

MAURITIUS POST AND COOPERATIVE BANK (MPCB) LTD

AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2010

	Notes	31 December 2010	31 December 2009	31 December 2008
		Rs	Rs	Rs
ASSETS				
Cash and cash equivalents	6	225,137,262	419,352,950	560,798,279
Trading assets	7	341,689,996	270,649,381	362,908,906
Held-to-maturity investments	8	1,204,600,202	691,979,254	685,669,884
Loans and advances to customers	9	7,461,916,262	6,156,158,601	5,123,244,930
Property, plant and equipment	10	222,077,636	208,384,942	213,789,317
Investment property	11	72,000,000	72,000,000	72,000,000
Other assets	12	615,897,513	398,246,185	325,013,797
Total assets		10,143,318,871	8,216,771,313	7,343,425,113
LIABILITIES				
Deposits from customers	13	8,813,706,050	7,364,097,307	6,524,742,187
Other borrowed funds	14	436,419,713	-	95,085,925
Current tax liabilities	30	24,329,806	20,765,369	1,718,539
Deferred tax liabilities	30	8,852,358	716,619	151,742
Other liabilities	15	58,967,845	132,749,847	115,321,971
Total liabilities		9,342,275,772	7,518,329,142	6,737,020,364
Shareholders' Equity				
Share capital	16	383,962,400	383,962,400	383,962,400
Statutory Reserve	17	62,746,431	47,356,292	33,550,679
Retained earnings	18	267,548,096	195,044,360	127,365,918
General Banking Reserve	19	76,806,808	62,099,755	51,546,388
Revaluation reserves	20	9,979,364	9,979,364	9,979,364
Total equity		801,043,099	698,442,171	606,404,749
Total liabilities and equity		10,143,318,871	8,216,771,313	7,343,425,113
CONTINGENT LIABILITIES AND COMMITMENTS				
Letters of credit, guarantees, acceptances, endorsements and other obligations on account of customers	21	633,608,215	553,892,471	620,061,019
Credit commitments	22	381,669,234	680,956,481	344,063,365

Approved by the Board of Directors on 24 March 2011 and signed on its behalf by:

Dr D. Bundhun
Chairman

Mr G. Moteea
Director

Mr R. K. Beeharry
Chief Executive Officer

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2010

	Notes	31 December 2010	31 December 2009	31 December 2008
		Rs	Rs	Rs
Interest income		854,488,683	731,494,750	697,900,626
Interest expense		(418,763,769)	(400,409,890)	(468,532,357)
Net interest income	23	435,724,914	331,084,860	229,368,269
Net fee and commission income	24	70,391,866	49,116,165	39,464,015
Net trading income	25	50,687,104	33,373,566	44,443,632
Other income	26	6,258,978	5,195,575	15,183,683
		56,946,082	38,569,141	59,627,315
Operating income		563,062,862	418,770,166	328,459,599
Net impairment loss on financial assets	27	(118,074,015)	(50,109,306)	(27,050,277)
Personnel expenses	28	(135,789,153)	(102,823,172)	(89,011,848)
Operating lease expenses		(21,526,577)	(18,466,540)	(17,194,220)
Depreciation	10	(33,057,086)	(34,629,143)	(31,741,375)
Other expenses	29	(109,126,652)	(94,533,432)	(87,916,873)
Profit before income tax		145,489,379	118,208,573	75,545,006
Income tax expense	30	(42,888,451)	(26,171,151)	(1,718,539)
Profit for the year	31	102,600,928	92,037,422	73,826,467
OTHER COMPREHENSIVE INCOME:				
Changes in revaluation surplus on property, plant and equipment		-	-	3,383,114
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		-	-	3,383,114
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		102,600,928	92,037,422	77,209,581
Earnings per share	32	26.72	23.97	19.23
Transfer to Statutory Reserve	17	15,390,139	13,805,613	11,073,970
Transfer to General Banking Reserve	19	14,707,053	10,553,367	8,665,920
Total Statutory and General Banking Reserves transferred during the year		30,097,192	24,358,980	19,739,890

