



THE MAURITIUS COMMERCIAL BANK LIMITED
Audited Financial Statements - 30th June 2012

Statements of financial position

	Notes	GROUP			BANK		
		30-Jun-12 Rs'000	30-Jun-11 Rs'000	30-Jun-10 Rs'000	30-Jun-12 Rs'000	30-Jun-11 Rs'000	30-Jun-10 Rs'000
ASSETS							
Cash and cash equivalents	3	11,071,228	9,211,566	15,352,000	9,762,837	8,257,202	14,032,127
Mandatory balances with Central Banks	12	9,089,260	7,475,414	4,780,076	7,588,498	6,262,909	4,056,680
Derivative financial instruments	4	32,057	55,357	40,195	32,057	55,357	40,195
Loans and advances to banks	5(a)	2,457,646	2,538,727	1,889,801	2,287,026	2,268,761	1,940,302
Loans and advances to customers	5(b)	135,183,050	119,901,032	107,552,548	127,396,940	112,345,481	101,743,388
Investment securities	6	16,873,501	17,555,272	19,105,410	12,385,486	13,617,560	15,131,136
Investments in associates	7	6,713,495	6,740,979	6,386,548	1,644,074	879,012	862,632
Investments in subsidiaries	8	-	-	-	3,537,307	3,447,710	3,230,761
Goodwill and other intangible assets	9	976,858	1,079,472	756,231	818,676	919,264	611,353
Property, plant and equipment	10	6,316,085	5,918,072	4,696,459	5,543,947	5,147,598	3,927,355
Deferred tax assets	11	14,877	18,944	29,337	-	-	9,232
Other assets	12	2,682,362	2,194,644	2,150,564	2,599,599	2,096,442	1,778,802
Total assets		191,410,419	172,689,479	162,739,169	173,596,447	155,297,296	147,363,963
LIABILITIES AND SHAREHOLDERS' EQUITY							
Deposits from banks	13(a)	1,319,030	1,711,987	1,118,656	2,776,618	2,829,395	3,067,436
Deposits from customers	13(b)	149,558,227	134,497,780	131,364,901	138,032,675	124,849,823	121,878,417
Derivative financial instruments	4	274,868	41,619	85,571	274,868	41,619	85,571
Other borrowed funds	14	7,434,431	5,153,730	1,521,864	7,008,400	4,499,307	1,161,061
Subordinated liabilities		-	1,278,856	1,454,853	-	1,278,856	1,454,853
Current tax liabilities		240,364	323,105	292,540	202,738	297,809	266,769
Deferred tax liabilities	11	97,868	46,212	32,987	63,836	13,095	-
Other liabilities	16	4,796,441	4,335,680	4,991,375	4,138,499	3,660,851	4,291,168
Total liabilities		163,721,229	147,388,969	140,862,747	152,497,634	137,470,755	132,205,275
Shareholders' Equity							
Share capital and share premium		2,593,395	2,581,709	2,554,970	2,593,395	2,581,709	2,554,970
Retained earnings		19,565,121	16,898,668	13,774,324	15,221,962	12,164,060	9,651,949
Other components of equity		4,342,410	4,615,779	4,363,294	3,648,221	3,447,955	3,324,977
		26,500,926	24,096,156	20,692,588	21,463,578	18,193,724	15,531,896
Less treasury shares		(364,765)	(367,183)	(373,208)	(364,765)	(367,183)	(373,208)
Equity attributable to the ordinary equity holders of the parent		26,136,161	23,728,973	20,319,380	21,098,813	17,826,541	15,158,688
Non-controlling interests		1,553,029	1,571,537	1,557,042	-	-	-
Total equity		27,689,190	25,300,510	21,876,422	21,098,813	17,826,541	15,158,688
Total equity and liabilities		191,410,419	172,689,479	162,739,169	173,596,447	155,297,296	147,363,963
CONTINGENT LIABILITIES							
Acceptances, guarantees, letters of credit, endorsements and other obligations on account of customers		39,134,200	33,143,144	26,796,327	37,482,964	31,627,552	25,628,905
Commitments		4,741,781	3,922,272	6,450,251	4,519,999	3,832,368	6,239,807
Tax assessments		68,042	315,356	319,900	68,042	315,356	319,900
Other		1,416,011	1,000,997	777,123	1,289,436	987,508	765,152
	18	45,360,034	38,381,769	34,343,601	43,360,441	36,762,784	32,953,764



