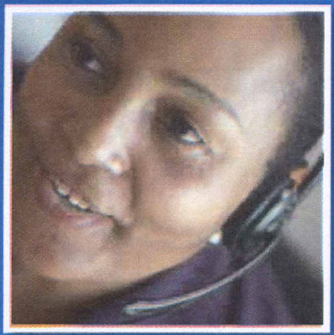
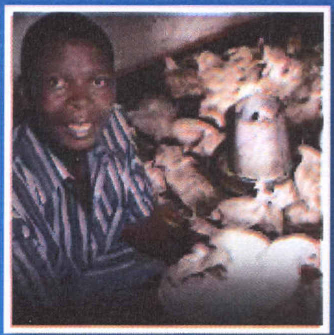
GROUP
ANNUAL FINANCIAL STATEMENTS

For the year ended March 2012

Bayport
FINANCIAL SERVICES

Bayport Management Limited
(Registration number 54787 C1/GBL)

Secretary's Certificate in accordance with section 166 (d) of the Mauritius Companies Act 2001

In accordance with section 166 (d) of the Mauritius Companies Act 2001, we certify that to the best of our knowledge and belief, the Company has filed with the Registrar of Companies all such returns as are required of the Company under the Mauritius Companies Act 2001, for the year ended 31 March 2012.

DTOS Ltd
COMPANY SECRETARY

30 August 2012

General Information

Country of incorporation and domicile	Mauritius
Nature of business and principal activities	Holding company to businesses involved in provision of retail financial services
Registered office	DTOS Ltd 10th Floor, Raffles Tower 19, Cybercity, Ebene Mauritius
Business address	3rd Floor Ebene Skies Rue de L'Institut Ebene Mauritius
Main banker	Barclays Bank Plc, Mauritius
Auditors	Deloitte Chartered Accountants 7th Floor, Raffles Tower 19, Cybercity, Ebene Mauritius
Company registration number	54787 C1/GBL

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The reports and statements set out below comprise the group annual financial statements presented to the shareholders:

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Directors' Responsibilities and Approval

The directors are required in terms of the Mauritius Companies Act 2001 to maintain adequate accounting records and are responsible for the content and integrity of the group annual financial statements and related financial information included in this report. It is their responsibility to ensure that the group annual financial statements fairly present the state of affairs of the group as at the end of the financial year and the results of its operations and cash flows for the year then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the group annual financial statements.

The group annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the group and all employees are required to maintain the highest ethical standards in ensuring the group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the group. While operating risk cannot be fully eliminated, the group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the group annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the group's cash flow forecast for the year to 31 March 2013 and, in the light of this review and the current financial position, they are satisfied that the group has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the group's annual financial statements. The group annual financial statements have been examined by the group's external auditors and their report is presented on page 5.

The group annual financial statements set out on pages 8 to 48, which have been prepared on the going concern basis, were approved by the Board of Directors on 30 August 2012 and were signed on its behalf by:

Director **Director**

Deloitte.

7th floor, Raffles Tower
19 Cybercity
Ebène
Mauritius

Independent auditor's report to the shareholders of Bayport Management Limited

This report is made solely to the company's shareholders, as a body, in accordance with section 205 of the Mauritius Companies Act 2001. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Report on the Financial Statements

We have audited the financial statements of **Bayport Management Limited** on pages 8 to 48 which comprise the statements of financial position as at **31 March 2012** and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Directors' responsibilities for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act 2001 in so far as applicable to Category 1 Global Business Licence companies. They are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements on pages 8 to 48 give a true and fair view of the financial position of **Bayport Management Limited** as at **31 March 2012**, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the requirements of the Mauritius Companies Act 2001 in so far as applicable to Category 1 Global Business Licence companies.

Report on other legal requirements

In accordance with the requirements of the Mauritius Companies Act 2001, we report as follows:

- we have no relationship with, or interests in, the company other than in our capacity as auditor and tax advisor;
- we have obtained all information and explanations that we have required; and
- in our opinion, proper accounting records have been kept by the company as far as appears from our examination of those records.

Deloitte

Deloitte

Chartered Accountants

30 August 2012

LLK Ah Hee, FCCA
Licensed by FRC

Directors' Report

The directors submit their report for the year ended 31 March 2012.

1. Review of activities

Main business and operations

The company is a holding company to businesses involved in provision of retail financial services.

The operating results and state of affairs of the company are fully set out in the attached group annual financial statements and do not in our opinion require any further comment.

2. Going concern

The group annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

3. Events after the reporting period

In June 2012, the Company issued 5 year Corporate Bonds with a nominal amount of SEK700,000,000. The Bonds bear interest coupon of 13%, payable annually.

Warrants (refer to note 14) held by Kinnevik New Ventures AB and Mr Grant Kurland were exercised in June 2012.

4. Stated capital

There were no changes in the stated capital of the group during the year under review.

5. Dividends

No dividends were declared or paid to shareholders during the year.

6. Directors

The directors of the company during the year and to the date of this report are as follows:

Name	Changes
Mr E Venpin	
Mr J Wong	
Sir S Jonah	Resigned 03 August 2012
Mr S Stone	
Mr J Chola	
Mr G Kurland	
Mr P H Persson	
Mr J M Jawno	
Mr T A Kristensson	Resigned 01 May 2011
Mr V Fattahi	Appointed 16 September 2011

7. Secretary

The secretary of the company is DTOS Ltd of:

Business address
10th Floor, Raffles Tower
19, Cybercity, Ebene
Mauritius

Directors' Report (continued)

8. Interest in subsidiaries

Name of subsidiaries	Country of incorporation
Bayport Financial Services Limited	Zambia
Bayport Financial Services Ghana Limited	Ghana
Bayport Financial Services Uganda Limited	Uganda
Bayport Financial Services (T) Limited	Tanzania
Consumer Finance Company Limited	Ghana
Money Quest Investments (Proprietary) Limited	Botswana
Empresa de Microcredito Fimsa S.A. ("FIMSA")	Colombia
Actvest Limited	Mauritius
Cashfoundry Limited	United Kingdom
Bayport Financial Services Namibia (Proprietary) Limited (Dormant)	Namibia
Bayport Financial Services Rwanda SARL (Dormant)	Rwanda
Bayport Financial Services Lesotho Limited (Dormant)	Lesotho

Except for Actvest Limited and dormant companies, these subsidiaries are involved in the provision of retail financial services.

Actvest Limited provides professional services to the other subsidiaries.

Details of the company's investment in subsidiaries are set out in note 8.

9. Auditors

Deloitte will continue in office in accordance with the Mauritius Companies Act, 2001.

10. Litigation statement

At the date of this report no material incidences of litigation existed against the company or group.

Statements of Financial Position as at 31 March 2012

		Group		Company	
Figures in US Dollar	Note(s)	2012	2011	2012	2011
Assets					
Cash and cash equivalents	3	21 930 269	42 416 317	10 579 193	33 283 273
Net advances	4	231 304 051	155 272 499	-	-
Other receivables and prepayments	5	11 387 614	11 366 294	7 940 204	8 750 883
Amounts due from related parties	6	3 086 609	3 369 332	73 846 045	46 350 478
Other financial assets	7	4 040 486	8 854 727	4 040 486	8 854 727
Investments in subsidiaries	8	-	-	84 320 785	65 183 430
Inventories		20 365	120 031	-	-
Goodwill	9	4 027 316	4 027 316	-	-
Deferred tax asset	10	2 327 655	598 495	-	-
Deferred expenses	11	3 082 076	1 610 880	-	-
Property, plant and equipment	12	6 745 475	5 813 537	390 031	245 739
Intangible assets	13	394 534	175 650	103 130	101 532
Total assets		**288 346 450**	**233 625 078**	**181 219 874**	**162 770 062**
Equity and Liabilities					
Capital and reserves					
Equity attributable to owners of the company					
Stated capital	14	5 337 447	5 337 447	5 337 447	5 337 447
Total reserves		(8 921 846)	196 453	61 584 886	48 266 241
Retained earnings/(Accumulated losses)		58 068 481	41 375 153	(17 135 772)	(12 648 009)
Equity attributable to owners of the company		54 484 082	46 909 053	49 786 561	40 955 679
Non-controlling interests		15 489 292	13 325 432	-	-
Total equity		**69 973 374**	**60 234 485**	**49 786 561**	**40 955 679**
Liabilities					
Finance lease obligation	16	1 323 267	1 206 480	-	-
Bank overdraft	3	12 896 811	5 221 527	-	-
Trade and other payables	17	16 129 258	16 194 251	10 220 269	10 204 878
Provisions	18	3 215 141	2 350 439	1 618 798	1 198 833
Borrowings	19	176 716 692	141 406 733	117 374 075	110 068 086
Amounts due to related parties	6	41 291	40 231	2 220 171	-
Loans from shareholders	20	-	342 586	-	342 586
Deferred income	21	3 409 041	2 207 264	-	-
Deferred tax liabilities	10	-	72 162	-	-
Current tax payable	30	4 641 575	4 348 920	-	-
Total liabilities		**218 373 076**	**173 390 593**	**131 433 313**	**121 814 383**
Total Equity and Liabilities		**288 346 450**	**233 625 078**	**181 219 874**	**162 770 062**

The group annual financial statements set out on pages 8 to 48, which have been prepared on the going concern basis, were approved by the Board of Directors on 30 August 2012 and were signed on its behalf by:

Director

Director

Statements of Comprehensive Income

		Group		Company	
Figures in US Dollar	Note(s)	2012	2011	2012	2011
Interest income	22	112 303 900	80 910 140	9 854 433	5 682 487
Interest expense	23	(22 975 065)	(18 243 596)	(12 660 042)	(10 741 604)
Net interest income/(loss)		**89 328 835**	**62 666 544**	**(2 805 609)**	**(5 059 117)**
Other income	24	6 515 472	3 780 067	7 159 674	4 338 345
Operating expenses		(51 046 202)	(38 732 160)	(7 146 040)	(4 892 815)
Charge for bad and doubtful advances	4	(7 087 356)	(5 109 273)	-	-
Foreign exchange (loss)/gain		(1 957 957)	(871 858)	(101 717)	18 776
Profit/(loss) before taxation	25	**35 752 792**	**21 733 320**	**(2 893 692)**	**(5 594 811)**
Taxation	26	(14 774 670)	(9 776 622)	(1 594 071)	(892 920)
Profit/(loss) for the year		**20 978 122**	**11 956 698**	**(4 487 763)**	**(6 487 731)**
Other comprehensive income:					
Exchange differences	27	(11 022 150)	(3 145 412)	-	-
Effects of cash flow hedges		(217 083)	802 458	(217 083)	802 458
Net gain on investments in equity instruments designated as fair value through other comprehensive income		-	-	13 535 728	13 026 213
Other comprehensive (loss)/income for the year		**(11 239 233)**	**(2 342 954)**	**13 318 645**	**13 828 671**
Total comprehensive income for the year		**9 738 889**	**9 613 744**	**8 830 882**	**7 340 940**
Profit/(loss) attributable to :					
Owners of the company		17 282 228	9 121 645	(4 487 763)	(6 487 731)
Non-controlling interests		3 695 894	2 835 053	-	-
		20 978 122	**11 956 698**	**(4 487 763)**	**(6 487 731)**
Total comprehensive income/(loss) attributable to:					
Owners of the company		7 575 029	7 039 592	8 830 882	7 340 940
Non-controlling interests		2 163 860	2 574 152	-	-
		9 738 889	**9 613 744**	**8 830 882**	**7 340 940**

