

CIM GROUP REPORTS A 50% DECREASE IN PROFIT AFTER TAX FROM CONTINUING OPERATIONS FOR THE YEAR ENDED 30 SEPTEMBER 2020

The Group's Net Operating Income from continuing operations increased by 15% to reach MUR 2.1Bn whilst Profit After Tax (PAT) decreased by 50% to MUR 190.8M overall for the year under review. This drop is mainly due to an increase in allowance for credit impairment to reach MUR 652.6M in the financial year under review (2019: MUR 180.9M) due to the deteriorating and uncertain economic outlook. The operating profit before impairment showed however a progress of 37% year on year.

Highlights of the year under review

This year is marked by the difficult operating context caused by the COVID-19 crisis. Over the first semester, the Group experienced growth in its lending book, supported by its four main activities of consumer finance, leasing, factoring and cards business. However, this stalled in mid-March 2020 with the outbreak of the pandemic and the subsequent lockdown. Post curfew lift off in June, a pick-up in activities was noted mainly in the consumer finance segment, with a more subdued experience in the other activities, underpinned by a steady progress in collections.

During the lockdown period, the Group launched its mobile application "Mo Finans", a user-friendly application that allows clients to check their accounts, view their monthly amount due and proceed with their payments. In parallel, the group also developed an online payment channel via its website. These initiatives allowed Cim to remain in touch with its clientele during the difficult period, with support provided to the most affected clients via moratoriums and rescheduling possibilities.

Leveraging on its funding strategy set in 2019, the Group has successfully raised MUR 2Bn and MUR 3Bn on the debt capital market in October 2019 and in July 2020 respectively. These funds will help the Group to maintain a sound liquidity position in the current depressed economic climate.

Outlook

The Board had decided not to declare any interim dividend in May 2020, given the precarious environment and uncertainties that the Group was facing at that time. As these conditions continue to prevail and given the drop in PAT from continuing operations, the Board has resolved not to declare a final dividend for the year under review. The Board will continue to monitor the situation very closely and will adapt its dividend pay-out accordingly.

Although the news of the soon-to-be available COVID-19 vaccine has buoyed sentiment worldwide and in Mauritius, it is still early days to predict when the crisis will end. The Board thus expects the performance of the Group for financial year 2020/2021 to remain subdued in the midst of the uncertain economic outlook.

By Order of the Board
Cim Administrators Ltd
Company Secretary

28 December 2020

The abridged audited financial statements of the Group for the year ended 30 September 2020 have been prepared using the same accounting policies as set out in the audited financial statements for the year ended 30 September 2019, except for the adoption of published standards that are now effective. These abridged audited financial statements are issued pursuant to Listing Rule 12.14 and the Securities Act 2005.

Copies of the statement of direct and indirect interests of Officers pursuant to rule 8(2)(m) of the Securities (Disclosure Obligations of Reporting Issuers) Rules 2007 and the financial statements are available free of charge upon request made to the Company Secretary at the registered office of CIM Financial Services Ltd.

The Board of Directors of CIM Financial Services Ltd accepts full responsibility for the accuracy of the information contained therein.

STATEMENT OF FINANCIAL POSITION

	Audited 30 September	
	2020 MUR M	2019 MUR M
ASSETS		
Cash and bank balances	460.7	444.5
Deposits with banks	510.2	507.0
Net investment in leases and other credit agreements	8,374.1	8,769.1
Loans and advances	5,103.2	3,708.7
Investments in financial assets	28.9	8.9
Other assets	360.1	435.3
Inventories	2.0	3.7
Investments in associates	24.9	141.0
Equipment	556.3	638.9
Right-of-use assets	189.3	-
Income tax assets	-	18.3
Deferred tax assets	188.8	47.1
Intangible assets	109.8	88.3
Total Assets	15,908.3	14,810.8
LIABILITIES		
Other borrowed funds	9,836.6	9,094.8
Other liabilities	1,372.0	1,438.7
Lease liabilities	209.3	-
Income tax liabilities	115.6	6.1
Deferred tax liabilities	16.4	1.3
Post employment benefit liabilities	158.9	94.4
Total Liabilities	11,708.8	10,635.3
EQUITY		
Stated capital	680.5	680.5
Retained earnings	3,053.7	2,983.7
Other reserves	465.3	511.3
Total Equity	4,199.5	4,175.5
Total Equity and Liabilities	15,908.3	14,810.8

