

BAYPORT MANAGEMENT LTD
(Registration number 54787 C1/GBL)

**UNAUDITED CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

for the three months ended 31 March 2019



BAYPORT MANAGEMENT LTD
UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2019

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Figures in US Dollar	Note	31-Mar-19	31-Dec-18
Assets			
Cash and bank balances		52 325 411	68 412 034
Other receivables		20 800 102	15 888 584
Current tax assets		14 145 622	14 126 350
Other financial assets		25 127 506	21 706 180
Loans and advances	4	912 838 450	870 702 219
Other investments		20 326 106	34 818 013
Investments in associates	5	116 647 468	116 034 222
Goodwill		4 578 058	4 581 465
Property and equipment	6	12 003 589	12 589 846
Right-of-use assets	7	10 056 393	-
Intangible assets	6	50 208 057	34 898 285
Deferred tax assets		31 572 581	32 081 917
Total Assets		1 270 629 343	1 225 839 115
Liabilities			
Bank overdrafts		53 482 909	52 331 627
Deposits from customers		71 781 847	73 727 911
Other payables		51 303 205	60 577 583
Current tax liabilities		6 869 627	6 327 565
Other financial liabilities		29 193 440	21 701 805
Lease liabilities	7	9 654 214	47 166
Borrowings	8	813 610 201	780 694 896
Deferred tax liabilities		33 357	32 642
Total Liabilities		1 035 928 800	995 441 195
Equity			
Share capital and treasury shares	9	373 557 114	373 557 114
Reserves		(225 668 194)	(204 397 871)
Retained earnings		71 454 837	46 657 871
Equity attributable to owners of the Company		219 343 757	215 817 114
Non-controlling interests		15 356 786	14 580 806
Total Equity		234 700 543	230 397 920
Total Liabilities and Equity		1 270 629 343	1 225 839 115

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Figures in US Dollar	Note	Three months ended	
		31-Mar-19	31-Mar-18
Interest and other similar income		82 993 750	80 750 545
Interest and other similar expense		(33 982 733)	(27 188 793)
Net interest income		49 011 017	53 561 752
Commission income		1 128 300	1 061 801
Dividend income		14 983 914	2 187 512
Other income		4 437 703	2 051 761
Non-interest Income		20 549 917	5 301 074
Operating income		69 560 934	58 862 826
Operating expenses		(36 694 792)	(33 839 114)
Foreign exchange gains		330 780	393 958
Operating profit before impairment on financial assets		33 196 922	25 417 670
Impairment on financial assets		(5 778 414)	(6 972 277)
Operating profit		27 418 508	18 445 393
Share of post-tax results of associates	5	2 042 838	1 063 719
Profit before taxation		29 461 346	19 509 112
Taxation	3	(5 978 767)	(7 468 807)
Profit for the period		23 482 579	12 040 305
Attributable to:			
Owners of the Company		22 362 686	9 970 223
Non-controlling interests		1 119 893	2 070 082
Profit for the period		23 482 579	12 040 305
Earnings per share			
Basic earnings per share		0.65	0.29
Diluted earnings per share		0.64	0.29
Basic weighted average number of shares		34 280 415	34 198 734
Diluted weighted average number of shares		35 211 943	34 555 238

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

Figures in US Dollar	Note	Three months ended	
		31-Mar-19	31-Mar-18
Profit for the period		23 482 579	12 040 305
Other comprehensive (loss)/income, net of taxation			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Net fair value (loss)/gain on investments in equity instruments designated as at fair value through other comprehensive income		(14 487 582)	2 014 198
Share of other comprehensive loss of associates	5	-	(328 340)
Total items that will not be reclassified subsequently to profit or loss		(14 487 582)	1 685 858
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Foreign exchange differences		(8 179 071)	15 037 141
Effect of cash flow hedges		3 053 820	961 956
Total items that may be reclassified subsequently to profit or loss		(5 125 251)	15 999 097
Other comprehensive (loss)/income for the period, net of taxation		(19 612 833)	17 684 955
Total comprehensive profit for the period		3 869 746	29 725 260
Attributable to:			
Owners of the Company		3 093 766	27 222 933
Non-controlling interests		775 980	2 502 327
Total comprehensive profit for the period		3 869 746	29 725 260

