

BAYPORT MANAGEMENT LTD
(Registration number 54787 C1/GBL)

**UNAUDITED CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

for the nine months ended 30 September 2016



BAYPORT MANAGEMENT LTD
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2016

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Figures in US Dollar	Notes	30-Sep-16	31-Dec-15
Assets			
Cash and cash equivalents		114 477 856	85 852 593
Net advances	6	813 540 756	725 495 021
Trade and other receivables		23 235 761	33 454 707
Current tax assets		5 063 976	1 839 438
Goodwill		90 958 951	81 465 975
Deferred tax assets		41 378 701	37 796 958
Property and equipment	5	12 808 121	10 633 045
Intangible assets		16 069 305	1 233 222
Total Assets		1 117 533 427	977 770 959
Equity and Liabilities			
Equity			
Stated capital	7	300 778 464	300 778 464
Reserves		(229 818 166)	(255 617 444)
Retained earnings		133 141 840	132 729 018
Equity attributable to equity holders of the company		204 102 138	177 890 038
Non-controlling interests		11 926 368	9 823 028
Total Equity		216 028 506	187 713 066
Liabilities			
Bank overdrafts		4 373 759	10 971 579
Deposit from customers		16 854 631	962 126
Trade and other payables		70 410 452	49 786 232
Other financial liabilities	9	2 344 704	740 228
Borrowings	8	804 611 916	726 771 586
Finance lease obligation		427 977	657 315
Current tax liabilities		2 460 981	145 452
Deferred tax liabilities		20 501	23 375
Total Liabilities		901 504 921	790 057 893
Total Equity and Liabilities		1 117 533 427	977 770 959

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**

Figures in US Dollar	Notes	Three months ended		Nine months ended	
		30-Sep-16	30-Sep-15	30-Sep-16	30-Sep-15
Interest income		66 700 667	66 331 870	193 854 108	205 581 192
Interest expense		(29 682 719)	(26 074 517)	(84 334 076)	(80 607 272)
Net interest income		37 017 948	40 257 353	109 520 032	124 973 920
Fees and commission income		7 173 460	8 068 102	20 171 965	21 343 293
Dividend income		1 845 135	3 057 740	8 349 160	12 601 410
Other income		2 960 995	952 902	7 339 488	3 359 217
Net non-interest income		11 979 590	12 078 744	35 860 613	37 303 920
Operating income		48 997 538	52 336 097	145 380 645	162 277 840
Operating expenses		(33 340 891)	(35 002 870)	(93 060 423)	(99 841 674)
Foreign exchange gain	11	864 113	3 239 373	2 835 777	5 463 904
Pre-provision income		16 520 760	20 572 600	55 155 999	67 900 070
Impairment of loans and advances		(15 611 173)	(8 788 584)	(37 517 272)	(29 908 499)
Profit before taxation		909 587	11 784 016	17 638 727	37 991 571
Taxation	3	(3 322 670)	(3 394 763)	(12 341 061)	(10 988 474)
(Loss)/profit for the period		(2 413 083)	8 389 253	5 297 666	27 003 097
Other comprehensive income/(loss) net of income tax					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Foreign exchange differences		8 809 808	(86 622 610)	23 646 066	(150 511 115)
Effect of cash flow hedges		(956 064)	(1 126 116)	(2 074 740)	(2 848 212)
Net fair value gain/(loss) of available for sale investments		976 137	(6 942 187)	879 558	(13 546 211)
Other comprehensive gain/(loss) for the period		8 829 881	(94 690 913)	22 450 884	(166 905 538)
Total comprehensive gain/(loss) for the period		6 416 798	(86 301 660)	27 748 550	(139 902 441)
(Loss)/profit for the period attributable to:					
Owners of the company		(2 476 742)	7 980 275	4 658 350	28 210 666
Non-controlling interests		63 659	408 978	639 316	(1 207 569)
		(2 413 083)	8 389 253	5 297 666	27 003 097
Total comprehensive income/(loss) for the period attributable to:					
Owners of the company		6 532 968	(83 619 481)	26 735 432	(133 372 218)
Non-controlling interests		(116 170)	(2 682 179)	1 013 118	(6 530 223)
		6 416 798	(86 301 660)	27 748 550	(139 902 441)
(Loss)/earnings per share					
Basic weighted average number of shares		30 720 108	30 660 796	30 718 751	26 908 810
Diluted weighted average number of shares		30 788 798	30 697 508	30 787 441	26 945 523
Basic (loss)/earnings per share		(0.08)	0.26	0.15	1.05
Diluted (loss)/earnings per share		(0.08)	0.26	0.15	1.05

