

***LA PRUDENCE LEASING FINANCE CO. LTD***

***UNAUDITED INTERIM FINANCIAL STATEMENTS  
30 SEPTEMBER 2023***

**LA PRUDENCE LEASING FINANCE CO. LTD**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2023**

**1. OUR VALUE STATEMENT**

***Our vision***

To be the reference for your leasing solutions and investment opportunities.

***Our mission***

To grow our shareholder's value sustainably while serving passionately our clients through comprehensive customised financial solutions nurtured by our employees whom we consider as pivotal to our success.

***Commitment***

We are committed to serve our clients and partners to the best of our capabilities by being ACCESSIBLE, ACTIVE, ADAPTABLE AND AGILE.

**2. GENERAL INFORMATION**

La Prudence Leasing Finance Co. Ltd (the "Company") is a non-bank deposit taking institution that provides assets finance through finance leases and operating leases. The Company is a limited liability company and is incorporated and domiciled in Mauritius. The address of the registered office and principal place of business is United Docks Business Park, Kwan Tee Street, Caudan, Port-Louis.

**3. OVERVIEW OF THE COMPANY**

The Company was rated A- with a stable outlook by CARE Ratings (Africa) Private Limited, the first credit agency licensed by the Financial Services Commission and recognised as External Credit Assessment Institution by the Bank of Mauritius.

**4. ACCOUNTING POLICIES**

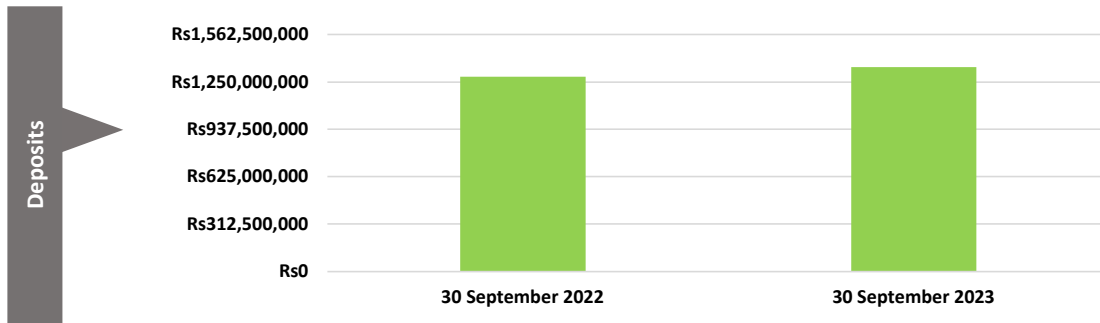
The principal accounting policies and methods of computations adopted in the presentation of the report are the same as those used for audited accounts for the financial year ended 31 December 2022.

**LA PRUDENCE LEASING FINANCE CO. LTD  
FOR THE PERIOD ENDED 30 SEPTEMBER 2023**

**5. FINANCIAL REVIEW**

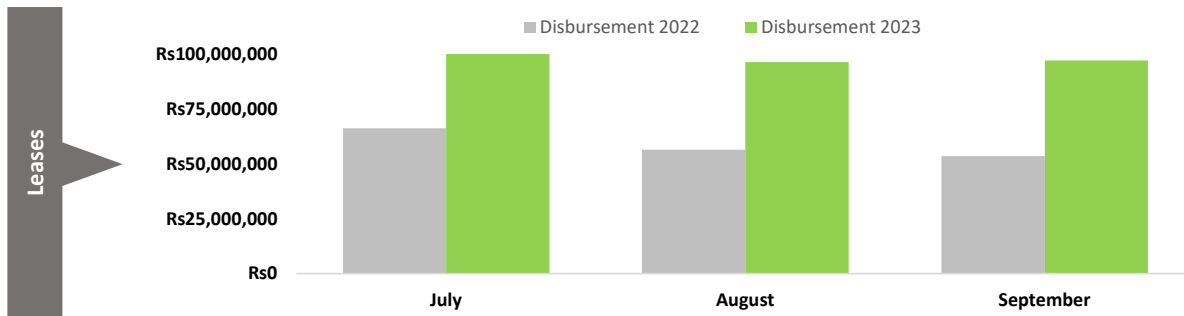
**Deposits from customers**

Total deposits grew by 4.86% and stood at Rs 1.347 billion as at 30 September 2023 as compared to Rs 1.285 billion as at September 2022.