Statements of Changes in Equity

Figures in US Dollar	Stated capital	Share premium	Total stated capital	Translation reserve	Cash flow hedging reserve	Other reserves	Total reserves	Retained earnings/ (Accumulated losses)	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
Group													
Balance at 01 April 2010	**14 302**	**5 350 328**	**5 364 630**	**(6 696 946)**	**-**	**8 012 658**	**1 315 712**	**33 189 119**	**39 869 461**	**6 167 172**	**1 426 015**	**7 593 187**	**47 462 648**
Total comprehensive income for the year													
Profit for the year	-	-	-	-	-	926 199	926 199	8 195 446	9 121 645	2 919 168	(84 115)	2 835 053	11 956 698
Other comprehensive (loss)/income	-	(27 183)	(27 183)	(2 627 006)	802 458	(220 910)	(2 045 458)	(9 412)	(2 082 053)	(260 901)	-	(260 901)	(2 342 954)
Total comprehensive (loss)/income for the year	-	(27 183)	(27 183)	(2 627 006)	802 458	705 289	(1 119 259)	8 186 034	7 039 592	2 658 267	(84 115)	2 574 152	9 613 744
Additional non-controlling interest on further issue of shares in subsidiary	-	-	-	-	-	-	-	-	-	1 266 527	-	1 266 527	1 266 527
Additional non-controlling interest on acquisition of subsidiary	-	-	-	-	-	-	-	-	-	1 891 566	-	1 891 566	1 891 566
	-	-	-	-	-	-	-	-	-	3 158 093	-	3 158 093	3 158 093
Balance at 01 April 2011	**14 302**	**5 323 145**	**5 337 447**	**(9 323 952)**	**802 458**	**8 717 947**	**196 453**	**41 375 153**	**46 909 053**	**11 983 532**	**1 341 900**	**13 325 432**	**60 234 485**
Total comprehensive income for the year													
Profit for the year	-	-	-	-	-	588 900	588 900	16 693 328	17 282 228	3 553 885	142 009	3 695 894	20 978 122
Other comprehensive loss	-	-	-	(9 490 116)	(217 083)	-	(9 707 199)	-	(9 707 199)	(1 532 034)	-	(1 532 034)	(11 239 233)
Total comprehensive income for the year	-	-	-	(9 490 116)	(217 083)	588 900	(9 118 299)	16 693 328	7 575 029	2 021 851	142 009	2 163 860	9 738 889
Balance at 31 March 2012	**14 302**	**5 323 145**	**5 337 447**	**(18 814 068)**	**585 375**	**9 306 847**	**(8 921 846)**	**58 068 481**	**54 484 082**	**14 005 383**	**1 483 909**	**15 489 292**	**69 973 374**
Note	14	14	14			15					15		
Company													
Balance at 01 April 2010	**14 302**	**5 323 145**	**5 337 447**	**-**	**-**	**34 437 570**	**34 437 570**	**(6 160 278)**	**33 614 739**	**-**	**-**	**-**	**33 614 739**
Total comprehensive income for the year													
Loss for the year	-	-	-	-	-	-	-	(6 487 731)	(6 487 731)	-	-	-	(6 487 731)
Other comprehensive income	-	-	-	-	802 458	13 026 213	13 828 671	-	13 828 671	-	-	-	13 828 671
Total comprehensive income for the year	-	-	-	-	802 458	13 026 213	13 828 671	(6 487 731)	7 340 940	-	-	-	7 340 940
Balance at 01 April 2011	**14 302**	**5 323 145**	**5 337 447**	**-**	**802 458**	**47 463 783**	**48 266 241**	**(12 648 009)**	**40 955 679**	**-**	**-**	**-**	**40 955 679**
Total comprehensive income for the year													
Loss for the year	-	-	-	-	-	-	-	(4 487 763)	(4 487 763)	-	-	-	(4 487 763)
Other comprehensive income	-	-	-	-	(217 083)	13 535 728	13 318 645	-	13 318 645	-	-	-	13 318 645
Total comprehensive loss for the year	-	-	-	-	(217 083)	13 535 728	13 318 645	(4 487 763)	8 830 882	-	-	-	8 830 882
Balance at 31 March 2012	**14 302**	**5 323 145**	**5 337 447**	**-**	**585 375**	**60 999 511**	**61 584 886**	**(17 135 772)**	**49 786 561**	**-**	**-**	**-**	**49 786 561**
Note	14	14	14										

Statements of Cash Flows

		Group		Company	
Figures in US Dollar	Note(s)	2012	2011	2012	2011
Cash flows from operating activities					
Cash (used in)/generated from operations	29	(30 576 634)	(6 437 343)	8 522 509	2 324 245
Finance costs		(22 107 065)	(13 680 056)	(12 019 123)	(6 365 284)
Tax paid	30	(15 212 756)	(9 065 026)	(1 594 071)	(892 920)
Net cash used in operating activities		**(67 896 455)**	**(29 182 425)**	**(5 090 685)**	**(4 933 959)**
Cash flows from investing activities					
Purchase of property, plant and equipment and intangibles		(3 141 296)	(2 483 759)	(252 058)	(129 533)
Proceeds on disposal of property, plant and equipment and intangibles		105 944	144 272	-	798
Net increase/(decrease) in amounts due from/to related parties		288 642	33 753 259	(25 275 396)	13 101 200
Purchase of shares		-	-	(3 939 489)	(8 317 989)
Proceeds from issue of shares to non-controlling interests		-	2 273 406	-	-
Net cash outflow on acquisition of subsidiaries	31.4	-	(886 657)	-	-
Net cash (used in)/generated from investing activities		**(2 746 710)**	**32 800 521**	**(29 466 943)**	**4 654 476**
Cash flows from financing activities					
Net increase/(decrease) in borrowings		29 976 793	(66 307 141)	-	(72 630 312)
Proceeds from issue of bonds		-	102 040 816	-	102 040 816
Proceeds from issue of promissory notes		12 196 134	-	12 196 134	-
Repayment of shareholders loan		(342 586)	-	(342 586)	-
Net cash generated from financing activities		**41 830 341**	**35 733 675**	**11 853 548**	**29 410 504**
Net (decrease)/increase in cash and cash equivalents		**(28 812 824)**	**39 351 771**	**(22 704 080)**	**29 131 021**
Cash and cash equivalents at the beginning of the year		37 194 790	(2 286 758)	33 283 273	4 152 252
Effect of foreign exchange rate changes		651 492	129 777	-	-
Total cash and cash equivalents at end of the year	3	**9 033 458**	**37 194 790**	**10 579 193**	**33 283 273**

Significant Accounting Policies

1. Statement of compliance and presentation of Financial Statements

The group annual financial statements have been prepared in accordance with International Financial Reporting Standards. The group annual financial statements have been prepared on the historical cost basis, except for the measurement of certain non-current assets and financial instruments at fair value, and incorporate the principal accounting policies set out below. They are presented in US Dollars.

These accounting policies are consistent with the previous period.

1.1 Consolidation

Basis of consolidation

The consolidated group annual financial statements incorporate the group annual financial statements of the company and all entities, including special purpose entities, which are controlled by the company.

Control exists when the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries are included in the consolidated group annual financial statements from the effective date of acquisition to the effective date of disposal.

Adjustments are made when necessary to the group annual financial statements of subsidiaries to bring their accounting policies in line with those of the group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are identified and recognised separately from the group's interest therein, and are recognised within equity.

Transactions which result in changes in ownership levels, where the group has control of the subsidiary both before and after the transaction are regarded as equity transaction and are recognised directly in the statement of changes in equity.

The difference between the fair value of consideration paid or received and the movement in non-controlling interest for such transactions is recognised in equity attributable to the owners of the parent.

Where a subsidiary is disposed of and a non-controlling shareholding is retained, the remaining investment is measured to fair value with the adjustment to fair value recognised in profit or loss as part of the gain or loss on disposal of the controlling interest.

Business combinations

The group accounts for business combinations using the acquisition method of accounting. The cost of the business combination is measured as the aggregate of the fair values of assets given, liabilities incurred or assumed and equity instruments issued. Costs directly attributable to the business combination are expensed as incurred, except the costs to issue debt which are amortised as part of the effective interest and costs to issue equity which are included in equity.

The acquiree's identifiable assets, liabilities and contingent liabilities which meet the recognition conditions of IFRS 3 Business combinations are recognised at their fair values at acquisition date, except for non-current assets (or disposal group) that are classified as held-for-sale in accordance with IFRS 5 Non-current assets held-for-sale and discontinued operations, which are recognised at fair value less costs to sell.

On acquisition, the group assesses the classification of the acquiree's assets and liabilities and reclassifies them where the classification is inappropriate for group purposes. This excludes lease agreements and insurance contracts, whose classification remains as per their inception date.

Goodwill is determined as the consideration paid, plus the fair value of any shareholding held prior to obtaining control, plus non-controlling interest and less the fair value of the identifiable assets and liabilities of the acquiree.

Goodwill is not amortised but is tested on an annual basis for impairment. If goodwill is assessed to be impaired, that impairment is not subsequently reversed.

Goodwill arising on acquisition of foreign entities is considered an asset of the foreign entity. In such cases the goodwill is translated to the functional currency of the group at the end of each reporting period with the adjustment recognised in equity through to other comprehensive income.

Significant Accounting Policies (continued)

1.2 Significant judgements and sources of estimation uncertainty

The presentation of financial statements in accordance with IFRS requires the directors and management to exercise judgement in the process of applying the accounting policies. It also requires the use of accounting estimates and assumptions that may affect the reported amounts and disclosures in the financial statements. Judgements and estimates are continuously evaluated and are based on historical experience and other factors, including expectations and assumptions concerning future events that are believed to be reasonable under the circumstances. The actual results could, by definition therefore, often differ from the related accounting estimates.

Where applicable, the notes to the financial statements set out areas where management has applied a higher degree of judgement that have a significant effect on the amounts recognised in the financial statements, or estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

1.3 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when:
- it is probable that future economic benefits associated with the item will flow to the company; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings as the asset is used. The amount transferred is equal to the difference between depreciation based on the revalued carrying amount and depreciation based on the original cost of the asset.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Land and buildings	50 years
Furniture and fittings	3 - 10 years
Motor vehicles	3 - 4 years
Office equipment	3 - 5 years
IT equipment	3 years
Leasehold improvements	over the life of the lease

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.4 Intangible assets

An intangible asset is recognised when:
- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Significant Accounting Policies (continued)

1.4 Intangible assets (continued)

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Computer software	2 - 5 years

1.5 Investments in subsidiaries

Company annual financial statements

In the company's separate annual financial statements, investments in subsidiaries are carried at fair value and are classified as available for sale. Fair value for investments with no active market is established by using a valuation technique. The objective of using the valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal business considerations.

Subsidiaries acquired during the year are stated at cost less any impairment. The directors are of the opinion that the fair value of these investments are worth their cost.

The cost of an investment in a subsidiary is the aggregate of:

- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the company; plus
- any costs directly attributable to the purchase of the subsidiary.

The investments in subsidiaries are re-measured at the end of each reporting period at their fair value and any related gains or losses are recognised in other comprehensive income.

1.6 Advances and provisions for impairment

Advances are disclosed net of impairment provisions, which in the opinion of the directors, are required. Specific impairment provisions are made against identified doubtful advances. Portfolio provisions are maintained to cover potential losses, which although not specifically identified, are considered to be present.

Advances, which are deemed uncollectible, are written off against the specific impairment provision. Loans previously written off which subsequently become fully performing again are reincorporated in the advances portfolio.

Both the specific and portfolio provisions raised during the year, less recoveries of advances previously written off, are charged to the statement of comprehensive income.

The group reviews the carrying amounts of its advances to determine whether there is any indication that those advances have suffered an impairment loss. Where it is possible to estimate the recoverable amount of an individual advance, the company estimates the recoverable amount on a portfolio basis for a group of similar financial assets.

The recoverable amount is the sum of the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects the portfolio of advances' original effective interest rate.

If the recoverable amount of the advance is estimated to be less than the carrying amount, the carrying amount of the advance is reduced to its recoverable amount by raising a specific impairment provision, which is recognised as an expense in the statement of comprehensive income.

1.7 Financial instruments

Classification

The group classifies financial assets and financial liabilities into the following categories:

- Financial assets at fair value through profit or loss
- Available-for-sale financial assets
- Loans and receivables
- Financial liabilities measured at amortised cost

Significant Accounting Policies (continued)

1.7 Financial instruments (continued)

Initial recognition and measurement

Financial instruments are recognised initially when the group becomes a party to the contractual provisions of the instruments.

The group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value.

Transaction costs on financial instruments at fair value through profit or loss are recognised in profit or loss.

Subsequent measurement

Financial instruments at fair value through profit or loss are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in profit or loss for the period.

Dividend income is recognised in profit or loss as part of other income when the group's right to receive payment is established.

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Available-for-sale financial assets are subsequently measured at fair value. This excludes equity investments for which a fair value is not determinable, which are measured at cost less accumulated impairment losses.

Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in equity until the asset is disposed of or determined to be impaired. Interest on available-for-sale financial assets calculated using the effective interest method is recognised in profit or loss as part of other income. Dividends received on available-for-sale equity instruments are recognised in profit or loss as part of other income when the group's right to receive payment is established.

Changes in fair value of available-for-sale financial assets denominated in a foreign currency are analysed between translation differences resulting from changes in amortised cost and other changes in the carrying amount. Translation differences on monetary items are recognised in profit or loss, while translation differences on non-monetary items are recognised in other comprehensive income and accumulated in equity.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Significant Accounting Policies (continued)

1.7 Financial instruments (continued)

Impairment of financial assets

At each reporting date the group assesses all financial assets, other than those at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the group, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

Impairment losses are recognised in profit or loss.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in profit or loss except for equity investments classified as available-for-sale.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in profit or loss within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

Loans to group companies

These include loans to and from holding companies, fellow subsidiaries and subsidiaries and are recognised initially at fair value plus direct transaction costs.

