Contents

Corporate Governance Report

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 all material provisions of 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

The Board of Directors of Fincorp consists of five Directors. The Company has no workforce and all administrative matters are carried out by the staff of the companies of MCB Group Limited. Fincorp has therefore no Executive Directors.

Being managed only by a Board of Directors, the Company does not have any formal succession plan of its own. It shall adopt the policy of its holding company with respect to succession planning of directors of the Board.

(a) Composition

Jean-Pierre Montocchio – (Non Executive Director) Age 53

Notary Public since 1990, Jean-Pierre, resident of Mauritius, sits on several boards of companies spanning various sectors of the economy. He has served on the Board of MCB Ltd for several years since 2001 and was a Director thereof until March 2014, after which he was appointed Director of MCB Group Ltd following the Group's restructuring exercise. He joined Fincorp 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 67

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. Sunil has occupied senior positions in the private sector in Mauritius prior to launching his own transport company in 1990. In 2001, he joined the CIM Group, a company engaged in financial and international services, from which he retired as Chief Executive Officer in 2008. During his career, he has been involved in various private sector organisations. Amongst others, he was President of the Mauritius Employers' Federation. He was a Member of the Presidential Commission on Judicial Reform, headed by Lord Mackay of Clashfern, previously UK Lord Chancellor. Resident of Mauritius, 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
Omnicane Ltd

Corporate Governance Report (Continued)

Herbert Couacaud, C.M.G. – (Independent Director) Age 68

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

Directorship in other listed companies

New Mauritius Hotels Ltd

Bashirali Abdulla Currimjee, G.O.S.K. – (Independent Director) Age 73

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 . He is a resident of Mauritius.

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 78

Founder of the Mauritius Jaycees and resident of Mauritius, 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) Board Evaluation

For the year under review, no evaluation of the Board or its Committees was carried out. The Directors of Fincorp have been appointed in the light of their expertise, skills and competence acquired through several years of working experience and professional background.

(e) Directors Selection, Training and Development

The responsibility of selecting new directors forms part of the responsibility of the Group Remuneration and Corporate Governance Committee and the Chairperson of the said Committee oversees the selection process. Fincorp has set up an informal induction program to introduce newly appointed Directors to the Company's business. The program meets the specific needs of both the Company and the newly appointed Director and enables the latter participate actively in Board's discussion.

(f) Board Charter

Fincorp has adopted a Board Charter on 30th September 2016.

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.

	No. of Shares held as at 30th June 2016	
Directors	**Direct**	**Indirect**
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

There has been no movement of shares during the year.

DIRECTORS OF THE SUBSIDIARY OF FINCORP INVESTMENT LIMITED

FINLEASE COMPANY LIMITED

Sow Man (Claude) AH YUK SHING
Luc Alain Gurty CHAMARY
Marie Joseph Bernard D'HOTMAN DE VILLIERS
Alain LAW MIN
M J François MONTOCCHIO
Jean Michel NG TSEUNG
Jean MAMET (up to 23.12.2015)

Corporate Governance Report (Continued)

DIRECTORS' REMUNERATION AND BENEFITS

	From the Holding Company		From Subsidiary	
	2016 Rs'000	**2015 Rs'000**	**2016 Rs'000**	**2015 Rs'000**
Directors of Fincorp Investment Ltd				
Non-Executive	**262**	281	**-**	110
Directors of subsidiary only				
Non-Executive	**-**	**-**	**500**	290

Details of Directors Remuneration for year 2016

Directors (Non-executive)	From the Holding Co.	From Subsidiary
	Rs. 000	**Rs. 000**
Jean-Pierre MONTOCCHIO	110	-
Sunil BANYMANDHUB	38	-
Herbert COUACAUD	38	-
Bashirali A CURRIMJEE	38	-
Michel DOGER DE SPEVILLE	38	-
Total	**262**	**-**

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.

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 2016 is given in the table below.

Size of Shareholding as at 30 June 2016	Number of shareholders	Number of shares owned	% Holding
1 - 500 shares	1,008	200,076	0.19
501 - 1,000 shares	300	237,579	0.23
1,001 - 5,000 shares	796	2,041,208	1.97
5,001 - 10,000 shares	252	1,860,235	1.80
10,001 - 50,000 shares	314	7,110,931	6.88
50,001 - 100,000 shares	55	3,768,949	3.65
Above 100,000 shares	43	88,136,362	85.28
Total	**2,768**	**103,355,340**	**100.00**

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	10,786,000	10.43

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 2015/16	FY 2014/2015	FY 2013/2014	FY 2012/2013	FY 2011/2012
Dividend per share (Rs)	**0.60**	0.60	0.45	0.30	0.25
Dividend cover (No. of times)	**6.17**	1.08	3.38	0.89	0.74
Dividend yield (%)	**3.09**	2.96	2.24	1.67	1.50

Corporate Governance Report *(Continued)*

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 2015/2016.

	Board of Directors
Number of Meetings held	**5**
Meetings attended	
Jean-Pierre MONTOCCHIO	5
Sunil BANYMANDHUB	5
Herbert COUACAUD, C.M.G.	2
Bashirali Abdulla CURRIMJEE, G.O.S.K.	2
Michel Pierre Elysée DOGER DE SPEVILLE, C.B.E.	4

COMMITTEES

Audit Committee

An Audit Committee of the Company had been set up on 3rd March 2005. As at date members of the Audit Committee are

Sunil BANYMANDHUB (as from 29.09.2015)
Michel DOGER DE SPEVILLE

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 two audit committees held during the year under review on 12th November 2015 and 12th May 2016. Both members attended the 2 Audit Committees.

The Audit Committee Charter has been approved on 30th September 2016.

Corporate Governance Committee

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

AUDITORS' FEES

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

	2016		2015	
	Audit Rs'000	Other Rs'000	Audit Rs'000	Other Rs'000
BDO & CO				
Fincorp Investment Limited	212	-	201	-
Finlease Company Limited	555	139	529	132

Note that the fees for other services relate to internal control review.

INTERNAL AUDIT FUNCTION

The Company has no workforce and has only a Board of Directors which meets on a quarterly basis to take any decision regarding the Company, to approve the interim and final accounts of the company as well as to declare final dividends to the shareholders of Fincorp. As such the requirement for an internal audit function is not relevant. Moreover, the Board reviews annually the need to establish an internal audit function and is of opinion that the costs to be incurred compared to the benefits to be derived from appointing a service provider to carry out an internal audit exercise are presently not justified.

INTERNAL CONTROL

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

RISK MANAGEMENT

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

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

The risk management mechanisms in place include:

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

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

Corporate Governance Report *(Continued)*

RISK MANAGEMENT (CONTINUED)

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM (CONTINUED)

Legal risk is managed by the Board, taking advice from the Company's legal advisor where appropriate. The Board also takes out appropriate insurance cover.

