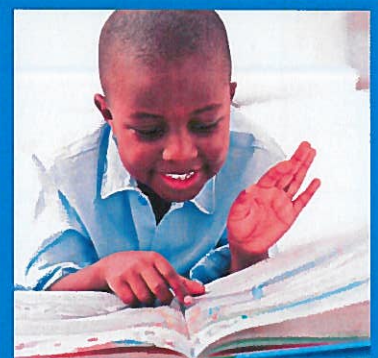
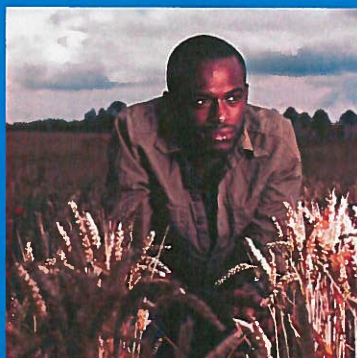
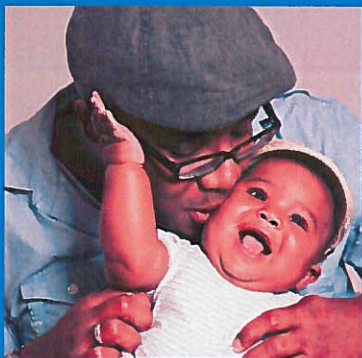


BAYPORT MANAGEMENT LTD
(Registration number 54787 C1/GBL)

CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2018



BAYPORT
MANAGEMENT LTD

Index

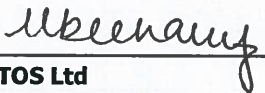
The reports and statements set out below comprise the consolidated financial statements presented to the shareholders:

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BAYPORT MANAGEMENT LTD
CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2018

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 for a Company under the Mauritius Companies Act 2001, for the year ended 31 December 2018.



DTOS Ltd
Company Secretary
28 March 2019

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, Standard Chartered Tower 19-21 Bank Street, Cybercity Ebene Mauritius
Business address	3rd Floor Ebene Skies Rue de L'Institut Ebene Mauritius
Main bankers	Standard Chartered Bank (Mauritius) Limited DNB Bank ASA
Auditor	Deloitte 7th Floor, Standard Chartered Tower 19-21 Bank Street, Cybercity Ebene Mauritius
Company registration number	54787 C1/GBL

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 consolidated financial statements and related financial information included in this report. It is their responsibility to ensure that the consolidated 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 period then ended, in conformity with International Financial Reporting Standards ("IFRS"). The external auditor is engaged to express an independent opinion on the consolidated financial statements.

The consolidated 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 judgements 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 of directors 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 consolidated 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 December 2019 and, in light of this review and the current financial position, they are satisfied that the Group has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditor is responsible for independently auditing and reporting on the consolidated financial statements. The consolidated financial statements have been examined by the Group's external auditor and their report is presented on pages 7 to 10.

The consolidated financial statements set out on pages 11 to 64, which have been prepared on the going concern basis, were approved by the Board of Directors on 28 March 2019 and were signed on its behalf by:



Mrs Lina How
(Alternate Director to
Mr Eric Venpin)



Mr Jimmy Wong
Director

Directors' Report

The directors have pleasure in submitting their report on the consolidated financial statements of Bayport Management Ltd and its subsidiaries (referred as the "Group") for the year ended 31 December 2018.

1. Review of financial results and activities

Main business and operations

Bayport Management Ltd ("the Company") is a holding Company to businesses involved in provision of retail financial services. The shares of the Company are listed on the Stock Exchange of Mauritius (technical listing). The Company holds a Category 1 Global Business Licence issued by the Financial Services Commission ("FSC").

The operating results and statement of affairs of the Group are fully set out in the attached consolidated financial statements and do not in our opinion require any further comment.

2. Share capital

Refer to note 19 of the consolidated financial statements for detail of the movement in authorised and issued share capital.

3. Dividends

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

4. Directors

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

Directors	Changes
Mr Vladimer Gurgenzidze	Resigned 29 June 2018
Mrs Cynthia Gordon	
Mr Eric Venpin	
Mr Franco Danesi	
Mr Grant Kurland	
Mr Jimmy Wong	
Mr Jonathan Jawno	Resigned 19 June 2018
Mr Justin Chola	
Mr Kabelo Senoelo (Alternate to Mr Mervin Muller)	
Mr Koketso Mabe	Resigned 23 May 2018
Mr Magnus Jakobson	Resigned 06 July 2018
Mr Mervin Muller	
Mr Michael Mendelowitz (Alternate to Mr Roberto Rossi & Jonathan Jawno)	Resigned 19 June 2018
Mr Nicholas Haag	
Mr Reabetswe Nosi (Alternate to Mr Koketso Mabe)	Resigned 23 May 2018
Mr Roberto Rossi	
Mr Souleymane Ba	
Mr Stuart Stone	
Mr Temitope Lawani	Resigned 06 July 2018

5. Going concern

The consolidated financial statements have been prepared on the basis of accounting policies applicable to a going concern. The directors consider the going concern basis of accounting appropriate and confirm that there is no foreseeable material uncertainties that would cast doubt upon that assertion for the coming twelve months.

6. Litigation statement

At the date of this report no material incidences of litigation existed against the Group.

7. Auditor

Deloitte will continue in office in accordance with section 200 of the Mauritius Companies Act, 2001.

Directors' Report

8. Company Secretary

The Company secretary is DTOS Ltd of:

10th Floor, Standard Chartered Bank Tower
19-21 Bank Street, Cybercity
Ebene
Mauritius

9. Separate financial statements

These financial statements represent the consolidated financial statements of the Group in accordance with IFRS 10 Consolidated Financial Statements. The separate financial statements have been prepared and presented separately.

10. Events after the reporting period

Refer to note 36 of the consolidated financial statements for details of events after the reporting period.

Independent auditor's report to the Shareholders of Bayport Management Ltd

Report on audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Bayport Management Ltd and its subsidiaries (the "Group") set out on pages 11 to 64, which comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2018, and of their consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and comply with the requirements of the Mauritius Companies Act 2001 in so far as applicable to Category 1 Global Business Licence companies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the matter was addressed in the audit
<p>Impairment provision on loans and advances</p> <p>Impairment provision in relation to loans and advances is a key judgemental area in our audit due to the level of subjectivity inherent in estimating the impact of certain key assumptions on the recoverability of loan balances.</p> <p>IFRS 9 requires an expected credit loss model in relation to impairment of loans and advances. This requires the Group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the loans and advances. The following aspects of IFRS 9 were in aggregate considered to be key audit matters due to the extent of judgement and/or estimation applied:</p> <ul style="list-style-type: none"> - Determination of expected losses (including probability of default ('PD'), time to default and loss given impaired ('LGI')) - Changes in credit quality - Relevance of macroeconomic factors - Definition of default <p>See notes 1.6 and 33.1 of the financial statements.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> • Testing the design, implementation and operating effectiveness of key controls over the capture, monitoring and reporting of loans and advances; • Involvement of our Financial Services Advisory and quantitative credit modelling specialists who performed an assessment of: <ul style="list-style-type: none"> - The modelling methodology in light of IFRS 9; - Key definitions and treatment of technical aspects including PD, EAD, LGI, significant increase in credit risk trigger, default definition, allowance for time value of money, forward looking information; - The accuracy of the model by independently recalculating the input parameters; and - The overall ECL calculation • Assessment of the completeness and accuracy of the data used in the model.

Independent auditor's report to the Shareholders of Bayport Management Ltd (cont'd)

Key Audit Matter (cont'd)	How the matter was addressed in the audit
<p>Investment in associate – Bayport Financial Services 2010 Proprietary Limited</p> <p>The carrying value of the Group's investment in its associate amounts to USD111M and includes goodwill of USD63M. Significant judgement is required by management in assessing the impairment of investment in associate annually, which is determined using valuation techniques. The valuation is largely based on expected future cash flows from the approved budget taking into account loan book growth rates and assumption with regard to discount rates. The assessment of impairment involves significant judgements and estimates as such we consider this to be a key audit matter.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> • Comparing the data used to approved budgets and business plans; • Comparing the actual results of the previous years with management's forecast in order to assess the historical accuracy of the forecasting process; and • Involving our fair value specialists who assisted us in evaluating the reasonableness of key assumptions and methodologies used.
<p>Deferred tax assets</p> <p>The Group has recognised deferred tax assets of USD32.6M in respect of its subsidiaries. As disclosed in note 5.3, deferred tax assets are only recognised to the extent that it is probable that historical tax losses will be available to be set off against future taxable profits in the forthcoming five years. The realisation of the deferred tax assets depends largely on the ability to generate taxable income in order to utilise those losses. Management accordingly has assessed the recoverability of the deferred tax assets based on approved budgets.</p> <p>The estimation of future taxable profits is inherently subject to judgment and is therefore considered as a key audit matter.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> • Evaluate management's assessment of the estimated manner in which deferred tax would be utilised; • Review the five year budgets used by management to determine whether the future taxable profits are reasonable and supportable given the future plans of the subsidiaries; and • Assess the judgment relating to the forecast of future taxable profits and evaluate the reasonableness of the assumptions underlying the preparation of budgets.

Report on other legal and regulatory requirements

Mauritius Companies Act 2001

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

- we have no relationship with, or interest in, the Company and its subsidiaries other than in our capacity as auditor;
- 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.

Other information

The directors are responsible for the other information. The other information comprises the Secretary's Certificate, General information, Director's Responsibilities and Approval and Directors' Report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent auditor's report to the Shareholders of Bayport Management Ltd (cont'd)

Responsibilities of directors for the consolidated financial statements

The directors are responsible for the preparation and fair presentation of the consolidated 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 and they are also responsible for such internal control as the directors determine is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Independent auditor's report to the Shareholders of
Bayport Management Ltd (cont'd)**

Auditor's responsibilities for the audit of the consolidated financial statements (cont'd)

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe those matters in our auditor's report unless laws or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

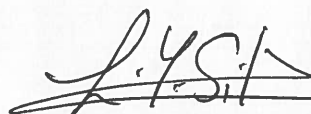
This report is made solely to the Company's shareholders, as a body, in accordance with section 205 of the Mauritius Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for 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.



Deloitte

Chartered Accountants

29 March 2019



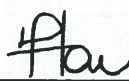
L. Yeung Sik Yuen, ACA

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Consolidated Statement of Financial Position as at 31 December 2018

Figures in US Dollar	Note	2018	2017
Assets			
Cash and bank balances	3	68,412,034	51,027,605
Other receivables	4	15,888,584	14,773,383
Current tax assets	5	14,126,350	11,641,186
Other financial assets	6	21,706,180	6,500,923
Loans and advances	7	870,702,219	713,550,384
Other investments	8	34,818,013	32,256,348
Investments in associates	10	116,034,222	134,179,442
Goodwill	11	4,581,465	4,664,824
Property and equipment	12	12,589,846	12,342,144
Intangible assets	13	34,898,285	24,055,224
Deferred tax assets	5	32,081,917	32,604,097
Total Assets		1,225,839,115	1,037,595,560
Liabilities			
Bank overdrafts	3	52,331,627	5,286,878
Deposits from customers	14	73,727,911	55,149,478
Other payables	15	57,754,751	42,641,144
Provisions	16	2,822,832	-
Current tax liabilities	5	6,327,565	5,755,493
Other financial liabilities	6	21,701,805	2,836,325
Finance lease obligation	17	47,166	115,649
Borrowings	18	780,694,896	668,334,309
Deferred tax liabilities	5	32,642	49,157
Total Liabilities		995,441,195	780,168,433
Equity			
Share capital and treasury shares	19	373,557,114	363,659,610
Reserves		(204,397,871)	(153,130,732)
Retained earnings		46,657,871	33,891,828
Equity attributable to owners of the Company		215,817,114	244,420,706
Non-controlling interests		14,580,806	13,006,421
Total Equity		230,397,920	257,427,127
Total Liabilities and Equity		1,225,839,115	1,037,595,560

The consolidated financial statements and the notes on pages 11 to 64, which have been prepared on the going concern basis, were approved and authorised for issue by the Board of Directors on 28 March 2019 and were signed on its behalf by:



Mrs Lina How
(Alternate Director to
Mr Eric Venpin)



Mr Jimmy Wong
Director

Consolidated Statement of Profit or Loss

Figures in US Dollar	Note	2018	2017
Continuing operations			
Interest and other similar income	22	325,723,855	272,521,532
Interest and other similar expense	23	(119,684,372)	(116,063,041)
Net interest income		206,039,483	156,458,491
Commission income		4,216,240	5,623,289
Dividend income		17,573,053	8,119,427
Other income	24	8,998,178	8,325,093
Non-interest income		30,787,471	22,067,809
Operating income		236,826,954	178,526,300
Operating expenses		(147,522,027)	(122,901,181)
Foreign exchange losses		(3,116,538)	(35,475,732)
Operating profit before impairment on financial assets	25	86,188,389	20,149,387
Impairment on financial assets	4&7	(18,237,385)	(20,192,274)
Operating profit/(loss)		67,951,004	(42,887)
Share of post-tax results of associates	10	3,416,719	1,362,862
Profit before taxation		71,367,723	1,319,975
Taxation	5	(26,406,049)	(16,479,145)
Profit/(loss) for the year from continuing operations		44,961,674	(15,159,170)
Discontinued operations			
Loss from discontinued operations	30.2	-	(29,170,201)
Profit/(loss) for the year		44,961,674	(44,329,371)
Attributable to:			
Owners of the company		38,193,634	(48,139,229)
Non-controlling interests		6,768,040	3,809,858
Profit/(loss) for the year		44,961,674	(44,329,371)
Earnings/loss per share:			
From continuing and discontinued operations			
Basic earnings/(loss) per share	26	1.12	(1.55)
Diluted earnings/(loss) per share	26	1.10	(1.54)
From continuing operations			
Basic earnings/(loss) per share	26	1.12	(0.61)
Diluted earnings/(loss) per share	26	1.10	(0.61)

Consolidated Statement of Comprehensive Income

Figures in US Dollar	Note	2018	2017
Profit/(loss) for the year		44,961,674	(44,329,371)
Other comprehensive income/(loss), net of taxation:			
Items that will not be reclassified subsequently to profit or loss:			
Net fair value gain on investments in equity instruments designated as at fair value through other comprehensive income	8	2,448,414	6,317,213
Share of other comprehensive loss of associates	10	(989,903)	-
Total items that will not be reclassified subsequently to profit or loss		1,458,511	6,317,213
Items that may be reclassified subsequently to profit or loss:			
Foreign exchange differences	27	(68,779,358)	16,209,132
Loss on hedging instruments designated as hedges of the net assets on foreign operations		-	(3,286,702)
Effects of cash flow hedges		(2,092,067)	(931,881)
Total items that may be reclassified subsequently to profit or loss		(70,871,425)	11,990,549
Other comprehensive (loss)/ income for the year, net of taxation		(69,412,914)	18,307,762
Total comprehensive loss for the year		(24,451,240)	(26,021,609)
Attributable to:			
Owners of the company		(28,213,757)	(29,577,646)
Non-controlling interests		3,762,517	3,556,037
Total comprehensive loss for the year		(24,451,240)	(26,021,609)

