

**AUDITORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st DECEMBER 2009**

INDEX

AUDITORS' REPORT.....	1
PROFIT AND LOSS ACCOUNT	2
BALANCE SHEET	3 - 4
NOTES TO THE ACCOUNTS.....	5 - 8



Pool & Patel
Chartered Accountants

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

We have audited the financial statements for the year ended 31 December 2009 on page 4 to 13 which have been prepared under the historical cost convention and the accounting policies set out on page 8 & 9.

This report is made solely to the Company's members as a body in accordance with section 158 of the Companies Act 1972. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company's members as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of directors and auditors

As described on page 2 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.

Financial Institutions Act (2004)

Except for compliance with Sections 35(1) of the Financial Institutions Act 2004, the financial statements have been prepared in accordance with the provisions of that Act.

Opinion

In our opinion, the financial statements give a true and fair view of the company's affairs at 31 December 2009 and of its profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1972.

Pool & Patel
Pool & Patel
Chartered Accountants
8 March 2010

PROFIT AND LOSS ACCOUNT
for the year ending 31st December 2009

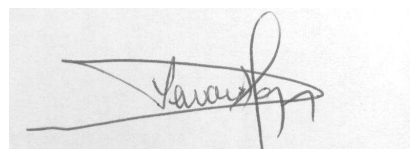
		2009	2008
	Notes	RS'000	RS'000
Interest income		98,708	78,774
Interest expense		(45,182)	(26,459)
Net interest income		53,526	52,315
Other income		37,340	96,094
Operating income		90,866	148,409
Non-interest expense			
Salaries and human resource development	2	(14,182)	(13,588)
Rent payable		(8,699)	(8,053)
Depreciation		(2,905)	(1,857)
Other		(46,959)	(34,834)
		(72,745)	(58,332)
Operating profit before provisions		18,121	90,077
Charge for bad and doubtful debts		(147)	2
Profit before tax	3	17,974	90,079
Business tax	4	(1,933)	(35,798)
Profit after tax		16,041	54,281
Profit 1st January		78,438	34,157
Dividends	9	(35,000)	(10,000)
Profit 31st December		59,479	78,438

BALANCE SHEET
as at 31st December 2009


	Notes	2009 RS'000	2008 RS'000
ASSETS			
Cash resources			
Cash and balances with Central Bank		308,174	147,838
Balances with banks abroad and in Seychelles		427,429	414,073
		<u>735,603</u>	<u>561,911</u>
Securities and other investments			
	5		
Investment securities		274,960	599,286
Investment in subsidiary		465	638
		<u>275,425</u>	<u>599,924</u>
Loans and advances to customers			
	13		
Due in less than one year		87,999	79,052
Due over one year but not more than five years		168,147	240,094
Due after five years		74,466	80,709
		<u>330,612</u>	<u>399,855</u>
Less allowances for losses on loans and advances		(3,943)	(3,824)
		<u>326,669</u>	<u>396,031</u>
Other			
Property, plant and equipment	8	9,739	10,096
Capital work in progress		2,995	0
Deferred tax asset	4	3,093	3,312
Current Tax asset		16,327	0
Other assets		21,545	27,673
		<u>53,699</u>	<u>41,081</u>
		<u>1,391,396</u>	<u>1,598,947</u>



Jean Mamet
Director



Jean-François Desvaux de Marigny
Director

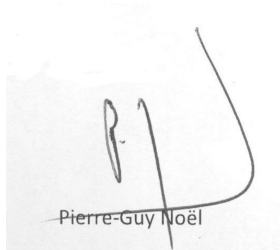


Gilbert Gnany
Director

8th March 2010

BALANCE SHEET
as at 31st December 2009

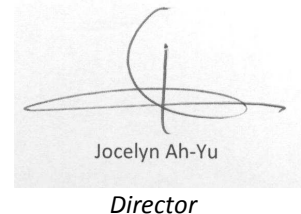
	Notes	2009 RS'000	2008 RS'000
LIABILITIES AND SHAREHOLDERS' EQUITY			
Deposits			
Current accounts		598,312	676,496
Fixed deposits		347,254	436,484
Savings deposits		287,088	242,019
		<u>1,232,654</u>	<u>1,354,999</u>
Borrowings			
Borrowings from other banks abroad		289	288
Borrowings from other banks in Seychelles		3,439	14,987
		<u>3,728</u>	<u>15,275</u>
Other			
Due to Government of Seychelles	10	4,000	12,000
Other liabilities		39,787	56,530
Deferred liability		3,682	3,239
Current tax liabilities	4	0	28,356
Deferred tax liability	4	1,066	3,110
		<u>48,535</u>	<u>103,235</u>
Long term loan	12	<u>7,000</u>	<u>7,000</u>
Shareholder's equity			
Share Capital	6	20,000	20,000
Capital reserve	7	20,000	20,000
Retained earnings		59,479	78,438
		<u>99,479</u>	<u>118,438</u>
		<u>1,391,396</u>	<u>1,598,947</u>
CONTINGENT LIABILITIES			
Acceptances, guarantees, letters of credit, endorsements and other obligations on account of customers.	11	62,957	103,708



Pierre-Guy Noël
Director



Raoul Gufflet
Director



Jocelyn Ah-Yu
Director

1. Significant accounting policies

The significant accounting policies adopted in the preparation of the financial statements of the company are set out below.

