

BAYPORT MANAGEMENT LTD
(Registration number 54787 C1/GBL)

**UNAUDITED CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

for the six months ended 30 June 2017



BAYPORT MANAGEMENT LTD
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Figures in US Dollar	Notes	30-Jun-17	31-Dec-16
Assets			
Cash and cash equivalents		141 006 125	139 967 986
Loans and advances	6	870 827 529	740 287 314
Trade and other receivables		25 196 242	20 213 279
Other financial assets	8	6 031 791	-
Goodwill		95 236 263	90 405 841
Property and equipment	5	15 239 470	13 983 280
Intangible assets		22 409 327	17 640 485
Current tax assets		7 167 779	3 260 079
Deferred tax assets		47 030 071	48 551 895
Total Assets		1 230 144 597	1 074 310 159
Equity and Liabilities			
Equity			
Share capital	7	302 018 029	301 763 536
Reserves		(225 268 147)	(244 251 064)
Retained earnings		66 336 316	76 476 273
Equity attributable to equity holders of the company		143 086 198	133 988 745
Non-controlling interests		14 209 522	10 537 933
Total Equity		157 295 720	144 526 678
Liabilities			
Bank overdrafts		12 588 334	3 701 946
Deposits from customers		38 782 489	22 527 635
Trade and other payables		61 200 487	57 994 432
Other financial liabilities	8	2 108 877	4 290 211
Borrowings	9	955 802 815	837 113 550
Finance lease obligation		188 768	353 965
Current tax liabilities		2 120 752	3 748 336
Deferred tax liabilities		56 355	53 406
Total Liabilities		1 072 848 877	929 783 481
Total Equity and Liabilities		1 230 144 597	1 074 310 159

BAYPORT MANAGEMENT LTD
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For the six months ended 30 June 2017

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

Figures in US Dollar	Notes	Three months ended		Six months ended	
		30-Jun-17	30-Jun-16	30-Jun-17	30-Jun-16
Interest and other similar income		82 496 043	70 840 984	158 278 357	135 669 358
Interest and other similar expense		(33 758 640)	(28 396 509)	(64 186 349)	(54 651 357)
Net interest income		48 737 403	42 444 475	94 092 008	81 018 001
Commission income		2 536 609	2 319 061	4 977 787	4 482 588
Dividend income		3 632 462	1 815 112	8 759 484	6 504 025
Other income		3 201 819	2 520 508	5 536 303	4 378 493
Non-interest Income		9 370 890	6 654 681	19 273 574	15 365 106
Operating income		58 108 293	49 099 156	113 365 582	96 383 107
Operating expenses		(37 205 842)	(31 795 423)	(70 725 094)	(59 719 532)
Foreign exchange gains other than SEK denominated debts		607 278	547 288	534 100	839 238
Pre-provision income		21 509 729	17 851 021	43 174 588	37 502 813
Impairment of loans and advances		(10 928 422)	(9 796 110)	(22 813 785)	(21 906 099)
Profit before foreign exchange on SEK denominated debts		10 581 307	8 054 911	20 360 803	15 596 714
Net foreign exchange (losses)/gains on SEK denominated debts		(15 121 913)	9 549 353	(18 680 801)	1 132 426
(Loss)/profit before taxation		(4 540 606)	17 604 264	1 680 002	16 729 140
Taxation	3	(7 023 542)	(4 849 500)	(10 155 205)	(9 018 391)
(Loss)/profit for the period		(11 564 148)	12 754 764	(8 475 203)	7 710 749
Other comprehensive income, net of income tax					
Items that may be reclassified subsequently to profit or loss:					
Foreign exchange differences		16 000 079	6 228 670	27 092 369	14 836 258
Loss on hedging instruments designated in hedges of the net assets of foreign operations		(8 331 017)	-	(11 431 091)	-
Effect of cash flow hedges		(110 319)	(1 090 888)	(1 225 429)	(1 118 676)
		7 558 743	5 137 782	14 435 849	13 717 582
Items that will not be reclassified subsequently to profit or loss:					
Net fair value gain/(loss) arising on investments in equity instruments designated at fair value through other comprehensive income		3 335 568	(3 650 681)	5 595 381	(96 579)
Other comprehensive income for the period, net of tax		10 894 311	1 487 101	20 031 230	13 621 003
Total comprehensive (loss)/income for the period		(669 837)	14 241 865	11 556 027	21 331 752
(Loss)/profit for the period attributable to:					
Owners of the company		(12 704 413)	12 646 485	(10 894 837)	7 135 092
Non-controlling interests		1 140 265	108 279	2 419 634	575 657
		(11 564 148)	12 754 764	(8 475 203)	7 710 749
Total comprehensive (loss)/income for the period attributable to:					
Owners of the company		(2 337 920)	13 512 730	8 305 703	20 202 464
Non-controlling interests		1 668 083	729 135	3 250 324	1 129 288
		(669 837)	14 241 865	11 556 027	21 331 752
(Loss)/earnings per share					
Basic (loss)/earnings per share		(0.41)	0.41	(0.35)	0.23
Diluted (loss)/earnings per share		(0.41)	0.41	(0.35)	0.23
Basic weighted average number of shares		30 741 360	30 720 108	30 741 360	30 718 069
Diluted weighted average number of shares		30 807 001	30 779 344	30 807 001	30 777 305

