Fincorp

Fincorp Investment Ltd

Annual Report

June 30, 2023

Contents

Corporate Governance Report

COMPLIANCE STATEMENT

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

Throughout the year ended 30th June 2023 to the best of the Board's knowledge, the Company has applied the principles set out in the Code and has explained how these have been applied in this Corporate Governance Report.

The Company is a public interest entity, as defined under the first schedule of the Financial Reporting Act 2004.

1. GOVERNANCE STRUCTURE

1.1. Conduct of affairs

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

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

1.2. Code of Ethics

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

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

1.3. Statement of Accountabilities

The Directors have approved the following Statement of Accountabilities:

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

Corporate Governance Report (Continued)

The roles and responsibilities of the Chairperson, the Directors and the Company Secretary are clearly defined in the Board Charter and the Position Statements adopted by the Company.

Key roles and responsibilities

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

1.4. Organisation Chart

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

2. THE STRUCTURE OF THE BOARD AND ITS COMMITTEES

2.1. Board Structure

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

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

Mr Jean-Philippe Coulier is also a director of MCB Group Limited.

2.2. Board Size and Composition

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

Taking into consideration the size of the Company and the scope and nature of its operations, the Board considers that the current number of 5 directors is appropriate for enabling effective decision-making.

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

2.3. Directors' Profile

Jean-Pierre Montocchio (Non-Executive Director and Chairperson)

Notary Public since 1990, Jean-Pierre, sits on several boards of companies spanning various sectors of the economy. He participated in the National Committee on Corporate Governance as a member of the Board of Directors' Sub-Committee. He has been appointed Director of Fincorp Investment Limited on 27 December 2004 and is presently the Chairperson. He is a director of a number of listed companies in Mauritius.

Directorship in other listed companies:

Rogers & Co. Ltd, New Mauritius Hotels Ltd, ENL Ltd, Les Moulins de la Concorde Ltée, Happy World Property Ltd and The General Construction Co Ltd.

Sunil Banymandhub (Independent Director up to 6 December 2022)

Holder of a BSc (Honours) First Class in Civil Engineering from the University of Manchester Institute of Science and Technology, a Master's degree in Business Studies from London Business School (UK), Sunil is also an Associate of the Institute of Chartered Accountants of England and Wales. He has occupied senior positions in the private sector in Mauritius prior to launching his own transport company in 1990. In 2001, he joined the CIM Group, a company engaged in financial and international services, from which he retired as Chief Executive Officer in 2008. During his career, he has been involved in various private sector organisations. Amongst others, he was President of the Mauritius Employers' Federation. He was a Member of the Presidential Commission on Judicial Reform, headed by Lord Mackay of Clashfern, a former UK Lord Chancellor. He is currently a Director of a number of domestic and global business entities, acting either as Chairperson or board member, and is also Adjunct Professor at the University of Mauritius. He also served the Board of MCB Group Limited from April 2014 to December 2020.

Directorship in other listed companies:

New Mauritius Hotels Limited.

Jean-Philippe Coulier (Non-Executive Director)

Jean-Philippe holds a 'Diplôme d'Etudes Supérieures en Droit' and 'Diplôme de l'Institut d'Etudes Politiques de Paris' (France). During his career, he has accumulated extensive experience in the banking sector, having worked for Société Générale Group for some 40 years, where he has assumed a range of high-level responsibilities, acting as director, chief operating officer and chief executive officer in its various offices worldwide. Before his retirement from Société Générale in early 2013, he was the Vice Chairman and Managing Director of the National Société Générale Bank in Cairo, Egypt. In 2012, he joined the Board of The Mauritius Commercial Bank Limited, where he held the Chairmanship from 2014 to 2018. He is currently a Board member in several companies within the MCB Group.

He was appointed director and Chairperson of both, Promotion and Development Ltd and Caudan Development Ltd In December 2018 and director of Hotelest and CHSL in January 2021.

Directorship in other listed companies:

Caudan Development Limited, Promotion and Development Ltd, MCB Group Limited, Hotelest Ltd, Constance Hotels Services Ltd.

Navin Hooloomann (Independent Director as from 6 December 2022)

Mr Navin Hooloomann holds a BSc (Honours) in Quantity Surveying and is a Fellow of the Royal Institution of Chartered Surveyors, UK (FRICS). After working in the UK for 5 years, Navin returned to Mauritius and is the Chief Executive Officer of Rider Levett Bucknall (Mauritius) Ltd, which is part of a Global Construction and Cost Management Consultancy firm operating in 120 countries worldwide, and runs the regional offices of Seychelles, Maldives and Sub-Saharan Africa. Navin has a track record of over 35 years in the construction/ real estate industry in the regional and international scene, having been involved on some of the largest construction projects in the Indian Ocean.

Marivonne Oxenham (Non-Executive Director)

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

Margaret Wong Ping Lun (Independent Director)

Margaret holds a BA (Hons) in Business Studies (UK) and is a Fellow of the Institute of Chartered Accountants in England and Wales. Prior to her retirement in 2019 as lecturer in Accounting and Finance at the University of Mauritius, she was a Senior Manager at De Chazal Du Mée's Consultancy Department. She was a former member of the Listing Executive Committee of the Stock Exchange of Mauritius Ltd. She was appointed to the Board of MCB Ltd in 2004 and was a Director thereof until March 2014, after which she joined the Board of MCB Group Ltd following the restructuring of the Group, until November 2019. She currently serves the Board of various subsidiaries of the MCB Group.

Directorship in other listed companies:

Compagnie Des Villages De Vacances De L'Isle De France Limitée.

Corporate Governance Report *(Continued)*

2.4. Attendance at Board and Board Committee meetings during financial year 2022/2023

	Board	Audit Committee
Number of meetings held	**5**	**4**
	Meetings attended	Meetings attended
Jean-Pierre MONTOCCHIO	4/5	N/A
Sunil BANYMANDHUB up to 16.12.12	2/2	2/2
Jean-Philippe COULIER	5/5	4/4
Marivonne OXENHAM	5/5	N/A
Margaret WONG PING LUN	5/5	4/4
Navin Hooloomann as from 06.12.22	3/3	2/2

2.5. Company Secretary

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

2.6. Committees of the Board

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

The Audit Committee currently consists of 3 members, namely Mrs Margaret Wong Ping Lun, Chairperson, Mr Jean-Philippe Coulier and Mr Navin Hooloomann. The Chairperson of the Audit Committee was Mr Sunil Banymandhub until 6 December 2022 when he retired. The Audit Committee is governed by a Charter approved by the Board of Directors and which is reviewed on a regular basis. The Charter of the Audit Committee is available on the website of the Company.

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

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

3. DIRECTOR APPOINTMENT PROCEDURES

3.1. Appointment Process

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

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

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

3.2. Time commitment

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

The external obligations of the Chairperson have not changed materially during the Financial Year 2022/2023 and those obligations have in no way hindered the discharge of his duties and responsibilities.

3.3. Induction of new directors

During the year, Mr Navin Hooloomann was appointed as director and received a tailor made induction programme. He was provided an induction pack which included a set of the Company's governing documents and was briefed on the activities and strategy of the Company by the Chief Executive of the MCB Group.

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

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

Corporate Governance Report *(Continued)*

3.4. Professional Development

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

All the directors were invited to attend a training on Agile Governance, organized by the MCB Group Limited, and which was held on 14 July 2023.

3.5. Succession planning

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

The Company, therefore, does not have any formal succession plan of its own. The Chairperson of the Board is responsible for overseeing the succession planning for the Board in collaboration with the RCGESC of MCB Group Limited.

4. DIRECTOR DUTIES, REMUNERATION AND PERFORMANCE

4.1. Legal duties of Directors

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

4.2. Register of Interests

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

4.3. Whistleblowing Policy

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

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

4.4. Conflicts of Interest & Related Party Transactions Policy

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

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

4.5. Related Party Transactions

For Related Party Transactions, please refer to note 32 of the financial statements.

4.6. Information, Information Technology and Information Security Governance Policy

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

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

4.7. Board Evaluation

The Board acknowledges the need to regularly review its performance and effectiveness. A board evaluation was carried out for the financial year 2021/2022 by means of a questionnaire filled in by each Director and covering the following areas:

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

The outcome of the assessment indicates that governance practices are in place and that the Board and its Committee were operating effectively. Whilst the results showed that there were a few areas of improvement to further enhance performance, no material concerns were identified. The next board evaluation exercise would be carried out in 2024.

4.8. Statement of Remuneration Philosophy

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

The Company applies the same remuneration philosophy as MCBG which consist of:

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

4.9. Directors' Remuneration

Details of Directors Remuneration for financial year 2023:

Non-Executive Directors	**From the Company Rs**	**From Subsidiary Rs**	**Total Rs**
Jean-Pierre MONTOCCHIO	298,500	-	298,500
Sunil BANYMANDHUB up to 6.12.22	171,600	-	171,600
Jean-Philippe COULIER	239,500	-	239,500
Marivonne OXENHAM	-	-	-
Margaret WONG PING LUN	239,500	-	239,500
Navin Hooloomann	62,700	-	62,700
Total	**1,011,800**	**-**	**1,011,800**

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

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

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

4.10. Share Option Plan

No such scheme currently exists within the Company.

5. RISK GOVERNANCE AND INTERNAL CONTROL

5.1. Risk Management

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

The risk management mechanisms in place include:

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

The Company's subsidiary, MCB Leasing Limited has its own:

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

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

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

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

5.2. Internal Control

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

5.3. Integration of internal control and risk management

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

6. REPORTING WITH INTEGRITY

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

The directors are also responsible for ensuring that the accounts present a fair statement of the affairs of the Company and have been prepared in compliance with International Financial Reporting Standards and the requirements of the Mauritius Companies Act 2001 and Financial Reporting Act 2004.

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

6.1. Material Clauses of the Constitution

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

6.2. Company Structure and Common Directors

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

Mr Jean-Philippe Coulier is a common Director of Fincorp Investment Limited and MCB Group Limited.

6.3. Directors' interest and dealings in shares

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

The following table gives the interests of the directors in the shares of the Company as at 30th June 2023.

	No. of shares held as at 30th June 2023	
Directors	**Direct**	**Indirect**
Jean-Philippe COULIER	-	-
Navin Hooloomann	-	-
Jean-Pierre MONTOCCHIO	1,481	-
Marivonne OXENHAM	-	-
Margaret WONG PING LUN	-	10,000

There was no movement of share during the period under review.

Corporate Governance Report *(Continued)*

6.4. Directors of the Subsidiary

MCB Leasing Limited

Simon Pierre REY (Chairperson)
Mulk Raj GUNGAH
Martine IP MIN WAN
Johanne JOSEPH
Jean Michel NG TSEUNG (up to 16.06.23)
Anju UMROWSING-RAMTOHUL
Désiré LEO (as from 06.06.23)

The directors of MCB Leasing Limited do not hold any interests in the subsidiary.

6.5. Directors' service contracts

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

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

There is currently no such agreement.

6.7. Contract of significance

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

6.8. Third party management agreement

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

6.9. Political Donations

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

6.10. Charitable Donations

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

6.11. Corporate Social Responsibility

Total contributions with respect to Corporate Social Responsibility ("CSR") made during the year amounted to Rs 10,572 out of which Rs 5,286 were transferred to the MCB Forward Foundation, the entity set up within the MCB Group for CSR purposes.

Contributions applicable for the year for its subsidiary MCB Leasing Limited amounted to Rs. 1,036,408 out of which 50% are remitted to the Mauritius Revenue Authority and 50% to the MCB Forward Foundation.

Corporate Governance Report *(Continued)*

6.12. Health and environment safety

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

6.13. Documents available on the website

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

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

7. AUDIT

7.1. Internal Audit

The Board resolved to implement an an internal audit function at the level of the Company as from financial year 2020/2021 and outsourced the function to the Internal Audit Business Unit of The Mauritius Commercial Bank Limited (IA). The Head of IA is independent of the Executive Management of the Company and shall report to the Audit Committee of the Company as well as to the Audit Committee of the Group.

IA ensures that the quality of internal audit services provided to Fincorp is aligned with recognised best practices. It leverages on a systematic and disciplined approach, notably through the use of well-focused audit work programs and computer aided audit techniques to evaluate the effectiveness of the internal control systems of the Company. The Institute of Internal Auditors requires each internal audit function to have an external quality assessment conducted at least once every five years. Further to the last internal audit exercise carried out, areas, systems and processes covered by internal audit including non-financial matters were as follows:

- Governance: Review Board minutes and the role and responsibilities of the Board, appropriate committees exist to sustain the objectives of the organization;
- Accounting: Valuation of Investments, Close the book process; and

Corporate Governance Report *(Continued)*

- Regulatory framework, Reporting & Compliance Review: Compliance with relevant laws, codes and standards, Returns to regulatory bodies.

There are no restrictions placed on the internal auditors in conducting their audit exercises.

7.2. External Auditor

The Audit Committee of the Company reviews the appointment of the External Auditor and makes recommendations to the Board of the Company. The appointment of the external auditors is passed as an ordinary resolution at the Annual Meeting of Shareholders of the Company for approval by shareholders. Deloitte has been appointed as external auditor of the Company at the Annual Meeting of shareholders in December 2019.

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

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

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

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

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

7.3. Auditor's Fees

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

	2023		2022	
	Audit Rs'000	**Other services Rs'000**	Audit Rs'000	Other services Rs'000
Fincorp Investment Limited	**318**	**-**	288	-
MCB Leasing Limited	**1,461**	**222**	1,323	201

Fees for other services incurred by MCB Leasing Limited relate mainly to comforts on dividend declaration and AML/CFT review.

Corporate Governance Report *(Continued)*

8. RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS

8.1. Shareholding profile

Ownership of ordinary share capital by size of shareholding as at 30th June 2023 is given in the table below.

Spread	Number of shareholders	Number of shares held	% Holding
1 – 500 shares	1,018	200,290	0.1938%
501 – 1,000 shares	270	214,419	0.2075%
1,001 – 5,000 shares	685	1,727,616	1.6715%
5,001 – 10,000 shares	216	1,603,676	1.5516%
10,001 – 50,000 shares	286	6,367,753	6.1610%
50,001 – 100,000 shares	56	3,808,741	3.6851%
100,001 – 250,000 shares	25	4,023,021	3.8924%
250,001 – 500,000 shares	10	3,508,058	3.3942%
>=500001 shares	14	81,901,766	79.2429%
Total	**2,580**	**103,355,340**	**100.0000%**

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

Name of shareholder	No. of shares	% Holding
MCB Group Limited	59,667,245	57.73

8.2. Shareholders' rights

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

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

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

8.3. Dividend Policy

The Company aims to supply its shareholders with ongoing returns in the form of stable dividends. A final dividend of Rs. 0.60 per share for financial year 2021/2022 was paid in December 2022.