(a) Statement of compliance

The financial statements of the company are prepared in accordance with the requirements of the Seychelles Companies Act (1972).

(b) Measurement basis and accounting policies applied

The measurement basis used is historical cost.

The accounting policies have been consistently applied with those of the previous year.

(c) Foreign currency

Transactions in currencies other than Seychelles Rupee are converted at the rate of exchange ruling at the transaction date. At the balance sheet date, foreign currency monetary assets and liabilities are converted at the rate of exchange ruling at that date. Resulting exchange differences are recognized in the income statement for the year.

(d) Property, plant and equipment

Items of property, plant and equipment are stated at the lower of historical cost and recoverable amount and are depreciated using the straight line method over their estimated useful lives.

The rates of depreciation used are based on the following useful lives:

Leasehold Improvement	5-10 years
Office equipment	3-7 years
Motor vehicles	4 years
Furniture and fittings	10 years

Assets are depreciated from the date of acquisition.

Expenditure on repairs or maintenance of property, plant and equipment made to restore or maintain future economic benefits expected from the assets is recognized as an expense when incurred.

(e) Investments

Investments in quoted companies are stated at fair value on the balance sheet date determined in accordance with the quoted market price as at that date.

(f) Taxation

Taxation is provided at rates ruling at the balance sheet date on profits of the company adjusted for items not allowed for taxation purposes.

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.

(g) Deferred employment compensation and its taxation consequences

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.

The cost of the compensation is deductible for tax purposes in the year the payment is made with tax relief available at rate of 200%. In the event that the business is or becomes in a tax loss position at the time the compensation is paid and continues to do so for a period of 5 years, relief from taxation may be lost. The current financial statements provide in full for the deferred tax asset that has arisen in respect of the provision made above.

(h) Borrowing costs

Borrowing costs are recognized as an expense in the period in which they are incurred.

(i) Revenue recognition

Revenue is recognized by reference to the state of completion of the transaction at the balance sheet date. Interest income is recognised as it accrues (taking into account the effective yield of the assets) unless collectibility is in doubt.

(j) Bad and doubtful debts provisioning

In accordance with the Central Bank regulations all credits are categorised and provided for as follows:-

Classification	Level of provisioning
Pass	1% general provision on total balance
Special mention	Nil
Substandard	15% of unsecured balance
Doubtful	50% of unsecured balance
Loss	100% of unsecured balance

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st December 2009

continued

2. Authorised & issued capital

	2009	2008
200,000 Ordinary shares of R100 each fully paid (RS)	20,000,000	20,000,000

3. Capital reserve

The Capital reserve arose out of the allotment of shares at a premium of R 1 per share in accordance with the provisions of section 55(2) of the Companies Act 1972. For the purposes of the Financial Institutions Act 2004, 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.

4. Fixed assets*

RS'000	Leasehold Improvement	Office Equipment	Furniture & Fittings	Motor Vehicles	Total
COST					
At 1 st January 2009	5,166	9,098	4,692	1,215	20,172
Additions	1,284	989	275		2,548
Disposal		(960)			(960)
Valuation Adjustments					
At 31 st December 2009	6,450	9,126	4,967	1,215	21,760
DEPRECIATION					
At 1 st January 2009	2,156	4,007	2,963	949	10,076
Additions	529	2,061	175	140	2,905
Disposals	0	(960)	0	0	(960)
At 31 st December 2009	2,685	5,108	3,138	1,089	12,021
Net book value (31.12.09)	3,765	4,018	1,829	126	9,739
Net book value (31.12.08)	3,010	5,091	1,729	266	10,096

**Figures may not add up due to rounding differences*

5. Due to Government of Seychelles

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

6. Contingent liabilities

Apart from those noted on the balance sheet, the Directors are not aware of any outstanding contingent liabilities at 31st December 2009.

7. Long term loan

The loan is from the parent company, The Mauritius Commercial Bank Limited, Mauritius. It is interest free and has no fixed term of repayment.

8. Related party transactions

Included in loans and advances to customers are amounts of R 19,800,451 and US\$ 41,509 advanced to Mascareignes Properties Limited, a company forming part of The Mauritius Commercial Bank Group.

9. Ultimate holding company

The company's ultimate holding company is The Mauritius Commercial Bank Limited in Mauritius.