

BAYPORT MANAGEMENT LTD
(Registration number 54787 C1/GBL)

**UNAUDITED CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

for the six months ended 30 June 2018



BAYPORT MANAGEMENT LTD
UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2018

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Figures in US Dollar	Note	30-Jun-18	31-Dec-17
Assets			
Cash and bank balances		69 625 033	54 327 605
Loans and advances	4	815 090 142	713 550 384
Trade and other receivables		22 147 044	14 773 383
Other investments		35 600 139	32 256 348
Investments in associates	5	121 772 748	134 179 442
Goodwill		4 584 886	4 664 824
Property and equipment	6	12 411 808	12 342 144
Intangible assets	6	26 592 764	24 055 224
Other financial assets		-	3 200 923
Current tax assets		11 717 431	11 641 186
Deferred tax assets		32 575 963	32 604 097
Total Assets		1 152 117 958	1 037 595 560
Equity and Liabilities			
Equity			
Share capital and treasury shares	7	363 999 024	363 659 610
Reserves		(165 045 203)	(153 130 732)
Retained earnings		48 885 746	33 891 828
Equity attributable to equity holders of the Company		247 839 567	244 420 706
Non-controlling interests		16 094 736	13 006 421
Total Equity		263 934 303	257 427 127
Liabilities			
Bank overdrafts		10 554 532	5 286 878
Deposits from customers		84 254 843	55 149 478
Trade and other payables		48 220 158	42 641 144
Other financial liabilities		22 723 741	2 836 325
Borrowings	8	716 660 536	668 334 309
Finance lease obligation		63 720	115 649
Current tax liabilities		5 658 072	5 755 493
Deferred tax liabilities		48 053	49 157
Total Liabilities		888 183 655	780 168 433
Total Equity and Liabilities		1 152 117 958	1 037 595 560

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Figures in US Dollar	Note	Three months ended		Six months ended	
		30-Jun-18	30-Jun-17	30-Jun-18	30-Jun-17
Continuing operations					
Interest and other similar income		83 385 216	63 696 548	164 135 761	121 861 149
Interest and other similar expense		(29 265 450)	(27 875 756)	(56 454 244)	(52 698 226)
Net interest income		54 119 766	35 820 792	107 681 517	69 162 923
Commission income		1 117 867	1 374 659	2 179 668	2 600 283
Dividend income		2 558 734	1 635 706	4 746 246	4 882 779
Other income		2 135 906	3 403 522	4 187 664	5 698 089
Non-interest Income		5 812 507	6 413 887	11 113 578	13 181 151
Operating income		59 932 273	42 234 679	118 795 095	82 344 074
Operating expenses		(37 271 075)	(29 091 638)	(71 110 180)	(55 130 475)
Foreign exchange losses		(1 030 519)	(14 514 607)	(636 560)	(18 146 675)
Pre-provision income/(loss)		21 630 679	(1 371 566)	47 048 355	9 066 924
Impairment of loans and advances		(4 642 152)	(4 007 434)	(11 614 429)	(9 996 596)
Operating profit/(loss)		16 988 527	(5 379 000)	35 433 926	(929 672)
Share of profit of associates	5	1 217 658	-	2 281 377	-
Profit/(loss) before taxation		18 206 185	(5 379 000)	37 715 303	(929 672)
Taxation	3	(7 071 639)	(7 347 869)	(14 540 446)	(10 510 431)
Profit/(loss) for the period from continuing operations		11 134 546	(12 726 869)	23 174 857	(11 440 103)
Discontinued operations					
Profit for the period from discontinued operations	1(iii)	-	1 162 721	-	2 964 900
Profit/(loss) for the period		11 134 546	(11 564 148)	23 174 857	(8 475 203)
Attributable to:					
Owners of the Company		9 984 628	(12 704 413)	19 954 857	(10 894 837)
Non-controlling interests		1 149 918	1 140 265	3 220 000	2 419 634
Profit/(loss) for the period		11 134 546	(11 564 148)	23 174 857	(8 475 203)
Earnings/(loss) per share					
From continuing and discontinued operations					
Basic earnings/(loss) per share		0.29	(0.41)	0.58	(0.35)
Diluted earnings/(loss) per share		0.29	(0.41)	0.58	(0.35)
From continuing operations					
Basic earnings/(loss) per share		0.29	(0.45)	0.58	(0.45)
Diluted earnings/(loss) per share		0.29	(0.45)	0.58	(0.45)
Basic weighted average number of shares		34 224 241	30 741 360	34 211 558	30 741 360
Diluted weighted average number of shares		34 609 264	30 807 001	34 596 581	30 807 001

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For the six months ended 30 June 2018

