



Mauritius Housing Company Ltd

ABRIDGED AUDITED FINANCIAL STATEMENTS FOR FINANCIAL YEAR ENDED 31 DECEMBER 2015

STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2015

	31 December 2015 <u>Rs'000</u>	31 December 2014 <u>Rs'000</u> Restated	31 December 2013 <u>Rs'000</u> Restated
ASSETS			
Cash at banks and in hand	809,692	460,189	472,953
Property development	2,413	4,861	14,651
Loans to customers	5,933,027	5,770,788	5,386,068
Investment property	104,240	88,174	88,174
Property and equipment	505,484	449,657	457,213
Intangible assets	26,026	2,316	2,183
Other assets	271,000	219,477	221,557
Total assets	<u>7,651,882</u>	<u>6,995,462</u>	<u>6,642,799</u>
LIABILITIES			
PEL and other savings accounts	1,647,062	1,533,704	1,467,988
Housing deposits certificates	2,045,528	1,509,078	1,165,063
Borrowings	699,081	923,833	1,124,705
Retirement benefit obligations	135,738	104,426	90,999
Other liabilities	52,161	46,169	57,670
Total liabilities	<u>4,579,570</u>	<u>4,117,210</u>	<u>3,906,425</u>
Insurance funds	76,222	73,142	70,062
SHAREHOLDERS' EQUITY			
Share capital	200,000	200,000	200,000
Revaluation reserves	489,743	431,225	431,225
Building insurance reserve	116,810	116,810	116,810
Life insurance reserve	154,642	-	-
Retained earnings	1,823,753	1,818,194	1,669,145
Statutory reserve	200,000	200,000	200,000
Other reserves	11,142	38,881	49,132
Total equity	<u>2,996,090</u>	<u>2,805,110</u>	<u>2,666,312</u>
Total equity and liabilities	<u>7,651,882</u>	<u>6,995,462</u>	<u>6,642,799</u>

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015

	Year ended 31 December 2015	Year ended 31 December 2014	Year ended 31 December 2013
	Rs'000	Rs'000 Restated	Rs'000 Restated
Interest income	531,905	516,044	500,290
Interest expense	(219,222)	(207,339)	(207,907)
Interest suspended	10,155	20,499	23,975
Net interest income	322,838	329,204	316,358
Fee and commission income	23,630	27,953	22,880
Rent received	7,153	6,997	7,223
Policy fees and charges on loan	4,038	4,562	4,971
Other operating income	54,308	56,457	68,776
	89,129	95,969	103,850
Operating income	411,967	425,173	420,208
Personnel expenses	(143,195)	(144,136)	(128,077)
Depreciation and amortisation	(13,765)	(12,411)	(12,972)
Other expenses	(61,498)	(68,419)	(73,594)
Non-interest expense	(218,458)	(224,966)	(214,643)
Operating profit	193,509	200,207	205,565
Release of allowance for credit impairment	7,927	1,078	80,428
Gain/(loss) on sale of foreclosed properties	(5,899)	3,082	(2)
Increase in fair value of investment property	16,066	-	-
Provision for other assets	(12,500)	-	-
Profit for the year	199,103	204,367	285,991
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss:</i>			
Remeasurement of post employment benefit obligations	(27,739)	(10,391)	(49,157)
Gain on revaluation of land & building	58,518	-	-
Gain on foreclosed properties	-	140	-
Other comprehensive income for the year	30,779	(10,251)	(49,157)
Total comprehensive income for the year	229,882	194,116	236,834
Earnings per share (Rs) – as reported	9.96	9.73	13.83
Earnings per share (Rs) – as restated	9.96	10.22	14.30

