

BAYPORT MANAGEMENT LTD
(Registration number 54787 C1/GBL)

**UNAUDITED CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

for the nine months ended 30 September 2018



BAYPORT MANAGEMENT LTD
UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 September 2018

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Figures in US Dollar	Note	30-Sep-18	31-Dec-17
Assets			
Cash and bank balances		50 956 754	51 027 605
Loans and advances	4	834 679 538	713 550 384
Trade and other receivables		21 375 900	14 773 383
Other investments		37 287 561	32 256 348
Investments in associates	5	118 449 148	134 179 442
Goodwill		4 778 186	4 664 824
Property and equipment	6	12 198 915	12 342 144
Intangible assets	6	27 906 749	24 055 224
Other financial assets		13 470 000	6 500 923
Current tax assets		11 863 626	11 641 186
Deferred tax assets		30 967 311	32 604 097
Total Assets		1 163 933 688	1 037 595 560
Equity and Liabilities			
Equity			
Share capital and treasury shares	7	363 905 103	363 659 610
Reserves		(192 837 103)	(153 130 732)
Retained earnings		53 118 952	33 891 828
Equity attributable to equity holders of the Company		224 186 952	244 420 706
Non-controlling interests		15 259 384	13 006 421
Total Equity		239 446 336	257 427 127
Liabilities			
Bank overdrafts		22 236 219	5 286 878
Deposits from customers		74 768 994	55 149 478
Trade and other payables		61 692 853	42 641 144
Other financial liabilities		22 242 416	2 836 325
Borrowings	8	738 653 141	668 334 309
Finance lease obligation		54 508	115 649
Current tax liabilities		4 802 428	5 755 493
Deferred tax liabilities		36 793	49 157
Total Liabilities		924 487 352	780 168 433
Total Equity and Liabilities		1 163 933 688	1 037 595 560

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Figures in US Dollar	Note	Three months ended		Nine months ended	
		30-Sep-18	30-Sep-17	30-Sep-18	30-Sep-17
Continuing operations					
Interest and other similar income		83 732 857	72 995 550	247 868 621	194 856 699
Interest and other similar expense		(30 528 905)	(28 584 865)	(86 983 149)	(81 283 091)
Net interest income		53 203 952	44 410 685	160 885 472	113 573 608
Commission income		982 926	1 542 916	3 162 594	4 143 199
Dividend income		3 943 923	1 639 699	8 690 169	6 522 478
Other income		2 286 487	445 913	6 548 806	6 144 002
Non-interest Income		7 213 336	3 628 528	18 401 569	16 809 679
Operating income		60 417 288	48 039 213	179 287 041	130 383 287
Operating expenses		(36 846 791)	(31 443 408)	(108 031 624)	(86 573 883)
Foreign exchange losses		(2 170 062)	(15 626 680)	(2 806 621)	(33 773 355)
Pre-provision income		21 400 435	969 125	68 448 796	10 036 049
Impairment of loans and advances		(5 040 005)	(2 022 957)	(16 654 434)	(12 019 553)
Operating profit/(loss)		16 360 430	(1 053 832)	51 794 362	(1 983 504)
Share of profit of associates	5	679 130	-	2 960 507	-
Profit/(loss) before taxation		17 039 560	(1 053 832)	54 754 869	(1 983 504)
Taxation	3	(6 965 776)	(5 519 448)	(21 506 222)	(16 029 878)
Profit/(loss) for the period from continuing operations		10 073 784	(6 573 280)	33 248 647	(18 013 382)
Discontinued operations					
Profit for the period from discontinued operations	1 (iii)	-	4 100 885	-	7 065 834
Profit/(loss) for the period		10 073 784	(2 472 395)	33 248 647	(10 947 548)
Attributable to:					
Owners of the Company		7 933 211	(3 093 970)	27 888 074	(13 988 757)
Non-controlling interests		2 140 573	621 575	5 360 573	3 041 209
Profit/(loss) for the period		10 073 784	(2 472 395)	33 248 647	(10 947 548)
Earnings/(loss) per share					
From continuing and discontinued operations					
Basic earnings/(loss) per share		0.23	(0.10)	0.81	(0.46)
Diluted earnings/(loss) per share		0.23	(0.10)	0.81	(0.45)
From continuing operations					
Basic earnings/(loss) per share		0.23	(0.23)	0.81	(0.68)
Diluted earnings/(loss) per share		0.23	(0.23)	0.81	(0.68)
Basic weighted average number of shares		34 271 298	30 741 360	34 231 690	30 741 360
Diluted weighted average number of shares		34 656 755	30 819 071	34 617 147	30 819 071

