

STANDARD BANK (MAURITIUS) LIMITED A member of Standard Bank Group of South Africa

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

STATEMENT OF FINANCIAL POSITION

at 31 December 2010	at 31 December 2010				
	2010	2009	2008		
ASSETS	USD	USD	USD		
ASSETS	050	050	050		
Cash and cash equivalents	1,982,991,291	1,288,177,249	483,939,588		
Trading assets	135,969,120	121,972,892	22,074,732		
	35,832,521	4,973,014	1,487,802		
Derivative assets held for risk management					
Loans and advances to banks	57,332,820	110,264,189	92,244,617		
Loans and advances to customers	255,073,720	174,547,605	197,177,135		
Investment securities	9,676,023	42,562,530	23,881,975		
Equipment	2,273,780	2,196,074	2,534,979		
Intangible assets	145,893	149,778	115,224		
Deferred tax assets	272,000	172,000	154,000		
Other assets	13,307,116	17,342,565	18,524,517		
Total assets	2,492,874,284	1,762,357,896	842,134,569		
LIABILITIES					
Deposit from banks	72,516,698	67,103,722	13,205,397		
Deposits from customers	2,165,127,105	1,488,916,254	731,804,070		
Trading liabilities	135,280,165	121,625,980	11,317,241		
Derivatives liabilities held for risk management	35,839,972	4,977,640			
Other borrowed funds	4,942,338	-	-		
Subordinated liabilities	20,000,000	20,000,000	20,000,000		
Current tax liabilities	119,104	180,336	1,066,000		
Other liabilities		,			
	6,771,862	11,598,288	11,254,235		
Total liabilities	2,440,597,244	1,714,402,220	788,646,943		
Shareholders' Equity					
Share capital	20,000,000	20,000,000	20,000,000		
Retained earnings	26,362,800	22,812,380	29,397,476		
Other reserves	5,914,240	5,143,296	4,090,150		
Total equity attributable to equity holders	52,277,040	47,955,676	53,487,626		
Total equity and liabilities	2,492,874,284	1,762,357,896	842,134,569		

Approved by the Board of Directors and authorised for issue on 16 March 2011

Louis Rivalland Georges Leung Shing Lakshman Bheenick Chairman Director Managing Director

INCOME STATEMENT

for the year ended 31 December 2010			
	<u>2010</u>	2009	2008
	USD	USD	USD
	<u></u>	<u></u>	000
Interest income	21,367,081	23,584,373	47,624,170
Interest expense	(12,874,023)	(16,452,154)	(39,275,730)
Net interest income	8,493,058	7,132,219	8,348,440
	-,,	.,,	-,
Fee and commission income	5,099,696	2,670,811	2,772,921
Fee and commission expense	(325,295)	(707,543)	(53,240)
Net fee and commission income	4,774,401	1,963,268	2,719,681
Net trading income	8,034,428	8,727,224	9,354,749
Net income from other financial instruments carried at fair value	256,282	66,027	466,011
Other operating income	295,982	272,373	202,894
	8,586,692	9,065,624	10,023,654
Operating income	21,854,151	18,161,111	21,091,775
	(4 700 6 ())		(4 407 664)
Net impairment loss on financial assets	(1,788,646)	(391,507)	(1,197,661)
Personnel expenses	(7,598,222)	(6,217,474)	(6,325,940)
Operating lease expenses	(782,334)	(678,028)	(922,714)
Depreciation and amortisation	(639,115)	(527,817)	(465,705)
Other expenses	(6,346,622) (17,154,939)	(5,484,274) (13,299,100)	(3,615,431) (12,527,451)
	(17,154,959)	(13,299,100)	(12,327,431)
Operating profit	4,699,212	4,862,011	8,564,324
	.,,	.,,	-/
Profit before income tax	4,699,212	4,862,011	8,564,324
Income tax expense	(522,240)	(844,477)	(931,000)
Profit for the year	4,176,972	4,017,534	7,633,324
Transfer to statutory reserve	626,552	602,630	1,144,961
Profit attributable to equity holders	3,550,420	3,414,904	6,488,363
	4,176,972	4,017,534	7,633,324
STATEMENT OF COMPREHENSIVE INCOME			
for the year ended 31 December 2010			
	4 176 072	4 017 524	7 6 2 2 2 4
Profit for the year	4,176,972	4,017,534	7,633,324
Other Communication Income			
Other Comprehensive Income Net gain/(loss) on available for sale financial assets	42,954	356,446	(124,761)
Net gain/ (ioss) on available for sale finalicial assets	,	556,110	(12 1/7 01)
Other Comprehensive Income for the year	42,954	356,446	(124,761)
other comprehensive income for the year		,	. , ,
Total Comprehensive Income for the year	4,219,926	4,373,980	7,508,563
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Transfer to statutory reserve	626,552	602,630	1,144,961
Comprehensive Income attributable to equity holders	3,593,374	3,771,350	6,363,602
	4,219,926	4,373,980	7,508,563
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The above information including the independent auditors' report has been extracted from the audited financial statements for the year ended 31 December 2010. It should therefore be read in conjuction with the rest of the audited financial statements