THE MAURITIUS COMMERCIAL BANK LIMITED

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Income statements

	Notes	GROUP			BANK		
		Year ended	Year ended	Year ended	Year ended	Year ended	Year ended
		2012	2011	2010	2012	2011	2010
		Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Interest income	19	11,140,000	9,924,655	9,326,639	10,067,396	8,995,292	8,460,748
Interest expense	20	(4,755,245)	(4,038,370)	(4,181,663)	(4,321,466)	(3,643,407)	(3,773,649)
Net interest income		6,384,755	5,886,285	5,144,976	5,745,930	5,351,885	4,687,099
Fee and commission income	21	2,684,133	2,225,100	2,008,208	2,204,326	1,852,414	1,578,795
Fee and commission expense	22	(456,891)	(343,537)	(311,412)	(342,108)	(263,212)	(240,378)
Net fee and commission income		2,227,242	1,881,563	1,696,796	1,862,218	1,589,202	1,338,417
Other income							
Profit arising from dealing in foreign currencies		1,429,863	1,038,326	1,054,932	1,231,954	891,404	832,739
Net (loss)/income from financial instruments carried at fair value	23	(251,765)	59,086	(43,795)	(251,783)	59,115	(43,795)
Dividend income	24	1,178,098	1,097,412	1,011,137	980,171	950,519	788,944
Net gain on sale of securities		58,999	86,828	89,257	917,105	157,823	148,249
Other operating income		33,030	102,204	3,218	-	5,648	44
		126,087	138,901	48,489	8,847	61,389	22,370
		1,396,214	1,425,345	1,152,101	1,906,123	1,175,379	959,607
Income from out-of-court settlement		-	250,000	-	-	250,000	-
Operating income		10,008,211	9,443,193	7,993,873	9,514,271	8,366,466	6,985,123
Non-interest expense							
Salaries and human resource development	25(a)	(2,149,847)	(1,952,134)	(1,765,138)	(1,878,725)	(1,705,403)	(1,550,543)
Employee benefits	15	(200,463)	(201,443)	(191,512)	(200,463)	(201,443)	(191,512)
Depreciation		(535,666)	(412,063)	(371,745)	(399,238)	(285,172)	(254,482)
Amortisation of intangible assets		(216,043)	(209,993)	(89,272)	(196,879)	(189,444)	(73,015)
Other	25(b)	(1,513,482)	(1,246,038)	(1,296,477)	(1,199,375)	(1,024,174)	(1,018,981)
		(4,615,501)	(4,021,671)	(3,714,144)	(3,874,680)	(3,405,636)	(3,088,533)
Operating profit before impairment		5,392,710	5,421,522	4,279,729	5,639,591	4,960,830	3,896,590
Allowance for credit impairment	26	(518,809)	(315,089)	(272,180)	(509,241)	(305,405)	(219,852)
Impairment of available-for-sale investment		-	-	(190,140)	-	-	-
Impairment of intangible assets		(1,206)	(24,428)	(214)	(1,206)	(24,428)	(165)
Operating profit		4,872,695	5,082,005	3,817,195	5,129,144	4,630,997	3,676,573
Share of profit of associates		162,391	288,020	294,842	-	-	-
Profit before tax		5,035,086	5,370,025	4,112,037	5,129,144	4,630,997	3,676,573
Income tax expense	27	(888,111)	(853,365)	(691,918)	(669,495)	(726,653)	(572,197)
Profit for the year		4,146,975	4,516,660	3,420,119	4,459,649	3,904,344	3,104,376
Profit for the year attributable to :-							
Ordinary equity holders of the parent		4,114,563	4,491,121	3,413,254	4,459,649	3,904,344	3,104,376
Non-controlling interests		32,412	25,539	6,865	-	-	-
		4,146,975	4,516,660	3,420,119	4,459,649	3,904,344	3,104,376
Statements of comprehensive income							
Profit for the year		4,146,975	4,516,660	3,420,119	4,459,649	3,904,344	3,104,376
Other comprehensive (expense)/income:							
Exchange differences on translating foreign operations		(154,708)	24,781	(545,331)	-	-	-
Reclassification adjustments		(21,491)	(2,787)	87,303	-	-	-
Net fair value (loss)/gain on available-for-sale investments		(92,198)	236,202	(52,197)	188,580	96,239	34,390
Share of other comprehensive (expense)/income of associates		(14,066)	(16,795)	84,527	-	-	-
Other comprehensive (expense)/income for the year		(282,463)	241,401	(425,698)	188,580	96,239	34,390
Total comprehensive income for the year		3,864,512	4,758,061	2,994,421	4,648,229	4,000,583	3,138,766
Total comprehensive income attributable to :-							
Ordinary equity holders of the parent		3,837,338	4,735,144	2,974,604	4,648,229	4,000,583	3,138,766
Non-controlling interests		27,174	22,917	19,817	-	-	-
		3,864,512	4,758,061	2,994,421	4,648,229	4,000,583	3,138,766
Earnings per share :							
Basic (Rs)	29(a)	17.32	18.91	14.38			
Diluted (Rs)	29(b)	17.31	18.90	14.38			
Dividends per share (Rs)		5.85	5.75	5.25			
Basic weighted average number of shares (thousands)		237,606	237,460	237,305			
Diluted weighted average number of shares (thousands)		237,650	237,585	237,359			



