# Financial statements for the 6 months ended 31 December 2011

## AFRASIA BANK LIMITED AND ITS GROUP ENTITIES

		THE GROUP		THE BANK			
	Period ended 31 December 2011	Year ended 30 June 2011	Unaudited Period ended 31 December 2010	Period ended 31 December 2011	Year ended 30 June 2011	Unaudited Period ended 31 December 2010	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Interest income	390,932,895	543,026,048	229,144,831	390,935,898	543,017,482	229,145,059	
Interest expense	(246,698,569)	(324,266,104)	(139,581,691)	(246,700,224)	(324,271,915)	(139,581,919)	
Net interest income	144,234,326	218,759,944	89,563,140	144,235,674	218,745,567	89,563,140	
Fees and commission income	80,579,682	53,752,370	32,623,909	80,579,682	53,752,370	32,497,213	
Fees and commission expense	(6,434,140)	(11,037,085)	(4,998,416)	(6,402,814)	(10,942,605)	(4,926,436)	
Net fees and commission income	74,145,542	42,715,285	27,625,493	74,176,868	42,809,765	27,570,777	
Net trading income	17,985,659	107,997,630	43,827,434	17,990,197	107,978,574	43,366,182	
Other operating income	4,738,898	341,655	59,068	4,738,898	144,357	48,274	
Total operating income	241,104,425	369,814,514	161,075,135	241,141,637	369,678,263	160,548,373	
Net allowance for credit impairment	(12,238,362)	(25,299,641)	(18,229,031)	(12,238,362)	(25,299,641)	(18,229,031)	
Net operating income	228,866,063	344,514,873	142,846,104	228,903,275	344,378,622	142,319,342	
Personnel expenses	(65,113,143)	(126,720,957)	(52,569,037)	(65,113,143)	(126,720,957)	(52,569,037)	
Depreciation of equipment	(1,590,208)	(3,058,647)	(1,599,750)	(1,589,657)	(3,046,724)	(1,587,900)	
Amortisation of intangible assets	(1,760,982)	(3,601,221)	(2,374,861)	(1,760,982)	(3,601,221)	(2,374,861)	
Other operating expenses	(48,946,438)	(68,561,015)	(35,851,905)	(48,885,838)	(68,297,982)	(35,171,859)	
Total operating expenses	(117,410,771)	(201,941,840)	(92,395,553)	(117,349,620)	(201,666,884)	(91,703,657)	
Operating profit	111,455,292	142,573,033	50,450,551	111,553,655	142,711,738	50,615,685	
Share of profit of joint venture	2,864,108	5,703,724	2,259,787	-	-	-	
Share of profit of associate	3,752,663	2,662,251	480,761	-	-	-	
Profit before tax	118,072,063	150,939,008	53,191,099	111,553,655	142,711,738	50,615,685	
Tax expense	(13,591,830)	(26,552,498)	(14,748,226)	(13,597,251)	(26,567,883)	(14,772,362)	
Profit for the period/year	104,480,233	124,386,510	38,442,873	97,956,404	116,143,855	35,843,323	
Other comprehensive income for the year, net of income tax	(998,549)	-	_	-	-	_	
Total comprehensive income for the period/year	103,481,684	124,386,510	38,442,873	97,956,404	116,143,855	35.843.323	

