

BAYPORT MANAGEMENT LTD
(Registration number 54787 C1/GBL)

**UNAUDITED CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

for the twelve months ended 31 December 2018



BAYPORT MANAGEMENT LTD
UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2018

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Figures in US Dollar	Note	31-Dec-18	31-Dec-17
Assets			
Cash and bank balances		68 412 034	51 027 605
Trade and other receivables		15 887 291	14 773 383
Current tax assets		12 895 464	11 641 186
Other financial assets		21 706 180	6 500 923
Loans and advances	4	870 726 376	713 550 384
Other investments		34 818 013	32 256 348
Investments in associates	5	119 603 543	134 179 442
Property and equipment	6	12 615 254	12 342 144
Intangible assets	6	34 351 642	24 055 224
Goodwill		4 581 465	4 664 824
Deferred tax assets		33 453 702	32 604 097
Total Assets		1 229 050 964	1 037 595 560
Liabilities			
Bank overdrafts		52 331 628	5 286 878
Deposits from customers		73 727 910	55 149 478
Trade and other payables		60 146 522	42 641 144
Current tax liabilities		6 308 168	5 755 493
Other financial liabilities		21 701 805	2 836 325
Borrowings	7	780 694 894	668 334 309
Finance lease obligation		47 166	115 649
Deferred tax liabilities		32 642	49 157
Total Liabilities		994 990 735	780 168 433
Net assets		234 060 229	257 427 127
Equity			
Share capital and treasury shares	8	373 557 114	363 659 610
Reserves		(207 454 579)	(153 130 732)
Retained earnings		53 379 363	33 891 828
Equity attributable to equity holders of the Company		219 481 898	244 420 706
Non-controlling interests		14 578 331	13 006 421
Total Equity		234 060 229	257 427 127

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Figures in US Dollar	Note	Three months ended		Twelve months ended	
		31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
Continuing operations					
Interest and other similar income		77 855 234	77 664 833	325 723 855	272 521 532
Interest and other similar expense		(32 708 871)	(34 779 949)	(119 692 020)	(116 063 041)
Net interest income		45 146 363	42 884 884	206 031 835	156 458 491
Commission income		1 053 646	1 480 090	4 216 240	5 623 289
Dividend income		8 882 884	1 596 949	17 573 053	8 119 427
Other income		2 524 027	2 181 092	9 072 833	8 325 093
Non-interest Income		12 460 557	5 258 131	30 862 126	22 067 809
Operating income		57 606 920	48 143 015	236 893 961	178 526 300
Operating expenses		(39 758 875)	(36 327 296)	(147 790 505)	(122 901 181)
Foreign exchange losses		(200 968)	(1 705 453)	(3 007 589)	(35 475 732)
Pre-provision income		17 647 077	10 110 266	86 095 867	20 149 387
Impairment of loans and advances		(1 558 596)	(8 172 722)	(18 213 030)	(20 192 274)
Operating profit/(loss)		16 088 481	1 937 544	67 882 837	(42 887)
Share of profit of associates	5	3 389 837	1 362 862	6 350 344	1 362 862
Profit before taxation		19 478 318	3 300 406	74 233 181	1 319 975
Taxation	3	(4 739 359)	(325 789)	(26 245 581)	(16 479 145)
Profit/(loss) for the period/year from continuing operations		14 738 959	2 974 617	47 987 600	(15 159 170)
Discontinued operations					
Net loss for the period/year from discontinued operations	1	-	(36 236 035)	-	(29 170 201)
Profit/(loss) for the period/year		14 738 959	(33 261 418)	47 987 600	(44 329 371)
Attributable to:					
Owners of the Company		13 332 974	(33 843 135)	41 221 042	(48 139 229)
Non-controlling interests		1 405 985	581 717	6 766 558	3 809 858
Profit/(loss) for the period/year		14 738 959	(33 261 418)	47 987 600	(44 329 371)
Earnings/(loss) per share					
From continuing and discontinued operations					
Basic earnings/(loss) per share		0.39	(1.06)	1.20	(1.55)
Diluted earnings/(loss) per share		0.38	(1.05)	1.19	(1.54)
From continuing operations					
Basic earnings/(loss) per share		0.39	0.07	1.20	(0.61)
Diluted earnings/(loss) per share		0.38	0.07	1.19	(0.61)
Basic weighted average number of shares		34 278 874	32 001 640	34 243 584	31 069 385
Diluted weighted average number of shares		34 688 151	32 146 658	34 649 763	31 214 403