STATEMENT OF PROFIT OR LOSS

	Audited Year ended 30 September	
	2020 MUR M	2019 MUR M
Continuing operations		
Interest income	1,714.7	1,442.6
Interest expense	(431.4)	(388.2)
Net interest income	1,283.3	1,054.4
Fee and commission income	569.2	541.1
Other operating income	229.5	214.4
	798.7	755.5
Net operating income	2,082.0	1,809.9
Operating expenses	(1,176.1)	(1,148.0)
Operating profit before impairment	905.9	661.9
Allowance for credit impairment	(652.6)	(180.9)
Operating profit	253.3	481.0
Foreign exchange gain	0.9	4.4
Net gain on derecognition of subsidiaries	13.5	-
Net gain on share buy back of associate	6.2	-
Share of results of associates	(5.7)	(32.3)
Profit before tax from continuing operations	268.2	453.1
Income tax expense	(77.4)	(86.2)
Profit for the year from continuing operations	190.8	366.9
Discontinued operations		
Profit after tax for the year from discontinued operations	-	15.8
Profit for the year	190.8	382.7
Basic and diluted earnings per share from continuing operations	MUR 0.28	0.54
Basic and diluted earnings per share from discontinued operations	MUR -	0.2
Basic and diluted earnings per share	MUR 0.28	0.56
Dividends per share	MUR 0.16	0.23
Number of ordinary shares used in calculation	680,522,310	680,522,310

STATEMENT OF COMPREHENSIVE INCOME

	Audited Year ended 30 September	
	2020 MUR M	2019 MUR M
Profit for the year	190.8	382.7
Other comprehensive loss		
Items that will not be reclassified to profit or loss		
Remeasurement of post employment benefit, net of tax	(53.1)	(9.2)
Items that may be reclassified subsequently to profit or loss		
Exchange difference on translation of foreign entities	11.1	(1.6)
Movement in reserves of associates	2.9	6.7
Other comprehensive loss for the year, net of tax	(39.1)	(4.1)
Total comprehensive income for the year, net of tax	151.7	378.6

STATEMENT OF CASH FLOWS

	Audited Year ended 30 September	
	2020 MUR M	2019 MUR M
Net cash flow used in operating activities	(450.3)	(2,428.2)
Net cash flow used in investing activities	(30.1)	(576.6)
Net cash flow generated from financing activities	512.7	3109.3
Net increase in cash and cash equivalents	32.3	104.5
Cash and cash equivalents - opening	428.0	322.7
Effect of exchange rate changes on cash and cash equivalents	0.4	0.8
Cash and cash equivalents - closing	460.7	428.0

STATEMENT OF CHANGES IN EQUITY
ATTRIBUTABLE TO OWNERS OF THE PARENT

	Stated capital	Other reserves	Retained earnings	Total	Non-controlling interests	Total Equity
	MUR M	MUR M	MUR M	MUR M	MUR M	MUR M
At 1 October 2019						
As previously stated	680.5	511.3	2,983.7	4,175.5	-	4,175.5
Impact of adopting IFRS 16	-	-	(11.9)	(11.9)	-	(11.9)
As restated	680.5	511.3	2,971.8	4,163.6	-	4,163.6
Profit for the year	-	-	190.8	190.8	-	190.8
Other comprehensive loss for the year	-	(39.1)	-	(39.1)	-	(39.1)
Total comprehensive (loss)/income for the year	-	(39.1)	190.8	151.7	-	151.7
Dividends	-	-	(108.9)	(108.9)	-	(108.9)
Effect of share buy back of associate	-	(6.9)	-	(6.9)	-	(6.9)
Total transactions with owners of parent	-	(6.9)	(108.9)	(115.8)	-	(115.8)
At 30 September 2020	680.5	465.3	3,053.7	4,199.5	-	4,199.5

	Stated capital	Other reserves	Retained earnings	Total	Non-controlling interests	Total Equity
	MUR M	MUR M	MUR M	MUR M	MUR M	MUR M
At 1 October 2018						
As previously stated	680.5	646.1	4,999.9	6,326.5	319.4	6,645.9
Impact of adopting IFRS 9	-	-	2.8	2.8	-	2.8
As restated	680.5	646.1	5,002.7	6,329.3	319.4	6,648.7
Profit for the year	-	-	382.7	382.7	-	382.7
Other comprehensive loss for the year	-	(4.1)	-	(4.1)	-	(4.1)
Total comprehensive (loss)/income for the year	-	(4.1)	382.7	378.6	-	378.6
Dividends	-	-	(156.5)	(156.5)	-	(156.5)
Distribution of non cash assets to owners	-	(172.6)	(2,203.3)	(2,375.9)	(319.4)	(2,695.3)
Total transactions with owners of parent	-	(130.7)	(2,401.7)	(2,532.4)	(319.4)	(2,851.8)
At 30 September 2019	680.5	511.3	2,983.7	4,175.5	-	4,175.5

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SEGMENT ANALYSIS

	Net Operating Income		Profit After Tax	
	Year ended 30 September		Year ended 30 September	
	2020	2019	2020	2019
	MUR M	MUR M	MUR M	MUR M
Finance	1,993.1	1,721.7	305.8	432.1
Investments	313.9	472.0	(115.0)	(65.2)
Group elimination	(225.0)	(383.8)	-	-
	2,082.0	1,809.9	190.8	366.9
Discontinued operations : Property	-	39.9	-	15.8
	2,082.0	1,849.8	190.8	382.7