Regulatory risk is managed by the Board and involves the setting out of proper processes and procedures in order to comply with all relevant legislations in force to safeguard the assets of the Company.

Operational risk is managed by the Board and involves the identification of proper operational and administrative procedures to mitigate the risk of losses through errors or omissions.

Reputational and performance risks are also managed by the Board.

Financial risks are reported in note 3 of the Financial Statements.

SHARE OPTION PLAN

No such scheme currently exists within the Company.

TIME TABLE – IMPORTANT FORTHCOMING EVENTS

November 2016	Release of quarterly results
December 2016	Annual Meeting of shareholders
February 2017	Release of half yearly results
May 2017	Release of results for the 9 months to 31st March 2017
June 2017	Declaration of dividend
July 2017	Payment of dividend
September 2017	Release of full year results to 30th June 2017

SHARE PRICE INFORMATION

The Company's share price started the year at Rs 20.30. It attained a peak of Rs. 22 on 29th January 2016 and 29th February 2016 before closing at Rs 19.40 on 30th June 2016.

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 1,261,819.

Corporate Governance Report *(Continued)*

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: 30th September 2016

Report of the Directors

On behalf of the Board of Directors of Fincorp Investment Limited ("Fincorp"), we are pleased to present the Report of the Directors in respect of the financial year ended 30th June 2016.

RESULTS AND DIVIDENDS

Consolidated results for the year increased significantly to Rs 382 million compared to Rs 67 million achieved last year.

While operating profit before tax, taking into consideration the share of profits of associates dropped from Rs 57 million to Rs28 million, mainly as a result of the lower profits realised by Finlease Company Limited ("Finlease"), the share of profits of associates increased sharply to Rs 371 million (2015: Rs 28 million) enabling Fincorp's consolidated profits before tax to increase to Rs 399 million for the year compared to Rs 85 million last year. These results have been positively impacted by a number of non-recurrent transactions at the level of Promotion and Development Limited ("PAD") which realised profits of almost Rs 800 million for the year, thus contributing some Rs 370 million to the Group results of Fincorp.

At company level, profit after tax amounted to Rs 64 million (2015: Rs 63 million), remaining in line with the performance of last year, both in terms of income and expenditure levels.

This company performance has enabled the Board to maintain the final dividend at the same level of 60 cents per share.

FINLEASE COMPANY LIMITED

During the year under review, Finlease achieved marginal growth in its activities, with Finance Leases growing by 6.4% to reach Rs 4 billion and Operating Leases increasing by 4.7% to stand at Rs 473 million.

Operating Income, after taking into account higher depreciation charges relating to Operating Leases, increased at a lesser rate than that of the lease portfolio,growing by only 2.8% for the year. This was mainly attributable to a compression of margins as a result of the combined effects of deploying leases at lower yields in a declining interest rate environment, characterised by excess liquidity in the system, whilst average funding costs increased in the wake of the cancellation of the Lease and Equipment Modernisation Scheme refinancing facility.

At the same time, Operating Costs of Finlease have increased by some Rs 23 million, driven by impairment costs rising by Rs 10 million, of which Rs 4 million on account of higher statistical portfolio provisions as recommended by the Bank of Mauritius, and one off costs of some Rs 10 million associated with the implementation of a new core leasing sytem which is now fully operational.

This resulted in the bottom line of Finlease dropping to Rs 52 million, down from Rs 76 million last year.

ASSOCIATED COMPANIES

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

- 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 ("Medine"), a sugar-based entity with substantial real estate interests.

PAD achieved consolidated results of Rs 803 million for the year (2015: Rs 61 million), with profits attributable to shareholders amounting to Rs 798 million (2015: Rs 61 million).

The major contributors to this significant increase in the profitability of PAD included:

- the disposal of shares of New Mauritius Hotels Limited generating a surplus of Rs 363 million;
- the winding up of SODIA giving rise to a surplus of Rs 23 million;

Report of the Directors *(Continued)*

ASSOCIATED COMPANIES (CONTINUED)

- the adoption of the equity method of accounting in respect of the investment in Rey & Lenferna Limited which became an associate during the year giving rise to a gain of Rs 89 million;
- the fair value revaluation of Medine's investment properties coupled with higher land sales that resulted in PAD's share of profit therefrom increasing to Rs 267 million, compared to Rs 54 million last year.

Caudan posted an improved performance reflecting increased occupancy (both with regards to commercial and office units) offset to some extent by short term income reductions during the renovation works of the Pavillon building.

INVESTMENT PORTFOLIO

At company level, in line with the subdued performance on the stock exchange, Fincorp's portfolio of investments fell by 6.2% during the year, reaching Rs 2,273 million at 30th June 2016, with the value of PAD and Caudan falling by some 6.7% to Rs 1,622 million while the value of other investments dropped by 6.9% to reach Rs. 451 million.

	Value of Investments 30.06.2016		Value of Investments 30.06.2015	
	Rs'm	%	Rs'm	%
Subsidiary Company				
Shares in Finlease Co. Ltd.	**200.0**	**8.80**	200.0	8.25
Associated Companies				
Shares in Promotion and Development Ltd.	**1,569.9**	**69.06**	1,678.1	69.24
Shares in Caudan Development Ltd.	**52.0**	**2.29**	60.8	2.51
	1,621.9	**71.35**	1,738.9	71.75
Other Investments				
Shares in Le Refuge du Pêcheur Ltd.	**203.7**	**8.96**	203.7	8.41
Shares in Mauritius Freeport Development Co. Ltd.	**230.6**	**10.14**	263.3	10.86
Other Investments	**17.1**	**0.75**	17.8	0.73
	451.4	**19.85**	484.8	20.00
	2,273.3	**100.00**	2,423.7	100.00

At Group level Fincorp's net assets per share, boosted by an increase of Rs 1,046 million in its share of other comprehensive income of associates, amounted to Rs 49.04 at 30 June 2016, an increase of some 35.6% from last year's value of Rs 36.17. The Fincorp share however continues to trade at a substantial discount to net asset value, this gap having in fact widened further to reach 60%, trading at Rs 19.40 as at 30 June 2016.

PROSPECTS

While Group results will to a large extent 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)*

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;

(iv) the need to have an internal audit function has been reviewed and the Board considered that the Company having no workforce, an internal audit function is not relevant presently; and

(v) the Code of Corporate Governance has been adhered to in all material aspects and 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: 30th September 2016

Company Secretary's Certificate

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

30th September 2016

Statement of Compliance

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 2015 to 30 June 2016

We, the Directors of Fincorp Investment Ltd , confirm , to the best of our knowledge, that the Company has complied with all its obligations and requirements under the Code of Corporate Governance for Mauritius except for Sections 2.2.3, 2.10, 3.9.2 and 5.3.1. The reasons for non-compliance are detailed on pages 2, 3 and 8 of the Annual Report.

