SEYCHELLES COMMERCIAL BANK LIMITED

AUDITED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED
DECEMBER 31, 2016

SEYCHELLES COMMERCIAL BANK LIMITED

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The Directors are pleased to submit their report together with the audited financial statements of Seychelles Commercial Bank Limited (hereafter called the "Bank") for the year ended December 31, 2016.

PRINCIPAL ACTIVITY

The principal activity of the Bank remained unchanged during the year under review and consists of the provision of banking services in Seychelles.

RESULTS

	SR
Profit before tax	22,477,556
Tax expense	(1,820,597)
Profit for the year	**20,656,959**
Transfer to statutory reserve	(4,131,392)
Dividends	(6,000,000)
Retained earnings brought forward	20,636,012
Retained earnings carried forward	**31,161,579**

DIVIDENDS

The Board has proposed a dividend of SR 10 per share amounting to SR 6m for the year ended December 31, 2016 (2015: SR 4.8m).

PROPERTY AND EQUIPMENT

Additions to property and equipment totalled SR 5.9m for the year under review (2015: SR 1.3m) and comprised mainly buildings, furniture and fittings and computer equipment.

Land and buildings are carried at revalued amounts and all other equipment is stated at historical cost less accumulated depreciation. The Directors are of the opinion that the carrying amounts of the assets approximate their fair value and do not require any adjustments for impairment.

DIRECTORS AND DIRECTORS' INTEREST

The Directors of the Bank since the date of the last report and the date of this report are:

	Number of ordinary shares
Patrick Payet (Chairman)	-
Annie Vidot (Managing Director) (Appointed on February 1, 2017)	-
Robert Morgan	5,750
Esther Boniface	-
Sandy Mothee	-
Jenna Thelermont	750
Syed Naqi (Managing Director) (until January 31, 2017)	360

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for the overall management of the affairs of the Bank including its operations and the making of investment decisions.

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS) and in compliance with the Companies Act, 1972, the Financial Institutions Act, 2004 and the Regulations and Directives of the Central Bank of Seychelles. 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 that fall within the accounting policies adopted by the Bank as a whole; and making accounting estimates that are reasonable in the circumstances. The Directors have the general responsibility of safeguarding the assets, both owned by the Bank and those that are held in trust and used by the Bank.

The Directors consider they have met their aforesaid responsibilities.

GOING CONCERN

The Bank's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Bank's ability to continue as a going concern.

AUDITORS

The retiring auditors, Messrs. ACM & Associates, being eligible offer themselves for re-appointment.

BOARD APPROVAL

Patrick Payet Chairman	**Annie Vidot** Managing Director	**Robert Morgan** Director
Esther Boniface Director	**Sandy Mothee** Director	**Jenna Thelermont** Director

Date: 27 - 4 - 17
Victoria, Seychelles

ACM and Associates, Certified Chartered Accountants

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

SEYCHELLES COMMERCIAL BANK LIMITED

Report on the Financial Statements

We have audited the financial statements of Seychelles Commercial Bank ('Bank') on pages 3 to 35 which comprise the statement of financial position as at 31 December 2016 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 notes.

Directors' Responsibility

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 Financial Institutions Act, 2004 (Application of the Act) and the regulations and directives of the Central Bank of Seychelles, 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 those financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of 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 these 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS (CONT'D)

SEYCHELLES COMMERCIAL BANK LIMITED

Opinion

In our opinion, the financial statements on pages 3 to 35 give a true and fair view of the financial position of the Bank as at December 31, 2016 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act, 1972 and comply with the requirements of the Financial Institutions Act, 2004 (Application of the Act) and the regulations and directives of the Central Bank of Seychelles.

Other matter

This report has been prepared solely for the Bank's members, as a body. Our audit work has been undertaken so that we might state to the Banks'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 Other Legal and Regulatory Requirements

Financial Institutions Act, 2004

The Financial Institutions Act, 2004 requires that in carrying out our audit, we consider and report to you the following matters. We confirm that:

- 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 Financial Institutions Act, 2004.

- We have obtained all the information and explanations we have required.

- To the best of our knowledge and belief, no violations of the Financial Institutions Act 2004 have occurred during the year ended 31 December 2016 that might have had a material adverse effect on the business of the Bank or on its financial position.

- We have no relationship with or interests in the Bank other than in our capacity as auditors and dealings in the ordinary course of business.

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

ACM & ASSOCIATES

Date: 27-4-17

Victoria, Seychelles

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STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2016

	Notes	2016	2015
		SR	SR
ASSETS			
Cash and cash equivalents	5	275,124,334	226,873,094
Loans and advances	6	599,295,328	464,338,105
Held-to-maturity financial assets	7	250,592,182	215,010,016
Property and equipment	8	46,451,767	43,471,725
Intangible assets	9	9,296,667	10,699,720
Other assets	10	13,537,778	20,615,744
Tax recoverable	14(i)	-	426,559
Total assets		1,194,298,056	981,434,963
LIABILITIES AND EQUITY			
LIABILITIES			
Customer deposits	11	1,029,612,215	831,695,279
Other liabilities	12	8,766,134	9,612,895
Dividends payable	13	6,000,000	4,800,000
Current tax liabilities	14(i)	2,945,143	-
Deferred tax liabilities	15	1,532,834	5,998,913
Retirement benefit obligations	16	5,837,316	4,380,421
Total liabilities		1,054,693,642	856,487,508
EQUITY			
Share capital	17	60,000,000	60,000,000
Statutory reserve	18	22,254,229	18,122,837
Revaluation reserve		26,188,606	26,188,606
Retained earnings		31,161,579	20,636,012
TOTAL EQUITY		139,604,414	124,947,455
Total liabilities and equity		1,194,298,056	981,434,963

These financial statements have been approved for issue by the Board of Directors on:

Patrick Payet
Chairman

Annie Vidot
Managing Director

Robert Morgan
Director

Esther Boniface
Director

Sandy Mothee
Director

Jenna Thelermont
Director

The notes on pages 7 to 35 form an integral part of these financial statements.
Auditors' report on pages 2 and 2(a).

SEYCHELLES COMMERCIAL BANK LIMITED

STATEMENT OF PROFIT OR LOSS - YEAR ENDED DECEMBER 31, 2016

	Notes	2016	2015
		SR	SR
Interest income	19	89,868,460	76,868,011
Interest expense	20	(32,094,700)	(26,490,724)
Net interest income		57,773,761	50,377,287
Other income			
Fee income and commissions	21	14,645,503	12,931,080
Profit arising from transactions in foreign currencies		3,514,948	-
Sundry income	22	2,067,258	3,121,684
		20,227,709	16,052,764
Net interest and other income		78,001,470	66,430,051
Non-interest expenses			
Employee benefit expense	23	(29,031,241)	(23,008,866)
Depreciation of property and equipment	8	(2,894,699)	(2,647,349)
Amortisation of intangible assets	9	(1,403,054)	(1,410,420)
Loss arising from transactions in foreign currencies		-	(971,186)
Other expenses	24	(21,353,219)	(20,480,253)
		(54,682,212)	(48,518,074)
Operating profit before provision		23,319,258	17,911,977
(Provision for)/Reversal of credit impairment	25	(841,702)	21,422
Profit before taxation charge		22,477,556	17,933,399
Tax charge	14(ii)	(1,820,597)	(5,890,605)
Profit for the year		20,656,959	12,042,794

The notes on pages 7 to 35 form an integral part of these financial statements.
Auditors' report on pages 2 and 2(a).

STATEMENT OF OTHER COMPREHENSIVE INCOME - YEAR ENDED DECEMBER 31, 2016

	Note	2016	2015
		SR	SR
Profit for the year		20,656,959	12,042,794
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Gain on revaluation of land and buildings		-	5,840,823
Deferred tax effect on revaluation of buildings	15(b)	-	(1,927,472)
Reversal of deferred tax effect on revaluation of land and buildings	15(b)	-	642,491
		-	4,555,842
Total comprehensive income for the year		20,656,959	16,598,636

The notes on pages 7 to 35 form an integral part of these financial statements.
Auditors' report on pages 2 and 2(a).