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Statements of changes in equity

		Attributable to ordinary equity holders of the parent									
Notes	Share Capital	Share Premium	Treasury Shares	Retained Earnings	Capital Reserve	Translation Reserve	Statutory Reserve	General Banking Reserve	Total	Non-controlling Interests	Total Equity
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
GROUP											
At 1st July 2009	2,503,756	41,242	(375,857)	11,611,885	1,240,114	405,616	2,555,814	591,384	18,573,954	1,557,928	20,131,882
Total comprehensive income for the year	-	-	-	3,413,254	87,298	(525,948)	-	-	2,974,604	19,817	2,994,421
Increase in effective shareholding of associate	-	-	-	4,075	-	-	-	-	4,075	3,005	7,080
Dividends	-	-	-	(1,245,874)	-	-	-	-	(1,245,874)	(23,708)	(1,269,582)
Share of transfer on disposal of property, plant & equipment by associate	-	-	-	10,014	(10,014)	-	-	-	-	-	-
Transfer to general banking reserve	-	-	-	(7,674)	-	-	-	7,674	-	-	-
Transfer to statutory reserve	-	-	-	(11,356)	-	-	11,356	-	-	-	-
Employee share options exercised	-	9,972	2,649	-	-	-	-	-	12,621	-	12,621
At 30th June 2010	2,503,756	51,214	(373,208)	13,774,324	1,317,398	(120,332)	2,567,170	599,058	20,319,380	1,557,042	21,876,422
Total comprehensive income for the year	-	-	-	4,491,121	219,287	24,736	-	-	4,735,144	22,917	4,758,061
Changes in ownership interest in subsidiaries with no loss of control	-	-	-	2,365	-	-	-	-	2,365	6,425	8,790
Increase in effective shareholding of associate	-	-	-	4,814	-	-	-	-	4,814	3,550	8,364
Dividends	-	-	-	(1,365,494)	-	-	-	-	(1,365,494)	(18,397)	(1,383,891)
Share of transfer on disposal of property, plant & equipment by associate	-	-	-	20,230	(20,230)	-	-	-	-	-	-
Transfer from general banking reserve	-	-	-	1,785	-	-	-	(1,785)	-	-	-
Transfer to statutory reserve	-	-	-	(30,477)	-	-	30,477	-	-	-	-
Employee share options exercised	-	26,739	6,025	-	-	-	-	-	32,764	-	32,764
At 30th June 2011	2,503,756	77,953	(367,183)	16,898,668	1,516,455	(95,596)	2,597,647	597,273	23,728,973	1,571,537	25,300,510
Total comprehensive income for the year	-	-	-	4,114,563	(121,980)	(155,245)	-	-	3,837,338	27,174	3,864,512
Transfer on disposal of interest in joint venture	-	-	-	3,029	-	(2,468)	-	-	561	(561)	-
Effect of shares bought back and cancelled by subsidiary	-	-	-	(12,333)	-	-	-	-	(12,333)	(17,833)	(30,166)
Acquisition of non-controlling interest by local subsidiary	-	-	-	(43,694)	-	-	-	-	(43,694)	(8,628)	(52,322)
Increase in effective shareholding of associate	-	-	-	1,273	-	-	-	-	1,273	939	2,212
Dividends	-	-	-	(1,390,061)	-	-	-	-	(1,390,061)	(19,599)	(1,409,660)
Share of transfer on disposal of property, plant & equipment by associate	-	-	-	11,571	(11,571)	-	-	-	-	-	-
Transfer to general banking reserve	-	-	-	(760)	-	-	-	760	-	-	-
Transfer to statutory reserve	-	-	-	(17,135)	-	-	17,135	-	-	-	-
Employee share options exercised	-	11,686	2,418	-	-	-	-	-	14,104	-	14,104
At 30th June 2012	2,503,756	89,639	(364,765)	19,565,121	1,382,904	(253,309)	2,614,782	598,033	26,136,161	1,553,029	27,689,190
BANK											
At 1st July 2009	2,503,756	41,242	(375,857)	7,803,419	202,037	-	2,544,998	533,580	13,253,175	-	13,253,175
Total comprehensive income for the year	-	-	-	3,104,376	34,390	-	-	-	3,138,766	-	3,138,766
Dividends	-	-	-	(1,245,874)	-	-	-	-	(1,245,874)	-	(1,245,874)
Transfer to statutory reserve	-	-	-	(9,972)	-	-	9,972	-	-	-	-
Employee share options exercised	-	9,972	2,649	-	-	-	-	-	12,621	-	12,621
At 30th June 2010	2,503,756	51,214	(373,208)	9,651,949	236,427	-	2,554,970	533,580	15,158,688	-	15,158,688
Total comprehensive income for the year	-	-	-	3,904,344	96,239	-	-	-	4,000,583	-	4,000,583
Dividends	-	-	-	(1,365,494)	-	-	-	-	(1,365,494)	-	(1,365,494)
Transfer to statutory reserve	-	-	-	(26,739)	-	-	26,739	-	-	-	-
Employee share options exercised	-	26,739	6,025	-	-	-	-	-	32,764	-	32,764
At 30th June 2011	2,503,756	77,953	(367,183)	12,164,060	332,666	-	2,581,709	533,580	17,826,541	-	17,826,541
Total comprehensive income for the year	-	-	-	4,459,649	188,580	-	-	-	4,648,229	-	4,648,229
Dividends	-	-	-	(1,390,061)	-	-	-	-	(1,390,061)	-	(1,390,061)
Transfer to statutory reserve	-	-	-	(11,686)	-	-	11,686	-	-	-	-
Employee share options exercised	-	11,686	2,418	-	-	-	-	-	14,104	-	14,104
At 30th June 2012	2,503,756	89,639	(364,765)	15,221,962	521,246	-	2,593,395	533,580	21,098,813	-	21,098,813



