

THE MAURITIUS CIVIL SERVICE MUTUAL AID ASSOCIATION LTD
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

QUARTER ENDED SEPTEMBER 30, 2018

	Quarter 30-Sep-2018	Quarter 30-Sep-2017	Year - End 30-Jun-2018
	Rs.	Rs.	Rs.
Interest income	820,089,232	832,059,928	3,326,785,499
Interest expense	(345,568,886)	(371,415,630)	(1,449,820,683)
Net interest income	474,520,346	460,644,298	1,876,964,816
Other income	2,250,735	1,713,198	8,032,149
Rental income	2,829,793	3,963,590	14,998,831
Other gains/(loss)	-	-	487,874
Operating income	479,600,873	466,321,087	1,900,483,670
Net impairment loss on financial assets	(44,791,130)	(59,641,788)	(79,525,051)
Personnel expenses	(17,216,374)	(18,141,362)	(91,861,285)
Depreciation and amortisation	(3,039,039)	(17,166,571)	(57,185,312)
Operating lease expenses	(284,165)	(277,594)	(1,890,000)
Other expenses	(25,910,862)	(12,961,282)	(76,459,975)
Fair value adjustments of funds	-	-	92,650,000
Fair value loss on investment properties	-	-	(2,322,287)
	(91,241,569)	(108,188,597)	(216,593,910)
Profit before penalty and interest on tax assessment and income tax	388,359,304	358,132,490	1,683,889,760
Penalty and interest on tax assessment	-	-	(362,288,704)
Profit before income tax	388,359,304	358,132,490	1,321,601,056
Income tax expense	(66,021,082)	(3,151,566)	(1,484,675,319)
(Loss)/profit for the period/year	322,338,222	354,980,924	(163,074,263)
Other comprehensive income:			
<i>Items that will not be reclassified to profit or loss:</i>			
Remeasurements of post employment benefit obligations	-	-	29,099,000
Income tax relating to components of other comprehensive income	-	-	(4,946,830)
Net other comprehensive (loss)/income	322,338,222	354,980,924	24,152,170
Total comprehensive (loss)/income for the period/year	322,338,222	354,980,924	(138,922,093)

THE MAURITIUS CIVIL SERVICE MUTUAL AID ASSOCIATION LTD
STATEMENTS OF FINANCIAL POSITION - AS AT SEPTEMBER 30, 2018

	As at September 2018	As at September 2017	Year End June 2018
	Rs.	Rs.	Rs.
Assets			
Cash and cash equivalents	1,343,748,166	1,884,298,834	1,496,898,959
Loans and advances to members	33,782,041,109	34,520,225,621	33,863,493,259
Placements with bank and non-bank financial institutions	2,379,857,915	4,431,128,149	3,376,226,955
Financial assets at amortised cost	3,652,163,746	398,288,259	2,665,379,865
Property, plant and equipment	174,502,686	185,447,778	176,611,157
Intangible assets	5,107,171	26,890,484	5,594,308
Investment properties	236,810,724	236,958,691	236,810,723
Deferred tax assets	92,011,801	-	92,011,801
Other assets	42,254,274	386,561,931	27,728,230
Total assets	41,708,497,591	42,069,799,748	41,940,755,257
Liabilities			
Deposits from customers	28,189,828,017	28,489,341,540	28,452,994,876
Interest bearing loans	125,590,329	381,114,570	179,692,567
Current tax liabilities	427,857,730	3,452,707	697,999,751
Funds	3,290,818,842	3,296,570,792	3,304,238,683
Employee benefit obligations	-	55,440,000	7,691,000
Other liabilities	108,290,317	169,037,473	120,497,293
Total liabilities	32,142,385,236	32,394,957,081	32,763,114,170
Shareholders' equity			
Share capital	195,498,800	199,682,900	195,909,440
Treasury shares	29,176,000	24,429,700	28,653,400
Retained earnings	8,932,989,283	9,081,071,584	8,538,188,206
Revaluation reserves	3,480,852	3,480,852	3,480,852
Statutory reserve	224,562,840	223,965,600	224,562,840
Actuarial reserves	(70,161,378)	(93,714,860)	(70,161,378)
Other reserves	250,565,958	235,926,891	257,007,727
Total equity	9,566,112,355	9,674,842,667	9,177,641,087
Total equity and liabilities	41,708,497,591	42,069,799,748	41,940,755,257