Loans to group companies are classified as loans and receivables.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Trade and other receivables are classified as loans and receivables.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Significant Accounting Policies (continued)

1.7 Financial instruments (continued)

Hedging activities

Designated and effective hedging instruments are excluded from the definition of financial instruments at fair value through profit or loss.

The group designates certain derivatives as either:
- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge)
- hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge);

The group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes are disclosed in the notes to the financial statements.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

1.8 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:
- a transaction or event which is recognised, in the same or a different period, to other comprehensive income.

1.9 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Significant Accounting Policies (continued)

1.9 Leases (continued)

Finance leases – lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

The lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate on the remaining balance of the liability.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted.

1.10 Inventories

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.11 Impairment of assets

The group assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the group estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.12 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are classified as equity.

Significant Accounting Policies (continued)

1.13 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

1.14 Provisions and contingencies

Provisions are recognised when:
- the group has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

Contingent assets and contingent liabilities are not recognised. Any contingencies are disclosed in the notes of the financial statements.

1.15 Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividends are recognised in profit or loss, when the company's right to receive payment has been established.

1.16 Borrowing costs

All other borrowing costs are recognised as an expense in the period in which they are incurred using the effective interest method.

Significant Accounting Policies (continued)

1.17 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in US Dollars, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous group annual financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in US Dollars by applying to the foreign currency amount the exchange rate between the US Dollars and the foreign currency at the date of the cash flow.

Investments in subsidiaries

The results and financial position of a foreign operation are translated into the functional currency using the following procedures:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for profit or loss items are translated at the average rates of exchange for the period; and
- all resulting exchange differences are recognised to other comprehensive income and accumulated as a separate component of equity.

Exchange differences arising on a monetary item that forms part of a net investment in a foreign operation are recognised initially to other comprehensive income and accumulated in the translation reserve. They are recognised in profit or loss as a reclassification adjustment through to other comprehensive income on disposal of net investment.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of that foreign operation are treated as assets and liabilities of the foreign operation.

The cash flows of a foreign subsidiary are translated at the exchange rates between the functional currency and the foreign currency at the average rates of exchange for the period.

1.18 Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

1.19 Related parties

Related parties are individuals and companies, where the individual and company have the ability, directly or indirectly, to control the other party or exercise significant influence on the other party in making financial and operating decisions. Related party transactions and balances are disclosed in the notes to the financial statements.

Notes to the Group Annual Financial Statements

2. New Standards and Interpretations

In the current year, the Company has applied all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations and effective for accounting periods beginning on or after 1 April 2011. The application of these new and revised Standards and Interpretations has not resulted in major changes to the Company's accounting policies.

2.1 New and revised IFRS applied with no material effect on the financial statements

The following relevant Standards and Interpretations have been applied in these financial statements. However, they did not have any impact on the Group's financial statements but may impact the accounts for future transactions or arrangements.

IAS 1	Presentation of Financial Statements – Amendments resulting from May 2010 Annual Improvements to IFRS (effective 1 January 2011)
IAS 24	Related Party Disclosures - Revised definition of related parties (effective 1 January 2011)
IAS 27	Consolidated and Separate Financial Statements - Amendments resulting from May 2010 Annual Improvements to IFRSs (effective 1 July 2010)
IFRS 3	Business Combinations - Amendments resulting from May 2010 Annual Improvements to IFRSs (effective 1 July 2010)
IFRS 7	Financial Instruments: Disclosures – Amendments resulting from May 2010 Annual Improvements to IFRSs (effective 1 January 2011)

2.2 Standards and interpretations in issue not yet adopted

At the date of authorisation of these financial statements, the following applicable Standards and Interpretations were in issue but effective on annual period on or after the respective dates as indicated:

IAS 1	Presentation of financial statements - Amendments to revise the way other comprehensive income is presented (effective 1 July 2012)
IAS 1	Presentation of financial statements - Amendments resulting from Annual Improvements 2009 -2011 Cycle (Comparative information) (effective 1 January 2013).
IAS 12	Income Taxes - Limited scope amendment (recovery of underlying assets) (effective 1 January 2012)
IAS 16	Property, plant and equipment - Amendments resulting from Annual Improvements 2009 - 2011 cycle (Service equipment) (effective 1 January 2013)
IAS 27	Consolidation and Separate Financial Statements - Reissued as IAS 27 Separate Financial Statements (as amended in 2011) (effective 1 January 2013)
IAS 32	Financial Instruments: Presentation-Amendments to application guidance on the offsetting of financial assets and financial liabilities (effective 1 January 2014)
IFRS 7	Financial Instruments: Disclosures - Amendments enhancing disclosures about transfers of financial assets (effective 1 July 2011)
IFRS 7	Financial Instruments: Disclosures— Amendments related to the offsetting of assets and liabilities (effective 1 January 2013)
IFRS 7	Financial Instruments: Disclosures— Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosure (effective 1 January 2015)
IFRS 9	Financial Instruments: Classification and Measurement (effective 1 January 2015)
IFRS 9	Financial Instruments: Requirements for the classification and measurement of financial liabilities and incorporate existing derecognition requirements (effective 1 January 2015)
IFRS 9	Amendments to transition disclosures (effective 1 January 2015)
IFRS 10	Consolidated Financial Statements (effective 1 January 2013)
IFRS 12	Disclosures of Interest in Other Entities (effective 1 January 2013)
IFRS 13	Fair Value Measurement (effective 1 January 2013)

The directors anticipate that these amendment will be applied in the the financial statements for the annual periods beginning on the respective dates as indicated above. The directors have not yet had an opportunity to consider the potential impact of the application of these amendments.

Notes to the Group Annual Financial Statements (continued)

	Group		Company	
Figures in US Dollar	2012	2011	2012	2011

3. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	306 230	1 127 717	611	178
Bank balances	21 624 039	41 288 600	10 578 582	33 283 095
Bank overdraft	(12 896 811)	(5 221 527)	-	-
	9 033 458	**37 194 790**	**10 579 193**	**33 283 273**
Current assets	21 930 269	42 416 317	10 579 193	33 283 273
Current liabilities	(12 896 811)	(5 221 527)	-	-
	9 033 458	**37 194 790**	**10 579 193**	**33 283 273**

Bank overdraft:

Bayport Financial Services Limited (Zambia)

Standard Chartered Bank Zambia Plc
The overdraft facility is for ZMK13 billion [$2.5M] and is secured by unrestricted assignment of the company's loan books. Interest on the facility is charged at Standard Chartered Bank Zambia Plc fluctuating base rate plus a premium (currently 18.25%).

Stanbic Bank Zambia Limited
The overdraft facility is for ZMK15 billion [$2.8M] and interest on the facilities is charged at a fluctuating base rate advised by the Bank from time to time (currently 14%). The facility is secured by unrestricted assignment of the company's loan book.

Barclays Bank Zambia Plc
The facility is for ZMK15 billion [$2.8M]. Interest on the facility is charged at Barclays Bank of Zambia Plc fluctuating base rate less a discount (currently 14.5%). The facility is secured by unrestricted assignment of the company's loan book.

Citibank Zambia Limited
The facility is for ZMK15 billion [$2.8M]. Interest on the facility is charged at Citibank Zambia Limited fluctuation base rate plus a premium (currently 17.75%). One third of the facility is secured by a Kwacha cash balance held by the bank, while the balance of the facility is secured by unrestricted assignment of the company's loan book.

The above four overdraft facilities rank equally.

Bayport Financial Services Uganda Limited

The bank overdrafts are denominated in Uganda Shillings and are held with Standard Chartered Bank Uganda Limited. Overdraft facilities of up to Ushs 2.396 billion [$1M] have been secured by a legal assignment over the loan book of Bayport Financial Services Uganda Limited. Interest is charged at the bank's base lending rate plus 1%.

Bayport Financial Services (T) Limited (Tanzania)

The bank overdraft with Standard Chartered Bank Tanzania Limited is denominated in Tanzanian Shillings. The overdraft limit is TZS2,250,000,000 [$1.4M] and is secured by First ranking Fixed and floating assets debentures of TZS 15,750,000,000 [$10M] and lien over cash TZS900,000,000 [$574,713].

Standard Chartered Bank interest is charged at one year's average Treasury Bill rate plus 4.5% (currently 13.41%).

Bayport Financial Services Limited (Ghana)

The overdraft facility of GHc4.48 million [$2.6M] was obtained from Standard Chartered Bank Limited. An average interest of 20.5% was charged for the year. The facility is secured over the loan book of Bayport Financial Services Limited (Ghana).

Notes to the Group Annual Financial Statements (continued)

	Group		Company	
Figures in US Dollar	2012	2011	2012	2011

3. Cash and cash equivalents (continued)

Consumer Finance Company Limited

The overdraft facility of GHc 5 million [$2.9 million] was obtained from Merchant Bank (Ghana) Limited and carries interest at 23.55% per annum. The facility is secured by assignment of 60% of payroll deductions (receivables).

Bayport Management Limited

USD 500,000 was pledged to Citibank as cash collateral on the cross currency swap (refer to note 7).

4. Net advances

	Group 2012	Group 2011	Company 2012	Company 2011
Gross advances	238 653 490	158 458 931	-	-
Impairment provision	(7 349 439)	(3 186 432)	-	-
	231 304 051	**155 272 499**	**-**	**-**

	Group 2012	Group 2011	Company 2012	Company 2011
Impairment provision				
Balance at 1 April	3 186 432	2 383 938	-	-
Foreign exchange differences	(516 629)	(229 727)	-	-
Charge for bad and doubtful advances	7 087 356	5 109 273	-	-
Amounts written off against the impairment provision	(2 407 720)	(4 077 052)	-	-
	7 349 439	**3 186 432**	**-**	**-**

Net advances relating to the individual subsidiaries are provided as security for the subsidiaries bank overdraft and term loan balances totaling $ 60,373,798 (2011: $ 30,939,541).

Impairment provisions are raised based on the specific risks attributable to each loan past due, measured according to ageing of the client, reason for non payment and recency of last payment received. In determining the recoverability of an advance, the Group considers any change in the credit quality of the net advance from the date credit was initially granted up to the reporting date. Terms of advances range from one month to sixty months.

Before accepting any new customer, the Company uses an internal credit scoring system to assess the potential customers, credit quality and defines credit limits by customer. There are no customers who represent more than 5% of the total balance of net advances.

	Group 2012	Group 2011	Company 2012	Company 2011
Non-current assets	159 125 994	92 776 970	-	-
Current assets	72 178 057	62 495 529	-	-
	231 304 051	**155 272 499**	**-**	**-**

5. Other receivables and prepayments

Current assets

	Group 2012	Group 2011	Company 2012	Company 2011
Prepayments	4 470 922	5 230 382	2 820 795	3 441 429
Sundry debtors	1 889 244	922 002	91 961	95 544
Interest receivable on Cross Currency Swap	5 027 448	5 213 910	5 027 448	5 213 910
	11 387 614	**11 366 294**	**7 940 204**	**8 750 883**

The Directors consider that the carrying amount of other receivables approximate their fair value.

Prepayments include transaction costs of $ 2,765,372 (2011: $ 3,212,817) for the bond raising to be amortised over the remaining term of the bond.

Interest receivable on the Cross Currency Swap relates to SEK receivable from Citibank which will be used to pay SEK interest due to bondholders on 19 November 2011.

Notes to the Group Annual Financial Statements (continued)

		Group		Company	
Figures in US Dollar		2012	2011	2012	2011

6. Amounts due from/(to) related parties

		Group 2012	Group 2011	Company 2012	Company 2011
Actvest (Proprietary) Limited	(i)	2 764 428	3 014 428	2 764 428	3 014 428
Actvest (Proprietary) Limited	(ii)	(41 291)	(40 231)	-	-
Actvest Limited (Mauritius)	(iii)	-	-	1 070 944	552 906
Bayport Financial Services (T) Limited *	(iv)	-	-	17 940 531	19 534 187
Bayport Financial Services Ghana Limited *	(v)	-	-	3 884 666	519 336
Bayport Financial Services Ghana Limited	(vi)	-	-	-	8 579
Bayport Financial Services Limited (Zambia) *	(vii)	-	-	6 717 692	3 424 210
Bayport Financial Services Uganda Limited *	(viii)	-	-	6 710 108	4 392 224
Bayport Holdings (South Africa) (Proprietary) Limited	(ix)	258 499	292 812	258 499	292 812
Consumer Finance Company Limited	(x)	-	-	3 266	41 394
Cashfoundry Limited	(xi)	-	-	(2 220 171)	-
Empressa de Microcredito FIMSA S.A.*	(xii)	-	-	4 032 633	-
Empressa de Microcredito FIMSA S.A.*	(xiii)	-	-	178 718	-
Money Quest Investments (Proprietary) Limited *	(xiv)	-	-	30 220 878	14 508 310
Ghana Mineworkers Union*	(xv)	63 682	62 092	63 682	62 092
		3 045 318	**3 329 101**	**71 625 874**	**46 350 478**

* Management does not anticipate these loans to be repaid within one year of the reporting date.