	STATEMENTS OF	FINANCIAL POS	ITION AS AT 31 D	ECEMBER 2011			
		THE GROUP		THE BANK			
	As at 31 December 2011	As at 30 June 2011	Unaudited as at 31 December 2010	As at 31 December 2011	As at 30 June 2011	Unaudited as at 31 December 2010	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
ASSETS							
Cash and balances with the Central Bank	1,039,612,791	1,085,084,764	435,957,476	1,039,612,791	1,085,084,764	435,693,566	
Due from banks	4,408,738,738	3,945,077,133	3,783,359,822	4,408,626,084	3,944,929,389	3,783,423,482	
Derivative financial instruments	145,693,942	181,201,384	167,920,581	66,393,542	101,097,074	56,648,368	
Other financial assets held-for-trading	794,170,403	441,804,000	76,543,324	794,170,403	441,804,000	76,543,324	
Loans and advances to customers	11,504,280,563	8,549,378,712	7,200,796,287	11,504,280,563	8,549,378,712	7,200,796,287	
Investment in subsidiary	- '-	-	_	25,000,000	25,000,000	25,000,000	
Investment in joint venture	49,480,633	46,616,525	43,031,590	- '	-	_	
Investment in associate	20,135,499	7,684,689	4,765,761	14,719,134	5,022,438	4,285,000	
Financial investments held-to-maturity	2,440,557,098	2,560,492,783	1,484,342,227	2,440,557,098	2,560,492,783	1,484,342,227	
Equipment	14,848,444	13,364,250	13,671,122	14,839,558	13,354,813	13,649,762	
Intangible assets	12,315,526	13,591,022	14,328,631	12,315,526	13,591,022	14,328,631	
Deferred tax assets	5,604,214	2,532,127	2,228,541	5,560,693	2,494,027	2,205,826	
Other assets	107,357,201	19,907,408	18,387,580	107,357,200	19,900,410	18,310,331	
TOTAL ASSETS	20,542,795,052	16,866,734,797	13,245,332,942	20,433,432,592	16,762,149,432	13,115,226,804	
LIABILITIES AND EQUITY							
Due to banks	53,522,256	28,483,333	110,400,372	53,522,256	28,483,333	110,400,372	
Derivative financial instruments	167,455,902	125,325,638	173,815,703	91,255,502	48,321,328	60,578,622	
Deposits from customers	18,068,680,421	14,962,435,979	11,792,431,127	18,068,726,881	14,962,538,164	11,792,494,787	
Debts issued	553,706,146	547,090,779	115,251,460	422,673,299	421,574,481	-	
Amount due to subsidiary	-	-	-	131,032,847	125,516,298	120,316,328	
Current tax liabilities	10,724,243	18,385,558	12,494,879	10,724,243	18,385,558	12,494,879	
Other liabilities	73,958,674	116,129,669	60,964,599	55,770,165	97,941,160	42,818,640	
TOTAL LIABILITIES	18,928,047,642	15,797,850,956	12,265,358,140	18,833,705,193	15,702,760,322	12,139,103,628	
EQUITY							
Issued capital	1,398,457,492	921,638,335	921,638,335	1,398,457,492	921,638,335	921,638,335	
Retained earnings	151,508,339	100,758,107	44,929,750	135,489,779	91,263,376	41,078,124	
Other reserves	64,781,579	46,487,399	13,406,717	65,780,128	46,487,399	13,406,717	
TOTAL EQUITY	1,614,747,410	1,068,883,841	979,974,802	1,599,727,399	1,059,389,110	976,123,176	
TOTAL LIABILITIES AND EQUITY	20,542,795,052	16,866,734,797	13,245,332,942	20,433,432,592	16,762,149,432	13,115,226,804	