BAYPORT MANAGEMENT LTD
CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2018

Consolidated Statement of Changes in Equity

Figures in US Dollar	Share capital	Share premium	Share application monies	Convertible equity instrument	Treasury shares	Total share capital and treasury shares	Translation reserve	Cash flow hedging reserve	Put option on own shares	Equity settled reserves	Other reserves	Total reserves	Retained earnings	Attributable to owners of the Company	Non-controlling interests	Total
Balance at 01 January 2017	30,741	301,125,796	606,999	-	-	301,763,536	(259,079,288)	369,004	-	304,941	14,154,279	(244,251,064)	76,476,273	133,988,745	10,537,933	144,526,678
Loss for the year	-	-	-	-	-	-	-	-	-	-	-	-	(48,139,229)	(48,139,229)	3,809,858	(44,329,371)
Other comprehensive income/(loss)	-	-	-	-	-	-	13,176,251	(931,881)	-	-	6,317,213	18,561,583	-	18,561,583	(253,821)	18,307,762
Total comprehensive income/(loss) for the year	-	-	-	-	-	-	13,176,251	(931,881)	-	-	6,317,213	18,561,583	(48,139,229)	(29,577,646)	3,556,037	(26,021,609)
Issue of shares	115	2,678,039	-	-	-	2,678,154	-	-	(2,406,602)	-	-	(2,406,602)	-	271,552	-	271,552
Share application monies	-	-	156,680	-	-	156,680	-	-	-	-	-	-	-	156,680	-	156,680
Purchase of treasury shares	-	-	-	-	(1,498,760)	(1,498,760)	-	-	-	-	-	-	-	(1,498,760)	-	(1,498,760)
Issue of convertible notes	-	-	-	60,560,000	-	60,560,000	-	-	-	-	-	-	-	60,560,000	-	60,560,000
Recognition of share-based payments	-	-	-	-	-	-	-	-	-	1,728,818	-	1,728,818	-	1,728,818	-	1,728,818
Transfer to reserves	-	-	-	-	-	-	-	-	-	-	(4,350,272)	(4,350,272)	4,350,272	-	-	-
Change in ownership interests	-	-	-	-	-	-	-	-	-	-	-	-	1,204,512	1,204,512	(1,087,549)	116,963
Disposal of subsidiary	-	-	-	-	-	-	51,612,093	-	-	-	25,974,712	77,586,805	-	77,586,805	-	77,586,805
Balance at 01 January 2018	30,856	303,803,835	763,679	60,560,000	(1,498,760)	363,659,610	(194,290,944)	(562,877)	(2,406,602)	2,033,759	42,095,932	(153,130,732)	33,891,828	244,420,706	13,006,421	257,427,127
Profit for the year	-	-	-	-	-	-	-	-	-	-	-	-	38,193,634	38,193,634	6,768,040	44,961,674
Other comprehensive (loss)/income	-	-	-	-	-	-	(65,773,835)	(2,092,067)	-	-	1,458,511	(66,407,391)	-	(66,407,391)	(3,005,523)	(69,412,914)
Total comprehensive (loss)/income for the year	-	-	-	-	-	-	(65,773,835)	(2,092,067)	-	-	1,458,511	(66,407,391)	38,193,634	(28,213,757)	3,762,517	(24,451,240)
Issue of shares	82	1,025,749	(499,788)	-	-	526,043	-	-	-	-	-	-	-	526,043	-	526,043
Share application monies	-	-	9,371,461	-	-	9,371,461	-	-	-	-	-	-	-	9,371,461	-	9,371,461
Recognition of share-based payments	-	-	-	-	-	-	-	-	-	4,643,560	-	4,643,560	-	4,643,560	-	4,643,560
Transfer from reserves	-	-	-	-	-	-	-	-	-	-	11,228,397	11,228,397	(11,228,397)	-	-	-
Change in ownership interests (note 30.1)	-	-	-	-	-	-	(731,705)	-	-	-	-	(731,705)	(14,199,194)	(14,930,899)	(2,188,132)	(17,119,031)
Balance at 31 December 2018	30,938	304,829,584	9,635,352	60,560,000	(1,498,760)	373,557,114	(260,796,484)	(2,654,944)	(2,406,602)	6,677,319	54,782,840	(204,397,871)	46,657,871	215,817,114	14,580,806	230,397,920
Note	19	19	19	19	19	19			6.3	20	21					

Consolidated Statement of Cash Flows

Figures in US Dollar	Note	2018	2017
Cash flows from operating activities from continuing operations			
Cash used in continuing operations	28	(6,598,445)	(28,401,226)
Dividend received		19,749,683	8,119,427
Finance costs paid		(115,757,882)	(118,491,214)
Tax paid	5	(29,874,188)	(22,776,946)
Net cash used in operating activities from continuing operations		(132,480,832)	(161,549,959)
Cash flows from investing activities			
Purchase of property and equipment and intangible assets	12&13	(19,435,890)	(15,823,347)
Proceeds on disposal of property and equipment and intangible assets		111,569	149,505
Net increase/(decrease) in amount due to related parties		1,257,780	(10,149,216)
Net cash flows from disposal of subsidiary	30	-	71,153,947
Total cash paid on acquisition of associates	10	-	(1,912,255)
Net movement in other investments	8	(115,117)	-
Net cash flows (used in)/generated by investing activities from continuing operations		(18,181,658)	43,418,634
Cash flows from financing activities			
Proceeds from issue of convertible equity instrument		-	60,560,000
Proceeds from issue of bonds		41,693,805	160,136,714
Repayment of bonds		(24,147,486)	(287,647,359)
Net increase in other borrowings		131,416,139	125,830,303
Repayment of finance lease obligation		(67,005)	(250,772)
Mark-to-Market payments on forward contracts		(22,272,430)	(11,919,471)
Net cash outflow on buy back of shares		-	(900,723)
Net cash outflow on buy back of shares from non-controlling interests		-	(1,750,227)
Proceeds from issue of shares to non-controlling interests		-	1,793,772
Net cash flows generated by financing activities from continuing operations		126,623,023	45,852,237
Net cash flows used in discontinued operations	30.2	-	(15,645,505)
Net decrease in cash and cash equivalents		(24,039,467)	(87,924,593)
Cash and cash equivalents at the beginning of the year		45,740,727	136,266,040
Effect of foreign exchange rate changes		(5,620,853)	(2,600,720)
Net cash and cash equivalents at the end of the year	3	16,080,407	45,740,727

Group Accounting Policies

1. Statement of compliance and presentation of Annual Financial Statements

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair value, and incorporate the principal accounting policies set out below. They are presented in US Dollar.

The statement of financial position is presented in order of liquidity. Reference to the current maturities of these financial assets and liabilities are disclosed in the notes to the statement of financial position and in the analysis of financial liabilities. The accounting policies are consistent with the previous year, except where specifically stated otherwise.

1.1 Consolidation

Basis of consolidation

The consolidated annual financial statements incorporate the annual financial statements of Bayport Management Ltd ("the Company") and its subsidiaries (collectively referred as "the Group"), including structured entities which are controlled by the Company and its subsidiaries.

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. In assessing control, potential voting rights which presently are exercisable or convertible are taken into account.

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

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

All inter-company transactions, balances, and unrealised gains on transactions between Group companies 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. Losses of subsidiaries are allocated to the non-controlling interest even if this results in a debit balance being recognised.

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 owners of the Company.

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. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other other comprehensive income are reclassified to profit or loss.

Business combinations

The Group accounts for business combinations using the acquisition method of accounting. The cost of 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.

Contingent consideration is included in the cost of business combination at fair value as at the date of acquisition. Subsequent changes to the assets, liabilities or equity which arise as a result of the contingent consideration are not affected against goodwill, unless they are valid measurement period adjustments. Otherwise, all subsequent changes to the fair value of contingent consideration that is deemed to be an asset or liability is recognised in either profit or loss or in other other comprehensive income, in accordance with relevant IFRS's. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within 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 Groups) 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 and deferred tax assets and liabilities and assets and liabilities related to employee benefit arrangements that are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits, respectively.

Group Accounting Policies (continued)

1.1 Consolidation (continued)

Business combinations (continued)

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year.

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 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 Company at the end of each reporting period with the adjustment recognised in equity through to other comprehensive income.

Goodwill arising on acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

1.2 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period the revision and future periods if the revision affects both current and future periods.

1.2.1 Critical judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

(i) Deferred tax assets

Deferred tax assets are recognised to the extent it is probable that taxable income will be available in the future against which they can be utilised. Future taxable profits are estimated based on budgets which include estimates and assumptions regarding economic growth, interest, inflation, tax rates and competitive forces.

1.2.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Group Accounting Policies (continued)

1.2 Critical accounting judgements and key sources of estimation uncertainty (continued)

1.2.2 Key sources of estimation uncertainty (continued)

(i) Useful lives and residual values of property and equipment and intangible assets

Property and equipment and intangible assets having finite useful lives are depreciated/amortised over their useful life taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed at each financial year-end and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programs are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values. Consideration is also given to the extent of current profits and losses on the disposal of similar assets.

(ii) Goodwill impairment testing

Goodwill is tested for impairment on an annual basis or when an impairment indicator exists. Future cash flows expected to be generated by the cash generating units (CGUs) are projected, taking into account market conditions and the expected useful lives of these CGUs. The present value of these cash flows, determined using an appropriate discount rate, is compared to the carrying amount of the goodwill and, if lower, the goodwill impaired to the present value. This exercise requires management to make estimation of the "value in use" of the cash generating units (CGUs) to which goodwill is allocated.

Refer to note 10 & 11 for further detail on goodwill arising on investment in associates and subsidiaries.

(iii) Impairment of financial assets

The Group measures expected credit losses of a financial instrument in a way that reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date.

The expected credit losses for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses its judgement in making these assumptions and selecting the input of the impairment calculation, based on the Group past history and existing market conditions.

Loans and advances are assessed for each active account. Probability of default constitute a key input in measuring ECL. Probability of default is an estimate of likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

Refer to note 1.6 for the accounting policies relating to the impairment of financial assets and to note 33.1 for credit risk management.

(iv) Valuation of Guardrisk Investments

The valuation methodology applied is a discounted cash flow of the future expected cash flows i.e. dividends, on a rundown basis including one year of new business. Dividends are discounted from the point of distribution to the present time at the risk free yield curve plus a constant risk margin. Unobservable inputs are used in the determination of future expected cash flows.

Refer to 33.8 for the sensitivity performed on the key unobservable inputs.

(v) Share-based payments

Equity-settled share-based payments are recognised as an expense over the vesting period based on their fair value at date of grant. The determination of the fair value of equity-settled share-based payments by management requires estimation through the use of option valuation models, inputs used which are not market observable and estimates derived from available data, such as employee exercise behaviour.

1.3 Property and equipment

Property and equipment are tangible assets which the Group holds for its own use or for rental to others and which are expected to be used for more than one year.

An item of property and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the group, and the cost of the item can be measured reliably.

Group Accounting Policies (continued)

1.3 Property and equipment (continued)

Property and equipment are initially measured at cost.

Cost includes costs incurred initially to acquire or construct an item of property 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 and equipment, the carrying amount of the replaced part is derecognised.

Property and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses.

Property 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 and equipment have been assessed as follows:

Item	Average useful life
Buildings	50 years
Furniture and fittings	3 - 10 years
Motor vehicles	3 - 5 years
Office equipment	3 - 6 years
IT equipment	3 - 6 years
Leasehold improvements	over the expected term of the lease

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

The depreciation charge for each year is recognised in profit or loss.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

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 Group; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost, less any accumulated amortisation and any impairment losses.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are carried at cost less any accumulated amortisation and any impairment losses, on the same basis as intangible assets that are acquired separately.

Customer relationship arising on acquisition of a business is carried at cost less any impairment losses. Customer relationship has an indefinite useful life tested for impairment annually.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised on a straight line basis over the estimated useful lives and assessed for impairment whenever there is an indication that the tangible assets may be impaired. The estimated useful life and amortisation method for an intangible assets with a finite life are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis:

Group Accounting Policies (continued)

1.4 Intangible assets (continued)

Item	Average useful life
Computer software	2 - 10 years

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at cash-generated unit level. Such intangibles are not amortised.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gain or loss arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, is recognised in profit or loss when the asset is derecognised.

1.5 Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated annual financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of profit or loss and other other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which include any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable asset and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment.

The requirements of IAS 28 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying value amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of equity method from the date when the investment ceases to be an associate or when the investment is classified as held for sale. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IFRS 9. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposal of a part interest in the associate is included in the deterioration of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if the gain or loss previously recognised in other other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method discontinued.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When the Group transacts with an associate, profits and losses resulting from the transaction with the associate are recognised in the Group's consolidated financial statement only to the extent of interests in the associate that are not related to the Group.

Group Accounting Policies (continued)

1.6 Financial instruments

The Group initially recognises financial assets and liabilities on the date the Group becomes a party to the contractual provisions of the instruments. This is on the date that these financial instruments are originated.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

1.6.1 Financial assets

Classification of financial assets

The Group classifies financial assets into the following categories:

- (i) Financial assets at amortised cost
- (ii) Financial assets at fair value through profit or loss (FVPTL)
- (iii) Equity instruments designated at OCI (FVTOCI)

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as fair value through profit or loss

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at fair value through other comprehensive income if:

- The financial asset is held in order to collect contractual cash flows and to be sold; and
- The contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income. In certain instances the business model is not to collect contractual cash flows, nor to sell the asset and in these cases the financial asset is held at fair value through profit or loss.

The Group may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in the fair value through other comprehensive income.

The Group may at initial recognition irrevocably designate a financial asset as measured at fair value through profit or loss if doing so significantly reduces a measurement or recognition inconsistency (sometimes referred to as an accounting mismatch) that would otherwise arise from measuring financial assets or liabilities or recognising the gains and losses on them on different bases.