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Figures in US Dollar

	Share capital	Share premium	Share application monies	Total stated capital	Translation reserve	Cash flow hedging reserve	Equity settled reserve	Other reserves	Total reserves	Retained earnings	Equity attributable to owners of the company	Retained earnings attributable to non-controlling interests	Other reserves attributable to non-controlling interests	Total non-controlling interests	Total equity
Balance at 01 January 2015	24 241	151 641 442	-	151 665 683	(113 862 368)	2 050 568	695 791	33 589 611	(77 526 398)	125 801 824	199 941 109	12 049 862	2 150 614	14 200 476	214 141 585
Profit/(loss) for the period	-	-	-	-	-	-	-	-	-	28 210 666	28 210 666	(1 207 569)	-	(1 207 569)	27 003 097
Transfer (to)/from reserves	-	-	-	-	-	-	-	(2 786 799)	(2 786 799)	2 786 799	-	464 285	(464 285)	-	-
Other comprehensive loss	-	-	-	-	(145 188 461)	(2 848 212)	-	(13 546 211)	(161 582 884)	-	(161 582 884)	(5 322 654)	-	(5 322 654)	(166 905 538)
Total comprehensive (loss)/income for the period	-	-	-	-	(145 188 461)	(2 848 212)	-	(16 333 010)	(164 369 683)	30 997 465	(133 372 218)	(6 065 938)	(464 285)	(6 530 223)	(139 902 441)
Issue of shares	6 436	148 471 645	-	148 478 081	-	-	(499 988)	-	(499 988)	-	147 978 093	-	-	-	147 978 093
Recognition of share based payments	-	-	-	-	-	-	327 323	-	327 323	-	327 323	-	-	-	327 323
Change in ownership interests	-	-	-	-	113 713	-	-	-	113 713	(3 233 075)	(3 119 362)	(317 608)	-	(317 608)	(3 436 970)
Balance at 30 September 2015	30 677	300 113 087	-	300 143 764	(258 937 116)	(797 644)	523 126	17 256 601	(241 955 033)	153 566 214	211 754 945	5 566 316	1 686 329	7 352 645	219 107 590
Balance at 01 January 2016	30 701	300 547 833	199 930	300 778 464	(265 715 661)	348 054	216 142	9 534 021	(255 617 444)	132 729 018	177 890 038	8 593 597	1 229 431	9 823 028	187 713 066
Profit for the period	-	-	-	-	-	-	-	-	-	4 658 350	4 658 350	639 316	-	639 316	5 297 666
Transfer from/(to) reserves	-	-	-	-	-	-	-	3 370 252	3 370 252	(3 370 252)	-	(669 680)	669 680	-	-
Other comprehensive income/(loss)	-	-	-	-	23 272 264	(2 074 740)	-	879 558	22 077 082	-	22 077 082	373 802	-	373 802	22 450 884
Total comprehensive income/(loss) for the period	-	-	-	-	23 272 264	(2 074 740)	-	4 249 810	25 447 334	1 288 098	26 735 432	343 438	669 680	1 013 118	27 748 550
Issue of shares	19	199 911	(199 930)	-	-	-	-	-	-	-	-	-	-	-	-
Recognition of share based payments	-	-	-	-	-	-	350 157	-	350 157	-	350 157	-	-	-	350 157
Change in ownership interests	-	-	-	-	1 787	-	-	-	1 787	(875 276)	(873 489)	1 090 222	-	1 090 222	216 733
Balance at 30 September 2016	30 720	300 747 744	-	300 778 464	(242 441 610)	(1 726 686)	566 299	13 783 831	(229 818 166)	133 141 840	204 102 138	10 027 257	1 899 111	11 926 368	216 028 506