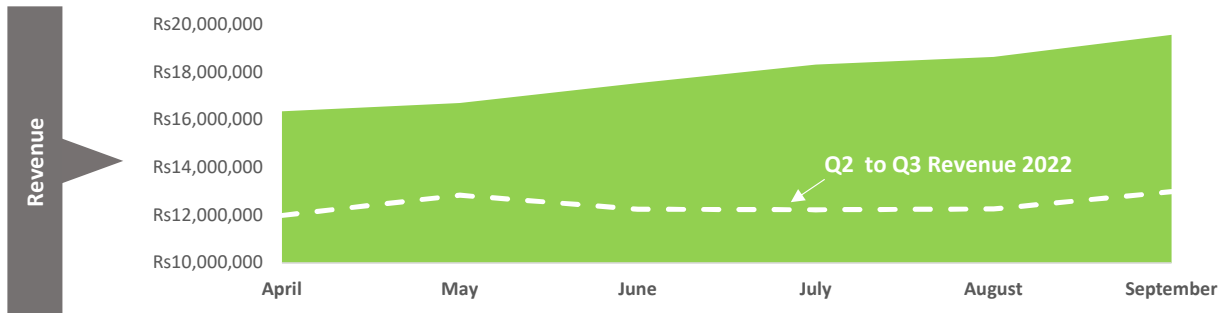
**Leases disbursed**

The amount of leases approved stood at Rs 299 million for the quarter ended 30 September 2023 while for the same quarter last year an amount of Rs 176.7 million was approved as new leases. The lease disbursed figures are higher and aligned with our growth strategy. The average monthly disbursement for the quarter under review is Rs 99.7 million compared to Rs 58.9 million for the same quarter last year.



**Revenue**

Revenue from finance and operating lease activities increased significantly by 50.6% to reach Rs 56.5 million for the quarter under review while it stood at Rs 37.4 million for the same quarter last year. The monthly revenue on average for the quarter under review is Rs 18.8 million compared to Rs 12.5 million for the same quarter last year.