Independent auditors' report to the member of Standard Bank (Mauritius) Limited

STATEMENT OF CASH FLOWS for year ended 31 December 2010

	<u>2010</u> USD	<u>2009</u> USD	<u>2008</u> USD
Cash flows from operating activities	050	050	050
Profit before income tax	4,699,212	4,862,011	8,564,324
Adjustments for:	,,	, , -	
Depreciation	588,947	492,985	465,705
Amortisation	50,168	34,832	27,328
Loss on disposal of fixed assets	492	(1,363)	18,377
Impairment on financial assets	1,788,646	391,507	1,197,661
Changes in operating assets and liabilities			
(Increase)/Decrease in trading assets	(13,996,228)	(99,898,160)	1,610,332
Decrease/(Increase) in derivative financial instruments			
held for risk management	2,826	1,492,428	(986,939)
Decrease/(Increase) in loans and advances to banks	52,931,369	(18,019,572)	(59,296,858)
(Increase)/Decrease in loans and advances to customers	(82,339,777)	22,175,588	(72,332,025)
Decrease/(Increase) in other assets	4,007,758	1,181,951	(8,113,299)
Increase in trading liabilities	13,654,185	110,308,739	4,422,603
Increase/(Decrease) in deposits from banks	10,355,315 53,898,32		(21,031,880)
Increase in deposits from customers	676,210,851		
(Decrease)/increase in other liabilities	(4,725,035)	(4,725,035) 296,405	
Income tax paid	(651,736)	(651,736) (1,629,421)	
Net cash from/ (used in) operating activities	662,576,993	832,698,439	(22,648,581)
Cash flows from investing activities			
Purchase of investment securities	-	(18,238,674)	(13,071,138)
Matured investment securities	32,950,476	-	-
Purchase of equipment	(738,860)	(154,318)	(285,731)
Proceeds from sale of equipment	71,716	1,600	37,906
Purchase of intangible assets	(46,283)	(69,386)	(25,000)
Net cash from/ (used in) investing activities	32,237,049	(18,460,778)	(13,343,963)
Net cash from (used in) investing activities	52,257,045	(10,400,770)	(13,343,303)
Cash flows from financing activities			
Dividends paid	-	(10,000,000)	-
Increase in subordinated liabilities	-	-	20,000,000
Net cash (used in)/ from financing activities	-	(10,000,000)	20,000,000
		(,,)()	
Net increase / (decrease) in cash and cash equivalents	694,814,042	804,237,661	(15,992,544)
Cash and cash equivalents at beginning of the year	1,288,177,249	483,939,588	499,932,132
Cash and cash equivalents at end of year	1,982,991,291	1,288,177,249	483,939,588