(i) The loan is unsecured, interest free and repayable in full by 31 March 2015 with minimum annual repayments of $250,000.

(ii) The outstanding balance is in respect of professional fees which are payable monthly within 14 days of the month end. No interest is charged.

(iii) The amount due is in respect of professional services rendered by Bayport Management Limited to Actvest Limited is unsecured and interest free.

(iv) The loan is unsecured and bears interest at 20% per annum. The loan is repayable at the earlier of April 2016 (120 months from effective date of agreement) and the date on which BML terminates the facility. $10M of the loan has been subordinated in favor of Standard Chartered Bank Tanzania Limited, Sanlam Capital markets and Bank of Africa.

(v) The loan is unsecured and bears interest at 12% per annum. The loan is repayable at the earlier of July 2013 (60 months from effective date of agreement) and the date on which BML terminates the facility.

(vi) Repaid in February 2012.

(vii) The loan is unsecured and bears interest at 14% per annum. The loan is repayable upon written demand by the Company. The loan includes $2.2M which has been subordinated in favour of Standard Chartered Bank, Barclays Bank and Stanbic Bank.

(viii) The loan is unsecured and bears interest at 14% per annum. The loan is repayable upon written demand by the Company. The loan includes $0.6M which has been subordinated in favour of Standard Chartered Bank.

(ix) The loan is unsecured, interest free and is repayable in financial year 2013.

(x) The loan is unsecured, bears interest at 12% per annum and has no fixed terms of repayment.

(xi) The loan bears interest at 3.5% per annum. All outstanding capital will become immediately payable under the written notice of the lender (Cashfoundry Limited). The borrower shall be entitled, on at least 30 days written notice to that effect to the lender, to repay all of the Capital or any portion of the Capital then outstanding, without penalty.

(xii) The loan bears interest at 15.20% per annum and is repayable in full by 28 February 2022 (120 months from the effective date of agreement). The lender may terminate the facility by giving 90 days written notice to the borrower. No notice will be given in case the borrower is in breach of a term of the loan agreement.

(xiii) This amount is unsecured, interest free and has no fixed terms of repayment.

(xiv) The loan is unsecured and bears interest at 15.30% per annum. The loan is repayable at the earlier of June 2020 (120 months from the effective date of agreement) or on the date which the Company terminates the facility.

Notes to the Group Annual Financial Statements (continued)

		Group		Company	
Figures in US Dollar		2012	2011	2012	2011

6. Amounts due from/(to) related parties (continued)

(xv) The loan is secured by a pledge of shares that the Union holds in Bayport Financial Services Ghana Limited. Interest is charged at the US Treasury Bill rate plus 3%.

Non-current assets	63 682	62 092	69 748 908	42 440 359
Current assets	3 022 927	3 307 240	4 097 137	3 910 119
Non-current liabilities	(41 291)	(40 231)	-	-
Current liabilities	-	-	(2 220 171)	-
	3 045 318	**3 329 101**	**71 625 874**	**46 350 478**

7. Other financial assets

At fair value through profit or loss - designated					
Cross Currency Swap	(i)	4 015 486	8 829 727	4 015 486	8 829 727
Available-for-sale					
Guardrisk Limited	(ii)	25 000	25 000	25 000	25 000
Total other financial assets		**4 040 486**	**8 854 727**	**4 040 486**	**8 854 727**
Non-current assets					
At fair value through profit or loss - designated		4 015 486	8 829 727	4 015 486	8 829 727
Available-for-sale		25 000	25 000	25 000	25 000
		4 040 486	**8 854 727**	**4 040 486**	**8 854 727**

(i) The Company issued Corporate Bonds of SEK700,000,000 in the prior financial year at an interest rate of 13% and is due to pay interest of SEK91,000,000 over the five year term of the Bond and repay capital SEK700,000,000 upon maturity in November 2015.

Since the functional currency of the company is USD, the company has entered into a Cross Currency Swap to hedge its exposure of movements in SEK/USD exchange rate.

Details of the hedge are as follows:

Interest payments: Under the terms of the Cross Currency Swap, the company will pay $12,010,204 in November of each year from the year 2011 to 2015 to Citibank, and will receive SEK91,000,000 in return for the same period. The SEK91,000,000 received from Citibank will be utilised to pay the annual interest due to the Bond holders (as above).

Capital repayment: In November 2015, the company will pay USD102,040,816 to Citibank and receive SEK700,000,000 which will be used to repay the Bond holders.

Hedging effectiveness: Since all terms of the hedged item and the Cross Currency Swap match, all cash flow variability has been eliminated. No ineffectiveness should occur and the hedge is considered as a cash flow hedge under IAS 39.

Cash collateral requirements

If the market value of the Cross Currency Swap is a loss, the company is required to pledge cash to Citibank equivalent to the amount by which the Cross Currency Swap is in loss, with a minimum pledge of $500,000 at any given point in time.

As at 31 March 2012 , the Cross Currency Swap was on a gain position of $ 4 015 486. The company pledged cash of $500,000 to Citibank, being the minimum pledge.

(ii) Bayport has subscribed for 100% of the issued share capital of the Cell created by Guardrisk in accordance with the constitution for the purposes of segregating and protecting Cellular assets.

In the event of either the solvency ratio of the cell falling below the ratio required by the relevant authorities or the Cellular Funds of the Cell at any time reflecting a deficit, the company is obliged to subscribe for and pay for such further number of shares, to a maximum of 75 shares, to restore both the solvency ratio of the Cell of any negative balance on the Cellular Funds.

Notes to the Group Annual Financial Statements (continued)

Figures in US Dollar

8. Investments in subsidiaries

Company

Non-current assets

Name of company	Place of incorporation (or registration and operation)	Proportion of ownership interest and voting power held 2012	Proportion of ownership interest and voting power held 2011	At fair value 2012	At fair value 2011
Bayport Financial Services Limited	Zambia	74.85 %	74.85 %	28 393 501	25 952 493
Bayport Financial Services Ghana Limited	Ghana	90.24 %	90.24 %	29 462 390	22 582 605
Bayport Financial Services Uganda Limited *	Uganda	85.00 %	85.00 %	4 684 569	3 392 063
Bayport Financial Services (T) Limited	Tanzania	89.00 %	89.00 %	8 132 348	4 199 739
Consumer Finance Company Limited	Ghana	74.00 %	74.00 %	4 626 944	4 343 272
Money Quest Investments (Proprietary) Limited	Botswana	95.00 %	95.00 %	368 301	15
Empressa de Microcredito FIMSA S.A.	Colombia	67.97 %	67.97 %	4 713 242	4 713 242
Cashfoundry Limited	United Kingdom	89.00 %	- %	3 939 489	-
Bayport Financial Services Rwanda SARL	Rwanda	100.00 %	100.00 %	-	-
Bayport Financial Services Namibia (Proprietary) Limited	Namibia	100.00 %	100.00 %	-	-
Bayport Financial Services Lesotho Limited	Lesotho	100.00 %	- %	-	-
Actvest Limited	Mauritius	100.00 %	100.00 %	1	1
				84 320 785	65 183 430

Summarised information in respect of investments in subsidiaries

	2012	2011
At 1 April	65 183 430	43 839 228
Additions	3 939 489	8 317 989
Increase in fair value	13 535 728	13 026 213
Dividend in specie	1 662 138	-
At 31 March	**84 320 785**	**65 183 430**

Refer to note 34 for details of valuation techniques used to determine fair values of investments in subsidiaries.

Bayport Financial Services Ghana Limited declared dividend in specie to comply with the minimum capital requirement for Non-Bank Financial Institutions to GHS 4 million by 31 December 2011 and GHS 7 million by 31 December 2012.

*Bayport Management Limited owns 85% of the ordinary shares and 100% of the preference shares in Bayport Financial Services Uganda Limited. The nominal value of the preference shares is Ush 5.7 billion ($2M).

9. Goodwill

Non-current assets

Group	2012			2011		
	Cost	Accumulated impairment	Carrying value	Cost	Accumulated impairment	Carrying value
Goodwill	4 085 588	(58 272)	4 027 316	4 085 588	(58 272)	4 027 316

Reconciliation of goodwill - Group - 2012

	Opening balance	Recognised on acquisition of subsidiaries	Foreign exchange movements	Impairment loss	Total
Goodwill	4 027 316	-	-	-	4 027 316

Notes to the Group Annual Financial Statements (continued)

	Group		Company	
Figures in US Dollar	2012	2011	2012	2011

9. Goodwill (continued)

Reconciliation of goodwill - Group - 2011

	Opening balance	Recognised on acquisition of subsidiaries	Foreign exchange movements	Impairment loss	Total
Goodwill	3 158 952	775 640	92 724	-	4 027 316

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (CGU's) that are expected to benefit from that business combination. The carrying amount of goodwill had been allocated as follows:

Micro lending activities:

Bayport Financial Services Ghana Limited	2 843 430	2 843 430	-	-
Bayport Financial Services (T) Limited	393 114	393 114	-	-
Money Quest Investments (Proprietary) Limited	324 249	324 249	-	-
Empresa de Microcredito Fimsa S.A. ("FIMSA")	466 523	466 523	-	-
	4 027 316	**4 027 316**	-	-

The recoverable amount of Goodwill is determined based on the best estimate of the asset's selling price less cost of disposal. Note 34 provides further details on valuation techniques used.

No provision for impairment has been raised for the current year.

10. Deferred tax

Deferred tax asset

Accelerated capital allowances for tax purposes	(108 249)	(535 346)	-	-
Tax losses available for set off against future taxable income	-	27 308	-	-
Provision for impairment of advances	1 397 693	804 096	-	-
Unrealised exchange losses	1 038 211	230 275	-	-
	2 327 655	**526 333**	-	-

Reconciliation of deferred tax asset/(liability)

At beginning of the year	526 333	229 890	-	-
Increase (decrease) in tax losses available for set off against future taxable income	(49 106)	27 308	-	-
Originating temporary difference on tangible fixed assets	(30 724)	(714 930)	-	-
Originating temporary difference on provision for impairment of advances	796 327	200 203	-	-
Unrealised exchange losses	1 084 825	783 862	-	-
	2 327 655	**526 333**	-	-

At the reporting date, the Company has unused tax losses of $ 4,024,479 (2011: $ 5,372,449) available for offset against future profits. No deferred tax asset has been recognised due to uncertainty regarding recoverability of tax losses which are subject to a five year limitation period.

Non-current assets	2 327 655	598 495	-	-
Non-current liabilities	-	(72 162)	-	-
	2 327 655	**526 333**	-	-

Notes to the Group Annual Financial Statements (continued)

	Group		Company	
Figures in US Dollar	2012	2011	2012	2011

11. Deferred expenses

Deferred transaction costs

Non-current assets	2 095 812	1 156 039	-	-
Current assets	986 264	454 841	-	-
	3 082 076	**1 610 880**	**-**	**-**

Transaction costs on loans provided to customers are recognised using the effective interest rate method and amounts relating to future periods are deferred.