		EMENTS OF C	HANGES IN E	QUITY - SIX M	ONTHS PERIO	OD ENDED 31	DECEMBER 2	011	
ı)	THE GROUP								
		Issued Capital	Retained Earnings	Equity-settled share-based payment reserve	Statutory Reserve	General Banking Reserve	Foreign Currency Translation Reserve	Sub-total	Total
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
	At 1 July 2009	653,977,649	(19,797,819)	5,632,775	-	-	-	5,632,775	639,812,605
	Profit for the year	-	38,470,088	-	-	-	-	-	38,470,088
	Other comprehensive income	-	-	-	-	-	-	-	-
	Total comprehensive income for the year	-	38,470,088	-	-	-	-	-	38,470,088
	Share-based payments	-	-	4,172,446	-	-	-	4,172,446	4,172,446
	Appropriation of reserves	-	(2,613,029)	-	2,613,029	-	-	2,613,029	_
	At 30 June 2010	653,977,649	16,059,240	9,805,221	2,613,029	-	-	12,418,250	682,455,139
	At 1 July 2010	653,977,649	16,059,240	9,805,221	2,613,029	-	-	12,418,250	682,455,139
	Issue of shares	267,660,686	-	_	_	_	_	-	267,660,686
	Profit for the year	-	38,442,873	-	-	-	-	-	38,442,873
	Other comprehensive income	-	-	-	-	-	-	-	-
	Total comprehensive income for the year	-	38,442,873	-	-	-	-	-	_
	Share-based payments	-	-	988,467	-	-	_	988,467	988,467
	Appropriation of reserves	_	-	_	-	_	_	_	_
	Dividends paid	_	(9,572,363)	_	-	_	_	-	(9,572,363
	At 31 December 2010	921,638,335	44,292,750	10,793,688	2,613,029	-	-	13,406,717	979,974,802
	At 1 July 2010	653,977,649	16,059,240	9,805,221	2,613,029	-	-	12,418,250	682,455,139
	Issue of shares	267,660,686	-	_	_	_	_	-	267,660,686
	Profit for the year	-	124,386,510	-	-	-	-	-	124,386,510
	Other comprehensive income	-	-	-	-	-	-	-	-
	Total comprehensive income for the year	-	124,386,510	-	-	-	-	-	124,386,510
	Share-based payments	-	-	3,953,869	-	-	-	3,953,869	3,953,869
	Appropriation of reserves	-	(30,115,280)	-	17,421,578	12,693,702	-	30,115,280	_
	Dividends paid	-	(9,572,363)	-	-	-	-	-	(9,572,363
	At 30 June 2011	921,638,335	100,758,107	13,759,090	20,034,607	12,693,702	-	46,487,399	1,068,883,84
	At 1 July 2011	921,638,335	100,758,107	13,759,090	20,034,607	12,693,702	-	46,487,399	1,068,883,84
	Issue of shares	476,819,157	-	-	-		_	-	476,819,15
	Profit for the period Other comprehensive	-	104,480,233	-	-	-	-	-	104,480,23
	income Total comprehensive	-	-	-	-	-	(998,549)	(998,549)	(998,549
	income for the period	-	104,480,233	-	-	-	(998,549)	(998,549)	103,481,684
	Share-based payments	-	-	123,609	-	-	-	123,609	123,609
	Appropriation of reserves	-	(19,169,120)	-	14,693,461	4,475,659	-	19,169,120	-
	Dividends paid	-	(34,560,881)	-	-	_	-	-	(34,560,881
	At 31 December 2011	1,398,457,492	151,508,339	13,882,699	34,728,068	17,169,361	(998,549)	64,781,579	1,614,747,41