Corporate Governance Report *(Continued)*

8.4. Share price information

The Company's share price started the year at Rs 21.00. It closed at Rs 15.65 on 30th June 2023.

8.5. Calendar of events

November 2023	Release of quarterly results to 30th September 2023
December 2023	Annual Meeting of shareholders
February 2024	Release of half yearly results to 31st December 2023
May 2024	Release of results for the 9 months to 31st March 2024
September 2024	Release of full year results to 30th June 2024

8.6. Stakeholder's relations and communication

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

Corporate Governance Report

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare Financial Statements for each financial year, which give a true and fair view of the state of affairs of Fincorp Investment Limited ("the Company") and its subsidiary (collectively "the Group").

In preparing those financial statements, the directors are required to:

- ensure that adequate accounting records and an effective system of internal controls and risk management have been maintained;
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been adhered to, subject to any material departures disclosed, explained and quantified in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business;
- keep proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the Group and the Company while ensuring that the financial statements fairly present the state of affairs of the Group and the Company, as at the financial year end, and the results of their operations and cash flows for that period; and
- ensure that the Financial Statements have been prepared in accordance with and comply with International Financial Reporting Standards and the requirements of the Mauritius Companies Act 2001 and Financial Reporting Act 2004.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The external auditors are responsible for reporting on whether the financial statements are fairly presented. The directors are also responsible for safeguarding the assets of the Group and the Company and, hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities. Other main responsibilities of the directors include the assessment of the Management's performance relative to corporate objectives; overseeing the implementation and upholding of the Code of Corporate Governance; and ensuring timely and comprehensive communication to all stakeholders on events significant to the Group and the Company.

The directors report that:

- adequate accounting records and an effective system of internal controls and risk management have been maintained;
- the Financial Statements fairly present the state of affairs of the Group and the Company, as at the financial year end, and the results of their operations and cash flows for that period;
- appropriate accounting policies supported by reasonable and prudent judgements and estimates have been consistently used;
- International Financial Reporting Standards and the requirements of the Mauritius Companies Act 2001 and the Financial Reporting Act 2004 have been adhered to; and
- the financial statements have been prepared on the going concern basis.

For and on behalf of the Board of Directors:

Jean Philippe COULIER
Director

Margaret WONG PING LUN
Director

Date: 27th September 2023

Statement of Compliance

STATEMENT OF COMPLIANCE
(Section 75(3) of the Financial Reporting Act)

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

Reporting Period: 1 July 2022 to 30 June 2023

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

Jean Philippe COULIER
For **Chairperson**
Date: 27th September 2023

Margaret WONG PING LUN
Director

Report of the Directors

ON A STEADY PATH TO RECOVERY

The global economic environment has remained challenging during the year 2022/23 as a result of the enduring ramifications of the war in Ukraine, high inflation linked to increasing pressure on the price of food, energy and other commodity prices and the resulting interest rate hikes that are impacting significantly the cost of borrowing for households, economic operators and governments.

The domestic economy has shown promising signs of economic recovery despite the challenging international conditions where the tourism sector is driving the growth along with good performance in financial services and ICT. The government's commitment to fostering innovation, technological advancement and focussing on sustainability initiatives has also contributed to stimulate economic growth and job creation.

Foreign direct investment (FDI) inflows have remained robust, underlining the continued attractiveness of Mauritius as a regional financial and business centre. In response to heightened inflationary pressures, the Bank of Mauritius has increased the Key Rate, by 225 basis points during the financial year 2022/23, to 4.5%.

The Group remains dedicated to contributing to the Mauritius economic development with emphasis on innovation, sustainability, and responsible business practices to preserve the resilience of its activities as well as business continuity and soundness of its operations.

REVIEW OF FINANCIAL PERFORMANCE

Fincorp Investment Limited ("Fincorp") posted a consolidated profit after tax amounting to Rs 360.0 million for the financial year ended 30 June 2023, up by 10.2% compared to last year (FY 2021/22: Rs 326.7 million).

Fincorp's only subsidiary, MCB Leasing Limited, contributed Rs 90.5 million of the group profits, 46.4% higher than last year (FY 2021/22: Rs 61.8 million).

The share of profits from associates was relatively flat at Rs 299.8 million (FY 2021/22: Rs 300.9 million).

At the company level, profit after tax increased by 26.7% to Rs 85.0 million (FY 2021/22: Rs 67.0 million) on the back of increased dividend income, up by 44.6% to Rs 152.7 million (FY 2021/22: Rs 105.6 million) whilst net interest expense and net fair value loss on financial instruments increased by Rs 11.0 million and Rs 17.5 million respectively.

(a) MCB Leasing Limited ("MCBL")

Amidst an improving economic climate, the finance and operating lease portfolios of the Company grew by 7.8% to reach Rs 4,391.8 million (2022: Rs 4,039.2 million). The increase was principally attributable to a growth of 32% in operating leases which stood at Rs 1,168.3 million as at 30 June 2023. The finance lease portfolio, standing at Rs 3,223.4 million as at 30 June 2023, also contributed to the expanding portfolio with an increase of 2.3% year on year.

To cater for the progression in the lease portfolio, the deposit base expanded by 10.1% to Rs 3,952.1 million at the year end (2022: Rs 3,591.1 million).

Report of the Directors *(Continued)*

REVIEW OF FINANCIAL PERFORMANCE (CONT'D)

(a) MCB Leasing Limited ("MCBL") (Cont'd)

The combined impact of lower average finance lease balances and lower net interest margins drove net interest income to decline by 12.3% to reach Rs 90.4 million at year end (FY 2021/22: Rs 103.1 million). On the other hand, other income totalling Rs 297.0 million and comprising principally of operating lease income, increased by 24.2% as a result of the increase in the operating lease portfolio.

Correspondingly, operating expenses (excluding impairment costs), increased on the back of an increase in the depreciation on leased assets in line with the increase in the operating lease portfolio. Following the implementation of a rigorous credit management system, non performing leases declined from Rs 113.4 million to Rs 64.2 million. This, together with the drop in expected credit losses on stages 1 and 2 exposures following the annual recalibration of the model under IFRS 9, contributed largely to the reversal of impairment charges of Rs 26.2 million in FY2022/23.

Overall, net profit after tax increased by 46.3% to Rs 90.5 million (FY2021/22: Rs 61.8 million). Capital adequacy ratio of MCB Leasing is comfortable at 21.5% compared to 20.6% last year.

(b) Associated Companies

Promotion and Development Limited ("PAD"), in which Fincorp has a 46.4% stake, is an investment company with strategic assets that include:

- A 70.6% stake in Caudan Development Ltd ("Caudan"), a quoted company which owns and manages a large waterfront property in Port Louis. Fincorp also has a direct shareholding of 5.3% in Caudan, which together with its indirect holding through PAD, give rise to a net effective shareholding of 38.1%; and
- a minority holding of 35.1% in Medine Ltd ("Medine"), a sugar-based entity with substantial real estate interests.

The contribution of the associated companies to Fincorp Group's results stands at Rs 299.8 million for the financial year ended 30 June 2023 against Rs 300.9 million last year. In particular,

- PAD's net results, excluding its share of profits from its subsidiary and associates, increased to Rs 31.7 million compared to Rs 22.7 million last year, mainly as a result of higher investment income generated by its investment securities;
- Caudan's profit for the year stood at Rs 119.6 million compared to Rs 169.8 million in 2022. This includes a lower fair value gain on investment property of Rs 87.4 million compared to Rs 182.7 million last year. Excluding this reduced fair value gain, the underlying profit of Caudan increased by some Rs 45.0 million on the back of higher net rental income and lower renovation costs;
- PAD's associates registered a better performance with a contribution of Rs 528.5 million against Rs 492.8 million last year, driven mainly by improved headline profits generated by Medine during the year under review.

Report of the Directors *(Continued)*

INVESTMENT PORTFOLIO

At Company level, Fincorp's portfolio of investments slightly increased by 0.2% to Rs 2,670.3 million at 30 June 2023, albeit the value of Promotion and Development and Caudan decreasing by 2.7% & 36.5% respectively. The decrease in the value of the Associated Companies was mitigated by a gain in fair value in MFD Group Ltd of Rs 67.5 million during the year combined with an upward revaluation of the investment in Le Refuge du Pêcheur Ltd of 23.5%.

At Group level, Fincorp's net assets per share amounted to Rs 70.84 at June 30, 2023, an increase of 6.3% from last year's value of Rs 66.67. The Fincorp's share continues to trade at a substantial discount to net asset value of 77.9% (2022: 68.5%) based on the market value of Rs 15.65 on the Stock Exchange as at 30 June 2023 (2022: Rs 21.00).

	Value of Investments			
	30-Jun-23		30-Jun-22	
	Rs'm	%	Rs'm	%
Subsidiary Company				
Shares in MCB Leasing Limited.	**200**	**7.49**	200	7.51
Associated Companies				
Shares in Promotion and Development Ltd.	**1,772.9**	**66.39**	1,822.5	68.40
Shares in Caudan Development Ltd.	**57.7**	**2.16**	90.8	3.41
	1,830.6	**68.55**	1,913.3	71.81
Other Investments				
Shares in Le Refuge du Pêcheur Ltd.	**251.6**	**9.42**	203.7	7.64
Shares in MFD Group Ltd.	**351.0**	**13.15**	283.5	10.64
Other Investments	**37.1**	**1.39**	64.0	2.40
	639.7	**23.96**	551.2	20.68
	2,670.3	**100.00**	2,664.5	100.00

OUTLOOK

The global outlook is set to remain volatile and uncertain. Inflation is still above set targets in many countries, albeit on a declining trend following the tightening of monetary policy. As such, external conditions are likely to remain challenging, although the positive momentum in tourism and investment as well as the resilience of the financial sector should continue to support the economic recovery in Mauritius.

In these uncertain times, we will continue to maintain our market vigilance and seek to preserve the resilience of the Company through a careful execution of our business development strategy while strengthening operational efficiencies.

Jean Philippe COULIER
For **Chairperson**

Margaret WONG PING LUN
Director

Date: 27th September, 2023
For and on behalf of the Board of Directors

Company Secretary's Certificate

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

MCB Group Corporate Services Ltd
Company Secretary

Date: 27th September 2023

Independent auditor's report
To the Shareholders of Fincorp Investment Limited

Report on the audit of the consolidated and separate financial statements

Opinion

We have audited the consolidated and separate financial statements of **Fincorp Investment Limited** (the "Company" and the "Public Interest Entity") and its subsidiary (the "Group") set out on pages 28 to 81, which comprise the consolidated and separate statements of financial position as at 30 June 2023, the consolidated and separate statements of profit or loss, the consolidated and separate statements of comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the financial position of the Group and Company as at 30 June 2023, and of their consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and comply with the requirements of the Mauritius Companies Act 2001 and the Financial Reporting Act 2004.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standard Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (the "IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters described below relate to the consolidated financial statements and no key audit matter was identified on the separate financial statements.

Key audit matters (Cont'd)

Key audit matter	How our audit addressed the key audit matter
Provision for expected credit losses	
IFRS 9 Financial Instruments requires recognition of expected credit losses ('ECL') on financial instruments, which involves significant judgement and estimates. The key areas where we identified greater levels of management judgements and estimates and therefore increased levels of audit focus in the implementation of IFRS 9 are: • **Model estimations** – Statistical modelling is used to estimate ECLs which involves determining Probabilities of Default ('PD'), Loss Given Default ('LGD'), and Exposures at Default ('EAD'). The PD and LGD models used in the lease portfolios are the key drivers of the ECL results and are therefore the most significant areas of judgements and estimates used in the ECL modelling approach. • **Significant Increase in Credit Risk ('SICR')** – Determining the criteria for significant increase in credit risk and identifying SICR. • **Macro-Economic Forecasts** – IFRS 9 requires the measurement of ECL on a forward-looking basis using the most appropriate macro- economic forecasts. The macro-economic forecasts are estimates of future economic conditions. • **Qualitative adjustments** – Adjustments to the model-driven ECL results are raised by management to address known impairment model limitations or emerging trends. Such adjustments are inherently uncertain and significant management judgement is involved in estimating these amounts.. For impaired leases, the most significant judgements are whether impairment events have occurred and the valuation of the underlying collaterals and future cash flows. The details of the policies and processes followed for the determination of ECL are disclosed in notes 3(g) and 5(a) of the financial statements. Due to the significance of the judgements applied in the determination of the provision for expected credit losses, this item is considered as a key audit matter.	Our procedures included the following amongst others: • Involving a team of specialists to validate the model, including: ✔ Evaluating the appropriateness of the impairment methodologies applied by the Company against the requirements of IFRS 9; ✔ Assessing the appropriateness of the macro-economic forecasts used; and ✔ Independently assessing the probability of default, loss given default and exposure at default assumptions; • Inspecting the minutes of Risk Management Committee at the level of the subsidiary company to ensure that there are governance controls in place in relation to assessment of allowance for credit impairment; • Reviewing the criteria for staging of credit exposures, including the appropriateness of the criteria used for SICR; • Obtaining audit evidence of management judgements and assumptions, especially focusing on the consistency of the approach; • Independently recalculating the ECL for impaired leases, on a sample basis, based on our assessment of the expected cash flows and collateral values, for which we have inspected the underlying valuation reports; and • Assessing whether the disclosures are in accordance with the requirements of IFRS 9.

Other information

The directors are responsible for the other information. The other information comprises the corporate governance report, the statement of compliance, the report of the directors, the company secretary's certificate and the five-year financial summary, but, does not include the consolidated and separate financial statements and our auditor's report thereon.

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

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

Responsibilities of directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards, and in compliance with the requirements of the Mauritius Companies Act 2001 and the Financial Reporting Act 2004 and they are also responsible for such internal control as the directors determine is necessary to enable the preparation of the consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

The directors are responsible for overseeing the Group's and the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and sepatate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent auditor's report
To the Shareholders of Fincorp Investment Limited *(Continued)*

Auditor's responsibilities for the audit of the consolidated and separate financial statements (Cont'd)

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on other legal and regulatory requirements

Mauritius Companies Act 2001

In accordance with the requirements of the Mauritius Companies Act 2001, we report as follows:

- we have no relationship with, or interest in, the Company and its subsidiary other than in our capacity as auditor;
- we have obtained all information and explanations that we have required; and
- in our opinion, proper accounting records have been kept by the Company as far as appears from our examination of those records.

Financial Reporting Act 2004

Corporate governance report

Our responsibility under the Financial Reporting Act 2004 is to report on the compliance with the Code of Corporate Governance (the "Code") disclosed in the annual report and assess the explanations given for non-compliance with any requirement of the Code. From our assessment of the disclosures made on corporate governance in the annual report, the Public Interest Entity has, pursuant to section 75 of the Financial Reporting Act 2004, complied with the requirements of the Code.

