

BAYPORT MANAGEMENT LTD
(Registration number 54787 C1/GBL)

**UNAUDITED CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

for the twelve months ended 31 December 2016



BAYPORT MANAGEMENT LTD
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Figures in US Dollar	Notes	31-Dec-16	31-Dec-15
Assets			
Cash and cash equivalents		138 999 937	85 852 593
Net advances	6	810 596 114	725 495 021
Trade and other receivables		23 022 950	33 454 707
Current tax assets		7 958 433	1 839 438
Goodwill		90 405 841	81 465 975
Deferred tax assets		41 584 070	37 796 958
Property and equipment	5	12 943 914	10 633 045
Intangible assets		17 411 864	1 233 222
Total Assets		1 142 923 123	977 770 959
Equity and Liabilities			
Equity			
Stated capital	7	300 778 464	300 778 464
Reserves		(239 304 811)	(255 617 444)
Retained earnings		139 352 494	132 729 018
Equity attributable to equity holders of the company		200 826 147	177 890 038
Non-controlling interests		10 974 480	9 823 028
Total Equity		211 800 627	187 713 066
Liabilities			
Bank overdrafts		3 704 712	10 971 579
Deposit from customers		22 527 232	962 126
Trade and other payables		57 702 701	49 786 232
Other financial liabilities	9	4 290 211	740 228
Borrowings	8	837 721 842	726 771 586
Finance lease obligation		353 965	657 315
Current tax liabilities		4 802 324	145 452
Deferred tax liabilities		19 509	23 375
Total Liabilities		931 122 496	790 057 893
Total Equity and Liabilities		1 142 923 123	977 770 959

BAYPORT MANAGEMENT LTD
UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the twelve months ended 31 December 2016

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

Figures in US Dollar	Notes	Three months ended		Twelve months ended	
		31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-15
Interest income		67 983 829	64 098 058	261 837 938	269 679 250
Interest expense		(29 237 327)	(26 101 287)	(113 571 402)	(106 708 559)
Net interest income		38 746 502	37 996 771	148 266 536	162 970 691
Fees and commission income		7 873 452	7 027 250	28 045 417	28 370 543
Dividend income		367 089	3 127 095	8 716 249	15 728 505
Other income		3 151 406	2 435 968	10 502 967	5 795 185
Net non-interest income		11 391 947	12 590 313	47 264 633	49 894 233
Operating income		50 138 449	50 587 084	195 531 169	212 864 924
Operating expenses		(36 540 037)	(31 618 011)	(129 612 512)	(131 459 687)
Foreign exchange gain/(loss)	11	8 745 753	(4 589 996)	11 581 532	873 908
Pre-provision income		22 344 165	14 379 077	77 500 189	82 279 145
Impairment of loans and advances		(12 606 430)	(33 606 972)	(50 123 702)	(63 515 471)
Profit/(loss) before taxation		9 737 735	(19 227 895)	27 376 487	18 763 674
Taxation	3	(4 212 743)	(2 179 639)	(16 553 804)	(13 168 113)
Profit/(loss) for the year		5 524 992	(21 407 534)	10 822 683	5 595 561
Other comprehensive (loss)/income net of income tax					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Foreign exchange differences		(7 697 760)	(5 196 175)	15 948 313	(155 707 289)
Effect of cash flow hedges		(3 359 221)	1 145 698	(5 433 961)	(1 702 514)
Net fair value gain/(loss) of available for sale investments		1 294 207	(6 451 103)	2 173 765	(19 997 315)
Other comprehensive (loss)/gain for the year		(9 762 774)	(10 501 580)	12 688 117	(177 407 118)
Total comprehensive (loss)/gain for the year		(4 237 782)	(31 909 114)	23 510 800	(171 811 557)
Profit/(loss) for the year attributable to:					
Owners of the company		5 920 196	(20 538 740)	10 578 571	7 671 925
Non-controlling interests		(395 204)	(868 794)	244 112	(2 076 364)
		5 524 992	(21 407 534)	10 822 683	5 595 561
Total comprehensive (loss)/income for the year attributable to:					
Owners of the company		(3 362 143)	(32 622 691)	23 373 321	(165 994 910)
Non-controlling interests		(875 639)	713 577	137 479	(5 816 647)
		(4 237 782)	(31 909 114)	23 510 800	(171 811 557)
Earnings/(loss) per share					
Basic weighted average number of shares		30 720 108	30 677 279	30 719 089	27 858 671
Diluted weighted average number of shares		30 798 252	30 697 442	30 797 233	27 878 834
Basic earnings/(loss) per share		0.19	(0.67)	0.34	0.28
Diluted earnings/(loss) per share		0.19	(0.67)	0.34	0.28

