

**AUDITORS REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDING 31 DECEMBER 2007**

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INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF  
**MAURITIUS COMMERCIAL BANK ( SEYCHELLES) LIMITED**

We have audited the financial statements for the year ended 31 December 2007 on page 2 and 3 which have been prepared under the historical cost convention and the accounting policies set out on page 4.

*Respective responsibilities of directors and auditors*

The company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and report our opinion to you.

*Basis of opinion*

We conducted our audit in accordance with international standards on auditing. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

We have no relationship with, or material interest in the Company, other than in our capacities as auditors, tax and business advisors and arms length dealings with the company in the ordinary course of business.

*Opinion*

Except for compliance with section 35(1) of the Financial Institutions Act 2004, in our opinion, the financial statements give a true and fair view of the company's affairs at 31 December 2007 and of its profit for the year then ended and have been properly prepared in accordance with that Act.

The bank in Seychelles did not act as a fiduciary during the year.

**Pool & Patel**  
**Chartered Accountants**

25 February 2007

**THE MAURITIUS COMMERCIAL BANK (SEYCHELLES) LIMITED**

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDING 31 DECEMBER 2007**

	Note	2006
<b>Income</b>		
Interest and Discount (of which from abroad R2,494,585 )	68,131,282	<b>55,513,304</b>
Commission and Exchange	48,709,344	<b>20,493,831</b>
Other Income	1,769,200	<b>662,086</b>
	<u>118,609,826</u>	<b><u>76,669,221</u></b>
<b>Expenditure</b>		
Interest and commission paid (of which paid abroad R 3,064)	21,038,433	<b>15,847,011</b>
Salaries, Allowances and Other Benefits	10,561,453	<b>9,568,645</b>
Occupancy Expenses	8,221,910	<b>8,163,341</b>
Head Office fees	2e 6,936,596	<b>4,476,356</b>
Depreciation on Premises and Equipment	2b 2,381,704	<b>2,353,046</b>
Amortisation	0	<b>6,038,930</b>
Other Operating Expenses	10,396,346	<b>9,198,920</b>
	<u>59,536,442</u>	<b><u>55,646,249</u></b>
<b>Net profit before provisions</b>	<b>59,073,384</b>	<b>21,022,972</b>
<b>Provisions</b>		
Doubtful Debts	2c (2,070,219)	<b>744,331</b>
Deferred liability	4 (276,438)	<b>(234,046)</b>
Taxation	3 (22,597,146)	<b>(8,207,814)</b>
<b>Profit for the year after provisions</b>	2e <b><u>34,129,581</u></b>	<b><u>13,325,443</u></b>
<b>Profit 1 January</b>	<b>18,027,683</b>	<b>17,702,240</b>
Dividends	(18,000,000)	<b>(7,000,000)</b>
Transfer to Statutory Reserves	0	<b>(6,000,000)</b>
<b>Profit 31 December</b>	<b><u><u>34,157,264</u></u></b>	<b><u><u>18,027,683</u></u></b>