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

Port Louis
Mauritius

30th September 2016

Independent Auditors' Report To The Shareholders of Fincorp Investment Limited

This report is made solely to the shareholders of Fincorp Investment Limited ("the Company"), as a body, in accordance with Section 205 of the Mauritian Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's shareholders 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 shareholders 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, 2016, the statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, comprising 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 Mauritian Companies Act 2001, and for such internal control as the directors determine is necessary to enable the preparation of the fincancial 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.

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.

Independent Auditors' Report To The Shareholders of Fincorp Investment Limited (Continued)

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, 2016, 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 Mauritian Companies Act 2001.

Report on Other Legal and Regulatory Requirements

Mauritian Companies Act 2001

The Mauritian Companies Act 2001 requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

- (a) 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.
- (b) we have obtained all information and explanations we have required, and
- (c) 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

BDO & CO
Chartered Accountants

Ameenah Ramdin, FCCA, ACA
Licensed by FRC

30th September 2016,
Port Louis,
Mauritius.

Statements of Financial Position

As at 30th June 2016

		GROUP		COMPANY	
	Notes	2016 Rs'000	2015 Rs'000	2016 Rs'000	2015 Rs'000
ASSETS EMPLOYED					
NON-CURRENT ASSETS					
Intangible assets	4	33,833	5,783	-	-
Property, plant and equipment	5	472,696	456,164	-	-
Investments in associates	6	4,949,657	3,580,698	1,621,927	1,738,945
Investment in subsidiary	7	-	-	200,000	200,000
Investment securities - available-for-sale	8	451,419	484,787	451,419	484,787
Loan receivable	9	301,264	299,898	403,848	356,291
Finance lease receivables	10	2,571,865	2,434,966	-	-
Deposits with financial institutions		212,641	107,315	-	-
		8,993,375	7,369,611	2,677,194	2,780,023
CURRENT ASSETS					
Finance lease receivables	10	1,307,840	1,210,338	-	-
Other receivables	11	54,922	44,297	95,975	91,919
Current tax asset		-	2,237	-	-
Bank balances		139,507	265,602	-	-
		1,502,269	1,522,474	95,975	91,919
CURRENT LIABILITIES					
Bank overdrafts	12(a)	768,460	694,711	768,460	694,711
Deposits		722,707	1,518,748	-	-
Borrowings	12(b)	259,318	415,996	-	-
Other payables	13	40,805	11,239	2,366	27,324
Current tax liabilities		2,697	-	282	631
Proposed dividend	20	62,013	62,013	62,013	62,013
		1,856,000	2,702,707	833,121	784,679
NET CURRENT LIABILITIES		(353,731)	(1,180,233)	(737,146)	(692,760)
		8,639,644	6,189,378	1,940,048	2,087,263
FINANCED BY					
SHARE CAPITAL	14(a)	103,355	103,355	103,355	103,355
RETAINED EARNINGS		1,824,343	1,571,915	6,603	4,798
OTHER COMPONENTS OF EQUITY		3,140,603	2,062,832	1,528,826	1,679,212
SHAREHOLDERS' INTERESTS		5,068,301	3,738,102	1,638,784	1,787,365
NON-CURRENT LIABILITIES					
Deposits		2,717,590	1,462,126	-	-
Borrowings	12(b)	829,104	969,646	301,264	299,898
Deferred tax liabilities	21	24,649	19,504	-	-
		3,571,343	2,451,276	301,264	299,898
		8,639,644	6,189,378	1,940,048	2,087,263
NET ASSETS PER SHARE	Rs.	49.04	36.17	15.86	17.29

These financial statements were approved for issue by the Board of Directors on 30th September 2016.

Jean-Pierre MONTOCCHIO
Directors

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 2016

			GROUP		COMPANY	
			2016	2015	**2016**	2015
	Notes		**Rs'000**	Rs'000	**Rs'000**	Rs'000
Revenue	2(e)		**464,246**	421,628	**116,723**	114,467
Other income	15		**151,517**	131,195	**105,260**	104,203
(Loss)/Profit on exchange			**(69)**	1,420	**(69)**	1,420
Finance income	16		**312,729**	291,723	**11,463**	10,264
Finance costs	16		**(255,329)**	(235,762)	**(48,467)**	(49,052)
Operating expenses	17		**(163,686)**	(124,660)	**(3,254)**	(2,712)
Operating profit before impairment			**45,162**	63,916	**64,933**	64,123
Net impairment of financial assets	10(c)		**(17,145)**	(7,050)	**-**	-
Operating profit			**28,017**	56,866	**64,933**	64,123
Share of profits of associates	6		**370,869**	28,291	**-**	-
Profit before tax	18		**398,886**	85,157	**64,933**	64,123
Income tax expense	19		**(16,508)**	(18,113)	**(1,115)**	(1,216)
Profit attributable to equity holders of the parent			**382,378**	67,044	**63,818**	62,907
Earnings per share	22	Rs.	**3.70**	0.65	**0.62**	0.61

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

Statements of Comprehensive Income

Year ended 30th June 2016

		GROUP		COMPANY	
		2016	2015	**2016**	2015
	Notes	**Rs'000**	Rs'000	**Rs'000**	Rs'000
Profit attributable to equity holders of the parent		**382,378**	67,044	**63,818**	62,907
Other comprehensive income/(expense):					
Items that will not be reclassified to profit or loss:					
Share of other comprehensive income of associates	6	**661,408**	1,197	**-**	-
Items that may be reclassified subsequently to profit or loss:					
Net fair value (loss)/gain on investments in associates		**-**	-	**(117,018)**	63,760
Net fair value (loss)/gain on available-for-sale investments		**(33,368)**	63,350	**(33,368)**	63,350
Share of other comprehensive income/(expense) of associates	6	**381,794**	(43,709)	**-**	-
		348,426	19,641	**(150,386)**	127,110
Other comprehensive income/(expense) for the year		**1,009,834**	20,838	**(150,386)**	127,110
Total comprehensive income/(expense) attributable to equity holders of the parent		**1,392,212**	87,882	**(86,568)**	190,017