Recognition and measurement

(i) Financial assets at amortised cost

Financial assets at amortised cost are measured using the effective interest method, less any expected credit losses which are recognised in profit or loss. Amortised cost is calculated by taking into account any transaction costs on acquisition as well as fees and costs that are an integral part of the effective interest rate.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate for financial instruments other than credit-impaired assets, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not expected credit losses. For credit-impaired assets, a credit-adjusted effective interest rate is calculated using estimated cash flows including expected credit losses. The calculation of effective interest rate includes transaction costs and fees that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial assets or financial liability.

Origination fees are regarded as integral part of the effective interest rate and are accounted for as interest and other similar income.

Group Accounting Policies (continued)

1.6 Financial instruments (continued)

1.6.1 Financial assets (continued)

(i) Financial assets at amortised cost

Business model assessment

The Group makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, matching the duration of financial assets to the liabilities that are funding those assets or realising cash flows through the sales of the assets;
- how the performance of the portfolio is evaluated and reported to Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and expectations about future sales activity. Information about sales activity is considered as part of the overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realised.

Assessment of whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (for example, liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payment of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual clause that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- interest rate charged to customers;
- origination fee and service fee charged to customers;
- any other amounts charged to customers (if any);
- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Group's claim to cash flows from specified assets (for example, non-recourse asset arrangements); and
- features that modify consideration of time value of money (for example, periodical reset of interest rates).

Financial assets which have been classified as measured at amortised cost include cash and cash equivalents, other receivables, and loans and advances.

Financial assets are reclassified only if the Group changes its business model for managing financial assets.

(ii) Financial assets at FVTPL

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset.

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.

(iii) Equity instruments designated at FVTOCI

The Group may make an irrevocable election at initial recognition for particular investments that would otherwise be measured at fair value through profit and loss to present subsequent changes in fair value through other comprehensive income. This investment is neither held for trading nor a contingent consideration.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in other reserves. Amounts recognised in other comprehensive income are not reclassified to profit or loss under any circumstances, instead, they will be transferred to retained earnings in case of disposal.

Group Accounting Policies (continued)

1.6 Financial instruments (continued)

1.6.1 Financial assets (continued)

(iii) Equity instruments designated at FVTOCI (continued)

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount can be measured reliably).

Impairment of financial assets

The Group recognises loss allowances for expected credit losses on the following financial assets:

- Loans and advances; and
- Other receivables.

Impairments are measured as 12-month expected credit losses upon origination. Where there has been a significant increase in credit risk since initial recognition of a financial asset, the loss allowance is measured as an amount equal to lifetime expected credit losses. A lifetime expected credit loss is calculated for credit impaired and defaulted loans.

Recognition and measurement

Expected credit losses are an estimate of credit losses over the life of a financial asset and when measuring expected credit losses, the Group takes into account:

- The probability-weighted outcomes
- Reasonable and supportable information that is available without undue cost or effort

Expected credit losses are measured as follows:

- Financial assets that are not credit impaired at the reporting date – as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expect to receive);
- Financial assets that are credit-impaired at the reporting date – as the difference between the gross carrying amount and the present value of estimated future cash flows.

Loss allowances for expected credit losses are presented in the statement of financial position as a deduction from the gross carrying amount of the financial asset.

For other receivables, the Group recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12month ECL. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant increase in credit risk

When determining whether the risk of default on a financial instrument has increased significantly, since initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost and effort. If reasonable and supportable forward-looking information is available without undue cost or effort, the Group relies on this information as well as historic information when determining whether credit risk has increased significantly since initial recognition. However, when information that is more forward-looking than past due status is not available without undue cost or effort, the Group may use past due information to determine whether there have been significant increases in credit risk since initial recognition.

Credit risk

The Group monitors the borrowers credit risk using both qualitative and quantitative information such as number of days in arrears and recency. Days in arrears represent the number of days that the contractual installment has past due and recency is calculated by referencing the most recent payment history of loans. The definition of default used in the measurement of expected credit losses is consistent with the definition of default used for our internal credit risk management purposes. The policy of management is to use recency to assess the default status of a loan as opposed to days in arrears due to high levels of administration and concomitant delays associated with payroll deductions. The internal definition of default is used instead of the IFRS 9 90 days presumption.

Group Accounting Policies (continued)

1.6 Financial instruments (continued)

1.6.1 Financial assets (continued)

Credit risk (continued)

The Group classifies loan into the 3 different stages based on recency and days in arrears as follows:

IFRS 9 Stage allocation	Recency	Recency definition
12-month-ECL - Credit risk has not increased significantly since initial recognition is low	Standard Performing	No missed instalments (IFRS9 Stage 1)
Lifetime-ECL- not credit-impaired - Credit risk has increased significantly since initial recognition and credit risk is not low	Performing Active (1-2)	Loans that are performing, on payroll, and have made payment on either one or both of their most recent 2 instalments expected. Loans in this category relate mainly to loans in technical areas which are generally still on payroll and as a consequence evidence high payment propensity. (IFRS9 Stage 2)
	Performing Active (3-4)	Partial performing loans that have over the last four consecutive periods reviewed, missed their most recent two instalments expected but have paid either one or both of the preceding two instalments due. This is a transitional bucket with the majority of these loans likely to be indicative of separation from payroll and likely to move into NPL but more time and analysis is required to confirm that assessment. (IFRS9 Stage 2)
Lifetime-ECL- credit-impaired - Credit risk has increased significantly since initial recognition and loans are credit impaired	Non-performing	Loans that have over the last four consecutive periods reviewed, missed all four instalments expected. (IFRS9 Stage 3)
	Doubtful & Bad	Delinquent loans where the probability of recovery is uncertain and the separation from payroll has been confirmed, as well as credit impaired loans, which have been identified for write offs subject to board approval. (IFRS9 Stage 3)

Refer to note 33.1 on credit risk management and measurement.

(i) Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

1. The recovery procedures as specified in the operation's arrears collection process have proven unsuccessful and the cost of recovering the debt outweighs the benefit.
2. The recovery of such debt is not possible, due to various reasons, such as the debtors are untraceable, deceased or retired.

Derecognition of financial assets

Financial assets (or a portion thereof) are derecognised when the Group realises the rights to the benefits specified in the contract, the rights expire, the asset is substantially modified or the Group surrenders or otherwise loses control of the contractual rights that comprise the financial asset. On derecognition, the difference between the carrying amount of the financial asset and proceeds receivable (including any new asset obtained) are included in profit or loss.

1.6.2 Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Group, are measured in accordance with the specific accounting policies set out below.

Group Accounting Policies (continued)

1.6 Financial instruments (continued)

1.6.2 Financial liabilities (continued)

(i) Financial liabilities at fair value through profit or loss (FVTPL)

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship (see Hedge accounting policy). The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

However, for financial liabilities that are designated at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Gains or losses on financial guarantee contracts issued by the Group that are designated by the Group at FVTPL are recognised in profit or loss.

Fair value is determined in the manner described in note 33.8.

(ii) Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Group Accounting Policies (continued)

1.6 Financial instruments (continued)

Hedging activities

The Group designates certain derivatives as 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 limited to the cumulative change in fair value of the hedge item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts previously recognised in other other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. This transfer does not affect other other comprehensive income. Furthermore, if the Group expects that some or all of the loss accumulated in the cash flow hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognised in other other comprehensive income and accumulated in cash flow hedge reserve at that time remains in equity and is reclassified to profit or loss when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in cash flow hedge reserve is reclassified immediately to profit or loss.

Put option arrangements

The Group has written options on the Group's own shares which permit the holders to put back their shares to the Group. The amount that may become payable under the option on exercise is initially recognised at the present value of the redemption amount within other financial liabilities with a corresponding charge directly to equity. The liability is subsequently increased by finance charges up to the redemption amount that is payable at the date at which the option becomes exercisable. In the event that the option expires unexercised, the liability is derecognised with a corresponding adjustment to equity.

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.

1.7 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.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Group supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Group Accounting Policies (continued)

1.7 Tax (continued)

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 which 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 (continued)

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, in other comprehensive income.

1.8 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.

Finance leases – lessee

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

Any contingent rents are expensed in the period they are incurred.

1.9 Impairment of assets other than financial assets and goodwill

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.

Group Accounting Policies (continued)

1.9 Impairment of assets other than financial assets and goodwill (continued)

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.

1.10 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.

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received from the issue of shares in excess of par value is classified as 'share premium' in equity. Dividends are recognised as a liability in the year in which they are declared.

1.11 Share-based payments arrangements

Equity-settled share-based payments are accounted at the fair value at the grant date and are expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled benefit reserve. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in notes to the financial statements.

Cash-settled share-based payments are recognised as an expense with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and any changes in the liability are recognised in profit or loss.

Contingently cash settled share-based payments are classified as either cash-settled or equity-settled in its entirety depending on which outcome is probable at each reporting date. Any change in the probable method of settlement is accounted for prospectively, with the cumulative expense adjustment to reflect the appropriate charge for the method of settlement considered probable at the respective reporting date, with an associated reclassification to/from equity to liabilities as required.

1.12 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.

1.13 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 a third 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.

Group Accounting Policies (continued)

1.13 Provisions and contingencies (continued)

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. Contingencies are disclosed in notes to the financial statements.

1.14 Revenue

Revenue is recognised upon transfer of services to customers in an amount that reflects the consideration the Group expect to receive in exchange for those services. Revenue is recognised net of any taxes collected from customers.

Revenue comprises fees for rendering of services to customers, collection of owned book debts and finance charges on loans.

Commission and other income

Commission and other income are recognised over time based on the substance of the relevant agreement and when services are rendered.

1.15 Borrowing costs

All borrowing costs are recognised as an expense in the period in which they are incurred.

1.16 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in US Dollar, the functional currency of the Company and the other entities of the Group, by applying 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 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 in other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised in other comprehensive income and accumulated in equity. Any gain or loss on a non-monetary item is recognised in profit or loss.

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

The results and financial position of a foreign operation are translated into US Dollar, which is the presentation currency of the Group, using the following procedures:

- assets and liabilities for each consolidated statement of financial position presented are translated at the closing rate at the date of that consolidated statement of financial position;
- income and expenses for each item of profit or loss are translated at average exchange rates for the period; and
- all resulting exchange differences are recognised to 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 comprehensive income and accumulated in the translation reserve. They are recognised in profit or loss as a reclassification adjustment through to 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 dates of the cash flows.

Group Accounting Policies (continued)

1.17 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.

1.18 Segmental reporting

A segment is a distinguishable component of the Group that is engaged either in providing products and services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Group's primary format for segment reporting is based on geographical segments.

Notes to the Consolidated Financial Statements

2. New Standards and Interpretations

In the current year, the Group has applied all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Committee ("IFRIC") of the IASB that are relevant to its operations and effective for accounting periods beginning on or after 1 January 2018.

2.1 New and revised Standards and Interpretations 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 28 Investments in Associates and Joint Ventures - amendments resulting from Annual Improvements 2014–2016 Cycle (clarifying certain fair value measurements)
- IAS 39 Financial Instruments: Recognition and Measurement - amendments to permit an entity to elect to continue to apply the hedge accounting requirement in IAS 39 for a fair value hedge of the interest rate exposure of a portion of financial assets or financial liabilities when IFRS 9 is applied, and to extend the fair value option to certain contracts that meet the 'own use' scope exception
- IFRS 2 Share-based Payment - amendments to clarify the classification and measurement of share-based payment transactions
- IFRS 4 Insurance contracts - amendments regarding the interaction of IFRS 4 and IFRS 9
- IFRS 15 Revenue from Contracts with Customers - original issue
- IFRS 15 Revenue from Contracts with Customers - clarifications to IFRS 15
- IFRIC 22 Foreign Currency Transactions and Advance Consideration

2.2 Standards and Interpretations in issue but not yet effective

At the date of authorisation of these financial statements, the following relevant 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 regarding the definition of material (effective 1 January 2020)
- IAS 8 Accounting policies, Changes in Accounting Estimates and Errors - amendments regarding the definition of material (effective 1 January 2020)
- IAS 12 Income Taxes - amendments resulting from Annual Improvements 2015-2017 Cycle (income tax consequences of dividends) (effective 1 January 2019)
- IAS 19 Employee Benefits - amendments regarding plan amendments, curtailment or settlements (effective 1 January 2019)
- IAS 23 Borrowing costs - amendments resulting from Annual Improvements 2015-2017 Cycle (borrowing costs eligible for capitalisation) (effective 1 January 2019)
- IAS 28 Investments in Associates and Joint Ventures - amendments regarding long-term interests in associates and joint ventures (effective 1 January 2019)
- IFRS 3 Business Combinations - amendments resulting from Annual Improvements 2015-2017 Cycle (remeasurement of previously held interest) (effective 1 January 2019)
- IFRS 9 Financial Instruments - amendments regarding prepayment features with negative compensation and modifications of financial liabilities (effective 1 January 2019)
- IFRS 16 Leases - Original issue (effective 1 January 2019)
- IFRS 17 Insurance Contracts - original issue (effective 1 January 2021)
- IFRIC 23 Uncertainty over Income Tax Treatments (effective 1 January 2019)

The directors anticipate that these amendments will be applied in the annual financial statements for the annual periods beginning on the respective dates as indicated above. The directors have not yet assessed the potential impact of the application of these amendments, except for the impact of IFRS 16 which is described below.

Notes to the Consolidated Financial Statements (continued)

2. New Standards and Interpretations (continued)

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede the current lease guidance including IAS 17 Leases and the related interpretations when it becomes effective for the accounting period beginning on or after 1 January 2019.

The Group intends to use the practical expedient available on transition to IFRS 16 not to reassess whether a contract is, or contains, a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to be applied to leases entered or modified before 1 January 2019.

The change in definition of a lease mainly relates to the concept of control. Controls exist if the customer has the right to obtain substantially all of the economic benefits from the use of an identified asset; and the right to direct the use of that asset.

The Group will apply the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into or modified on or after 1 January 2019 (whether it is a lessor or a lessee in the lease contract). In preparation for the first-time application of IFRS 16, the Group is currently assessing the impact of this standard on the consolidated financial statements.

Notes to the Consolidated Financial Statements (continued)

Figures in US Dollar	2018	2017
3. Cash and cash equivalents		
Cash and cash equivalents for the purposes of the statement of cash flows consist of:		
Cash and bank balances	68,412,034	51,027,605
Bank overdrafts	(52,331,627)	(5,286,878)
Total cash and cash equivalents	16,080,407	45,740,727

Bank overdrafts:

As at 31 December 2018, the Group had available facilities totalling USD 57.8 million (2017: USD 23.1 million). Bank overdrafts were secured over loans and advances. Interest rates charged varied from 10% to 25% per annum (2017: 9% to 30% per annum).