12. Property, plant and equipment

Non-current assets

Group	2012			2011		
	Cost / Valuation	**Accumulated depreciation**	**Carrying value**	**Cost / Valuation**	**Accumulated depreciation**	**Carrying value**
Land and buildings	2 350 864	(92 031)	2 258 833	1 953 265	(51 927)	1 901 338
Furniture and fittings	2 273 561	(1 382 110)	891 451	2 009 363	(1 080 514)	928 849
Motor vehicles	3 820 490	(1 718 355)	2 102 135	3 119 722	(1 373 726)	1 745 996
Office equipment	858 271	(370 214)	488 057	513 427	(294 669)	218 758
IT equipment	2 526 490	(1 722 786)	803 704	2 362 775	(1 547 025)	815 750
Leasehold improvements	597 480	(396 185)	201 295	506 298	(303 452)	202 846
Total	**12 427 156**	**(5 681 681)**	**6 745 475**	**10 464 850**	**(4 651 313)**	**5 813 537**

Company	2012			2011		
	Cost / Valuation	**Accumulated depreciation**	**Carrying value**	**Cost / Valuation**	**Accumulated depreciation**	**Carrying value**
Furniture and fittings	184 654	(16 143)	168 511	71 603	(8 175)	63 428
Motor vehicles	39 921	(39 921)	-	39 921	(39 921)	-
Office equipment	69 912	(39 438)	30 474	48 269	(25 050)	23 219
IT equipment	133 661	(63 957)	69 704	56 564	(45 230)	11 334
Leasehold improvements	200 578	(79 236)	121 342	187 743	(39 985)	147 758
Total	**628 726**	**(238 695)**	**390 031**	**404 100**	**(158 361)**	**245 739**

Reconciliation of property, plant and equipment - Group - 2012

	Opening balance	**Additions**	**Disposals**	**Foreign exchange movements**	**Depreciation**	**Total**
Land and buildings	1 901 338	46 891	-	359 627	(49 023)	2 258 833
Furniture and fittings	928 849	513 265	(5 424)	(143 848)	(401 391)	891 451
Motor vehicles	1 745 996	1 367 175	(81 898)	(276 887)	(652 251)	2 102 135
Office equipment	218 758	310 458	(143)	73 092	(114 108)	488 057
IT equipment	815 750	468 897	(1 260)	(64 093)	(415 590)	803 704
Leasehold improvements	202 846	105 285	(274)	(2 083)	(104 479)	201 295
	5 813 537	**2 811 971**	**(88 999)**	**(54 192)**	**(1 736 842)**	**6 745 475**

Notes to the Group Annual Financial Statements (continued)

	Group		Company	
Figures in US Dollar	2012	2011	2012	2011

12. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Group - 2011

	Opening balance	Additions	Additions through business combinations	Disposals	Foreign exchange movements	Depreciation	Total
Land and buildings	1 942 143	6 303	-	-	(9 370)	(37 738)	1 901 338
Furniture and fittings	865 539	453 598	5 754	(10 229)	(8 299)	(377 514)	928 849
Motor vehicles	1 342 530	1 136 796	-	(119 681)	(77 630)	(536 019)	1 745 996
Office equipment	211 466	86 278	36 299	-	(14 080)	(101 205)	218 758
IT equipment	582 550	524 496	45 173	-	26 664	(363 133)	815 750
Leasehold improvements	137 238	168 528	-	-	(4 505)	(98 415)	202 846
	5 081 466	**2 375 999**	**87 226**	**(129 910)**	**(87 220)**	**(1 514 024)**	**5 813 537**

Reconciliation of property, plant and equipment - Company - 2012

	Opening balance	Additions	Depreciation	Total
Furniture and fittings	63 428	113 051	(7 968)	168 511
Office equipment	23 219	21 643	(14 388)	30 474
IT equipment	11 334	77 097	(18 727)	69 704
Leasehold improvements	147 758	12 835	(39 251)	121 342
	245 739	**224 626**	**(80 334)**	**390 031**

Reconciliation of property, plant and equipment - Company - 2011

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fittings	68 111	12 608	(10 229)	(7 062)	63 428
Motor vehicles	13 306	-	-	(13 306)	-
Office equipment	38 126	1 136	-	(16 043)	23 219
IT equipment	10 777	11 503	-	(10 946)	11 334
Leasehold improvements	89 676	92 509	-	(34 427)	147 758
	219 996	**117 756**	**(10 229)**	**(81 784)**	**245 739**

Pledged as security - Group

Land and buildings have been pledged in favour of Barclays Zambia in relation to the Renovation Loan of $ 143,199 due at the reporting date.

Assets subject to finance lease (Net carrying amount)

	Group 2012	Group 2011	Company 2012	Company 2011
Motor vehicles	1 324 553	1 199 207	-	-
Office equipment	67 211	3 427	-	-
IT equipment	-	25 984	-	-
	1 391 764	**1 228 618**	**-**	**-**

Notes to the Group Annual Financial Statements (continued)

Figures in US Dollar

13. Intangible assets

Non-current assets

Group	2012			2011		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Computer software	737 349	(342 815)	394 534	402 413	(226 763)	175 650

Company	2012			2011		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Computer software	276 154	(173 024)	103 130	248 722	(147 190)	101 532

Reconciliation of intangible assets - Group - 2012

	Opening balance	Additions	Foreign exchange movements	Amortisation	Total
Computer software	175 650	475 615	(82 871)	(173 860)	394 534

Reconciliation of intangible assets - Group - 2011

	Opening balance	Additions	Additions through business combinations	Foreign exchange movements	Amortisation	Total
Computer software	114 751	13 139	46 693	46 854	(45 787)	175 650

Reconciliation of intangible assets - Company - 2012

	Opening balance	Additions	Amortisation	Total
Computer software	101 532	27 432	(25 834)	103 130

Reconciliation of intangible assets - Company - 2011

	Opening balance	Additions	Amortisation	Total
Computer software	114 197	11 777	(24 442)	101 532

Notes to the Group Annual Financial Statements (continued)

	Group		Company	
Figures in US Dollar	2012	2011	2012	2011

14. Stated capital

Issued and fully paid ordinary shares of $1 each at par value

14,302 Ordinary shares	14 302	14 302	14 302	14 302
Share premium	5 323 145	5 323 145	5 323 145	5 323 145
	5 337 447	**5 337 447**	**5 337 447**	**5 337 447**

The holders of the shares have equal rights to the distribution of income and capital and are entitled to one vote per share in the Company.

Warrants

The categories of Warrant shares held by the Warrant holders are as follows:

Kinnevik New Venture AB	**Number of shares**	**Exercise price**
Series A Warrants	767	2 737.94
Series B Warrants	392	-
Series C Warrants	266	2 600.62
	1 425	

Mr Grant Kurland	**Number of shares**	**Exercise price**
Series A Warrants	268	2 737.94
Series B Warrants	83	-
Series C Warrants	57	2 600.62
	408	

These warrants were exercised in June 2012 at their respective exercise prices noted above.

15. Other reserves

Group	**2012**			**2011**		
	Attributable to owners of the company	**Attributable to Non-controllings interests**	**Total**	**Attributable to owners of the company**	**Attributable to Non-controllings interests**	**Total**
Statutory reserve (Ghana)	4 318 902	467 115	4 786 017	3 275 711	354 288	3 629 999
Regulatory risk reserve (Ghana)	2 938 627	317 831	3 256 458	4 029 133	435 775	4 464 908
General reserve (Zambia)	1 372 819	461 274	1 834 093	1 451 505	487 713	1 939 218
Regulatory risk reserve (CFC)	528 861	185 816	714 677	182 508	64 124	246 632
Statutory reserve (CFC)	147 638	51 873	199 511	-	-	-
IFRS Conversion reserve (Colombia)	-	-	-	(220 910)	-	(220 910)
Total	**9 306 847**	**1 483 909**	**10 790 756**	**8 717 947**	**1 341 900**	**10 059 847**

Regulatory risk reserves and general reserve relate to impairments provisions on the loan book in excess of what is required per International Financial Reporting Standards compared to Zambian and Ghanaian regulations.

Statutory reserve relates to Bank of Ghana's requirements to maintain a minimum capital under the Non-Bank Financial Institutions Business Rules.

Notes to the Group Annual Financial Statements (continued)

	Group		Company	
Figures in US Dollar	2012	2011	2012	2011

16. Finance lease obligation

Minimum lease payments due				
- within one year	773 020	665 275	-	-
- in second to fifth year inclusive	775 656	809 836	-	-
	1 548 676	1 475 111	-	-
less: future finance charges	(225 409)	(268 631)	-	-
Present value of minimum lease payments	**1 323 267**	**1 206 480**	**-**	**-**
Present value of minimum lease payments due				
- within one year	621 115	494 623	-	-
- in second to fifth year inclusive	702 152	711 857	-	-
	1 323 267	**1 206 480**	**-**	**-**
Non-current liabilities	702 152	711 857	-	-
Current liabilities	621 115	494 623	-	-
	1 323 267	**1 206 480**	**-**	**-**

Finance leases relate to motor vehicles and computer equipment with lease terms up to 60 months. The group has options to purchase the assets for a nominal amount at the conclusion of the lease agreement.

The interest rates on the finance leases range from 11% to 37%. The fair value of the finance lease liabilities is approximately equal to their carrying amounts.

The group's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer note 12.

17. Trade and other payables

Current liabilities

Sundry creditors and accruals	5 705 527	4 540 453	174 414	614 646
Bond and promissory note interest payable	5 642 114	5 213 910	5 642 114	5 213 910
Interest payable on Cross Currency Swap	4 403 741	4 376 322	4 403 741	4 376 322
Short term loans	-	1 861 561	-	-
Withholding tax payable	377 876	202 005	-	-
	16 129 258	**16 194 251**	**10 220 269**	**10 204 878**

18. Provisions

Current liabilities

Reconciliation of provisions - Group - 2012

	Opening balance	Additions	Utilised during the year	Exchange differences on translation	Total
Payroll related provisions	2 350 439	3 577 442	(2 568 686)	(144 054)	3 215 141

Reconciliation of provisions - Group - 2011

	Opening balance	Additions	Utilised during the year	Exchange differences on translation	Total
Payroll related provisions	1 311 924	2 666 601	(1 583 183)	(44 903)	2 350 439

Notes to the Group Annual Financial Statements (continued)

	Group		Company	
Figures in US Dollar	2012	2011	2012	2011

18. Provisions (continued)

Reconciliation of provisions - Company - 2012

	Opening balance	Additions	Utilised during the year	Total
Payroll related provisions	1 198 833	1 421 569	(1 001 604)	1 618 798

Reconciliation of provisions - Company - 2011

	Opening balance	Additions	Utilised during the year	Total
Payroll related provisions	106 313	1 322 520	(230 000)	1 198 833

19. Borrowings

		Group 2012	Group 2011	Company 2012	Company 2011
Corporate Bonds	(i)	105 470 927	110 068 086	105 470 927	110 068 086
Promissory notes	(ii)	11 903 148	-	11 903 148	-
Standard Chartered Bank (Ghana)	(iii)	5 583 193	5 965 684	-	-
Standard Chartered Bank (Zambia)	(iv)	5 015 725	2 899 793	-	-
Standard Chartered Bank (Uganda)	(v)	1 810 845	1 007 137	-	-
Standard Chartered Bank (Tanzania)	(vi)	3 591 956	2 374 897	-	-
Barclays Renovations Loan Account (Zambia)	(vii)	143 199	227 180	-	-
Social Security National Insurance Trust of Ghana	(viii)	5 852 424	6 817 099	-	-
Fidelity Bank (Ghana)	(ix)	940 194	1 709 221	-	-
Stanbic Bank (Zambia)	(x)	3 111 900	3 518 130	-	-
Stanbic Bank (Uganda)	(xi)	2 012 050	1 258 920	-	-
The Citizen Entrepreneurial Development Agency (Botswana)	(xii)	118 057	167 133	-	-
Zambia State Insurance Corporation (ZSIC) Limited	(xiii)	759 000	3 198 294	-	-
Africa Life Assurance Company Zambia Limited	(xiv)	4 333 950	852 879	-	-
Unit Trust of Tanzania (UTT)	(xv)	3 831 420	1 342 280	-	-
Makuba Pension Trust (Zambia)	(xvi)	1 366 200	-	-	-
Social Security and National Insurance Trust (CFC Ghana)	(xvii)	3 551 557	-	-	-
Barclays Bank of Zambia Plc	(xviii)	2 213 750	-	-	-
Société Génerale - Social Security Bank (Ghana)	(xix)	2 255 017	-	-	-
Provident Life Assurance Company Limited	(xx)	1 431 861	-	-	-
Bancolombia (Colombia)	(xxi)	293 237	-	-	-
Banco Bilbao Vizcaya Argentaria Colombia S.A. (Colombia)	(xxii)	56 661	-	-	-
Bank of Africa Tanzania Limited	(xxiii)	1 095 886	-	-	-
Sanlam Capital Markets (Tanzania)	(xxiv)	5 000 003	-	-	-
Dann Regional (Colombia)	(xxv)	466 100	-	-	-
Colpatria (Colombia)	(xxvi)	4 508 432	-	-	-
		176 716 692	**141 406 733**	**117 374 075**	**110 068 086**

(i) On 19 November 2010, the Company issued 5 year Corporate Bonds with a nominal amount of SEK700,000,000. The Bonds bear an interest coupon of 13%, payable annually on the anniversary date and are due to be redeemed on 19 November 2015. The terms of the Bonds require that certain financial covenants are met. These Bonds are listed on Nasdaq OMX.

(ii) On 12 October 2011, the Group issued 1 year promissory notes with a nominal amount of SEK 79,000,000. The promissory notes bear interest of 11% per annum and were repaid in June 2012.