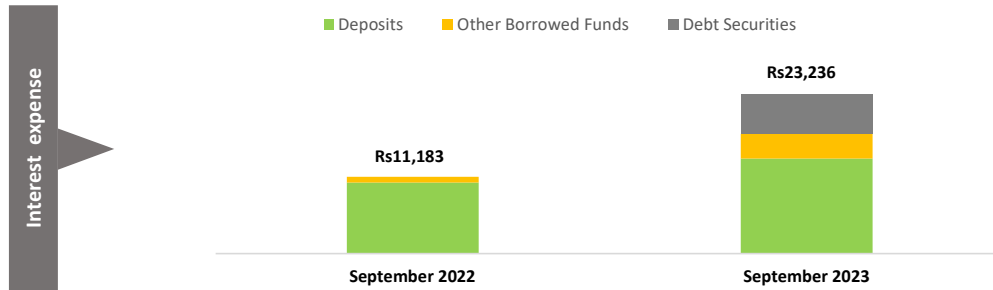


**LA PRUDENCE LEASING FINANCE CO. LTD**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2023**

**5. FINANCIAL REVIEW (CONTINUED)**

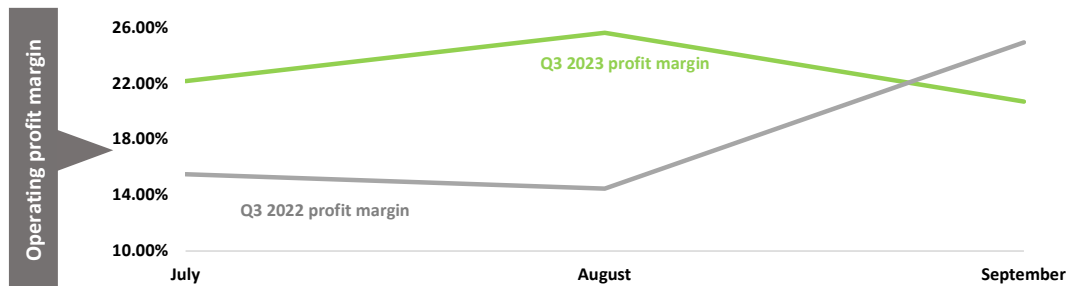
**Interest expense**

Interest expense increased by 107.79% to reach Rs 23.23 million for the quarter 30 September 2023 while it stood at Rs 11.18 million for the same quarter last year. The increase in interest expense is the result of increased borrowed funds and the raising of debt securities to support the Company's grow strategy. Interest paid to depositors has also increased to Rs 13.86 million for the quarter ended 30 September 2023 compared to Rs 10.36 million for the same quarter last year.



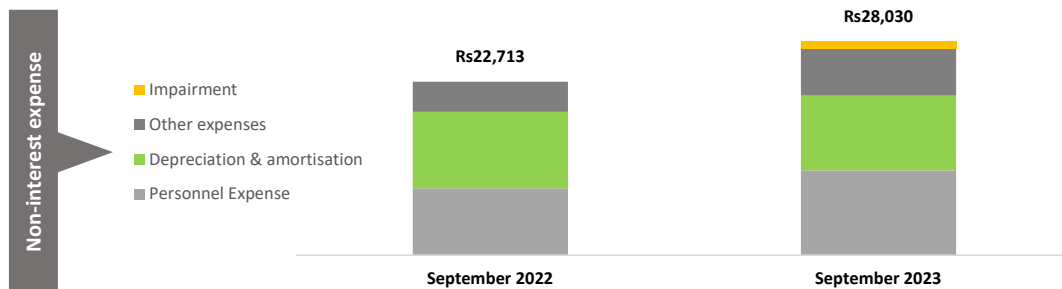
**Operating Profit**

The operating profit for the quarter ended 30 September 2023 is Rs 15.21 million as compared to Rs 7.58 million for the same quarter last year. Although the interest expense on bonds and term loans have significantly impacted our margins in 2023, the operating profit margin for the quarter under review is higher at 22.88% compared to 18.40% for the same quarter last year.



**Non-Interest Expense**

Non-interest expense for the period ended 30 September 2023 stood at Rs 28.03 million compared to Rs 22.71 million for the same quarter last year. The increase of 23.41% in non-interest expense is mainly explained by an increase in provision for impairment, personnel expenses and professional fees.



**LA PRUDENCE LEASING FINANCE CO. LTD**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2023**

**5. FINANCIAL REVIEW (CONTINUED)**

**Credit Quality**

Non-performing lease as a percentage of total lease portfolio is 1.92% as at 30 September 2023.