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

Figures in US Dollar	Note	Three months ended		Nine months ended	
		30-Sep-18	30-Sep-17	30-Sep-18	30-Sep-17
Profit/(loss) for the period		10 073 784	(2 472 395)	33 248 647	(10 947 548)
Other comprehensive (loss)/income, net of income tax					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Foreign exchange differences		(36 833 641)	(16 288 805)	(57 257 204)	10 792 100
Loss on hedging instruments designated as hedges of the net assets of foreign operations		-	1 977 417	-	(9 453 674)
Effect of cash flow hedges		556 808	(562 850)	349 628	(1 788 279)
Total items that may be reclassified subsequently to profit or loss		(36 276 833)	(14 874 238)	(56 907 576)	(449 853)
<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		1 572 640	3 018 673	4 916 431	8 614 054
Share of other comprehensive loss of associates	5	-	-	(328 340)	-
Total items that will not be reclassified subsequently to profit or loss		1 572 640	3 018 673	4 588 091	8 614 054
Other comprehensive (loss)/income for the period, net of income tax		(34 704 193)	(11 855 565)	(52 319 485)	8 164 201
Total comprehensive loss for the period		(24 630 409)	(14 327 960)	(19 070 838)	(2 783 347)
Attributable to:					
Owners of the Company		(23 795 056)	(14 153 621)	(21 323 801)	(5 853 864)
Non-controlling interests		(835 353)	(174 339)	2 252 963	3 070 517
Total comprehensive loss for the period		(24 630 409)	(14 327 960)	(19 070 838)	(2 783 347)

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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	-	-	-	-	-	-	-	-	-	-	-	-	(13 988 757)	(13 988 757)	3 041 209	(10 947 548)
Transfer (to)/from reserves	-	-	-	-	-	-	1 309 118	(1 788 279)	-	-	(5 555 071)	(5 555 071)	5 555 071	-	-	-
Other comprehensive income/(loss)	-	-	-	-	-	-	-	-	-	-	8 614 054	8 134 893	-	8 134 893	29 308	8 164 201
Total comprehensive income/(loss) for the period	-	-	-	-	-	-	1 309 118	(1 788 279)	-	-	3 058 983	2 579 822	(8 433 686)	(5 853 864)	3 070 517	(2 783 347)
Share application monies	-	-	254 493	-	-	254 493	-	-	-	-	-	-	-	254 493	-	254 493
Recognition of share based payments	-	-	-	-	-	-	-	-	-	156 588	-	156 588	-	156 588	-	156 588
Change in ownership interests	-	-	-	-	-	-	-	-	-	-	-	-	431 267	431 267	421 266	852 533
Balance at 30 September 2017	30 741	301 125 796	861 492	-	-	302 018 029	(257 770 170)	(1 419 275)	-	461 529	17 213 262	(241 514 654)	68 473 854	128 977 229	14 029 716	143 006 945
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	-	-	-	-	-	-	-	-	-	-	-	-	27 888 074	27 888 074	5 360 573	33 248 647
Transfer from/(to) reserves	-	-	-	-	-	-	-	-	-	-	8 660 950	8 660 950	(8 660 950)	-	-	-
Other comprehensive income/(loss)	-	-	-	-	-	-	(54 149 594)	349 628	-	-	4 588 091	(49 211 875)	-	(49 211 875)	(3 107 610)	(52 319 485)
Total comprehensive (loss)/income for the period	-	-	-	-	-	-	(54 149 594)	349 628	-	-	13 249 041	(40 550 925)	19 227 124	(21 323 801)	2 252 963	(19 070 838)
Issue of shares	80	1 009 092	(763 679)	-	-	245 493	-	-	-	-	-	-	-	245 493	-	245 493
Recognition of share based payments	-	-	-	-	-	-	-	-	-	844 554	-	844 554	-	844 554	-	844 554
Change in ownership interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance at 30 September 2018	30 936	304 812 927	-	60 560 000	(1 498 760)	363 905 103	(248 440 538)	(213 249)	(2 406 602)	2 878 313	55 344 973	(192 837 103)	53 118 952	224 186 952	15 259 384	239 446 336

Note

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BAYPORT MANAGEMENT LTD
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For the nine months ended 30 September 2018