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Chairman

Mr G. Moteea
Director

Mr R. K. Beeharry
Chief Executive Officer

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2010

	Notes	31 December 2010	31 December 2009	31 December 2008
		Rs	Rs	Rs
Cash flows from operating activities				
Profit for the year before taxation		145,489,379	118,208,573	75,545,006
Adjustments for:				
Impairment losses on loans and advances		102,246,521	37,758,740	19,297,047
Depreciation		33,057,086	34,629,143	31,741,375
Fair valuation of investment property		-	-	(10,000,000)
		280,792,986	190,596,456	116,583,428
Changes in operating assets and liabilities				
(Increase)/decrease in trading assets		(71,040,615)	92,259,525	(113,234,531)
Increase in loans and advances to customers		(1,408,004,182)	(1,070,672,411)	(880,511,051)
Increase in deposits from customers		1,449,608,743	839,355,120	486,289,047
Increase in other assets		(217,774,928)	(73,355,988)	(53,631,827)
(Decrease)/increase in other liabilities		(73,782,002)	17,427,876	28,097,567
Tax paid		(30,958,283)	(5,946,879)	(1,270,535)
Contribution to CSR activities		(106,392)	(488,965)	-
Net cash used in operating activities		(71,264,673)	(10,825,266)	(417,677,902)
Cash flows from investing activities				
Securities		(551,369,177)	(46,905,000)	153,363,433
Placements		38,748,229	(38,764,643)	496,499,598
Other investments		-	79,360,273	192,816,823
Property, plant and equipment		(46,749,780)	(29,224,768)	(79,109,693)
Net cash (used in)/generated from investing activities		(559,370,728)	(35,534,138)	763,570,161
Net (decrease)/increase in cash and cash equivalents		(630,635,401)	(46,359,404)	345,892,259
Cash and cash equivalents at start of the year		419,352,950	465,712,354	119,820,095
Cash and cash equivalents at end of the year	33	(211,282,451)	419,352,950	465,712,354

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2010

	Share Capital	Statutory Reserve	General Banking Reserve	Revaluation Reserves	Retained Earnings	Total
	Rs	Rs	Rs	Rs	Rs	Rs
At 01 January 2008	383,962,400	22,476,709	42,880,468	6,596,250	73,279,341	529,195,168
Profit for the year	-	-	-	-	73,826,467	73,826,467
Other comprehensive income	-	-	-	3,383,114	-	3,383,114
Total comprehensive income	-	-	-	3,383,114	73,826,467	77,209,581
Transfers for the year	-	11,073,970	8,665,920	-	(19,739,890)	-
At 31 December 2008	383,962,400	33,550,679	51,546,388	9,979,364	127,365,918	606,404,749
At 01 January 2009	383,962,400	33,550,679	51,546,388	9,979,364	127,365,918	606,404,749
Profit for the year	-	-	-	-	92,037,422	92,037,422
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	92,037,422	92,037,422
Transfers for the year	-	13,805,613	10,553,367	-	(24,358,980)	-
At 31 December 2009	383,962,400	47,356,292	62,099,755	9,979,364	195,044,360	698,442,171
At 01 January 2010	383,962,400	47,356,292	62,099,755	9,979,364	195,044,360	698,442,171
Profit for the year	-	-	-	-	102,600,928	102,600,928
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	102,600,928	102,600,928
Transfers for the year	-	15,390,139	14,707,053	-	(30,097,192)	-
At 31 December 2010	383,962,400	62,746,431	76,806,808	9,979,364	267,548,096	801,043,099

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MAURITIUS POST AND COOPERATIVE BANK LTD

Report on the Financial Statements

We have audited the financial statements of Mauritius Post and Cooperative Bank Ltd, the "Bank", which comprise the statement of financial position at 31 December 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibilities for the Financial Statements

The 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 Mauritius Companies Act 2001 and the Banking Act 2004, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

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' judgment, 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 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.

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 25 to 73 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 the requirements of the Mauritius Companies Act 2001.

Report on Other Legal and Regulatory Requirements

(a) Mauritius Companies Act 2001

In accordance with the requirements of the Mauritius Companies Act 2001, we report as follows:

- we have no relationship with, or any interests in, the Bank other than in our capacity as auditors and arm's length dealings in the ordinary course of business;
- we have obtained all the information and explanations that we have required; and
- in our opinion, proper accounting records have been kept by the Bank as far as appears from our examination of those records.

(b) Banking Act 2004

(i) In our opinion the financial statements:

- have been prepared on a basis consistent with that of the preceding year;
 - are complete, fair and properly drawn up;
 - comply with the Banking Act 2004 as well as the regulations and guidelines of the Bank of Mauritius.
- (ii) The explanations or information called for or given to us by the officers or agents of the Bank were satisfactory.

(c) 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, (the 'Code'). Our responsibility is to report on these disclosures.

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

Other Matters

This report is made solely to the members of the Bank as a body in accordance with Section 205 of the Mauritius 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 opinion we have formed.

Grant Thornton
Chartered Accountants

K RAMCHURUN, FCCA
Signing Partner

Date: 24 March 2011
Port Louis, Republic of Mauritius

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