STATEMENT OF CHANGES IN EQUITY - YEAR ENDED DECEMBER 31, 2016

	Note	Share capital	Statutory reserve	Revaluation reserve	Retained earnings	Total
		SR	SR	SR	SR	SR
Balance at January 1, 2016		**60,000,000**	**18,122,837**	**26,188,606**	**20,636,012**	**124,947,455**
Total comprehensive income for the year		**-**	**-**	**-**	**20,656,959**	**20,656,959**
Transfer to statutory reserve	**18**	**-**	**4,131,392**	**-**	**(4,131,392)**	**-**
Dividends		**-**	**-**	**-**	**(6,000,000)**	**(6,000,000)**
Balance at December 31, 2016		**60,000,000**	**22,254,229**	**26,188,606**	**31,161,579**	**139,604,414**
Balance at January 1, 2015		60,000,000	15,714,279	21,632,764	23,001,776	120,348,819
Total comprehensive income for the year		-	-	4,555,842	12,042,794	16,598,636
Transfer to statutory reserve	18	-	2,408,558	-	(2,408,558)	-
Dividends		-	-	-	(12,000,000)	(12,000,000)
Balance at December 31, 2015		60,000,000	18,122,837	26,188,606	20,636,012	124,947,455

The notes on pages 7 to 35 form an integral part of these financial statements.
Auditors' report on pages 2 and 2(a).

STATEMENT OF CASH FLOWS - YEAR ENDED DECEMBER 31, 2016

	Notes	2016	2015
		SR	SR
Cash generated from operations			
Profit before taxation charge		22,477,556	17,933,399
Adjustments for:			
Depreciation of property and equipment	8	2,894,699	2,647,349
Profit from disposal of property and equipment		(240,569)	(171,475)
Amortisation of intangible assets	9	1,403,054	1,410,420
Net interest accrued and released	6	(733,660)	(619,590)
Provision for credit impairment	6(a)/25(a)	847,042	(21,422)
Reversal of provision for credit impairment		-	(456,669)
Accrued interest on held-to-maturity financial assets		(5,885,345)	(4,251,489)
Increase in retirement benefit obligations	16	3,186,967	1,561,021
Effect of foreign exchange differences		3,514,948	(1,644,082)
		27,464,692	16,387,462
Changes in working capital:			
Increase in loans and advances		(135,070,605)	22,679,184
Increase in other assets		7,077,966	3,844,754
Increase in customer deposits		197,916,936	1,905,805
Increase in other liabilities		(846,761)	4,253,094
Net cash generated from operations		96,542,229	49,070,299
Net tax paid	14(i)	(3,308,366)	(1,716,126)
Tax refund		393,391	-
Retirement benefit obligation paid		(1,730,072)	(1,355,243)
Net cash generated from operating activities		91,897,183	45,998,930
Cash flows from investing activities			
Additions to property and equipment	8	(5,921,509)	(1,302,507)
Proceeds from disposal of property and equipment		287,336	171,475
Additions to intangible assets	9	-	(1,179,236)
Addition to investment in financial assets	7	(303,418,426)	(133,945,527)
Redemption of investment in financial assets	7	273,721,604	95,544,095
Net used in investing activities		(35,330,994)	(40,711,700)
Cash flows from financing activity			
Dividends paid and net cash used in financing activity	13	(4,800,000)	(7,246,000)
Net decrease in cash and cash equivalents		51,766,188	(1,958,770)
Movement in cash and cash equivalents			
At January 1,		226,873,094	227,187,782
Decrease		51,766,188	(1,958,770)
Effect of foreign exchange differences		(3,514,948)	1,644,082
At December 31,	5	275,124,334	226,873,094

The notes on pages 7 to 35 form an integral part of these financial statements.
Auditors' report on pages 2 and 2(a).

1. GENERAL INFORMATION

Seychelles Commercial Bank Limited is a limited liability Company incorporated and domiciled in Seychelles. The registered address of the Bank is at Orion Mall, Mahé, Seychelles.

The Bank changed its name from Seychelles Savings Bank Limited to Seychelles Commercial Bank Limited on October 25, 2013.

These financial statements will be submitted for consideration and approval at the forthcoming Annual General Meeting of Shareholders of the Bank.

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Statement of compliance

The financial statements of Seychelles Commercial Bank Limited have been prepared in accordance with International Financial Reporting Standards (IFRS), the Companies Act 1972, the Financial Institutions Act, 2004, Regulations and Directives of the Central Bank of Seychelles.

The financial statements of the Bank are prepared under the historical cost convention unless otherwise communicated in the accounting policies. The financial statements are presented in Seychelles Rupees.

Standards, Amendments to published Standards and Interpretations effective in the reporting period

IAS 19 Employee Benefits

Discount rate: regional market issue

The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

Entities with plans that require contributions that vary with service will be required to recognise the benefit of those contributions over employee's working lives. The amendment has no impact on the Bank's financial statements.

IFRS 14 Regulatory Deferral Acounts

IFRS 14 allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of IFRS. The standard does not apply to existing IFRS preparers. Also, an entity whose current GAAP does not allow the recognition of rate-regulated assets and liabilities, or that has not adopted such policy under its current GAAP, would not be allowed to recognise them on first-time application of IFRS. Entities that adopt IFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and other comprehensive income. The standard requires disclosure of the nature of, and risks associated with, the entity's rate regulation and the effects of that rate regulation on its financial statements. Since the Bank is an existing IFRS preparer, this standard would not apply.

Amendments to IFRS 10 and IAS 28: Sale of Contribution of Assets Between an Investor and its Associate

The amendments clarify that a full gain or loss is recognised when a transfer to an associate or joint venture involves a business as defined in IFRS 3 Business Combinations. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. These amendments will not have any impact on the Bank's Financial Statements.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of preparation (Cont'd)

Standards, Amendments to published Standards and Interpretations effective in the reporting period (Cont'd)

Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities: Applying the Consolidation Exception

The amendments to IFRS 10 clarify that the exemption in paragraph 4 of IFRS 10 from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures its subsidiaries at fair value. Furthermore, the amendments to IFRS 10 clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. The amendments to IAS 28 Investments in Associates and Joint Ventures allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries. These amendments will not have any impact on the Bank's financial statements.

Amendments to IFRS 11 Joint Arrangements: Accounting For Acquisitions of Interest in Joint operations

The amendments require an entity acquiring an interest in a joint operation, in which the activity of the joint operation constitutes a business, to apply, to the extent of its share, all of the principles in IFRS 3 Business Combinations and other IFRSs that do not conflict with the requirements of IFRS 11 Joint Arrangements. Furthermore, entities are required to disclose the information required by IFRS 3 and other IFRSs for business combinations. The amendments also apply to an entity on the formation of a joint operation if, and only if, an existing business is contributed by one of the parties to the joint operation on its formation. Furthermore, the amendments clarify that, for the acquisition of an additional interest in a joint operation in which the activity of the joint operation constitutes a business, previously held interests in the joint operation must not be remeasured if the joint operator retains joint control. These amendments are not expected to have any impact to the bank.

Amendments to IAS 1: Disclosure Initiative

The amendments to IAS 1 Presentation of Financial Statements clarify, rather than significantly change, the existing IAS 1 requirements. The amendments clarify:

- The materiality requirements in IAS 1
- That specific line items in the statement(s) of profit or loss and Other Comprehensive Income (OCI) and the statement of financial position may be disaggregated
- That entities have flexibility as to the order in which they present the notes to financial statements
- That the share of Other Comprehensive Income (OCI) of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and Other Comprehensive Income (OCI) . Early application is permitted.

IAS 34 Interim Financial

The amendment clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report. The other information within the interim financial report must be available to users in the same terms as the interim financial statements and at the same time. This amendment does not have impact on the Bank's financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of preparation (Cont'd)

Standards, Amendments to published Standards and Interpretations issued but not yet effective (Cont'd)

Amendments to IAS 27: Equity Method in Separate Financial Statements

The amendments to IAS 27 Separate Financial Statements allow an entity to use the equity method as described in IAS 28 to account for its investments in subsidiaries, joint ventures and associates in its separate financial statements. Therefore, an entity must account for these investments:

- At cost
- In accordance with IFRS 9 (or IAS 39) Or
- Using the equity method

The entity must apply the same accounting for each category of investment. A consequential amendment was also made to IFRS 1 First- time Adoption of International Financial Reporting Standards. The amendment to IFRS 1 allows a first-time adopter accounting for investments in the separate financial statements using the equity method, to apply the IFRS 1 exemption for past business combinations to the acquisition of the investment. The amendments must be applied retrospectively. These amendments will not have any impact on the bank's financial statements

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments clarify the principle in IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, the ratio of revenue generated to total revenue expected to be generated cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are effective prospectively. Early application is permitted and must be disclosed.