Use of this report

This report is made solely to the Company's shareholders, as a body, in accordance with section 205 of the Mauritius 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Deloitte.

Deloitte
Chartered Accountants
27 September 2023

Agrawal.

Vishal Agrawal, FCA
Licensed by FRC

Consolidated and Separate Statements of Financial Position

As at 30 June 2023

	Notes	GROUP 2023 Rs' 000	GROUP 2022 Rs' 000	COMPANY 2023 Rs' 000	COMPANY 2022 Rs' 000
ASSETS					
Cash and cash equivalents	7	**85,073**	45,396	**19,330**	-
Net investment in lease receivables	8	**3,159,904**	3,043,058	**-**	-
Investment securities	9	**1,013,863**	884,796	**639,694**	551,210
Investments in associates	10	**6,713,675**	6,476,188	**1,830,520**	1,913,248
Investment in subsidiary	11	**-**	-	**200,000**	200,000
Equipment	12	**1,170,133**	890,181	**-**	-
Intangible assets	13	**24,414**	19,038	**-**	-
Current tax assets	17	**15,420**	12,248	**-**	118
Other assets	14	**106,208**	60,739	**19,422**	19,636
Total assets		**12,288,690**	11,431,644	**2,708,966**	2,684,212
LIABILITIES					
Deposits from customers	15	**3,952,068**	3,591,079	**-**	-
Borrowings	16	**705,397**	668,245	**616,206**	647,579
Current tax liabilities	17	**343**	-	**343**	-
Deferred tax liabilities	18	**35,096**	18,800	**-**	-
Other liabilities	19	**74,498**	62,361	**2,849**	2,509
Total liabilities		**4,767,402**	4,340,485	**619,398**	650,088
SHAREHOLDERS' EQUITY					
Share capital	20	**103,355**	103,355	**103,355**	103,355
Retained earnings		**2,872,688**	2,543,804	**138,537**	115,600
Other components of equity		**4,545,245**	4,444,000	**1,847,676**	1,815,169
Total equity		**7,521,288**	7,091,159	**2,089,568**	2,034,124
Total equity and liabilities		**12,288,690**	11,431,644	**2,708,966**	2,684,212

These financial statements were authorised and approved for issue by the Board of Directors on 27 September 2023.

Jean-Philippe COULIER
Director

Margaret WONG PING LUN
Director

The notes on pages 34 to 81 form part of these financial statements.
Auditor's report on pages 24 to 27.

Consolidated and Separate Statements of Profit or Loss

For the year ended 30 June 2023

		GROUP		COMPANY	
	Notes	**2023 Rs' 000**	2022 Rs' 000	**2023 Rs' 000**	2022 Rs' 000
Interest income	21(a)	**206,945**	219,092	**-**	2,021
Interest expense	21(b)	**(153,130)**	(141,606)	**(36,627)**	(27,614)
Net interest income/(expense)	21	**53,815**	77,486	**(36,627)**	(25,593)
Fee and commission income		**13,350**	11,885	**231**	301
Other income					
Gain arising from dealing in foreign currencies		**175**	70	**175**	70
Net loss from financial instruments at fair value through profit or loss		**(26,743)**	(9,286)	**(26,743)**	(9,286)
		(26,568)	(9,216)	**(26,568)**	(9,216)
Operating lease income		**266,108**	219,955	**-**	-
Dividend income		**37,445**	2,489	**152,666**	105,568
Other operating income	22	**17,787**	7,568	**-**	-
		294,772	220,796	**126,098**	96,352
Operating income		**361,937**	310,167	**89,702**	71,060
Non-interest expense					
Salaries and human resource costs	23	**(51,874)**	(43,524)	**-**	-
Depreciation and amortisation	12, 13	**(220,565)**	(184,891)	**-**	-
Profit/(Loss) on disposal of assets		**503**	(8,664)	**-**	-
Other expenses	24	**(35,500)**	(32,342)	**(4,207)**	(3,945)
		(307,436)	(269,421)	**(4,207)**	(3,945)
Operating profit before impairment		**54,501**	40,746	**85,495**	67,115
Net impairment gain/(loss) on financial assets	25	**26,180**	(1,991)	**-**	-
Operating profit		**80,681**	38,755	**85,495**	67,115
Share of profits of associates	10	**299,823**	300,901	**-**	-
Profit before tax		**380,504**	339,656	**85,495**	67,115
Income tax expense	26	**(20,483)**	(12,960)	**(545)**	(85)
Profit attributable to equity holders of the parent		**360,021**	326,696	**84,950**	67,030
Earnings per share (Rs)	28	**3.48**	3.16	**0.82**	0.65

The notes on pages 34 to 81 form part of these financial statements.
Auditor's report on pages 24 to 27.

Consolidated and Separate Statements of Other Comprehensive Income

For the year ended 30 June 2023

	Note	GROUP		COMPANY	
		2023 Rs' 000	2022 Rs' 000	**2023 Rs' 000**	2022 Rs' 000
Profit attributable to equity holders of the parent		**360,021**	326,696	**84,950**	67,030
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Net fair value (loss)/gain on investments in associates	10(iii)	**-**	-	**(82,728)**	337,983
Net fair value gain on equity investments		**115,235**	35,998	**115,235**	35,998
Share of other comprehensive income of associates		**29,036**	217,811	**-**	-
		144,271	253,809	**32,507**	373,981
Items that may be reclassified subsequently to profit or loss:					
Share of other comprehensive expense of associates		**-**	(400)	**-**	-
Other comprehensive income for the year		**144,271**	253,409	**32,507**	373,981
Total comprehensive income attributable to equity holders of the parent		**504,292**	580,105	**117,457**	441,011

The notes on pages 34 to 81 form part of these financial statements.
Auditor's report on pages 24 to 27.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2023

THE GROUP	Note	Share Capital Rs' 000	Capital Contribution Rs' 000	Retained Earnings Rs' 000	Capital Reserve Rs' 000	Revaluation & Other Reserve Rs' 000	Statutory Reserve Rs' 000	Total Equity Rs' 000
At 1 July 2021		**103,355**	**200,000**	**2,139,113**	**1,274,323**	**2,742,774**	**126,311**	**6,585,876**
Profit for the year		-	-	326,696	-	-	-	326,696
Other comprehensive (expense)/income for the year		-	-	(170)	135,191	118,388	-	253,409
Total comprehensive income for the year		-	-	326,526	135,191	118,388	-	580,105
Effect of employee share options exercised in associates		-	-	-	-	823	-	823
Share of other movements in reserves of associates		-	-	161,787	(161,701)	990	-	1,076
Impact of change in shareholding in associates		-	-	(1,333)	(649)	(1,726)	-	(3,708)
Dividends to ordinary shareholders	27	-	-	(62,013)	-	-	-	(62,013)
Dividends to non-cumulative preference shareholders	27	-	-	(11,000)	-	-	-	(11,000)
Transfer to statutory reserve		-	-	(9,276)	-	-	9,276	-
At 30 June 2022		**103,355**	**200,000**	**2,543,804**	**1,247,164**	**2,861,249**	**135,587**	**7,091,159**
Profit for the year		**-**	**-**	**360,021**	**-**	**-**	**-**	**360,021**
Other comprehensive income/(expense) for the year		**-**	**-**	**684**	**(10,724)**	**154,311**	**-**	**144,271**
Total comprehensive income/(expense) for the year		**-**	**-**	**360,705**	**(10,724)**	**154,311**	**-**	**504,292**
Share of other movements in reserves of associates		**-**	**-**	**54,762**	**(53,662)**	**(2,250)**	**-**	**(1,150)**
Dividends to ordinary shareholders	27	**-**	**-**	**(62,013)**	**-**	**-**	**-**	**(62,013)**
Dividends to non-cumulative preference shareholders	27	**-**	**-**	**(11,000)**	**-**	**-**	**-**	**(11,000)**
Transfer to statutory reserve		**-**	**-**	**(13,570)**	**-**	**-**	**13,570**	**-**
At 30 June 2023		**103,355**	**200,000**	**2,872,688**	**1,182,778**	**3,013,310**	**149,157**	**7,521,288**

The notes on pages 34 to 81 form part of these financial statements.
Auditor's report on pages 24 to 27.

Separate Statement of Changes in Equity

For the year ended 30 June 2023

THE COMPANY	Note	Share Capital Rs' 000	Retained Earnings Rs' 000	Capital Reserve Rs' 000	Revaluation & Other Reserve Rs' 000	Total Equity Rs' 000
At 1 July 2021		**103,355**	**110,583**	**100,596**	**1,340,592**	**1,655,126**
Profit for the year		-	67,030	-	-	67,030
Other comprehensive income for the year		-	-	-	373,981	373,981
Total comprehensive income for the year		-	67,030	-	373,981	441,011
Dividends to ordinary shareholders	27	-	(62,013)	-	-	(62,013)
At 30 June 2022		**103,355**	**115,600**	**100,596**	**1,714,573**	**2,034,124**
Profit for the year		**-**	**84,950**	**-**	**-**	**84,950**
Other comprehensive income for the year		**-**	**-**	**-**	**32,507**	**32,507**
Total comprehensive income for the year		**-**	**84,950**	**-**	**32,507**	**117,457**
Dividends to ordinary shareholders	27	**-**	**(62,013)**	**-**	**-**	**(62,013)**
At 30 June 2023		**103,355**	**138,537**	**100,596**	**1,747,080**	**2,089,568**

The notes on pages 34 to 81 form part of these financial statements.
Auditor's report on pages 24 to 27.

Consolidated and Separate Statements of Cash Flows

For the year ended 30 June 2023

		GROUP		COMPANY	
	Notes	2023 Rs' 000	2022 Rs' 000	2023 Rs' 000	2022 Rs' 000
Operating Activities					
Operating profit		**80,681**	38,755	**85,495**	67,115
Adjustments for:					
(Profit)/Loss on disposal of equipment		**(1,525)**	1,247	**-**	-
Loss on disposal of repossessed leased assets		**1,022**	7,417	**-**	-
Amortisation of intangible assets		**3,823**	7,596	**-**	-
Depreciation of equipment		**216,742**	177,295	**-**	-
Net decrease in investment at fair value through profit or loss		**26,743**	9,286	**26,743**	9,286
Net impairment (gain)/loss on financial assets		**(26,180)**	1,991	**-**	-
Operating profit before working capital changes		**301,306**	243,587	**112,238**	76,401
Movement in working capital:					
Decrease/(Increase) in interest receivable		**28,113**	(112)	**-**	-
Increase/(Decrease) in interest payable		**20,186**	(16,015)	**-**	-
(Increase)/Decrease in other assets		**(41,259)**	(31,123)	**214**	(1,294)
Increase/(Decrease) in other liabilities		**12,143**	(6,500)	**348**	(59)
Changes in operating assets and liabilities:					
Net (increase)/decrease in net investment in lease receivables		**(87,322)**	113,760	**-**	-
Net increase in deposits		**340,803**	211,721	**-**	-
Net cash flows from operations		**573,970**	515,318	**112,800**	75,048
Income tax paid	17	**(7,016)**	(25,771)	**(84)**	(12)
Net cash flows from operating activities		**566,954**	489,547	**112,716**	75,036
Cash flows from investing activities					
Purchase of investment securities		**(68,697)**	(29,649)	**-**	-
Proceeds from repayment of loan receivable		**-**	386,282	**-**	386,282
Proceeds from sale of repossessed leased assets		**9,470**	12,180	**-**	-
Proceeds from sale of equipment		**77,389**	85,249	**-**	-
Purchase of intangible assets		**(9,199)**	(14,804)	**-**	-
Purchase of equipment		**(572,557)**	(431,495)	**-**	-
Dividends received from associate		**72,178**	73,079	**-**	-
Net cash flows from investing activities		**(491,416)**	80,842	**-**	386,282
Cash flows from financing activities					
Dividends paid		**(73,013)**	(73,013)	**(62,013)**	(62,013)
Repayment of bank loan payable		**-**	(386,282)	**-**	(386,282)
Repayment of borrowings		**(1,125,090)**	(1,045,771)	**-**	-
Proceeds from borrowings		**1,193,615**	937,402	**-**	-
Net cash flows from financing activities		**(4,488)**	(567,664)	**(62,013)**	(448,295)
Increase in cash and cash equivalents		**71,050**	2,725	**50,703**	13,023
Movement in cash and cash equivalents					
At 1 July		**(602,183)**	(604,908)	**(647,579)**	(660,602)
Increase		**71,050**	2,725	**50,703**	13,023
At 30 June	7	**(531,133)**	(602,183)	**(596,876)**	(647,579)

The notes on pages 34 to 81 form part of these financial statements.
Auditor's report on pages 24 to 27.

Notes to the Financial Statements

For the year ended 30 June 2023

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 is to hold investments in priority in the financial services sector, whilst the main activities of its subsidiary, MCB Leasing Limited ("the Subsidiary"), is to provide both finance and operating leases for equipment and motor vehicles.

The subsidiary holds a leasing licence from the Financial Services Commission and a deposit-taking licence from the Bank of Mauritius.

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

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

(a) New and amended standards adopted by the Company

A number of amendments to standards and interpretations are effective for annual periods beginning on 1 July 2022, and have not been applied in preparing these financial statements. None of these is expected to have a significant and material effect on the financial statements of the Company in the current reporting period. For this financial year, the following has been adopted:

Amendments to IAS 16 Property, Plant and Equipment - Proceeds before Intended Use	The amendment to IAS 16 prohibits an entity from deducting from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It further clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. The amendment is effective for annual reporting periods beginning on or after 1 January 2022, with earlier application permitted.
Amendments to IFRS 3 - Business combinations regarding the definition of a business	The amendments to IFRS 3 intend to replace a reference to a previous version of the IASB's Conceptual Framework (the 1989 Framework) with a reference to the current version issued in March 2018 (the Conceptual Framework). The amendments are effective for annual reporting periods beginning on or after 1 January 2022, with earlier application permitted to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.
Amendments resulting from annual improvements 2018 - 2020 Cycle for the following standards	The following changes are effective for annual reporting periods beginning on or after 1 January 2022: IFRS 9 - The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (CONT'D)

(b) New and revised Standards and Interpretations in issue but not yet effective

At the date of authorisation of these financial statements, the following relevant Standards were in issue but effective on annual periods beginning on or after the respective dates as indicated:

Amendments to IAS 1 Classification of Liabilities as Current or Non-current	The amendments aim to help companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity. The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted.
Amendments to IAS 8 Definition of Accounting Estimates	The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. That distinction is important because changes in accounting estimates are applied prospectively only to future transactions and other future events, whilst changes in accounting policies are generally applied retrospectively to past transactions and other past events. The amendments are effective for annual reporting periods beginning on or after 1 January 2023.
Amendments to IAS 12 Deferred Tax related to assets and liabilities arising from a single transaction	The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition. The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted.
Amendments to IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies	The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2. The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted.
Amendments to IFRS 16 sale and leaseback transaction with variable payments that do not depend on an index or rate	The amendments require a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognize any amount of the gain or loss that related to the right of use it retains. The new requirements do not prevent a seller-lessee from recognizing in profit or loss any gain or loss relating to the partial or full termination of a lease. The amendments are effective for reporting periods beginning on or after 1 January 2024.