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

Figures in US Dollar	Note	Three months ended		Twelve months ended	
		31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
Profit/(loss) for the period/year		14 738 959	(33 261 418)	47 987 600	(44 329 371)
Other comprehensive (loss)/income, net of income tax					
Items that may be reclassified subsequently to profit or loss:					
Foreign exchange differences		(11 546 385)	5 420 578	(68 803 585)	16 209 132
Gain/(loss) on hedging instruments designated as hedges of the net assets on foreign operations		-	6 166 972	-	(3 286 702)
Effect of cash flow hedges		(2 441 695)	856 398	(2 092 067)	(931 881)
Total items that may be reclassified subsequently to profit or loss		(13 988 080)	12 443 948	(70 895 652)	11 990 549
Items that will not be reclassified subsequently to profit or loss:					
Net fair value (loss)/gain on investments in equity instruments designated as at fair value through other comprehensive income		(2 468 017)	(2 296 841)	2 448 414	6 317 213
Share of other comprehensive loss of associates	5	-	-	(328 340)	-
Total items that will not be reclassified subsequently to profit or loss		(2 468 017)	(2 296 841)	2 120 074	6 317 213
Other comprehensive (loss)/income for the period/year, net of income tax		(16 456 097)	10 147 107	(68 775 578)	18 307 762
Total comprehensive loss for the period/year		(1 717 138)	(23 114 311)	(20 787 978)	(26 021 609)
Attributable to:					
Owners of the Company		(3 224 217)	(23 413 101)	(24 548 989)	(29 577 646)
Non-controlling interests		1 507 079	298 790	3 761 011	3 556 037
Total comprehensive loss for the period/year		(1 717 138)	(23 114 311)	(20 787 978)	(26 021 609)

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	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
Figures in US Dollar																
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 year	-	-	-	-	-	-	-	-	-	-	(48 139 229)	(4 350 272)	4 350 272	(48 139 229)	3 809 858	(44 329 371)
Transfer (to)/from reserves	-	-	-	-	-	-	13 176 251	(931 881)	-	-	(4 350 272)	18 561 583	-	-	-	-
Other comprehensive income/(loss)	-	-	-	-	-	-	13 176 251	(931 881)	-	-	6 317 213	18 561 583	-	18 561 583	(253 821)	18 307 762
Total comprehensive income/(loss) for the year	-	-	-	-	-	-	13 176 251	(931 881)	-	-	1 966 941	14 211 311	(43 788 957)	(29 577 646)	3 556 037	(26 021 609)
Issue of shares	115	2 678 039	-	-	-	2 678 154	-	-	(2 406 602)	-	-	(2 406 602)	-	271 552	-	271 552
Share application monies	-	-	156 680	-	-	156 680	-	-	-	-	-	-	-	156 680	-	156 680
Purchase of treasury shares	-	-	-	-	(1 498 760)	(1 498 760)	-	-	-	-	-	-	-	(1 498 760)	-	(1 498 760)
Issue of convertible notes	-	-	-	60 560 000	-	60 560 000	-	-	-	-	-	-	-	60 560 000	-	60 560 000
Recognition of share based payments	-	-	-	-	-	-	-	-	1 728 818	1 728 818	-	1 728 818	-	1 728 818	-	1 728 818
Change in ownership interests	-	-	-	-	-	-	-	-	-	-	-	-	1 204 512	1 204 512	(1 087 549)	116 963
Disposal of subsidiary	-	-	-	-	-	-	51 612 093	-	-	-	25 974 712	77 586 805	-	77 586 805	-	77 586 805
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 year	-	-	-	-	-	-	-	-	-	-	-	-	41 221 042	41 221 042	6 766 558	47 987 600
Transfer from/(to) reserves	-	-	-	-	-	-	-	-	-	-	7 534 329	7 534 329	(7 534 329)	-	-	-
Other comprehensive (loss)/income	-	-	-	-	-	-	(65 798 038)	(2 092 067)	-	-	2 120 074	(65 770 031)	-	(65 770 031)	(3 005 547)	(68 775 578)
Total comprehensive (loss)/income for the year	-	-	-	-	-	-	(65 798 038)	(2 092 067)	-	-	9 654 403	(58 235 702)	33 686 713	(24 548 989)	3 761 011	(20 787 978)
Issue of shares	82	1 025 749	8 871 673	-	-	9 897 504	-	-	-	-	-	-	-	9 897 504	-	9 897 504
Recognition of share based payments	-	-	-	-	-	-	-	-	-	4 643 560	-	4 643 560	-	4 643 560	-	4 643 560
Change in ownership interests	-	-	-	-	-	-	(731 705)	-	-	-	-	(731 705)	(14 199 178)	(14 930 883)	(2 189 101)	(17 119 984)
Balance at 31 December 2018	30 938	304 829 584	9 635 352	60 560 000	(1 498 760)	373 557 114	(260 820 687)	(2 654 944)	(2 406 602)	6 677 319	51 750 335	(207 454 579)	53 379 363	219 481 898	14 578 331	234 060 229