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 2016

GROUP	Note	Share Capital Rs'000	Retained Earnings Rs'000	Capital Reserve Rs'000	Revaluation & Other Reserve Rs'000	Statutory Reserve Rs'000	General Risk Reserve Rs'000	Total Rs'000
At 1st July 2014		**103,355**	**1,584,587**	**377,854**	**1,581,135**	**60,087**	**6,100**	**3,713,118**
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	-
At 30th June 2015		**103,355**	**1,571,915**	**377,850**	**1,598,859**	**71,481**	**14,642**	**3,738,102**
Profit for the year		**-**	**382,378**	**-**	**-**	**-**	**-**	**382,378**
Other comprehensive (expense)/income for the year		**-**	**-**	**(18)**	**1,009,852**	**-**	**-**	**1,009,834**
Total comprehensive income/ (expense) for the year		**-**	**382,378**	**(18)**	**1,009,852**	**-**	**-**	**1,392,212**
Share of transfer by associate		**-**	**5,544**	**-**	**(5,544)**	**-**	**-**	**-**
Share of other movements in reserves of associate		**-**	**(60,691)**	**-**	**60,691**	**-**	**-**	**-**
Dividends	20	**-**	**(62,013)**	**-**	**-**	**-**	**-**	**(62,013)**
Transfer to statutory reserve		**-**	**(7,774)**	**-**	**-**	**7,774**	**-**	**-**
Transfer to general risk reserve		**-**	**(5,016)**	**-**	**-**	**-**	**5,016**	**-**
At 30th June 2016		**103,355**	**1,824,343**	**377,832**	**2,663,858**	**79,255**	**19,658**	**5,068,301**

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 2016

COMPANY	Note	Share Capital Rs'000	Retained Earnings Rs'000	Capital Reserve Rs'000	Revaluation & Other Reserve Rs'000	Total Rs'000
At 1st July 2014		**103,355**	**3,904**	**100,596**	**1,451,506**	**1,659,361**
Profit for the year		-	62,907	-	-	62,907
Other comprehensive income for the year		-	-	-	127,110	127,110
Total comprehensive income for the year		-	62,907	-	127,110	190,017
Dividends	20	-	(62,013)	-	-	(62,013)
At 30th June 2015		**103,355**	**4,798**	**100,596**	**1,578,616**	**1,787,365**
Profit for the year		**-**	**63,818**	**-**	**-**	**63,818**
Other comprehensive expense for the year		**-**	**-**	**-**	**(150,386)**	**(150,386)**
Total comprehensive income/(expense) for the year		**-**	**63,818**	**-**	**(150,386)**	**(86,568)**
Dividends	20	**-**	**(62,013)**	**-**	**-**	**(62,013)**
At 30th June 2016		**103,355**	**6,603**	**100,596**	**1,428,230**	**1,638,784**

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 2016

	GROUP		COMPANY	
	2016	2015	**2016**	2015
	Rs'000	Rs'000	**Rs'000**	Rs'000
OPERATING ACTIVITIES				
Cash received from investments	**45,222**	39,435	**100,222**	94,435
Interest received	**18,809**	25,276	**15,271**	8,611
Net cash inflow/(outflow) from leasing activities	**212,667**	(44,676)	**-**	-
Net increase in deposits	**459,423**	164,190	**-**	-
Other cash (payments)/received	**(1,174)**	2,263	**(2,298)**	248
Cash inflow generated from operations	**734,947**	186,488	**113,195**	103,294
Interest paid	**(313,217)**	(250,635)	**(48,467)**	(49,052)
Net cash flows from operating activities	**421,730**	(64,147)	**64,728**	54,242
TAXATION				
Income tax paid	**(6,429)**	(19,976)	**(1,464)**	(806)
INVESTING ACTIVITIES				
Purchase of property, plant and equipment	**(169,270)**	(265,992)	**-**	-
Purchase of intangible assets	**(34,451)**	(2,246)	**-**	-
(Increase)/decrease in deposits with financial institutions	**(100,000)**	150,000	**-**	-
Proceeds from sale of property, plant and equipment	**39,432**	51,128	**-**	-
Proceeds from sale of repossessed leased assets	**8,939**	8,960	**-**	-
Net cash flows from investing activities	**(255,350)**	(58,150)	**-**	-
NET CASH FLOWS BEFORE FINANCING ACTIVITIES	**159,951**	(142,273)	**63,264**	53,436
FINANCING ACTIVITIES				
Grant of loan to subsidiary	**-**	-	**(75,000)**	-
Net (decrease)/increase in other borrowed funds	**(297,782)**	395,339	**-**	-
Dividends paid	**(62,013)**	(46,510)	**(62,013)**	(46,510)
Net cash flows from financing activities	**(359,795)**	348,829	**(137,013)**	(46,510)
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(199,844)**	206,556	**(73,749)**	6,926
CASH AND CASH EQUIVALENTS AT 1ST JULY	**(429,109)**	(635,665)	**(694,711)**	(701,637)
CASH AND CASH EQUIVALENTS AT 30TH JUNE	**(628,953)**	(429,109)	**(768,460)**	(694,711)
Cash and Cash Equivalents are made up as follows:				
Bank balances	**139,507**	265,602	**-**	-
Bank overdrafts	**(768,460)**	(694,711)	**(768,460)**	(694,711)
	(628,953)	(429,109)	**(768,460)**	(694,711)

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 2016

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. At the reporting date, interest receivable and interest payable have been reclassified under the appropriate assets and liabilities. The financial statements are prepared under the historical cost convention, except for available-for-sale securities and land held through associates, which are stated at fair value.

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

There are no standards, amendments to published standards and interpretations effective for the first time in the reporting period.

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, 2016 or later periods, but which the Group has not early adopted.

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

IFRS 9 Financial Instruments

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)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) *Basis of preparation (cont'd)*

Standards, Amendments to published Standards and Interpretations issued but not yet effective (cont'd)

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)

IFRS 16 Leases

Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)

Amendments to IAS 7 Statement of Cash Flows

Clarifications to IFRS 15 Revenue from Contracts with Customers

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

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Basis of consolidation (cont'd)

Investment in subsidiary (cont'd)

Consolidated financial statements (cont'd)

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) *Investments in associates (cont'd)*

Consolidated financial statements (cont'd)

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Accounting for leases

Material leasing arrangements

The leasing contracts carry interest rates varying from 5.5% to 14.25% for MUR denominated contracts, 2.75% to 5.97% for foreign currency denominated contracts. The contracts periods range between 1 and 7 years and have varying options at the end of the term. The types of assets financed are mostly motor vehicles and equipment. Lease facilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

Assets repossessed pending disposals

Assets repossessed from non performing clients pending disposals are stated at their net realisable value.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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 group 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:

	Per annum
Computer Equipment	30%
Office Equipment, Furniture and Fittings	20%
Motor Vehicles	15% - 20%
Plant and Equipment	15% - 33.33%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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

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

Gains and losses on disposal of plant and equipment are determined by comparing proceeds with carrying amount and are included in the statement of profit or loss.

(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 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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.

