

THE MCB LTD. | ABRIDGED UNAUDITED INTERIM FINANCIAL STATEMENTS (31st March 2009)

[BALANCE SHEETS]

	GROUP			BANK		
	31-Mar-09 Rs'000	31-Mar-08 Rs'000	30-Jun-08 Rs'000	31-Mar-09 Rs'000	31-Mar-08 Rs'000	30-Jun-08 Rs'000
ASSETS						
Cash resources						
Cash and balances with Central Banks	6,687,357	6,451,367	5,776,456	5,473,271	5,316,123	4,434,230
Balances with banks and interbank loans	221,118	112,270	236,869	41,554	10,724	51,322
Balances with banks abroad	12,925,629	9,754,903	11,072,046	12,705,676	9,834,309	11,031,840
	19,834,104	16,318,540	17,085,371	18,220,501	15,161,156	15,517,392
Securities and other investments						
Securities	14,259,076	17,822,023	22,839,217	13,089,983	15,739,680	20,885,824
Other investments - available-for-sale	3,035,932	3,198,283	3,469,831	874,932	1,351,956	1,187,714
- derivative financial instruments	122,206	137,102	137,261	122,206	137,102	137,261
Investments in associates	6,080,330	5,640,264	6,022,694	900,584	867,243	885,586
Investments in subsidiaries	-	-	-	2,755,943	1,945,226	2,391,412
	23,497,544	26,797,672	32,469,003	17,743,648	20,041,207	25,487,797
Loans	94,000,224	72,999,224	77,629,346	88,710,702	68,325,004	71,893,691
Other						
Goodwill and other intangible assets	329,585	274,508	284,835	242,718	199,509	202,246
Property, plant and equipment	3,657,043	3,340,185	3,371,104	2,744,235	2,468,015	2,458,313
Deferred tax assets	29,967	12,988	15,140	26,414	12,691	13,153
Other assets	2,448,706	1,999,251	2,116,862	2,029,636	1,667,517	1,782,642
	6,465,301	5,626,932	5,787,941	5,043,003	4,347,732	4,456,354
	143,797,173	121,742,368	132,971,661	129,717,854	107,875,099	117,355,234
LIABILITIES AND SHAREHOLDERS' EQUITY						
Deposits	116,901,043	97,019,204	105,486,873	110,562,268	89,946,775	97,546,025
Borrowings						
Borrowings from the Bank of Mauritius	207,926	532,002	449,630	207,926	532,002	449,630
Borrowings from other banks in Mauritius and banks abroad	1,968,190	2,461,365	2,896,949	1,336,284	2,381,287	2,555,126
Subordinated debt	1,514,571	1,182,701	1,237,128	1,514,571	1,182,701	1,237,128
	3,690,687	4,176,068	4,583,707	3,058,781	4,095,990	4,241,884
Other						
Other liabilities	3,134,246	3,165,245	3,726,564	2,590,268	2,513,530	3,187,315

Outstanding lease obligations	-	-	-	-	734	554
Proposed dividend	-	-	687,981	-	-	687,981
Current tax liabilities	603,914	326,004	455,102	471,922	215,331	347,643
Deferred tax liabilities	32,413	34,768	37,044	-	-	-
	3,770,573	3,526,017	4,906,691	3,062,190	2,729,595	4,223,493
Capital and reserves attributable to the ordinary equity holders of the parent						
Share capital	2,503,756	2,503,756	2,503,756	2,503,756	2,503,756	2,503,756
Reserves and surplus	4,563,438	4,296,309	5,263,318	3,325,950	2,873,028	3,378,775
Retained earnings	11,265,357	9,067,724	8,955,759	7,580,766	6,104,488	5,837,778
	18,332,551	15,867,789	16,722,833	13,410,472	11,481,272	11,720,309
Less treasury shares	(375,857)	(378,533)	(376,477)	(375,857)	(378,533)	(376,477)
	17,956,694	15,489,256	16,346,356	13,034,615	11,102,739	11,343,832
Minority interest	1,478,176	1,531,823	1,648,034	-	-	-
Total equity	19,434,870	17,021,079	17,994,390	13,034,615	11,102,739	11,343,832
	143,797,173	121,742,368	132,971,661	129,717,854	107,875,099	117,355,234
CONTINGENT LIABILITIES						
Acceptances, guarantees, letters of credit, endorsements and other obligations on account of customers, and foreign exchange contracts	31,772,055	32,180,949	36,460,790	30,739,108	30,729,567	34,242,458
Commitments	7,165,216	3,922,438	6,000,729	7,036,508	3,782,781	5,815,689
Tax assessment	234,804	215,924	220,642	234,804	215,924	220,642
Other	1,073,417	956,832	1,085,998	900,800	868,129	996,426
	40,245,492	37,276,143	43,768,159	38,911,220	35,596,401	41,275,215