Bank balances:

There were no lien over cash and bank balances (2017: nil).

4. Other receivables

Current assets		
Prepayments	6,375,444	7,088,342
Sundry debtors	7,713,362	4,761,070
Amount receivable from related parties (note 32.2)	1,691,311	1,557,858
Impairment provision	(i) (1,061,360)	-
	14,718,757	13,407,270
Non-current assets		
Loan receivable under share-based incentive scheme (note 32.2)	(ii) 1,169,827	1,366,113
Total other receivables	15,888,584	14,773,383
Impairment provision		
At 1 January	-	-
Impairment recognised in profit or loss	1,069,980	-
Foreign exchange movements	(8,620)	-
At 31 December	1,061,360	-

The directors consider that the carrying amount of other receivables approximate their fair values. No collateral is held for other receivables. The Group applies IFRS 9 to measure loss allowances for expected credit losses on other receivables by reference to past default experience of the debtors, the debtor's financial position and general economic cashflows of the industry in which the debtors operate.

(i) During the year ended 31 December 2018, an impairment provision of USD 1,069,980 was recognised against one receivable which was past due for more than 365 days. The historical experience has indicated that the recovery of such receivable is generally not recoverable.

(ii) The loan receivable under the share-based incentive scheme carry interest at 5.2% per annum (2017: 5.2%), are repayable by March 2024 and are secured by the shares allotted under the scheme.

Notes to the Consolidated Financial Statements (continued)

Figures in US Dollar 2018 2017

5. Income taxes

5.1 Income tax recognised in profit or loss

Current tax	2018	2017
In respect of the current year	20,498,364	17,362,612
In respect of prior years	(486,555)	969,325
Withholding taxes	5,855,664	(1,533,928)
Total current tax expense	25,867,473	16,798,009
Deferred tax		
In respect of the current year	594,158	(6,549)
In respect of prior years	(55,582)	(312,315)
Total deferred tax expense/(credit)	538,576	(318,864)
Total income tax expense recognised in the current year	26,406,049	16,479,145

Reconciliation of the tax expense

The Group is domicile in Mauritius and therefore liable to income tax in Mauritius at the rate of 15% (2017: 15%). However, the Group is entitled to a foreign tax credit equivalent to the greater of the actual foreign tax suffered and 80% of the Mauritian tax chargeable with respect to its foreign source income. Statutory tax rates for subsidiaries range from 15% to 37%.

Profit before taxation	71,367,723	1,319,975
Tax at the effective rate 3% (2017: 3%)	2,141,032	39,599
Tax effect of adjustments on taxable income		
Effect of expenses that are not deductible in determining taxable profit	(6,045,686)	5,015,898
Effect of different tax rates of subsidiaries operating in other jurisdictions	27,249,416	12,541,605
Effect of withholding tax	5,855,664	(1,600,605)
Deferred tax asset recognised on prior years tax losses	(1,189,306)	-
Exempt income	(1,117,257)	(737,264)
Unutilised tax losses	54,323	562,902
Effect of tax offsets not recognised in deferred tax assets	-	-
	26,948,186	15,822,135
Adjustments recognised in the current year in relation to the current tax of prior years	(542,137)	657,010
Income tax expense recognised in profit or loss	26,406,049	16,479,145

5.2 Current tax assets/(liabilities)

Current tax assets	14,126,350	11,641,186
Current tax liabilities	(6,327,565)	(5,755,493)
Total current tax	7,798,785	5,885,693
At 1 January		
Transfer (to)/from deferred tax in respect of IFRS 9 adjustment	(1,039,726)	1,039,726
Current tax for the year recognised in profit or loss	(25,867,473)	(16,798,009)
Tax paid	29,874,188	22,776,946
On disposal of subsidiaries	-	(397,468)
Others	(399,989)	132,007
Foreign exchange movements	(653,908)	(379,252)
At 31 December	7,798,785	5,885,693

Notes to the Consolidated Financial Statements (continued)

Figures in US Dollar	2018	2017
5. Income taxes (continued)		
5.3 Deferred tax assets/(liabilities)		
The following is the analysis of deferred tax assets and liabilities presented in the statement of financial position.		
Deferred tax assets	32,081,917	32,604,097
Deferred tax liabilities	(32,642)	(49,157)
Total deferred tax	32,049,275	32,554,940
Deferred tax breakdown		
Accelerated capital allowances for tax purposes	(57,450)	(95,738)
Tax losses available for set off against future taxable income	15,671,160	18,080,103
Provision for impairment of loans and advances	9,028,041	12,625,313
Unrealised exchange losses	5,608,836	1,003,395
Revenue and expense recognition timing differences	1,474,372	771,133
Others	324,316	170,734
Total deferred tax	32,049,275	32,554,940
Reconciliation of deferred tax assets		
At 1 January	32,554,940	48,498,489
Transfer from/(to) current tax in respect of IFRS 9 adjustment	1,039,726	(1,039,726)
On disposal of subsidiary	-	(17,650,893)
(Tax losses utilised)/tax losses available for set off against future taxable income	(2,408,943)	2,578,604
Originating temporary differences on tangible fixed assets	38,288	(41,575)
Originating temporary differences on provision for impairment on loans and advances	(4,636,998)	1,713,732
Originating temporary difference on revenue and expenses	703,239	(354,316)
Unrealised exchange losses	4,605,441	(679,277)
Others	153,582	(470,098)
At 31 December	32,049,275	32,554,940
The deferred tax asset recognised relating to unutilised tax losses is supported by management's forecast of future taxable income for the forthcoming five years. The directors are satisfied that the Group will utilise the deferred tax asset relating to unutilised tax losses within the forthcoming five years. In making such forecast, all positive and negative evidences were considered, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies and results of recent operations.		
6. Other financial assets/(liabilities)		
Other financial assets		
Foreign exchange forward contracts in cash flow hedges	6.1 396,180	3,200,923
Cash collateral	6.2 21,060,000	3,050,000
Margin account	6.2 250,000	250,000
Total other financial assets	21,706,180	6,500,923
Other financial liabilities		
Foreign exchange forward contracts in cash flow hedges	6.1 (18,603,213)	-
Put option on own shares	6.3 (2,736,328)	(2,500,809)
Contingent consideration	6.3 (362,264)	(335,516)
Total other financial liabilities	(21,701,805)	(2,836,325)

Notes to the Consolidated Financial Statements (continued)

Figures in US Dollar

2018

2017

6. Other financial assets/(liabilities) (continued)

6.1 Foreign exchange forward contracts in cash flow hedges

The Group entered into foreign exchange forward contracts during the year with a view to hedge its exposure to movements in SEK/USD exchange rate relating to its bond liabilities denominated in Swedish Krona. Details of the hedging contracts in place as at the end of the reporting period are as follows:

Hedging instruments	Notional amount SEK'm	Carrying amount USD	Forward rate	Trade date	Maturity date	Line item in the statement of financial position
Foreign exchange risk						
Forward exchange contract 1	1,568	(18,603,213)	8.0567	Nov-18	Feb-19	Other financial liabilities
Forward exchange contract 2	332	396,180	9.0032	Nov-18	Feb-19	Other financial assets
	1,900	(18,207,033)				

Refer to note 33.8 for detail on the fair value measurement disclosure.

Hedge item and hedge effectiveness

As at 31 December 2018, the total value of exposure of the SEK Bonds (hedge item) was of SEK1,900 million (2017: SEK 1,900 million). The outstanding principal of Swedish Krona bonds was designated as the underlying hedge item. The coverage ratio is at 100%. The spot element is designated as the hedging instrument and hence the value of the hedged item is matched by an opposite movement in the value of the hedging instrument giving 100% effectiveness.

6.2 Cash collateral and margin account

These relate to restricted cash collateral which are held as reserves.

6.3 Put Option on own shares and contingent consideration

The put option and contingent consideration relate to the acquisition of the Traffic group (refer to note 10). The purchase consideration was agreed to be a combination of cash and issuance of the Group's own shares. The contingent consideration relates to the portion of the acquisition price that has been deferred for a period of three years subject to the achievement of agreed performance metrics. In addition, the Group wrote a put option in favour of the sellers over the share-based consideration that will be exercisable under certain conditions and will expire on 31 December 2020.

7. Loans and advances

Gross advances		933,262,231	781,762,939
Impairment provision		(62,560,012)	(68,212,555)
Net loans and advances		870,702,219	713,550,384
Non-current assets		682,857,514	565,143,191
Current assets		187,844,705	148,407,193
Net loans and advances		870,702,219	713,550,384
Impairment provision			
At 1 January		68,212,555	276,001,949
Derecognised on disposal of subsidiary (see note 30.2)		-	(223,672,456)
Impairment recognised in profit or loss		17,167,405	45,129,442
Utilisation of allowance for impairment		(16,762,235)	(30,429,239)
Foreign exchange movements		(6,057,713)	1,182,859
At 31 December		62,560,012	68,212,555

There is no collateral held against loans and advances. Loans and advances relating to the individual subsidiaries' are provided as security for the subsidiaries' bank overdrafts and term loan balances totalling USD 265 million (2017: USD 293 million). Please refer to note 33.1 for disclosures on credit risks.

Notes to the Consolidated Financial Statements (continued)

Figures in US Dollar	2018	2017
8. Other investments		
Investments in equity instruments designated as at FVTOCI		
At 1 January	32,256,348	36,328,024
Additions	115,117	1,894,936
Changes in fair value	2,448,414	6,317,213
Foreign exchange movements	(1,866)	320,075
Derecognised on disposal of subsidiary	-	(12,603,900)
At 31 December	34,818,013	32,256,348

The Group participates in insurance activities through cell captive insurance companies. Bayport Management Ltd owns 100% of the issued share capital of the Cell created by Guardrisk Limited. In 2017, the amounts derecognised on disposal of subsidiary represents the cells in Hollard Business Associates Proprietary Ltd ("HBA") and Guardrisk Life Limited owned by Bayport Financial Services 2010 Proprietary Limited.

Fair value is determined by discounting the estimated future cash flows at a risk adjusted rate. The method used is documented in note 33.8.

9. Subsidiaries

Information about the composition of the Group at the end of the reporting period is as follows:

Name of company	Country	31 Dec 2018	31 Dec 2017
Bayport Financial Services Limited	Zambia	83.23 %	83.23 %
Bayport Savings and Loans Limited	Ghana	98.89 %	98.89 %
Bayport Financial Services (Tanzania) Limited	Tanzania	89.00 %	89.00 %
Bayport Financial Services Uganda Limited	Uganda	85.00 %	85.00 %
Money Quest Investments (Proprietary) Limited	Botswana	98.31 %	98.31 %
Bayport Colombia S.A.	Colombia	100.00 %	100.00 %
Bayport Financial Services Mozambique (MCB), SA	Mozambique	95.00 %	95.00 %
Actvest Mexico S.A.P.I de C.V, E.N.R	Mexico	100.00 %	100.00 %
Financiera Fortaleza, S.A de C.V, SOFOM, E.N.R (i)	Mexico	100.00 %	71.00 %
Cashfoundry Limited	United Kingdom	100.00 %	100.00 %
Actvest Limited	Mauritius	100.00 %	100.00 %
Bayport Latin America Holdings Ltd	Mauritius	100.00 %	100.00 %
Bayport International Headquarter Company Proprietary Limited	South Africa	100.00 %	100.00 %
Actvest (Proprietary) Limited	South Africa	100.00 %	100.00 %
Bayport Financial Services Namibia (Pty) Ltd (Dormant) (ii)	Namibia	100.00 %	100.00 %
Bayport Financial Services Lesotho Ltd (Dormant) (ii)	Lesotho	- %	100.00 %
Bayport Financial Services (USA), Inc.	United States	100.00 %	100.00 %
Bayport LatAm Investments Cooperatief U.A (ii)	Netherlands	- %	100.00 %
Bayport LatAm Investments B.V (ii)	Netherlands	- %	100.00 %
Bayport Financial Services Rwanda SARL (Dormant) (ii)	Rwanda	- %	100.00 %
Sugaree Insurance Company Limited (iii)	Bermuda	100.00 %	- %

(i) In December 2018, the Company acquired the minority stake of Financiera Fortaleza, S.A de C.V, SOFOM, E.N.R and hence effectively owns 100% of its issued share capital. Refer to note 30.1 for further information.

(ii) Bayport Financial Services Lesotho Ltd, Bayport LatAm Investments Cooperatief U.A, Bayport LatAm Investments B.V and Bayport Financial Services Rwanda SARL have been wound up during the year ended 31 December 2018 and Bayport Financial Services Namibia (Pty) Ltd is in the process of being wound up.

(iii) Sugaree Insurance Company Limited, a company registered in Bermuda, was incorporated in December 2018 and its principal activities will be for the provision of insurance services. As at reporting date, the company has not started its operations. Set up and other related costs were immaterial and has not been included in the Group results for the year ended 31 December 2018.

Management does not consider any subsidiary to have material non-controlling interests that require further disclosures.

Notes to the Consolidated Financial Statements (continued)

Figures in US Dollar		2018	2017
10. Investments in associates			
At 1 January		134,179,442	-
Additions		-	5,532,181
Fair value of retained interest in former subsidiary (note 30.2)		-	114,468,430
Share of profits		3,416,719	1,362,862
Share of other comprehensive loss		(989,903)	-
Movement in currency translation reserve		(18,395,406)	12,815,969
Dividend		(2,176,630)	-
At 31 December		116,034,222	134,179,442
Material associates	10.1	111,054,429	127,823,056
Immaterial associates	10.2	4,979,793	6,356,386
Total investment in associates		116,034,222	134,179,442

Additions during the year has been financed as follows:

Cash	-	1,912,255
Issue of shares	-	2,678,154
Contingent consideration (note 6.3)	-	941,772
Total consideration	-	5,532,181

10.1 Details of material associates

Name of associate	: Bayport Financial Services 2010 Proprietary Limited
Principal activity	: Retail financial services
Place of incorporation	: South Africa
Proportion of ownership	: 49%

The summarised financial information below represents amounts shown in the consolidated financial statements of Bayport Financial Services 2010 Proprietary Limited, prepared in accordance with IFRS.

Summarised statement of financial position

Assets	300,252,719	353,590,485
Liabilities	(202,156,127)	(241,659,330)
Net identifiable assets	98,096,592	111,931,155

The financial information of the associate is presented in order of liquidity.