Standards, Amendments to published Standards and Interpretations issued but not yet effective.

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning on or after 1 January 2016 or later periods, but which the Bank has not early adopted.

At the reporting date of these financial statements, the following were in issue but not yet effective:

- IAS 7 Statement of Cash Flows
- IFRS 9 Financial Instruments
- IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate of Joint Venture
- IFRS 15 Revenue from Contracts with Customers
- IFRS 16 Leases
- IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses
- IFRS 2 Classification and Measurement of Share-based Payment Transactions
- Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
- Transfer of Investment Property (Amendments to IAS 40)
- IFRIC Interpretation 22 Foreign Currency Transactions and Advances Consideration
- IFRS 1 First-time Adoption of International Financial Reporting Standards
- IAS 28 Investments in Associates and Joint Ventures
- IFRS 12 Disclosure of Interests in Other Entities

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Financial assets

Categories of financial assets

The Bank classifies its financial assets in the following categories: loans and advances and held-to-maturity investments. Management determines the classification of its financial assets at initial recognition and this classification depends on the purpose of the investment.

(i) *Cash and cash equivalents*

Cash and cash equivalents comprise cash in hand, balances with the Central Bank of Seychelles and amounts due from other banks. A further breakdown of cash and cash equivalents is given in note 5 to the financial statements.

(ii) *Loans and provision for credit impairment*

Loans and advances originated from the Bank by providing money directly to the borrower are categorised as loans and are carried at amortised cost, which is defined as the fair value of cash consideration given to originate these loans as is determinable by reference to market prices at origination date. Third party expenses such as legal fees incurred in securing a loan are treated as part of the cost of the transaction.

All loans and advances are recognised when cash is advanced to borrowers. A provision for credit impairment is established when there is objective evidence that the Bank will not be able to collect all amounts due according to the contractual terms of the loans. The amount of the provision is the difference between the carrying amount recoverable from guarantees and collaterals, discounted at the original effective interest rate of the loans.

The Bank also follows the regulations on Credit Classification and Provisioning Regulations 2010, as amended in 2011 issued by the Central Bank of Seychelles.

(iii) *Held-to-maturity financial assets*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Bank has the positive intention and ability to hold to maturity. Held-to-maturity investments are recognised initially at fair value plus directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment.

Derecognition

The Bank derecognises a financial asset where the contractual rights to cash flows from the asset expire or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. The Bank derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(iii) *Held-to-maturity financial assets(Cont'd)*

Impairment of financial assets

For loans and advances, the amount of the impairment of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and, the amount of the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement on the borrower's credit rating), the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date of the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(c) **Deposits**

Deposits are initially recognised on the day they are originated. Other financial liabilities are initially recognised on the trade date at which the Bank becomes a party to the contractual provisions of the instrument. The Bank derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

(d) **Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when the Bank has a legal enforceable right to set off the recognised amounts and the Bank intends either to settle on a net basis, or to realise the asset and liability simultaneously.

(e) **Property and equipment**

Land and buildings are carried at revalued amounts and all other equipment is stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. The next revaluation is expected to be in 2018.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Property and equipment (Cont'd)

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably.

Increases in the carrying amount arising on revaluation are credited to revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged against revaluation reserve directly in equity; all other decreases are charged to the statement of profit or loss.

Depreciation is calculated on the straight line method to write off the cost of the assets to their residual values over their estimated useful lives as follows:

	Years
Buildings	35 - 40
Furniture and equipment	10
Vehicles	5
Computer equipment	5

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposals of equipment are determined by comparing the proceeds with their carrying amount and are included in the statement of profit or loss.

(f) Intangible assets - Computer Software

Acquired computer software licenses are capitalised on the basis of costs incurred to acquire and bring to use the specific software and are amortised using the straight line method over the estimated useful life of 10 years.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Retirement benefit obligations

(i) Defined benefit plans

The Bank provides for a payment of gratuity to permanent employees. Gratuities are paid every five years (except in the case of early retirement) as from January 2007, for continuous service. The amount provisioned every year is based on the number of years the employee has worked after the last payment date. This type of employee benefits has the characteristics of a defined benefit plan. The liability recognised in the statement of financial position in respect of the defined benefit plan is the present value of the defined obligation at the reporting date less fair value of plan assets together with adjustments for unrecognised actuarial gains and losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension liability.

The Bank did not carry out any actuarial valuation since the Directors have based themselves on the method as prescribed by the Seychelles Employment Act and they have estimated that the amount of liability provided will not be materially different had it been computed by an external Actuary.

(h) Taxation

Current tax

Tax in the statement of profit or loss relates to current year's tax which is the expected amount of tax payable in respect of taxable profit for the year and is measured using the tax rates that have been enacted at the end of the reporting period.

Deferred tax

Deferred tax is provided for using the liability method on all taxable temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The principal temporary differences arise from depreciation of equipment and provision for retirement benefit obligation. The rates enacted or subsequently enacted at the date of the reporting period are used to determine deferred tax.

Deferred tax assets are recognised to the extent that it is possible that future taxable profit will be available against which the temporary differences can be utilised.

(i) Acceptances

Acceptances comprise undertakings by the Bank to pay bills of exchange drawn on customers. The Bank expects most acceptances to be settled simultaneously with the reimbursement from the customers. Acceptances are disclosed as liabilities with corresponding contra-assets.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Foreign currencies

Functional and presentation currency

Items included in the financial statements are measured using Seychelles Rupee, the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements of the Bank are presented in Seychelles Rupees, which is its functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date the fair value was determined.

(k) Interest income and expense

Interest income and expense are recognised in the statement of profit or loss for all interest bearing instruments on an accrual basis using the effective yield method based on actual purchase price except in the respect of loans on fixed interest rates where the interest income is recognised on receipt basis.

Interest income includes coupons earned on fixed income investment and accrued discount and premium on treasury bills and other discounted instruments. Interest income is suspended when loans are classified doubtful of collection, such as when overdue by more than six months, or, when the borrower or securities issuer defaults, if earlier than six months. Such income is excluded from interest income until received.

(l) Fees and commission income

Fees and commissions are recognised on an accrual basis when the service has been provided. Commission and fees arising from negotiating, or participating in the negotiations of a transaction for a third party, such as the acquisition of loans, shares or other securities or the purchase or sale of businesses, are recognised on completion of the underlying transaction.

(m) Provisions

Provisions are recognised when the Bank has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

3. FINANCIAL RISK MANAGEMENT

The Bank's activities expose it to a variety of financial risks. It's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effect of the Bank's financial performance.

A description of the significant risks is given below together with the risk management policies applicable.

(i) Strategy in using financial instruments

The Bank accepts deposits from customers at fixed rates at variable terms and seeks to earn above average interest margins by investing these funds in high quality assets. The Bank seeks to increase these margins by consolidating short-term funds and lending for longer periods at higher rates whilst maintaining sufficient liquidity to meet all claims that might fall due.

The Bank also seeks to raise its interest margins by obtaining above average margins, net of provisions, through lending to commercial and retail borrowers with a range of credit standing. Such exposures involve not just on-balance sheet loans and advances but the Bank also enters into guarantees.

(ii) Capital adequacy

Capital adequacy ratio is closely monitored in line with the requirements of the Financial Regulations (Capital Adequacy) Regulations 2010 and those of the Central Bank of Seychelles. The ratio is given below:

	2016	2015
	SR'000	SR'000
Capital Base:		
Tier I Capital	102,890	101,125
Tier II Capital	22,314	14,154
Total Capital Base (a)	125,205	115,279
Risk Adjusted Assets (b)	556,104	491,404
Capital Adequacy (a/b * 100)	23%	23%
Minimum Requirement	12%	12%

The Bank has adhered to the capital requirements of Central Bank of Seychelles for the year under review.

3. FINANCIAL RISK MANAGEMENT (CONT'D)

(iii) Credit risk

The Bank takes on exposure to credit risk which is the risk that a counterparty will be unable to pay amounts in full when due. The Bank structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower. Such risks are monitored on a revolving basis and subject to an annual or more frequent review. Limits on the level of credit risk are approved by the Board of Directors with discretionary limits set for the Bank's management.

Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these limits where appropriate. Exposure to credit risk is also managed by obtaining collateral and corporate and personal guarantees.

The table below shows the maximum exposure to credit risk for the components of the statement of financial position.

	Gross maximum exposure	
	2016	2015
	SR	SR
Cash and cash equivalents	275,124,334	226,873,094
Loans and advances to customers	599,295,328	464,338,105
Held-to-maturity financial assets	250,592,182	215,010,016
Other assets	13,537,778	20,615,744
Total credit risk exposure	1,138,549,622	926,836,959

Commitments

To meet the financial the financial needs of customers, the Bank enters into various irrevocable commitments. Even though these obligations may not be recognised on the statement of financial position, they do contain credit risk and are, therefore, part of the overall risk of the bank. The table below shows the Bank's maximum credit risk exposure for commitments. The maximum exposure to credit risk relating to the loan commitment is the full amount of the commitment.

	2016	2015
	SR	SR
Loans and advances approved but not yet disbursed or partially disbursed	51,526,000	63,256,000

Collateral and other credit enhancements

Exposure to credit risk is also managed, in part, by obtaining and monitoring collateral in the form of interests over properties and vehicles. Corporate and personal guarantees are also accepted by the Bank. It is the Bank's policy to dispose of repossessed properties in an orderly fashion. The proceeds are used to reduce or repay the outstanding claim.

Credit quality per class of financial assets

The table below shows an ageing analysis of credit quality by class of asset for all financial assets exposed to credit risk. Credit risk for loans and advances is managed by the Recovery Officers within the Debt Recovery Department supported by the Debt Recovery Committee subject to SCB's established policy, procedures and control relating to credit risk management. Credit quality of a producer is assessed based on a credit rating scorecard, collateral values and ability of underlying projects to service the debt. Loans and advances in arrears are regularly monitored and evaluated for restructuring when warranted. The credit classification of loans and advances is in accordance with the Financial Institution (Credit Classification and Provisioning) Regulations 2010, amended in 2011. In accordance with IAS 39 the Bank performs on-going assessment throughout the reporting period as to whether there is any objective evidence that loans and advances are impaired.

3. FINANCIAL RISK MANAGEMENT (CONT'D)

(iii) Credit risk (Cont'd)

	2016					
	Performing		Non-Performing			
	< 30 days	30-89 days	90-179 days	180 - 364 days	> 364 days	Total
	SR	SR	SR	SR	SR	SR
Loans and advances (gross):						
Not impaired	578,207,601	5,704,985	82,900	2,494,829	15,125,688	601,616,003
Impaired	-	3,119,042	414,001	436,164	3,794,818	7,764,025
	578,207,601	8,824,027	496,901	2,930,993	18,920,506	609,380,028
Total Non-Performing						22,348,400
Total Non-Performing Ratio						4%

	2015					
	Performing		Non - Performing			
	< 30 days	30-90 days	90-179 days	180-364 days	> 364 days	Total
	SR	SR	SR	SR	SR	SR
Loans and advances (gross):						
Not impaired	452,045,636	1,057,280	3,539,581	1,464,476	8,326,379	466,433,352
Impaired	-	1,183,190	1,007,541	1,091,572	3,836,717	7,119,020
	452,045,636	2,240,470	4,547,122	2,556,048	12,163,096	473,552,372
Total Non-Performing						19,266,266
Total Non-Performing Ratio						4%

Maximum exposure to credit risk

Type of collateral or credit enhancement

The Bank does not maintain a complete collateral register on the system and hence it is not possible to obtain the fair value of the collateral and credit enhancements held by the Bank as at 31st December 2016 and 2015. It is to note that the fair value of collaterals are maintained manually in the files of the customers, and the bank is in the process of collating this information and updating the system.

Age analysis of financial assets past due but not impaired (excluding loans and advances):

			Past due but not impaired		
	Total	Neither past due nor impaired	< 90 days	90 - 365 days	> 365 days
At December 31, 2016	SR	SR	SR	SR	SR
Cash and cash equivalents	275,124,334	275,124,334			
Held-to-maturity financial assets	250,592,182	250,592,182			
Other assets	13,537,778	13,537,778			
	539,254,294	539,254,294			

Age analysis of financial assets past due but not impaired (excluding loans and advances):

			Past due but not impaired		
	Total	Neither past due nor impaired	< 90 days	90 - 365 days	> 365 days
At December 31, 2015	SR	SR	SR	SR	SR
Cash and cash equivalents	226,873,094	226,873,094			
Held-to-maturity financial assets	215,010,016	215,010,016			
Other assets	20,615,744	20,615,744			
	462,498,854	462,498,854			

3. FINANCIAL RISK MANAGEMENT (CONT'D)

(iv) Currency risk

Currency risk is defined as the risk that movements in foreign exchange rates adversely affect the value of the Bank's foreign currency positions. The latter is exposed with respect to foreign currency arising from trading in foreign currency and acceptances. In order to ensure adequacy of its foreign exchange requirements, foreign currency cash flow forecasts are prepared regularly, expenses monitored and actions taken accordingly.

The Bank managed its foreign currency exposure during the year under review to remain within limits set by the Central Bank of Seychelles which requires that long and short position to capital is not more than 30% respectively.

At December 31, 2016, if the Seychelles Rupee had weakened/strengthened by 5% against foreign currencies (mainly US dollar and Euro) with all other variables held constant, profit for the year would have been SR 2,480,000 (2015: SR 405,000) higher/lower, mainly as a result of foreign exchange gains/losses on translation of foreign currency denominated assets and liabilities balances.

Concentration of assets and liabilities by currency

	SR	Euro	US Dollars	Others	Total
At December 31, 2016	SR'000	SR'000	SR'000	SR'000	SR'000
Assets					
Cash and cash equivalents	198,722	10,589	45,257	20,556	275,124
Loans and advances	601,440	5,869	2,047	-	609,356
Held-to-maturity financial assets	250,592	-	-	-	250,592
Property and equipment	46,452	-	-	-	46,452
Intangible assets	9,297	-	-	-	9,297
Other assets	5,754	-	7,784	-	13,538
Tax recoverable	-	-	-	-	-
	1,112,257	16,458	55,088	20,556	1,204,359
Less allowances for credit impairment					(10,061)
					1,194,298
Liabilities					
Customer deposits	995,025	3,753	27,853	2,981	1,029,612
Other liabilities	8,766	-	-	-	8,766
Dividend proposed	6,000	-	-	-	6,000
Current tax liabilities	2,945				2,945
Deferred tax liabilities	1,533	-	-	-	1,533
Retirement benefit obligations	5,837	-	-	-	5,837
	1,020,106	3,753	27,853	2,981	1,054,694
Net on balance sheet position	92,151	12,705	27,235	17,575	149,665
Less allowances for credit impairment					(10,061)
					139,604
Off balance sheet position	-	-	-	-	-

3. FINANCIAL RISK MANAGEMENT (CONT'D)

(iv) **Currency risk (Cont'd)**

	SR	Euro	US Dollars	Others	Total
At December 31, 2015	SR'000	SR'000	SR'000	SR'000	SR'000
Assets					
Cash and cash equivalents	216,218	5,248	4,063	1,344	226,873
Loans and advances	473,552	-	-	-	473,552
Held-to-maturity financial assets	215,010	-	-	-	215,010
Property and equipment	43,472	-	-	-	43,472
Intangible assets	10,700	-	-	-	10,700
Other assets	15,540	-	5,076	-	20,616
Tax recoverable	427	-	-	-	427
	974,919	5,248	9,139	1,344	990,650
Less allowances for credit impairment					(9,214)
					981,436
Liabilities					
Customer deposits	824,072	1,397	4,966	1,260	831,695
Other liabilities	9,613	-	-	-	9,613
Dividend proposed	4,800	-	-	-	4,800
Deferred tax liabilities	5,999	-	-	-	5,999
Retirement benefit obligations	4,380	-	-	-	4,380
	848,864	1,397	4,966	1,260	856,487
Net on balance sheet position	126,055	3,851	4,173	84	134,163
Less allowances for credit impairment					(9,214)
					124,949
Off balance sheet position	-	-	-	-	-

(v) **Interest risk**

Interest rate risk refers to the potential variability in the Bank's financial condition owing to changes in the level of interest rates. It is the Bank's policy to apply variable interest rates to lending and deposit taking.