(iii) The Standard Chartered Bank (Ghana) term loan bears interest at the bank base rate (currently 20%). Capital is payable in equal quarterly installments and interest is payable on a monthly basis. The loan is due to be fully repaid in April 2014. The loan is secured over net advances of Bayport Financial Services Ghana Limited.

Notes to the Group Annual Financial Statements (continued)

Figures in US Dollar

19. Borrowings (continued)

(iv) A) Standard Chartered Bank (Zambia) term loan with an initial loan facility of ZK13.6 billion, bears interest at the the bank's rate plus a premium (currently 18.25%). The loan is secured over net advances of Bayport Financial Services Limited (Zambia).

B) Standard Chartered Bank (Zambia) term loan with an initial loan facility of ZK15.4 billion, bears interest at the the bank's rate plus a premium (currently 18.25%). The loan is repayable over 36 months in quarterly installments. The loan is secured over net advances of Bayport Financial Services Limited (Zambia).

(v) Standard Chartered Bank Uganda Limited - Bayport Financial Services Uganda Limited rolled the loan of Ushs 2.4 billion from Standard Chartered Bank Uganda Limited in July 2011 and accessed a new facility of Ushs 3 billion to a total of Ushs 5.4 billion at the bank's base lending rate plus 1.75% (currently at 27.5%) per annum. The loan has a tenure period of 3 years. The principle is to be paid quarterly and the interest is paid monthly.

The loan is secured as follows:

- Cessation of receivables from Bayport Financial Services Uganda Limited for Ushs 13,643,000,000 share pari passu with Stanbic bank.
- Corporate Guarantee by Bayport Management Limited for Ushs 3,825,600,000.
- Subordination of the Shareholders loan of Ushs 1,200,000,000.
- Subordination of preference shares of Ushs 5,773,660,600.

(vi) The loan from Standard Chartered Bank is denominated in Tanzanian Shillings. The loan amount is currently TZS 5,625,000,000, is repayable on a quarterly basis from drawdown date and interest is payable monthly in arrears. The loan is secured by first ranking fixed and floating all asset debenture for TZS 15,750,000,000 and lien over cash TZS 900,000,000. The term loan attracts interest at one year average Treasury bill rate plus a margin of 4 % (currently 13.21 %).

(vii) The Barclays Renovations Loan bears interest at the bank's base rate minus a discount (currently 14.5%) and is repayable over five years. Capital and interest is repayable in equal monthly installments. The loan is due to mature in September 2014. The loan is secured by mortgage debenture over 68 Independence Avenue, Lusaka, the Company's head office building.

(viii) This relate to two loans from Social Security National Insurance Trust of Ghana as follows:

A) A 5 year loan with a moratorium period of 24 months on principal at an interest rate of 2 year treasury note plus 250 basis points (currently 12.1%), payable quarterly in arrears and maturing in January 2014. Quarterly principal repayments in equal installments after the moratorium period.

B) A 5 year loan with a moratorium period of 24 months on principal at an interest rate of 2 year treasury note plus 300 basis points (currently 12.1%), payable quarterly in arrears. Principal repayments shall be made quarterly in equal installments after the moratorium period and maturing in March 2017. Both facilities are secured with the loan portfolio of the company.

(ix) The Fidelity Bank (Ghana) term loan bears interest at the Bank's base rate (currently at 25.9%) plus a spread of 3%. Capital and interest is payable monthly and the loan is due to mature in October 2013. The loans is secured over net advances.

(x) The initial loan facility for the Stanbic Bank (Zambia) term loan is ZK20 billion and is Kwacha denominated. Interest on the facility is charged at a base rate minus a discount (currently 14%). The loan is repayable over 12 months. The facilities are secured by unrestricted assignment of the Company's loan book.

(xi) Bayport Financial Services Uganda Limited rolled over the loan of Ushs 3 billion from Stanbic Investments Management Services (E.A) Limited in July 2011 at 18.5% per annum. The company acquired a new loan of Ushs 2 billion in November 2011 at 27% per annum. The loan has a tenure period of 12 months with the possibility to roll forward the principal to further years. The interest is to be paid in 2 semi-annual installments.

The loan is secured by cessation of receivables from Bayport Financial Services Uganda Limited for Ushs 8.7 billion shared pari passu with Standard Chartered Bank Uganda Limited.

(xii) The Citizen Entrepreneurial Development Agency (Botswana) is a 7 year term loan that bears interest at a fixed rate of 7.5% per annum. The loan is repayable in 84 equal installments to 31 March 2015. The loan is secured over net advances of Money Quest Investments (Proprietary) Limited (Botswana).

(xiii) The Zambia State Insurance Corporation loan is Kwacha denominated, repayable in 360 days, unsecured and interest is charged at at fixed rate based on treasury bill rates ruling at the time the deposits were placed plus a premium (currently 16%).

(xiv) The Africa Life Assurance Company Zambia Limited loan is Kwacha denominated, repayable in six months, unsecured and interest is charged at a fixed rate based on the treasury bill rates ruling at the time the deposits were placed plus a premium (currently 16%).

Notes to the Group Annual Financial Statements (continued)

	Group		Company	
Figures in US Dollar	2012	2011	2012	2011

19. Borrowings (continued)

(xv) The Unit Trust of Tanzania has subscribed TZS 6,000,000,000 in a corporate bond of 3 years issued by Bayport Financial Services (Tanzania) Limited. The Bond bears interest at 15% per annum and matures on 2 October 2014. Interest on the bond is payable on a quarterly basis and principal is repayable at maturity.

(xvi) The Makuba Pension Fund loan is unsecured, repayable in 360 days and interest is charged at a fixed rate based on the treasury bill rates ruling at the time the deposits were placed plus a premium (currently 15%).

(xvii) The Social Security and National Insurance Trust loan (Ghana - CFC) is a 5 year loan with a moratorium period of 1 year, payable quarterly in arrears. Principal repayments shall be made semi-annually in equal installments after the moratorium period. Interest is charged at 2 year treasury bill (currently 11.3%) plus 3%. Consumer Finance Company has assigned its interest in an amount equivalent to 1.75 times its loan book cover in favour of SSNIT as security for the loan.

(xviii) The Barclays Bank of Zambia Plc loan was obtained in July 2011. The initial loan facility was ZK15 billion and is secured by a lien on the Company's loan book. The loan is repayable in 36 monthly installments and is Kwacha denominated. Interest is charged at the bank's base rate minus a discount (currently 14.5%).

(xix) The SG-SSB Limited term loan bears interest at the bank's base rate (currently at 24.5%) payable in 36 monthly installments. The last installment is payable in April 2014. The loan is secured over net advances.

(xx) The two separate Provident Life Assurance Company Limited loans of GHS 1,200,000 each bear interest of 16.5% maturing on October 2012 and January 2013 respectively. The loans are unsecured.

(xxi) The Bancolombia loan bears interest at 11.04% and is repayable in one installment on 8 November 2012. The loan is secured over net advances.

(xxii) The Banco Bilbao Vizcaya Argentaria Colombia S.A. loan bears interest at 11.96% and is repayable in one installment on 8 February 2012. The loan is secured over net advances.

(xxiii) The term loan from Bank of Africa Tanzania Limited amounting to TZS 2,000,000,000 is denominated in Tanzanian Shillings and bears interest at 3.5% below the bank's TZS base lending rate (currently at 19.5%). The loan is repayable in 48 equal installments on a monthly basis. The loan is secured by general debenture on a pari passu basis over the entire debtors book with Standard Chartered Bank, letter of support from group and on pari passu over the subordination of shareholders loan to Bank of Africa and Standard Chartered bank.

(xxiv) The term loan from Sanlam is denominated in US Dollars. The loan amount is USD 5,000,000 secured by Debenture on pari passu basis with Bank of Africa and Standard Chartered Bank. The loan attracts interest rate at 7% plus three month Libor (currently at 7.50%). The loan is repayable in 12 equal installments on a quarterly basis. Interest is also payable on a quarterly basis. An equivalent amount of loan from Bayport Management Limited to Bayport Financial Services (T) Limited has been subordinated to Sanlam.

(xxv) The Dann Regional loan bears interest at 15.29% and is repayable in monthly installments over a 5 year period. The loan is secured over net advances.

(xxvi) The Colpatria loan bears interest at 11.51% and is repayable in monthly installments over a 5 year period. The loan is secured over net advances.

Non-current liabilities				
At amortised cost	134 165 354	121 745 009	105 470 927	110 068 086
Current liabilities				
At amortised cost	42 551 338	19 661 724	11 903 148	-
	176 716 692	**141 406 733**	**117 374 075**	**110 068 086**

Notes to the Group Annual Financial Statements (continued)

	Group		Company	
Figures in US Dollar	2012	2011	2012	2011

20. Loans from shareholders

The Crowbar Trust	-	157 175	-	157 175
The Curly Trust	-	157 175	-	157 175
Investment AB Kinnevik	-	28 236	-	28 236
	-	**342 586**	**-**	**342 586**

These loans were unsecured and interest were charged at a rate of 20% per annum. The loans have been repaid in May 2011.

Current liabilities	-	342 586	-	342 586

21. Deferred income

Administration fees charged to customers are added to gross advances and recognised over the term of the loan using the effective interest rate method.

Administration fees relating to future periods are deferred.

Non-current liabilities	2 405 010	1 305 657	-	-
Current liabilities	1 004 031	901 607	-	-
	3 409 041	**2 207 264**	**-**	**-**

22. Interest received

Loans and advances	112 303 900	79 891 799	9 854 433	4 664 146
On loan to Castleberg Investment Corporation	-	1 018 341	-	1 018 341
	112 303 900	**80 910 140**	**9 854 433**	**5 682 487**

23. Interest expense

Interest on bank overdraft and loans	10 087 939	13 618 410	-	6 303 638
Interest on Corporate bond and promissory notes	12 651 123	4 376 320	12 651 123	4 376 320
Finance charges	227 084	187 220	-	-
Interest on shareholder loans	8 919	61 646	8 919	61 646
	22 975 065	**18 243 596**	**12 660 042**	**10 741 604**

24. Other income

An analysis of other income is as follows:

Administration fees	2 602 916	2 028 219	-	-
Management fees	-	-	3 370 362	2 629 043
Credit life commission received	1 492 036	217 657	-	-
Income from money transfer - Zambia	514 928	185 613	-	-
Bank interest	157 857	102 323	100 821	62 141
Dividend revenue	785 000	-	2 447 138	-
Product sales	21 864	560 790	-	-
Professional fees	-	-	1 239 763	1 645 536
Profit on sale of assets	16 326	-	-	-
Sundry income	924 545	685 465	1 590	1 625
	6 515 472	**3 780 067**	**7 159 674**	**4 338 345**

Notes to the Group Annual Financial Statements (continued)

Figures in US Dollar	Group 2012	Group 2011	Company 2012	Company 2011

25. Profit/(loss) before taxation

Profit/(loss) before taxation for the year is stated after accounting for the following:

Operating lease charges	1 848 110	1 452 052	260 851	245 350
Cost of inventories expensed	21 037	514 110	-	-
Depreciation on property, plant and equipment and intangible assets	1 910 702	1 559 811	106 168	106 226
Employee costs	15 609 924	12 230 461	2 212 889	1 426 026
Foreign exchange loss/(gain) - retranslation	1 957 957	871 858	101 717	(18 776)
Legal fees	1 147 209	989 185	795 295	808 307
Profit/(loss) on sale of property, plant and equipment	16 326	(17 946)	-	(9 431)
Charge for bad and doubtful advances	7 087 356	5 109 273	-	-

26. Taxation

Major components of the tax expense

Current				
Foreign tax	14 911 655	8 931 324	-	-
Withholding tax	1 759 737	1 050 511	1 594 071	892 920
	16 671 392	**9 981 835**	**1 594 071**	**892 920**
Deferred				
Current year	(1 896 722)	(205 213)	-	-
	14 774 670	**9 776 622**	**1 594 071**	**892 920**

Reconciliation of the tax expense

Profit/(Loss) before taxation	35 752 792	21 733 320	(2 893 692)	(5 594 811)
Tax at the applicable tax rate of 3% (2011: 3%)	1 072 584	652 000	-	-
Tax effect of adjustments on taxable income				
Tax effect of expenses that are not deductible in determine taxable profit	238 161	131 454	-	-
Effect of different taxes of subsidiaries operating in other jurisdictions	11 386 475	7 942 657	-	-
Tax effect of withholding taxes	1 759 737	1 050 511	1 594 071	892 920
Adjustment prior years	67 539	-	-	-
Unutilised tax losses	301 639	-	-	-
Foreign tax credit	(51 465)	-	-	-
	14 774 670	**9 776 622**	**1 594 071**	**892 920**
Effective tax rate	41 %	45 %	- %	- %

