

Consolidated Statement of Financial Position

	30 June 2020 Rs'000	30 June 2019 Rs'000 (Restated)	01 July 2018 Rs'000 (Restated)
ASSETS EMPLOYED			
NON-CURRENT ASSETS			
Intangible assets	21,294	24,706	26,048
Plant and equipment ¹	674,034	694,910	592,372
Investments in associates	5,193,719	5,602,434	5,445,388
Investment securities	726,954	521,439	490,642
Loan receivable	342,937	308,868	308,914
Net lease receivables ²	2,230,566	2,214,331	2,181,949
Deposits with financial institutions	-	55,842	104,268
	9,189,504	9,422,530	9,149,581
CURRENT ASSETS	1,796,107	1,592,522	1,867,653
CURRENT LIABILITIES	(2,744,889)	(1,535,123)	(1,612,691)
NET CURRENT (LIABILITIES)/ASSETS	(948,782)	57,399	254,962
	8,240,722	9,479,929	9,404,543
FINANCED BY			
Share capital	103,355	103,355	103,355
Retained earnings	1,993,687	2,110,286	1,902,231
Other components of equity	3,579,782	3,793,546	3,845,925
SHAREHOLDERS' INTERESTS	5,676,824	6,007,187	5,851,511
NON-CURRENT LIABILITIES			
Deposits from customers	2,192,914	3,122,089	3,115,335
Borrowings	353,934	334,414	423,018
Deferred tax liabilities	17,050	16,239	14,679
	2,563,898	3,472,742	3,553,032
	8,240,722	9,479,929	9,404,543

RESULTS

Fincorp posted a consolidated loss after tax amounting to Rs 51.4 million for the financial year ended June 30, 2020 compared to a profit of Rs 213.0 million last year.

Operating profit before share of results of associates deteriorated from Rs 68.3 million to Rs 26.2 million, reflecting a difficult year at the level of MCB Leasing Limited which was heavily impacted by the Covid-19 pandemic. Lower disbursements during the three months lockdown gave rise to a lower lease portfolio as well as an excess liquidity situation which yielded negative margins due to a significant drop in treasury bill rates in the last few months of the financial year. This resulted into a significant drop in operating income of Rs 30.8 million to Rs 143.9 million. The year under review was also impacted by additional provisioning for Expected Credit Losses of Rs 9.7 million on the performing lease portfolio on the back of uncertainties in the local economy as a result of the pandemic.

The contribution of the Company's associates also dropped significantly from a profit of Rs 152.0 million last year to a loss of Rs 76.6 million for the current year. This significant deterioration reflects the adverse performance of:

- (a) Caudan Development Limited whose operations have been severely impacted by the COVID-19 pandemic as well as a difficult start in respect of its Phase 3 building amidst higher financing charges whilst benefitting from significant gains from fair value adjustment on investment property during the last financial year. Caudan's contribution to Group profits dropped by Rs 83.6 million; and
- (b) Medine Limited impacted by the challenging operating environment characterising the sugar industry, a significant drop in profits from the sale of land, fair value losses registered in the current financial year as opposed to fair value gains from the revaluation of its investment properties in the prior year and the adverse impact of the Covid-19 pandemic on certain operations. Medine's contribution to Group profits dropped by Rs 132.9 million.

In the current exceptional circumstances relating to the Covid-19 pandemic and in view of the fact that our subsidiary and associated companies have not declared any dividends, the Company has not declared any dividend for the period under review.

By order of the Board
16 October 2020

Notes

	2020 Rs'000	2019 Rs'000
1. Plant and Equipment		
Assets under operating leases included under the above caption	670,862	693,753
2. Net Lease Receivables		
Receivable within one year and included in current assets	1,063,906	1,264,845
Receivable after one year	2,230,566	2,214,331
	3,294,472	3,479,176

Consolidated Statement of Profit or Loss

	Year ended 2020 Rs'000	Year ended 2019 Rs'000
Revenue	487,742	501,423
Other income	224,253	220,318
(Loss)/Profit on exchange	(540)	68
Finance income	269,060	281,812
Finance costs	(218,106)	(218,466)
Operating expenses ³	(238,791)	(209,374)
Operating profit before impairment	35,876	74,358
Net impairment of financial assets	(9,718)	(6,105)
Operating profit	26,158	68,253
Share of (losses)/profits of associates	(76,608)	152,044
(Loss)/Profit before tax	(50,450)	220,297
Income tax expense	(965)	(7,323)
(Loss)/Profit attributable to equity holders of the parent	(51,415)	212,974

Consolidated Statement of Comprehensive Income

	Year ended 2020 Rs'000	Year ended 2019 Rs'000
(Loss)/Profit attributable to equity holders of the parent	(51,415)	212,974

Other comprehensive (expense)/income:

Items that will not be reclassified to profit or loss:

Net fair value gain/(loss) on equity investments	50,625	(72,225)
Share of other comprehensive (expense)/income of associates	(254,711)	69,138
	(204,086)	(3,087)

Items that may be reclassified subsequently to profit or loss:

Share of other comprehensive (expense)/income of associates	(26)	4,441
	(26)	4,441
Other comprehensive (expense)/income for the year	(204,112)	1,354

Total comprehensive (expense)/income attributable to equity holders of the parent

	(255,527)	214,328
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Data per Share

Net assets per share* (Rs.)	52.99	56.19
(Loss)/Earnings per share (Rs.) ⁴	(0.50)	2.06
No. of shares in issue (thousands)	103,355	103,355

* after adjusting for the non-cumulative irredeemable preference shares

3. Operating Expenses

Depreciation of assets under operating leases included in operating expenses	155,501	134,918
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4. (Loss)/Earnings per Share

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

Consolidated Statement of Changes in Equity

	Share Capital Rs'000	Capital Contribution Rs'000	Retained Earnings Rs'000	Capital Reserve Rs'000	Revaluation & Other Reserve Rs'000	Statutory Reserve Rs'000	Total Rs'000
At 01 July 2018, before restatement	103,355	200,000	1,902,231	377,792	2,944,193	95,584	5,623,155
Prior year adjustment by associate	-	-	-	228,356	-	-	228,356
As restated	103,355	200,000	1,902,231	606,148	2,944,193	95,584	5,851,511
Profit for the year	-	-	212,974	-	-	-	212,974
Other comprehensive income/(expense) for the year	-	-	68	4,280	(2,994)	-	1,354
Total comprehensive income/(expense) for the year	-	-	213,042	4,280	(2,994)	-	214,328
Share of transfer by associate	-	-	64,479	-	(64,479)	-	-
Effect of employee share options exercised in associate	-	-	6,804	-	-	-	6,804
Share of other movements in reserves of associate	-	-	-	-	(2,779)	-	(2,779)
Share of impact of change in shareholding in associates	-	-	(664)	-	-	-	(664)
Dividends	-	-	(62,013)	-	-	-	(62,013)
Transfer to statutory reserve	-	-	(13,593)	-	-	13,593	-
At 30 June 2019	103,355	200,000	2,110,286	610,428	2,873,941	109,177	6,007,187
Loss for the year	-	-	(51,415)	-	-	-	(51,415)
Other comprehensive expense for the year	-	-	(329)	-	(203,783)	-	(204,112)
Total comprehensive expense for the year	-	-	(51,744)	-	(203,783)	-	(255,527)
Share of transfer by associate	-	-	10,836	-	(10,836)	-	-
Effect of employee share options exercised in associate	-	-	(3,011)	-	-	-	(3,011)
Share of other movements in reserves of associate	-	-	-	-	(7,195)	-	(7,195)
Share of impact of change in shareholding in associates	-	-	8,383	-	-	-	8,383
Dividends	-	-	(73,013)	-	-	-	(73,013)
Transfer to statutory reserve	-	-	(8,050)	-	-	8,050	-
At 30 June 2020	103,355	200,000	1,993,687	610,428	2,652,127	117,227	5,676,824

Consolidated Statement of Cash Flows

	Year ended 2020 Rs'000	Year ended 2019 Rs'000
Net cash flows from operating activities	885,491	303,690
Income tax paid	(3,264)	(22,510)
Investing activities		
Purchase of plant and equipment	(209,901)	(305,794)
Purchase of intangible assets	(597)	(2,275)
Purchase of Government of Mauritius bonds	(149,347)	(102,316)
Purchase of Government of Mauritius treasury bills	(98,208)	(96,389)
Proceeds from financial institutions	-	100,000
Proceeds from sale of plant and equipment	77,061	67,433
Proceeds from sale of repossessed leased assets	6,608	5,345
Net cash flows used in investing activities	(374,384)	(333,996)
Net cash flows before financing activities	507,843	(52,816)
Financing activities		
Net decrease in borrowings	(113,680)	(166,117)
Dividends paid	(73,013)	(62,013)
Net cash flows used in financing activities	(186,693)	(228,130)
Net increase/(Decrease) in cash and cash equivalents	321,150	(280,946)
Cash and cash equivalents at 01 July	(570,756)	(289,810)
Cash and cash equivalents at 30 June	(249,606)	(570,756)

The abridged financial statements have been audited by Messrs Deloitte, Chartered Accountants and have been extracted from the audited consolidated financial statements for the year ended 30 June 2020 which have been prepared in accordance with International Financial Reporting Standards (IFRSs).

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

In the current year, the Group recognised retrospectively its share of the prior year adjustment by one of its associates in respect of revaluation surplus not previously recorded.

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

The abridged audited consolidated financial statements were approved for issue by the Board of Directors on the 16 October 2020.

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

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