(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.

Notes to the Financial Statements *(Continued)*

Year ended 30th June 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Investment Securities (cont'd)

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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) Net Impairment of financial assets

Net impairment of financial assets 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) Deposits from customers

Deposits from customers are classified as financial liabilities at amortised cost. They are initially

measured at fair value and subsequently carried at amortised cost.

(w) 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 2016

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:

	2016	2015	**Collateral held**
	Rs' 000	Rs' 000	
Rental due on:			
Finance leases	**103,211**	66,402	Vehicles and other equipment
	103,211	66,402	

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. The fair value of collateral for the impaired facilities amounts to Rs 82.6 million (2015: Rs 61.8 million). A specific provision of Rs 17.5 million (2015: Rs 8.7 million) has been made on the impaired receivables.

Notes to the Financial Statements *(Continued)*

Year ended 30th June 2016

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:

	2016	2015
	Rs' 000	Rs' 000
Less than 6 months	52,189	43,605
Over 6 months	14,295	4,248
	66,484	47,853

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

	2016	2015
	Rs' 000	Rs' 000
Net finance lease receivables	3,879,705	3,645,304
Subordinated loan	301,264	299,898
Other receivables	54,922	44,297
	4,235,891	3,989,499

The collaterals held as security are mainly vehicles and equipment. Collaterals possessed are readily convertible into cash.

(b) *Market Risk - price risk*

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

A 5% change in the fair value of the Company's quoted investments would impact the Company's equity by Rs93.0 m (2015: Rs100.6 m).

(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 2016

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 1 year	1 to 5 years	Over 5 years	Non-maturity items	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Maturities of assets and liabilities					
At June 30, 2016					
Assets					
Intangible assets	-	-	-	33,833	33,833
Property, plant and equipment	-	-	-	472,696	472,696
Investments in associates	-	-	-	4,949,657	4,949,657
Investment securities - available-for-sale	-	-	-	451,419	451,419
Loan receivable	-	-	301,264	-	301,264
Finance lease receivables	1,307,840	2,534,177	37,688	-	3,879,705
Deposits with financial institutions	-	212,641	-	-	212,641
Other receivables	54,922	-	-	-	54,922
Bank balances	139,507	-	-	-	139,507
Total assets	1,502,269	2,746,818	338,952	5,907,605	10,495,644
Liabilities					
Bank overdraft	768,460	-	-	-	768,460
Deposits	722,707	2,717,590	-	-	3,440,297
Borrowings	259,318	527,840	301,264	-	1,088,422
Other payables	40,805	-	-	-	40,805
Proposed dividend	62,013	-	-	-	62,013
Deferred tax liabilities	-	-	-	24,649	24,649
Current tax liabilities	2,697	-	-	-	2,697
Total liabilities	1,856,000	3,245,430	301,264	24,649	5,427,343
Net liquidity gap	(353,731)	(498,612)	37,688	5,882,956	5,068,301
At June 30, 2015					
Total assets	1,529,789	2,476,320	358,544	4,527,432	8,892,085
Total liabilities	2,749,253	2,385,226	-	19,504	5,153,983
Net liquidity gap	(1,219,464)	91,094	358,544	4,507,928	3,738,102

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.

(f) *Currency risk*

The Group's foreign currency profile is as follows:

	2016			2015		
	EURO	GBP	USD	EURO	GBP	USD
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Assets						
Bank balances	4,609	4	-	-	3	4,166
Net lease receivables	215,113	-	306,171	204,192	-	329,304
	219,722	4	306,171	204,192	3	333,470
Liabilities						
Other liabilities	6,645	1	1,545	588	1	430
Borrowings	522,868	-	306,154	514,881	-	344,994
	529,513	1	307,699	515,469	1	345,424

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.

Quantitative data about what the Group manages as capital:

	GROUP		COMPANY	
	2016	2015	2016	2015
	Rs'000	Rs'000	Rs'000	Rs'000
Long term debt	829,104	969,646	301,264	299,898
less Cash and cash equivalents	(139,507)	(265,602)	-	-
Net debt	689,597	704,044	301,264	299,898
Total Equity	5,068,301	3,738,102	1,638,784	1,787,365
Adjustments	(3,041,690)	(1,976,709)	-	-
Adjusted Equity	2,026,611	1,761,393	1,638,784	1,787,365
Debt to equity ratio	0.34	0.40	0.18	0.17

Notes to the Financial Statements *(Continued)*
Year ended 30th June 2016

3. FINANCIAL RISK FACTORS (CONTINUED)

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

	2016 Rs' 000	2015 Rs' 000
COST		
At 1st July	**29,248**	27,002
Additions	**34,451**	2,246
At 30th June	**63,699**	29,248
AMORTISATION		
At 1st July	**23,465**	22,051
Charge for the year	**6,401**	1,414
At 30th June	**29,866**	23,465
NET BOOK VALUES	**33,833**	5,783

Notes to the Financial Statements (Continued)

Year ended 30th June 2016

5. PROPERTY, PLANT AND EQUIPMENT

GROUP	Assets under operating leases				
	Plant and Equipment	Motor Vehicles	Office Equipment	Computer Equipment	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
COST					
At 1st July 2015	**256,965**	**412,769**	**4,928**	**5,881**	**680,543**
Additions	**30,536**	**138,153**	**462**	**119**	**169,270**
Disposals	**(21,643)**	**(91,611)**	**-**	**-**	**(113,254)**
Assets written off	**(11,318)**	**(14,522)**	**-**	**-**	**(25,840)**
At 30th June 2016	**254,540**	**444,789**	**5,390**	**6,000**	**710,719**
DEPRECIATION					
At 1st July 2015	**81,451**	**132,711**	**4,403**	**5,814**	**224,379**
Charge for the year	**35,547**	**67,061**	**223**	**53**	**102,884**
Disposals adjustment	**(13,828)**	**(60,039)**	**-**	**-**	**(73,867)**
Assets written off	**(16,360)**	**987**	**-**	**-**	**(15,373)**
At 30th June 2016	**86,810**	**140,720**	**4,626**	**5,867**	**238,023**
COST					
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)
At 30th June 2015	256,965	412,769	4,928	5,881	680,543
DEPRECIATION					
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)
At 30th June 2015	81,451	132,711	4,403	5,814	224,379
NET BOOK VALUES					
At 30th June 2016	**167,730**	**304,069**	**764**	**133**	**472,696**
At 30th June 2015	175,514	280,058	525	67	456,164

Notes to the Financial Statements *(Continued)*

Year ended 30th June 2016

6. INVESTMENTS IN ASSOCIATES

	GROUP	
	2016	2015
	Rs' 000	Rs' 000
At 1st July	**3,580,698**	3,631,891
Share of profit (Note 1)	**370,869**	28,291
Share of other comprehensive income :		
- Revaluation and other reserve	**661,408**	1,197
- Fair value reserve	**381,794**	(43,709)
Effect of employee share options exercised in associate	**-**	(884)
Dividends	**(45,112)**	(36,088)
At 30th June	**4,949,657**	3,580,698

Note 1 : Share of profit includes non recurrent items as further described in the Director's report on page 11.