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[INCOME STATEMENTS]

	GROUP					BANK				
	Quarter to 31-Mar-09	Quarter to 31-Mar-08	9 mths to 31-Mar-09	9 mths to 31-Mar-08	Year to 30-Jun-08	Quarter to 31-Mar-09	Quarter to 31-Mar-08	9 mths to 31-Mar-09	9 mths to 31-Mar-08	Year to 30-Jun-08
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Interest income	2,473,127	2,581,677	7,950,513	7,652,060	10,285,550	2,229,324	2,410,831	7,278,000	7,035,357	9,444,442
Interest expense	(1,218,158)	(1,527,803)	(4,244,960)	(4,643,833)	(6,119,650)	(1,106,114)	(1,475,606)	(3,935,055)	(4,395,737)	(5,777,095)
Net interest income	1,254,969	1,053,874	3,705,553	3,008,227	4,165,900	1,123,210	935,225	3,342,945	2,639,620	3,667,347
Other income	726,392	769,856	2,360,328	2,548,997	3,305,217	638,858	891,825	1,894,775	1,988,825	2,704,125
Operating income	1,981,361	1,823,730	6,065,881	5,557,224	7,471,117	1,762,068	1,827,050	5,237,720	4,628,445	6,371,472
Non-interest expense	(871,434)	(817,109)	(2,627,972)	(2,427,409)	(3,225,159)	(706,162)	(672,227)	(2,190,251)	(2,030,819)	(2,666,626)
Operating profit before provisions	1,109,927	1,006,621	3,437,909	3,129,815	4,245,958	1,055,906	1,154,823	3,047,469	2,597,626	3,704,846
Allowance for credit impairment	(86,373)	(99,023)	(295,810)	(276,121)	(425,889)	(80,811)	(89,387)	(289,506)	(275,496)	(408,417)
Operating profit	1,023,554	907,598	3,142,099	2,853,694	3,820,069	975,095	1,065,436	2,757,963	2,322,130	3,296,429
Share of income of associated companies	132,886	95,840	405,413	338,236	640,839	-	-	-	-	-
Profit before tax	1,156,440	1,003,438	3,547,512	3,191,930	4,460,908	975,095	1,065,436	2,757,963	2,322,130	3,296,429
Income tax expense	(183,544)	(130,543)	(582,095)	(395,796)	(575,180)	(135,535)	(96,661)	(431,148)	(263,544)	(395,394)
Profit for the period	972,896	872,895	2,965,417	2,796,134	3,885,728	839,560	968,775	2,326,815	2,058,586	2,901,035
Attributable to :-										
Ordinary equity holders of the parent	960,228	857,037	2,906,744	2,707,974	3,693,734	839,560	968,775	2,326,815	2,058,586	2,901,035
Minority interest	12,668	15,858	58,673	88,160	191,994	-	-	-	-	-
	972,896	872,895	2,965,417	2,796,134	3,885,728	839,560	968,775	2,326,815	2,058,586	2,901,035
Basic and diluted earnings per share for profit attributable to the ordinary equity holders of the parent (Rs)	4.05	3.61	12.25	11.42	15.58					
Basic weighted average number of shares (thousands)	237,257	237,217	237,250	237,072	237,112					
Diluted weighted average number of shares (thousands)	237,305	237,241	237,286	237,093	237,133					