**THE MAURITIUS COMMERCIAL BANK (SEYCHELLES) LIMITED**  
BALANCE SHEET AS AT 31 DECEMBER 2007

LIABILITIES	Note	2006		ASSETS	Note	2006	
<b>SHARE CAPITAL</b>		<b>20,000,000</b>	20,000,000	<b>CASH IN HAND IN LOCAL CURRENCY</b>		<b>8,099,186</b>	6,513,009
<b>RESERVES</b>				<b>BALANCES WITH</b>			
Statutory Reserve Fund	5	20,000,000	20,000,000	Central Bank of Seychelles - Ordinary		60,178,795	46,485,770
Retained Earnings		34,157,264	18,027,683	Central Bank of Seychelles - Pipeline Scheme		24,036,618	153,269,252
Reserve for Bad and Doubtful Debts		4,264,792	2,486,498	Central Bank of Seychelles - Other		0	0
Deffered liability		2,547,568	2,322,021	<b>EXTERNAL ASSETS</b>			
Subordinated loan		7,000,000	7,000,000	Foreign Currency		2,274,373	743,776
<b>DEPOSITS</b>				Balances with Banks Abroad including			
Current Accounts (of which Public Sector R 14,711,847)		401,508,777	311,736,995	Head Office		40,904,206	72,227,823
Fixed Deposits (of which Public Sector R 17,103,095)		287,279,036	392,041,924	Balances with Banks in Seychelles		4,039,911	950,250
Savings Deposits		242,542,434	218,890,148	Foreign Bills Negotiated/or discounted		1,339,796	542,449
Pipeline Scheme		24,036,618	152,305,065	Securities and Other Investments		0	0
<b>BALANCES DUE TO</b>				<b>LOANS AND ADVANCES</b>			
Banks Abroad (including parent company)		10,200	2,493,157	Private Sector (of which: forex 78,890,899)		376,686,784	313,953,214
Other Banks in Seychelles		290,532	2,146,220	Public Sector (of which: forex 28,383,921)		52,715,792	586,071
Government of Seychelles	6	19,999,999	27,999,999	<b>INVESTMENTS</b>			
<b>BILLS PAYABLE</b>				Treasury Bills		99,880,198	109,908,835
Abroad		0	0	Treasury Bonds		405,164,940	435,326,370
Locally		1,098,058	1,053,366	Government of Seychelles Securities		49,000,000	49,000,000
<b>OTHER LIABILITIES</b>		<b>90,074,715</b>	39,611,014	Other Investments		359,198	287,570
<b>ACCEPTANCES, ENDORSEMENTS AND GUARANTEES PER CONTRA</b>		<b>152,863,888</b>	62,939,139	<b>FIXED ASSETS</b>	2(b)	<b>6,064,620</b>	7,650,881
		152,863,888	62,939,139	<b>OTHER ASSETS</b>		<b>24,065,576</b>	20,668,820
		<b>1,307,673,881</b>	1,281,053,229	<b>ACCEPTANCES, ENDORSEMENTS AND GUARANTEES PER CONTRA</b>		<b>152,863,888</b>	62,939,139
		<b>1,307,673,881</b>	1,281,053,229			<b>1,307,673,881</b>	1,281,053,229

Jean-Francois Desvaux De Marigny  
Director

Pierre-Guy Noel  
Director

Raoul Gufflet  
Director

Jean Mamet  
Director

Jocelyn Ah Yu  
Director

8 April 2008

**THE MAURITIUS COMMERCIAL BANK (SEYCHELLES) LIMITED**  
**NOTES TO THE ACCOUNTS - 31 DECEMBER 2007**

**BASIS OF ACCOUNTING**

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

**ACCOUNTING POLICIES**

- 2 (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 31 December 2007. 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.

**TAXATION**

3. 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 LIABILITY**

4. 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.

**STATUTORY RESERVE FUND**

5. 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.

**DUE TO GOVERNMENT OF SEYCHELLES**

6. 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 - 31 DECEMBER 2007

FIXED ASSETS

7.

	Leasehold improvement	Furniture & fittings	Office equipment	Motor vehicles	Total	<u>2006</u>
Cost 01 01 07	5,101,991	3,882,536	3,665,113	840,479	13,490,119	12,586,224
Additions during the year	107,722	385,288	149,151	373,642	1,015,803	1,326,288
Disposals during the year	(223,360)	0	0	0	(223,360)	0
Valuation adjustments	0	0	0	0	0	(422,393)
Cost 31 12 07	<u>4,986,353</u>	<u>4,267,824</u>	<u>3,814,264</u>	<u>1,214,121</u>	<u>14,282,562</u>	<u>13,490,119</u>
Depreciation 01 01 07	1,150,396	1,197,056	2,875,929	615,857	5,839,238	3,486,192
Charge for the year	454,187	1,632,180	119,537	175,800	2,381,704	2,353,046
Disposals during the year	(3,000)	0	0	0	(3,000)	0
Depreciation 31 12 07	<u>1,601,583</u>	<u>2,829,236</u>	<u>2,995,466</u>	<u>791,657</u>	<u>8,217,942</u>	<u>5,839,238</u>
Written down value 31 12 07	<u>3,384,770</u>	<u>1,438,588</u>	<u>818,798</u>	<u>422,464</u>	<u>6,064,620</u>	<u>7,650,881</u>