

THE MCB LTD. | ABRIDGED UNAUDITED INTERIM FINANCIAL STATEMENTS (31ST DECEMBER 2008)

[BALANCE SHEETS]

	GROUP			BANK		
	31-Dec-08 Rs'000	31-Dec-07 Rs'000	30-Jun-08 Rs'000	31-Dec-08 Rs'000	31-Dec-07 Rs'000	30-Jun-08 Rs'000
ASSETS						
Cash resources						
Cash and balances with Central Banks	6,006,030	5,428,254	5,776,456	4,751,147	4,589,757	4,434,230
Balances with banks and interbank loans	527,318	165,549	236,869	202,792	95,633	51,322
Balances with banks abroad	9,490,082	13,237,160	11,072,046	9,371,908	13,151,475	11,031,840
	16,023,430	18,830,963	17,085,371	14,325,847	17,836,865	15,517,392
Securities and other investments						
Securities	16,474,956	13,818,712	22,839,217	15,019,007	11,508,350	20,885,824
Other investments - available-for-sale	3,104,961	3,207,964	3,469,831	889,577	1,276,591	1,187,714
- derivative financial instruments	174,402	64,369	137,261	172,813	64,369	137,261
Investments in associates	6,047,525	5,654,665	6,022,694	902,817	875,425	885,586
Investments in subsidiaries	-	-	-	2,688,754	2,278,357	2,391,412
	25,801,844	22,745,710	32,469,003	19,672,968	16,003,092	25,487,797
Loans	93,281,680	71,127,340	77,629,346	88,139,384	66,083,732	71,893,691
Other						
Goodwill and other intangible assets	281,970	266,199	284,835	191,703	207,987	202,246
Property, plant and equipment	3,523,277	3,401,076	3,371,104	2,611,405	2,497,909	2,458,313
Deferred tax assets	28,815	12,837	15,140	27,008	12,347	13,153
Other assets	2,168,950	2,223,567	2,116,862	1,825,356	1,827,644	1,782,642
	6,003,012	5,903,679	5,787,941	4,655,472	4,545,887	4,456,354
	141,109,966	118,607,692	132,971,661	126,793,671	104,469,576	117,355,234
LIABILITIES AND SHAREHOLDERS' EQUITY						
Deposits	112,150,939	93,159,780	105,486,873	105,291,640	86,111,130	97,546,025
Borrowings						
Borrowings from the Bank of Mauritius	725,677	612,965	449,630	725,677	612,965	449,630
Borrowings from other banks in Mauritius and banks abroad	4,008,625	2,987,283	2,896,949	3,695,240	2,884,910	2,555,126
Subordinated debt	1,439,579	1,294,365	1,237,128	1,439,579	1,294,365	1,237,128
	6,173,881	4,894,613	4,583,707	5,860,496	4,792,240	4,241,884
Other						
Other liabilities	3,530,712	3,591,612	3,726,564	3,048,941	3,062,217	3,187,315

Outstanding lease obligations	-	-	-	-	1,101	554
Proposed dividend	-	-	687,981	-	-	687,981
Current tax liabilities	550,106	595,793	455,102	424,504	491,508	347,643
Deferred tax liabilities	28,606	31,617	37,044	-	-	-
	4,109,424	4,219,022	4,906,691	3,473,445	3,554,826	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	4,740,380	4,444,246	5,263,318	3,298,985	2,750,891	3,378,775
Retained earnings	10,308,087	8,213,614	8,955,759	6,741,206	5,135,713	5,837,778
	17,552,223	15,161,616	16,722,833	12,543,947	10,390,360	11,720,309
Less treasury shares	(375,857)	(378,980)	(376,477)	(375,857)	(378,980)	(376,477)
	17,176,366	14,782,636	16,346,356	12,168,090	10,011,380	11,343,832
Minority interest	1,499,356	1,551,641	1,648,034	-	-	-
Total equity	18,675,722	16,334,277	17,994,390	12,168,090	10,011,380	11,343,832
	141,109,966	118,607,692	132,971,661	126,793,671	104,469,576	117,355,234