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[STATEMENTS OF CHANGES IN EQUITY]

GROUP	Attributable to ordinary equity holders of the parent								Minority Interest	Total Equity	
	Share Capital	Share Premium	Treasury Shares	Capital Reserve	Translation Reserve	Statutory Reserve	General Banking Reserve	Retained Earnings			Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	
At 1st July 2007	2,503,756	16,252	(384,289)	1,517,128	401,242	2,082,578	572,531	6,765,698	13,474,896	1,439,492	14,914,388
Share of increase/(decrease) in reserves of associates	-	-	-	58,615	(38,990)	-	-	-	19,625	43,219	62,844
Transfer on disposal of investments	-	-	-	(255,218)	-	-	-	-	(255,218)	-	(255,218)
Currency translation difference	-	-	-	-	(211,691)	-	-	-	(211,691)	(10,637)	(222,328)
Fair value gain	-	-	-	115,879	-	-	-	-	115,879	-	115,879
Net (expense)/income recognised directly in equity	-	-	-	(80,724)	(250,681)	-	-	-	(331,405)	32,582	(298,823)
Profit for the period	-	-	-	-	-	-	-	2,707,974	2,707,974	88,160	2,796,134
Total recognised (expense)/income for the period	-	-	-	(80,724)	(250,681)	-	-	2,707,974	2,376,569	120,742	2,497,311
Increase in shareholding in subsidiaries	-	-	-	-	-	-	-	-	-	(15,576)	(15,576)
Dividends	-	-	-	-	-	-	-	(391,057)	(391,057)	(12,835)	(403,892)
Transfer to general banking reserve	-	-	-	-	-	-	7,635	(7,635)	-	-	-
Transfer to statutory reserve	-	-	-	-	-	7,256	-	(7,256)	-	-	-
Employee share options exercised	-	23,092	5,756	-	-	-	-	-	28,848	-	28,848
At 31st March 2008	2,503,756	39,344	(378,533)	1,436,404	150,561	2,089,834	580,166	9,067,724	15,489,256	1,531,823	17,021,079
At 1st July 2007	2,503,756	16,252	(384,289)	1,517,128	401,242	2,082,578	572,531	6,765,698	13,474,896	1,439,492	14,914,388
Share of increase in reserves of associates	-	-	-	45,149	44,052	-	-	-	89,201	33,289	122,490
Transfer on disposal of investments	-	-	-	(240,321)	-	-	-	-	(240,321)	-	(240,321)
Currency translation difference	-	-	-	-	(115,182)	-	-	-	(115,182)	12,518	(102,664)
Fair value gain	-	-	-	481,108	-	-	-	-	481,108	-	481,108
Net income/(expense) recognised directly in equity	-	-	-	285,936	(71,130)	-	-	-	214,806	45,807	260,613
Profit for the year	-	-	-	-	-	-	-	3,693,734	3,693,734	191,994	3,885,728
Total recognised income/(expense) for the year	-	-	-	285,936	(71,130)	-	-	3,693,734	3,908,540	237,801	4,146,341
Increase in shareholding in subsidiaries	-	-	-	-	-	-	-	-	-	(15,576)	(15,576)
Net assets disposed of by subsidiary	-	-	-	-	-	-	-	-	-	11,377	11,377