THE MAURITIUS CIVIL SERVICE MUTUAL AID ASSOCIATION LTD

STATEMENTS OF CASH FLOWS - QUARTER ENDED SEPTEMBER 30, 2018

	As at September 2018 Rs.	As at September 2017 Rs.	Year End June 2018 Rs.
Cash flows from operating activities			
Profit before income tax	388,359,304	354,980,924	1,321,601,056
Adjustments for:			
Allowance for credit impairment	44,791,130	59,641,788	79,525,051
Depreciation	2,551,901	6,487,803	23,863,244
Amortisation of intangible assets	487,137	10,678,769	33,322,068
Interest income	(820,089,232)	(832,059,928)	(3,326,785,499)
Interest expense	345,568,886	371,415,630	1,449,820,683
Pension income / (expense)	-	-	(18,650,000)
Fair value loss on investment properties	-	-	2,322,287
Gain on sale of property, plant and equipment	-	-	(740,000)
Penalty and interest on tax assessment	-	-	362,288,704
Unrealised exchange difference	97,151	-	256,376
Change in actuarial and other reserves	-	(44,972,953)	-
Change in fair value of funds	-	-	(92,650,000)
	<u>(38,233,722)</u>	<u>(73,827,968)</u>	<u>(165,826,030)</u>
Changes in operating assets and liabilities			
Decrease/(increase) in loans and advances to members	(5,146,100)	86,754,303	494,312,356
Decrease/(increase) in other assets	(13,716,731)	(145,666,047)	213,580,202
(Decrease)/Increase in deposits from customers	(307,547,685)	257,722,710	363,198,768
(Decrease)/increase in other liabilities	33,459,625	37,383,188	(44,890,020)
(Decrease)/Increase in funds	(13,221,289)	12,153,031	194,778,632
Interest received	857,070,412	827,059,928	3,286,654,860
Interest paid	(301,499,092)	(377,549,056)	(1,516,120,971)
Interest and penalty paid	-	-	(295,168,797)
Income tax paid	(270,142,020)	-	(887,083,273)
Net cash generated from/(used in) operating activities	<u>(58,976,602)</u>	<u>624,030,088</u>	<u>1,643,435,727</u>
Cash flows from investing activities			
Movement in placements with bank and non-bank financial institutions	935,000,000	(359,089,258)	1,120,000,000
Proceeds from matured Investment securities	250,000,000	-	1,408,200,000
Additions of Investment Securities	(1,222,601,182)	-	(4,047,362,942)
Proceeds from winding of subsidiary	-	-	-
Purchase of property, plant and equipment	(2,588,540)	(1,411,549)	(12,511,178)
Proceeds from sale of property, plant and equipment	-	-	740,000
Purchase of intangible assets	-	-	(1,590,220)
Purchase of investment property	-	-	-
Net cash used in investing activities	<u>(40,189,722)</u>	<u>(360,500,807)</u>	<u>(1,532,524,340)</u>
Cash flows from financing activities			
Proceeds from issuing shares	111,960	147,000	597,240
Decrease in interest bearing loans	(53,989,758)	(48,425,982)	(250,014,947)
Dividend paid	(9,520)	-	(33,386,879)
Net cash used in financing activities	<u>(53,887,318)</u>	<u>(48,278,982)</u>	<u>(282,804,586)</u>
Net increase in cash and cash equivalents	<u>(153,053,642)</u>	215,250,299	(171,893,199)
Effect of foreign exchange rate changes	(97,151)	-	(256,376)
Cash and cash equivalents at beginning of year	<u>1,496,898,959</u>	<u>1,669,048,535</u>	<u>1,669,048,534</u>
Cash and cash equivalents at end of year	<u><u>1,343,748,166</u></u>	<u><u>1,884,298,834</u></u>	<u><u>1,496,898,959</u></u>

THE MAURITIUS CIVIL SERVICE MUTUAL AID ASSOCIATION LTD
STATEMENTS OF CHANGES IN EQUITY - QUARTER ENDED SEPTEMBER 30, 2018

	Share capital	Treasury shares	Statutory reserve	Revaluation and other reserves	Other Reserve	Actuarial reserves	Retained earnings	Total equity
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Balance at July 1, 2017	199,548,700	24,416,900	223,965,600	3,480,852	281,498,532	(94,313,548)	8,677,368,904	9,315,965,940
Issue of shares	597,240	-	-	-	-	-	-	597,240
Profit for the period	-	-	-	-	-	-	(163,074,263)	(163,074,263)
Other comprehensive income for the year	-	-	-	-	-	24,152,170	-	24,152,170
Total comprehensive income	-	-	-	-	-	24,152,170	(163,074,263)	(138,922,093)
Movement	-	-	597,240	-	(24,490,805)	-	23,893,565	-
Transfer to treasury shares	(4,236,500)	4,236,500	-	-	-	-	-	-
Balance at June 30, 2018	195,909,440	28,653,400	224,562,840	3,480,852	257,007,727	(70,161,378)	8,538,188,206	9,177,641,087
Balance at July 1, 2018	195,909,440	28,653,400	224,562,840	3,480,852	257,007,727	(70,161,378)	8,538,188,206	9,177,641,087
Issue of shares	(410,640)	-	-	-	-	-	-	(410,640)
Profit for the period	-	-	-	-	-	-	388,359,304	388,359,304
Movement	-	522,600	-	-	(6,441,769)	-	6,441,769	522,600
Balance at September 30, 2018	195,498,800	29,176,000	224,562,840	3,480,852	250,565,958	(70,161,378)	8,932,989,279	9,566,112,350