These amendments will be applied in the financial statements for the annual periods beginning on the respective dates. The Directors have not yet assessed the potential impact of the application of these amendments.

Notes to the Financial Statements (Continued)

For the year ended 30 June 2023

3. 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 Company's financial statements have been prepared in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act 2001, the Banking Act 2004, the Financial Reporting Act 2004 and Guidelines and Guidance Notes issued by the Bank of Mauritius, in so far as the operations of the Company are concerned.

The financial statements have been prepared on a historical cost basis, except where otherwise stated. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The financial statements include the consolidated financial statements of the parent company and its subsidiary company ("the Group") and the separate financial statements of the parent company ("the Company"). The financial statements are presented in Mauritian Rupees, which is the Group's and the Company's presentation and functional currency, 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..

Going concern

The Board at the time of approving the financial statements has a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. The Directors are not aware of any uncertainties that may cast significant doubt upon the Company's and the Group's ability to continue as a going concern. The financial statements are thus prepared on a going concern basis.

(b) Basis of consolidation

Investment in subsidiary

Separate financial statements of the Company

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

Consolidated financial statements

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Basis of consolidation (Cont'd)

Investment in subsidiary (Cont'd)

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 through other comprehensive income.

Consolidated financial statements

An associate is an entity over which the Group has significant influence but no control, or joint control, generally accompanying a shareholding between 20% and 50% of voting rights.

Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Investments in associates are accounted using the equity method of accounting except when classified as held-for-sale. On acquisition of the investment in the associates, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment is tested for impairment, in accordance with IAS 36 as a single asset by comparing the recoverable amount (higher of value in use less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IFRS 9.

The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Investments in associates (Cont'd)

Consolidated financial statements (Cont'd)

Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the associate or joint venture is disposed of.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

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.

(d) Foreign currency translation

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

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

(e) Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset.

At initial recognition, the Group measures a financial asset or financial liability at its fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss.

If the transaction price differs from fair value at initial recognition, the Group will account for such difference as follows:

- if fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets, then the difference is recognised in profit or loss on initial recognition (i.e. day 1 profit or loss);
- in all other cases, the fair value will be adjusted to bring it in line with the transaction price (i.e. day 1 profit or loss will be deferred by including it in the initial carrying amount of the asset or liability).

After initial recognition, the deferred gain or loss will be released to profit or loss on a rational basis, only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Financial assets

The Group has the option to classify its financial assets in the following measurement categories:

- Fair value through profit or loss ("FVPL");
- Fair value through other comprehensive income ("FVOCI") or
- Amortised cost.

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

(i) Amortised cost

Under the amortised cost model, assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

The amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider credit losses and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate.

When the Group revises the estimates of future cash flows, the carrying amount of the respective financial assets is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognised in profit or loss.

(ii) FVOCI

Financial assets held for a business model that is achieved by both collecting contractual cash flows and selling and that contain contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest are measured at FVOCI. They are recognised on the trade date when the Group enters into contractual arrangements to purchase and are normally derecognised when they are either sold or redeemed. They are subsequently remeasured at fair value and changes therein (except for those relating to impairment, interest income and foreign currency exchange gains and losses) are recognised in other comprehensive income until the assets are sold. Upon disposal, the cumulative gains or losses in other comprehensive income are recognised in the statement of profit or loss and other comprehensive income as 'Other operating income'.

(ii) FVPL

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL and is not part of a hedging relationship is recognised in profit or loss and presented within 'Other operating income' in the period in which it arises.

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

Notes to the Financial Statements *(Continued)*

For the year ended 30 June 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Financial assets (Cont'd)

Business model

An assessment of business models for managing financial assets is fundamental to the classification of a financial asset. The Group determines the business models at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Group's business model does not depend on management's intentions for an individual instrument, therefore the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis.

The Group has more than one business model for managing its financial instruments which reflect how the Group manages its financial assets in order to generate cash flows. The Group's business models determine whether cash flows will result from collecting contractual cash flows, selling financial assets or both.

The Group considers all relevant information available when making the business model assessment. However, this assessment is not performed on the basis of scenarios that the Group does not reasonably expect to occur, such as so-called 'worst case' or 'stress case' scenarios.

The Group takes into account all relevant evidence available such as:

- how the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;

- the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed;

- how managers of the business are compensated (e.g. whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected); and

- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realised.

At initial recognition of a financial asset, the Group determines whether newly recognised financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The Group reassesses its business models each reporting period to determine whether the business models have changed since the preceding period. For the current and prior reporting period the Group has not identified a change in its business models.

SPPI

Where the business model is to hold assets to collect contractual cash flows, or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows, represent solely payments of principal and interest (the 'SPPI test').

In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement, i.e. interest includes only consideration for the time value of money, credit risk and other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVPL.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Financial assets (Cont'd)

SPPI *(cont'd)*

As per the Group's own assessment for the classification of financial assets under IFRS 9 under the SPPI test, the classification of the financial assets has been determined as follows:

Financial instrument	SPPI met	Business model	Classification
Cash and cash equivalents	Yes	Hold to collect	At amortised cost
Deposits with financial institutions	Yes	Hold to collect	At amortised cost
Loan receivable	Yes	Hold to collect	At amortised cost
Investment securities – T-Bills and Government bonds	Yes	Hold to collect	At amortised cost
Investment securities – Corporate bonds	Yes	Hold to collect and sell	At FVOCI
Investment securities – Equity Shares	Yes	Hold to collect and sell	At FVOCI
Investment securities – Equity Shares	No	Hold to collect and sell	At FVPL
Other assets (excluding non-financial assets)	Yes	Hold to collect	At amortised cost

The Group, as a lessor recognises and measures the rights and obligations under a lease as per the general requirements of IFRS 16 Leases. Consequently those rights and obligations are not subject to the general recognition and measurement requirements of IFRS 9. However, the lease receivables recognised by the Group are subject to the derecognition and impairment requirements of IFRS 9.

(g) Impairment of financial assets

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

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

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

(i) ECL methodology

The key inputs used for measuring ECL are:

- probability of default ("PD")
- loss given default ("LGD")
- exposure at default ("EAD")

These figures are generally derived from internally developed statistical models and other historical data and they are adjusted to reflect probability-weighted forward-looking information.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Impairment of financial assets (Cont'd)

(i) ECL Methodology (cont'd)

PD is an estimate of the likelihood of default over a given time horizon. It is estimated as at a point in time. The calculation is based on statistical rating models, and assessed using rating tools tailored to the various categories of counterparties and exposures. These statistical models are based on market data (where available), as well as internal data comprising both quantitative and qualitative factors. PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates. The estimation is based on current conditions, adjusted to take into account estimates of future conditions that will impact PD.

LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from any collateral. The LGD models for secured assets consider forecasts of future collateral valuation taking into account sale discounts, time to realisation of collateral, cross collateralisation and seniority of claim, cost of realisation of collateral and cure rates (i.e. exit from non-performing status). LGD models for unsecured assets consider time of recovery, recovery rates and seniority of claims. The calculation is on a discounted cash flow basis, where the cash flows are discounted by the original EIR of the credit exposure.

EAD is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, and expected drawdowns on committed facilities. The Company's modelling approach for EAD reflects expected changes in the balance outstanding over the lifetime of the credit exposure that are permitted by the current contractual terms, such as amortisation profiles, early repayment or overpayment, changes in utilisation of undrawn commitments and credit mitigation actions taken before default.

(ii) Credit-impaired

A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. It is credit impaired when contractual payments or accounts in excess are past due by more than 89 days and/or other quantitative and qualitative factors indicate that the obligator is unlikely to honour its credit obligations.

Evidence of credit-impairment includes observable data about the following events:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- the disappearance of an active market for a security because of financial difficulties; or
- the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event - instead, the combined effect of several events may have caused financial assets to become credit-impaired. The Group assesses whether debt instruments that are financial assets measured at amortised cost or FVOCI are credit- impaired at each reporting date. To assess if sovereign and corporate debt instruments are credit impaired, the Group considers factors such as bond yields, credit ratings and the ability of the borrower to raise funding.

A credit exposure is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower's financial condition, unless there is evidence that as a result of granting the concession the risk of not receiving the contractual cash flows has reduced significantly and there are no other indicators of impairment. For financial assets where concessions are contemplated but not granted the asset is deemed credit impaired when there is observable evidence of credit-impairment including meeting the definition of default.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Impairment of financial assets (Cont'd)

(iii) Default

The Group considers a financial instrument or lease defaulted for ECL computations when the borrower becomes 89 days or more past due on its contractual payments.

The Group considers the following as constituting an event of default:

- The borrower is past due more than 89 days on any material credit obligation to the Group; or
- The borrower is unlikely to pay its credit obligations in full to the Group.

When assessing if the borrower is unlikely to pay its credit obligation, the Group takes into account both qualitative and quantitative indicators such as breach of covenants and financial performance.

The Group uses a variety of sources of information to assess default which are either developed internally by its internal specialist team or obtained from external sources.

(iv) Three-stage model

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

The following diagram summarises the impairment requirements under IFRS 9:

Stage 1	Stage 2	Stage 3
Performing	***Under Performing***	***Default***
Financial assets for which credit risk has not significantly increased since initial recognition	Financial assets for which credit risk has significantly increased/ deteriorated since initial recognition. However, there is still no objective evidence of impaiment	Financial assets which have defaulted but have not yet reached write-off
12-months ECL	**Lifetime ECL**	**Incurred Loss**

(v) Significant increase in credit risk ("SICR")

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

Quantitative criteria:

A financial instrument is considered to have experienced a significant increase in credit risk if the borrower is more than 29 days past due on its contractual payments, i.e. would move from Stage 1 to Stage 2.

Qualitative criteria:

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

- Short term forbearance;
- Extension to terms granted.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Impairment of financial assets (Cont'd)

(v) Significant increase in credit risk ("SICR") (Cont'd)

Qualitative criteria: (cont'd)

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

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

The Group monitors all financial assets and undrawn lease commitments that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Group will measure the loss allowance based on lifetime rather than 12-months ECL.

The Group's accounting policy is not to use the practical expedient that financial assets with 'low' credit risk at the reporting date are deemed not to have had a significant increase in credit risk. As a result, the Group monitors all financial assets and undrawn lease commitments that are subject to impairment for significant increase in credit risk.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised.

In making this assessment, the Group considers both quantitative and qualitative information, as outlined earlier, that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Group's historical experience and expert credit assessment including forward-looking information.

The Group relies on the specialist team who uses external and internal information to generate a 'base case' scenario of future forecast of relevant economic variables along with a representative range of other possible forecast scenarios. The external information used includes economic data and forecasts published by governmental bodies and monetary authorities.

(vi) Forward economic information

The Group uses multiple scenarios to model the non-linear impact of assumptions about macroeconomic factors on ECL. The Group applies probabilities to the forecast scenarios identified.

The Group has identified key drivers of credit risk and credit losses for each portfolio of financial instruments and, using a statistical analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

(vii) Movement between stages

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Impairment of financial assets (Cont'd)

(v) Significant increase in credit risk ("SICR") (Cont'd)

(viii) Write-off

Financial assets are written off either partially or in its entirety when the Group has no reasonable expectations of recovering them. This occurs when the Group determines that the customer does not have the capacity to repay the amount due or the collateral given by the customer is not sufficient to cover the exposure. The write off does not mean that the Group has forfeited its legal right to claim the sums due.

The Group retains the right to proceed with enforcement actions under the Group's recovery procedure and any recovery will be recognised in profit or loss under "Other income" as recoveries of advances written off.

(h) Modification of lease receivables

The Group sometimes renegotiates or otherwise modifies the contractual cash flows of finance leases to customers. When this happens, the Group assesses whether or not the new terms are substantially different from the original terms. The Group does this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.
- Whether any substantial new terms are introduced.
- Significant extension of the lease term when the borrower is not in financial difficulty.
- Significant change in the interest rate.
- Change in the currency the lease is denominated in.
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the lease.

If the terms are substantially different, the Group derecognises the original financial asset and recognises a 'new' asset at fair value and recalculates a new effective interest rate for the assets. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Group also assesses whether the new financial asset recognised is deemed to be credit- impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in profit or loss in net impairment gains/losses of financial assets.

In the case where the financial asset is derecognised the loss allowance for ECL is remeasured at the date of derecognition to determine the net carrying amount of the asset at that date. The difference between this revised carrying amount and the fair value of the new financial asset with the new terms will lead to a gain or loss on derecognition. The new financial asset will have a loss allowance measured based on 12-months ECL except in the rare occasions where the new lease is considered to be originated- credit impaired. This applies only in the case where the fair value of the new lease is recognised at a significant discount to its revised par amount because there remains a high risk of default which has not been reduced by the modification. The Group monitors credit risk of modified financial assets by evaluating qualitative and quantitative information, such as if the borrower is in past due status under the new terms.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Group recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Modification of lease receivables (Cont'd)

Where modification did not result in derecognition, the estimate of PD reflects the Group's ability to collect the modified cash flows taking into account the Group's previous experience of similar forbearance action, as well as various behavioural indicators, including the borrower's payment performance against the modified contractual terms. If the credit risk remains significantly higher than what was expected at initial recognition the loss allowance will continue to be measured at an amount equal to lifetime ECL. If a forborne lease is credit impaired due to the existence of evidence of credit impairment , the Group performs an ongoing assessment to ascertain if the problems of the exposure are cured, to determine if the lease is no longer credit-impaired.The loss allowance on forborne leases will generally only be measured based on 12-months ECL when there is evidence of the borrower's reversal of the previous significant increase in credit risk.

(i) Derecognition of financial assets (other than on a modification)

The Group derecognises a financial asset only when the contractual rights to the asset's cash flows expire (including expiry arising from a modification with substantially different terms), or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain/loss that had been recognised in OCI and accumulated in equity is recognised in profit or loss, with the exception of equity investment designated as measured at FVOCI, where the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss.

(j) Financial liabilities

A financial liability is a contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Group or a contract that will or may be settled in the Group's own equity instruments and is a non-derivative contract for which the Group is or may be obliged to deliver a variable number of its own equity instruments, or a derivative contract over own equity that will or may be settled other than by the exchange of a fixed amount of cash (or another financial asset) for a fixed number of the Group's own equity instruments.