Sensitivity analysis

If interest rates had been 5 points higher/lower and all other variables were held constant as at year-end, the Bank's results would have been increased/decreased as follows:

	2016	2015
	SR'000	SR'000
Impact on results	+/-17	+/-38

(vi) **Liquidity risk**

The Bank is exposed to daily calls on its available cash resources from deposits, current accounts, maturing deposits, loan drawdowns, guarantees and from margin and other calls. The Bank maintains cash resources to meet all of these needs based on experience. The Board of Directors sets limits on the minimum proportion of maturing funds available to meet such calls and on the minimum level of interbank and other borrowing that should be in place to cover withdrawals at unexpected levels of demand.

On the other hand, the Bank also complies with The Central Bank of Seychelles' requirement for all commercial banks to maintain 20% of total liabilities in liquid assets under the Financial Institutions (Liquidity Risk Management) Regulations, 2009 as amended in 2012.

During the year 2016, the Bank has calculated its liquidity ratio as follows;	2016	2015
	SR	SR ' 000
Liquids assets (a)	364,425	288,298
Banks total liabilities (b)	1,052,760	851,926
Liquidity Ratio (a/b)*100	34%	33%

3. FINANCIAL RISK MANAGEMENT (CONT'D)

(iii) Liquidity Risk (Cont'd)

Maturities period of assets and liabilities are follows:

At December 31, 2016	Up to 3 months SR'000	3-6 months SR'000	6-9 months SR'000	9-12 months SR'000	1-3 years SR'000	More than 3 years SR'000	Non-maturity items SR'000	Total SR'000
Assets								
Cash and cash equivalents	141,206	-	-	-	-	-	133,919	275,124
Loans and advances	65,056	3,264	6,824	9,097	104,980	420,135	-	609,356
Held-to-maturity financial assets	82,700	68,054	68,443	9,425	21,970	-	-	250,592
Property and equipment	-	-	-	-	-	-	46,452	46,452
Intangible assets	-	-	-	-	-	-	9,297	9,297
Other assets	-	-	-	-	-	-	13,538	13,538
Tax recoverable	-	-	-	-	-	-	-	-
	288,962	71,318	75,267	18,522	126,950	420,135	203,205	1,204,359
Less allowances for credit impairment								(10,061)
								1,194,297
Liabilities								
Customer deposits	102,339	40,474	82,033	19,823	3,843	59,357	721,743	1,029,612
Other liabilities	-	-	-	-	-	-	8,766	8,766
Dividend proposed	-	6,000	-	-	-	-	-	6,000
Deferred tax liabilities	-	-	-	-	-	-	1,533	1,533
Retirement benefit obligations	-	-	-	-	-	-	5,837	5,837
	102,339	46,474	82,033	19,823	3,843	59,357	737,879	1,051,748
Maturity gap	186,623	24,844	(6,766)	(1,301)	123,107	360,778	(534,674)	152,610
Less allowances for credit impairment								(10,061)
								142,549

3. **FINANCIAL RISK MANAGEMENT (CONT'D)**

(iii) **Liquidity risk (Cont'd)**

Maturities period of assets and liabilities are follows:

At December 31, 2015	Up to 3 months SR'000	3-6 months SR'000	6-9 months SR'000	9-12 months SR'000	1-3 years SR'000	More than 3 years SR'000	Non-maturity items SR'000	Total SR'000
Assets								
Cash and cash equivalents	226,873	-	-	-	-	-	-	226,873
Loans and advances	26,816	3,053	4,833	7,645	113,778	317,427	-	473,552
Held-to-maturity financial assets	91,620	21,701	35,556	22,418	22,000	21,715	-	215,010
Property and equipment	-	-	-	-	-	-	43,472	43,472
Intangible assets	-	-	-	-	-	-	10,700	10,700
Other assets	-	-	9,928	-	-	-	10,688	20,616
Tax recoverable	-	-	-	-	-	-	427	427
	345,309	24,754	50,317	30,063	135,778	339,142	65,287	990,650
Less allowances for credit impairment								(9,214)
								981,436
Liabilities								
Customer deposits	114,654	14,739	8,479	15,279	66,973	54,525	557,046	831,695
Other liabilities	-	-	-	-	-	-	9,613	9,613
Dividend proposed	-	4,800	-	-	-	-	-	4,800
Deferred tax liabilities	-	-	-	-	-	-	5,999	5,999
Retirement benefit obligations	-	-	-	-	-	-	4,380	4,380
	114,654	19,539	8,479	15,279	66,973	54,525	577,038	856,487
Maturity gap	230,655	5,215	41,838	14,784	68,805	284,617	(511,751)	134,163
Less allowances for credit impairment								(9,214)
								124,949

3. FINANCIAL RISK MANAGEMENT (CONT'D)

(vii) **Fair values**

In respect of the on-balance sheet financial assets and liabilities of the Bank consisting of fixed assets, investments and current taxation except for loans and advances, the estimated fair values as at the date of the reporting period approximate their carrying amounts as shown in the statement of financial position.

Fair value measurement hierarchy for assets;

				Fair value measurement using		
	As at 31st December 2016	Date of valuation	Total	Quoted prices in active market	Significant observable input	Significant unobservable input
				(Level 1)	(Level 2)	(Level 3)
			SR'000	SR'000	SR'000	SR'000
	Assets measured at fair value:					
	Recurring measurement					
(i)	Land and building		43,158	-	43,158	
	As at 31st December 2015					
(i)	Land and building	31.12.2015	39,375	-	39,375	

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Bank makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) *Impairment of loans and advances*

The Bank reviews its loans and advances portfolio on a regular basis to assess whether any allowance for credit impairment losses for loans and advances should be recognised in the statement of comprehensive income. In particular, judgement is made about the amount and timing of future cash flows when determining the level of allowance required. The allowance for credit impairment losses is based on the best estimates available. However, the actual amount of impairment may differ from amount provided resulting in higher or lower charges to the statement of comprehensive income.

The Bank follows the guidelines of the Central Bank of Seychelles for provision for credit impairment in addition to the regulations of the Financial institutions (Credit Classification and Provisioning) Regulations 2010, as amended 2011, for provision for credit impairment. The Directors have estimated that these provisions do not materially differ from those required as per International Financial Reporting Standards (IFRS).

(b) *Impairment of other assets*

At each financial reporting year end, the Bank's management reviews and assesses the carrying amounts of other assets and where relevant, write them down to their recoverable amounts based on best estimates.

(c) *Held-to-maturity investments*

The Bank follows the guidance of International Accounting Standards (IAS) 39 - "Recognition and Measurement" on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity. This classification requires significant judgement. In making this judgement, the Bank evaluates its intention and ability to hold such investments to maturity.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Critical accounting estimates and assumptions (Cont'd)

(c) *Held-to-maturity investments (Cont'd)*

If the Bank fails to keep these investments to maturity other than for specific circumstances explained in IAS 39, it will be required to reclassify the whole class as available-for-sale. The investments would therefore be measured at fair value and not at amortised cost.

(d) *Property and equipment*

Useful lives and residual values
Determining the carrying amounts of property and equipment requires the estimation of the useful lives and residual values of these assets which carry a degree of uncertainty. The Directors have used historical information relating to the Bank and the relevant industry in which it operates in order to best determine the useful lives and residual values of property and equipment.

(e) *Revaluation*

The Bank measures land and buildings at revalued amounts with increases in the carrying amount arising on revaluation are credited to revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged against revaluation reserve directly in equity; all other decreases are charged to the statement of profit or loss. The Bank engaged independent valuation specialists to determine fair value of its properties as at December 31, 2015. The Directors are of the opinion that the carrying amount of the property and equipment approximate its fair value at December 31, 2016. The next revaluation is expected in 2019.

(f) *Fair value estimation*

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from for example, a stock exchange and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Bank is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily quoted equity investments classified as trading securities or available-for-sale classified as trading securities or available-for-sale.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

(g) *Limitation of sensitivity analysis*

The sensitivity analysis demonstrate the effect of a change in a key assumption while other assumptions remain unchanged. In reality, there is a correlation between the assumptions and other factors. It should also be noted that these sensitivities are non-linear and larger or smaller impacts should not be interpolated or extrapolated from these results.