**Sector-Wise distribution of the leasing portfolio**

<b>30 September 2023</b>	<b>Total capital outstanding</b>	<b>ECL</b>	<b>Net</b>
	<b>Rs</b>	<b>Rs</b>	<b>Rs</b>
Agriculture and fishing	31,116,668	411,027	30,705,641
Manufacturing and textile	147,219,409	1,790,811	145,428,598
Tourism	94,303,485	684,404	93,619,081
Transport	205,027,842	2,688,153	202,339,689
Construction and civil engineering	140,158,613	1,945,779	138,212,834
Financial and Business Services	60,434,991	461,923	59,973,068
Traders & Commerce	302,302,059	12,486,869	289,815,190
Personal	597,923,857	4,071,742	593,852,115
Professional	39,146,206	317,976	38,828,230
Media, Entertainment and Recreational Activities	43,552,710	794,199	42,758,511
Freeport Enterprise Certificate Holders	161,857	535	161,323
Other	12,616,674	161,038	12,455,636
Infrastructure	8,006,358	47,293	7,959,065
Education	48,246,725	628,431	47,618,294
Modernisation and Expansion	252,633	835	251,797
ICT Services	47,694,049	297,000	47,397,049
Services Sector	143,411,922	2,587,950	140,823,972
Health Development	57,272,536	599,734	56,672,802
<b>Total</b>	<b>1,978,848,593</b>	<b>29,975,699</b>	<b>1,948,872,894</b>

**Capital Structure**

As a non-bank deposit taking institution, the company is required to:


- Maintain a minimum capital adequacy ratio of 10% which was 18.33% for quarter 30 September 2023 and 24.62% for 30 September 2022.
- Maintain liquid assets equivalent to not less than 10% of deposit liabilities.  
The liquidity asset ratio was at 12.45% for quarter 30 September 2023 and 16.73% for the same quarter last year.

**LA PRUDENCE LEASING FINANCE CO. LTD**

**STATEMENT OF FINANCIAL POSITION FOR THE PERIOD ENDED 30 SEPTEMBER 2023**

	UNAUDITED		AUDITED
	30-Sept 2023	30-Sep 2022	31 Dec 2022
<b>ASSETS</b>			
Cash and cash equivalents	46,712,266	86,882,955	26,254,312
Deposits with financial institutions	102,202,684	145,644,070	146,280,733
Investment in debt securities at amortised cost	98,308,750	65,208	-
Net investment in lease receivables	1,948,872,894	1,321,694,371	1,476,392,354
Advance on finance leases	395,233	5,036,188.00	3,639,745.00
Property and equipment	126,914,926	127,938,927	134,899,246
Right-of-use assets	1,478,358	3,676,315	2,964,908
Current tax assets	-	-	187,288
Deferred tax assets	-	1,873,950	-
Intangible assets	15,385,120	17,141,954	16,704,428
Assets held for sale	1,775,770	302,765	1,775,770
Other assets	13,422,997	9,284,714	8,738,886
<b>Total assets</b>	<b>2,355,468,998</b>	<b>1,719,541,417</b>	<b>1,817,837,670</b>
<b>LIABILITIES</b>			
Deposits from customers	1,347,217,047	1,284,729,209	1,274,818,178
Debt securities	373,389,643	-	-
Other borrowed funds	276,789,107	106,505,788	198,915,670
Lease liabilities	1,589,642	3,693,903	3,046,564
Current tax liability	5,380,377	2,683,010	-
Dividend payable	-	-	10,000,000
Other liabilities	26,191,693	22,509,410	26,998,975
Deferred tax liabilities	1,936,268	-	1,936,268
Retirement benefit obligations	602,292	950,050	602,292
<b>Total liabilities</b>	<b>2,033,096,069</b>	<b>1,421,071,370</b>	<b>1,516,317,947</b>
<b>SHAREHOLDER'S EQUITY</b>			
Share capital	200,000,000	200,000,000	200,000,000
Statutory reserve	38,875,339	29,233,484	33,497,357
General risk reserve	9,496,330	-	6,988,679
Retained earnings	74,001,260	69,236,563	61,033,687
<b>Total equity</b>	<b>322,372,929</b>	<b>298,470,047</b>	<b>301,519,723</b>
<b>Total equity and liabilities</b>	<b>2,355,468,998</b>	<b>1,719,541,417</b>	<b>1,817,837,670</b>