Summarised statement of profit or loss and other comprehensive income

Net interest income	54,178,361	48,208,775
Profit for the year	3,944,073	7,986,155
Other comprehensive loss for the year	(2,020,211)	(4,316,763)
Total comprehensive income for the year	1,923,862	3,669,392

Reconciliation of carrying amount

Net assets of associate	98,096,593	111,931,155
Proportion of the Group's ownership interest	49 %	49 %
Share of net assets	48,067,331	54,846,266
Goodwill	62,987,098	72,976,790
Total carrying amount	111,054,429	127,823,056

Notes to the Consolidated Financial Statements (continued)

Figures in US Dollar 2018 2017

10. Investments in associates (continued)

10.1 Details of material associates (continued)

The movement in goodwill for the year ended 31 December 2018 relates to foreign exchange losses.

When testing goodwill for impairment, the recoverable amounts of cash generating units (CGU) are determined as the lower of value in use and fair value less costs to sell, the lower being the value in use.

As at 31 December 2018, the impairment assessment was performed using a weighted average of the results from the residual income method and discounted dividend model and by incorporating budgets approved by the board. Cash flows beyond the period covered by approved budgets were forecasted based on projected growth rates for the relevant cash generating unit. The evaluation was based on a five year forecast.

- Discount rates reflect management's assessment of risks specific to the CGU as well as current market trends of the time value of money. Cost of equity discount rate used is 14.1%.
- Growth rates are based on industry indicators as well as current and expected business trends. At the end of the forecast period, a terminal value was included with a growth expectation of 6.26%.

Based on the assessment performed, no provision for impairment was recognised for the year ended 31 December 2018.

As at 31 December 2017, goodwill was not considered as impaired in view of the last disposal transaction at market value.

10.2 Aggregate information of associates which are not material

The Group's share of profit	1,484,123	230,665
The Group's share of other comprehensive income	-	-
Dividend received	2,176,630	-
The Group's share of total comprehensive income	1,484,123	230,665
Carrying amount of the Group's interest in the associate	4,979,793	6,356,386

In October 2017, the Group acquired 51% of a group of seven companies operating in the insurance sector under the collective name of "Traficc". The initial consideration comprised of USD 1,912,255 (ZAR 23,067,763) in cash as well as 114,647 ordinary shares of the holding company. Furthermore, subject to achieving agreed performance metrics over a period of three years, contingent consideration may be payable to the sellers which will comprise of cash consideration of USD 433,754 (ZAR 5,371,083) and additional 26,693 ordinary shares.

Although the Group owns more than 50% of the ordinary shares of Traficc, the acquisition is accounted for using the equity method. This is due to the fact that more than 51% of voting rights is required for certain key decisions.

11. Goodwill

Cost

At 1 January	4,664,824	100,434,924
Disposal of subsidiary	-	(96,167,088)
Foreign exchange movements	(83,359)	396,988

At 31 December	4,581,465	4,664,824
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Accumulated impairment

At 1 January	-	10,029,083
Disposal of subsidiary	-	(10,001,387)
Foreign exchange movements	-	(27,696)

At 31 December	-	-
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Carrying value

At 31 December	4,581,465	4,664,824
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Notes to the Consolidated Financial Statements (continued)

Figures in US Dollar

2018 2017

11. Goodwill (continued)

Goodwill acquired on 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 Savings and Loans Limited	436,906	474,667
Bayport Financial Services (Tanzania) Limited	198,292	203,973
Money Quest Investments (Proprietary) Limited	197,662	215,449
Bayport Colombia S.A.S	268,375	292,276
Financiera Fortaleza S.A de C.V., SOFOM, E.N.R	3,480,230	3,478,459
Total	4,581,465	4,664,824

Goodwill is tested annually for impairment, or more frequently if there are indications that goodwill might be impaired. When testing goodwill for impairment, the recoverable amounts of the cash generating units (CGUs) are determined based on the higher of fair value less costs of disposal and value in use.

When testing goodwill for impairment, the recoverable amounts of cash generating units (CGU) are determined as the lower of value in use and fair value less costs to sell, the lower being the value in use. The impairment assessment was done using a weighted average of the results from the residual income method, PE Multiples and PB multiples by incorporating budgets approved by the board. Cash flows beyond the period covered by approved budgets were forecasted based on projected growth rates for the relevant cash generating unit. The evaluation was based on a five year forecast. The key assumptions for value in use calculations are discount rates, growth rates, Price to earnings ratios (PE) and Price to book ratios (PB).

Discount rates reflect management's assessment of risks specific to the CGU as well as current market trends of the time value of money. Growth rates are based on industry indicators as well as current and expected business trends. PB and PE multiples are based on an average for listed financial institutions operating in the same business segment. The following assumptions were used in the value in use calculation at year end:

- Discount rates ranging from 11.57% to 30.32%;
- PB ratios ranging from 7.15% to 9.90%; and
- PE ratios ranging from 1.10% to 2.60%

Based on the assessment performed, no provision for impairment was recognised.

Notes to the Consolidated Financial Statements (continued)

Figures in US Dollar

12. Property and equipment

Non-current assets

Cost	Buildings	Furniture and Fittings	Motor Vehicles	Office Equipment	IT Equipment	Leasehold Improvements	Total
At 1 January 2017	2,497,818	5,889,898	4,605,430	4,272,705	9,624,185	6,124,042	33,014,078
Additions	755,451	1,391,606	940,645	628,111	1,956,405	2,003,018	7,675,236
Derecognised on disposal of subsidiary	-	(2,176,400)	(28,472)	(1,172,494)	(4,061,275)	(4,708,341)	(12,146,982)
Disposals	-	(165,551)	(378,739)	(39,259)	(367,466)	(25,155)	(976,170)
Foreign exchange movements	(59,241)	21,082	(64,030)	(765,496)	73,374	872,122	77,811
At 31 December 2017	3,194,028	4,960,635	5,074,834	2,923,567	7,225,223	4,265,686	27,643,973
Additions	719,705	687,275	1,798,128	220,455	1,200,860	1,444,726	6,071,149
Disposals	-	(63,980)	(527,210)	(42,720)	(115,814)	(148,499)	(898,223)
Foreign exchange movements	(687,175)	(548,800)	(689,782)	(201,658)	(804,156)	(205,701)	(3,137,272)
At 31 December 2018	3,226,558	5,035,130	5,655,970	2,899,644	7,506,113	5,356,212	29,679,627
Accumulated depreciation							
At 1 January 2017	165,314	3,679,382	2,563,841	2,618,946	6,572,744	3,430,571	19,030,798
Charge for the year	39,822	978,754	975,582	506,073	1,810,804	1,309,013	5,620,048
Eliminated on disposal of subsidiary	-	(1,323,742)	(5,368)	(1,046,341)	(3,095,691)	(2,970,958)	(8,442,100)
Disposals	-	(160,893)	(295,544)	(38,070)	(352,367)	(24,125)	(870,999)
Foreign exchange movements	(2,056)	16,051	(53,895)	(428,094)	39,092	392,984	(35,918)
At 31 December 2017	203,080	3,189,552	3,184,616	1,612,514	4,974,582	2,137,485	15,301,829
Charge for the year	65,815	747,662	885,118	444,688	1,353,145	798,615	4,295,043
Disposals	-	(59,720)	(449,130)	(38,310)	(105,810)	(148,499)	(801,469)
Foreign exchange movements	(41,026)	(390,365)	(384,835)	(122,772)	(590,084)	(176,540)	(1,705,622)
At 31 December 2018	227,869	3,487,129	3,235,769	1,896,120	5,631,833	2,611,061	17,089,781
Carrying value							
At 31 December 2018	2,998,689	1,548,001	2,420,201	1,003,524	1,874,280	2,745,151	12,589,846
At 31 December 2017	2,990,948	1,771,083	1,890,218	1,311,053	2,250,641	2,128,201	12,342,144

Notes to the Consolidated Financial Statements (continued)

Figures in US Dollar

2018

2017

12. Property and equipment (continued)

No property has been pledged as security at the reporting date, (2017: USD Nil), except for assets subject to finance lease as follows:

Motor vehicles	45,118	153,301
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13. Intangible assets

Non-current assets

Cost	Computer software	Software under development	Distribution channel	Customer relationship	Total
At 1 January 2017	6,461,680	15,301,126	1,779,223	-	23,542,029
Additions during the year	3,682,424	5,400,118	-	-	9,082,542
Derecognised on disposal of subsidiary	(4,304,784)	-	(1,784,679)	-	(6,089,463)
Transfers	875,981	(875,981)	-	-	-
Disposals	(480,878)	-	-	-	(480,878)
Foreign exchange movements	(105,066)	174,620	5,456	-	75,010
At 31 December 2017	6,129,357	19,999,883	-	-	26,129,240
Additions	2,389,494	5,308,444	-	5,666,803	13,364,741
Transfers	4,005,480	(4,005,480)	-	-	-
Disposals	(47,286)	-	-	-	(47,286)
Foreign exchange movements	(653,435)	(152,186)	-	-	(805,621)
At 31 December 2018	11,823,610	21,150,661	-	5,666,803	38,641,074
Accumulated amortisation					
At 1 January 2017	4,122,321	-	1,779,223	-	5,901,544
Charge for the year	1,562,144	-	-	-	1,562,144
Eliminated on disposal of subsidiary	(3,129,201)	-	(1,784,679)	-	(4,913,880)
Disposals	(477,240)	-	-	-	(477,240)
Foreign exchange movements	(4,008)	-	5,456	-	1,448
At 31 December 2017	2,074,016	-	-	-	2,074,016
Charge for the year	1,947,685	-	-	-	1,947,685
Disposal	(47,286)	-	-	-	(47,286)
Foreign exchange movements	(231,626)	-	-	-	(231,626)
At 31 December 2018	3,742,789	-	-	-	3,742,789
Carrying value					
31 December 2018	8,080,821	21,150,661	-	5,666,803	34,898,285
31 December 2017	4,055,341	19,999,883	-	-	24,055,224

Notes to the Consolidated Financial Statements (continued)

Figures in US Dollar	2018	2017
14. Deposits from customers		
By maturity		
Within one month	14,196,065	10,411,742
One to three months	25,465,548	6,237,033
Three months to one year	34,060,366	38,500,703
More than one year	5,932	-
Total deposits from customers	73,727,911	55,149,478
By nature		
Current accounts	74,965	1,695
Saving accounts	4,143,287	4,367,332
Fixed deposit accounts	69,509,659	50,780,451
Total deposits from customers	73,727,911	55,149,478

Interest rate charged on customer deposits ranges from 7% to 27% (2017: 9% to 32%).

15. Other payables

Current liabilities

Sundry creditors and accruals	25,107,763	18,402,219
Interest payable	28,304,558	21,590,021
Withholding tax payable	2,971,132	1,783,755
Amount due to related parties (note 32.2)	1,371,298	865,149
Total other payables	57,754,751	42,641,144

The average credit period of sundry creditors ranges from 0 to 90 days. Sundry creditors and accruals do not accrue interest.

16. Provisions

Current liabilities

At 1 January	-	3,669,308
Additions	2,957,615	-
Amounts utilised	(47,112)	(3,664,951)
Foreign exchange movements	(87,671)	(4,357)
At 31 December	2,822,832	-

The provision balance relate to accruals made for staff and management performance bonuses.

17. Finance lease obligation

Minimum lease payments due

- within one year	37,090	90,027
- in second to fifth year inclusive	18,560	48,750
	55,650	138,777
less: future finance charges	(8,484)	(23,128)
Present value of minimum lease payments	47,166	115,649
Current liabilities	29,772	75,237
Non-current liabilities	17,394	40,412
Present value of minimum lease payments	47,166	115,649

Finance leases relate to motor vehicles and office equipment with lease terms between 36 to 60 months. The Group has the option to purchase the assets for a nominal amount at the conclusion of the lease agreements.

Notes to the Consolidated Financial Statements (continued)

Figures in US Dollar

2018

2017

17. Finance lease obligation (continued)

The interest rates on the finance leases range from 12% to 23% per annum (2017: from 9% to 30%). 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 lessors' charge over the leased assets (refer to note 12).

18. Borrowings

Held at amortised cost

Corporate bonds	(i)	293,872,197	299,761,549
Other term loans	(ii)	493,912,201	376,101,931
		787,784,398	675,863,480
Less: deferred transaction costs		(7,089,502)	(7,529,171)
Total borrowings		780,694,896	668,334,309

Current liabilities	320,062,138	127,615,325
Non-current liabilities	460,632,758	540,718,984
Total borrowings	780,694,896	668,334,309

Remaining term of maturity

On demand or within period not exceeding one year	320,062,138	127,615,325
Within a period of more than one year but not exceeding two years	309,844,892	298,773,728
Within a period of more than two years but not exceeding five years	142,099,951	67,722,669
In more than five years	8,687,915	174,222,587
Total borrowings	780,694,896	668,334,309

(i) Corporate bonds

Corporate bonds constitute of Swedish Krona bonds issued by the Group and bonds issued by subsidiaries in their respective currencies.

The Swedish Krona bonds of USD 215 million (2017: USD 232 million) carried interest at a coupon rate of 11% to 14% (2017: 11% to 14%) and maturing in September 2019 and November 2019. As at 31 December 2018, the last trades of the Swedish Krona bonds were 107.3% (2017: 104.9% and 106.7%) of the nominal issue price.

The bonds issued by subsidiaries of USD 79 million (2017: USD 68 million) carried interest rate ranging from 20% to 28% (2017: 17% to 31%) and maturity dates ranging from May 2019 to August 2023. Market price for other bonds issued by subsidiaries were not available as at 31 December 2018 as no trade were registered.

(ii) Other term loans

Other term loans include funding received by the Group from local banks and financial institutions in US Dollars and other currencies. Terms of the loans range from 6 months to 7 years and interest rates range from 6% to 31% per annum (2017: 6% to 27%).

Securities and guarantees

Other term loans include borrowings of USD 265 million (2017: USD 293 million) outstanding at the end of the reporting date, secured over loans and advances of the Group. Other securities held by funders are as follows:

- (a) Subordination of preference shares of Bayport Financial Services Uganda Limited for USD 1.6 million (2017: USD 1.6 million)
- (b) Subordination of loans from Bayport Management Ltd to subsidiaries of USD 74.7 million (2017: USD 144 million)
- (c) Corporate guarantee from Bayport Management Ltd of USD 32.4 million (2017: USD 5.2 million)
- (d) Cash collateral pledged of USD 0.5 million (2017: USD 1.1 million)

Notes to the Consolidated Financial Statements (continued)

Figures in US Dollar

19. Share capital and treasury shares

	Number of shares	Share capital	Share premium	Share application monies	Convertible equity instrument	Total share capital	Treasury shares	Total share capital and treasury shares
At 1 January 2017	30,741,360	30,741	301,125,796	606,999	-	301,763,536	-	301,763,536
Issue of shares (i)	114,647	115	2,678,039	-	-	2,678,154	-	2,678,154
Purchase of treasury shares (ii)	-	-	-	-	-	-	(1,498,760)	(1,498,760)
Convertible note (iii)	-	-	-	-	60,560,000	60,560,000	-	60,560,000
Share application monies (iv)	-	-	-	156,680	-	156,680	-	156,680
At 1 January 2018	30,856,007	30,856	303,803,835	763,679	60,560,000	365,158,370	(1,498,760)	363,659,610
Issue of shares (i)	81,681	82	1,025,749	(499,788)	-	526,043	-	526,043
Share application monies (iv)	-	-	-	9,371,461	-	9,371,461	-	9,371,461
At 31 December 2018	30,937,688	30,938	304,829,584	9,635,352	60,560,000	375,055,874	(1,498,760)	373,557,114

Issued and fully paid ordinary shares of USD 0.001 each at par value.