THE MAURITIUS COMMERCIAL BANK LIMITED

Audited Financial Statements - 30th June 2012

Statements of cash flows

	Notes	GROUP			BANK		
		Year ended 2012 Rs'000	Year ended 2011 Rs'000	Year ended 2010 Rs'000	Year ended 2012 Rs'000	Year ended 2011 Rs'000	Year ended 2010 Rs'000
Net cash flows from trading activities	31	4,637,125	2,101,181	5,539,269	5,105,161	1,855,053	4,923,545
Net cash flows from other operating activities	32	183,535	(7,029,581)	(3,099,688)	(775,002)	(6,580,033)	(3,220,770)
Dividends received from associates		775,394	38,713	52,247	-	-	-
Dividends paid		(1,389,787)	(1,305,473)	(1,245,597)	(1,389,787)	(1,305,473)	(1,245,597)
Dividends paid to non-controlling interests in subsidiaries		(19,599)	(20,302)	(21,803)	-	-	-
Income tax paid		(876,410)	(795,935)	(1,160,491)	(713,825)	(673,286)	(917,173)
Net cash flows from operating activities		3,310,258	(7,011,397)	63,937	2,226,547	(6,703,739)	(459,995)
Investing activities		(1,511,991)	(2,621,319)	(1,832,923)	(1,005,077)	(2,435,508)	(1,958,319)
Net cash flows before financing		1,798,267	(9,632,716)	(1,768,986)	1,221,470	(9,139,247)	(2,418,314)
Employee share options exercised		12,183	28,076	11,693	12,183	28,076	11,693
Refund of subordinated liabilities		(1,298,672)	-	-	(1,298,672)	-	-
Share buy back by subsidiary		(30,166)	-	-	-	-	-
Debt securities issued		1,783,500	-	-	1,783,500	-	-
(Grant)/Refund of subordinated loan to associates/subsidiaries		(782,439)	(2,000)	(1,620)	(832,439)	(2,000)	153,880
Increase/(Decrease) in cash and cash equivalents		1,482,673	(9,606,640)	(1,758,913)	886,042	(9,113,171)	(2,252,741)
Net cash and cash equivalents at 1st July 2011		4,057,836	13,830,136	15,636,677	3,757,895	12,871,066	15,123,807
Effect of foreign exchange rate changes		(14,212)	(165,660)	(47,628)	-	-	-
Net cash and cash equivalents at 30th June 2012	33	5,526,297	4,057,836	13,830,136	4,643,937	3,757,895	12,871,066



COMMENTS ON FINANCIAL STATEMENTS

RESULTS

Net profit of the MCB Group declined by 8.4% to reach Rs 4.1 billion for FY 2011/12.