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UNAUDITED CONDENSED STATEMENT OF CASH FLOWS

Figures in US Dollar	Note	Twelve months ended	
		31-Dec-18	31-Dec-17
Cash flows from continuing operating activities			
Profit before taxation		74 233 181	1 319 975
Adjustments for:			
Share of profit of associates	5	(6 350 344)	(1 362 862)
Depreciation and amortisation		6 456 433	4 918 348
Profit on disposal of property and equipment and intangible assets		(20 257)	(50 878)
Unrealised exchange loss		5 547 984	32 254 436
Finance costs		119 692 020	116 063 041
Dividends income recognised in income statement		(17 573 053)	(8 119 427)
Increase in provision for credit impairment		26 369 005	20 192 274
Movement in provisions and share based payments		1 744 009	(863 665)
Operating cash flows before movements in working capital		210 098 978	164 351 242
Changes in working capital:			
Increase in trade and other receivables		(4 441 788)	(1 418 125)
Increase in gross advances		(261 441 493)	(224 101 236)
Increase in deposits from customers		28 688 490	35 667 972
Increase/(Decrease) in trade and other payables		19 453 167	(2 901 079)
Cash used in continuing operations		(7 642 645)	(28 401 226)
Dividend received		19 749 683	8 119 427
Finance costs paid		(115 765 530)	(118 491 214)
Tax paid		(29 874 188)	(22 776 946)
Net cash used in operating activities from continuing operations		(133 532 680)	(161 549 959)
Cash flows from investing activities			
Proceeds on disposal of property and equipment and intangible assets		111 569	149 505
Purchase of property and equipment and intangible assets	6	(19 225 909)	(15 823 347)
Net movement in amounts due from related parties		1 257 780	(10 149 216)
Net cash outflow on buy back of shares from minority shareholders		-	(1 750 227)
Net cash flows from disposal of subsidiary		-	71 153 947
Net cash outflow from acquisition of associates		-	(1 912 255)
Proceeds from issue of shares to non-controlling interests		-	1 793 772
Net movement in other investments		(115 117)	-
Net cash flows (used in)/generated by investing activities from continuing operations		(17 971 678)	43 462 179
Cash flows from financing activities			
Proceeds on issue of convertible equity instrument		-	60 560 000
Proceeds from issue of bonds		41 693 804	160 136 714
Repayment of bonds		(24 147 486)	(287 647 359)
Net increase in other borrowings		132 191 013	125 579 531
Mark-to-Market payments on forward contracts		(22 272 430)	(11 919 471)
Net cash outflow on buy back of shares		-	(900 723)
Net cash flows generated by financing activities from continuing operations		127 464 902	45 808 692
Net cash flow used in discontinued operations		-	(15 645 505)
Net decrease in cash and cash equivalents		(24 039 455)	(87 924 593)
Net cash and cash equivalents at the beginning of the year		45 740 727	136 266 040
Effect of foreign exchange rate changes		(5 620 866)	(2 600 720)
Net cash and cash equivalents at the end of the year		16 080 406	45 740 727

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	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
Sugaree Insurance Company Limited	Bermuda

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.

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

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

4. Loans and advances

Figures in US Dollar	31-Dec-18	31-Dec-17
Gross advances	935 732 564	781 762 939
Impairment provision	(65 006 188)	(68 212 555)
Net advances	870 726 376	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	17 301 925	45 129 442
Utilisation of allowance for impairment	(14 291 901)	(30 429 239)
Foreign exchange movements	(6 216 391)	1 182 859
Closing balance	65 006 188	68 212 555

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

Figures in US Dollar

5. Investments in associates

	31-Dec-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	6 350 344	1 362 862
Share of other comprehensive loss	(328 340)	-
Dividend received	(2 176 631)	-
Movement in currency translation reserve	(18 421 272)	12 815 969
Closing balance	119 603 543	134 179 442

6. Property and equipment and intangible assets

During the period, the Group spent USD 19 million on office equipment, furniture and fittings, computer equipment, motor vehicles, leasehold improvements and intangible assets.

7. Borrowings

	31-Dec-18	31-Dec-17
Corporate bonds	293 872 204	299 761 549
Other term loans	493 912 185	376 101 931
	787 784 389	675 863 480
Less: deferred transaction costs	(7 089 495)	(7 529 171)
Total borrowings	780 694 894	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 year, the Company drew a further USD 50 million under the Overseas Private Investment Corporation ("OPIC") facility.

8. Share capital and treasury shares

	31-Dec-18	31-Dec-17
Share capital	30 938	30 856
Share premium	304 829 584	303 803 835
Share application monies	9 635 352	763 679
Convertible equity instrument	60 560 000	60 560 000
Total share capital	375 055 874	365 158 370
Treasury shares	(1 498 760)	(1 498 760)
Total share capital and treasury shares	373 557 114	363 659 610
Number of shares	30 937 688	30 856 007

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.