Profit on deemed disposal of subsidiary	-	-	-	-	-	-	-	11,108	11,108	1,234	12,342
Dividends	-	-	-	-	-	-	-	(1,079,038)	(1,079,038)	(26,294)	(1,105,332)
Transfer to general banking reserve	-	-	-	-	-	-	6,219	(6,219)	-	-	-
Transfer to statutory reserve	-	-	-	-	-	429,524	-	(429,524)	-	-	-
Employee share options exercised	-	23,038	7,812	-	-	-	-	-	30,850	-	30,850
At 30th June 2008	2,503,756	39,290	(376,477)	1,803,064	330,112	2,512,102	578,750	8,955,759	16,346,356	1,648,034	17,994,390
Share of (decrease)/increase in reserves of associates	-	-	-	(226,833)	87,062	-	-	-	(139,771)	(167,251)	(307,022)
Transfer on disposal of investments	-	-	-	(61,010)	-	-	-	-	(61,010)	-	(61,010)
Currency translation difference	-	-	-	-	(109,941)	-	-	-	(109,941)	(2,612)	(112,553)
Fair value (loss)/gain	-	-	-	(448,496)	-	-	-	-	(448,496)	1,551	(446,945)
Net expense recognised directly in equity	-	-	-	(736,339)	(22,879)	-	-	-	(759,218)	(168,312)	(927,530)
Profit for the period	-	-	-	-	-	-	-	2,906,744	2,906,744	58,673	2,965,417
Total recognised (expense)/income for the period	-	-	-	(736,339)	(22,879)	-	-	2,906,744	2,147,526	(109,639)	2,037,887
Contribution of minority in new subsidiary	-	-	-	-	-	-	-	-	-	20,000	20,000
Increase in shareholding in subsidiary	-	-	-	-	-	-	-	(5,933)	(5,933)	(51,257)	(57,190)
Dividends	-	-	-	-	-	-	-	(533,827)	(533,827)	(28,962)	(562,789)
Transfer to general banking reserve	-	-	-	-	-	-	7,386	(7,386)	-	-	-
Transfer to statutory reserve	-	-	-	-	-	50,000	-	(50,000)	-	-	-
Employee share options exercised	-	1,952	620	-	-	-	-	-	2,572	-	2,572
At 31st March 2009	2,503,756	41,242	(375,857)	1,066,725	307,233	2,562,102	586,136	11,265,357	17,956,694	1,478,176	19,434,870

BANK

At 1st July 2007	2,503,756	16,252	(384,289)	105,921	-	2,082,578	533,580	4,436,959	9,294,757	-	9,294,757
Fair value gain recognised directly in equity	-	-	-	111,605	-	-	-	-	111,605	-	111,605
Profit for the period	-	-	-	-	-	-	-	2,058,586	2,058,586	-	2,058,586
Total recognised income for the period	-	-	-	111,605	-	-	-	2,058,586	2,170,191	-	2,170,191
Dividends	-	-	-	-	-	-	-	(391,057)	(391,057)	-	(391,057)
Employee share options exercised	-	23,092	5,756	-	-	-	-	-	28,848	-	28,848
At 31st March 2008	2,503,756	39,344	(378,533)	217,526	-	2,082,578	533,580	6,104,488	11,102,739	-	11,102,739
At 1st July 2007	2,503,756	16,252	(384,289)	105,921	-	2,082,578	533,580	4,436,959	9,294,757	-	9,294,757
Fair value gain recognised directly in equity	-	-	-	196,228	-	-	-	-	196,228	-	196,228

Profit for the year	-	-	-	-	-	-	2,901,035	2,901,035	-	2,901,035	
Total recognised income for the year	-	-	-	196,228	-	-	2,901,035	3,097,263	-	3,097,263	
Dividends	-	-	-	-	-	-	(1,079,038)	(1,079,038)	-	(1,079,038)	
Transfer to statutory reserve	-	-	-	-	-	421,178	(421,178)	-	-	-	
Employee share options exercised	-	23,038	7,812	-	-	-	-	30,850	-	30,850	
At 30th June 2008	2,503,756	39,290	(376,477)	302,149	-	2,503,756	533,580	5,837,778	11,343,832	-	11,343,832
Transfer on disposal of investments	-	-	-	(49,834)	-	-	-	(49,834)	-	(49,834)	
Fair value loss	-	-	-	(54,943)	-	-	-	(54,943)	-	(54,943)	
Net expense recognised directly in equity	-	-	-	(104,777)	-	-	-	(104,777)	-	(104,777)	
Profit for the period	-	-	-	-	-	-	2,326,815	2,326,815	-	2,326,815	
Total recognised (expense)/income for the period	-	-	-	(104,777)	-	-	2,326,815	2,222,038	-	2,222,038	
Dividends	-	-	-	-	-	-	(533,827)	(533,827)	-	(533,827)	
Transfer to statutory reserve	-	-	-	-	-	50,000	(50,000)	-	-	-	
Employee share options exercised	-	1,952	620	-	-	-	-	2,572	-	2,572	
At 31st March 2009	2,503,756	41,242	(375,857)	197,372	-	2,553,756	533,580	7,580,766	13,034,615	-	13,034,615