General banking

reserve

Other

reserve

Retained

earnings

Total

2010

2000

2008

STATEMENT OF CHANGES IN EOUITY for vear ended 31 December 2010

	USD	USD	USD	USD	USD	USD
Balance at beginning of year 2008	20,000,000	3,062,241	1,174,246	7,709	21,734,867	45,979,063
Profit for the year Other Comprehensive Income Net gains on available for sale financial	-	-	-	-	7,633,324	7,633,324
investments	-	-	-	(124,761)	-	(124,761)
Total Comprehensive Income for the year	-	-	-	(124,761)	7,633,324	7,508,563
Movement during the year	-	-	(1,174,246)	-	1,174,246	-
Transfer to statutory reserve		1,144,961	-	-	(1,144,961)	-
		1,144,961	(1,174,246)	-	29,285	-
Balance at end of year 2008/ beginning of year 2009	20,000,000	4,207,202	-	(117,052)	29,397,476	53,487,626
Profit for the year	20,000,000	4,207,202		(117,052)	4.017.534	4,017,534
Other Comprehensive Income Net gains on available for sale financial					1,017,331	1,017,331
investments	-	-	-	356,446	-	356,446
Total Comprehensive Income for the year	-	-	-	356,446	4,017,534	4,373,980
Share based payment	-	-	-	94.070	-	94,070
Transfer to statutory reserve	-	602,630	-	-	(602,630)	-
	-	602,630	-	94,070	(602,630)	94,070
Transactions with owners, recorded directly in equity Contributions by and distributions to owners						
Dividend Paid	-	-	-	-		(10,000,000)
	-	-	-	-	(10,000,000)	(10,000,000)
Balance at end of year 2009/						
beginning of year 2010	20,000,000	4,809,832	-	333,464	22,812,380	47,955,676
Profit for the year Other Comprehensive Income Net gains on available for sale financial	-	-	-	-	4,176,972	4,176,972
investments	-	-	-	42,954	-	42,954
Total Comprehensive Income for the year	-	-	-	42,954	4,176,972	4,219,926
				101 420		101 120
Share based payment Transfer to statutory reserve	-	- 626,552	-	101,438	- (626,552)	101,438
		626,552		101,438	(626,552)	101,438
		626,552	-	144,392	3,550,420	4,321,364
Balance at end of year 2010	20,000,000	5,436,384	_	477,856	26,362,800	52,277,040
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Share

capital

Statutory

reserve

Independent auditors' report to the member of Standard Bank (Mauritius) Limited (continued)

Report on the Financial Statements (continued)

Auditors' Responsibility (continued)

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 have audited the financial statements of Standard Bank (Mauritius) Limited for the year ended 31 December 2010, from which the summarised financial statements were derived, in accordance with International Standards on Auditing. In our report dated 16 March 2011 we expressed an unqualified opinion on In our opinion, the accompanying summarised financial statements are consistent, in all material respects, with the financial statements from which they were

derived.

For a better understanding of the Bank's financial position and the financial performance and cash flows for the year and of the scope of our audit, the summarised financial statements should be read in conjunction with the financial statements from which the summarised financial statements were derived and our audit report thereon. KPMG Subhas Purgus

Licensed auditors

Port Louis

Date: 16 March 2011

Report on the Financial Statements

We have audited the financial statements of Standard Bank (Mauritius) Limited (the "Bank") on pages 72 to 147 which comprise the statement of financial position at 31 December 2010 and the income statement, statement of comprehensive income, state nent of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

This report is made solely to the Bank's member, as a body, in accordance with Section 205 of the Mauritius Companies Act. Our audit work has been undertaken so that we might state to the Bank's member those matters that 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 member as a body, for our audit work, for this report, or for the opinions we have formed.

Directors' Responsibility for the Financial Statements

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 Mauritius Companies Act and Banking Act and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Signing Partner

In our opinion, the financial statements on pages 72 to 147 give a true and fair view of the financial position of the Bank at 31 December 2010 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Mauritius Companies Act.

Report on Other Legal and Regulatory Requirements

Mauritius Companies Act

We have no relationship with or interests in the Bank other than in our capacity as auditors.

We have obtained all the 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

Ranking Act

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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 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 disclosures required by Section 8.4 of the Code of Corporate Governance of Mauritius ("Code"). Our responsibility is to report on these disclosure

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

PMG	Subhas Purgus
icensed auditors	Signing Partner

Port Louis Date: 16 March 2011