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

They are subsequently stated at amortised cost using the effective interest method.

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expired).

The exchange between the Group and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in covenants are also taken into consideration. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Financial liabilities (Cont'd)

If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

(k) Leases

The Group as a Lessee

For short-term leases (lease term of 12 months or less), the Group has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within other expenses in profit or loss.

Operating leases - Group acting as the Lessor

Assets leased out under operating leases are included in equipment in the statement of financial position. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

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

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Finance leases - Group acting as the Lessor

The Group is engaged in the provision of leases to both individuals and corporates. The Group's portfolio is made up of principally motor vehicles and equipment. As part of the wider risk management principles of the Group, the risks associated with the lease portfolio was monitored through rigorous credit assessment, determining the financed amount as part of the cost of the asset based on the customers' credit risk profile, setting up buy back agreements with suppliers for assets with high residual values, amongst others.

(i) Recognition and initial measurement

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

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

(ii) Subsequent measurement

The recognition of interest income shall be based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the finance lease. The Group aims to allocate interest income over the lease term on a systematic and rational basis. This income allocation is based on a pattern reflecting a constant periodic return on the Group's finance lease receivable.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(ii) Subsequent measurement (Cont'd)

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in finance lease receivables.

The Group applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease.

Impairment of lease receivables have been disclosed in Note 8(d).

(l) Equipment

Items of equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

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

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

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

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

The estimated useful lives of significant equipment are as follows:

Office equipment	5 years
Computer equipment	3 years
Motor vehicles	5 years
Furniture & Fittings	5 years

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

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

(m) Intangible assets

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Intangible assets (Cont'd)

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads. Acquired computer software licences are capitalised on the basis of costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 3 to 10 years.

Expenditure that enhances or extends the benefits of computer software programmes beyond their original specifications and lives is recognised as a capital improvement and added to the original cost of the software. Computer software development costs recognised as assets are amortised using the straight-line method over their useful lives, but not exceeding a period of ten years.

The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

(n) Impairment of non-financial assets

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

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

(o) Cash and cash equivalents

Cash and cash equivalents comprise cash balances with banks. For the purpose of the presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of less than three months that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

(p) Repossessed assets

The Group classifies its repossessed assets as current assets held for sale under "Other Assets" since their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset, excluding finance costs and other selling costs.

(q) Deposits from customers

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

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

(r) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) Borrowings (Cont'd)

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

(s) Provisions

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

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

Where 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). When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(t) Income tax

The income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable.

The assessment is based on the judgement of tax professionals within the Group supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts 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.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred income tax is determined using tax rates that have been enacted or substantively enacted by the end of the reporting period 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(t) Income tax (Cont'd)

Deferred tax (cont'd)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Other tax exposures

In line with the definition within the Income Tax Act 1995, Corporate Social Responsibility ("CSR") is regarded as a tax and is therefore subsumed with the income tax shown within profit or loss and the income tax liability on the statement of financial position.

The Corporate Social Responsibility (CSR) charge for the current period is measured at the amount expected to be paid to the Mauritius Revenue Authority.

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

(u) Share capital and equity reserves

Ordinary shares

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

Capital contribution

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

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

- Capital reserve - Capital reserve comprise mainly movements arising in the reserves of associates.
- Revaluation and other reserve - Fair value adjustments, which comprise the cumulative net change in the fair value of financial assets that has been recognised in other comprehensive income until the investments are derecognised or impaired. Other reserve comprises all the movements arising in the reserves of associates.
- Statutory reserve which represents 15% of the profit for the year of the subsidiary which is transferred in accordance with Section 21 (1) of the Mauritian Banking Act 2004; until the reserve is equal to the stated capital.

(v) Operating segments

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

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

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(x) Offsetting financial instruments

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

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

(y) Revenue recognition

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

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

(z) Interest income and expense

Interest income and expense for all financial instruments except for those classified as held for trading or those measured or designated as at FVTPL are recognised as 'Interest income' and 'Interest expense' in the profit or loss account using the effective interest method.

(aa) Fee and commission income

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

(ab) Pension benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Termination benefits

Termination benefits are recognised when the Group is committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy when it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. A liability is recognised for the termination benefit representing the best estimate of the amount payable and the termination benefits are recognised as an expense.

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

The present value of the gratuity payable under the Workers Rights Act 2019 is calculated annually by independent actuaries using the projected unit credit method. The present value of the gratuity is determined by the estimated future cash outflows using a discount rate by reference to current interest rates and the yield on bonds and treasury bills and recent corporate debenture issues. Where the present value of the gratuity payable on retirement is greater than five years of pension payable under the pension plan, the additional gratuity payable is recognised as a liability and disclosed as unfunded obligations under retirement benefits obligations.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(ab) Pension benefits (Cont'd)

State pension plan

Contributions to the Contribution Sociale Generalisée (CSG) are recognised in profit or loss in the period in which they fall due.

(ac) Comparatives

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In applying the Group's accounting policies, which are described in note 3, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

(i) Lease classification

In preparing the financial statements, the directors had to consider whether the significant risks and rewards of ownership are transferred to the lessees in determining whether the leases should be classified as finance or operating lease. The Board of Directors makes use of the guidance as set out in IFRS 16 Leases to classify leases between finance and operating leases.

(ii) Significant increase in credit risk

ECLs are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward-looking information.

(iii) Establishing groups of assets with similar credit risk characteristics

When ECLs are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics. The Group monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflects the similar credit risk characteristics of that group of assets. Re-segmentation of portfolios and movement between portfolios is more common when there is a significant increase in credit risk (or when that significant increase reverses) and so assets move from 12-month to lifetime ECLs, or vice versa, but it can also occur within portfolios that continue to be measured on the same basis of 12-month or lifetime ECLs but the amount of ECL changes because the credit risk of the portfolios differ.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

Critical judgements in applying the Group's accounting policies (Cont'd)

(iv) Models and assumptions used

The Group uses various models and assumptions in estimating ECL. Judgement is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk.

Key sources of estimation uncertainty

The following are key estimations that the directors have used in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements:

(i) Establishing the number and relative weightings of forward-looking scenarios and determining the forward-looking information relevant to each scenario:

When measuring ECL the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

(ii) Determining PD and LGD

PD constitutes a key input in measuring ECL. PD is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

The directors estimate that a 1% change in lease loss rate will lead to a change in impairment of Rs 0.6 m (2022:Rs 1.1 m). Management believes that a 1% shift in loss rate is adequate to determine the sensitivity of impairment as a result of a change in loss rate.

5. FINANCIAL RISK FACTORS

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

- Credit risk;
- Liquidity risk;
- Market rate risk (including Interest rate risk & Currency risk).

Risk Management Framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee also regularly receives reports from the different lines of defence, including internal audit, on the reviews performed of the risk management controls and procedures.

The Risk Management Committee at the level of MCB Leasing Limited, the subsidiary, oversees the implementation of sound risk management procedures and reports to the Board of the subsidiary.

Notes to the Financial Statements *(Continued)*

For the year ended 30 June 2023

5. FINANCIAL RISK FACTORS (CONT'D)

Risk Management Framework (Cont'd)

(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 and arises principally from lease receivables. The credit risk management and control are centralized in a credit risk management team which provides regular update to the Risk Management Committee and other governance forums at the level of the subsidiary.

Credit risk management

The Group's credit risk is mostly arising from the activities of its subsidiary for which the risk is managed through:

- Establishing credit policies, covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements;
- Establishing the authorisation structure for the approval and renewal of credit facilities;
- Authorisation limits are allocated to Senior Officers. Larger facilities require approval by Managing Director, Members of the Credit Committee, or the Board of Directors at the subsidiary level;
- Renewals and reviews of facilities are subject to the same review process;
- Limiting concentrations of exposure to counterparties and sectors, in line with regulatory requirements and the subsidiary's internal policies;
- Developing and maintaining the subsidiary's risk gradings to categorise exposures according to the degree of risk of default;
- Developing and maintaining the subsidiary's processes for measuring ECL. This includes processes for reviewing and approving ECL figures, including determining SICR and any management overlays;
- Reviewing compliance with agreed exposure limits, including receiving regular reports on the credit quality of significant exposures, and monitoring of impaired exposures and the recovery actions.

Collateral management

A range of policies and practices are employed to mitigate credit risk. The most common of these is ensuring right from the offset that the customer's profile fits into the Company's risk appetite and has the right profile to service the borrowing without distress. In the case of finance leases, the ownership of the vehicles and equipment financed remain the property of the Group until full settlement of the lease and after which the title is transferred to the lessee. Collaterals for impaired leases are reviewed regularly by obtaining the fair value of the collaterals through independent qualified surveyors. Where the collateral values have decreased, an additional ECL is booked.

Fixed and floating charges on assets are held for exposures. For the vast majority of leases, the underlying collateral is the leased asset itself, i.e. the leased equipment and vehicles. The lease facilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default. Estimates of fair value are based on the value of collateral assessed at the time of borrowing, and generally are updated every year when a lease is individually assessed as impaired. The table below shows the gross amount of individually impaired assets and the allowance for credit impairment.

	2023	2022	**Collaterals held**
	Rs'000	Rs'000	
Leases			
Gross amount	**64,246**	113,417	Vehicles and
Stage 3 - Allowance for credit impairment	**44,926**	83,681	other equipment

5. FINANCIAL RISK FACTORS (CONT'D)

Risk Management Framework (Cont'd)

Collateral management *(Cont'd)*

The fair value of collateral for the impaired facilities amounts to Rs 82 m (2022: Rs 39 m). A provision of Rs 45 m (2022: Rs 84 m) has been made on the impaired receivables.

There was no change in the collateral policy of the Group during the year.

Repossessed assets

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

Collaterals on finance leases repossessed in the books of the subsidiary as at 30 June were as follows:

	2023 Rs'000	2022 Rs'000
Vehicles	**8,865**	7,575

These repossessed collaterals are sold to third parties to recover the investment in the leases.

Write-off policy

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

At 30 June 2023, amount written off was Rs 21.2 m (2022: Rs 5.5 m)

Credit risk concentration

The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower. Limits on the level of credit risk are approved by the Board of Directors of the subsidiary company in line with regulatory requirements.

Concentrations of credit risk arise when several distinct counterparties or exposures have comparable economic characteristics, or such counterparties are engaged in similar activities or operate in the same industry sectors so that their collective ability to meet contractual obligations is uniformly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, a number of controls and measures to minimise undue concentration of exposure in the Group's portfolio have been implemented as per regulatory requirements. The Group's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Any identified concentrations of credit risks are controlled and managed and in line with the Risk Appetite Framework of the Group.

The Group does not have any overseas exposures.

Notes to the Financial Statements *(Continued)*

For the year ended 30 June 2023

5. FINANCIAL RISK FACTORS (CONT'D)

(a) Credit Risk (Cont'd)

The Group monitors the credit quality of its different portfolios into 2 grades: performing and non-performing.

The performing portfolio relates to all credits which are less than 89 days overdue.

Credit quality analysis

GROUP

	Net investment in lease receivables		Other assets	
	2023 Rs' 000	2022 Rs' 000	**2023 Rs' 000**	2022 Rs' 000
Performing	**3,159,174**	3,038,478	**71,248**	61,443
Non-performing	**64,246**	113,417	**6,351**	7,936
Gross	**3,223,420**	3,151,895	**77,599**	69,379
Less: Allowance for impairment				
Stage 1	**(14,641)**	(18,765)	**(101)**	(178)
Stage 2	**(3,949)**	(6,391)	**(53)**	(282)
Stage 3	**(44,926)**	(83,681)	**(6,351)**	(7,880)
	(63,516)	(108,837)	**(6,505)**	(8,340)
	3,159,904	3,043,058	**71,094**	61,039

All other financial assets are performing.

<u>*Maximum exposure to credit risk before collateral and other credit enhancements*</u>

The following table presents the maximum exposure at 30 June 2023 and 2022 to credit risk on financial instruments in the statement of financial position, before taking account of any collateral held or other credit enhancements after allowance for impairment and netting where appropriate.

	Category of financial instruments	GROUP Maximum exposure		COMPANY Maximum exposure	
		2023 Rs' 000	2022 Rs' 000	**2023 Rs' 000**	2022 Rs' 000
Cash and cash equivalents	Amortised cost	**85,073**	45,396	**19,330**	-
Investment in debt securities	Amortised cost	**374,169**	303,586	-	-
Investment in debt securities	FVOCI	-	30,000	-	-
Net lease receivables	Amortised cost	**3,159,904**	3,043,058	-	-
Other assets	Amortised cost	**53,051**	39,957	**19,422**	19,636
		3,672,197	3,461,997	**38,752**	19,636

For financial assets recognised in the statement of financial position, the exposure to credit risk equals their carrying amount. Other assets exclude VAT receivable of Rs 51.1 m (2022: Rs 17.7 m) and assets repossessed pending disposals of Rs 2.0 m (2022: Rs 3.0 m).

Credit risk from balances with banks and financial institutions is considered negligible, since the counterparty is The Mauritius Commercial Bank Limited, which is a reputable bank with high quality external credit rating. Likewise, for the Government Bonds and T-bills being held with the Government of Mauritius, credit risk is deemed as negligible.

5. FINANCIAL RISK FACTORS (CONT'D)

(a) Credit Risk (Cont'd)

Summary of credit risk

The disclosure below presents the gross carrying/nominal amount of financial instruments to which the impairment requirements in IFRS 9 are applied and the associated allowance for expected credit losses ('ECL').

GROUP	Gross carrying/ nominal amount	Allowance for ECL	Net carrying amount
FY 2023	**Rs' 000**	**Rs' 000**	**Rs' 000**
Net investment in lease receivables	**3,223,420**	**(63,516)**	**3,159,904**
Other financial assets measured at amortised cost			
– cash and cash equivalents	**85,134**	**(61)**	**85,073**
– investment securities	**374,493**	**(324)**	**374,169**
– other assets	**59,556**	**(6,505)**	**53,051**
Total gross carrying amount on the statement of financial position	**3,742,603**	**(70,406)**	**3,672,197**
Off balance sheet lease commitments	**501,984**	**(472)**	**501,512**
At 30 June 2023	**4,244,587**	**(70,878)**	**4,173,709**

	Gross carrying/ nominal amount	Allowance for ECL	Net carrying amount
FY 2022	**Rs' 000**	**Rs' 000**	**Rs' 000**
Net investment in lease receivables	3,151,895	(108,837)	3,043,058
Other financial assets measured at amortised cost			
– cash and cash equivalents	45,663	(267)	45,396
– investment securities	333,938	(352)	333,586
– other assets	48,297	(8,340)	39,957
Total gross carrying amount on the statement of financial position	3,579,793	(117,796)	3,461,997
Off balance sheet lease commitments	479,044	(508)	478,536
At 30 June 2022	4,058,837	(118,304)	3,940,533

5. FINANCIAL RISK FACTORS (CONT'D)

(b) Market Risk - price risk

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

A 5% change in the fair value of the quoted investments would impact the equity by Rs 110.9 m (2022: Rs 113.0 m).