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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 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
(Loss)/profit for the period	-	-	-	-	-	-	-	-	-	7 135 092	7 135 092	575 657	-	575 657	7 710 749
Transfer from/(to) reserves	-	-	-	-	-	-	-	3 146 873	3 146 873	(3 146 873)	-	(656 551)	656 551	-	-
Other comprehensive income/(loss)	-	-	-	-	14 282 627	(1 118 676)	-	(96 579)	13 067 372	-	13 067 372	553 631	-	553 631	13 621 003
Total comprehensive income/(loss) for the period	-	-	-	-	14 282 627	(1 118 676)	-	3 050 294	16 214 245	3 988 219	20 202 464	472 737	656 551	1 129 288	21 331 752
Issue of shares	19	199 911	(199 930)	-	-	-	-	-	-	-	-	-	-	-	-
Recognition of share based payments	-	-	-	-	(1 787)	-	233 428	-	233 428	(939 571)	(941 358)	1 177 957	-	1 177 957	233 428
Change in ownership interests	-	-	-	-	-	-	-	-	(1 787)	-	-	-	-	-	236 599
Balance at 30 June 2016	30 720	300 747 744	-	300 778 464	(251 434 821)	(770 622)	449 570	12 584 315	(239 171 558)	135 777 666	197 384 572	10 244 291	1 885 982	12 130 273	209 514 845
Balance at 01 January 2017	30 741	301 125 796	606 999	301 763 536	(259 079 288)	369 004	304 941	14 154 279	(244 251 064)	76 476 273	133 988 745	8 500 903	2 037 030	10 537 933	144 526 678
(Loss)/profit for the period	-	-	-	-	-	-	-	-	-	(10 894 837)	(10 894 837)	2 419 634	-	2 419 634	(8 475 203)
Transfer (to)/from reserves	-	-	-	-	-	-	-	(322 015)	(322 015)	322 015	-	45 533	(45 533)	-	-
Other comprehensive income/(loss)	-	-	-	-	14 830 588	(1 225 429)	-	5 595 381	19 200 540	-	19 200 540	830 690	-	830 690	20 031 230
Total comprehensive income/(loss) for the period	-	-	-	-	14 830 588	(1 225 429)	-	5 273 366	18 878 525	(10 572 822)	8 302 703	3 295 857	(45 533)	3 250 324	11 556 027
Share application monies	-	-	254 493	254 493	-	-	-	-	-	-	254 493	-	-	-	254 493
Recognition of share based payments	-	-	-	-	-	-	104 392	-	104 392	-	104 392	-	-	-	104 392
Change in ownership interests	-	-	-	-	-	-	-	-	-	432 865	432 865	421 265	-	421 265	854 130
Balance at 30 June 2017	30 741	301 125 796	861 492	302 018 029	(244 248 700)	(856 425)	409 333	19 427 645	(225 268 147)	66 336 316	143 086 198	12 218 025	1 991 497	14 209 522	157 295 720