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

	Nature of Business	**Principal place of Business and Country of Incorporation**	**2016 Percentage held**		2015 Percentage held	
			Direct	**Total**	Direct	Total
			%	**%**	%	%
Promotion and Development Limited	Investment and Property development	Mauritius	**46.37**	**46.37**	46.37	46.37
Caudan Development Limited	Property development, investment and provision of security services	Mauritius	**5.34**	**34.51**	5.34	34.51

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

	Current assets	**Non-Current Assets**	**Current Liabilities**	**Non-Current Liabilities**	**Non-controlling Interest**	**Revenue**	**Profit**	**Other Comprehensive Income**	**Total Comprehensive Income**	**Dividend Received**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
2016	**223,964**	**12,516,098**	**308,059**	**1,007,508**	**1,088,514**	**584,726**	**798,307**	**2,249,666**	**3,047,973**	**45,112**
2015	252,047	10,033,464	737,992	1,078,289	1,083,943	518,925	60,882	(91,625)	(30,743)	36,088

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

	Opening net assets	**Profit**	**Other Comprehensive income**	**Other Movements in Reserves**	**Dividends**	**Closing Net assets**	**Ownership Interest**	**Carrying Value**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**%**	**Rs'000**
2016	**7,385,289**	**798,307**	**2,249,666**	**-**	**(97,281)**	**10,335,981**	**46.37%**	**4,792,984**
2015	7,492,401	60,882	(91,625)	1,455	(77,824)	7,385,289	46.37%	3,424,695

6. INVESTMENTS IN ASSOCIATES (CONTINUED)

(ii) Information of associate that is not material:

	GROUP	
	2016	2015
	Rs' 000	Rs' 000
Carrying amount of interest	**156,673**	156,003
Share of profit	**680**	59
Share of other comprehensive expense	**(10)**	(24)

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

(iv) As at June 30, 2016, 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 Rs1,569,854,709 (2015:Rs1,678,120,551) and Rs52,072,377 (2015:Rs60,824,037) respectively based on the quoted market price available, which is a level 1 input in terms of IFRS 13.

	COMPANY	
	2016	2015
	Rs' 000	Rs' 000
At 1st July	**1,738,945**	1,675,185
Fair value adjustment	**(117,018)**	63,760
At 30th June	**1,621,927**	1,738,945

7. INVESTMENT IN SUBSIDIARY

	COMPANY
	Rs' 000
At 1st July 2015 and 30th June 2016 - cost	**200,000**

	Country of Incorporation and Operation	Class of Shares	Cost of Investment Rs' 000	Nominal Value of Investment Rs' 000	Percentage Held	Main Business
2015 & 2016						
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 Level 1	**Unquoted Level 3**	**Total**
	Rs' 000	**Rs' 000**	**Rs' 000**
At 1st July 2014	208,814	212,623	421,437
Fair value increase	63,350	-	63,350
At 30th June 2015	**272,164**	**212,623**	**484,787**
Fair value decrease	**(33,368)**	**-**	**(33,368)**
At 30th June 2016	**238,796**	**212,623**	**451,419**

8. INVESTMENT SECURITIES (CONTINUED)

Available-for-sale securities are denominated in rupees.

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

	Nature	2016	2015
		Percentage held	
		%	%
Mauritius Freeport Development Company Limited	Ordinary	**15.00**	15.00
Le Refuge du Pêcheur Ltd	Ordinary	**11.00**	11.00

9. LOAN RECEIVABLE

	GROUP		COMPANY	
	2016	2015	**2016**	2015
	Rs' 000	Rs' 000	**Rs' 000**	Rs' 000
Amount due by subsidiary	**-**	-	**102,584**	56,393
Subordinated loans	**301,264**	299,898	**301,264**	299,898
	301,264	299,898	**403,848**	356,291

The loans are unsecured and are denominated in Mur and Euro and attract interest at commercial rates.
The loans have no defined repayment date.

Notes to the Financial Statements *(Continued)*

Year ended 30th June 2016

10. FINANCE LEASE RECEIVABLES

	GROUP	
	2016	2015
(a) Gross investment in finance leases:	**Rs'000**	Rs'000
Within one year	**1,495,077**	1,397,961
After one year and before five years	**2,893,554**	2,696,704
After five years	**40,241**	62,434
	4,428,872	4,157,099
Unearned future finance income on finance leases	**(561,321)**	(528,758)
	3,867,551	3,628,341
(b) Rent receivables:		
Rental receivables on finance and operating lease	**67,297**	56,557
Less Net impairment of financial assets	**(55,143)**	(39,594)
Net lease receivables	**3,879,705**	3,645,304
Finance lease receivables may be analysed as follows:-		
Receivable within one year	**1,307,840**	1,210,338
Receivable after one year and before five years	**2,589,320**	2,415,915
Receivable after five years	**37,688**	58,645
	3,934,848	3,684,898
Less Net impairment of financial assets	**(55,143)**	(39,594)
Net lease receivables	**3,879,705**	3,645,304
Non-Current assets	**2,571,865**	2,434,966
Current assets	**1,307,840**	1,210,338
Net investment in finance leases	**3,879,705**	3,645,304
(c) Net impairment of financial assets:		
At 1st July	**39,594**	33,108
Provision for the year	**17,145**	7,050
Written off	**(1,596)**	(564)
At 30th June	**55,143**	39,594

Notes to the Financial Statements *(Continued)*

Year ended 30th June 2016

11. OTHER RECEIVABLES

	GROUP		COMPANY	
	2016	2015	**2016**	2015
	Rs' 000	Rs' 000	**Rs' 000**	Rs' 000
Amount due by subsidiary	**-**	-	**50,673**	55,673
Investment and other receivable from group company	**-**	-	**45,111**	36,088
Other investment and rental income receivable	**5,796**	5,960	**149**	-
Assets repossessed pending disposals	**8,976**	10,363	**-**	-
Others	**40,150**	27,974	**42**	158
	54,922	44,297	**95,975**	91,919

The carrying amounts of other receivables approximate their fair value.

12. (a) BANK OVERDRAFTS

Bank overdrafts are secured by a floating charge on the Company's assets for Rs 170m.The rates of interest varied from 2% to 7% during the year.