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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 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	-	-	-	-	-	-	-	-	-	-	-	-	9 970 223	9 970 223	2 070 082	12 040 305
Other comprehensive income	-	-	-	-	-	-	14 604 896	961 956	-	-	1 685 858	17 252 710	-	17 252 710	432 245	17 684 955
Total comprehensive income for the period	-	-	-	-	-	-	14 604 896	961 956	-	-	1 685 858	17 252 710	9 970 223	27 222 933	2 502 327	29 725 260
Recognition of share based payments	-	-	-	-	-	-	-	-	-	880 399	-	880 399	-	880 399	-	880 399
Transfer from reserves	-	-	-	-	-	-	-	-	-	-	1 112 945	1 112 945	(1 112 945)	-	-	-
Balance at 31 March 2018	30 856	303 803 835	763 679	60 560 000	(1 498 760)	363 659 610	(179 686 048)	399 079	(2 406 602)	2 914 158	44 894 735	(133 884 678)	42 749 106	272 524 038	15 508 748	288 032 786
Balance at 01 January 2019	30 938	304 829 584	9 635 352	60 560 000	(1 498 760)	373 557 114	(260 796 484)	(2 654 944)	(2 406 602)	6 677 319	54 782 840	(204 397 871)	46 657 871	215 817 114	14 580 806	230 397 920
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	-	22 362 686	22 362 686	1 119 893	23 482 579
Other comprehensive (loss)/income	-	-	-	-	-	-	(7 835 158)	3 053 820	-	-	(14 487 582)	(19 268 920)	-	(19 268 920)	(343 913)	(19 612 833)
Total comprehensive (loss)/income for the period	-	-	-	-	-	-	(7 835 158)	3 053 820	-	-	(14 487 582)	(19 268 920)	22 362 686	3 093 766	775 980	3 869 746
Recognition of share based payments	-	-	-	-	-	-	-	-	-	432 877	-	432 877	-	432 877	-	432 877
Transfer to reserves	-	-	-	-	-	-	-	-	-	-	(2 434 280)	(2 434 280)	2 434 280	-	-	-
Balance at 31 March 2019	30 938	304 829 584	9 635 352	60 560 000	(1 498 760)	373 557 114	(268 631 642)	398 876	(2 406 602)	7 110 196	37 860 978	(225 668 194)	71 454 837	219 343 757	15 356 786	234 700 543