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For the six months ended 30 June 2017

UNAUDITED CONDENSED STATEMENT OF CASH FLOWS

Figures in US Dollar	Six months ended	
	30-Jun-17	30-Jun-16
Cash flows from operating activities		
Profit before taxation	1 680 002	16 729 140
Adjustments for:		
Depreciation and amortisation	3 515 256	2 587 216
Profit on disposal of property, equipment and intangible assets	(12 892)	(8 604)
Foreign currency loss/(gain)	17 015 379	(1 853 752)
Finance costs	64 186 349	54 651 357
Dividend recognised in income statement	(8 759 484)	(6 504 025)
Increase in provision for credit impairment	14 246 613	16 292 324
Expense recognised in respect of share based payments	104 391	233 428
Negative goodwill on acquisition of subsidiary	-	(15 762)
Operating cash flows before movements in working capital	91 975 614	82 111 322
Changes in working capital:		
Increase in trade and other receivables	(3 061 623)	(6 003 624)
Increase in gross advances	(105 684 438)	(53 366 450)
Increase in deposits from customers	16 360 388	6 654 773
(Decrease)/increase in trade and other payables	(6 997 238)	2 482 277
Cash (used in)/generated by operations	(7 407 297)	31 878 298
Dividend received	7 576 768	6 501 101
Finance costs paid	(58 002 469)	(51 218 783)
Tax paid	(12 630 313)	(8 125 187)
Net cash used in operating activities	(70 463 311)	(20 964 571)
Cash flows from investing activities		
Proceeds on disposal of property, equipment and intangible assets	18 754	46 564
Purchase of property, equipment and intangible assets	(8 706 713)	(4 951 979)
Net proceeds from issue of shares to non-controlling interests	813 936	351 435
Net cash inflow from acquisition of subsidiary	-	1 051 481
Net cash used in investing activities	(7 874 023)	(3 502 499)
Cash flows from financing activities		
Net proceeds from bond issuance and repayments	(6 583 474)	19 168 436
Net increase in other borrowings	84 035 397	11 849 084
(Payment)/proceeds on unwinding of forward contracts	(9 549 055)	84 454
Net cash generated from financing activities	67 902 868	31 101 974
Net (decrease)/increase in cash and cash equivalents	(10 434 466)	6 634 904
Net cash and cash equivalents at the beginning of the period	136 266 040	74 881 014
Effect of foreign exchange rate changes	2 586 217	2 119 665
Total cash and cash equivalents at the end of the period	128 417 791	83 635 583

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
Convene Med Proprietary Limited (i) (Dormant)	South Africa
BFS SA Executive Holdings Proprietary Limited (i) (Dormant)	South Africa
West Road South No 4 (RF) Proprietary Limited	South Africa
Bayport Tutari (RF) Proprietary Limited (i)	South Africa
Bayport Financial Services Mozambique (MCB) S.A	Mozambique
Actvest Mexico S.A.PI 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
Bayport Financial Services (USA), Inc. (Dormant)	United States
Cashfoundry Limited	United Kingdom
Actvest Limited	Mauritius
Bayport Latin America Holdings Ltd	Mauritius
Bayport International Headquarter Company Proprietary Limited	South Africa
Actvest (Proprietary) Limited	South Africa
Bayport LatAm Investments Cooperatief U.A. (iv)	Netherlands
Bayport LatAm Investments B.V. (iv)	Netherlands

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) Convene Med Proprietary Ltd, BFS SA Executive Holdings Proprietary Limited, Bayport Securitisation (RF) Limited, Zenthyme Investments Proprietary Limited, Bayport Tutari (RF) Proprietary Limited and West Road South No 4 (RF) Proprietary Limited are controlled by Bayport Financial Services 2010 Proprietary Limited, which is owned 100% by Bayport Management Ltd.
- (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 Cooperatief U.A. and Bayport LatAm Investments B.V.