o)	THE BANK							
		Issued Capital	Retained Earnings	Equity-settled Share-Based Payment Reserve	Statutory Reserve	General Banking Reserve	Sub-total	Total
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
	At 1 July 2009	653,977,649	(19,927,399)	5,632,775	-	-	5,632,775	639,683,025
	Profit for the year	-	37,347,592	-	-	-	-	37,347,592
	Other comprehensive income	-	-	-	-	-	-	-
	Total comprehensive income for the year	-	37,347,592	-	-	-	-	37,347,592
	Share-based payments	-	-	4,172,446	-	-	4,172,446	4,172,446
	Appropriation of reserves	-	(2,613,029)	-	2,613,029	-	2,613,029	-
	At 30 June 2010	653,977,649	14,807,164	9,805,221	2,613,029	-	12,418,250	681,203,063
	At 1 July 2010	653,977,649	14,807,164	9,805,221	2,613,029	-	12,418,250	681,203,063
	Issue of shares	267,660,686	-	-	-	-	-	267,660,686
	Profit for the year	-	35,843,323	-	-	-	-	35,843,323
	Other comprehensive income	-	-	-	-	-	-	-
	Total comprehensive income for the year	-	35,843,323	-	-	-	-	35,843,323
	Appropriation of reserves	-	-	-	-	-	-	-
	Dividends paid	-	(9,572,363)	-	-	-	-	(9,572,363)
	Share-based payments	-	-	988,467	-	-	988,467	988,467
	At 31 December 2010	921,638,335	41,078,124	10,793,688	2,613,029	-	13,406,717	976,123,176
	At 1 July 2010	653,977,649	14,807,164	9,805,221	2,613,029	-	12,418,250	681,203,063
	Issue of shares	267,660,686	-	-	-	-	-	267,660,686
	Profit for the year	-	116,143,855	-	-	-	-	116,143,855
	Other comprehensive income	-	-	-	-	-	-	-
	Total comprehensive income for the year	-	116,143,855	-	-	-	-	116,143,855
	Share-based payments	-	-	3,953,869	-	-	3,953,869	3,953,869
	Appropriation of reserves	-	(30,115,280)	-	17,421,578	12,693,702	30,115,280	-
	Dividends paid	-	(9,572,363)	-	-	-	-	(9,572,363)
	At 30 June 2011	921,638,335	91,263,376	13,759,090	20,034,607	12,693,702	46,487,399	1,059,389,110
	At 1 July 2011	921,638,335	91,263,376	13,759,090	20,034,607	12,693,702	46,487,399	1,059,389,110
	Issue of shares	476,819,157		-		-	-	476,819,157
	Profit for the period	-	97,956,404	-	-	-	-	97,956,404
	Other comprehensive income	-	-	-	-	-	-	-
	Total comprehensive income for the period	-	97,956,404	_	-	-	-	97,956,404
	Share-based payments	-	_	123,609	-	-	123,609	123,609
	Appropriation of reserves	_	(19,169,120)	′	14,693,461	4,475,659	19,169,120	′
	Dividends paid	_	(34,560,881)	_		'-'	- '	(34,560,881)
	At 31 December 2011	1,398,457,492	135,489,779	13,882,699	34,728,068	17,169,361	65,780,128	1,599,727,399

STATEMENTS OF CASH FLOWS - SIX MONTHS PERIOD ENDED 31 DECEMBER 2011									
		THE GROUP		THE BANK					
	Period ended 31 December 2011	Year ended 30 June 2011	Unaudited period ended 31 December 2010	Period ended 31 December 2011	Year ended 30 June 2011	Unaudited period ended 31 December 2010			
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.			
OPERATING ACTIVITIES									
Profit before tax	118,072,063	150,939,008	50,450,551	111,553,655	142,711,738	50,615,685			
Adjustments for:									
Change in operating assets	(2,823,270,850)	(6,039,474,270)	(2,642,071,882)	(2,835,077,719)	(6,039,544,521)	(2,641,994,633)			
Change in operating liabilities	2,953,243,298	7,313,196,561	3,810,949,507	3,012,622,004	7,313,091,363	3,810,949,507			
Non-cash items included in profit before tax	68,829,762	(26,021,612)	3,366,774	27,811,423	(17,667,560)	2,671,513			
Tax paid	(24,325,232)	(17,795,504)	(5,095,630)	(24,325,232)	(17,795,504)	(5,071,494)			
Net cash flows from/(used in) operating activities	292,549,041	1,380,844,183	1,271,599,320	292,584,131	1,380,795,516	1,217,170,578			
INVESTING ACTIVITIES									
Purchase of equipment	(3,074,402)	(3,236,300)	(1,852,179)	(3,074,402)	(3,236,300)	(1,852,179)			
Purchase of intangible assets	(485,486)	(2,355,199)	(1,041,553)	(485,486)	(2,355,199)	(1,041,553)			
Investment in joint venture	-	-	-	-	-	-			
Investment in subsidiary	-	-	-	-	-	-			
Investment in associate	(9,696,696)	(5,022,438)	(4,285,000)	(9,696,696)	(5,022,438)	(4,285,000)			
Net cash flows used in investing activities	(13,256,584)	(10,613,937)	(7,178,732)	(13,256,584)	(10,613,937)	(7,178,732)			
FINANCING ACTIVITIES									
Issue of shares	410,444,157	267,660,686	267,660,686	410,444,157	267,660,686	267,660,686			
Dividends paid	(34,560,881)	(9,572,363)	(9,572,363)	(34,560,881)	(9,572,363)	(9,572,363)			
Net cash flows from financing activities	375,883,276	258,088,323	258,088,323	375,883,276	258,088,323	258,088,323			
Net cash flows for the period/year	655,175,733	1,628,318,569	1,468,508,911	655,210,823	1,628,269,902	1,468,080,169			
Movement in cash and cash equivalents									
Cash and cash equivalents at beginning of the period/year	4,051,058,852	2,422,740,283	2,422,740,283	4,050,911,108	2,422,641,206	2,422,641,206			
Net increase/(decrease) in cash and cash equivalents	655,175,733	1,628,318,569	(477,115,685)	655,210,823	1,628,269,902	(477,280,518)			
Cash and cash equivalents at period/year end	4,706,234,585	4,051,058,852	1,945,624,598	4,706,121,931	4,050,911,108	1,945,360,688			