27. Exchange differences

Arising on translating foreign operations	8 237 490	2 629 884	-	-
Arising on translating loan to subsidiary	2 784 660	515 528	-	-
	11 022 150	**3 145 412**	**-**	**-**

28. Auditors' remuneration

Fees	258 772	224 203	51 200	45 000

Notes to the Group Annual Financial Statements (continued)

	Group		Company	
Figures in US Dollar	2012	2011	2012	2011

29. Cash (used in)/generated from operations

Profit/(loss) before taxation	35 752 792	21 733 320	(2 893 692)	(5 594 811)
Adjustments for:				
Depreciation and amortisation	1 910 702	1 559 811	106 168	106 226
(Profit)/loss on sale of assets	(16 326)	17 946	-	9 431
Foreign currency losses/(gains)	1 327 952	1 048 815	(292 987)	-
Finance costs	22 747 981	18 056 376	12 660 042	10 741 604
Increase in provision for credit impairment	7 087 356	5 109 273	-	-
Dividend in specie	-	-	(1 662 138)	-
Changes in working capital:				
Decrease in inventories	28 877	152 199	-	-
Increase in gross advances	(101 158 400)	(48 805 246)	-	-
(Increase)/decrease in other receivables and prepayments	(917 624)	(9 863 662)	624 217	(8 410 607)
Increase in deferred expenses	(1 623 243)	(931 121)	-	-
Increase in trade and other payables	2 857 194	4 658 940	(19 101)	5 472 402
Increase in deferred income	1 426 105	826 006	-	-
	(30 576 634)	**(6 437 343)**	**8 522 509**	**2 324 245**

30. Current tax payable

Balance at beginning of the year	4 348 920	3 590 202	-	-
Current tax for the year recognised in profit or loss	16 671 392	9 981 835	1 594 071	892 920
Foreign exchange difference	(1 165 981)	(158 091)	-	-
Tax paid	(15 212 756)	(9 065 026)	(1 594 071)	(892 920)
Balance at end of the year	**4 641 575**	**4 348 920**	**-**	**-**

31. Business combinations

31.1 Subsidiaries acquired/ Acquisition of non-controlling interests

2012

Acquisition of subsidiary

In July 2011, the group incorporated Cashfoundry Limited, registered in England and Wales. The Company is involved in payday lending activities and commenced trading in February 2012.

Impact of acquisition on the results of the Group

Included in the profit for the year is a loss of USD1,256,794 attributable to Cashfoundry Limited.

2011	**Principal activity**	**Date of acquisition**	**Proportion of shares acquired**	**Consideration transferred (Cash)**
Money Quest Investments (Proprietary) Limited	Financial	Aug-10	95%	$ 15
Empresa de Microcredito Fimsa S.A. ("FIMSA")	Financial	Feb-11	59.97%	$ 1 213 242
Empresa de Microcredito Fimsa S.A. ("FIMSA") - Rights issue	Financial	Feb-11	9%	$ 3 500 000

Money Quest Investments (Proprietary) Limited and Empresa de Microcredito Fimsa S.A. ("FIMSA") were acquired so as to continue the expansion of the Group's activities in micro-lending.

In December 2010, Bayport Management Limited, incorporated in Namibia registered under the name of Bayport Financial Services Namibia (Proprietary) Limited. Bayport Financial Services Namibia (Proprietary) Limited has not started operations as at the reporting date.

Notes to the Group Annual Financial Statements (continued)

Figures in US Dollar

31. Business combinations (continued)

31.2 Assets acquired and liabilities recognised at the date of acquisition

2011

	Money Quest Investments (Proprietary) Limited	FIMSA	Total
Current assets			
Cash and cash equivalents	210 044	116 556	326 600
Net advances	600 966	1 551 026	2 151 992
Other receivables and prepayments	22 727	90	22 817
Non current assets			
Property, plant and equipment	48 339	38 883	87 222
Intangible assets	46 693	-	46 693
Deferred tax asset	31 162	39 383	70 545
Current liabilities			
Trade and other payables	(126 266)	(468 568)	(594 834)
Withholding tax liability	(2 369)	-	(2 369)
Current tax liabilities	33	(11 100)	(11 067)
Non-current liabilities			
Long term borrowings	(1 156 700)	-	(1 156 700)
	(325 371)	**1 266 270**	**940 899**

31.3 Goodwill arising on acquisition

2011

	Money Quest Investments (Proprietary) Limited	FIMSA	Total
Consideration transferred	15	1 213 242	1 213 257
Plus: Non-controlling interest (5% in Money Quest Investments Limited)	(16 269)	-	(16 269)
Plus: Non-controlling interests (41.03% in FIMSA)	-	519 551	519 551
Less: Fair value of identifiable net assets acquired	325 371	(1 266 270)	(940 899)
Goodwill arising on acquisition	**309 117**	**466 523**	**775 640**

31.4 Net cash outflow on acquisition

2011

	Money Quest Investments (Proprietary) Limited	FIMSA	Total
Consideration paid in cash	15	1 213 242	1 213 257
Less: Cash and cash equivalents balances acquired	(210 044)	(116 556)	(326 600)
	(210 029)	**1 096 686**	**886 657**

31.5 Impact of acquisition on the results of the Group

Included in the profit for the year ended 31 March 2011 is profit of USD 151,931 attributable to the additional business generated by Money Quest investments (Proprietary) Limited and a loss of USD 22,704 attributable to FIMSA. Interest income for the year ended 31 March 2011 includes USD 1,926,054 in respect of Money Quest Investments (Proprietary) Limited and USD 117,605 in respect of FIMSA.

Notes to the Group Annual Financial Statements (continued)

	Group		Company	
Figures in US Dollar	2012	2011	2012	2011

32. Commitments

Operating leases – as lessee (expense)

Minimum lease payments due				
- within one year	472 868	944 848	150 509	245 334
- in second to fifth year inclusive	437 582	691 485	322 297	568 979
	910 450	**1 636 333**	**472 806**	**814 313**

Operating leases relate to:

- Leases of motor vehicles with lease terms of two years with an option to purchase the vehicles at a nominal price.
- The lease of buildings with a remaining lease term of 1 - 5 years with an option to renew the lease at the end of the term.

33. Related parties

Relationships	
Subsidiaries	Refer to note 8
Shareholder with significant influence	The Crowbar Trust The Curly Trust Kinnevik New Ventures AB
Entities under common shareholding	Bayport Holdings (South Africa) (Proprietary) Limited Actvest (Proprietary) Limited
Other shareholders	Ghana Mineworkers Union

Related party balances

Refer to note 6 for details of amounts due to/(from) related parties.

Related party transactions

Interest paid to (received from) shareholders				
Castleberg Investments Corporation	-	(1 018 341)	-	(1 018 341)
The Crowbar Trust	4 002	28 266	4 002	28 266
The Curly Trust	4 002	28 266	4 002	28 266
Investment AB Kinnevik	915	4 193	915	4 193
Ghana Mineworkers Union	(1 590)	(1 625)	(1 590)	(1 625)
	7 329	**(959 241)**	**7 329**	**(959 241)**

Transactions between the company and its subsidiaries, which are related parties, have been eliminated on consolidation. These transactions are:

Interest received				
Bayport Financial Services Limited (Zambia)	-	-	703 680	418 774
Bayport Financial Services Uganda Limited	-	-	786 485	363 907
Bayport Financial Services (T) Limited	-	-	4 044 547	3 151 222
Bayport Financial Services Ghana Limited	-	-	286 760	21 017
Money Quest Investments (Proprietary) Limited	-	-	3 870 680	704 071
Consumer Finance Company Limited	-	-	124 335	-
Empressa de Microcredito S.A. FIMSA S.A.	-	-	37 946	-
	-	**-**	**9 854 433**	**4 658 991**
Management fees received				
Bayport Financial Services Limited (Zambia)	-	-	3 370 362	2 629 043
Professional fees				
Actvest Limited	-	-	1 239 763	1 645 536

Notes to the Group Annual Financial Statements (continued)

		Group		Company	
Figures in US Dollar		2012	2011	2012	2011

33. Related parties (continued)

Transactions with entities under common shareholding

Interest received				
Bayport Financial Services South Africa	-	5 155	-	5 155
Compensation to directors and other key management				
Executive	5 675 555	3 912 154	953 741	921 194
Non-executive	107 690	81 781	-	-
	5 783 245	**3 993 935**	**953 741**	**921 194**

34. Risk management

34.1 Capital risk management

The group and company manage its capital to ensure that entities in the group and company will be able to continue as a going concern while maximising the return to investors.

The capital structure of the group consists of equity attributable to shareholders comprising stated capital, retained earnings and non-controlling interests. The group and company review the capital structure on a regular basis. The group and company is not subject to any externally imposed capital requirements except for Bayport Financial Services Ghana where the subsidiary is required to maintain a minimum capital adequacy ratio of 10%.

The capital structure of the group consists of net debt, which includes the borrowings disclosed in notes 6, 16, 19 and 20, offset by cash and cash equivalents disclosed in note 3, and equity as disclosed in the statement of financial position.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the group monitors capital on the basis of the gearing ratio.

The net debt to total capital ratio at 2012 and 2011 respectively were as follows:

Total borrowings					
Amounts due to related parties	6	41 291	40 231	2 220 171	-
Loans from shareholders	20	-	342 586	-	342 586
Finance lease obligation	16	1 323 267	1 206 480	-	-
Borrowings	19	176 716 692	141 406 733	117 374 075	110 068 086
		178 081 250	**142 996 030**	**119 594 246**	**110 410 672**
Less: Net cash and cash equivalents	3	(9 033 458)	(37 194 790)	(10 579 193)	(33 283 273)
Net debt		169 047 792	105 801 240	109 015 053	77 127 399
Total equity		69 973 374	60 234 485	49 786 561	40 955 679
Total capital		**239 021 166**	**166 035 725**	**158 801 614**	**118 083 078**
Net debt to total capital ratio		71 %	64 %	69 %	69 %

Notes to the Group Annual Financial Statements (continued)

	Group		Company	
Figures in US Dollar	2012	2011	2012	2011

34. Risk management (continued)

34.2 Categories of financial instruments

Financial assets				
Loans and receivables				
Net advances	231 304 051	155 272 499	-	-
Other receivables	6 916 692	6 135 912	5 119 409	5 309 454
Cash and cash equivalents	21 930 269	42 416 317	10 579 193	33 283 273
Amounts due from related parties	3 086 609	3 369 332	73 846 045	46 350 478
Available for sale investment				
Other financial assets	25 000	25 000	25 000	25 000
Investment in subsidiaries	-	-	84 320 785	65 183 430
Derivative instruments in designated hedge accounting relationships				
Other financial assets	4 015 486	8 829 727	4 015 486	8 829 727
	267 278 107	**216 048 787**	**177 905 918**	**158 981 362**
Financial liabilities				
At amortised cost				
Borrowings	176 716 692	141 406 733	117 374 075	110 068 086
Finance lease obligation	1 323 267	1 206 480	-	-
Loans from shareholders	-	342 586	-	342 586
Amounts due to related parties	41 291	40 231	2 220 171	-
Trade and other payables	16 129 258	16 194 251	10 220 269	10 204 878
Bank overdraft	12 896 811	5 221 527	-	-
	207 107 319	**164 411 808**	**129 814 515**	**120 615 550**

34.3 Financial risk management

The group's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the financial business, and the operational risks are an inevitable consequence of being in business. The company's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the company's financial performance.

The company's overall risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The company regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

Risk management is carried out by management under policies approved by the Board of Directors. Management identifies, evaluates and manages financial risks in close co-operation with the company's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and non-derivative financial instruments. In addition, internal audit is responsible for the independent review of risk management and the control environment. The most important type of risk are credit risk, liquidity risk, market risk and other operational risk. Market risk includes currency risk and interest rate risk.

34.4 Price risk

The Company is exposed to price risks arising from equity investments. The Company's investments are not publicly traded.

The sensitivity analyses below have been determined based on the exposure to equity price risks at the end of the reporting year.

If equity prices had been 5% higher/lower:

- Profit for the year ended 31 March 2012 would have been unaffected as the equity investments are classified as available for sale and no investments were disposed or impaired; and
- Other comprehensive income of the company would increase/decrease by USD 3 783 403 (2011: USD 3 023 509) as a result of the changes in fair value of available for sale shares.

Notes to the Group Annual Financial Statements (continued)

Figures in US Dollar

34. Risk management (continued)

34.5 Liquidity risk

The table below analyses assets and liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the entity. It is unusual for financial institutions ever to be completely matched since business transacted is often of uncertain terms and of different types. An unmatched position potentially enhances profitability, but can also increase the risk of losses.