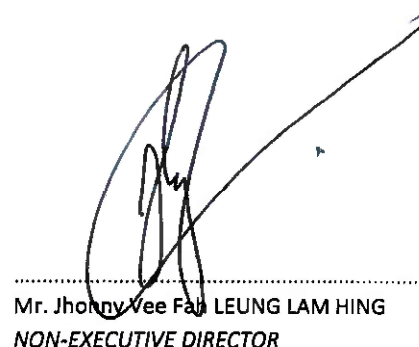
Authorised for public disclosure by the Board of Directors and signed on its behalf by:



Mr. Clement YUE-CHI-MING  
MANAGING DIRECTOR



Mr. Philippe Olivier MAUREL  
NON-EXECUTIVE DIRECTOR



Mr. Johnny Vee Fai LEUNG LAM HING  
NON-EXECUTIVE DIRECTOR

**LA PRUDENCE LEASING FINANCE CO. LTD**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**PERIOD ENDED 30 SEPTEMBER 2023**

	UNAUDITED			AUDITED	
	Quarter Ended 3 months 30-Sep 2023	Quarter Ended 3 months 30-Sep 2022	Period ended 9 months 30-Sep 2023	Period ended 9 months 30-Sep 2022	Year Ended 31-Dec 2022
<b>Interest income</b>					
Interest income calculated using the effective interest rate method	1,810,079	885,719	5,030,284	3,020,000	4,213,487
Interest income on investment in finance lease receivables	45,169,477	26,153,648	118,793,296	74,576,181	103,016,521
Interest expense	(23,236,073)	(11,182,731)	(56,292,665)	(33,611,391)	(44,696,049)
<b>Net interest income</b>	<b>23,743,483</b>	<b>15,856,636</b>	<b>67,530,915</b>	<b>43,984,790</b>	<b>62,533,959</b>
<b>Non-interest income</b>					
Operating lease rental income	11,336,387	11,326,732	35,548,618	35,975,970	48,064,342
Fee and commission income	4,050,850	2,454,798	11,123,136	5,656,574	8,397,613
Other income	4,112,387	361,121	6,614,680	1,856,462	9,093,064
Net foreign exchange gain	-	-	70,402.00	144,833	144,469
<b>Net non-interest income</b>	<b>19,499,624</b>	<b>14,142,651</b>	<b>53,356,836</b>	<b>43,633,839</b>	<b>65,699,488</b>
<b>Operating income</b>	<b>43,243,107</b>	<b>29,999,287</b>	<b>120,887,751</b>	<b>87,618,629</b>	<b>128,233,447</b>
Net impairment (loss)/gain on financial assets	(1,008,750)	292,301	(2,165,451)	409,793	2,212,133
Gain on assets held for sale	-	105,186	-	85,725	237,459
Personnel expenses	(11,100,751)	(8,741,354)	(31,687,426)	(25,605,792)	(38,458,077)
Depreciation of property and equipment	(8,659,736)	(8,915,074)	(27,290,482)	(28,126,650)	(37,074,235)
Depreciation of right-of-use assets	(495,517)	(525,188)	(1,486,550)	(1,363,517)	(1,829,365)
Amortisation of intangible assets	(646,845)	(620,670)	(1,918,816)	(1,875,813)	(2,499,339)
Other expenses	(6,118,345)	(4,015,652)	(14,158,784)	(12,007,053)	(18,769,859)
	(28,029,944)	(22,420,451)	(78,707,509)	(68,483,307)	(96,181,283)
<b>Profit before income tax</b>	<b>15,213,163</b>	<b>7,578,836</b>	<b>42,180,242</b>	<b>19,135,322</b>	<b>32,052,164</b>
Income tax expense	(2,281,974)	(1,136,825)	(6,327,036)	(2,870,298)	(3,626,348)
<b>Profit for the period</b>	<b>12,931,189</b>	<b>6,442,011</b>	<b>35,853,206</b>	<b>16,265,024</b>	<b>28,425,816</b>
<b>Other comprehensive income</b>					
<i>Other comprehensive income that will not be reclassified to Profit or loss in subsequent period</i>					
Actuarial gain on retirement benefit obligations	-	-	-	-	1,072,754
Related tax	-	-	-	-	(183,870)
Other comprehensive income for the period	-	-	-	-	888,884
<b>Profit and total comprehensive income for the period, net of tax</b>	<b>12,931,189</b>	<b>6,442,011</b>	<b>35,853,206</b>	<b>16,265,024</b>	<b>29,314,700</b>