(c) Interest rate risk

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

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

At year end, the impact of any fluctuation in interest rate was not significant to the Group and Company.

(d) Liquidity risk

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

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

Management monitors rolling forecasts of the Group's liquidity reserve on the basis of expected cash flow and does not foresee any major liquidity risk over the next two years. The objective of liquidity management is to ensure that funds are available or there is assurance of the availability of funds, to honour the Group's cash flow commitments as they fall due, including off-balance sheet outflow commitments in a timely and cost effective manner. The Company's subsidiary has in place liquidity contingency plan, including the availability of a money market line with The Mauritius Commercial Bank Limited, and performs regular stress tests with respect to liquidity.

Liquid assets equivalent to not less than 10% of deposit liabilities are maintained at all times by the subsidiary. This is monitored continually and a weekly return of liquid assets and deposits is submitted to the Bank of Mauritius. The subsidiary of the Group has complied with this requirement as at 30 June 2023.

Notes to the Financial Statements (Continued)

For the year ended 30 June 2023

5. FINANCIAL RISK FACTORS (CONT'D)

(d) Liquidity risk (Cont'd)

	GROUP				
	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 30 June 2023					
Financial Assets					
Cash and cash equivalents	85,134	-	-	-	85,134
Net investment in lease receivables	1,135,433	1,962,679	125,308	-	3,223,420
Investment securities	222,550	-	151,943	639,694	1,014,187
Investments in associates	-	-	-	6,713,675	6,713,675
Other assets	59,556	-	-	-	59,556
Total assets	1,502,673	1,962,679	277,251	7,353,369	11,095,972
Financial Liabilities					
Deposits from customers	612,592	3,339,476	-	-	3,952,068
Borrowings	697,497	7,900	-	-	705,397
Other liabilities	70,871	-	-	-	70,871
Total liabilities	1,380,960	3,347,376	-	-	4,728,336
Net liquidity gap	121,713	(1,384,697)	277,251	7,353,369	6,367,636
Undrawn commitments	501,984	-	-	-	501,984

Other assets exclude VAT receivable and assets held for sale.
Other liabilities exclude accruals and provision for ECLs on undrawn commitments.

Notes to the Financial Statements (Continued)

For the year ended 30 June 2023

5. FINANCIAL RISK FACTORS (CONT'D)

(d) Liquidity risk (Cont'd)

	GROUP				
	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 30 June 2022					
Financial Assets					
Cash and cash equivalents	45,663	-	-	-	45,663
Net investment in lease receivables	973,270	2,081,794	96,831	-	3,151,895
Investment securities	79,726	254,212	-	551,210	885,148
Investments in associates	-	-	-	6,476,188	6,476,188
Other assets	48,297	-	-	-	48,297
Total assets	1,146,956	2,336,006	96,831	7,027,398	10,607,191
Financial Liabilities					
Deposits from customers	906,367	2,684,712	-	-	3,591,079
Borrowings	657,211	11,034	-	-	668,245
Other liabilities	57,648	-	-	-	57,648
Total liabilities	1,621,226	2,695,746	-	-	4,316,972
Net liquidity gap	(474,270)	(359,740)	96,831	7,027,398	6,290,219
Undrawn commitments	479,044	-	-	-	479,044

Notes to the Financial Statements *(Continued)*
For the year ended 30 June 2023

5. FINANCIAL RISK FACTORS (CONT'D)

(d) Liquidity risk (Cont'd)

	COMPANY				
	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 30 June 2023					
Financial Assets					
Cash and cash equivalents	**19,330**	**-**	**-**	**-**	**19,330**
Investment securities	**-**	**-**	**-**	**639,694**	**639,694**
Investments in associates	**-**	**-**	**-**	**1,830,520**	**1,830,520**
Investment in subsidiary	**-**	**-**	**-**	**200,000**	**200,000**
Other assets	**19,422**	**-**	**-**	**-**	**19,422**
Total assets	**38,752**	**-**	**-**	**2,670,214**	**2,708,966**
Financial Liabilities					
Borrowings	**616,206**	**-**	**-**	**-**	**616,206**
Other liabilities	**2,849**	**-**	**-**	**-**	**2,849**
Total liabilities	**619,055**	**-**	**-**	**-**	**619,055**
Net liquidity gap	**(580,303)**	**-**	**-**	**2,670,214**	**2,089,911**
At 30 June 2022					
Financial Assets					
Investment securities	-	-	-	551,210	551,210
Investments in associates	-	-	-	1,913,248	1,913,248
Investment in subsidiary	-	-	-	200,000	200,000
Other assets	19,636	-	-	-	19,636
Total assets	19,636	-	-	2,664,458	2,684,094
Financial Liabilities					
Borrowings	647,579	-	-	-	647,579
Other liabilities	2,509	-	-	-	2,509
Total liabilities	650,088	-	-	-	650,088
Net liquidity gap	(630,452)	-	-	2,664,458	2,034,006

5. FINANCIAL RISK FACTORS (CONT'D)

(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.

Cash and cash equivalents comprise balances with The Mauritius Commercial Bank Limited. The estimated fair value of fixed interest bearing balances is based on discounted cash flows using prevailing money market interest rates for debts with similar credit risk and remaining maturity.

Net investment in lease receivables are leases which are net of impairment losses. The estimated fair values of leases to customers represent the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

Deposits from customers are grouped by remaining contractual maturity for the purpose of estimating fair value. Fair values are estimated using discounted cash flows, applying current rates offered for deposits of similar remaining maturities. The fair value of a deposit repayable on demand is approximated by its carrying value.

Other assets and other liabilities are repayable on demand. Their fair values are therefore considered as being equal to their carrying value.

(f) Fair value hierarchy

The Group uses a 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.

Valuation techniques used to estimate the fair values of unquoted equity securities include models based on earnings/dividend growth, discounted cash flows and net asset values, whichever is considered to be appropriate. The Group has made certain assumptions for inputs in the models, including earnings before interest, depreciation, tax and amortisation (EBIDTA), risk free rate, risk premium, dividend growth rate, weighted average cost of capital, appropriate discounts for lack of liquidity and expected cash flows which may be different from actual.

Financial asset	Valuation technique	Significant unobservable inputs
Investment in equity securities at FVOCI (Unquoted equity shares)	Income approach	Discount for lack of control and marketability, Discount rate within WACC

The higher the discount rate for lack of control and marketability, the lower the carrying amount of the investment. If the discount rate was +/- 5%, whilst all other variables were held constant, the carrying amount of the investment would have been +/- Rs 15.8 m

Notes to the Financial Statements *(Continued)*

For the year ended 30 June 2023

5. FINANCIAL RISK FACTORS (CONT'D)

(g) Currency risk (Cont'd)

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

The foreign currency profile is as follows:

	2023		2022	
Group	**EURO Rs' 000**	**USD Rs' 000**	EURO Rs' 000	USD Rs' 000
Assets				
Bank balances	**511**	**24**	88	110
Loan receivable	**171**	**10**	-	-
Net investment in lease receivables	**-**	**-**	11,610	251
	682	**34**	11,698	361
Liabilities				
Other liabilities	**-**	**-**	930	625
Borrowings	**1,492**	**-**	6,532	-
	1,492	**-**	7,462	625
Company				
Assets				
Bank balances	**19,330**	**-**	-	-
Liabilities				
Borrowings	**-**	**-**	368	-

6. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are:

- to comply with the capital requirements set by the Bank of Mauritius for its leasing activities.
- to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for its shareholders and benefits for other stakeholders; and
- to maintain a strong capital base to support the development of its business.

Quantitative data about what the Group manages as capital:

	GROUP		COMPANY	
	2023 Rs' 000	2022 Rs' 000	**2023 Rs' 000**	2022 Rs' 000
Debt	**705,397**	668,245	**616,206**	647,579
Less cash and cash equivalents	**(85,073)**	(45,396)	**(19,330)**	-
Net cash	**620,324**	622,849	**596,876**	647,579
Total Equity	**7,521,288**	7,091,159	**2,089,568**	2,034,124
Adjustments	**(4,196,088)**	(4,108,413)	**-**	-
Adjusted Equity	**3,325,200**	2,982,746	**2,089,568**	2,034,124

The adjustments include capital reserves and revaluation and other reserves.

Debt to equity ratio	**19%**	21%	**29%**	32%

Notes to the Financial Statements *(Continued)*

For the year ended 30 June 2023

7. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2023 Rs' 000	2022 Rs' 000	**2023 Rs' 000**	2022 Rs' 000
Cash in hand	**-**	3	**-**	-
Balances and deposits with banks in Mauritius	**85,134**	45,660	**19,330**	-
	85,134	45,663	**19,330**	-
Less: Allowance for credit impairment	**(61)**	(267)	**-**	-
	85,073	45,396	**19,330**	-

Allowance for credit impairment	**GROUP Stage 1 ECL Rs' 000**
At 1 July 2021	111
Provision for the year	156
At 30 June 2022	**267**
Release for the year	**(206)**
At 30 June 2023	**61**

Cash and cash equivalents as shown in the statement of cash flows:

	GROUP		COMPANY	
	2023 Rs' 000	2022 Rs' 000	**2023 Rs' 000**	2022 Rs' 000
Bank balances	**85,073**	45,396	**19,330**	-
Bank overdrafts (Note 16)	**(616,206)**	(647,579)	**(616,206)**	(647,579)
	(531,133)	(602,183)	**(596,876)**	(647,579)

Notes to the Financial Statements (Continued)

For the year ended 30 June 2023

8. NET INVESTMENT IN LEASE RECEIVABLES

	GROUP	
	2023 Rs' 000	2022 Rs' 000
(a) Gross investment in finance leases:		
Up to 1 year	**1,135,433**	1,112,862
Over 1 year and up to 2 years	**915,670**	930,881
Over 2 years and up to 3 years	**700,123**	701,957
Over 3 years and up to 4 years	**481,370**	443,609
Over 4 years and up to 5 years	**302,689**	199,327
Over 5 years	**125,308**	100,513
	3,660,593	3,489,149
Unearned future finance income on finance leases	**(455,716)**	(412,656)
	3,204,877	3,076,493
(b) Rental receivables on finance lease and operating lease	**18,543**	75,402
Total gross investment in finance leases	**3,223,420**	3,151,895
Less: Allowances for credit impairment	**(63,516)**	(108,837)
Net investment in lease receivables	**3,159,904**	3,043,058
Finance lease receivables may be analysed as follows:		
Up to 3 months	**304,194**	253,372
Over 3 months and up to 6 months	**291,475**	248,482
Over 6 months and up to 1 year	**539,764**	471,416
Over 1 year and up to 5 years	**1,962,679**	2,081,794
Over 5 years	**125,308**	96,831
	3,223,420	3,151,895
Less: Allowances for credit impairment	**(63,516)**	(108,837)
Net investment in lease receivables	**3,159,904**	3,043,058
Analysed as follows:		
Current	**1,135,433**	973,270
Non-current	**2,087,987**	2,178,625
	3,223,420	3,151,895

Notes to the Financial Statements (Continued)

For the year ended 30 June 2023

8. NET INVESTMENT IN LEASE RECEIVABLES (CONT'D)

(c) Movement in gross investment in lease receivables

	GROUP			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	Rs' 000	**Rs' 000**	**Rs' 000**	**Rs' 000**
At 1 July 2021	3,025,878	135,998	103,778	3,265,654
Transfer to Stage 1	78,968	(60,157)	(18,811)	-
Transfer to Stage 2	(44,154)	51,239	(7,085)	-
Transfer to Stage 3	(31,488)	(36,243)	67,731	-
Leases disbursement	1,026,304	8,246	18,249	1,052,799
Repayment of leases	(1,084,268)	(31,843)	(50,447)	(1,166,558)
At 30 June 2022	**2,971,240**	**67,240**	**113,415**	**3,151,895**
Transfer to Stage 1	**55,404**	**(36,291)**	**(19,113)**	**-**
Transfer to Stage 2	**(40,225)**	**50,829**	**(10,604)**	**-**
Transfer to Stage 3	**(8,989)**	**(9,831)**	**18,820**	**-**
Leases disbursement	**1,205,158**	**6,322**	**3,815**	**1,215,295**
Repayment of leases	**(1,077,864)**	**(23,819)**	**(29,429)**	**(1,131,112)**
Write off	**-**	**-**	**(12,658)**	**(12,658)**
At 30 June 2023	**3,104,724**	**54,450**	**64,246**	**3,223,420**

(c) Movement between ECL stages

	GROUP			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	Rs' 000	**Rs' 000**	**Rs' 000**	**Rs' 000**
At 1 July 2021	28,315	17,851	68,368	114,534
Transfer to Stage 1	18,238	(7,896)	(10,342)	-
Transfer to Stage 2	(412)	4,249	(3,837)	-
Transfer to Stage 3	(293)	(4,757)	5,050	-
Additional provision	6,480	3,573	42,413	52,466
Provision released	(33,563)	(6,629)	(17,971)	(58,163)
At 30 June 2022	**18,765**	**6,391**	**83,681**	**108,837**
Transfer to Stage 1	**16,320**	**(3,414)**	**(12,906)**	**-**
Transfer to Stage 2	**(256)**	**6,645**	**(6,389)**	**-**
Transfer to Stage 3	**(57)**	**(942)**	**999**	**-**
Additional provision	**5,557**	**2,432**	**16,386**	**24,375**
Provision released	**(25,688)**	**(7,163)**	**(24,187)**	**(57,038)**
Write off	**-**	**-**	**(12,658)**	**(12,658)**
At 30 June 2023	**14,641**	**3,949**	**44,926**	**63,516**

Notes to the Financial Statements (Continued)

For the year ended 30 June 2023

9. INVESTMENT SECURITIES

	GROUP		COMPANY	
	2023	2022	**2023**	2022
	Rs' 000	Rs' 000	**Rs' 000**	Rs' 000
Investment in debt securities measured at amortised cost	**374,493**	303,938	**-**	-
Less: Allowance for credit impairment	**(324)**	(352)	**-**	-
	374,169	303,586	**-**	-
Investment in debt securities measured at fair value through other comprehensive income	**-**	30,000	**-**	-
Investment in equity securities measured at fair value through other comprehensive income	**602,551**	487,324	**602,551**	487,324
Investment in equity securities measured at fair value through profit or loss	**37,143**	63,886	**37,143**	63,886
	1,013,863	884,796	**639,694**	551,210
Analysed as follows:				
Current	**222,550**	79,726	**-**	-
Non-current	**791,637**	805,422	**639,694**	551,210
	1,014,187	885,148	**639,694**	551,210

Investment securities are denominated in rupees.