This result is testimony to the persistently testing economic environment. In addition to pressures on the demand for credit, results were affected by a major increase in impairment charges reflecting certain market strains. Besides, the profit evolution was restrained by an increase of 14.8% in operating expenses linked to the full-year impact of past capacity-building initiatives. However, on excluding non-recurrent gains notably accruing during the previous financial year, results were close to that of the latter period. This testifies to the resilience of the MCB's performance in the current challenging conditions, with the Group also depicting relatively healthy financial soundness metrics in terms of capitalisation, funding and liquidity as well as asset quality, although there has been a deterioration of the latter over the year. At Bank level, profit was boosted by an exceptional dividend income of some Rs 755 million from our Réunion-based associate, BFCOI, and was slightly up over FY 2010/11 when excluding non-recurrent items.

Core earnings of the MCB were underpinned by a rise of 8.5% in net interest income following the continued expansion in the loan portfolio. While non-bank activities were impeded by financial market volatilities, non-interest income was supported by an expansion of more than 18% in net fee and commission income principally stemming from the persistent rise in regional trade financing, reflecting the benefits being reaped from our international diversification strategy. Against this backdrop, the share of foreign-sourced income to Group profit stood at 43% for FY 2011/12 in spite of a decline in the contribution of BFCOI due to a notable increase in impairment charges.

PROSPECTS

Looking ahead, the local operating environment to which the Group is exposed is likely to be subject to key challenges, thus impacting its revenue-generating ability. Nevertheless, backed by strengthened internal capabilities and sustained market vigilance, the Group is well poised to seize the right growth opportunities and, in particular, the MCB remains intent on extending and deepening its regional involvement, in the light of the encouraging economic prospects of sub-Saharan Africa.

Copies of the audited financial statements can be obtained free of charge upon request at the registered office of the Company, 9-15, Sir William Newton Street, Port-Louis.

These financial statements were approved for issue by the Board of Directors on the 27th September 2012.

(S) Pierre Guy NOEL
Director
Chief Executive (Group)

(S) Antony R. WITHERS
Director
Chief Executive (Banking)

(S) J. Gérard HARDY
Director
President of the Board

(S) Gilles GUFFLET
Director
Chairman Audit Committee

**TO THE SHAREHOLDERS OF THE MAURITIUS COMMERCIAL BANK LTD
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS**

This report is made solely to the members of The Mauritius Commercial Bank Ltd (the "Bank"), as a body, in accordance with Section 205 of the Companies Act 2001. Our audit work has been undertaken so that we might state to the Bank'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 Bank and the Bank's members as a body, for our audit work, for this report, or for the opinions we have formed.

Report on the Financial Statements

We have audited the financial statements of The Mauritius Commercial Bank Ltd and its subsidiaries (the "Group") and the Bank's separate financial statements on pages 3 to 79 which comprise the statements of financial position at June 30, 2012 and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and of the Bank and 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 Companies Act 2001 and Banking Act 2004. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation 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.

Auditors' Responsibility

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.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 auditors consider internal control relevant to the Bank'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 Bank'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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements on pages 3 to 79 give a true and fair view of the financial position of the Group and of the Bank at June 30, 2012, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001.

Report on Other Legal and Regulatory Requirements*Companies Act 2001*

We have no relationship with, or interests in, the Bank or any of its subsidiaries, other than in our capacity as auditors, tax and business advisers and dealings in the ordinary course of business.

We have obtained all information and explanations we have required.

In our opinion, proper accounting records have been kept by the Bank as far as it appears from our examination of those records.

Banking Act 2004

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 Banking Act 2004 and the regulations and guidelines of the Bank of Mauritius.

The explanations or information called for or given to us by the officers or agents of the Bank were satisfactory.

The Financial Reporting Act 2004

The directors are responsible for preparing the Corporate Governance Report and making the disclosures required by Section 8.4 of the Code of Corporate Governance of Mauritius ("Code"). Our responsibility is to report on these disclosures.

In our opinion, the disclosures in the Corporate Governance Report are consistent with the requirements of the Code.

BDO & Co
Chartered Accountants

Yacoob Ramtoola, FCA
Licensed by FRC

27th September 2012
Port Louis
Mauritius

The statement of direct and indirect interests of officers of the Company required under rule 8(2)(m) of the Securities (Disclosure Obligations of Reporting Issuers) Rules 2007 is available upon request, free of charge, at the registered office of the Company.

This communiqué is issued pursuant to Listing Rule 12.14 and Securities Act 2005.

The Board of Directors of The Mauritius Commercial Bank Limited accepts full responsibility for the accuracy of the information contained in this communiqué.