Chairman

A slowing domestic economy along with a very uncertain global recovery have created challenging conditions. This has provided, however, substantial opportunities for niche, regional banks like AfrAsia which has increased its paid up capital by 51% during the period. During the period, we have further invested in our South African banking and corporate finance businesses, increased staffing by nearly 20% in the bank overall, and agreed to take an effective 35% stake in Kingdom Bank in Zimbabwe, which transaction completed in February 2012.

We have continued to provide great customer service and leading market rates which has helped our deposit base grow by 20% in the last 6 months. Our commitment to follow and finance our corporate, small and medium enterprise ("SME") and private banking customers in Mauritius and the region has further seen our loan book grow

Our profitability has accordingly grown substantially with this extra capital and customer loyalty. Profit after tax for the 6 months is Rs 104.5 M at Group level, representing a nearly 70% annualised increase and a 15% return on average equity.

We thank our shareholders and customers for their support as we grow AfrAsia Bank into a leading, regional bank. We are investigating further investments in the region and may conduct an initial public offering later this calendar year to partly finance that growth.

### INDEPENDENT AUDITORS' REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION TO THE MEMBERS OF AFRASIA BANK LIMITED AND ITS GROUP ENTITIES

We have reviewed the interim financial information of AfrAsia Bank Limited and its group entities for the period ended 31 December 2011, from which the condensed we have reviewed the internal middle information in Amasia bank Elimited and its group entities for the period ented 37 became 37 became a function which the condenses the interim financial information were derived, in accordance with International Standard on Review Engagements 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity. In our report dated 15 March 2012, we expressed an unqualified opinion on the interim financial information from which the

In our opinion, the accompanying condensed interim financial information are consistent, in all material respects, with the interim financial information from which

For a better understanding of the Group's and the Bank's financial position as at period end and the financial performance and cash flows for the period then ended and of the scope of our review, the condensed interim financial information should be read in conjunction with the interim financial information from which the condensed

## The independent auditors' report on the complete set of interim financial information reads as follows:

We have reviewed the accompanying interim financial information of AfrAsia Bank Limited (the 'Bank') and its group entities (altogether the 'Group'), which comprise the statements of financial position as at 31 December 2011, the statements of comprehensive income, the statements of changes in equity and the statements of cash flows for the period then ended and other explanatory notes, as set out on pages 3 to 9. Management's responsibility

Responsibility for the interim financial information, including adequate disclosure, is that of management of the Group and the Bank. This includes designing,

## implementing and maintaining internal control relevant to the preparation and presentation of interim financial information that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Mauritius Date: 15 March 2012

Our responsibility is to express a conclusion on this interim financial information based on our review.

We conducted our review in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not present fairly, in all material respects, the financial position of the Group and the Bank as at 31 December 2011, and of the financial performance and its cash flows for the six-months

period then ended in accordance with International Financial Reporting Standards ("IFRS"). ERNST & YOUNG PATRICK NG TSEUNG, A.C.A.