UNAUDITED CONDENSED STATEMENT OF CASH FLOWS

Figures in US Dollar	Note	Nine months ended	
		30-Sep-18	30-Sep-17
Cash flows from continuing operating activities			
Profit/(loss) before taxation		54 754 869	(1 983 504)
Adjustments for:			
Share of profit of associates	5	(2 960 507)	-
Depreciation and amortisation		4 296 769	3 548 834
Profit on disposal of property and equipment and intangible assets		(14 342)	(53 138)
Unrealised exchange loss		5 651 570	32 409 624
Finance costs		86 983 149	81 283 091
Dividends income recognised in income statement		(8 690 169)	(6 522 478)
Increase in provision for credit impairment		16 654 434	12 018 208
Movement in provisions and share based payments		1 453 399	156 587
Operating cash flows before movements in working capital		158 129 172	120 857 224
Changes in working capital:			
Increase in trade and other receivables		(8 923 906)	(2 183 588)
Increase in gross advances		(202 581 581)	(164 183 786)
Increase in deposits from customers		31 077 767	28 632 244
Increase in trade and other payables		20 104 947	6 217 274
Cash used in continuing operations		(2 193 601)	(10 660 632)
Dividend received		10 338 626	6 522 478
Finance costs paid		(80 049 460)	(63 150 214)
Tax paid		(20 955 860)	(20 065 359)
Net cash used in operating activities from continuing operations		(92 860 295)	(87 353 727)
Cash flows from investing activities			
Proceeds on disposal of property and equipment and intangible assets		94 692	128 616
Purchase of property and equipment and intangible assets	6	(10 123 540)	(11 944 739)
Net movement in amounts due from related parties		(850 580)	20 574 711
Proceeds from issue of shares to non-controlling interests		-	800 046
Net movement in other investments		(115 117)	-
Net cash flows (used in)/generated by investing activities from continuing operations		(10 994 545)	9 558 634
Cash flows from financing activities			
Proceeds from issue of bonds		14 950 690	7 814 756
Net reduction in share application monies		(263 980)	-
Net increase in other borrowings		85 957 654	95 556 634
Mark-to-Market payments on forward contracts		(10 170 000)	(2 864 674)
Net cash flows generated by financing activities from continuing operations		90 474 364	100 506 716
Net cash flow used in discontinued operations		-	(37 029 585)
Net decrease in cash and cash equivalents		(13 380 476)	(14 317 962)
Net cash and cash equivalents at the beginning of the period		45 740 727	136 266 040
Effect of foreign exchange rate changes		(3 639 716)	(395 074)
Net cash and cash equivalents at the end of the period		28 720 535	121 553 004

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	Colombia
Bayport Financial Services Mozambique (MCB), S.A	Mozambique
Actvest Mexico S.A.PI de C.V, E.N.R (i)	Mexico
Financiera Fortaleza, S.A de C.V, SOFOM E.N.R	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.PI de C.V, E.N.R.
- (ii) 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.
- (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-Sep-18	31-Dec-17
Gross advances	904 919 269	781 762 939
Impairment provision	(70 239 731)	(68 212 555)
Net advances	834 679 538	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	16 654 434	45 129 442
Utilisation of allowance for impairment	(9 959 264)	(30 429 239)
Foreign exchange movements	(4 667 994)	1 182 859
Closing balance	70 239 731	68 212 555

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

Figures in US Dollar

5. Investments in associates

	30-Sep-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	2 960 507	1 362 862
Share of other comprehensive loss	(328 340)	-
Dividend received	(1 648 457)	-
Movement in currency translation reserve	(16 714 004)	12 815 969
Closing balance	118 449 148	134 179 442

6. Property and equipment and intangible assets

During the period, the Group spent USD 10 million on office equipment, furniture and fittings, computer equipment, motor vehicles, leasehold improvements and intangible assets.

7. Share capital and treasury shares

	30-Sep-18	31-Dec-17
Share capital	30 936	30 856
Share premium	304 812 927	303 803 835
Share application monies	-	763 679
Convertible equity instrument	60 560 000	60 560 000
Total share capital	365 403 863	365 158 370
Treasury shares	(1 498 760)	(1 498 760)
Total share capital and treasury shares	363 905 103	363 659 610
Number of shares	30 936 134	30 856 007

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(continued)

Figures in US Dollar

8. Borrowings

	30-Sep-18	31-Dec-17
Corporate bonds	289 919 480	299 761 549
Other term loans	454 975 064	376 101 931
	744 894 544	675 863 480
Less: deferred transaction costs	(6 241 403)	(7 529 171)
Total borrowings	738 653 141	668 334 309

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.

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.