The maturity of assets and liabilities to replace, at an acceptance cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the entity and its exposure to changes in interest rates and exchange rates.

Group

	0 - 3 months	4 - 12 months	1 - 5 years	Total
2012				
Financial assets				
Net advances	45 684 809	113 393 049	298 641 507	457 719 365
Other receivables	1 879 796	5 036 896	-	6 916 692
Amounts due from related parties	-	508 499	2 578 110	3 086 609
Other financial assets	-	-	25 000	25 000
Cash and cash equivalents	21 930 269	-	-	21 930 269
Cash flows from financial assets	**69 494 874**	**118 938 444**	**301 244 617**	**489 677 935**
Financial liabilities				
Finance lease obligation	214 264	557 631	776 404	1 548 299
Borrowings	5 475 885	52 884 376	176 742 472	235 102 733
Trade and other payables	6 379 978	614 615	-	6 994 593
Bank overdraft	12 896 811	-	-	12 896 811
Amount due to related parties	41 291	-	-	41 291
Cash flows from financial liabilities	**25 008 229**	**54 056 622**	**177 518 876**	**256 583 727**
Net liquidity gap	**44 486 645**	**64 881 822**	**123 725 741**	**233 094 208**

	0 - 3 months	4 - 12 months	1 - 5 years	Total
2011				
Cash flows from financial assets	81 706 141	92 692 312	178 561 415	352 959 868
Cash flows from financial liabilities	(19 183 197)	(27 622 787)	(163 557 498)	(210 363 482)
Net liquidity gap	**62 522 944**	**65 069 525**	**15 003 917**	**142 596 386**

Notes to the Group Annual Financial Statements (continued)

Figures in US Dollar

34. Risk management (continued)

34.5 Liquidity risk (continued)

Company

	0 - 3 months	4 - 12 months	1 - 5 years	Total
2012				
Financial assets				
Amounts due from related parties	16 215 311	30 903 409	36 844 767	83 963 487
Investments in subsidiaries	-	-	84 320 785	84 320 785
Other financial assets	-	-	25 000	25 000
Other receivables	91 961	5 027 448	-	5 119 409
Cash and cash equivalents	10 579 193	-	-	10 579 193
Cash flows from financial assets	**26 886 465**	**35 930 857**	**121 190 552**	**184 007 874**
Financial liabilities				
Amounts due to related parties	2 220 171	-	-	2 220 171
Borrowings	-	23 913 352	138 071 428	161 984 780
Trade and other payables	174 414	614 615	-	789 029
Cash flows from financial liabilities	**2 394 585**	**24 527 967**	**138 071 428**	**164 993 980**
Net liquidity gap	**24 491 880**	**11 402 890**	**(16 880 876)**	**19 013 894**

	0 - 3 months	4 - 12 months	1 - 5 years	Total
2011				
Cash flows from financial assets	42 876 864	24 138 540	88 389 395	155 404 799
Cash flows from financial liabilities	(966 051)	(12 010 204)	(150 081 632)	(163 057 887)
Net liquidity gap	**41 910 813**	**12 128 336**	**(61 692 237)**	**(7 653 088)**

34.6 Interest rate risk

The objective of the entity's interest rate risk management process is to manage and control interest rate exposure in order to optimise return on risk while maintaining a market profile consistent with the entity's objectives.

Interest rate risk is the risk that movements in interest rates will reduce the entity's income or capital.

A principal part of the entity's management of interest rate risk is to monitor the sensitivity of projected net interest income under varying interest rate scenarios (simulation modelling). The entity aims, through its management of interest rate risk, to mitigate the impact of prospective interest rate movements which could reduce future earnings and capital.

Sensitivity analysis - Increase/decrease of 10 % in net interest margin

The interest rate risks sensitivity analysis is based on the following assumptions.

- Changes in the market interest rates affect the interest income or expenses of variable financial instruments
- Changes in the market interest rates only affect interest income or expenses in relation to financial instruments with fixed interest rates if these are recognised at their fair values.
- The interest rate changes will have an effect on interest sensitive assets and liabilities and hence simulation modelling is applied to financial instruments which are quoted at variable interest rates.
- The projections make other assumptions including that all positions run to maturity.

The table below sets out the impact on current profit after taxation and equity of an incremental 10% parallel fall or rise on all yield curves at the beginning of the current financial year beginning on 01 April 2011.

Notes to the Group Annual Financial Statements (continued)

Figures in US Dollar

34. Risk management (continued)

34.6 Interest rate risk (continued)

Group

	Amount	Scenario 1 Effect after 10% increase in variable interest rates	Scenario 2 Effect of 10% decrease in variable interest rates
31 March 2012			
Profit after tax	20 978 122	20 164 967	21 791 277
Equity	69 973 374	69 160 219	70 786 529

	Amount	Scenario 1 Effect after 10% increase in variable interest rates	Scenario 2 Effect of 10% decrease in variable interest rates
31 March 2011			
Profit after tax	11 956 698	11 144 030	12 769 366
Equity	60 234 485	59 421 817	61 047 153

Assuming no management actions an increase in interest rates would decrease the company's profit after tax for the year by $813 155 (2011: $812 668) and equity by $813 155 (2011: $812 668),while a fall would increase profit after tax and equity by the same amounts.

Company

	Amount	Scenario 1 Effect after 10% increase in variable interest rates	Scenario 2 Effect of 10% decrease in variable interest rates
31 March 2012			
Loss after tax	(4 487 763)	(4 487 763)	(4 487 763)
Equity	49 786 561	49 786 561	49 786 561

	Amount	Scenario 1 Effect after 10% increase in variable interest rates	Scenario 2 Effect of 10% decrease in variable interest rates
31 March 2011			
Loss after tax	(6 487 731)	(6 669 752)	(6 305 710)
Equity	40 955 679	40 773 658	41 137 700

Assuming no management actions an increase in interest rates would have no effect on the company's loss after tax for the year (2011: increase of $182 021) and have no effect on equity (2011: decrease of $182 021),while a fall would decrease loss after tax and equity by the same amounts.

Notes to the Group Annual Financial Statements (continued)

Figures in US Dollar

34. Risk management (continued)

34.7 Foreign exchange risk

The group operates internationally and is exposed to foreign exchange risk arising from various currency exposures. Consequently the company is exposed to the risk that the carrying amounts of these foreign currency denominated assets and liabilities may change due to fluctuations in foreign exchange rates.

The group and company has financial assets and financial liabilities denominated in various foreign currencies. Consequently the group and the company are exposed to the risk that the carrying amounts of these foreign currency denominated assets and liabilities may change due to fluctuations in foreign exchange rates.

The currency profile of the financial assets and financial liabilities is summarised as follows:

	Group		Company	
	Financial assets	**Financial liabilities**	**Financial assets**	**Financial liabilities**
2012				
Currency				
South African Rand	290 952	-	290 952	-
Zambian Kwacha	69 658 436	27 377 807	28 393 501	-
Ghanaian Cedi	70 680 103	24 794 020	34 089 334	-
Uganda Shilling	19 792 010	5 151 816	4 684 569	-
Tanzanian Shilling	41 452 699	10 123 859	8 132 348	-
United States Dollar	19 523 825	120 701 825	93 106 278	115 691 198
Colombian Peso	15 158 998	6 317 096	4 713 242	-
Botswana Pula	29 854 934	345 692	368 301	-
Swedish Krona	138 002	11 903 146	138 002	11 903 146
Pound Sterling	678 246	392 058	3 939 489	2 220 171
Mauritian Rupee	49 902	-	49 902	-
	267 278 107	**207 107 319**	**177 905 918**	**129 814 515**

	Group		Company	
	Financial assets	**Financial liabilities**	**Financial assets**	**Financial liabilities**
2011				
Currency				
South African Rand	292 812	-	292 812	-
Zambian Kwacha	49 586 379	16 333 805	25 952 493	-
Ghanaian Cedi	52 854 165	18 763 858	26 925 877	-
Uganda Shilling	11 230 918	4 067 596	3 392 063	-
Tanzanian Shilling	29 342 500	4 113 467	4 199 739	-
United States Dollar	52 593 035	120 645 457	93 505 121	120 615 550
Colombian Peso	14 203 146	406 261	4 713 242	-
Botswana Pula	5 945 832	81 364	15	-
	216 048 787	**164 411 808**	**158 981 362**	**120 615 550**

The objective of the entity's foreign exchange risk management is to manage and control foreign exchange exposure in order to optimise return on risk while maintaining a market profile consistent with the entity's mission.

Foreign exchange risk is the risk that movements in foreign exchange rates will reduce the entity's income or capital.

A principal part of the entity's management of foreign exchange risk is to monitor the sensitivity of future earnings and capital to varying foreign exchange rates. The entity aims, through its management of foreign exchange risk, to mitigate the impact of foreign exchange fluctuations which could reduce future earnings and capital

Notes to the Group Annual Financial Statements (continued)

Figures in US Dollar

34. Risk management (continued)

34.7 Foreign exchange risk (continued)

Foreign exchange risks - appreciation/depreciation of USD against other currencies by 10%

The foreign exchange risks sensitivity analysis is based on the following assumptions:

- Foreign exchange exposures represent net currency positions of all currencies other than US Dollar.
- The currency sensitivity analysis is based on the assumption that all net currency positions are highly effective.
- The base currencies which the entity's business are transacted is US Dollar.

The table below sets out the impact on current earnings of and incremental 10% parallel fall or rise in all foreign currencies at the beginning of the current financial year from 01 April 2011.

Assuming no management actions, a series of such rise and fall would impact the future earnings and capital as illustrated in the table below:

Group

	Amount	Scenario 1 Effect after 10% appreciation in USD	Scenario 2 Effect after 10% depreciation in USD
31 March 2012			
Profit after tax	20 978 122	18 552 657	23 403 587
Equity	69 973 374	60 002 225	79 944 523

	Amount	Scenario 1 Effect after 10% appreciation in USD	Scenario 2 Effect after 10% depreciation in USD
31 March 2011			
Profit after tax	11 956 698	10 088 668	13 824 728
Equity	60 234 485	52 232 043	68 236 927

Assuming no management actions, an appreciation in the US Dollar would decrease profit after tax for the year by $2 425 465 (2011: $1 868 030) and would decrease equity by $9 971 149 (2011: $8 002 442), while a depreciation would increase profit after tax and equity by the same amounts.

Company

	Amount	Scenario 1 Effect after 10% appreciation in USD	Scenario 2 Effect after 10% depreciation in USD
31 March 2012			
Loss after tax	(4 487 763)	(3 123 317)	(5 852 209)
Equity	49 786 561	51 151 007	48 422 115

	Amount	Scenario 1 Effect after 10% appreciation in USD	Scenario 2 Effect after 10% depreciation in USD
31 March 2011			
Loss after tax	(6 487 731)	(6 517 012)	(6 458 450)
Equity	40 955 679	40 926 398	40 984 960

Assuming no management actions, an appreciation in the US Dollar would decrease loss after tax for the year by $1 364 446 (2011: an increase of $29 281) and equity by $1 364 446 (2011: a decrease of $29 281), while a depreciation would increase loss after tax and equity by the same amounts.

Notes to the Group Annual Financial Statements (continued)

Figures in US Dollar

34. Risk management (continued)

34.8 Credit risk

The Group and Company take on exposure to credit risk, which is the risk that a counter party will be unable to pay amounts in full when due. Impairment provisions are provided for losses that have been incurred at the reporting date. Significant changes in the economy, or in the health of a particular industry segment that represents a concentration in the entity's portfolio, could result in losses that are different from those provided for at the reporting date. Management, therefore carefully manages its exposure to credit risk.

The Group and Company structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or group of borrowers, and to geographical and industry segments.

Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate.

34.9 Fair value of financial instruments

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other that quoted prices included within level 1 are observable for the assets or liability, either (ie. as prices) or indirectly (ie. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Company

2012	**Level 1**	**Level 2**	**Level 3**	**Total**
Investments in subsidiaries	-	-	84 320 785	84 320 785

2011	**Level 1**	**Level 2**	**Level 3**	**Total**
Investments in subsidiaries	-	-	65 183 430	65 183 430

Investment in subsidiaries

The fair values of investments in subsidiaries are determined based on a Price to Book valuation model which is a common valuation technique used in the micro finance business. A Price to Book (Net equity) of 1:1 was used in arriving at the fair value of the subsidiaries. Refer to note 8 for reconciliation in investment in subsidiaries.

35. Events after the reporting period

In June 2012, the Company issued 5 year Corporate Bonds with a nominal amount of SEK700,000,000. The Bonds bear interest coupon of 13%, payable annually.

Warrants held by Kinnevik New Ventures AB and Mr Grant Kurland were exercised in June 2012.