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 2016.

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 period ended 30 June 2017, no dividends were paid or declared.

5. Property and equipment

During the period, the Group spent USD 9 million on office equipment, furniture and fittings, computer equipment, motor vehicles, leasehold improvements and intangible assets.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(continued)

Figures in US Dollar

6. Loans and advances

	30-Jun-17	31-Dec-16
Advances to customers	1 119 971 818	984 258 752
Carrying value of net premiums	44 404 013	36 328 024
Deferred origination fees	(20 083 321)	(17 163 664)
Deferred origination costs	15 916 978	12 866 151
Gross advances	1 160 209 488	1 016 289 263
Impairment provision	(289 381 959)	(276 001 949)
Net advances	870 827 529	740 287 314
Impairment provision		
Opening balance (as previously reported)	276 001 949	160 841 149
IFRS 9 transitional adjustment	-	54 166 862
Opening balance (as restated)	276 001 949	215 008 011
Net impairment recognised in profit or loss	22 813 785	77 062 497
Utilisation of allowance for impairment	(8 567 172)	(33 676 287)
Foreign exchange differences	(866 624)	17 607 728
Closing balance	289 381 938	276 001 949

7. Share capital

	30-Jun-17	31-Dec-16
Share capital	30 741	30 741
Share premium	301 125 796	301 125 796
Stated capital	301 156 537	301 156 537
Share application monies	861 492	606 999
Total share capital	302 018 029	301 763 536

	Number of shares	Share capital	Share premium	Share application monies	Total share capital
Balance at 1 January 2017	30 741 360	30 741	301 125 796	606 999	301 763 536
Share application monies	-	-	-	254 493	254 493
Balance at 30 June 2017	30 741 360	30 741	301 125 796	861 492	302 018 029

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

Figures in US Dollar

8. Other financial assets/(liabilities)

	30-Jun-17	31-Dec-16
Other financial assets		
Cash flow hedges	6 031 791	-
Other financial liabilities		
Cash flow hedges	-	(4 193 596)
Net investment hedges	(2 108 877)	(96 615)
	(2 108 877)	(4 290 211)

Cash flow hedges

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	Nominal amount
Forward exchange contract 1	SEK	April 2017	July 2017	SEK 313 million
Forward exchange contract 2	SEK	April 2017	July 2017	SEK 1040 million
Forward exchange contract 3	SEK	June 2017	July 2017	SEK 148 million

Net investment hedges

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

	Currency	Trade date	Maturity date	Nominal amount
Forward exchange contract 4	ZAR	April 2017	July 2017	ZAR 2,435 million

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS **(continued)**

Figures in US Dollar

9. Borrowings

	30-Jun-17	31-Dec-16
Corporate Bonds	411 810 494	391 249 549
Other term loans	369 313 040	255 976 151
Loan notes	183 820 926	198 389 950
	964 944 460	845 615 650
Less: deferred transaction costs	(9 141 645)	(8 502 100)
	955 802 815	837 113 550

Corporate Bonds

In March 2017, the Company issued new Corporate Bonds with a nominal amount of SEK 1,100 million (USD 124.9 million) at a coupon rate of 11% payable annually on the anniversary date which are due to be redeemed in September 2019. This bond issue effectively refinances the Corporate Bonds that matured in June 2017.

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

Other term loans

During the period, Bayport Management Ltd drew a further USD 58 million under the Overseas Private Investment Corporation facility ("OPIC").

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.

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.