CONTINGENT LIABILITIES

Acceptances, guarantees, letters of credit, endorsements and other obligations on account of customers, and foreign exchange contracts	32,555,670	22,775,779	36,460,790	30,821,143	21,258,481	34,242,458
Commitments	7,331,611	3,684,410	6,000,729	7,180,819	3,401,947	5,815,689
Tax assessment	230,083	211,203	220,642	230,083	211,203	220,642
Other	1,336,840	1,131,660	1,085,998	1,114,730	965,102	996,426
	41,454,204	27,803,052	43,768,159	39,346,775	25,836,733	41,275,215

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[INCOME STATEMENTS]

	GROUP					BANK				
	Quarter to 31-Dec-08	Quarter to 31-Dec-07	6 mths to 31-Dec-08	6 mths to 31-Dec-07	Year to 30-Jun-08	Quarter to 31-Dec-08	Quarter to 31-Dec-07	6 mths to 31-Dec-08	6 mths to 31-Dec-07	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	2,740,220	2,593,865	5,477,386	5,070,383	10,285,550	2,543,690	2,345,026	5,048,676	4,624,526	9,444,442
Interest expense	(1,495,048)	(1,558,123)	(3,026,802)	(3,116,030)	(6,119,650)	(1,406,354)	(1,477,584)	(2,828,941)	(2,920,131)	(5,777,095)
Net interest income	1,245,172	1,035,742	2,450,584	1,954,353	4,165,900	1,137,336	867,442	2,219,735	1,704,395	3,667,347
Other income	935,549	1,088,700	1,633,936	1,779,141	3,305,217	719,164	586,713	1,255,917	1,097,000	2,704,125
Operating income	2,180,721	2,124,442	4,084,520	3,733,494	7,471,117	1,856,500	1,454,155	3,475,652	2,801,395	6,371,472
Non-interest expense	(874,735)	(816,953)	(1,756,538)	(1,610,300)	(3,225,159)	(736,326)	(695,266)	(1,484,089)	(1,358,592)	(2,666,626)
Operating profit before provisions	1,305,986	1,307,489	2,327,982	2,123,194	4,245,958	1,120,174	758,889	1,991,563	1,442,803	3,704,846
Allowance for credit impairment	(112,569)	(80,088)	(209,437)	(177,098)	(425,889)	(118,162)	(96,372)	(208,695)	(186,109)	(408,417)
Operating profit	1,193,417	1,227,401	2,118,545	1,946,096	3,820,069	1,002,012	662,517	1,782,868	1,256,694	3,296,429
Share of income of associated companies	132,930	177,423	272,527	242,396	640,839	-	-	-	-	-
Profit before tax	1,326,347	1,404,824	2,391,072	2,188,492	4,460,908	1,002,012	662,517	1,782,868	1,256,694	3,296,429
Income tax expense	(247,811)	(133,969)	(398,551)	(265,253)	(575,180)	(185,095)	(83,936)	(295,613)	(166,883)	(395,394)
Profit for the period	1,078,536	1,270,855	1,992,521	1,923,239	3,885,728	816,917	578,581	1,487,255	1,089,811	2,901,035
Attributable to:-										
Ordinary equity holders of the parent	1,066,141	1,204,977	1,946,516	1,850,937	3,693,734	816,917	578,581	1,487,255	1,089,811	2,901,035
Minority interest	12,395	65,878	46,005	72,302	191,994	-	-	-	-	-
	1,078,536	1,270,855	1,992,521	1,923,239	3,885,728	816,917	578,581	1,487,255	1,089,811	2,901,035
Basic and diluted earnings per share for profit attributable to the ordinary equity holders of the parent (Rs)	4.49	5.08	8.20	7.81	15.58					
Basic weighted average number of shares (thousands)	237,254	237,038	237,247	237,000	237,112					
Diluted weighted average number of shares (thousands)	237,294	237,047	237,278	237,016	237,133					

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[STATEMENTS OF CHANGES IN EQUITY]