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2015

	Share capital	Revaluation reserves	Building insurance reserve	Retained earnings	Life Insurance reserve	Statutory reserve *	Other reserves **	Actuarial reserves**	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At 1 January 2013									
- as previously stated	200,000	431,225	116,810	1,296,995	-	200,000	121,720	(23,431)	2,343,319
- impact of adjustment on account of insurance (Note 33 (c))	-	-	-	156,482	-	-	-	-	156,482
- impact of HDC bonus relating to opening balance (Note 33 (b))	-	-	-	9,300	-	-	-	-	9,300
- impact of additional interest and bonus on PEL accounts (Note 33)	-	-	-	(18,790)	-	-	-	-	(18,790)
	200,000	431,225	116,810	1,443,987	-	200,000	121,720	(23,431)	2,490,311
Dividend (Note 11)	-	-	-	(60,833)	-	-	-	-	(60,833)
Profit for the year	-	-	-	285,991	-	-	-	-	285,991
Other comprehensive income	-	-	-	-	-	-	-	(49,157)	(49,157)
Total comprehensive income for the year	-	-	-	285,991	-	-	-	(49,157)	236,834
At 31 December 2013	200,000	431,225	116,810	1,669,145	-	200,000	121,720	(72,588)	2,666,312
At 1 January 2014									
- as previously stated	200,000	431,225	116,810	1,512,752	-	200,000	121,720	(72,588)	2,509,919
- impact of adjustment on account of insurance	-	-	-	159,378	-	-	-	-	159,378
- impact of HDC bonus (Note 33 (b))	-	-	-	18,037	-	-	-	-	18,037
- impact of additional interest and bonus on PEL accounts (Note 33)	-	-	-	(21,022)	-	-	-	-	(21,022)
	200,000	431,225	116,810	1,669,145	-	200,000	121,720	(72,588)	2,666,312
Dividend (Note 11)	-	-	-	(55,318)	-	-	-	-	(55,318)
Profit for the year	-	-	-	204,367	-	-	-	-	204,367
Other comprehensive income	-	-	-	-	-	-	140	(10,391)	(10,251)
Total comprehensive income for the year	-	-	-	204,367	-	-	140	(10,391)	194,116
At 31 December 2014	200,000	431,225	116,810	1,818,194	-	200,000	121,860	(82,979)	2,805,110
At 1 January 2015									
- as previously stated	200,000	431,225	116,810	1,630,924	-	200,000	121,860	(82,979)	2,617,840
- impact of adjustment on account of insurance	-	-	-	154,642	-	-	-	-	154,642
- impact of HDC bonus (Note 33 (b))	-	-	-	32,628	-	-	-	-	32,628
	200,000	431,225	116,810	1,818,194	-	200,000	121,860	(82,979)	2,805,110
Dividend (Note 11)	-	-	-	(38,902)	-	-	-	-	(38,902)
Profit for the year	-	-	-	199,103	-	-	-	-	199,103
Transfer to insurance reserve (Note 33 (c))	-	-	-	(154,642)	154,642	-	-	-	-
Other comprehensive income	-	58,518	-	-	-	-	-	(27,739)	30,779
Total comprehensive income for the year	-	58,518	-	44,461	154,642	-	-	(27,739)	229,882
At 31 December 2015	200,000	489,743	116,810	1,823,753	154,642	200,000	121,860	(110,718)	2,996,090