**LA PRUDENCE LEASING FINANCE CO. LTD**  
**STATEMENT OF CHANGES IN EQUITY**  
**PERIOD ENDED 30 SEPTEMBER 2023**

	Note	Share capital	Statutory reserve	General risk reserve	Retained earnings	Total Equity
		Rs	Rs	Rs	Rs	Rs
Balance at 31 December 2021		200,000,000	29,233,484	-	67,971,539	297,205,023
Profit for the year, net of tax		-	-	-	28,425,816	28,425,816
Other comprehensive income, net of tax		-	-	-	888,884	888,884
Total comprehensive income for the year, net of tax		-	-	-	29,314,700	29,314,700
<i>Transactions with owner</i>						
Dividends paid during the year		-	-	-	(15,000,000)	(15,000,000)
Dividends declared during the year		-	-	-	(10,000,000)	(10,000,000)
Appropriation of retained earnings to general risk reserve		-	-	6,988,679	(6,988,679)	-
Transfer to statutory reserve		-	4,263,873	-	(4,263,873)	-
Balance at 31 December 2022		200,000,000	33,497,357	6,988,679	61,033,687	301,519,723
Profit for the period, net of tax		-	-	-	35,853,206	35,853,206
Other comprehensive income, net of tax		-	-	-	-	-
Total comprehensive income for the period, net of tax		-	-	-	35,853,206	35,853,206
<i>Transactions with owner</i>						
Dividends paid during the period		-	-	-	(15,000,000)	(15,000,000)
Appropriation of retained earnings to general risk reserve		-	-	2,507,651	(2,507,651)	-
Transfer to statutory reserve		-	5,377,982	-	(5,377,982)	-
Balance at 30 September 2023		200,000,000	38,875,339	9,496,330	74,001,260	322,372,929



## STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

	2023	2022	2021
<b>Cash flows from operating activities</b>	<b>Rs</b>	<b>Rs</b>	<b>Rs</b>
Profit before income tax	42,180,242	32,052,164	21,779,755
Adjustments for items not involving movement of cash:			
Net impairment loss/(gain) on financial assets	2,251,913	(2,212,133)	(1,906,929)
Depreciation of property and equipment	27,290,482	37,074,235	41,995,762
Amortisation of intangible assets	1,918,816	2,499,339	813,979
Depreciation of right-of-use assets	1,486,550	1,829,365	1,684,848
(Gain) / loss on disposal of assets held for sale	(2,054,704)	(237,459)	85,000
Interest income on investment in finance lease receivables	(118,793,296)	(103,016,521)	(98,465,365)
Interest income - other financial assets	(4,677,042)	(4,213,487)	(4,127,967)
Interest expense	54,556,953	44,553,416	50,935,499
Interest expense on lease liabilities	126,588	142,633	119,031
Net foreign exchange gain	-	(144,469)	(5,256)
Movement in retirement benefit obligation	-	533,834	251,544
Write-off	-	65,208	-
Profit on disposal of property and equipment (owned assets)	-	(296,604)	-
Gain on disposal of early terminated finance leases	-	(1,694,890)	19,169
	<b>4,286,502</b>	<b>6,934,632</b>	<b>13,179,070</b>
<b>Changes in operating assets and liabilities</b>			
Purchase of assets acquired for leasing purposes (finance leases)	(857,215,488)	(707,903,039)	(474,620,191)
Repayments of finance leases	386,365,433	503,301,953	510,902,484
Interest income on investment in finance lease receivables	118,793,296	103,851,311	97,920,707
Acquisition of operating lease	(30,556,085)	(30,200,303)	(27,185,548)
Deposits from customers	281,711,845	437,308,659	203,680,000
Deposit refunded to customers	(224,838,022)	(397,952,155)	(273,645,959)
Other borrowed funds (IFCM) received	-	37,915,000	54,076,175
Other borrowed funds (IFCM) paid	(22,912,608)	(27,554,335)	(22,212,852)
Interest paid	(21,056,416)	(53,732,045)	(66,113,991)
Proceeds from disposal of inventories	12,143,732	11,997,528	9,372,487
New advance on leases	(455,318)	(7,121,776)	-
(Increase)/decrease in other assets	(3,237,451)	420,761	(1,339,483)
(Decrease)/increase in other liabilities	(807,282)	959,672	(4,317,566)
	<b>(357,777,862)</b>	<b>(121,774,135)</b>	<b>19,695,333</b>
<b>Net cash (used in)/generated from operations</b>	<b>(357,777,862)</b>	<b>(121,774,135)</b>	<b>19,695,333</b>
Income tax (paid)/refund	(759,371)	-	643,145
Retirement benefit obligation paid	-	(762,222)	-
	<b>(358,537,233)</b>	<b>(122,536,357)</b>	<b>20,338,478</b>
<b>Net cash (used in)/generated from operating activities</b>	<b>(358,537,233)</b>	<b>(122,536,357)</b>	<b>20,338,478</b>
<b>Cash flows from investing activities</b>			
Acquisition of intangible assets	(599,508)	(186,000)	(2,096,392)
Acquisition of property and equipment (owned assets)	(280,944)	(5,094,765)	(4,118,778)
Interest received - other financial assets	6,199,951	1,542,545	4,068,780
Additions to term deposits	(100,000,000)	-	(75,000,000)
Repayment of term deposits	140,000,000	-	25,000,000
Investment in debt securities	(635,482,000)	-	(25,000,000)
Maturity of debt securities	539,541,000	4,977,600	99,510,250
Proceeds from disposal of assets held for sale	-	1,474,552	275,000
Disposal proceeds from property and equipment	-	343,108	-
	<b>(50,621,501)</b>	<b>3,057,040</b>	<b>22,638,860</b>
<b>Net cash generated from investing activities</b>	<b>(50,621,501)</b>	<b>3,057,040</b>	<b>22,638,860</b>
<b>Cash flows from financing activities</b>			
Other borrowed funds (Banks) received	450,786,046	250,000,000.00	-
Other borrowed funds (Banks) paid	(350,000,000)	(150,000,000)	-
Interest paid on other borrowed funds	(4,597,136)	(1,050,299)	(119,031)
Cash from debt securities issued	369,000,000	-	-
Interest paid on debt securities	(9,115,300)	-	-
Repayment lease liabilities	(1,456,922)	(1,894,573)	(1,820,377)
Dividend paid**	(25,000,000)	(14,470,000)	-
	<b>429,616,688</b>	<b>82,585,128</b>	<b>(1,939,408)</b>
<b>Net cash generated from/(used in) financing activities</b>	<b>429,616,688</b>	<b>82,585,128</b>	<b>(1,939,408)</b>
<b>Net change in cash and cash equivalents</b>	<b>20,457,954</b>	<b>(36,894,192)</b>	<b>41,037,930</b>
Cash and cash equivalents at beginning of year	26,254,312	63,148,504	22,105,318
Effect of exchange rate changes on cash and cash equivalents	-	-	5,256
<b>Cash and cash equivalents at end of period/year</b>	<b>46,712,266</b>	<b>26,254,312</b>	<b>63,148,504</b>

\*\* The difference of Rs530,000 in 2022, relates to a non-cash item in respect of an amount which was offset against a loan receivable from the shareh