

Consolidated Statement of Financial Position

	2019 Rs'000	2018 Rs'000
ASSETS EMPLOYED		
NON-CURRENT ASSETS		
Intangible assets	24,706	26,048
Property, plant and equipment ¹	694,910	592,372
Investments in associates	5,374,078	5,219,097
Investment securities	521,439	490,642
Loan receivable	308,868	308,914
Finance lease receivables ²	2,214,331	2,199,442
Deposits with financial institutions	55,842	104,787
	9,194,174	8,941,302
CURRENT ASSETS	1,592,522	1,868,552
CURRENT LIABILITIES	(1,535,123)	(1,611,945)
NET CURRENT ASSETS	57,399	256,607
	9,251,573	9,197,909
FINANCED BY		
Share capital	103,355	103,355
Retained earnings	2,110,286	1,894,834
Other components of equity	3,565,190	3,643,356
SHAREHOLDERS' INTERESTS	5,778,831	5,641,545
NON-CURRENT LIABILITIES		
Deposits	3,122,089	3,115,335
Borrowings	334,414	423,018
Deferred tax liabilities	16,239	18,011
	3,472,742	3,556,364
	9,251,573	9,197,909

Consolidated Statement of Profit or Loss

	Year ended 2019 Rs'000	Year ended 2018 Rs'000
Revenue	501,423	504,298
Other income	220,318	208,526
Profit/(loss) on exchange	68	(362)
Finance income	281,812	296,195
Finance costs	(218,466)	(244,979)
Operating expenses ³	(209,374)	(192,261)
Operating profit before impairment	74,358	67,119
Net impairment of financial assets	(6,105)	(17,846)
Operating profit	68,253	49,273
Share of profits/(losses) of associates	152,044	(42,201)
Profit before tax	220,297	7,072
Income tax expense	(7,323)	(15,800)
Profit/(loss) attributable to equity holders of the parent	212,974	(8,728)

Consolidated Statement of Comprehensive Income

	Year ended 2019 Rs'000	Year ended 2018 Rs'000
Profit/(loss) attributable to equity holders of the parent	212,974	(8,728)
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
Net fair value loss on equity investments	(72,225)	-
Share of other comprehensive income/(expense) of associates	69,138	(18,470)
	(3,087)	(18,470)
Items that may be reclassified subsequently to profit or loss:		
Net fair value gain on available-for-sale investments	-	37,939
Share of other comprehensive income of associates	4,441	29,019
	4,441	66,958
Other comprehensive income for the year	1,354	48,488
Total comprehensive income attributable to equity holders of the parent	214,328	39,760
Data per Share		
Net assets per share* (Rs.)	53.98	52.65
Earnings/(Loss) per share (Rs.) ⁴	2.06	(0.08)
No. of shares in issue (thousands)	103,355	103,355

* after adjusting for the non-cumulative irredeemable preference shares

Consolidated Statement of Changes in Equity

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

Consolidated Statement of Cash Flows

	Year ended 2019 Rs'000	Year ended 2018 Rs'000
Net cash flows from operating activities	303,690	456,261
Income tax paid	(22,510)	(9,699)
Purchase of property, plant and equipment	(305,794)	(188,105)
Purchase of intangible assets	(2,275)	-
Purchase of Government of Mauritius bonds	(102,316)	-
Purchase of Government of Mauritius treasury bills	(96,389)	-
Proceeds from financial institutions	100,000	-
Proceeds from sale of plant and equipment	67,433	63,274
Proceeds from sale of repossessed leased assets	5,345	6,267
Net cash flows used in investing activities	(333,996)	(118,564)
Net cash flows before financing activities	(52,816)	327,998
Financing activities		
Net decrease in borrowings	(166,117)	(235,389)
Issue of irredeemable preference shares by subsidiary	-	200,000
Dividends paid	(62,013)	(62,013)
Net cash flows used in financing activities	(228,130)	(97,402)
Net (Decrease)/Increase in cash and cash equivalents	(280,946)	230,596
Cash and cash equivalents at 1 July	(289,810)	(520,406)
Cash and cash equivalents at 30 June	(570,756)	(289,810)

RESULTS

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

Operating profit before share of profits of associates improved from Rs 49.3 million to Rs 68.3 million on the back of the better performance of MCB Leasing Limited ("MCB Leasing" previously Finlease Company Limited), which benefited from a lower cost of funding, a healthy increase in its operating lease portfolio and a significant drop in impairment and tax charges during the year.

On the other hand, the contribution of the Company's associate, Promotion and Development Limited ("PAD"), improved significantly from a loss of Rs 42.2 million last year to a profit of Rs 152.0 million for the current year, resulting from a significant improvement in the results of its subsidiary, Caudan Development and of its associate Medine. Caudan Development's results were favourably impacted by the fair value gains from the revaluation of its investment property. Medine on the other hand impaired its milling assets last year whilst benefiting this year from a significant increase in profits from the sale of land, fair value gains from the revaluation of its investment properties, as well as lower operating losses following significant reduction in overheads in order to address the falling sugar prices.

As a result, Fincorp posted a consolidated profit before tax of Rs 220.3 million for the financial year to 30 June 2019 (2018: Rs 7.1 million).

PROSPECTS

The Board is of the opinion that the operating results of MCB Leasing and Caudan Development, excluding any exceptional profits or losses or fair value adjustments, will be in line with the current reporting period. On the other hand, the price of sugar on international markets as well as the timing of the materialisation of the real estate activities of Medine will continue to bring volatility to its results and by extension to those of Fincorp.

By order of the Board

26 September 2019

Notes

	2019 Rs'000	2018 Rs'000
1. Property, Plant and Equipment		
Assets under operating leases included under the above caption	<u>693,753</u>	<u>590,882</u>
2. Finance Lease Receivables		
Receivable within one year and included in current assets	1,264,845	1,303,865
Receivable after one year	<u>2,214,331</u>	<u>2,199,442</u>
	<u>3,479,176</u>	<u>3,503,307</u>
3. Operating Expenses		
Depreciation of assets under operating leases included in operating expenses	<u>134,918</u>	<u>132,038</u>
4. Earnings/(Loss) per Share		
Earnings/(Loss) per share is calculated by dividing the profit/(loss) attributable to equity holders of the parent by the number of equity shares in issue and ranking for dividend.		

The abridged financial statements have been audited by Messrs BDO & Co, Chartered Accountants and have been extracted from the audited financial statements for the year ended 30 June 2019 which have been prepared in accordance with International Financial Reporting Standards (IFRSs).

Copies of the audited financial statements are available to the public and can be obtained free of charge from the Company Secretary at the registered office of the Company, 9-15, Sir William Newton Street, Port-Louis and can be viewed on our website: www.fincorp.mu

With the adoption of IFRS 9 as from 1 July 2018, the opening reserves have been adjusted following the requirements of classification and measurement of financial assets and liabilities and impairment thereon.

The statement of direct and indirect interests of officers of the Company required under rule 8(2)(m) of the Securities (Disclosure Obligations of Reporting Issuers) Rules 2007 is available upon request, free of charge, at the registered office of the Company.

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

This communiqué is issued pursuant to Listing Rule 12.14 and Securities Act 2005.

The Board of Directors of Fincorp Investment Limited accepts full responsibility for the accuracy of the information contained in this communiqué.