The sensitivity analyses do not take into consideration that the Bank's assets and liabilities are actively managed. Other limitations include the use of hypothetical market movements to demonstrate potential risk that only represent the Bank's views of possible near-term market changes that cannot be predicted with any certainty.

5. CASH AND CASH EQUIVALENTS

	2016	2015
	SR	SR
Cash in hand	25,669,519	25,055,176
Foreign currency notes and coins	2,272,261	4,256,085
Balances with Central Bank of Seychelles	196,079,040	186,533,445
Balances with banks abroad	39,444,201	7,167,709
Balances with local banks		
- Seychelles rupees	1,434,813	1,913,181
- Foreign currencies	10,224,500	1,947,498
	275,124,334	226,873,094

6. LOANS AND ADVANCES

	2016	2,015
	SR	SR
Gross loans and advances (see note (a) below)	606,552,808	471,482,203
Accrued interest	2,803,569	2,069,909
Less: Provision for credit impairment (see note (b) below)	(10,061,049)	(9,214,007)
	599,295,328	464,338,105

(a) SCB offers variable interest rate loans. The average interest rate for corporate loans is 12%, Retail loans - 11% and Staff loans - 6%.

(b) Movement in provision for credit impairment is given below:

	2016	2015
	SR	SR
At January 1,	9,214,007	9,227,647
Loans and advances written off during the year (note 25(a))	5,340	7,782
(Credit)/Charged to statement of profit or loss (note 25(a))	841,702	(21,422)
At December 31,	10,061,049	9,214,007
Summarised as:		
- General provisions	5,788,697	4,520,456
- Specific provisions	4,272,352	4,693,551
	10,061,049	9,214,007

(c) A general provision of 1% is applied to loans in arrears less than 30 days and specific provisions is applied to loans in arrears greater than 30 days in accordance with Financial Institution (Credit Classification and Provisioning Regulations 2010, amended in 2011).

(d) Credit concentration of risk by industry sectors:

	2016		2015	
	SR	%	SR	%
Corporate:				
Housing Finance Company (HFC)	144,228,528	23.67%	105,540,044	22.29%
Building and construction	47,190,369	7.74%	38,274,722	8.08%
Tourism	33,927,126	5.57%	35,145,583	7.42%
Small Business Finance Agency (SBFA)	32,264,421	5.29%	3,251,277	0.69%
Business and trade	20,923,788	3.43%	23,550,039	4.97%
Manufacturing	15,701,104	2.58%	11,590,041	2.45%
Transport	9,589,307	1.57%	3,530,174	0.75%
Agriculture and horticulture	4,756,694	0.78%	5,533,933	1.17%
Real estate	4,675,412	0.77%	1,095,964	0.23%
Others	2,882,443	0.47%	3,843,016	0.81%
	316,139,192	51.88%	231,354,792	48.86%
Retail:				
Home repair and appliances	107,071,830	17.57%	106,355,867	22.46%
Mortgage	66,138,291	10.85%	67,933,069	14.35%
Vehicle	35,709,118	5.86%	28,351,529	5.99%
Personal	396,173	0.07%	42,340	0.01%
	209,315,413	34.35%	202,682,805	42.80%
Overdrafts:	42,048,364	6.90%	14,505,758	3.06%
Others:	20,509,942	3.37%	9,707,107	2.05%
Staff:				
Mortgage	11,222,935	1.84%	6,524,777	1.38%
Home repair and appliances	7,292,964	1.20%	6,706,964	1.42%
Personal	23,999	0.00%	-	0.00%
	18,539,897	3.04%	13,231,741	2.79%
Total Gross loans and advances	606,552,808	99.54%	471,482,203	99.56%
Accrued interest	2,803,569	0.46%	2,069,909	0.44%
Total Gross loans and advances and accrued interest	609,356,377	100.00%	473,552,112	100.00%
Less: Provision for credit impairment	(10,061,049)	-1.65%	(9,214,007)	-1.95%
	599,295,328	98.35%	464,338,105	98.05%

7. HELD-TO-MATURITY FINANCIAL ASSETS

(a) The movement in held-to-maturity financial assets is as summarised below:

	2016	2015
	SR	SR
At January 1,	215,010,016	172,357,095
Additions	303,418,426	133,945,527
Matured	(273,721,604)	(95,544,095)
Accrued interest	5,885,345	4,251,489
At December 31,	250,592,182	215,010,016
Analysed as:		
Non-current	(22,909,325)	(43,715,000)
Current	227,682,857	171,295,016

(b) Held-to-maturity financial assets include the following:

	Maturity Date	Interest Rate	2016	2015
		%	SR	SR
Treasury bills	Jan - Dec 2017	1.4% - 15%	206,554,202	132,804,207
Treasury bonds	Mar 17 - Jun 19	4% - 5.50%	41,956,723	80,126,631
Government stock	Jan 2017	8.50%	2,081,258	2,079,178
			250,592,182	215,010,016

(c) Maturity and currency profiles of held-to maturity financial assets are detailed under notes 3(iii), (iv) & (vi).

(d) The fair value of held-to-maturity financial assets approximate their amortised cost and they are all denominated in Seychelles rupees.

8. PROPERTY AND EQUIPMENT

	Leasehold land and buildings	Furniture and equipment	Motor vehicles	Computer equipment	Total
Cost and valuation	SR	SR	SR	SR	SR
At January 1, 2015	36,284,891	6,699,831	2,814,805	12,749,242	58,548,769
Additions	31,898	602,544		668,065	1,302,507
Disposals			(982,061)		(982,061)
Revaluation surplus	3,058,555				3,058,555
At December 31, 2015	39,375,344	7,302,375	1,832,744	13,417,307	61,927,770
Additions	**3,782,579**	**590,439**	**794,150**	**754,341**	**5,921,509**
Disposals		**(21,365)**	**(837,100)**	**(50,772)**	**(909,237)**
Revaluation surplus					**-**
At December 31, 2016	**43,157,923**	**7,871,449**	**1,789,794**	**14,120,876**	**66,940,041**
Accumulated depreciation					
At January 1, 2015	2,818,220	5,211,457	1,789,440	9,753,908	19,573,025
Charge for the year	955,505	262,416	240,955	1,188,473	2,647,349
Disposals			(982,061)		(982,061)
Revaluation surplus	(2,782,268)				(2,782,268)
At December 31, 2015	3,773,725	5,473,873	2,030,395	10,942,381	18,456,045
Charge for the year	**1,146,374**	**323,977**	**341,124**	**1,083,224**	**2,894,699**
Disposals		**(3,369)**	**(837,100)**	**(22,001)**	**(862,470)**
Revaluation surplus					**-**
At December 31, 2016	**4,920,099**	**5,794,481**	**1,534,419**	**12,003,604**	**20,488,274**
NET BOOK VALUE					
At December 31, 2016	**38,237,824**	**2,076,969**	**255,375**	**2,117,272**	**46,451,767**
At December 31, 2015	35,601,619	1,828,502	(197,651)	2,474,926	43,471,725

8. **PROPERTY AND EQUIPMENT (CONT'D)**

(a) Land and buildings comprise payments in respect of leasehold land and improvements to leasehold land and buildings amounting to SR 1,322,957 and SR 7,080,182 respectively. The period of the lease is 77 years ending in the year 2071.

(b) The Bank's land and buildings were last revalued at December 31, 2015 by Nigel Antoine Roucou & Co, Quantity Surveyor and Property Consultant, an independent professionally qualified valuer, and they have appropriate qualifications and recent experience in the valuation of properties in the relevant locations. The present market value was determined on an open-market basis by reference to market evidence of transaction prices for similar properties. There has been no change to the valuation technique during the year. The next revaluation is expected

In determining the fair value of the property the quantity surveyor considered the current market price, not only for the properties being valued, but also for comparable properties in the same vicinity. Factors included the geographical features of the terrain and also essential services available in the vicinity. Finally, the market value was also determined in accordance with the demand and supply.

(c) The Directors are of the opinion that the carrying amounts of property and equipment approximate their fair value at December 31, 2016.

(d) Significant unobservable valuation input

	Range - SR
Price per square metre	10,528 - 29,101

Significant increase/(decrease) in estimated price per square metre in isolation would result in significantly higher/(lower) fair value.