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

Figures in US Dollar	Note	Three months ended		Six months ended	
		30-Jun-18	30-Jun-17	30-Jun-18	30-Jun-17
Profit/(loss) for the period		11 134 546	(11 564 148)	23 174 857	(8 475 203)
Other comprehensive (loss)/income, net of income tax					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Foreign exchange differences		(35 460 523)	16 000 079	(20 423 561)	27 092 369
Loss on hedging instruments designated as hedges of the net assets of foreign operations		-	(8 331 017)	-	(11 431 091)
Effect of cash flow hedges		(1 169 136)	(110 319)	(207 180)	(1 225 429)
Total items that may be reclassified subsequently to profit or loss		(36 629 659)	7 558 743	(20 630 741)	14 435 849
<i>Items that will not be reclassified subsequently to profit or loss:</i>					
Net fair value gain on investments in equity instruments designated as at fair value through other comprehensive income		1 329 592	3 335 568	3 343 791	5 595 381
Share of other comprehensive loss of associates	5	-	-	(328 340)	-
Total items that will not be reclassified subsequently to profit or loss		1 329 592	3 335 568	3 015 451	5 595 381
Other comprehensive (loss)/income for the period, net of income tax		(35 300 067)	10 894 311	(17 615 290)	20 031 230
Total comprehensive (loss)/income for the period		(24 165 521)	(669 837)	5 559 567	11 556 027
Attributable to:					
Owners of the Company		(24 766 734)	(2 337 920)	2 471 252	8 305 703
Non-controlling interests		601 213	1 668 083	3 088 315	3 250 324
Total comprehensive (loss)/income for the period		(24 165 521)	(669 837)	5 559 567	11 556 027

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Figures in US Dollar

	Share capital	Share premium	Share application monies	Convertible equity instrument	Treasury shares	Total share capital and treasury shares	Translation reserve	Cash flow hedging reserve	Put option on own shares	Equity settled reserve	Other reserves	Total reserves	Retained earnings	Attributable to owners of the company	Total non-controlling interests	Total
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	10 537 933	144 526 678	
(Loss)/profit for the period	-	-	-	-	-	-	-	-	-	-	-	-	(10 894 837)	(10 894 837)	2 419 634	(8 475 203)
Transfer (to)/from reserves	-	-	-	-	-	-	-	-	-	-	(322 015)	(322 015)	322 015	-	-	-
Other comprehensive income/(loss)	-	-	-	-	-	-	14 830 588 (1 225 429)	-	-	-	5 595 381	19 200 540	19 200 540	19 200 540	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)	8 305 703	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	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	14 209 522	157 295 720	
Balance at 01 January 2018	30 856	303 803 835	763 679	60 560 000	(1 498 760)	363 659 610 (194 290 944)	(562 877)	(2 406 602)	2 033 759	42 095 932 (153 130 732)	33 891 828	244 420 706	13 006 421	257 427 127		
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	-	19 954 857	19 954 857	3 220 000	23 174 857
Transfer from/(to) reserves	-	-	-	-	-	-	-	-	-	-	4 960 939	4 960 939	(4 960 939)	-	-	
Other comprehensive income/(loss)	-	-	-	-	-	-	(20 291 876)	(207 180)	-	-	3 015 451	(17 483 605)	(17 483 605)	(17 483 605)	(131 685)	(17 615 290)
Total comprehensive (loss)/income for the period	-	-	-	-	-	-	(20 291 876)	(207 180)	-	-	7 976 390 (12 522 666)	14 993 918	2 471 252	3 088 315	5 559 567	
Issue of shares	69	839 133	(499 788)	-	-	339 414	-	-	-	-	-	-	-	339 414	-	339 414
Recognition of share based payments	-	-	-	-	-	-	-	-	-	608 195	-	608 195	-	608 195	-	608 195
Change in ownership interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance at 30 June 2018	30 925	304 642 968	263 891	60 560 000	(1 498 760)	363 999 024 (214 582 820)	(770 057)	(2 406 602)	2 641 954	50 072 322 (165 045 203)	48 885 746	247 839 567	16 094 736	263 934 303		