Financial Environment

During the period under review, the Monetary Policy Committee of the Bank of Mauritius met on one occasion and the Key Repo Rate was maintained at 3.50%. The weighted yield on 364-day Treasury Bills took the upward trend. It increased from 1.76% in September 2017 to reach 3.62% in September 2018.

The Mutual Aid Association continued to offer competitive interest rates on deposits and had maintained a premium of 25 basis points to Pensioner depositors during the year under review. As regards to loans and advances, the Association is offering interest rate starting from 4.60% per annum.

Outlook

Looking forward, the business segment in which the Association operates is set to remain turbulent and volatile, with continuing challenges which are outside its span of control. The challenges are impacting on the activities of the Association.

An analysis of Association's key financial information and performance is summarized below.

Principal Activities and nature of customers

The principal activities of the Association are to grant loans to its members and accept deposits from the public. All such activities are carried out at its registered office in Mauritius. The Association has a sub-office in Rodrigues, where loan applications are collected for onward processing in Mauritius.

As regards to its loan activities, the Association deals exclusively with its members based on the principle of mutuality. Regarding deposit taking activities, the Association mobilizes fund from the general public as well as from institutional investors.

Review by business lines

Income

Net interest income

Notwithstanding the pressure on margins, the Mutual Aid Association is continuing to offer competitive interest rates for both its loan and deposit products, a net interest income of Rs 475m was generated for the quarter ended September 2018.

Cost to Income

The Association continues to maintain a relatively low cost to income ratio. For the quarter September 2018, the cost to income ratio stood at about 9.69%, thus showing that a high level of operational efficiency was achieved.

Assets

The total assets of the Association stood at Rs 41.7bn at end of September 2018.

Loans and advances to members

Loans and advances are granted solely to public sector employees and pensioners. Net loans and advances was to the tune of Rs 33.8bn. A negative growth of 0.24% arose due to factors outside the control of the Association.

Cash and cash equivalents and Placements with bank and non-bank financial institutions

The Association maintained cash and cash equivalents of Rs 1.3bn as at end of September 2018. Placements made by the Mutual Aid Association in other financial institutions stood at Rs 2.4bn at the end of September 2018.

Liquid Assets

Cash and cash equivalents, and placements with banks and non-banks financial institutions have been undertaken to meet the minimum requirement of 10% investment in liquid assets. As at end of September 2018, the ratio stood comfortably at 22% which is in line with the liquidity risk management strategy of the Association.

Liabilities

Deposits from customers

The total deposits stood at Rs 28.2bn as at September 2018 thus showing the high level of trust placed in the Association by its depositors.

Funds

The Funds consist of the Guarantee Benevolent Scheme (GBS), Mutual Solidarity Contribution (MSC) and Retirement Savings Fund (RSF). The Funds stood at Rs. 3.3bn as at September 2018. For the quarter ended September 2018, the interest rate of 4.00% has been paid to RSF holders, whereas the average savings rate was about 1.83%.

Shareholders' equity

Shareholders' equity decreased from Rs 9.7bn in September 2017 to Rs 9.6bn in September 2018.

Capital Structure and Capital Adequacy Ratio (CAR)

The Tier 1 and Tier 2 capital of the Association were to the tune of Rs. 9.08bn and Rs. 239m respectively for the said period. The weighted amount of on-balance sheet assets was Rs. 19bn for the same period. Consequently, the CAR of the Association reached a note of about 49% thus confirming once more the financial soundness of the Association.

Specific, Portfolio and Prudential Provisions

The cumulative specific provisions as at September 30, 2018 amounted to Rs335.5m, including a sum of Rs 48.7m for deceased loanees. Therefore, the provisions on account of default customers stood at Rs. 286.8m.

In addition to the specific provisions, the Association also earmarked cumulative portfolio provision of Rs. 334.2m for the said period.

Besides, the Association also made a prudential provision of Rs. 250.6m for the financial year under review through the appropriation of reserves.

Therefore, the total provisions effected by the Association were to the tune of Rs 920.3m at the end of September 2018.