(e) The valuation of land and buildings of the Bank were carried out by external values and falls within category level 2 of the fair value hierarchy. No change was noted during the current year.

(f) Fair value measurement disclosures for revalued land and buildings are provided in Note 3 (iiv)

(g) The Bank does not have any of its assets pledged as securities.

(h) Cash outflow for the purchase of equipment assets was SR 5,921,509 (2015 : SR 1,302,507)

(i) The total cost relating to fully depreciated assets still in use amounts to SR 19,920,575 as at December 31, 2016.

9. INTANGIBLE ASSETS

	Computer software	
	2016	2015
	SR	SR
Cost		
At January 1,	21,205,826	20,026,590
Additions	-	1,179,236
At December 31,	21,205,826	21,205,826
Amortisation		
At January 1,	10,506,106	9,095,686
Charge for the year	1,403,054	1,410,420
At December 31,	11,909,160	10,506,106
Net book value		
At December 31,	9,296,667	10,699,720

The intangible assets comprise of computer software and licenses.

10. OTHER ASSETS

	2016	2015
	SR	SR
Visa Collateral	7,784,167	5,075,863
ATM Offus transaction account	1,989,896	708,971
Others	513,836	958,375
Less: provision for other receivables	(8,005)	-
	10,279,894	6,743,209
Prepayments	3,257,884	3,944,935
Receivable from Government of Seychelles (Notes (b) and 17)	-	9,927,600
	13,537,778	20,615,744

(a) The visa collateral is a security deposit held by Visa as per the contract which is us USD. The other assets include cheques in clearing and deposits.

(b) The ATM Offus account relates to receivable amount from Barclays with respect to ATM and POS transactions. This account is net off against the ATM and POS settlement under Other Liabilities under Note 12.

(c) Amount due from Government of Seychelles is unsecured, non-interest bearing and have no fixed repayment terms and has been classified as current asset based on Directors' opinion, which has been repaid during the year

(d) The carrying amount of 'other assets' approximate their fair value and are denominated in the following currencies:

	2016	2015
	SR	SR
US Dollars	7,784,167	5,075,863
Seychelles Rupees	5,753,611	15,539,881
	13,537,778	20,615,744

11. CUSTOMER DEPOSITS

	2016	2015
	SR	SR
Current accounts	232,475,488	149,074,528
Savings deposits	488,738,153	407,957,311
Time deposits	302,128,555	266,982,824
Accrued interest	6,270,020	7,680,616
	1,029,612,215	831,695,279

11. CUSTOMER DEPOSITS (CONT'D)

(a) Analysis of customer deposits currency-wise is given below:

	2016	2015
	SR	SR
- Seychelles rupees	995,025,031	824,072,000
- US Dollars	27,853,222	4,966,000
- Euro	3,753,336	1,397,000
- Others	2,980,626	1,260,279
	1,029,612,215	831,695,279

(b) Maturity profile of customer deposits are detailed under note 3(iii).

(c) The range of interest on customer deposits varied from **0.75% to 7%** (2014: 0.75% to 7%).

12. OTHER LIABILITIES

	2016	2015
	SR	SR
Accruals	447,950	554,432
Provision for bonus	3,908,193	2,553,201
ATM and POS settlement	3,637,832	3,898,537
Other payables	772,159	2,606,725
	8,766,134	9,612,895

(a) Provision for bonus relates to profit-sharing bonus payable to all employees in accordance with the policy.

(b) The ATM and POS account relates to payable amount to Barclays with respect to ATM and POS transactions. This account is net off against the ATM Offus account under Other Assets under Note 10.

13. DIVIDENDS

	2016	2015
	SR	SR
At January 1,	4,800,000	46,000
Dividend of SR 5 per share for 2013		3,000,000
Dividend of SR 7 per share for 2014		4,200,000
Final dividend of SR 8 per share for 2015		4,800,000
Final dividend of SR 10 per share for 2016	6,000,000	
Paid during the year	(4,800,000)	(7,246,000)
At December 31,	6,000,000	4,800,000

14. CURRENT TAX LIABILITY

(i) Statement of financial position

	2016	2015
	SR	SR
At January 1,	(426,559)	(2,914,822)
Charge for the year (see note (iii))	6,253,508	4,204,389
Payments during the year	(3,308,366)	(4,670,991)
Refunds during the year	393,391	2,954,865
Expenses disallowed by tax commissioner	33,168	-
At December 31,	2,945,142	(426,559)

(ii) Statement of profit or loss

	2016	2015
	SR	SR
Current tax on adjusted profit for the year at applicable tax rates (see note (iv))	6,253,508	4,204,389
Deferred taxes (note 15(b))	(4,466,079)	1,686,216
Expenses disallowed by tax commissioner	33,168	-
	1,820,597	5,890,605

14. CURRENT TAX LIABILITY (CONT'D)

(iii) Tax on the Bank's profit before tax differs from the theoretical amount that would arise using the basic tax rate of the Bank as follows:

	2016	2015
	SR	SR
Profit before tax	22,477,556	17,933,399
Tax calculated at applicable tax rates (note (iv) below)	7,337,594	5,838,022
Income not subject to tax	(633,957)	(1,673,903)
Expenses not deductible for tax purposes	137,264	332,359
(Surplus) of capital allowance over depreciation	(587,392)	(292,089)
	6,253,508	4,204,389

(iv) Applicable tax rates

Taxable income threshold	2016 and '2015
	Tax rates - %
≤ SR 1,000,000	25%
>SR 1,000,000	33%

15. DEFERRED TAXES

(a) There is a legally enforceable right to offset deferred tax assets and deferred tax liabilities when the deferred taxes relate to the same fiscal authority on the same entity. The following net amounts are shown in the statement of financial position:

	2016	2015
	SR	SR
Deferred tax liability	6,268,423	7,444,452
Deferred tax asset	(4,735,589)	(1,445,539)
Net deferred tax liability	1,532,834	5,998,913

(b) The movement on the deferred tax account is as follows :

	2016	2015
	SR	SR
At January 1,	5,998,913	3,027,716
Credit for the year (see below)	(4,466,079)	2,971,197
At December 31,	1,532,834	5,998,913
(Credit)/Charge for the year is analysed as follows:		
- Statement of profit or loss (note 14(ii))	(4,466,079)	1,686,216
- Other comprehensive income	-	1,927,472
- Reversal to other comprehensive income	-	(642,491)
	(4,466,079)	2,971,197

15. DEFERRED TAXES (CONT'D)

(c) The movement in deferred tax assets and liabilities during the year is as follows:

(i) Deferred tax liabilities

	Accelerated tax depreciation	Revaluation of assets	Total
	SR	SR	SR
At January 1, 2015	4,405,348		4,405,348
Credited to statement of profit or loss	1,754,123	-	1,754,123
Credited to other comprehensive income	-	1,927,472	1,927,472
Reversal to other comprehensive income		(642,491)	(642,491)
At December 31, 2015	**6,159,471**	**1,284,981**	**7,444,452**
Charged to statement of profit or loss	**(1,176,029)**		**(1,176,029)**
Charged to other comprehensive income	-	-	-
At December 31, 2016	**4,983,442**	**1,284,981**	**6,268,423**

(ii) Deferred tax assets

	Retirement benefit obligations
	SR
At January 1, 2015	(1,377,632)
Credited to statement of profit or loss	(67,907)
At December 31, 2015	**(1,445,539)**
Credited to statement of profit or loss	**30,096**
At December 31, 2015	**(1,415,443)**

	Provision for credit impairment
	SR
At January 1, 2016	-
Credited to statement of profit or loss	(3,320,146)
At December 31, 2016	**(3,320,146)**

16. RETIREMENT BENEFIT OBLIGATIONS

	2016	2015
	SR	SR
Compensation - retirement (i)	4,539,870	3,012,461
Compensation - end of contract (ii)	1,297,446	1,367,960
	5,837,316	4,380,421

(i) COMPENSATION - RETIREMENT

	2016	2015
	SR	SR
At January 1,	3,012,461	3,246,066
Paid during the year	(452,327)	(532,385)
Charged to statement of profit or loss	1,979,736	298,779
At December 31,	4,539,870	3,012,461

16 RETIREMENT BENEFIT OBLIGATIONS (Cont'd)

(I) COMPENSATION - END OF CONTRACT

	2016	2015
	SR	SR
At January 1,	1,367,960	928,576
Paid during the year	(1,277,746)	(712,097)
Charged to statement of profit or loss (note 23)	1,207,232	1,151,481
At December 31,	1,297,446	1,367,960

17. SHARE CAPITAL

	2016 & '2015
	SR
Authorised share capital	
At December 31,	60,000,000
Issued share capital	
- Fully paid (See note 17(a))	50,072,400
- Fully paid during the year (See notes 17(b) and 10)	9,927,600
	60,000,000

(a) During the year ended December 31, 2011, the issued share capital was increased from 50,000 shares of SR 200 each to 600,000 shares of SR 100 each. The increase of issued share capital was funded through capitalisation of retained earnings as bonus shares for SR 26 million and cash of SR 14 million.