Note

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UNAUDITED CONDENSED STATEMENT OF CASH FLOWS

Figures in US Dollar	Note	Six months ended	
		30-Jun-18	30-Jun-17
Cash flows from continuing operating activities			
Profit before taxation		37 715 303	(929 672)
Adjustments for:			
Share of profit of associates	5	(2 281 377)	-
Depreciation and amortisation		2 867 172	2 310 847
Loss/(profit) on disposal of property and equipment and intangible assets		4 261	(12 892)
Foreign exchange loss		2 791 221	17 015 380
Finance costs		56 454 244	52 698 226
Dividends income recognised in income statement		(4 746 246)	(4 882 779)
Increase in provision for credit impairment		11 614 429	9 996 596
Movement in provisions and share based payments		766 400	104 391
Operating cash flows before movements in working capital		105 185 407	76 300 097
Changes in working capital:			
Increase in trade and other receivables		(8 795 050)	(2 887 736)
Increase in gross advances		(126 525 104)	(99 552 587)
Increase in deposits from customers		31 297 189	16 360 388
Increase in trade and other payables		10 758 931	856 313
Cash generated by/(used in) continuing operations		11 921 373	(8 923 525)
Dividend received		5 955 320	4 882 779
Finance costs paid		(56 508 055)	(46 514 342)
Tax paid		(14 430 321)	(12 684 021)
Net cash used in operating activities from continuing operations		(53 061 683)	(63 239 109)
Cash flows from investing activities			
Proceeds on disposal of property and equipment and intangible assets		965	13 850
Purchase of property and equipment and intangible assets	6	(6 039 828)	(7 315 873)
Net movement in amounts due from related parties		1 252 235	(25 590 212)
Proceeds from issue of shares to non-controlling interests		-	813 936
Net cash flows used in investing activities from continuing operations		(4 786 628)	(32 078 299)
Cash flows from financing activities			
Repayments of bonds		(13 127 963)	(6 583 474)
Net increase in other borrowings		81 705 524	76 886 138
Payment on unwinding of forward contracts		-	(9 549 055)
Net cash flows generated by financing activities from continuing operations		68 577 561	60 753 609
Net cash flow generated discontinued operations		-	24 129 383
Net increase/(decrease) in cash and cash equivalents		10 729 250	(10 434 416)
Net cash and cash equivalents at the beginning of the period		49 040 727	136 266 040
Effect of foreign exchange rate changes		(699 476)	2 586 167
Net cash and cash equivalents at the end of the period		59 070 501	128 417 791

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 a holding company to the following businesses involved in the provision of retail financial services:

Name of subsidiaries	Place of incorporation
Bayport Financial Services Limited	Zambia
Bayport Savings and Loans Limited	Ghana
Bayport Financial Services (T) Limited	Tanzania
Bayport Financial Services Uganda Limited	Uganda
Money Quest Investments (Proprietary) Limited	Botswana
Bayport Colombia S.A.S	Colombia
Bayport Financial Services Mozambique (MCB), S.A	Mozambique
Actvest Mexico S.A.P.I de C.V, E.N.R (i)	Mexico
Financiera Fortaleza, S.A de C.V, SOFOM E.N.R (ii)	Mexico
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 Financial Services Namibia (Pty) Ltd (Dormant)	Namibia
Bayport Financial Services (USA), Inc.	United States

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

- (i) Bayport Management Ltd effectively owns 100% of Actvest Mexico S.A.P.I de C.V, E.N.R.
- (ii) 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.
- (iii) Following the disposal of 51% shareholding in Bayport Financial Services 2010 Proprietary Limited and its subsidiaries in 2017, the comparative figures have been re-presented to disclose profit from discontinued operations.

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

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 2017.

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. Loans and advances

Figures in US Dollar	30-Jun-18	31-Dec-17
Gross advances	884 892 977	781 762 939
Impairment provision	(69 802 835)	(68 212 555)
Net advances	815 090 142	713 550 384
Impairment provision		
Opening balance	68 212 555	276 001 949
Derecognised on disposal of subsidiary	-	(223 672 456)
Impairment recognised in profit or loss	13 419 483	45 129 442
Utilisation of allowance for impairment	(9 780 685)	(30 429 239)
Foreign exchange movements	(2 048 518)	1 182 859
Closing balance	69 802 835	68 212 555

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

Figures in US Dollar

5. Investments in associates

	30-Jun-18	31-Dec-17
Opening balance	134 179 442	-
Additions	-	5 532 181
Fair value of retained interest in former subsidiary	-	114 468 430
Share of profits	2 281 377	1 362 862
Share of other comprehensive loss	(328 340)	-
Dividend received	(1 209 074)	-
Movement in currency translation reserve	(13 150 657)	12 815 969
Closing balance	121 772 748	134 179 442

6. Property and equipment and intangible assets

During the period, the Group spent USD 6 million on office equipment, furniture and fittings, computer equipment, motor vehicles, leasehold improvements and intangible assets.

7. Share capital and treasury shares

	30-Jun-18	31-Dec-17
Share capital	30 925	30 856
Share premium	304 642 968	303 803 835
Share application monies	263 891	763 679
Convertible equity instrument	60 560 000	60 560 000
Total share capital	365 497 784	365 158 370
Treasury shares	(1 498 760)	(1 498 760)
Total share capital and treasury shares	363 999 024	363 659 610
Number of shares	30 924 727	30 856 007

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

Figures in US Dollar

8. Borrowings

	30-Jun-18	31-Dec-17
Corporate bonds	264 880 651	299 761 549
Other term loans	458 646 487	376 101 931
	723 527 138	675 863 480
Less: deferred transaction costs	(6 866 602)	(7 529 171)
Total borrowings	716 660 536	668 334 309

Other term loans

During the period, the Company drew a further USD 50 million under the Overseas Private Investment Corporation ("OPIC") facility.

The above unaudited condensed consolidated 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 3.3 (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 consolidated Financial Statements.