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2015

	Year ended 31 December 2015 <u>Rs'000</u>	Year ended 31 December 2014 Restated <u>Rs'000</u>	Year ended 31 December 2013 Restated <u>Rs'000</u>
Cash flows from operating activities			
Profit for the year	199,103	204,367	285,991
<i>Adjustments for:</i>			
Allowance for credit impairment	(7,927)	(1,078)	(80,428)
Provision for other assets	12,500	-	-
Depreciation	11,621	11,058	11,773
Amortisation	2,144	1,353	1,199
Loss/(Gain) on sale of foreclosed properties	5,899	(3,082)	2
Profit on disposal of property development	(492)	(1,092)	(5,979)
Increase in fair value of investment property	(16,066)	-	-
Interest in suspense	(10,155)	(20,499)	(23,975)
Profit on disposal of property and equipment	(210)	(1,046)	(435)
Provision for retirement benefit obligation	3,573	3,036	1,088
	<u>200,030</u>	<u>193,017</u>	<u>189,236</u>
Change in operating assets and liabilities			
(Increase)/decrease in other assets	(69,922)	5,302	(17,006)
Increase/(decrease) in other liabilities	5,992	(11,501)	(14,618)
Increase in accrued interest payable	69,460	50,926	13,726
Increase in loans to customers	(144,157)	(363,143)	(347,593)
Increase/(decrease) in insurance funds	3,080	3,080	(5,116)
Net cash used in operating activities	<u>(135,547)</u>	<u>(315,336)</u>	<u>(370,607)</u>
Cash flows from investing activities			
Purchase of property and equipment	(9,130)	(5,043)	(7,666)
Purchase of intangible assets	(25,854)	(1,486)	(3,274)
Proceeds from disposal of Cybervillage apartment	-	-	2,000
Proceeds from disposal of property and equipment	410	2,587	435
Proceeds from disposal of property development	2,900	10,882	35,798
Payments for property development	-	-	(2,670)
Net cash (used in)/generated from investing activities	<u>(31,674)</u>	<u>6,940</u>	<u>24,623</u>
Cash flows from financing activities			
Housing deposits certificates (HDC)	459,131	287,440	177,630
Plan Epargne Logement Savings (PEL)	121,217	71,365	22,755
Repayment of borrowings	(209,118)	(199,864)	(209,663)
Dividends paid	(38,902)	(55,318)	(60,833)
Net cash generated from/(used in) financing activities	<u>332,328</u>	<u>103,623</u>	<u>(70,111)</u>
Increase/(decrease) in cash and cash equivalents	<u>365,137</u>	<u>(11,756)</u>	<u>(226,859)</u>
Movement in cash and cash equivalents			
Cash and cash equivalents as at 1 January	435,365	447,121	673,980
Increase/(Decrease) in cash and cash equivalents	365,137	(11,756)	(226,859)
Cash and cash equivalents at 31 December	<u>800,502</u>	<u>435,365</u>	<u>447,121</u>
Cash and cash equivalents			
Cash at bank and in hand	809,692	460,189	472,953
Bank overdrafts	(9,190)	(24,824)	(25,832)
	<u>800,502</u>	<u>435,365</u>	<u>44,121</u>

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF MAURITIUS HOUSING COMPANY LTD

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.

Report on the Financial Statements

We have audited the financial statements of Mauritius Housing Company Ltd on pages 24 to 68 which comprise the Statement of Financial Position as at 31 December 2015 and the Statement of Profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF MAURITIUS HOUSING COMPANY LTD**

Opinion

In our opinion, the financial statements on pages 24 to 68 give a true and fair view of the financial position of **Mauritius Housing Company Ltd** as at 31 December 2015, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the requirements of the Mauritius Companies Act 2001, Financial Reporting Act 2004 and the Banking Act 2004.

Other matter

The financial statements of Mauritius Housing Company Ltd for the year ended 31 December 2014, were audited by another auditor who expressed an unmodified opinion thereon on 20 April 2015.

Report on Other Legal and Regulatory Requirements

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

we have no relationship with, or interests in, the company 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.

The Financial Reporting Act 2004

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

In our opinion, the disclosure in Corporate Governance Report is consistent with the requirements of the Code.

Banking Act 2004

In our opinion, the financial statements have been prepared on a basis consistent with that of the preceding year and are complete, fair and properly drawn up and comply with the Banking Act 2004 and the regulations and guidelines of the Bank of Mauritius.

The explanations or information called for or given to us by the officers or agents of the Company were satisfactory.

**Deloitte
Chartered Accountants
30 March 2016**

**Twaleb Butonkee, FCA
Licensed by FRC**