              | 58,812                            | 1,327,351              | 365,598                           | -                                   |
| Directors and close family members  | -                         | -                  | -                                 | -                      | -                                 | 632                                 |
| Enterprises in which directors/key management personnel have significant interest | 3,283                     | 10,590             | -                                 | -                      | -                                 | 123,452                             |
| <b>2014</b>   |                           |                    |                                   |                        |                                   |                                     |
| Entity under common control   | -                         | 10,935             | 58,869                            | 1,088,453              | 215,971                           | -                                   |
| Directors and close family members  | -                         | -                  | 900                               | 224                    | 18,000                            | -                                   |
| Enterprises in which directors/key management personnel have significant interest | 3,450                     | 15,220             | -                                 | -                      | -                                 | 141,596                             |

#### (b) COMPANY

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

|                                    | 2015<br>Rs' 000 | 2014<br>Rs' 000 |
|------------------------------------|-----------------|-----------------|
| <b>Entity under common control</b> |                 |                 |
| Loan/amount due to                 | 994,610         | 1,017,076       |
| Expenses/financial charges         | 49,052          | 53,190          |
| <b>Subsidiary Company</b>          |                 |                 |
| Loan due from                      | 50,000          | 25,000          |
| Amount due from                    | 62,065          | 61,085          |
| Interest receivable                | 1,653           | 678             |
| Rent receivable                    | 673             | 673             |
| Amount due to                      | 25,000          | -               |

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

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

Collaterals are held for the Net finance lease receivables.

#### (c) REMUNERATION

|  |              |       |
|--|--------------|-------|
| Directors and key management personnel : Salaries and short term employee benefits | <b>4,227</b> | 4,159 |
|--|--------------|-------|

### 27. 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 2015

|  | GROUP           |               |               |               |               | COMPANY       |               |               |               |               |
|--|-----------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|  | 2015<br>Rs' m   | 2014<br>Rs' m | 2013<br>Rs' m | 2012<br>Rs' m | 2011<br>Rs' m | 2015<br>Rs' m | 2014<br>Rs' m | 2013<br>Rs' m | 2012<br>Rs' m | 2011<br>Rs' m |
|  |                 |               | (Restated*)   | (Restated*)   |               |               |               |               |               |               |
| <b>STATEMENTS OF FINANCIAL POSITION</b>                |                 |               |               |               |               |               |               |               |               |               |
| Non-current assets                                     | <b>7,362</b>    | 7,072         | 6,628         | 6,308         | 6,107         | <b>2,774</b>  | 2,637         | 2,410         | 2,167         | 2,727         |
| Current assets   | <b>1,530</b>    | 1,247         | 1,112         | 1,054         | 978           | <b>98</b>     | 88            | 75            | 62            | 40            |
| Current liabilities                                    | <b>2,749</b>    | 1,661         | 1,370         | 1,588         | 1,388         | <b>785</b>    | 751           | 736           | 727           | 657           |
| Net current liabilities                                | <b>(1,219)</b>  | (414)         | (258)         | (534)         | (410)         | <b>(687)</b>  | (663)         | (661)         | (665)         | (617)         |
|  | <b>6,143</b>    | 6,658         | 6,370         | 5,774         | 5,697         | <b>2,087</b>  | 1,974         | 1,749         | 1,502         | 2,110         |
| Share capital  | <b>103</b>      | 103           | 103           | 103           | 103           | <b>103</b>    | 103           | 103           | 103           | 103           |
| Retained earnings                                      | <b>1,572</b>    | 1,585         | 1,483         | 1,469         | 1,465         | <b>5</b>      | 4             | 5             | 2             | 2             |
| Other reserves   | <b>2,063</b>    | 2,025         | 1,883         | 1,755         | 1,794         | <b>1,679</b>  | 1,552         | 1,332         | 1,099         | 1,694         |
| Shareholders' interests                                | <b>3,738</b>    | 3,713         | 3,469         | 3,327         | 3,362         | <b>1,787</b>  | 1,659         | 1,440         | 1,204         | 1,799         |
| Non-current liabilities                                | <b>2,405</b>    | 2,945         | 2,901         | 2,447         | 2,335         | <b>300</b>    | 315           | 309           | 298           | 311           |
|  | <b>6,143</b>    | 6,658         | 6,370         | 5,774         | 5,697         | <b>2,087</b>  | 1,974         | 1,749         | 1,502         | 2,110         |
| <b>STATEMENTS OF PROFIT OR LOSS</b>                    |                 |               |               |               |               |               |               |               |               |               |
| Revenue  | <b>422</b>      | 412           | 417           | 419           | 382           | <b>114</b>    | 102           | 92            | 83            | 81            |
| Profit before tax                                      | <b>85</b>       | 175           | 43            | 32            | 30            | <b>64</b>     | 46            | 35            | 26            | 27            |
| Profit attributable to equity holders<br>of the parent | <b>67</b>       | 158           | 28            | 20            | 21            | <b>63</b>     | 45            | 35            | 25            | 27            |
| Dividends  | <b>62.0</b>     | 46.5          | 31.0          | 25.8          | 25.8          | <b>62.0</b>   | 46.5          | 31.0          | 25.8          | 25.8          |
| <b>DATA PER SHARE</b>                                  |                 |               |               |               |               |               |               |               |               |               |
| Earnings per share                                     | Re <b>0.65</b>  | 1.52          | 0.27          | 0.19          | 0.21          | <b>0.61</b>   | 0.44          | 0.33          | 0.25          | 0.26          |
| Dividends per share                                    | Re <b>0.60</b>  | 0.45          | 0.30          | 0.25          | 0.25          | <b>0.60</b>   | 0.45          | 0.30          | 0.25          | 0.25          |
| Net assets per share                                   | Rs <b>36.17</b> | 35.93         | 33.56         | 32.20         | 32.53         | <b>17.29</b>  | 16.05         | 13.94         | 11.65         | 17.41         |

\* Figures were restated following reversal of deferred tax on land, accrual of VAT, and adoption of IAS19 (revised) by associates.