The Company holds more than 10% interest in the following companies which are classified as fair value through other comprehensive income:

	Nature	**2023**	2022
		Percentage held	
		%	%
MFD Group Limited (Level 1)	Ordinary	**15.00**	15.00
Le Refuge du Pêcheur Ltd (Level 3)	Ordinary	**8.87**	11.00

(a) Investment in debt securities measured at amortised cost

	GROUP	
	2023 Rs' 000	2022 Rs' 000
Government of Mauritius bonds	**254,179**	254,212
Government of Mauritius Treasury bills	**120,314**	49,726
	374,493	303,938
Less: Allowance for credit impairment (Stage 1)	**(324)**	(352)
	374,169	303,586

Allowances for credit impairment:

	GROUP
	Stage 1 ECL Rs' 000
At 1 July 2021	48
Provision for the year	304
At 30 June 2022	**352**
Release for the year	**(28)**
At 30 June 2023	**324**

(b) Investment measured at fair value through other comprehensive income

	GROUP		COMPANY	
	2023 Rs' 000	2022 Rs' 000	**2023 Rs' 000**	2022 Rs' 000
Quoted equity - Level 1	**351,000**	283,499	**351,000**	283,499
Unquoted debt - Level 2	**-**	30,000	**-**	-
Unquoted equity - Level 3	**251,551**	203,825	**251,551**	203,825
	602,551	517,324	**602,551**	487,324

The dividend recognised in the statement of profit or loss for the year ended 30 June 2023 was Rs 36.2 m (2022: Rs 2.5 m).

Notes to the Financial Statements *(Continued)*

For the year ended 30 June 2023

9. INVESTMENT SECURITIES (CONT'D)

(b) Investment measured at fair value through other comprehensive income (Cont'd)

(i) Reconciliation of Level 3 fair value measurement

	GROUP & COMPANY	
	2023	2022
	Rs' 000	Rs' 000
At 1 July	**203,825**	203,825
Movement in fair value	**47,734**	-
Write off	**(8)**	-
At 30 June	**251,551**	203,825

(c) Investment in equity shares measured at fair value through profit or loss

	GROUP & COMPANY	
	2023	2022
	Rs' 000	Rs' 000
Quoted equity- Level 1	**37,143**	63,886

10. INVESTMENTS IN ASSOCIATES

	GROUP	
	2023	2022
	Rs' 000	Rs' 000
At 1 July	**6,476,188**	6,032,764
Share of profits	**299,823**	300,901
Share of other comprehensive income:		
- Revaluation and other reserve	**29,036**	217,811
- Fair value reserve	**-**	(400)
Share of other movements in reserves of associates	**(1,150)**	1,076
Impact of change in shareholding by associates	**-**	(3,708)
Effect of employee share options exercised in associate	**-**	823
Dividends	**(90,222)**	(73,079)
At 30 June	**6,713,675**	6,476,188

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

	Nature of Business	Principal place of Business and Country of Incorporation	**2023 Percentage held Direct**	**2023 Percentage held Total**	2022 Percentage held Direct	2022 Percentage held Total
			%	**%**	%	%
Promotion and Development Limited	Investment and property development	Mauritius	**46.34**	**46.34**	46.34	46.34
Caudan Development Limited	Property development, investment and provision of security services	Mauritius	**5.34**	**38.06**	5.34	38.06

Notes to the Financial Statements (Continued)

For the year ended 30 June 2023

10. INVESTMENTS IN ASSOCIATES (CONT'D)

(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
2023	**371,922**	**17,345,842**	**905,795**	**1,531,800**	**1,303,029**	**728,021**	**633,224**	**62,503**	**695,727**	**90,022**
2022	265,915	16,827,025	931,878	1,413,427	1,268,074	604,665	629,595	469,234	1,098,829	73,079

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
2023	**13,479,561**	**633,224**	**62,503**	**(3,440)**	**(194,709)**	**13,977,140**	**46.34%**	**6,477,007**
2022	12,534,242	629,595	469,234	4,133	(157,643)	13,479,561	46.34%	6,245,972

All the above associates are accounted for using equity method in these financial statements as set out in the Group's accounting policy in Note 3(c).

(ii) Information of associate that is not material:

	GROUP	
	2023	2022
	Rs' 000	Rs' 000
Carrying amount of interest	**236,668**	230,212
Share of profit	**6,387**	9,068
Share of other comprehensive (income)/expense	**72**	(170)

(iii) As at 30 June 2023, 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 Rs 1,772,853,163 (2022: Rs 1,822,475,007) and Rs 57,666,639 (2022: Rs 90,771,561) respectively based on the quoted market price available, which is a level 1 input in terms of IFRS 13.

	COMPANY	
	2023	2022
	Rs' 000	Rs' 000
At 1 July	**1,913,248**	1,575,265
Fair value adjustment	**(82,728)**	337,983
At 30 June	**1,830,520**	1,913,248

The Group has pledged 18,044,307 shares held in Promotion and Development Ltd for banking facilities.

The Directors are of the opinion that there is no indication of impairment to the carrying value of the investment in associates.

Notes to the Financial Statements *(Continued)*

For the year ended 30 June 2023

11. INVESTMENT IN SUBSIDIARY

	COMPANY
	Rs' 000
At 30 June 2022 and 30 June 2023 - cost	**200,000**

	Country of Incorporation and Operation	Class of Shares	Cost of Investment	Nominal Value of Investment	Percentage Held	Main Business
			Rs' 000	Rs' 000		
2022 & 2023						
MCB Leasing Limited	Mauritius	Ordinary	200,000	200,000	100%	Leasing

The Directors are of the opinion that there is no indication of impairment to the carrying value of the investment in subsidiary.

12. EQUIPMENT

GROUP

	Assets under operating leases					
	Equipment	Motor Vehicles	Office Equipment	Computer Equipment	Motor Vehicle	Total
	Rs' 000	Rs' 000	Rs' 000	Rs' 000	Rs' 000	Rs' 000
COST						
At 1 July 2021	131,913	1,006,135	6,791	7,318	2,434	1,154,591
Additions	25,590	404,445	48	1,412	-	431,495
Disposals	(29,170)	(181,064)	-	-	-	(210,234)
At 30 June 2022	**128,333**	**1,229,516**	**6,839**	**8,730**	**2,434**	**1,375,852**
Additions	**30,303**	**541,981**	**273**	**-**	**-**	**572,557**
Disposals	**(15,789)**	**(159,018)**	**-**	**-**	**-**	**(174,807)**
At 30 June 2023	**142,847**	**1,612,479**	**7,112**	**8,730**	**2,434**	**1,773,602**
DEPRECIATION						
At 1 July 2021	65,139	352,938	6,540	6,650	851	432,118
Charge for the year	18,553	157,649	163	443	487	177,295
Disposals adjustment	(23,414)	(100,328)	-	-	-	(123,742)
At 30 June 2022	**60,278**	**410,259**	**6,703**	**7,093**	**1,338**	**485,671**
Charge for the year	**19,240**	**196,145**	**158**	**712**	**487**	**216,742**
Disposal adjustment	**(12,014)**	**(86,930)**	**-**	**-**	**-**	**(98,944)**
At 30 June 2023 DEPRECIATION	**67,504**	**519,474**	**6,861**	**7,805**	**1,825**	**603,469**
NET BOOK VALUES						
At 30 June 2023	**75,343**	**1,093,005**	**251**	**925**	**609**	**1,170,133**
At 30 June 2022	68,055	819,257	136	1,637	1,096	890,181

The Directors have reviewed the carrying value of the equipment of the Group and are of the opinion that at 30 June 2023 the carrying value has not suffered any impairment (2022: Nil).

Notes to the Financial Statements *(Continued)*

For the year ended 30 June 2023

13. INTANGIBLE ASSETS

GROUP	Computer software Rs' 000	Work in progress Rs' 000	Total Rs' 000
COST			
At 1 July 2021	68,317	-	68,317
Additions	-	14,804	14,804
At 30 June 2022	**68,317**	**14,804**	**83,121**
Additions	-	**9,199**	**9,199**
At 30 June 2023	**68,317**	**24,003**	**92,320**
AMORTISATION			
At 1 July 2021	56,487	-	56,487
Charge for the year	7,596	-	7,596
At 30 June 2022	**64,083**	**-**	**64,083**
Charge for the year	**3,823**	**-**	**3,823**
At 30 June 2023	**67,906**	**-**	**67,906**
NET BOOK VALUES			
At 30 June 2023	**411**	**24,003**	**24,414**
At 30 June 2022	4,234	14,804	19,038

The work in progress relates to payments made for the ongoing project to replace the existing leasing and accounting software. The Directors have reviewed the carrying value of the intangible assets of the Group and are of the opinion that at 30 June 2023 the carrying value has not suffered any impairment (2022: Nil).

14. OTHER ASSETS

	GROUP		COMPANY	
	2023 **Rs' 000**	2022 Rs' 000	**2023** **Rs' 000**	2022 Rs' 000
Rental Accrued	**17,713**	13,719	**-**	-
Assets repossessed pending disposals	**2,026**	3,040	**-**	-
Fees and residual value receivable	**6,559**	6,195	**-**	-
VAT receivable	**51,131**	17,742	**-**	-
Others	**35,284**	28,383	**19,422**	19,636
	112,713	69,079	**19,422**	19,636
Less: Allowance for credit impairment	**(6,505)**	(8,340)	**-**	-
	106,208	60,739	**19,422**	19,636

The carrying amounts of other assets approximate their fair value. These receivables are short term and non-interest bearing.

	GROUP		
Allowance for credit impairment	**Stage 1 & 2 ECL** **Rs' 000**	**Stage 3 ECL** **Rs' 000**	**Total** **Rs' 000**
At 1 July 2021	219	6,050	6,269
Provision for the year	241	7,340	7,581
Write off	-	(5,510)	(5,510)
At 30 June 2022	**460**	**7,880**	**8,340**
(Release)/Provision for the year	**(306)**	**7,059**	**6,753**
Write off	**-**	**(8,588)**	**(8,588)**
At 30 June 2023	**154**	**6,351**	**6,505**

Notes to the Financial Statements *(Continued)*

For the year ended 30 June 2023

15. DEPOSITS FROM CUSTOMERS

	GROUP	
	2023 Rs' 000	2022 Rs' 000
Retail customers		
Up to 3 months	**191,326**	322,929
Over 3 months and up to 6 months	**46,271**	145,077
Over 6 months and up to 12 months	**241,655**	204,956
Over 1 year and up to 5 years	**2,583,810**	2,248,673
	3,063,062	2,921,635
Corporate customers		
Up to 3 months	**39,500**	137,040
Over 3 months and up to 6 months	**4,559**	15,119
Over 6 months and up to 12 months	**89,281**	81,246
Over 1 year and up to 5 years	**755,666**	436,039
	889,006	669,444
	3,952,068	3,591,079
Analysed as follows:		
Current	**612,592**	906,367
Non-current	**3,339,476**	2,684,712
	3,952,068	3,591,079

The above consists of deposits bearing interest at the rates of 0.65% - 5.4% per annum (2022: 0.25% - 5.20%). The deposits are denominated in rupees.

16. BORROWINGS

	GROUP		COMPANY	
	2023 Rs' 000	2022 Rs' 000	**2023 Rs' 000**	2022 Rs' 000
Bank overdrafts	**616,206**	647,579	**616,206**	647,579
Bank loans	**75,000**	4,178	**-**	-
Other loans	**14,191**	16,488	**-**	-
	705,397	668,245	**616,206**	647,579
Analysed as follows:				
Up to 1 year	**697,497**	657,211	**616,206**	647,579
Over 1 year and up to 2 years	**4,581**	5,532	**-**	-
Over 2 years and up to 5 years	**2,426**	5,502	**-**	-
Over 5 years	**893**	-	**-**	-
	705,397	668,245	**616,206**	647,579
Analysed as follows:				
Current	**697,497**	657,211	**616,206**	647,579
Non-current	**7,900**	11,034	**-**	-
	705,397	668,245	**616,206**	647,579

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

The rate of interest on borrowings ranged from 0.35% to 5.5% and 0.75% to 2.78% on the borrowings denominated in MUR and EUR respectively (2022: 1.5% to 3.5% and 0.75% to 2.78%).

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

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

The rate of interest on the MUR bank overdrafts ranged from 4.50% to 6.75% (2022: 4.10% to 4.50%).

Notes to the Financial Statements *(Continued)*

For the year ended 30 June 2023

17. CURRENT TAX (ASSETS)/LIABILITIES

	GROUP		COMPANY	
	2023	2022	**2023**	2022
	Rs' 000	Rs' 000	**Rs' 000**	Rs' 000
At 1 July	**(12,248)**	4,726	**(118)**	(191)
Charge for the year	**4,187**	8,797	**545**	85
Income tax paid	**(7,016)**	(25,771)	**(84)**	(12)
At 30 June*	**(15,077)**	(12,248)	**343**	(118)

*The figure of current tax assets at Group level at 30 June 2023 is net of current tax liabilities of Rs 343,000.

18. DEFERRED TAX LIABILITIES

	GROUP	
	2023	2022
	Rs' 000	Rs' 000
Accelerated tax depreciation and provision	**47,842**	38,912
Provision for expected credit losses	**(12,746)**	(20,112)
At 30 June	**35,096**	18,800

Deferred income taxes are calculated on all temporary differences under the liability method at 17% (2022: 17%).

19. OTHER LIABILITIES

	GROUP		COMPANY	
	2023	2022	**2023**	2022
	Rs' 000	Rs' 000	**Rs' 000**	Rs' 000
Registration duty payable to government	**7,225**	19,376	**-**	-
Advances received from customers not yet allocated.	**17,551**	9,918	**-**	-
Amounts payable to car distributors	**17,577**	4,559	**-**	-
Amount due to group companies	**17,913**	12,369	**-**	-
Accruals	**3,155**	4,205	**-**	-
Others	**10,605**	11,426	**2,849**	2,509
Allowance for credit impairment on undrawn commitments	**472**	508	**-**	-
	74,498	62,361	**2,849**	2,509

The carrying amounts of other payables approximate their fair value.
Other liabilities are expected to be settled within 12 months and are classified as 'current'.