(b) BORROWINGS

	GROUP		COMPANY	
	2016	2015	**2016**	2015
	Rs'000	Rs'000	**Rs'000**	Rs'000
Current				
Other loans	**192,302**	216,424	**-**	-
Bank loans	**67,016**	199,572	**-**	-
	259,318	415,996	**-**	-
Non-current				
Other loans	**351,751**	538,992	**-**	-
Bank loans	**477,353**	430,654	**301,264**	299,898
	829,104	969,646	**301,264**	299,898
	1,088,422	1,385,642	**301,264**	299,898
Analysed as follows:				
Within a period of 1 year	**259,318**	415,996	**-**	-
Within a period of more than 1 year but not exceeding 2 years	**241,053**	231,155	**-**	-
Within a period of more than 2 years but not exceeding 5 years	**286,787**	438,593	**-**	-
Within a period of more than 5 years	**301,264**	299,898	**301,264**	299,898
	1,088,422	1,385,642	**301,264**	299,898

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

The bank loans are secured by a floating charge on the Group's assets for Rs 250m.

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

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

Notes to the Financial Statements *(Continued)*
Year ended 30th June 2016

13. OTHER PAYABLES

	GROUP		COMPANY	
	2016	2015	**2016**	2015
	Rs' 000	Rs' 000	**Rs' 000**	Rs' 000
Amount due to subsidiary	**-**	-	**-**	25,000
Others	**40,805**	11,239	**2,366**	2,324
	40,805	11,239	**2,366**	27,324

The carrying amounts of other payables equal their fair value.

14. SHARE CAPITAL AND RESERVES

(a) SHARE CAPITAL

	COMPANY
	2016 & 2015
	Rs' 000
AUTHORISED:	
250,000,000 ordinary shares of Re.1 each	**250,000**
ISSUED AND FULLY PAID:	
At 1st July 2015 and 30th June 2016	**103,355**

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 2016

15. OTHER INCOME

	GROUP		COMPANY	
	2016	2015	**2016**	2015
	Rs'000	Rs'000	**Rs'000**	Rs'000
Dividend	**260**	3,235	**104,393**	103,345
Operating lease income	**134,148**	110,279	**-**	-
Other processing fees	**7,500**	9,450	**-**	-
Other operating income	**9,414**	6,757	**-**	-
Profit on disposal of assets	**45**	1,290	**-**	-
Others	**150**	184	**867**	858
	151,517	131,195	**105,260**	104,203

16. FINANCE INCOME/(COSTS)

	GROUP		COMPANY	
	2016	2015	**2016**	2015
	Rs'000	Rs'000	**Rs'000**	Rs'000
Finance income:				
Finance leases	**288,594**	264,518	**-**	-
Other interest income	**24,135**	27,205	**11,463**	10,264
	312,729	291,723	**11,463**	10,264
Finance costs:				
Borrowings	**73,931**	76,661	**48,467**	49,052
Deposits	**181,398**	159,101	**-**	-
	255,329	235,762	**48,467**	49,052
Net Finance income/(costs)	**57,400**	55,961	**(37,004)**	(38,788)

17. OPERATING EXPENSES

	GROUP		COMPANY	
	2016	2015	**2016**	2015
	Rs'000	Rs'000	**Rs'000**	Rs'000
Staff costs	**21,614**	18,784	**-**	-
Pension contribution	**2,162**	2,291	**-**	-
Other personnel expenses	**1,514**	1,178	**-**	-
Depreciation charge	**102,884**	82,652	**-**	-
Amortisation of intangible assets	**6,401**	1,414	**-**	-
Assets written off	**10,467**	-	**-**	-
Other expenses	**18,644**	18,341	**3,254**	2,712
	163,686	124,660	**3,254**	2,712

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

18. PROFIT BEFORE TAX

	GROUP		COMPANY	
	2016	2015	**2016**	2015
	Rs'000	Rs'000	**Rs'000**	Rs'000
The profit for the year before taxation is arrived at after crediting:				
Investment income				
Quoted	**260**	3,074	**54,393**	48,184
Unquoted	**-**	161	**50,000**	55,161

Notes to the Financial Statements *(Continued)*

Year ended 30th June 2016

19. INCOME TAX EXPENSE

	GROUP		COMPANY	
	2016	2015	**2016**	2015
	Rs'000	Rs'000	**Rs'000**	Rs'000
Income tax on adjusted profits	**10,101**	9,638	**976**	1,128
Deferred tax (Note 21)	**5,145**	6,372	**-**	-
Corporate Social Responsibility contribution	**1,262**	2,103	**139**	88
Charge for the year	**16,508**	18,113	**1,115**	1,216

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

	GROUP 2016	GROUP 2015	COMPANY 2016	COMPANY 2015
Profit before tax	**398,886**	85,157	**64,933**	64,123
Share of profits in Associates	**(370,869)**	(28,291)	**-**	-
	28,017	56,866	**64,933**	64,123
Tax calculated at a tax rate of 15%	**4,203**	8,530	**9,740**	9,618
Impact of:				
Income not subject to tax	**(39)**	(485)	**(15,659)**	(15,502)
Expenses not deductible for tax purposes	**11,082**	7,965	**6,895**	7,012
Corporate Social Responsibility contribution	**1,262**	2,103	**139**	88
Tax charge	**16,508**	18,113	**1,115**	1,216

20. DIVIDENDS

	COMPANY	
	2016	2015
	Rs'000	Rs'000
Final payable on 30th July 2016 Re 0.60 per share (July 2015 : Re 0.60 per share)	**62,013**	62,013

21. DEFERRED TAX LIABILITIES

Accelerated tax depreciation

	GROUP	
	2016	2015
	Rs'000	Rs'000
At 1st July	**19,504**	13,132
Movement for the year (Note 19)	**5,145**	6,372
At 30th June	**24,649**	19,504

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

Notes to the Financial Statements *(Continued)*

Year ended 30th June 2016

22. EARNINGS PER SHARE

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

		GROUP		COMPANY	
		2016	2015	**2016**	2015
		Rs'000	Rs'000	**Rs'000**	Rs'000
Profit attributable to equity holders of the parent		**382,378**	67,044	**63,818**	62,907
Number of shares in issue and ranking for dividend (thousands)		**103,355**	103,355	**103,355**	103,355
Earnings per share.	Rs.	**3.70**	0.65	**0.62**	0.61

23. CAPITAL COMMITMENTS

	GROUP	
	2016	2015
	Rs'000	Rs'000
Capital commitments at 30th June are as follows :		
Future leases	**767,337**	1,173,000

24. OPERATING LEASES

	GROUP	
	2016	2015
	Rs'000	Rs'000
Future minimum lease receivables under non-cancellable operating leases may be analysed as follows:		
Less than 1 year	**126,811**	103,987
More than 1 year and less than 5 years	**247,575**	338,373
More than 5 years	**4,378**	13,873
	378,764	456,233