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UNAUDITED CONDENSED STATEMENT OF CASH FLOWS

Figures in US Dollar	Nine months ended	
	30-Sep-16	30-Sep-15
Cash flows from operating activities		
Profit before taxation	17 638 727	37 991 571
Adjustments for:		
Depreciation and amortisation	4 033 154	3 892 694
Profit on disposal of property, equipment and intangible assets	(37 876)	(33 520)
Foreign currency gain	(2 871 641)	(9 027 282)
Finance costs	84 334 076	80 607 272
Dividend recognised in income statement	(8 349 160)	(12 601 410)
Increase in provision for credit impairment	27 283 716	10 695 092
Expense recognised in respect of share based payments	350 157	327 323
Negative goodwill on acquisition of subsidiary	(15 762)	-
Operating cash flows before movements in working capital	122 365 391	111 851 740
Changes in working capital:		
Decrease in inventories	-	1 032 765
Increase in trade and other receivables	(7 310 653)	(5 741 513)
Increase in gross advances	(84 613 161)	(132 911 679)
Increase in deposit from customers	16 401 003	484 327
Increase in trade and other payables	8 066 608	9 482 508
Cash used in/(generated by) operations	54 909 188	(15 801 852)
Dividend received	8 350 855	13 533 031
Finance costs paid	(69 227 426)	(71 126 700)
Tax paid	(13 027 052)	(11 877 105)
Net cash generated by operating activities	(18 994 435)	(85 272 626)
Cash flows from investing activities		
Proceeds on disposal of property, equipment and intangible assets	120 056	238 629
Purchase of property, equipment and intangible assets	(9 730 862)	(4 834 102)
Net cash outflow from acquisition of subsidiary	1 051 481	-
Net cash inflow/(outflow) on acquisition of non-controlling interests	331 552	(3 470 288)
Net cash generated by investing activities	(8 227 773)	(8 065 761)
Cash flows from financing activities		
Net proceeds from bond issuance and repayments	19 168 436	18 332 346
Net proceeds from issue of shares	-	147 978 094
Net increase/(decrease) in other borrowings	42 712 932	(16 236 298)
Payment on unwinding of forward contracts	(4 062 231)	(11 801 383)
Net cash generated from financing activities	57 819 137	138 272 759
Net increase in cash and cash equivalents	30 596 929	44 934 372
Net cash and cash equivalents at the beginning of the period	74 881 014	56 682 661
Effect of foreign exchange rate changes	4 626 154	(3 577 333)
Total cash and cash equivalents at the end of the period	110 104 097	98 039 700

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Background

Bayport Management Ltd (the "Company") is incorporated in Mauritius and listed on the Stock Exchange of Mauritius. The Company is the holding company for the following entities whose operations are based in Africa, South America and the United Kingdom:

Name of subsidiaries	Place of incorporation
Bayport Financial Services Limited	Zambia
Bayport Financial Services Ghana Plc Limited	Ghana
Bayport Financial Services Uganda Limited	Uganda
Bayport Financial Services (T) Limited	Tanzania
CFC Savings and Loans Limited	Ghana
Money Quest Investments (Proprietary) Limited	Botswana
Bayport Colombia S.A.S	Colombia
Bayport Financial Services 2010 Proprietary Limited	South Africa
Zenthyme Investments Proprietary Limited (i)	South Africa
Bayport Securitisation (RF) Limited (i)	South Africa
Convence Med (Pty) Ltd (i) (Dormant)	South Africa
BFS SA Executive Holdings Proprietary Limited (i) (Dormant)	South Africa
Bayport Financial Services Mozambique (MCB) S.A	Mozambique
Actvest Mexico S.A.P.I. de C.V, E.N.R (ii)	Mexico
Financiera Fortaleza, S.A de C.V, SOFOM E.N.R (iii)	Mexico
Bayport Financial Services Rwanda SARL (Dormant)	Rwanda
Lintpale Investments (Pty) Ltd	South Africa
Cashfoundry Limited	United Kingdom
Actvest Limited	Mauritius
Bayport Latin America Holdings Ltd	Mauritius
Bayport LatAm Investments B.V (iv)	Netherlands
Bayport LatAm Investments Cooperatief U.A (iv)	Netherlands
Actvest (Proprietary) Limited (refer to note 10)	South Africa

The Company's registered office is DTOS Ltd, 10th Floor, Standard Chartered Tower, 19, Cybercity, Ebene, Mauritius and the Company's principal place of business is 3rd Floor, Ebene Skies, Rue De L'Institut, Ebene, Mauritius.

The Company is a holding company to businesses involved in provision of retail financial services.

- (i) Bayport Financial Services 2010 Proprietary Limited owns 100% of Convence Med (Pty) Ltd, 100% of BFS SA Executive Holdings Proprietary Limited, 100% of the preference shares of Bayport Securitisation (RF) Limited and 100% of Zenthyme Investments Proprietary Limited.
- (ii) Bayport Management Ltd effectively owns 100% of Actvest Mexico S.A.P.I de C.V, E.N.R.
- (iii) Actvest Mexico S.A.P.I de C.V, E.N.R owns 71% of Financiera Fortaleza, S.A de C.V SOFOM E.N.R
- (iv) Bayport Management Ltd effectively owns 100% of Bayport LatAm Investments B.V and Bayport LatAm Investments Cooperatief U.A

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

Figures in US Dollar

2. Basis of preparation

2.1 Statement of compliance

The unaudited condensed consolidated financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") and in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting.

2.2 Significant accounting policies

The unaudited condensed consolidated financial statements have been prepared under the historical cost convention, except for the measurement of certain financial instruments which are at fair value.

The same accounting policies and methods of computation are followed in these condensed consolidated financial statements as were applied in the preparation of the Group's audited consolidated financial statements for the year ended 31 December 2015.

2.3 Functional and presentation currency

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in United States Dollars using exchange rates prevailing at the reporting date. Income and expenditure are translated at average rates of exchange for the period while balances are translated at month end rates.

3. Taxation

Income tax for the period is accrued based on actual annual effective income tax rates for each entity within the Group.

4. Dividends

During the nine months ended 30 September 2016, no dividends were paid or declared.

5. Property and equipment

During the period, the Group spent USD 9.7 million on office equipment, furniture and fittings, computer equipment, motor vehicles, leasehold improvements and intangible assets.

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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(continued)

Figures in US Dollar

6. Net advances

	30-Sep-16	31-Dec-15
Advances to customers	952 252 433	825 346 475
Carrying value of written off book	34 420 868	31 314 369
Carrying value of net premiums	37 244 690	34 119 472
Deferred origination fees	(17 865 535)	(16 505 192)
Deferred origination costs	13 041 046	12 061 046
Gross advances	1 019 093 502	886 336 170
Impairment provision	(205 552 746)	(160 841 149)
Net advances	813 540 756	725 495 021
Impairment provision		
Opening balance	160 841 149	174 290 043
Derecognised on disposal of subsidiary	-	(291 731)
Net impairment recognised in profit or loss	37 517 272	63 515 471
Utilisation of allowance for impairment	(10 233 556)	(30 014 965)
Foreign exchange differences	17 427 881	(46 657 669)
Closing balance	205 552 746	160 841 149