Each share has equal rights on distribution of income and capital and is entitled to one vote per share.

(i) Issue of shares to associates in 2017 (refer to note 10) and senior executives in 2017 and 2018 (refer to note 20).

(ii) During the year ended 31 December 2017, the Group bought back 0.29% of its own shares from group executives participating in the share based incentives scheme. These shares have been accounted as treasury shares in the books of the Company.

(iii) During the year ended 31 December 2017, the Group issued a convertible subordinated zero coupon note of USD 60,560,000. Mandatory conversion of the note will occur at defined dates into 3,431,411 ordinary shares of the Company and has met the requirement for equity disclosure in terms of IFRS. There is a shortfall guarantee associated with the instrument whereby the Company has signed an agreement to provide a Guaranteed Return (principal and capitalised interest) at maturity date. Based on management assessment, no liability is to be recognised at 31 December 2018.

(iv) Share application monies represent advances received from the shareholders which have not yet been converted into share capital as at year end. These amounts are unsecured, interest free and convertible into ordinary shares. During the year ended 31 December 2018, the Group acquired 14.24% of the issued share capital of Financiera Fortaleza, S.A de C.V, SOFOM E.N.R which will be settled partly by issuance of shares for a consideration of USD 9,635,352 (refer to note 30.1). At 31 December 2018, the consideration has been accounted for as share application monies.

The Group's shareholding for the year was as shown below:

Shareholders	Percentage holding 2018	Percentage holding 2017
Kinnevik New Ventures	24.01	24.08
Takwa Holdco Limited	18.17	18.22
Takwa Holdco (2) Ltd	4.91	4.92
Public Investment Corporation (SDC) Limited	20.61	20.67
Elsworthy Holdings Ltd	11.87	11.90
Mr Grant Kurland	Director	9.25
Kasumu Ltd		8.35
Mr Justin Chola	Director	0.78
Mr Vladimer Gurgenidze		0.31
Others		1.74
Total	100.00	100.00

Mr Jonathan Jawno and Mr Roberto Rossi, who are directors of the Company, and Mr Michael Mendelowitz, who is an alternate director of the Company, are contingent discretionary beneficiaries of trusts which hold an interest in Elsworth Holdings Ltd. During the year ended 31 December 2018, Mr Jonathan Jawno and Mr Michael Mendelowitz have resigned from their positions on the Board.

Mr Stuart Stone, who is a director of the Group, is a contingent discretionary beneficiary of a trust which holds an interest in Kasumu Ltd.

Notes to the Consolidated Financial Statements (continued)

Figures in US Dollar

20. Equity settled reserves

		2018	2017
Share-based incentive scheme	20.1	3,007,120	1,382,136
Share-based contingent consideration	20.2	3,670,199	651,623
Total equity settled reserves		6,677,319	2,033,759

20.1 Share-based incentive scheme

The Company has share incentive schemes which entitle the senior executives of the Group to be awarded shares for no consideration at different vesting dates subject to the satisfaction of specified performance targets. The specified performance targets are in relation to return of assets, return of equity, budgets and other KPIs.

Maximum number of shares, under the share options scheme, unvested and unexercised as at:

31 December 2018	34,642	76,820
31 December 2019	60,400	80,103
31 December 2020	81,589	57,088
31 December 2021	79,678	57,088
31 December 2022	55,291	30,168
31 December 2023	25,460	-
Total number of shares	337,060	301,267

20.2 Share-based contingent consideration

The share-based contingent consideration relates to the acquisition of the Traffic group (refer to note 10) and acquisition of additional stake in Financiera Fortaleza, S.A de C.V, SOFOM, E.N.R (refer to note 30.1). The purchase prices were agreed to be partly by issuance of 205,081 shares (2017: 34,804 shares) of the Company subject to achievement of agreed performance metrics based on profit targets. Refer to note 33.8 for the fair value measurement disclosure.

Number of shares, vesting in future financial years ending:

31 December 2019	34,804	34,804
31 December 2022	170,277	-
Total number of shares	205,081	34,804

21. Other reserves

Investment revaluation reserve	33,689,859	32,231,348
Regulatory and statutory reserves	21,092,981	9,864,584
Total other reserves	54,782,840	42,095,932

The investment revaluation reserve represents the cumulative gains arising on the revaluation of investments in equity instruments designated as at fair value through other comprehensive income. Regulatory credit risk reserves and statutory reserves relate to impairment provisions on the loan book in excess of what is required per International Financial Reporting Standards compared to local regulations and requirements to maintain a minimum capital adequacy ratio.

22. Interest and other similar income

Interest on advances	306,582,081	256,759,806
Loan origination fees	19,141,774	15,761,726
Total interest and other similar income	325,723,855	272,521,532

Notes to the Consolidated Financial Statements (continued)

Figures in US Dollar	2018	2017
23. Interest and other similar expense		
Interest on bank overdrafts and term loans	73,346,459	45,387,156
Interest on corporate bonds	46,337,913	70,675,885
Total interest and other similar expense	119,684,372	116,063,041
24. Other income		
Other non-advances interest income	2,136,923	3,018,257
Sundry income	6,840,996	5,255,958
Profit on disposal of property and equipment and intangible assets	20,259	50,878
Total other income	8,998,178	8,325,093
25. Operating profit before impairment on financial assets		
This is arrived at after charging:		
Depreciation and amortisation	6,242,728	4,918,348
Employee costs	45,635,478	33,946,811
Management fees paid to associates (note 32.1)	9,085,431	644,699
Accounting, legal and professional expenses	4,706,011	6,012,650
26. Earnings/(loss) per share		
Basic earnings/(loss) per share		
From continuing operations	1.12	(0.61)
From discontinued operations	-	(0.94)
Total basic earnings/(loss) per share	1.12	(1.55)
The earnings/(loss) and weighted average number of shares used in the calculation of basic earnings per share are as follows:		
Profit/(loss) for the year attributable to owners of the Company	38,193,634	(48,139,229)
Add back: loss for the year used in the calculation of basic earnings per share from discontinued operations	-	29,170,201
Profit/(loss) used in calculation of basic earnings per share	38,193,634	(18,969,028)
Weighted average number of shares for the purpose of calculating basic earnings per share	34,243,584	31,069,385
Diluted earnings/(loss) per share		
From continuing operations	1.10	(0.61)
From discontinued operations	-	(0.93)
Total diluted earnings/(loss) per share	1.10	(1.54)
The earnings/(loss) and weighted average number of shares used in the calculation of diluted earnings per share are as follows:		
Earnings/(loss) for the year attributable to owners of the Company	38,193,634	(48,139,229)
Add back: loss for the year used in the calculation of basic earnings per share from discontinued operations	-	29,170,201
Earnings/(loss) used in calculation of diluted earnings per share	38,193,634	(18,969,028)

Notes to the Consolidated Financial Statements (continued)

Figures in US Dollar	2018	2017
26. Earnings/(loss) per share (continued)		
The weighted average number of shares for the purpose of diluted earnings per share reconciles to the weighted average number of shares used in the calculation of basic earnings per share as follows:		
Weighted average number of shares used in the calculation of basic earnings per share	34,243,584	31,069,385
Share deemed to be of no consideration in respect of:		
- Share-based incentive scheme	377,930	118,325
- Deferred share consideration	28,249	26,693
Weighted average shares used in the calculation of diluted earnings per share	34,649,763	31,214,403
27. Foreign exchange differences		
Foreign exchange differences recognised under comprehensive income:		
Arising on translation of equity of foreign operations	(42,299,244)	10,601,074
Arising on translation of amount due from foreign operations	(26,480,114)	5,608,058
Total foreign exchange differences	(68,779,358)	16,209,132
28. Cash used in continuing operations		
Profit before taxation	71,367,723	1,319,975
Adjustments for:		
Share of profit of associates	(3,416,719)	(1,362,862)
Depreciation and amortisation	6,242,728	4,918,348
Profit on disposal of property and equipment and intangible assets	(20,259)	(50,878)
Unrealised exchange loss	5,646,159	32,254,436
Finance costs	119,684,372	116,063,041
Dividends income	(17,573,053)	(8,119,427)
Increase in provision for credit impairment	26,393,359	20,192,275
Movement in provisions and share based payments	1,744,009	(863,665)
Changes in working capital:		
Increase in other receivables	(3,694,933)	(1,418,125)
Increase in gross advances	(261,441,493)	(224,101,236)
Increase in deposits from customers	28,688,490	35,667,972
Increase/(decrease) in other payables	19,781,172	(2,901,080)
Cash used in operations	(6,598,445)	(28,401,226)

Notes to the Consolidated Financial Statements (continued)

Figures in US Dollar

29. Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's statements of cash flows from financing activities.

	Opening balance	Financing cashflows	Other non-cash movements			Closing balance
			Currency movements	Amortisation of deferred transaction costs	Disposal of subsidiary	
2018						
Bonds	292,232,378	17,546,319	(21,366,488)	4,248,077	-	292,660,286
Other borrowings	376,101,931	131,416,139	(14,795,716)	(4,687,746)	-	488,034,608
Finance lease obligation	115,649	(67,005)	(1,478)	-	-	47,166
Total liabilities from financing activities	668,449,958	148,895,453	(36,163,682)	(439,669)	-	780,742,060
2017						
Bonds	382,747,449	(127,510,645)	37,530,255	(534,681)	-	292,232,378
Other borrowings	454,366,102	125,830,303	(6,902,694)	-	(197,191,780)	376,101,931
Finance lease obligation	353,964	(250,772)	12,457	-	-	115,649
Total liabilities from financing activities	837,467,515	(1,931,114)	30,640,018	(534,681)	(197,191,780)	668,449,958

30. Business combinations

30.1 Change in percentage holding in subsidiary - 31 December 2018

In December 2018, the Group acquired an additional 14.24% of the issued shares of Financiera Fortaleza, S.A de C.V, SOFOM E.N.R for a purchase consideration of USD 17,119,031 partly settled by consideration payable in cash of USD 4,275,631, shares amounting to USD 9,635,352 (refer to note 19) and contingent consideration of USD 3,208,049 (refer to note 20). The Group derecognised non-controlling interests of USD 2,188,132 and recorded a decrease in equity attributable to owners of the Company of USD 14,930,899.

30.2 Disposal of subsidiary - 31 December 2017

Disposal of 51% shares in Bayport Financial Services 2010 (Proprietary) Limited

On 30 November 2017, the Group disposed of 51% of its investment in Bayport Financial Services 2010 (Proprietary) Limited, a Group incorporated in South Africa.

30.2.1 Calculation of the loss on disposal

	2017
Consideration received	113,628,572
Fair value of interest retained	114,468,430
Less: net assets disposed of	(262,764,586)
Less: transaction cost	(178,163)
Loss on disposal of subsidiary	(34,845,747)

Notes to the Consolidated Financial Statements (continued)

Figures in US Dollar

30. Business combinations (continued)

30.2.2 Analysis of loss for the year from discontinued operations

The combined results of the discontinued operations included in the profit for the year are set out below. The comparative profit and cash flows from discontinued operations have been presented to include the operation classified as discontinued in the current year.

Loss for the year from discontinued operations	2017
Interest and other similar income	66,171,369
Interest and other similar expense	(22,420,918)
Net interest income	43,750,451
Other income	21,783,846
Less: operating expenses	(35,499,527)
Less: impairment of loans and advances	(24,937,167)
Profit before taxation	5,097,603
Taxation	577,943
Profit for the year from discontinued operations (attributable to owners of the Company)	5,675,546
Loss on disposal of subsidiary (note 30.2.1)	(34,845,747)
Combined net loss for the year from discontinued operations	(29,170,201)

30.2.3 Cash flows from discontinued operations

Net cash outflows from operating activities	(15,889,952)
Net cash inflows from investing activities	9,127,259
Net cash outflows from financing activities	(8,882,812)
Cash flows used in discontinued operations	(15,645,505)

30.2.4 Net cash flow from disposal of subsidiary

Consideration received in cash and bank balances	113,628,572
Less: cash and bank balances disposed	(42,474,625)
Net cash flow from disposal of subsidiary	71,153,947

30.2.5 Assets and liabilities over which control was lost:

Assets

Cash and bank balances	42,474,625
Loans and advances	210,694,685
Goodwill	86,165,700
Other assets	51,660,662
Total assets	390,995,672

Liabilities

Borrowings	(197,191,780)
Other liabilities	(8,626,111)
Total liabilities	(205,817,891)

Equity

Transfer from reserves	77,586,805
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Notes to the Consolidated Financial Statements (continued)

Figures in US Dollar	2018	2017
31. Commitments		
Operating leases – as lessee		
Operating leases relates to leases of office premises with use term of between 1 and 5 years. The Group does not have an option to purchase the leased office premises at the expiry of the lease periods.		
Future minimum payments under non-cancellable operating leases on premises:		
- Within one year	4,228,570	3,764,157
- In second to fifth year inclusive	6,823,287	4,222,200
- After five years	1,328,118	1,069,360
Total operating leases	12,379,975	9,055,717
Payments recognised as an expense		
Operating lease charges	6,771,028	4,741,187
32. Related party transactions		
Details of transactions between the Group and other related parties are as follows:		
32.1 Trading transactions		
During the year, the following trading transactions with related parties that are/were not members of the Group were entered into:		
Interest received		
On loans under share incentive scheme	67,605	96,437
Non-controlling interests of subsidiaries	156,675	54,016
Total interest received	224,280	150,453
Interest paid		
Directors	9,969	12,891
Non-controlling interests	132,011	80,530
Total interest paid	141,980	93,421
Management fees paid to associates		
Bayport Financial Services 2010 Proprietary Limited	9,085,431	644,699
32.2 Amount receivable from and payable to related parties		
The following balances were outstanding at the end of the reporting period:		
Amounts receivable from related parties		
Non-controlling interests	(i) 1,690,221	1,557,858
Loan receivable from senior executives under share-based incentive scheme	1,169,827	1,366,113
Bayport Financial Services 2010 (Proprietary) Limited	1,090	-
Total	2,861,138	2,923,971
Amounts payable to related parties		
Director	-	288,852
Non-controlling interests	1,371,298	576,297
Total	1,371,298	865,149

(i) The Group has provided loans to related parties which are unsecured, bear interest ranging from 10% to 15% per annum (2017: 5% to 14%) and are repayable within the next five years (2017: five years).