BAYPORT MANAGEMENT LTD
UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the twelve months ended 31 December 2016

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 year	-	-	-	-	-	-	-	-	-	7 671 925	7 671 925	(2 076 364)	-	(2 076 364)	5 595 561
Transfer (to)/from reserves	-	-	-	-	-	-	-	(4 058 275)	(4 058 275)	4 058 275	-	921 183	(921 183)	-	-
Other comprehensive loss	-	-	-	(1 702 514)	(1 511 967 006)	(1 702 514)	-	(19 997 315)	(173 666 835)	-	(173 666 835)	(3 740 283)	-	(3 740 283)	(177 407 118)
Total comprehensive (loss)/income for the year	-	-	-	(1 702 514)	(1 511 967 006)	(1 702 514)	-	(24 055 590)	(177 725 110)	11 730 200	(165 994 910)	(4 895 464)	(921 183)	(5 816 647)	(171 811 557)
Issue of shares	6 460	1 48 906 391	199 930	149 112 781	-	-	(934 758)	-	(934 758)	-	148 178 023	-	-	-	148 178 023
Recognition of share based payments	-	-	-	-	-	-	455 109	-	455 109	-	455 109	-	-	-	455 109
Change in ownership interests	-	-	-	-	113 713	-	-	-	113 713	(4 803 006)	(4 689 293)	1 439 199	-	1 439 199	(3 250 094)
Balance at 31 December 2015	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
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 year	-	-	-	-	-	-	-	-	-	10 578 571	10 578 571	244 112	-	244 112	10 822 683
Transfer from/(to) reserves	-	-	-	-	-	-	-	3 049 224	3 049 224	(3 049 224)	-	(653 472)	653 472	-	-
Other comprehensive income/(loss)	-	-	-	-	16 054 946	(5 433 961)	-	2 173 765	12 794 750	-	12 794 750	(106 633)	-	(106 633)	12 688 117
Total comprehensive income/(loss) for the year	-	-	-	16 054 946	(5 433 961)	-	-	5 222 989	15 843 974	7 529 347	23 373 321	(515 993)	653 472	137 479	23 510 800
Issue of shares	19	199 911	(199 930)	-	-	-	-	-	-	-	-	-	-	-	-
Recognition of share based payments	-	-	-	-	-	-	466 872	-	466 872	-	466 872	-	-	-	466 872
Change in ownership interests	-	-	-	-	1 787	-	-	-	1 787	(905 871)	(904 084)	1 013 973	-	1 013 973	109 889
Balance at 31 December 2016	30 720	300 747 744	-	300 778 464	(249 658 928)	(5 085 907)	683 014	14 757 010	(239 304 811)	139 352 494	200 826 147	9 091 577	1 882 903	10 974 480	211 800 627

BAYPORT MANAGEMENT LTD
UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the twelve months ended 31 December 2016

UNAUDITED CONDENSED STATEMENT OF CASH FLOWS

Figures in US Dollar	Twelve months ended	
	31-Dec-16	31-Dec-15
Cash flows from operating activities		
Profit before taxation	27 376 487	18 763 674
Adjustments for:		
Depreciation and amortisation	5 539 981	5 079 763
Profit on disposal of property, equipment and intangible assets	(59 201)	(50 215)
Foreign currency gain	(11 607 538)	(9 881 246)
Finance costs	113 571 402	106 708 559
Dividend recognised in income statement	(8 716 249)	(15 728 505)
Increase in provision for credit impairment	23 026 330	33 500 506
Expense recognised in respect of share based payments	466 872	455 109
Negative goodwill on acquisition of subsidiary	(15 762)	-
Operating cash flows before movements in working capital	149 582 322	138 847 645
Changes in working capital:		
Decrease in inventories	-	1 061 501
Increase in trade and other receivables	(7 225 152)	(11 924 019)
Increase in gross advances	(91 127 711)	(156 378 919)
Increase in deposit from customers	23 541 840	878 036
Increase in trade and other payables	9 722 941	12 112 142
Cash used in/(generated by) operations	84 494 240	(15 403 614)
Dividend received	8 401 140	15 625 245
Finance costs paid	(113 778 452)	(107 338 940)
Tax paid	(17 292 537)	(16 025 394)
Net cash used in operating activities	(38 175 609)	(123 142 703)
Cash flows from investing activities		
Proceeds on disposal of property, equipment and intangible assets	238 593	298 294
Purchase of property, equipment and intangible assets	(13 298 277)	(7 496 338)
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 used in investing activities	(11 676 651)	(10 668 332)
Cash flows from financing activities		
Net proceeds from bond issuance and repayments	19 015 116	43 303 730
Net proceeds from issue of shares	-	147 978 093
Net increase in other borrowings	106 316 529	3 169 652
Payment on unwinding of forward contracts	(17 498 628)	(40 960 417)
Net cash generated from financing activities	107 833 017	153 491 058
Net increase in cash and cash equivalents	57 980 757	19 680 023
Net cash and cash equivalents at the beginning of the year	74 881 014	56 682 661
Effect of foreign exchange rate changes	2 433 454	(1 481 670)
Total cash and cash equivalents at the end of the year	135 295 225	74 881 014