GROUP	Attributable to ordinary equity holders of the parent										
	Share Capital	Share Premium	Treasury Shares	Capital Reserve	Translation Reserve	Statutory Reserve	General Banking Reserve	Retained Earnings	Total	Minority Interest	Total Equity
	Rs'000	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	-	-	-	96,752	(2,896)	-	-	(169)	93,687	71,214	164,901
Release of fair value on disposal of investments	-	-	-	(237,760)	-	-	-	-	(237,760)	-	(237,760)
Currency translation difference	-	-	-	-	(130,785)	-	-	-	(130,785)	(5,838)	(136,623)
Increase in holding of subsidiary	-	-	-	-	-	-	-	-	-	(12,694)	(12,694)
Fair value gain	-	-	-	96,826	-	-	-	-	96,826	-	96,826
Net (expense)/income recognised directly in equity	-	-	-	(44,182)	(133,681)	-	-	(169)	(178,032)	52,682	(125,350)
Profit for the period	-	-	-	-	-	-	-	1,850,937	1,850,937	72,302	1,923,239
Total recognised (expense)/income for the period	-	-	-	(44,182)	(133,681)	-	-	1,850,768	1,672,905	124,984	1,797,889
Dividends	-	-	-	-	-	-	-	(391,057)	(391,057)	(12,835)	(403,892)
Transfer to general banking reserve	-	-	-	-	-	-	4,539	(4,539)	-	-	-
Transfer to statutory reserve	-	-	-	-	-	7,256	-	(7,256)	-	-	-
Employee share options exercised	-	20,583	5,309	-	-	-	-	-	25,892	-	25,892
At 31st December 2007	2,503,756	36,835	(378,980)	1,472,946	267,561	2,089,834	577,070	8,213,614	14,782,636	1,551,641	16,334,277
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 investment	-	-	-	(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	-	-	-	(185,572)	95,182	-	-	-	(90,390)	(136,829)	(227,219)
Transfer on disposal of investments	-	-	-	(73,541)	-	-	-	-	(73,541)	-	(73,541)
Currency translation difference	-	-	-	-	(90,291)	-	-	-	(90,291)	468	(89,823)
Transfer	-	-	-	12,621	-	-	-	-	12,621	-	12,621
Fair value (loss)/gain	-	-	-	(337,717)	-	-	-	-	(337,717)	1,897	(335,820)
Net (expense)/income recognised directly in equity	-	-	-	(584,209)	4,891	-	-	-	(579,318)	(134,464)	(713,782)
Profit for the period	-	-	-	-	-	-	-	1,946,516	1,946,516	46,005	1,992,521
Total recognised (expense)/income for the period	-	-	-	(584,209)	4,891	-	-	1,946,516	1,367,198	(88,459)	1,278,739
Contribution of minority in new subsidiary	-	-	-	-	-	-	-	-	-	20,000	20,000
Increase in share holding of subsidiary	-	-	-	-	-	-	-	(5,933)	(5,933)	(51,257)	(57,190)
Dividends	-	-	-	-	-	-	-	(533,827)	(533,827)	(28,962)	(562,789)
Transfer to general banking reserve	-	-	-	-	-	-	4,428	(4,428)	-	-	-
Transfer to statutory reserve	-	-	-	-	-	50,000	-	(50,000)	-	-	-
Employee share options exercised	-	1,952	620	-	-	-	-	-	2,572	-	2,572
At 31st December 2008	2,503,756	41,242	(375,857)	1,218,855	335,003	2,562,102	583,178	10,308,087	17,176,366	1,499,356	18,675,722

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 loss recognised directly in equity	-	-	-	(8,023)	-	-	-	-	(8,023)	-	(8,023)
Profit for the period	-	-	-	-	-	-	-	1,089,811	1,089,811	-	1,089,811
Total recognised (expense)/income for the period	-	-	-	(8,023)	-	-	-	1,089,811	1,081,788	-	1,081,788
Dividends	-	-	-	-	-	-	-	(391,057)	(391,057)	-	(391,057)
Employee share options exercised	-	20,583	5,309	-	-	-	-	-	25,892	-	25,892
At 31st December 2007	2,503,756	36,835	(378,980)	97,898	-	2,082,578	533,580	5,135,713	10,011,380	-	10,011,380