7. Stated capital

	30-Sep-16	31-Dec-15
Share capital	30 720	30 701
Share premium	300 747 744	300 747 763
	300 778 464	300 778 464

	Number of shares	Share capital	Share premium	Total stated capital
Balance at 1 January 2016	30 701 452	30 701	300 747 763	300 778 464
Share application monies	-	-	(199 930)	(199 930)
Issue of shares	18 656	19	199 911	199 930
Balance at 30 September 2016	30 720 108	30 720	300 747 744	300 778 464

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

Figures in US Dollar

8. Borrowings

	<u>30-Sep-16</u>	<u>31-Dec-15</u>
Corporate Bonds	415 824 807	405 979 869
Other term loans	223 806 500	176 297 652
Loan notes	172 726 099	150 304 619
	812 357 406	732 582 140
Less: deferred transaction costs	(7 745 490)	(5 810 554)
	804 611 916	726 771 586

Loan notes

The loan notes are issued by Bayport Securitisation (RF) Limited ("BSL"). BSL is considered a special purpose entity under IFRS and is consolidated into the Group's results.

Corporate Bonds

These Bonds constitute direct, general, unconditional, subordinated and unsecured obligations of the Company. The Bonds are listed on the Nasdaq OMX Stockholm AB.

9. Other financial Assets/liabilities

	<u>30-Sep-16</u>		<u>31-Dec-15</u>	
	<u>Assets</u>	<u>Liabilities</u>	<u>Assets</u>	<u>Liabilities</u>
Cash flow hedge	-	2 344 704	-	740 228

The Company entered into forward foreign exchange contracts during the period with a view to hedge its exposure to movements in SEK/USD exchange rate relating to its Bond liabilities denominated in Swedish Krona, and achieve the Company's strategic objective of 50% coverage target. Details of the hedging contracts in place as at the end of the reporting period are as follows:

	Currency	Trade date	Maturity date	Notional amount
Forward exchange contract 1	SEK	October 2015	October 2016	SEK 186 million
Forward exchange contract 2	SEK	October 2015	October 2016	SEK 800 million
Forward exchange contract 3	SEK	July 2016	October 2016	SEK 540.5 million

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

Figures in US Dollar

10. Acquisition of subsidiary

On 1 February 2016, the Group acquired 100% of the voting share capital of Actvest (Proprietary) Limited, a company registered in South Africa. The company's main activity is the provision of consulting services to other companies within the Group.

Assets acquired and liabilities recognised at the date of acquisition

	<u>USD</u>
Assets	7 623 316
Liabilities	7 607 548
Negative goodwill arising at acquisition	
Consideration	6
Less: fair value of identifiable net assets acquired	(15 768)
	<u>(15 762)</u>

11. Foreign currency gain/(loss)

	<u>Three months ended</u>		<u>Nine months ended</u>	
	<u>30-Sep-16</u>	<u>30-Sep-15</u>	<u>30-Sep-16</u>	<u>30-Sep-15</u>
Net foreign exchange gain on retranslation of Bonds and forward exchange contracts	2 045 119	3 361 997	3 177 545	7 813 854
Other exchange loss	(1 181 006)	(122 624)	(341 768)	(2 349 950)
	<u>864 113</u>	<u>3 239 373</u>	<u>2 835 777</u>	<u>5 463 904</u>

"The above unaudited condensed Financial Statements are issued pursuant to Listing Rules 12.20 of the Stock Exchange of Mauritius Ltd, the Securities Act 2005 of Mauritius and Listing Rule 3.2 (Fixed Income Instrument) of the NASDAQ OMX Stockholm Stock Exchange."

The Board of Directors of Bayport Management Ltd accepts full responsibility for the accuracy of the information contained in these unaudited condensed Financial Statements.