

AUDITORS REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDING 31st DECEMBER 2008

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THE MAURITIUS COMMERCIAL BANK (SEYCHELLES) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDING 31st December 2008

	YEAR END 31.12.2008	YEAR END 31.12.2007
Income		
Interest and Discount (of which from abroad R1,349,018)	78,773,652	68,131,282
Commission and Exchange	112,970,778	48,709,344
Other Income	299,618	1,769,200
	<u>192,044,047</u>	<u>118,609,826</u>
Expenditure		
Interest and commission paid (of which paid abroad R 0.)	52,415,270	21,038,433
Salaries, Allowances and Other Benefits	12,773,912	10,561,453
Occupancy Expenses	8,052,848	8,221,910
Head Office fees	10,357,414	6,936,596
Depreciation on Premises and Equipment	1,857,120	2,381,704
Amortisation	0	0
Other Operating Expenses	15,696,292	10,396,346
	<u>101,152,856</u>	<u>59,536,442</u>
Net profit before provisions	90,891,191	59,073,384
Provisions		
Doubtful Debts	2,126	(2,070,219)
Deferred liability	(814,506)	(276,438)
Taxation	(35,798,148)	(22,597,146)
		<u>(23,482,093)</u>
Profit for the year after provisions	54,280,663	34,129,581
Retained earning as at 1.01.2007	34,157,264	18,027,683
Dividends	(10,000,000)	(18,000,000)
Transfer to Statutory Reserves	0	0
Retained earning as at 31.12.2007	<u>78,437,926</u>	<u>34,157,264</u>

THE MAURITIUS COMMERCIAL BANK (SEYCHELLES) LIMITED
BALANCE SHEET AS AT 31st DECEMBER 2008

LIABILITIES	Note	31st December 2007		ASSETS	Note	31st December 2007	
SHARE CAPITAL		20,000,000	20,000,000	CASH IN HAND IN LOCAL CURRENCY		12,791,071	8,099,186
RESERVES				BALANCES WITH			
Statutory Reserve Fund	5	20,000,000	20,000,000	Central Bank of Seychelles - Ordinary		131,472,642	60,178,795
Retained Earnings		78,437,926	34,157,264	Central Bank of Seychelles - Pipeline Scheme		0	24,036,618
Reserve for Bad and Doubtful Debts		3,823,906	4,264,792	EXTERNAL ASSETS			
Deffered liability		3,238,769	2,547,568	Foreign Currency		3,574,622	2,274,373
Subordinated loan		7,000,000	7,000,000	Balances with Banks Abroad including Head Office		392,140,917	40,904,206
DEPOSITS				Balances with Banks in Seychelles		21,932,184	4,039,911
Current Accounts (of which Public Sector R 13,374,774)		676,495,678	401,508,777	Foreign Bills Negotiated/or discounted		3,388,605	1,339,796
Fixed Deposits (of which Public Sector R 46,253,647)		436,483,786	287,279,036	Securities and Other Investments			
Savings Deposits Pipeline Scheme		242,019,497 0	242,542,434 24,036,618	LOANS AND ADVANCES			
BALANCES DUE TO				Private Sector (of which forex 105,302,015)		150,875,363	376,686,784
Banks Abroad (including parent company)		288,189	10,200	Public Sector (of which forex 40,650,449)		248,979,521	52,715,792
Other Banks in Seychelles		14,987,297	290,532	INVESTMENTS			
Government of Seychelles	6	12,000,000	19,999,999	Treasury Bills		224,529,709	99,880,198
BILLS PAYABLE				Treasury Bonds		325,756,371	405,164,940
Locally		2,045,858	1,098,058	Government of Seychelles Securities		49,000,000	49,000,000
OTHER LIABILITIES		93,446,248	90,074,715	Other Investments		638,060	359,198
ACCEPTANCES, ENDORSEMENTS AND GUARANTEES PER CONTRA		103,708,363	152,863,888	FIXED ASSETS	2(b),7	10,096,274	6,064,620
		<u>1,713,975,517</u>	<u>1,307,673,880</u>	OTHER ASSETS		35,091,815	24,065,576
				ACCEPTANCES, ENDORSEMENTS AND GUARANTEES PER CONTRA		103,708,363	152,863,888
						<u>1,713,975,517</u>	<u>1,307,673,880</u>

Jean Mamet
Director

Jean-Francois Desvaux De Marigny
Director

Pierre-Guy Noël
Director

Jocelyn Ah-Yu
Managing Director

Raoul Gufflet
Director

THE MAURITIUS COMMERCIAL BANK (SEYCHELLES) LIMITED
NOTES TO THE ACCOUNTS - 31st DECEMBER 2008

1. BASIS OF ACCOUNTING

The accounts combine the assets and liabilities and the results of all the bank's branches in Seychelles.