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	-	-	-	(62,455)	-	-	-	-	(62,455)	-	(62,455)
Transfer	-	-	-	12,621	-	-	-	-	12,621	-	12,621
Fair value loss	-	-	-	(81,908)	-	-	-	-	(81,908)	-	(81,908)
Net expense recognised directly in equity	-	-	-	(131,742)	-	-	-	-	(131,742)	-	(131,742)
Profit for the period	-	-	-	-	-	-	-	1,487,255	1,487,255	-	1,487,255
Total recognised (expense)/income for the period	-	-	-	(131,742)	-	-	-	1,487,255	1,355,513	-	1,355,513
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 December 2008	2,503,756	41,242	(375,857)	170,407	-	2,553,756	533,580	6,741,206	12,168,090	-	12,168,090

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[CASH FLOW STATEMENTS]

	GROUP			BANK		
	6 mths to 31-Dec-08	6 mths to 31-Dec-07	Year to 30-Jun-08	6 mths to 31-Dec-08	6 mths to 31-Dec-07	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	2,336,976	1,679,129	4,142,007	1,964,264	1,424,423	3,672,373
Net cash flows from other operating activities	(3,861,277)	3,601,998	629,434	(2,731,663)	4,546,521	531,464
Dividends received from associates	38,714	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	(293,301)	(27,154)	(476,005)	(232,607)	-	(373,182)
Net cash flows from operating activities	(3,029,658)	4,884,749	3,912,753	(2,221,814)	5,579,887	3,439,598
Investing activities	(554,330)	273,693	146,192	(465,601)	(318,907)	193,272
Net cash flows before financing	(3,583,988)	5,158,442	4,058,945	(2,687,415)	5,260,980	3,632,870
Contribution of minority in new subsidiary	20,000	-	23,719	-	-	-
Employee share options exercised	2,572	25,892	28,842	2,572	25,892	28,842
Subordinated loan to subsidiary	-	-	-	-	-	(200,647)
Refund of subordinated loan by subsidiary	-	-	-	77,691	-	-
Capital element of finance lease rental payments	-	-	-	(554)	(1,226)	(1,773)
Increase in cash and cash equivalents	(3,561,416)	5,184,334	4,111,506	(2,607,706)	5,285,646	3,459,292
Cash and cash equivalents brought forward	15,230,018	11,665,737	11,665,737	12,512,636	9,053,344	9,053,344
Effect of foreign exchange rate changes	(379,474)	(523,450)	(547,225)	-	-	-
Cash and cash equivalents carried forward	11,289,128	16,326,621	15,230,018	9,904,930	14,338,990	12,512,636

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[COMMENTS ON HALF YEAR RESULTS TO 31ST DECEMBER 2008]

1. The Interim financial statements are unaudited and 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

Attributable Group profits after tax for the half year to 31st December 2008 increased by 5.2 per cent to Rs. 1,946.5 million compared to the same period for the previous year, which included a non-recurrent profit of Rs. 425 million on sale of investments. At the level of the Bank, profits after tax increased by 36.5 per cent to Rs. 1,487.3 million for the same period.

Group operating profits, excluding profits on sale of investments, were 35.6% up on the corresponding period, reaching Rs 2,391 million and, at bank level, operating profits increased by 41.8 %. The positive momentum recorded for the first quarter has therefore continued for the second quarter with all business areas showing encouraging progress despite the uncertain economic climate. Earnings per share were Rs. 8.20 for the half year to 31 December 2008, compared to Rs. 7.81 (Rs. 6.01 excluding the non-recurrent profit on sale of investments).

Gross non-performing loans continued their declining trend both in amount and as a proportion of the total loan portfolio, with the latter ratio reaching 4.9% at 31 December 2008 compared to 6.01% at 30 June 2008. Net non-performing loans, i.e. after deduction of provisions fell from 2.68% to 2.02% of Net total loans at 31 December 2008.

The MCB Group balance sheet reached Rs. 141.1 bn in total assets at 31 December 2008 and, with Equity at Rs 18.7 bn, remains strongly capitalised. Liquidity also continues to be comfortable, backed by a steadily growing deposit base.

In the context of the difficult global economic environment, it is expected that revenue growth will be more subdued in the second half of the financial year. However, the very strong growth of the first half-year will have a positive effect on the remaining months' performance. Consequently, Group results for the year to 30 June, 2009 are expected to be very near the Rs 4.0 bn threshold.

By Order of the Board

13th February 2009

Copies of the abridged financial statements can be obtained free of charge upon request at the registered office of the Company.

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.