(b) A balance of SR 9.9 million was paid on the issued shares under Section 56 of the Companies Act 1972 on 30th December 2016.

18. STATUTORY RESERVE

	2016	2015
	SR	SR
At January 1,	18,122,837	15,714,279
Transfer during the year (page 5)	4,131,392	2,408,558
At December 31,	22,254,229	18,122,837

Section 24(1) of the Financial Institutions Act, 2004 requires that a Statutory Reserve Fund be maintained from an appropriation of not less than 20% of net profits for the year before any transfers until such reserve is equal to the Share Capital of SR 60 million.

19. INTEREST INCOME

	2016	2015
	SR	SR
Investment in held-to-maturity financial assets	15,863,921	11,496,719
Loans and advances	69,611,892	61,489,366
Cash and short term funds	4,392,647	3,881,926
	89,868,460	76,868,011

20. INTEREST EXPENSE

	2016	2015
	SR	SR
Customer deposits	32,094,700	26,246,763
Deposits and borrowing from other banks	-	243,961
	32,094,700	26,490,724

21. FEE INCOME AND COMMISSIONS

	2016	2015
	SR	SR
Account maintenance	3,626,888	3,903,505
Loan documentation	2,323,801	1,785,408
Commissions from Visa	1,840,966	1,464,160
Standing instructions	1,758,750	1,447,474
Processing charges	1,724,483	1,639,676
Commission from agency work and sale of foreign currency	1,317,388	793,337
Transaction charges	850,872	714,935
Referred cheque charges	374,740	339,416
Cheque books	243,194	259,680
Other related income	584,421	583,489
	14,645,503	12,931,080

22. SUNDRY INCOME

	2016	2015
	SR	SR
Recovery of bad debts written off	1,582,378	2,167,416
Miscellaneous income	244,311	782,793
Profit on disposal	240,569	171,475
	2,067,258	3,121,684

23. EMPLOYEE BENEFIT EXPENSE

	2016	2015
	SR	SR
Wages and salaries	21,507,843	17,703,823
Directors' fees and remuneration (see note (a) below)	2,793,154	2,411,769
Retirement benefit obligations	3,313,634	1,561,021
Pension costs	359,792	320,869
Other staff costs	1,056,817	1,011,384
	29,031,241	23,008,866

(a) Directors' fees and other emoluments are detailed below:

	2016	2015
	SR	SR
Directors' fees		
Esther Boniface	34,736	14,400
Robert Morgan	34,736	14,400
Patrick Payet	53,760	28,800
Sandy Mothee	34,736	12,257
	157,968	69,857
Directors' other emoluments		
Michael Benstrong (resigned)	-	405,195
Syed Naqi	1,947,749	1,936,717
Jenna Thelermont (appointed January 18, 2016)	687,437	-
	2,635,186	2,341,912
Total	2,793,154	2,411,769

24. OTHER EXPENSES

	2016	2015
	SR	SR
Auditors' remuneration	100,050	100,625
Premises cost	4,455,855	4,733,656
Computer maintenance expenses	3,802,076	3,940,124
Card expenses	3,916,465	3,520,900
Security services	1,394,796	1,371,921
Stationery and postage expenses	1,287,292	1,326,968
Advertising and promotion expenses	578,628	308,650
CSR tax	516,951	389,975
Tourism marketing tax	516,951	389,975
Fuel, conveyance and vehicles maintenance	459,210	413,433
Legal and professional charges	1,288,688	913,308
Licenses, insurance and subscription	837,305	643,656
Telecommunication	1,534,892	1,419,031
AGM expenses	142,844	154,329
Others	521,213	853,704
	21,353,219	20,480,253

25. PROVISION FOR CREDIT IMPAIRMENT

	2016	2015
	SR	SR
Loans and advances (note 6(b))	10,061,049	9,214,007

(a) Movement in provision for credit impairment is given below:

	2016	2015
	SR	SR
At January 1,	9,214,007	9,684,316
Loans and advances written off during the year (note 6(b))	5,340	7,782
Reversal of provision during the year (note 10)	-	(456,669)
Charged/(Credited) to statement of profit or loss (note 6(b))	841,702	(21,422)
At December 31,	10,061,049	9,214,007

26. COMMITMENTS

(a) **Capital commitments**

	2016	2015
Approved and contracted for:	SR	SR
Property and equipment	-	6,325,421
Intangible assets	-	2,096,000
	-	8,421,421

(b) **Loan commitments**

	2016	2015
	SR	SR
Loans and advances approved but not yet disbursed or partially disbursed	51,526,000	63,256,000

26. COMMITMENTS (CONT'D)

(c) Operating lease commitments

The Bank leases various outlets under operating lease agreements which have varying terms, escalation clauses and renewal rights.

The future minimum lease payments under non-cancellable operating leases are as follows:

	2016	2015
	SR	SR
Within one year	558,288	1,303,600
Later than one year and not later than five years	1,479	5,211,400
Later than five years	-	16,134,600
	559,768	22,649,600

27. RELATED PARTY TRANSACTIONS

	Relationship	Deposits	Interest on deposits
		SR'000	SR'000
December 31, 2016			
Parastatals	Shareholder	269,812	2,233
Government organisations and agencies other than parastatals	Shareholder	60,476	26
December 31, 2015			
Parastatals	Shareholder	206,586	3,313
Government organisations and agencies other than parastatals	Shareholder	61,890	992

(a) Transactions with related parties are made at normal market prices.

(b) Outstanding balances at the year-end are interest-bearing. There has been no guarantees provided or received for any related party payables or receivables. For the year ended December 31, 2016, the Bank has not recorded any impairment of receivables relating to amounts owed by related parties (2015: Nil). This assessment is undertaken at the end of each financial year through examining the financial position of the related party and the market in which the latter operates.

(c) Key management personnel

	Relationship	2016	2015
		SR	SR
Salary and short term employment benefits	Key management	2,635,186	2,341,912
Directors remuneration	Directors	157,968	69,857
End of contract service	Key management	153,000	-

28. CONTINGENT LIABILITIES

At December 31, 2016, the Bank had contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business from which it is anticipated that no material liabilities would arise. The Bank has given guarantees in the ordinary course of business, amounting to SR 2,100,000 (2015: SR

29. EVENTS AFTER REPORTING PERIOD

There is no event subsequent to the date of statement of financial position which may have a material effect on the financial statement as at 31 December 2016.

30. FINANCIAL SUMMARY

	2016	2015	2014	2013	2012
	SR'000	SR'000	SR'000	SR'000	SR'000
Operating profit before provision	**23,319**	17,912	12,645	13,213	17,366
Provision for credit impairment	**(842)**	21	(297)	(2,421)	(3,440)
Profit before tax	**22,477**	17,933	12,348	10,792	13,926
Tax expense	**(1,821)**	(5,891)	(3,544)	(6,458)	(4,472)
Profit for the year	**20,656**	12,042	8,804	4,334	9,454
Transfer to statutory reserve	**(4,131)**	(2,409)	(1,761)	(867)	(1,891)
Dividends	**(6,000)**	(12,000)	-	-	(6,000)
Retained earning brought forward	**20,636**	23,002	19,426	12,492	10,287
Bonus shares issued	-	-	-	-	-
Retained earnings carried forward	**31,161**	20,635	26,469	15,959	12,492
EQUITY					
Share capital	**60,000**	60,000	60,000	60,000	60,000
Statutory reserve	**22,254**	18,123	15,714	13,953	13,087
Revaluation reserve	**26,189**	26,189	21,633	19,253	16,873
Retained earnings	**31,161**	20,636	23,002	15,959	12,492
	139,604	124,948	120,349	109,165	102,452