Note

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UNAUDITED CONDENSED STATEMENT OF CASH FLOWS

Figures in US Dollar	Note	Three months ended	
		31-Mar-19	31-Mar-18
Cash flows from operating activities			
Profit before taxation		29 461 346	19 509 112
Adjustments for:			
Share of profit of associates	5	(2 042 838)	(1 063 719)
Depreciation and amortisation		1 529 660	1 422 816
(Profit)/loss on disposal of property and equipment and intangible assets		(6 666)	4 564
Unrealised exchange loss		(2 565)	(807 173)
Finance costs		33 982 733	27 188 793
Dividend income recognised in income statement		(14 983 914)	(2 187 512)
Increase in provision for credit impairment		6 737 077	6 972 277
Movement in provisions and share based payments		432 877	880 399
Operating cash flows before movements in working capital		55 107 710	51 919 557
Changes in working capital:			
Increase in other receivables		(4 721 454)	(2 562 268)
Increase in gross advances		(65 840 194)	(69 808 392)
Increase in deposits from customers		1 561 054	14 617 239
(Decrease)/increase in other payables		(1 971 803)	5 517 891
Cash used in operations		(15 864 687)	(315 973)
Dividend received		15 238 914	3 376 824
Finance costs paid		(40 502 947)	(33 444 741)
Tax paid		(4 880 978)	(4 663 657)
Net cash used in operating activities		(46 009 698)	(35 047 547)
Cash flows from investing activities			
Proceeds on disposal of property and equipment and intangible assets		30 229	13 342
Purchase of property and equipment and intangible assets	6	(16 800 671)	(3 198 035)
Net movement in amounts due from related parties		2 457 456	-
Net movement in investment in associates	5	(109 650)	-
Net cash flows used in investing activities		(14 422 636)	(3 184 693)
Cash flows from financing activities			
Proceeds from issue of bonds		419 323	-
Net increase in other borrowings		47 959 947	33 296 860
Mark-to-Market payments on forward contracts		(5 000 186)	-
Net cash flows generated by financing activities		43 379 084	33 296 860
Net decrease in cash and cash equivalents		(17 053 250)	(4 935 380)
Net cash and cash equivalents at the beginning of the period		16 080 407	49 040 727
Effect of foreign exchange rate changes		(184 655)	1 096 599
Net cash and cash equivalents at the end of the period		(1 157 498)	45 201 946

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 (Tanzania) 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.

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 2018.

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	31-Mar-19	31-Dec-18
Gross advances	980 688 786	933 262 231
Impairment provision	(67 850 336)	(62 560 012)
Net advances	912 838 450	870 702 219
Impairment provision		
Opening balance	62 560 012	68 212 555
Impairment recognised in profit or loss	6 160 718	17 167 405
Utilisation of allowance for impairment	(57 713)	(16 762 235)
Foreign exchange movements	(812 681)	(6 057 713)
Closing balance	67 850 336	62 560 012

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

Figures in US Dollar

5. Investments in associates

	31-Mar-19	31-Dec-18
Opening balance	116 034 222	134 179 442
Additions	109 650	-
Share of profits	2 042 838	3 416 719
Share of other comprehensive loss	-	(989 903)
Dividend	(255 000)	(2 176 630)
Movement in currency translation reserve	(1 284 242)	(18 395 406)
Closing balance	116 647 468	116 034 222

6. Property and equipment and intangible assets

During the period, the Group spent USD 17.0 million on office equipment, furniture and fittings, computer equipment, motor vehicles, leasehold improvements and intangible assets.

7. Right-of-use assets

The Group adopted IFRS 16 as from January 1, 2019 which changes the Group's Consolidated Financial Statements. Under IFRS 16 the majority of these leases became on-balance sheet liabilities with underlying right-of-use assets. The Group applied the modified retrospective approach, which requires the recognition of the cumulative effect of initially applying IFRS 16, as of January 1, 2019, to the retained earnings and not restate prior years. When doing so, the Group also made use of the practical expedient to not recognize a right-of-use asset or a lease liability for leases for which the lease term ends within 12 months of the date of initial application.

Since the Group recognized the right-of-use assets at the amount equal to the lease liabilities, there was no impact to the retained earnings.

8. Borrowings

	31-Mar-19	31-Dec-18
Corporate bonds	278 505 444	293 872 197
Other term loans	540 832 234	493 912 201
	819 337 678	787 784 398
Less: deferred transaction costs	(5 727 477)	(7 089 502)
Total borrowings	813 610 201	780 694 896

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.

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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(continued)

Figures in US Dollar

9. Share capital and treasury shares

	31-Mar-19	31-Dec-18
Share capital	30 938	30 938
Share premium	304 829 584	304 829 584
Share application monies	9 635 352	9 635 352
Convertible equity instrument	60 560 000	60 560 000
Total share capital	375 055 874	375 055 874
Treasury shares	(1 498 760)	(1 498 760)
Total share capital and treasury shares	373 557 114	373 557 114
Number of shares	30 937 688	30 937 688

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.