	GROUP
Allowance for credit impairment on undrawn commitments	**Stage 1 ECL**
	Rs' 000
At 1 July 2021	861
Release for the year	(353)
At 30 June 2022	**508**
Release for the year	**(36)**
At 30 June 2023	**472**

Notes to the Financial Statements *(Continued)*

For the year ended 30 June 2023

20. SHARE CAPITAL

	GROUP & COMPANY
	2023 & 2022
	Rs' 000
AUTHORISED:	
250,000,000 ordinary shares of Re.1 each	**250,000**
ISSUED AND FULLY PAID:	
At 1 July 2022 and 30 June 2023	**103,355**

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

The ordinary shareholders are entitled to voting rights and dividends.

21. NET INTEREST INCOME/(EXPENSE)

(a) INTEREST INCOME

	GROUP		COMPANY	
	2023	2022	**2023**	2022
	Rs' 000	Rs' 000	**Rs' 000**	Rs' 000
Financial assets at amortised cost:				
Cash and cash equivalents	**-**	2,021	**-**	2,021
Investment securities	**12,105**	10,328	**-**	-
Interest income calculated using the effective interest method	**12,105**	12,349	**-**	2,021
Interest income on financial lease receivables	**194,840**	206,652	**-**	-
Interest income on investment in debt securities at FVOCI	**-**	91	**-**	-
	206,945	219,092	**-**	2,021

(b) INTEREST EXPENSE

	GROUP		COMPANY	
	2023	2022	**2023**	2022
	Rs' 000	Rs' 000	**Rs' 000**	Rs' 000
Financial liabilities at amortised cost:				
Borrowings	**39,326**	29,050	**36,627**	27,614
Deposits from customers	**113,804**	112,556	**-**	-
	153,130	141,606	**36,627**	27,614
Net interest income/(expense)	**53,815**	77,486	**(36,627)**	(25,593)

Notes to the Financial Statements (Continued)

For the year ended 30 June 2023

22. OTHER OPERATING INCOME

	GROUP	
	2023 Rs' 000	2022 Rs' 000
Penalty fees and others	**8,511**	5,045
Others	**9,276**	2,523
	17,787	7,568

23. SALARIES AND HUMAN RESOURCE COSTS

	GROUP	
	2023 Rs' 000	2022 Rs' 000
Wages and salaries	**43,083**	36,399
Defined benefit plan	**5,965**	4,730
Other personnel expenses	**2,826**	2,395
	51,874	43,524

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

24. OTHER EXPENSES

	GROUP		COMPANY	
	2023 Rs' 000	2022 Rs' 000	**2023 Rs' 000**	2022 Rs' 000
Professional fees	**9,008**	12,006	**-**	-
Management fee	**13,529**	4,444	**-**	-
Marketing and advertising	**109**	1,715	**-**	-
Licences and software cost	**2,152**	2,922	**-**	-
Other operating expenses	**10,702**	11,255	**4,207**	3,945
	35,500	32,342	**4,207**	3,945

25. NET IMPAIRMENT GAIN/(LOSS) ON FINANCIAL ASSETS

The tables below provide the reconciliation of the movement in impairment :

2023	**GROUP (RS' 000)**			
	Opening impairment provisions at 1 July 2022	**Closing impairment provisions at 30 June 2023**	**Bad debts written off against provision at 30 June 2023**	**Impairment charge/ (reversal)**
Lease receivables - Stage 3 - ECL	**83,681**	**44,926**	**(12,658)**	**(7,801)**
Lease receivables - Stages 1&2 - ECL	**25,156**	**18,590**	**-**	**(24,862)**
Cash and cash equivalents - Stage 1 - ECL	**267**	**61**	**-**	**(206)**
Other assets Stage 3 - ECL	**7,880**	**6,351**	**(8,588)**	**7,059**
Other assets Stages 1&2 - ECL	**460**	**154**	**-**	**(306)**
Investment securities - Stage 1 - ECL	**352**	**324**	**-**	**(28)**
Undrawn commitments - Stage 1 - ECL	**508**	**472**	**-**	**(36)**
Total impairment charge/(release) to profit or loss	**118,304**	**70,878**	**(21,246)**	**(26,180)**

Notes to the Financial Statements (Continued)

For the year ended 30 June 2023

25. NET IMPAIRMENT GAIN/(LOSS) ON FINANCIAL ASSETS (CONT'D)

2022	GROUP (Rs' 000)			
	Opening Impairment provisions at 1 July 2021	Closing impairment provisions at 30 June 2022	Bad debts written off against provision at 30 June 2022	Impairment charge/ (reversal)
Lease receivables - Stage 3 - ECL	68,368	83,681	-	24,442
Lease receivables - Stages 1&2 - ECL	46,166	25,156	-	(30,139)
Cash and cash equivalents - Stage 1 - ECL	111	267	-	156
Other assets Stage 3 - ECL	6,050	7,880	(5,510)	7,340
Other assets Stages 1&2 - ECL	219	460	-	241
Investment securities - Stage 1 - ECL	48	352	-	304
Undrawn commitments - Stage 1 - ECL	861	508	-	(353)
Total impairment charge/(release) to profit or loss	121,823	118,304	(5,510)	1,991

The above tables do not include transfers between stages.

26. INCOME TAX EXPENSE

	GROUP		COMPANY	
	2023 Rs' 000	2022 Rs' 000	**2023 Rs' 000**	2022 Rs' 000
Income tax charge on adjusted profits	**3,146**	7,762	**530**	75
Deferred tax charge	**16,296**	4,163	**-**	-
Corporate Social Responsibility contribution	**1,036**	1,035	**10**	10
Under provision in previous years	**5**	-	**5**	-
Charge for the year	**20,483**	12,960	**545**	85

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

Profit before tax	**380,504**	339,656	**85,495**	67,115
Adjust for share of profits of associates	**(299,823)**	(300,901)	**-**	-
	80,681	38,755	**85,495**	67,115
Income tax calculated at a tax rate of 15%	**12,102**	5,813	**12,824**	10,067
Impact of:				
Income not subject to tax	**(41,313)**	(32,659)	**(22,260)**	(16,078)
Expenses not deductible for tax purposes	**48,653**	38,771	**9,966**	6,086
Corporate Social Responsibility contribution	**1,036**	1,035	**10**	10
Under provision in previous years	**5**	-	**5**	-
Income tax charge	**20,483**	12,960	**545**	85

Notes to the Financial Statements *(Continued)*

For the year ended 30 June 2023

27. DIVIDENDS

On 26 September 2022, before the financial statements were authorised for issue, the Board of Directors of Fincorp Investment Limited declared final dividends of Re 0.60 per share at Company level. Dividend paid to the ultimate holding Company by MCB Leasing Limited on 5.5% non-cumulative preference shares amounted to Rs 11 m (2022: Rs 11 m).

28. EARNINGS PER SHARE

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

	GROUP		COMPANY	
	2023	2022	**2023**	2022
Profit attributable to equity holders of the parent (Rs'000)	**360,021**	326,696	**84,950**	67,030
Number of shares in issue and ranking for dividend (thousands)	**103,355**	103,355	**103,355**	103,355
Earnings per share (Rs.)	**3.48**	3.16	**0.82**	0.65

29. CONTINGENT LIABILITIES

(a) Lease commitments

At 30 June 2023, the Group had commitments amounting to Rs 502 million in respect of undrawn lease commitments (2022: Rs 479 million).

(b) Intangible assets

During the year under review, the subsidiary has invested in a new leasing software. An additional amount of USD 484,000 will be paid with respect to same within the next twelve months.

(c) Tax Assessments

MCB Leasing Limited, the Company's subsidiary, received tax assessments from the Mauritius Revenue Authority ("MRA") for FY 18/19 and FY 19/20 disallowing the Company's claim for "partial exemption" of 80% on interest income under Item 7 of Sub-Part B of Part II of the Second Schedule of the Income Tax Act ("the Act") as in their view the activities of the Company did not qualify for the exemption under the requirements of the Act. The tax assessment for FY 18/19 claiming an amount of Rs 8,295,080 was received in 2020 and the tax assessment for FY 19/20 for an amount of Rs 9,776,345 was received in 2021.

The Company received confirmation from the MRA informing the Company that the tax assessment for FY 18/19 has been dropped on 11 May 2022. However, the MRA, thereafter, issued a new tax assessment again disallowing the Company's claim for "partial exemption" of 80% on interest income under item 7 of Sub-part B of Part II of the Second Schedule to the Income Tax Act. The liability based on the new tax assessment for FY 18/19 remains as at Rs 8,295,080.

The Company has received independent legal opinion confirming that the activities of the Company is covered by the relevant guidelines of the Act entitled to claim the exemption based on extant tax regulations. The Company has accordingly responded to the authorities refuting the claim and provided necessary explanations. Based on advice received from its legal and tax advisors, no provision has been made in respect of these tax claims amounting to Rs 18,071,425 in the books of the subsidiary (2022: Nil).

30. OPERATING LEASES

	GROUP	
	2023 Rs' 000	2022 Rs' 000
Future minimum leases receivable under non-cancellable operating leases may be analysed as follows:		
Up to 1 year	**304,290**	246,579
Over 1 year and up to 2 years	**261,079**	196,610
Over 2 years and up to 3 years	**214,502**	154,126
Over 3 years and up to 4 years	**152,677**	108,245
Over 4 years and up to 5 years	**74,137**	50,076
Over 5 years	**34,670**	16,769
	1,041,355	772,405

31. OPERATING SEGMENTS

Operating segments are reported in accordance with the internal reporting whose responsibility is to allocate capital and resources to the reportable segments and assessing their performance.

All operating segments used by the Group meet the definition of a reportable segment under IFRS 8.

The Group's income, expenses, assets and liabilities are derived mainly through its Mauritian operations.

The following summary describes the operations of each reportable segment.

Reportable Segments	**Operations**
Leasing	Offering finance and operating leasing solutions and takes deposit
Investing	Investing in priority in the financial services sector

Year ended 30 June 2023

	Group Rs' 000	**Leasing Rs' 000**	**Investing Rs' 000**	**Eliminations Rs' 000**
Gross income	**542,313**	504,462	153,073	(115,222)
Expenses	**(487,812)**	(420,235)	(67,577)	-
Operating profit before impairment	**54,501**	84,227	85,496	(115,222)
Net impairment release on financial assets	**26,180**	26,180	-	-
Operating profit	**80,681**	110,407	85,496	(115,222)
Share of profits of associates	**299,823**	-	299,823	-
Profit before tax	**380,504**	110,407	385,319	(115,222)
Income tax expense	**(20,483)**			
Profit attributable to equity holders of the parent	**360,021**			
Other segment items:				
Segment assets	**5,575,015**	4,914,613	878,446	(218,044)
Investments in associates	**6,713,675**	-	1,830,520	-
Total assets	**12,288,690**		2,708,966	
Segment liabilities	**4,767,402**	4,148,004	619,398	-
Total liabilities	**4,767,402**			
Capital expenditure	**581,756**	581,756		
Depreciation charge	**216,742**	216,742		
Amortisation	**3,823**	3,823		

Notes to the Financial Statements (Continued)

For the year ended 30 June 2023

31. OPERATING SEGMENTS (CONT'D)

Year ended 30 June 2022

	Group Rs' 000	Leasing Rs' 000	Investing Rs' 000	Eliminations Rs' 000
Gross income	461,059	456,178	107,960	(103,079)
Expenses	(420,313)	(379,467)	(40,846)	-
Operating profit before impairment	40,746	76,711	67,114	(103,079)
Net impairment loss on financial assets	(1,991)	(1,991)	-	-
Operating profit	38,755	74,720	67,114	(103,079)
Share of profits of associates	300,901	-	300,901	-
Profit before tax	339,656	74,720	368,015	(103,079)
Income tax expense	(12,960)			
Profit attributable to equity holders of the parent	326,696			
Other segment items:				
Segment assets	4,955,456	4,402,540	770,964	(218,048)
Investments in associates	6,476,188	-	1,913,248	-
Total assets	11,431,644		2,684,212	
Segment liabilities	4,340,485	3,690,401	650,084	-
Total liabilities	4,340,485			
Capital expenditure	446,299	446,299		
Depreciation charge	177,295	177,295		
Amortisation	7,596	7,596		

32. RELATED PARTY TRANSACTIONS

(a) Group

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

	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
2023					
Entity under common control	**-**	**36,627**	**616,206**	**-**	**-**
Directors and close family members	**54**	**496**	**-**	**13,850**	**1,857**
Enterprises in which directors/key management personnel have significant interest	**162**	**2,489**	**-**	**-**	**2,824**
2022					
Entity under common control	2,112	28,776	651,757	-	-
Directors and close family members	11	221	-	6,500	214
Enterprises in which directors/key management personnel have significant interest	1,606	-	-	-	26,713

(b) Company

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

	2023	2022
	Rs' 000	Rs' 000
Subsidiaries		
Dividend income	**25,000**	30,000
Entity under joint control		
Loan/amount due to	**616,206**	647,579
Expenses/financial charges	**36,627**	27,614
Associate		
Dividend income	**90,222**	73,079

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

	2023	2022
Directors and key management personnel of the subsidiary: Salaries and short term employee benefits	**5,806**	5,359

33. HOLDING COMPANY

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

Five-Year Financial Summary

For the year ended 30 June 2023

		GROUP					COMPANY				
		2023 Rs' m	2022 Rs' m	2021 Rs' m	2020 Rs' m	2019 Rs' m	**2023 Rs' m**	2022 Rs' m	2021 Rs' m	2020 Rs' m	2019 Rs' m
STATEMENTS OF FINANCIAL POSITION											
Total assets		**12,289**	11,432	11,246	10,986	11,014	**2,709**	2,684	2,704	2,751	2,909
Share capital		**103**	103	103	103	103	**103**	103	103	103	103
Retained earnings		**2,873**	2,544	2,139	1,994	2,110	**139**	116	111	53	80
Other components of equity		**4,545**	4,444	4,344	3,580	3,794	**1,848**	1,815	1,441	1,607	1,744
Shareholders' interests		**7,521**	7,091	6,586	5,677	6,007	**2,090**	2,034	1,655	1,763	1,927
Total liabilities		**4,768**	4,341	4,660	5,309	5,007	**619**	650	1,049	988	982
Total equity and liabilities		**12,289**	11,432	11,246	10,986	11,014	**2,709**	2,684	2,704	2,751	2,909
STATEMENTS OF PROFIT OR LOSS											
Operating income		**362**	310	363	275	284	**90**	71	61	39	87
Profit/(Loss) before tax		**381**	340	177	(50)	220	**85**	67	57	35	84
Profit/(Loss) attributable to equity holders of the parent		**360**	327	164	(51)	213	**85**	67	57	35	83
DATA PER SHARE											
Earnings/(loss) per share	Rs	**3.48**	3.16	1.59	(0.50)	2.06	**0.82**	0.65	0.55	0.34	0.80
Net assets per share*	Rs	**70.84**	66.67	61.79	52.99	56.19	**20.22**	19.68	16.01	17.06	18.65

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

Fincorp

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