Notes to the Consolidated Financial Statements (continued)

Figures in US Dollar	2018	2017
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32.3 Compensation of key management personnel

The remuneration of directors and other members of key management personnel during the year was as follows:

Short-term benefits	13,686,923	12,011,666
Post-employment benefits	104,479	227,778
Share-based payments	385,324	258,949
Other long term benefits	226,477	-
Total	14,403,203	12,498,393

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

32.4 Professional fees (including director fees) paid to management entity

DTOS Ltd	22,750	15,678
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32.5 Other related party transactions

Details of amounts due under the share-based incentive scheme are disclosed in note 20.

Details of purchase of treasury shares from group executives are disclosed in note 19.

Share application monies are disclosed in note 19.

Notes to the Consolidated Financial Statements (continued)

Figures in US Dollar

33. Risk management

The Board is responsible for risk management and the setting of the risk management framework. Oversight of risk management is the responsibility of two Board subcommittees; the Assets and Liabilities Committee (ALCO) and the Audit, Risk and Compliance Committee (ARC). The ALCO monitors risks associated with liquidity and funding, interest rates, counterparties, currency exposures and capital adequacy. The ARC committee monitors risks associated with financial reporting, accounting policies, internal control and IT governance. The audit, risk and compliance committee is responsible for risk management including setting the risk management framework, setting risk appetite and monitoring the Group's management of risk including credit and compliance.

The responsibility for day to day management of risks falls to each of the respective subsidiary's chief executive officer's and their executive committees. Risk management is managed at subsidiary level through the divisional executive committees and reviewed by each of the respective subsidiary boards.

33.1 Credit risk

Credit risk is the risk of loss arising from the failure of a client or counterparty to discharge an obligation to the Group. The primary credit risks that the Group is exposed to arise from retail loans held by each subsidiary. It is not the Group's strategy to avoid credit risk, but rather to manage credit risk within the Group's risk appetite and to earn an appropriate risk adjusted return.

33.1.1. Credit risk management and measurement

Each subsidiary is responsible for the identification, measurement, management, control and reporting of credit risk within their business units. Exposure to credit losses is managed by assessing customer's affordability and their ability to repay loans and advances, customer's risk profile, employment status and stability. Terms of the loan provided range from 3 to 120 months. Each of the Group's lending businesses tends to have homogeneous or similar asset portfolios within their respective businesses. Impairments are monitored and provided for using statistical techniques including experiential and behavioural models. These models are based on customers' financial performance information while on book and assume that recent performance is a strong indicator of future performance. There is neither incorporation of forward-looking information nor use of macro-economic information into the determination of expected credit losses. Management systematically evaluates market and macro-economic data to be used in determining adjustments to be made in respect of forward-looking information. However, to date there has been no forward-looking information upon which management can consistently rely on, either because of the absence of correlation between credit performance and market indicators, or the inability for these market indicators to be reliably forecasted.

Collections of instalments are made through payroll deductions or debit order collections. The expected loss model is developed using statistical techniques based on actual historical data. The expected loss is calculated for each active account, using parameter estimates including the probability of default ('PD'), exposure at default ('EAD') and loss given write offs ('LGW') segmented using contractual delinquency states (aging, recency and reason for default) as well as remaining term. The segmentation ensures homogenous risk buckets. The LGW is calculated on an explicit basis per account, taking into consideration the settlement balance, discount rates and discount periods. There has been no changes in the estimation techniques or significant assumptions from the prior year.

The Group utilised the 30-days past due definition to determine a significant increase in credit risk as per paragraph 5.5.11 of IFRS 9.

Credit risk on cash and bank balances is limited because the counter parties are reputable financial institutions. For other receivables and other investments, the Group minimise its credit risk by only dealing with credit worthy counter parties. These are considered to have low credit risk for the purpose of impairment assessment. The Group's exposure to credit risk is continuously monitored.

33.1.2. Financial assets subject to risk

The maximum exposure to credit risk of financial assets at the financial year end is analysed as follows:

2018	Loans and advances	Other receivables	Other investments	Cash and bank balances	Total
Neither past due nor credit impaired	766,489,111	8,287,105	34,818,013	68,412,034	878,006,263
Past due but not credit impaired	121,374,994	-	-	-	121,374,994
Credit impaired	34,530,263	-	-	-	34,530,263
Impairment allowance	(62,560,012)	(1,061,360)	-	-	(63,621,372)
Total financial assets	859,834,356	7,225,745	34,818,013	68,412,034	970,290,148

Notes to the Consolidated Financial Statements (continued)

Figures in US Dollar

33. Risk management (continued)

33.1.2. Financial assets subject to risk (continued)

2017					
Neither past due nor credit impaired	640,770,470	7,423,606	32,256,348	51,027,605	731,478,029
Past due but not credit impaired	103,674,631	-	-	-	103,674,631
Credit impaired	36,727,837	-	-	-	36,727,837
Impairment allowance	(68,212,555)	-	-	-	(68,212,555)
Total financial assets	712,960,383	7,423,606	32,256,348	51,027,605	803,667,942

Figures are shown on a gross basis for Credit impaired financial assets.

2018	Recency	Gross advances	Impairment	Net advances	Weighted average coverage ratios
12 month expected credit losses	1. Standard Performing	766,489,111	(9,427,243)	757,061,868	1 %
Lifetime expected credit losses	2. Performing active (1-2)	112,990,385	(26,452,856)	86,537,529	23 %
	3. Performing Active (3-4)	8,384,609	(4,475,589)	3,909,020	53 %
Credit impaired financial assets	4. Non-performing	22,243,328	(16,106,447)	6,136,881	72 %
	5. Doubtful	17,432,687	(14,113,540)	3,319,147	81 %
	6. Bad	27,123,180	(24,253,379)	2,869,801	89 %
Total		954,663,300	(94,829,054)	859,834,335	

2017					
12 month expected credit losses	1. Standard Performing	640,770,470	(9,992,086)	630,778,384	2 %
Lifetime expected credit losses	2. Performing active (1-2)	95,296,656	(23,763,458)	71,533,198	25 %
	3. Performing Active (3-4)	8,377,975	(5,357,643)	3,020,332	64 %
Credit impaired financial assets	4. Non-performing	19,567,907	(16,045,526)	3,522,381	82 %
	5. Doubtful	15,621,402	(13,223,441)	2,397,961	85 %
	6. Bad	10,466,198	(8,758,176)	1,708,022	84 %
Total		790,100,608	(77,140,330)	712,960,362	

The age of loans and advances that are past due but not credit impaired are as follows:

Past due up to:	2018	2017
1 month	31,136,533	25,644,926
1-2 months	15,393,999	14,859,506
2-3 months	9,491,311	9,729,554
3-4 months	7,121,082	6,635,957
Older than 4 months	58,232,069	46,804,688
Total loans and advances which are past due but not credit impaired	121,374,994	103,674,631

Notes to the Consolidated Financial Statements (continued)

Figures in US Dollar

33. Risk management (continued)

33.1 Credit risk (continued)

33.1.3. Impairment provision reconciliation

	12 month expected credit losses	Lifetime expected credit losses	Credit impaired financial assets	Total
Loans and advances				
At 1 January 2017	23,650,230	43,580,274	208,771,445	276,001,949
Originations	14,503,501	9,810,739	12,021,288	36,335,528
Existing book movements	(7,888,187)	(1,982,866)	45,125,555	35,254,502
Settlements	(8,797,854)	(8,500,231)	(9,162,503)	(26,460,588)
Derecognition on disposal of subsidiary	(11,616,643)	(14,091,108)	(197,964,705)	(223,672,456)
Write-offs	-	-	(30,429,239)	(30,429,239)
Foreign exchange movements	141,040	304,309	737,510	1,182,859
At 1 January 2018	9,992,087	29,121,117	29,099,351	68,212,555
Originations	6,544,366	3,644,283	1,535,169	11,723,818
Existing book movements	(3,552,696)	4,784,203	15,705,214	16,936,721
Settlements	(2,813,382)	(4,624,588)	(4,055,161)	(11,493,131)
Write-offs	-	-	(16,762,235)	(16,762,235)
Foreign exchange movements	(743,133)	(1,996,531)	(3,318,052)	(6,057,716)
At 31 December 2018	9,427,242	30,928,484	22,204,286	62,560,012

33.2 Categories of financial instruments

Financial assets	2018	2017
At amortised cost:		
Cash and bank balances	68,412,034	51,027,605
Other receivables	(i) 7,225,745	7,423,606
Loans and advances	(ii) 859,834,356	712,960,383
Fair value through profit or loss:		
Other financial assets	21,706,180	6,500,923
Fair value through other comprehensive income:		
Other investments	34,818,013	32,256,348
Total financial assets	991,996,328	810,168,865
Financial liabilities		
At amortised cost:		
Bank overdrafts	52,331,627	5,286,878
Deposits from customers	73,727,911	55,149,478
Other payables	(iii) 52,553,043	38,752,930
Borrowings	(iv) 787,784,398	675,863,480
Finance lease obligation	47,166	115,649
Fair value through profit or loss:		
Other financial liabilities	21,701,805	2,836,325
Total financial liabilities	988,145,950	778,004,740

- (i) Other receivables exclude prepayments and VAT of USD 7.0 million (2017: USD 7.3 million)
(ii) Loans and advances exclude deferred transactions costs and revenues of USD 10.9 million (2017: USD 0.6 million)
(iii) Other payables exclude PAYE, VAT payable, withholding taxes and provisions of USD 8.0 million (2017: USD 3.8 million)
(iv) Borrowings exclude deferred transaction costs of USD 7 million (2017: USD 7.5 million)

Notes to the Consolidated Financial Statements (continued)

Figures in US Dollar

33. Risk management (continued)

33.3 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 Group's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Group's financial performance.

The Group'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 Group 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.

33.4 Liquidity risk

Liquidity risk is the risk that the Group is unable to meet payment obligations when they fall due or that insufficient funds are available to meet loan demands in the ordinary course of business. The Group's objectives in relation to liquidity risk are to manage the contractual mismatch between the cash inflows from assets and cash outflows to settle liabilities, to fund the expected balance sheet growth, to honour all cash outflow commitments, to avoid raising funds at market premiums or through the forced sale of assets as a result of liquidity pressure and to take advantage of attractive but unanticipated borrowing opportunities.

The ALCO, as subcommittee of the Board of Directors, monitors risks associated with liquidity and funding, interest rates, counterparties, currency exposures and capital adequacy. The ALCO is responsible for executing on fund raising mandates given to it by subsidiaries in support of the respective business models. This includes the ongoing assessment and evaluation of various funding sources designed to grow and diversify the Group's funding base to achieve an optimal funding profile and sound liquidity. The ALCO is also responsible for the ongoing monitoring of asset portfolio performance and its obligations to funders, including covenants.

It is the responsibility of each subsidiary to manage the daily cash flow requirements, to ensure funding covenants are maintained, to produce financial projections to monitor the impact of business trends on future funding requirements and covenants and to notify management of any changes to the business environment that may impact funding requirements.

The table below analyses 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 Group. It is unusual for financial institutions ever to be completely matched since business transacted is often on 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.

Notes to the Consolidated Financial Statements (continued)

Figures in US Dollar

33. Risk management (continued)

33.4 Liquidity risk (continued)

31 December 2018	0-3 months	4-12 months	1- 5 years	Total
Bank overdrafts	52,331,627	-	-	52,331,627
Deposits from customers	31,400,532	50,121,897	6,837	81,529,266
Other payables	52,553,043	-	-	52,553,043
Other financial liabilities	18,603,213	-	3,098,592	21,701,805
Finance lease obligation	9,342	27,748	18,561	55,651
Borrowings	54,877,972	367,866,086	600,014,398	1,022,758,456
Cash flows from financial liabilities	209,775,729	418,015,731	603,138,388	1,230,929,848

31 December 2017				
Bank overdrafts	5,286,878	-	-	5,286,878
Deposits from customers	17,365,011	44,044,570	-	61,409,581
Other payables	38,694,704	58,226	-	38,752,930
Other financial liabilities	-	-	2,836,325	2,836,325
Finance lease obligation	60,564	29,462	48,750	138,776
Borrowings	44,005,575	157,763,351	667,010,326	868,779,252
Cash flows from financial liabilities	105,412,732	201,895,609	669,895,401	977,203,742

33.5 Interest rate risk

The objective of the Group'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 Group's mission.

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

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

The Group's interest rates relating to each financial assets and liabilities are disclosed in their respective notes.

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 instrument
- 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 January 2017 and 01 January 2018.

Notes to the Consolidated Financial Statements (continued)

Figures in US Dollar

33. Risk management (continued)

33.5 Interest rate risk (continued)

		Scenario 1 Effect after 10% increase in variable interest rates	Scenario 2 Effect after 10% decrease in variable interest rates
2018	Base		
Profit after taxation	44,961,674	42,317,278	46,973,387
Equity	230,397,920	227,753,524	232,409,633
2017	Base		
Loss after taxation from continuing operations	(15,159,170)	(17,183,380)	(12,966,326)
Equity	257,427,127	255,402,917	259,619,971

Assuming no management actions, an increase in interest rates would decrease the Group's profit after tax for the year by USD 2,644,396 (2017: USD increase loss after tax 2,024,210) and equity by USD 2,644,396 (2017: USD 2,024,210), while a fall would increase profit after tax for the year by USD 2,011,713 (2017: USD decrease loss after tax 2,192,844) and equity by USD 2,011,713 (2017: USD 2,192,844).

33.6 Capital risk management

The Group manages its capital to ensure that entities in the Group 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, other reserves, retained earnings and non-controlling interests and net debt which includes borrowings, bank overdrafts and finance lease obligation disclosed in notes 17 and 18, offset by cash and cash equivalents disclosed in note 3. The Group reviews the capital structure on a regular basis. The Group is not subject to any externally imposed capital requirements except for Bayport Saving and Loans Limited and Bayport Financial Services Limited where the subsidiaries are required to maintain a minimum capital adequacy ratio of 10% and Bayport Financial Services Mozambique (MCB) SA, where the subsidiary is required to maintain a minimum capital adequacy ratio of 8%.