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[CASH FLOW STATEMENTS]

	GROUP			BANK		
	9 mths to 31-Mar-09	9 mths to 31-Mar-08	Year to 30-Jun-08	9 mths to 31-Mar-09	9 mths to 31-Mar-08	Year to 30-Jun-08
	<i>Rs'000</i>	<i>Rs'000</i>	<i>Rs'000</i>	<i>Rs'000</i>	<i>Rs'000</i>	<i>Rs'000</i>
Net cash flows from trading activities	3,127,811	2,320,076	4,142,007	2,524,893	1,796,926	3,672,373
Net cash flows from other operating activities	3,717,092	1,092,259	(328,555)	3,807,616	1,811,515	531,464
Dividends received from associates	56,758	34,668	34,668	-	-	-
Dividends paid	(1,221,808)	(391,057)	(391,057)	(1,221,808)	(391,057)	(391,057)
Dividends paid to minority shareholders in subsidiaries	(28,962)	(12,835)	(26,294)	-	-	-
Income tax paid	(421,022)	(417,587)	(476,005)	(320,130)	(373,182)	(373,182)
Net cash flows from operating activities	5,229,869	2,625,524	2,954,764	4,790,571	2,844,202	3,439,598
Investing activities	(909,929)	218,052	146,192	(706,625)	323,066	193,272
Net cash flows before financing	4,319,940	2,843,576	3,100,956	4,083,946	3,167,268	3,632,870
Contribution of minority in new subsidiary	20,000	-	23,719	-	-	-
Employee share options exercised	2,572	28,848	28,842	2,572	28,848	28,842
Subordinated loan to subsidiary	-	-	-	-	-	(200,647)
Refund of subordinated loan by subsidiary	-	-	-	77,691	-	-
Capital element of finance lease rental payments	-	-	-	(554)	(1,593)	(1,773)
Increase in cash and cash equivalents	4,342,512	2,872,424	3,153,517	4,163,655	3,194,523	3,459,292
Cash and cash equivalents brought forward	13,738,792	11,132,500	11,132,500	12,512,636	9,053,344	9,053,344
Effect of foreign exchange rate changes	(423,316)	(679,751)	(547,225)	-	-	-
Cash and cash equivalents carried forward	17,657,988	13,325,173	13,738,792	16,676,291	12,247,867	12,512,636

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[COMMENTS ON HALF YEAR RESULTS TO 31ST MARCH 2009]

1. The Interim financial statements have been prepared using the same accounting policies as those adopted in the financial statements for the year ended 30th June 2008 and comply with IAS34.

2. RESULTS

Profits attributable to shareholders reached Rs 2.9 billion for the nine months ended 31st March 2009, an increase of 7.3% compared to the same period in 2007/08, which included a non-recurrent profit of Rs 425 million on sale of investments. Excluding this item, the underlying growth in Group results is 27.3%. Earnings per share for the period climbed to Rs 12.25.

Balance sheet growth, which was very strong during the six months to December 2008, has somewhat slowed down during the last quarter. However, with a 29% annual increase in the loan book as at 31st March 2009 and with total assets growing 18% over a year to Rs 143.8 billion, there was sufficient momentum created to substantially boost net interest income which, at Group level, reached Rs 3.7 billion for the nine months, an increase of 23.2 % over the corresponding period in 2007/08.

In the context of the global economic crisis, asset growth is expected to be more subdued in the coming months, in line with a slow-down in the major sectors of the local and regional economies. However, in spite of uncertainty regarding the immediate future, the MCB Group, with its strong liquidity and capital base, remains well poised to face the challenges lying ahead. On current trends, the Board expects that the previously announced target of Rs 4 billion for the full year results will be attained.

By Order of the Board

14th May 2009

Copies of the abridged 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. 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 12.20 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.