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:

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
Conveme 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.PI de CV, 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
Bayport International Headquarter Company (Pty) Ltd (Formerly known as Lintpale Investments (Pty) Ltd)	South Africa
Bayport Financial Services (USA), Inc. (Dormant)	United States
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 Conveme 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.PI de C.V, E.N.R.
- (iii) Actvest Mexico S.A.PI 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.

The Company is considering the early adoption of IFRS 9 for its financial year ending 31st December 2016.

As a result of the work involved with the assessment of the early adoption of IFRS 9, there will be unavoidable delays in the finalisation of certain subsidiary audits for the year ended December 2016 and the Company will therefore not be in position to publish its audited consolidated financial statements for year ended 31 December 2016 by 31 March 2017.

Consequently, the Company has obtained the formal approval of the relevant regulatory authorities for an extension for the publication of its audited consolidated financial statements for the year ended 31 December 2016 by three months from 31 March 2017 to 30 June 2017.

This set of unaudited condensed consolidated financial statements does not take into account any adjustments that may be required as a consequence of the early adoption of IFRS 9; these will be included in the audited financial statements that will be published by 30 June 2017, should early adoption of IFRS 9 be formally adopted.

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

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

4. Dividends

During the twelve months ended 31 December 2016, no dividends were paid or declared.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

Figures in US Dollar

5. Property and equipment

During the period, the Group spent USD 13 million on office equipment, furniture and fittings, computer equipment, motor vehicles, leasehold improvements and intangible assets.

6. Net advances

	31-Dec-16	31-Dec-15
Advances to customers	943 001 963	825 346 475
Carrying value of written off book	34 687 392	31 314 369
Carrying value of net premiums	38 832 221	34 119 472
Deferred origination fees	(17 108 981)	(16 505 192)
Deferred origination costs	12 890 248	12 061 046
Gross advances	1 012 302 843	886 336 170
Impairment provision	(201 706 729)	(160 841 149)
Net advances	810 596 114	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	50 123 702	63 515 471
Utilisation of allowance for impairment	(27 097 372)	(30 014 965)
Foreign exchange differences	17 839 250	(46 657 669)
Closing balance	201 706 729	160 841 149

7. Stated capital

	31-Dec-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 31 December 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>31-Dec-16</u>	<u>31-Dec-15</u>
Corporate Bonds	391 249 549	405 979 869
Other term loans	272 126 557	176 297 652
Loan notes	182 005 415	150 304 619
	845 381 521	732 582 140
Less: deferred transaction costs	(7 659 679)	(5 810 554)
	837 721 842	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>31-Dec-16</u>		<u>31-Dec-15</u>	
	<u>Assets</u>	<u>Liabilities</u>	<u>Assets</u>	<u>Liabilities</u>
Cash flow hedge	-	4 290 211	-	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 2016	January 2017	SEK 540.5 million
Forward exchange contract 2	SEK	October 2016	January 2017	SEK 222.75 million
Forward exchange contract 3	SEK	October 2016	January 2017	SEK 763.25 million

The Company also entered into a ZAR/USD exchange rate contract to hedge part of its net investment exposure in its South African subsidiaries. Details of the hedging contract at the end of the reporting period is as follows:

Forward exchange contract 4	ZAR	December 2016	January 2017	ZAR 1,585 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>Twelve months ended</u>	
	<u>31-Dec-16</u>	<u>31-Dec-15</u>	<u>31-Dec-16</u>	<u>31-Dec-15</u>
Net foreign exchange gain on retranslation of Bonds and forward exchange contracts	9 736 797	1 315 344	12 914 342	9 129 198
Other exchange loss	(991 044)	(5 905 340)	(1 332 810)	(8 255 290)
	<u>8 745 753</u>	<u>(4 589 996)</u>	<u>11 581 532</u>	<u>873 908</u>

The above unaudited condensed Financial Statements are issued pursuant to Listing Rules 11.3 and 11.5 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.