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

Consistent with others in the industry, the Group monitors capital on the basis of the net debt to total capital ratio for the Group.

The net debt to total capital ratio for the Group at 2018 and 2017 respectively were as follows:

	2018	2017
Total borrowings		
Finance lease obligation (note 17)	47,166	115,649
Borrowings (note 18)	780,694,896	668,334,309
	780,742,062	668,449,958
Less: Cash and cash equivalents (note 3)	(16,080,407)	(45,740,727)
Net debt	764,661,655	622,709,231
Total equity	230,397,920	257,427,127
Total capital	995,059,575	880,136,358
Net debt to capital	77 %	71 %

Notes to the Consolidated Financial Statements (continued)

Figures in US Dollar 2018 2017

33. Risk management (continued)

33.7 Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures. Consequently the Group is exposed to the risk that the carrying amounts of 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:

Financial assets

Currency

South African Rand	2,125,528	1,550,930
Zambian Kwacha	239,729,977	228,017,994
Ghanaian Cedi	126,026,144	111,165,351
Uganda Shilling	21,291,604	19,080,806
Tanzanian Shilling	66,381,693	67,728,008
United States Dollar	74,536,655	52,357,883
Colombian Peso	175,184,573	140,824,939
Botswana Pula	78,223,072	68,774,170
Swedish Krona	140,873	189,760
Pound Sterling	1,236,256	439,656
Mozambican Metical	108,518,002	65,383,926
Mexican Peso	98,481,033	54,503,722
Mauritian Rupee	101,236	65,292
Euro	19,682	86,428
Total financial assets	991,996,328	810,168,865

Financial liabilities

Currency

South African Rand	715,540	2,151,863
Zambian Kwacha	91,815,662	68,179,155
Ghanaian Cedi	92,168,661	77,902,017
Uganda Shilling	1,683,488	2,694,716
Tanzanian Shilling	35,522,001	14,163,028
United States Dollar	505,631,612	436,433,859
Colombian Peso	76,101,291	87,910,147
Botswana Pula	46,556,882	33,979,739
Swedish Krona	34,088,753	13,014,625
Pound Sterling	19,144	377,178
Mauritian Rupee	24,253	-
Mozambican Metical	59,223,542	13,344,816
Mexican Peso	44,595,121	27,853,597
Total financial liabilities	988,145,950	778,004,740

The objective of the Group'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 Consolidated Financial Statements (continued)

Figures in US Dollar

33. Risk management (continued)

33.7 Foreign exchange risk (continued)

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

The table below sets out the impact on current earnings of an incremental 10% parallel fall or rise in all foreign currencies at the beginning of the current financial year beginning on 01 January 2017 and 01 January 2018. Assuming no management actions, a series of such rise and fall would impact the future earnings and capital as illustrated in the table below.

		Scenario 1 Effect after 10% appreciation in USD	Scenario 2 Effect after 10% depreciation in USD
2018	Base		
Profit after taxation	44,961,674	43,508,334	46,415,014
Equity	230,397,920	208,853,368	251,942,472
2017	Base		
Loss after taxation from continuing operations	(15,159,170)	(11,205,599)	(19,112,741)
Equity	257,427,127	272,640,080	242,214,174

Assuming no management actions, an appreciation in the US Dollar would decrease profit after tax for the year by USD 1,453,340 (2017: decrease loss after tax by USD 3,953,571) and decrease equity by USD 21,544,552 (2017: increase equity by USD 15,212,953), while a depreciation would have an opposite impact by the same amounts.

Notes to the Consolidated Financial Statements (continued)

Figures in US Dollar

33. Risk management (continued)

33.8 Fair value measurements

Fair value measurements are categorised into levels 1 to 3 based on the degree to which the inputs to the fair value measurements are observable as follows:

- 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 than 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).

Except where disclosed elsewhere, the carrying value of the other financial assets and liabilities approximate their fair values.

Other investments

Other investments are measured at fair value by discounting forecasted future cash flows. Unobservable inputs are used in arriving at the valuation and thus classified as Level 3 under IFRS13 Fair Value Measurement Hierarchy. Unobservable inputs include collection efficiency, discount rates and exchange rates. If all of the above unobservable inputs to the valuation model were simultaneously 10% higher/(lower) while all other variables were held constant, the carrying amount of the investment for the Group would increase/(decrease) by:

Fair value of other investments	Significant unobservable inputs	Relationship of unobservable inputs to fair value	2018		2017	
			10% higher	10% lower	10% higher	10% lower
Investment in Guardrisk Limited*	Collection efficiency	The higher the collection rates, the higher the fair value	3,765,932	(3,738,016)	3,687,323	(3,137,231)
	Exchange rates	An appreciation in USD will reduce the fair value	3,670,047	(2,996,012)	3,109,624	(2,558,024)
	Discount rate 5.83% (2017: 10.15%)	The higher the discount rate, the lower the fair value	(450,699)	462,339	(476,602)	798,065

*The reconciliation of Level 3 fair value measurements are disclosed in note 8.

Forward foreign exchange contracts

The fair value of the forward foreign exchange contracts are determined using quoted inputs, and thus classified as Level 2 under IFRS 13 Fair Value Measurement hierarchy due to the use of observable market exchange rates. There is no significant unobservable input used in the determination of the fair value measurements. Refer to note 6.1 for detail on the forward exchange forward contract in cash flow hedges.

Contingent consideration

Contingent consideration relating to the portion of acquisition of Traffic (refer to note 10) are measured at fair value and discounted to capture its present value. Unobservable input includes discount rates. If the unobservable input to the valuation model was simultaneously 10% higher/(lower) while all other variables were held constant, the carrying amount of the contingent consideration would not be materially impacted.

Notes to the Consolidated Financial Statements (continued)

Figures in US Dollar

34. Segmental reporting

Pursuant to the management approach to segment reporting of IFRS 8, operating segments are reported in accordance with the internal reporting provided to the Joint Group Chief Executive Officers (the Chief Operating Decision-Makers), who are responsible for allocating resources to the reportable segments and assessing performance. Excluding the holding company, which is based in Mauritius, the Group operates in five geographical regions, which makes up the reportable segments. All operating segments used by the Group meet the definition of a reportable segment under IFRS 8.

Other than those segmental information already disclosed, the Chief Operating Decision Makers do not consider any other information as material.

The reportable segments are made up as follows:

- (a) Southern Africa: operations in Zambia, Botswana, Mozambique and South Africa
- (b) West Africa: operations in Ghana
- (c) East Africa: operations in Tanzania and Uganda
- (d) Latin America: operations in Colombia, Mexico and Bermuda
- (e) Europe: operations in the United Kingdom
- (f) Mauritius: includes Bayport Management Ltd, Actvest Limited and Bayport Latin America Holdings Ltd.

Included in the results below are interest income from the following significant entities: Zambia USD 110 million (2017: USD 100 million); Ghana USD 55 million (2017: USD 39 million) and Colombia USD 37 million (2017: USD 28 million).

The client base of the Group is diversified and there is no reliance on customers where revenue from transactions would exceed more than 10% of the Group's revenue.

Segmental reporting \$'000									
Year ended 31 December 2018	Southern Africa	West Africa	East Africa	Latin America	Europe	Mauritius	Eliminations	Group	
Consolidated statement of profit or loss									
Interest and other similar income	187,878	55,386	36,464	67,615	-	42,326	(63,945)	325,724	
Interest and other similar expense	(73,593)	(20,753)	(11,920)	(26,723)	(10)	(45,525)	58,840	(119,684)	
Net interest income/(loss)	114,285	34,633	24,544	40,892	(10)	(3,199)	(5,105)	206,040	
Commission income	3,080	631	262	411	-	-	(168)	4,216	
Dividend income	-	-	-	-	-	17,573	-	17,573	
Other income	25,611	1,101	189	5,313	3,847	8,289	(35,352)	8,998	
Non interest income	28,691	1,732	451	5,724	3,847	25,862	(35,520)	30,787	
Operating income/(loss)	142,976	36,365	24,995	46,616	3,837	22,663	(40,625)	236,827	
Operating expenses	(77,486)	(26,306)	(16,283)	(33,321)	(3,704)	(23,144)	32,722	(147,522)	
Foreign exchange (loss)/gain	(14,650)	(934)	(1,185)	449	-	(13,909)	27,112	(3,117)	
Operating profit before impairment	50,840	9,125	7,527	13,744	133	(14,390)	19,209	86,188	
Impairment on financial assets	(4,094)	(6,542)	(3,112)	(5,785)	-	-	1,296	(18,237)	
Fair value gain on investments in subsidiaries	-	-	-	-	-	297,819	(297,819)	-	
Share of post-tax results of associates	-	-	-	-	-	3,417	-	3,417	
Profit/(loss) before taxation	46,746	2,583	4,415	7,959	133	286,846	(277,314)	71,368	
Taxation	-	-	-	-	-	-	-	(26,406)	
Profit for the year								44,962	

Notes to the Consolidated Financial Statements (continued)

Figures in US Dollar

34. Segmental reporting (continued)

Segmental Reporting \$'000 Year ended 31 December 2018	Southern Africa	West Africa	East Africa	Latin America	Europe	Mauritius	Eliminations	Group
Consolidated statement of financial position								
Loans and advances	395,143	117,321	83,855	274,383	-	-	-	870,702
Other assets	277,267	22,475	20,637	73,260	1,648	1,040,376	(1,080,526)	355,137
Total assets	672,410	139,796	104,492	347,643	1,648	1,040,376	(1,080,526)	1,225,839
Borrowings and overdrafts	154,189	61,690	34,426	108,842	-	473,880	-	833,027
Other liabilities	336,315	49,749	53,205	130,593	318	47,121	(454,887)	162,414
Total liabilities	490,504	111,439	87,631	239,435	318	521,001	(454,887)	995,441
Segmental reporting \$'000 Year ended 31 December 2017								
Consolidated statement of profit or loss								
Interest and other similar income	148,999	47,732	34,045	43,778	-	48,692	(50,724)	272,522
Interest and other similar expense	(58,098)	(18,841)	(10,836)	(18,588)	(13)	(67,123)	57,436	(116,063)
Net interest income/(loss)	90,901	28,891	23,209	25,190	(13)	(18,431)	6,712	156,459
Commission income	2,460	590	466	2,107	-	-	-	5,623
Dividend income	138	-	-	-	-	10,604	(2,623)	8,119
Other income	9,676	2,798	781	4,511	2,962	5,719	(18,124)	8,323
Non interest income	12,274	3,388	1,247	6,618	2,962	16,323	(20,747)	22,065
Operating income/(loss)	103,175	32,279	24,456	31,808	2,949	(2,108)	(14,035)	178,524
Operating expenses	(58,094)	(24,308)	(17,214)	(26,965)	(2,755)	(16,779)	23,214	(122,901)
Foreign exchange loss	(3,671)	(980)	(1,311)	(172)	-	(23,967)	(5,375)	(35,476)
Operating profit before impairment	41,410	6,991	5,931	4,671	194	(42,854)	3,804	20,147
Impairment on financial assets	(4,315)	(4,971)	(6,295)	(4,073)	-	-	(538)	(20,192)
Share of post-tax results of associates	-	-	-	-	-	1,363	-	1,363
Profit/(loss) before taxation	37,095	2,020	(364)	598	194	(41,491)	3,266	1,318
Taxation								(16,479)
Loss for the year from continued operations								(15,161)
Net loss for the year from discontinued operations								(29,170)
Loss for the year								(44,331)

Notes to the Consolidated Financial Statements (continued)

Figures in US Dollar

34. Segmental reporting (continued)

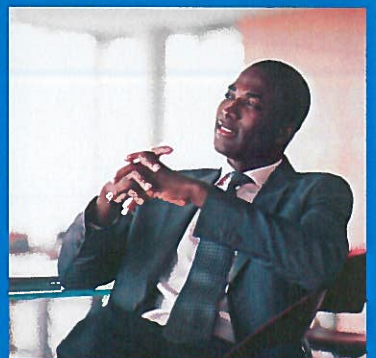
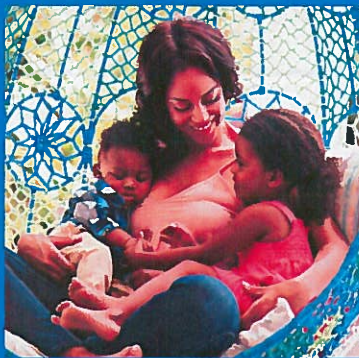
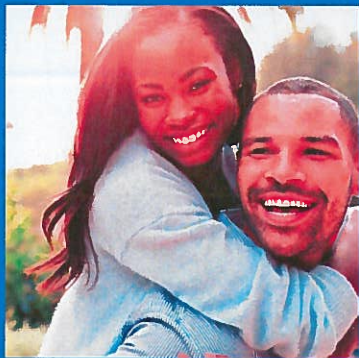
Segmental Reporting \$'000 Year ended 31 December 2017	Southern Africa	West Africa	East Africa	Latin America	Europe	Mauritius	Eliminations	Group
Consolidated statement of financial position								
Loans and advances	340,027	100,856	83,288	189,379	-	-	-	713,550
Other assets	135,156	18,638	16,916	50,974	1,875	654,791	(554,304)	324,046
Total assets	475,183	119,494	100,204	240,353	1,875	654,791	(554,304)	1,037,596
Borrowings and overdrafts	101,882	48,365	21,502	107,136	270	394,466	-	673,621
Other liabilities	258,942	42,056	65,183	86,204	287	21,720	(367,845)	106,547
Total liabilities	360,824	90,421	86,685	193,340	557	416,186	(367,845)	780,168

35. Financial Summary

	2018	2017	2016
Statement of profit or loss			
Net interest income	206,039,483	156,458,491	118,322,718
Profit/(loss) for the year	44,961,674	(44,329,371)	1,750,380
Profit/(loss) attributable to owners of the Company	38,193,634	(48,139,229)	831,839
Statement of financial position			
Loans and advances	870,702,219	713,550,384	703,959,290
Other assets	355,136,896	324,045,176	370,350,869
Total assets	1,225,839,115	1,037,595,560	1,074,310,159
Total equity	230,397,920	257,427,127	144,526,678
Total liabilities	995,441,195	780,168,433	929,783,481
Total liabilities	1,225,839,115	1,037,595,560	1,074,310,159

36. Events after the reporting period

In February 2019, Sugaree Insurance Company Limited entered into a novation agreement with Guardrisk International Limited for the transfer of all rights, obligations, duties and liabilities relating to the Colombia portion of the BML cell for a consideration of USD 13,591,970.



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