Notes to the Financial Statements *(Continued)*

Year ended 30th June 2016

25. OPERATING SEGMENTS

Year ended 30th June 2016

	Group Rs'000	Leasing Rs'000	Investing Rs'000	Eliminations Rs'000
Revenue from External Customers	**464,246**	455,731	8,515	-
Revenue from associates	**-**	-	54,133	(54,133)
Inter segment revenue	**-**	-	54,075	(54,075)
Total revenue	**464,246**	455,731	116,723	(108,208)
Operating Profit before impairment	**45,162**	84,362	64,933	(104,133)
Net impairment of financial assets	**(17,145)**	(17,145)	-	-
Operating Profit	**28,017**	67,217	64,933	(104,133)
Share of profits of associates	**370,869**			
Profit before tax	**398,886**			
Income tax expense	**(16,508)**			
Profit attributable to equity holders of the parent	**382,378**			
Other segment items:				
Segment assets	**5,545,987**	4,793,114	1,151,242	(398,369)
Investments in associates	**4,949,657**		1,621,927	
Total assets	**10,495,644**		2,773,169	
Segment liabilities	**5,362,633**	4,393,800	1,072,090	(103,257)
Unallocated liabilities	**64,710**			
Total liabilities	**5,427,343**			
Capital expenditure	**203,721**	203,721		
Depreciation charge	**102,884**	102,884		
Amortisation	**6,401**	6,401		

Notes to the Financial Statements *(Continued)*

Year ended 30th June 2016

25. OPERATING SEGMENTS (CONTINUED)

Year ended 30th June 2015

	Group Rs'000	Leasing Rs'000	Investing Rs'000	Eliminations Rs'000
Revenue from External Customers	421,628	409,598	12,030	-
Revenue from associates	-	-	45,111	(45,111)
Inter segment revenue	-	-	57,326	(57,326)
Total revenue	421,628	409,598	114,467	(102,437)
Operating Profit before impairment	63,916	99,904	64,123	(100,111)
Net impairment of financial assets	(7,050)	(7,050)	-	-
Operating Profit	56,866	92,854	64,123	(100,111)
Share of profits of associates	28,291			
Profit before tax	85,157			
Income tax expense	(18,113)			
Profit attributable to equity holders of the parent	67,044			
Other segment items:				
Segment assets	5,311,387	4,552,174	1,132,997	(373,784)
Investments in associates	3,580,698		1,738,945	
Total assets	8,892,085		2,871,942	
Segment liabilities	5,091,970	4,152,102	1,021,933	(82,065)
Unallocated liabilities	62,013			
Total liabilities	5,153,983			
Capital expenditure	268,238	268,238		
Depreciation charge	82,652	82,652		
Amortisation	1,414	1,414		

Notes to the Financial Statements (Continued)

Year ended 30th June 2016

26. RELATED PARTY TRANSACTIONS

(a) GROUP

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

	Lease Rental Income	Interest Income	Expenses/ Financial Charges	Loan/ Amount Due	Deposit Balance/ Amount due	Net Finance Lease Receivables
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
2016						
Entity under common control	**-**	**16,074**	**60,202**	**1,314,850**	**352,145**	**-**
Directors and close family members	**-**	**-**	**-**	**-**	**18,000**	**2,369**
Enterprises in which directors/key management personnel have significant interest	**1,700**	**7,436**	**-**	**-**	**20,000**	**86,666**
2015						
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	10,550	-	-	-	123,452

(b) COMPANY

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

	2016	2015
	Rs' 000	Rs' 000
Holding Company		
Dividend payable	**62,013**	62,013
Entity under joint control		
Loan/amount due to	**1,069,724**	994,610
Expenses/financial charges	**48,467**	49,052
Subsidiary Company (Finlease)		
Loan due from	**102,584**	56,393
Amount due from	**50,000**	55,000
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 loans are unsecured and will be settled according to the terms of the loans.
The Group/Company has not recorded any impairment of receivables relating to the amount owed by related parties.
Collaterals are held for the Net finance lease receivables.

(c) REMUNERATION

	2016	2015
Directors and key management personnel : Salaries and short term employee benefits	**5,076**	4,746

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 2016

		GROUP					COMPANY				
		2016	2015	2014	2013	2012	**2016**	2015	2014	2013	2012
		Rs' m	Rs' m	Rs' m	Rs' m	Rs' m	**Rs' m**	Rs' m	Rs' m	Rs' m	Rs' m
				(Restated*)	(Restated*)						
STATEMENTS OF FINANCIAL POSITION											
Non-current assets		**8,993**	7,370	7,072	6,628	6,308	**2,677**	2,780	2,637	2,410	2,167
Current assets		**1,502**	1,522	1,247	1,112	1,054	**96**	92	88	75	62
Current liabilities		**1,856**	2,703	1,661	1,370	1,588	**833**	785	751	736	727
Net current liabilities		**(354)**	(1,181)	(414)	(258)	(534)	**(737)**	(693)	(663)	(661)	(665)
		8,639	6,189	6,658	6,370	5,774	**1,940**	2,087	1,974	1,749	1,502
Share capital		**103**	103	103	103	103	**103**	103	103	103	103
Retained earnings		**1,824**	1,572	1,585	1,483	1,469	**7**	5	4	5	2
Other reserves		**3,141**	2,063	2,025	1,883	1,755	**1,529**	1,679	1,552	1,332	1,099
Shareholders' interests		**5,068**	3,738	3,713	3,469	3,327	**1,639**	1,787	1,659	1,440	1,204
Non-current liabilities		**3,571**	2,451	2,945	2,901	2,447	**301**	300	315	309	298
		8,639	6,189	6,658	6,370	5,774	**1,940**	2,087	1,974	1,749	1,502
STATEMENTS OF PROFIT OR LOSS											
Revenue		**464**	422	412	417	419	**117**	114	102	92	83
Profit before tax		**399**	85	175	43	32	**65**	64	46	35	26
Profit attributable to equity holders of the parent		**382**	67	158	28	20	**64**	63	45	35	25
Dividends		**62.0**	62.0	46.5	31.0	25.8	**62.0**	62.0	46.5	31.0	25.8
DATA PER SHARE											
Earnings per share	Rs	**3.70**	0.65	1.52	0.27	0.19	**0.62**	0.61	0.44	0.33	0.25
Dividend per share	Re	**0.60**	0.60	0.45	0.30	0.25	**0.60**	0.60	0.45	0.30	0.25
Net assets per share	Rs	**49.04**	36.17	35.93	33.56	32.20	**15.86**	17.29	16.05	13.94	11.65

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