



Independent Auditor's Report To The Members of MCB (Seychelles) Limited

Report on the Financial Statements

1. We have audited the financial statements of MCB (Seychelles) Limited (the "Bank") on pages 4 to 37 which comprise the statement of financial position at 31 December 2010 and the statement of comprehensive income, the statement of changes in equity and the summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

2. The Bank's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Seychelles Companies Act 1972, the Financial Institutions Act 2004 and regulations and guidelines of the Central Bank of Seychelles. This responsibility includes, designing, implementing and maintaining internal control relevant to the presentation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.
6. In our opinion, the financial statements on pages 4 to 37 give a true and fair view of the financial position of the Bank at 31 December 2010 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Seychelles Companies Act 1972 and the Financial Institutions Act 2004.

Report on Other Legal and Regulatory Requirements

7. The Seychelles Companies Act 1972 requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:
 - a. we have obtained all the information and explanations necessary for the performance of our audit; and
 - b. in our opinion:
 - (i) proper books of account have been kept by the Bank as far as appears from our examination of those records;
 - (ii) proper returns adequate for our audit have been received from branches not visited by us; and

**Independent Auditor's Report
To The Members Of MCB (Seychelles) Limited (Continued)**

Report of the Financial Statements (Continued)

- (iii) the Bank's statement of financial position and statement of comprehensive income are in agreement with the books of account and returns.
8. The Financial Institutions Act 2004 requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:
- (a) in our opinion, the financial statements have been prepared on a basis consistent with that of the preceding year and are complete, fair and properly drawn up and comply with the Financial Institutions Act 2004 and the regulations and guidelines of the Central Bank of Seychelles, and
- (b) the explanations or information called for or given to us by the officers or agents of the Bank were satisfactory.
- (c) in our view, the Bank's custodian and similar services constitute fiduciary activities. However, the Bank has obtained an independent legal opinion confirming that it does not carry out any fiduciary duty under the existing law of Seychelles. Accordingly, we have not performed any tests to form an opinion as to whether fiduciary duties have been administered in according with the law of Seychelles.


Poof & Patel
Chartered Accountants

24 May 2011

STATEMENT OF COMPREHENSIVE INCOME - YEAR ENDED DECEMBER 31, 2010
(All amounts are stated in Seychelles Rupee unless otherwise stated)

	2010	Re-stated 2009
Interest income	76,324,299	98,707,995
Interest expense	(19,318,014)	(45,351,954)
Net interest income	57,006,285	53,356,041
Fee and commission income	36,479,351	32,933,105
Fee and commission expense	(14,684,438)	(13,184,862)
Net fee and commission income	21,794,913	19,748,243
Other income	57,199,917	4,379,028
Operating income	136,001,115	77,483,312
Non-interest expense		
Staff costs	(17,940,234)	(14,181,747)
Depreciation	(2,701,145)	(2,642,581)
Amortisation of intangible assets	(267,793)	(262,523)
Other operating expenses	(43,202,724)	(42,302,508)
	(64,111,896)	(59,389,359)
Operating profit before impairment	71,889,219	18,093,953
Allowance for credit impairment	(511,013)	(119,446)
Profit before taxation	71,378,206	17,974,507
Taxation expense	(23,980,199)	(2,167,517)
Net profit for the year	47,398,007	15,806,990
Other comprehensive income:		
Movement in fair value of available-for-sale financial assets	1,817,776	-
Total comprehensive income for the year	49,215,783	15,806,990

STATEMENT OF FINANCIAL POSITION - YEAR ENDED DECEMBER 31, 2010
(All amounts are stated in Seychelles Rupee unless otherwise stated)

	2010	Re-stated	
		2009	2008
ASSETS			
Cash and cash equivalents	549,785,878	613,848,807	561,911,436
Loans and advances	786,477,733	326,668,711	396,040,928
Investment in subsidiary	99,100	99,100	99,100
Investment in financial assets	288,695,840	398,568,158	605,279,433
Property and equipment	8,750,488	8,860,662	8,955,246
Intangible asset	738,058	878,506	1,141,029
Current tax assets	2,932,532	16,326,821	-
Deferred tax assets	2,018,269	2,027,152	435,906
Other assets	35,981,040	23,051,291	22,219,311
Total assets	1,675,478,938	1,390,329,208	1,596,082,389
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES			
Deposits from banks and customers	1,466,544,451	1,236,382,023	1,370,197,937
Borrowings	7,000,000	11,000,000	19,000,000
Retirement benefit obligations	4,402,267	3,681,583	3,238,769
Current tax liabilities	-	-	28,356,860
Other liabilities	56,837,466	39,786,631	56,616,842
Total liabilities	1,534,784,184	1,290,850,237	1,477,410,408
SHAREHOLDERS' EQUITY			
Share capital	20,000,000	20,000,000	20,000,000
Statutory reserve	20,000,000	20,000,000	20,000,000
Fair value reserve	1,817,776	-	-
Retained earnings	98,876,978	59,478,971	78,671,981
Total equity	140,694,754	99,478,971	118,671,981
Total equity and liabilities	1,675,478,938	1,390,329,208	1,596,082,389
CONTINGENT LIABILITIES			
Acceptances, letters of credit and guarantees	46,429,064	62,957,076	103,708,363
Loan commitments	22,350,363	12,725,215	28,740,013
	68,779,427	75,682,291	132,448,376

These financial statements have been approved for issue by the Board of Directors on

24/05/2011