2. ACCOUNTING POLICIES

(a) The accounts, as in previous year, have been prepared under the historical cost convention.

(b) Depreciation is provided on the valuation and cost of fixed assets so as to write them off over their anticipated useful lives as follows:-

Leasehold improvements	-	5 - 10 years
Furniture & fittings	-	10 years
Office machinery and equipment	-	3 - 7 years
Motor vehicles	-	4 years

(c) Specific provisions are made against advances when in the opinion of the managers recovery is doubtful.

The aggregate provisions made during the year less amounts released and recoveries of bad debts previously written off are dealt with in the profit and loss account. Bad debts are written off against provisions when losses incurred are confirmed .

(d) Assets and liabilities in overseas currencies are expressed in Rupees at the rates of exchange ruling on 31st December 2008. All gains and losses on exchange are dealt with in the profit and loss account.

(e) Provision for head office fees is made on a monthly basis and for taxation at the year end.

3. TAXATION

Taxation has been provided on the profits for the period as adjusted for tax purposes. The provision for taxation is shown as part of other liabilities in the balance sheet.

Deferred business tax is provided for using the balance sheet liability method of accounting for differences between tax bases of assets and their carrying amounts for financial reporting purposes. Full provision is made for all timing differences which have arisen but not reversed at the balance sheet date.

4. DEFERRED LIABILITY

Compensation due under the Employment Act :

The Employment Amendment Act (1999) requires employees to be compensated for continuous service from their date of original employment. The current financial statements include the liability accrued to employees in full under this Act without implications, if any, of other existing Acts.

The cost of compensation is deductible for tax purposes only in the year the payment is made and at that time the relief will be available at a rate of 200% of the amount paid. In the event that the business is or become in a tax loss position at the time compensation is paid and continues to be so for a period of 5 years, relief from taxation may be lost.

5. STATUTORY RESERVE FUND

The statutory reserve fund arose out of the allotment of shares at a premium of R 1 per share in accordance with the provision of section 55(2) of the Companies Act 1972 for the purpose of the Financial Institutions Act 1984, the Central Bank of Seychelles has granted permission to the Bank to treat this reserve as the "Statutory reserve." required to be held under section 21 (1) of the Act.

6. DUE TO GOVERNMENT OF SEYCHELLES

This amount represents an interest free advance payment made by the Government of Seychelles to Mauritius Commercial Bank (Seychelles) Limited. This sum is to be repaid to the Government of Seychelles in foreign exchange over a period of five years commencing July 2005.

THE MAURITIUS COMMERCIAL BANK (SEYCHELLES) LIMITED

NOTES TO THE ACCOUNTS - 31st DECEMBER 2008

7. FIXED ASSETS

	Leasehold improvement	Furniture & fittings	Office equipment	Motor vehicles	Total	2007
COST						
At 1 January 2008	4,986,353	4,267,824	3,814,264	1,214,121	14,282,562	13,490,119
Additions	179,809	5,284,126	424,834		5,888,769	1,015,803
Disposals	0	0	0	0	0	(223,360)
At 31 December 2008	<u>5,166,162</u>	<u>9,551,950</u>	<u>4,239,098</u>	<u>1,214,121</u>	<u>20,171,331</u>	<u>14,282,562</u>
At 1 January 2008	1,601,583	2,829,236	2,995,466	791,657	8,217,942	5,839,238
Additions	554,258	1,012,191	134,079	156,587	1,857,115	2,381,704
Disposals					0	(3,000)
At 31 December 2008	<u>2,155,841</u>	<u>3,841,427</u>	<u>3,129,545</u>	<u>948,244</u>	<u>10,075,057</u>	<u>8,217,942</u>
Net book value as at 31.12.2008	<u>3,010,321</u>	<u>5,710,523</u>	<u>1,109,553</u>	<u>265,877</u>	<u>10,096,274</u>	<u>6,064,620</u>