Condensed financial statements for the year ended 30 June 2013

AFRASIA BANK LIMITED AND ITS GROUP ENTITIES

CONDENSED	STATEMENTS OF CO	OMPREHENSIVE II	NCOME FOR THE Y	'EAR ENDED 30 JU	NE 2013		
	THE GROUP			THE BANK			
	Year ended 30 June 2013	Year ended 30 June 2012	Year ended 30 June 2011	Year ended 30 June 2013	Year ended 30 June 2012	Year ended 30 June 2011	
	MUR	MUR	MUR	MUR	MUR	MUR	
nterest income	986,611,615	829,224,426	543,026,048	986,614,164	829,230,689	543,017,482	
Interest expense	(620,362,470)	(506,702,114)	(324,266,104)	(620,367,037)	(506,702,307)	(324,271,915)	
Net interest income	366,249,145	322,522,312	218,759,944	366,247,127	322,528,382	218,745,567	
ees and commission income	179,492,120	116,006,675	53,752,370	176,526,845	116,006,675	53,752,370	
Fees and commission expense	(21,367,222)	(14,620,861)	(10,826,069)	(20,730,461)	(14,576,701)	(10,731,589)	
Net fees and commission income	158,124,898	101,385,814	42,926,301	155,796,384	101,429,974	43,020,781	
Net trading income	193,093,707	62,062,243	107,997,630	132,453,791	62,056,737	107,978,574	
Other operating income	9,336,696	1,608,361	341,655	9,336,696	11,210,410	144,357	
Total operating income	726,804,446	487,578,730	370,025,530	663,833,998	497,225,503	369,889,279	
Reversal of impairment charge/ (Net allowance for credit impairment)	1,152,052	(24,874,478)	(25,299,641)	1,152,052	(24,874,478)	(25,299,641)	
Net operating income	727,956,498	462,704,252	344,725,889	664,986,050	472,351,025	344,589,638	
Personnel expenses	(197,632,225)	(172,852,372)	(126,720,957)	(197,632,225)	(172,852,372)	(126,720,957)	
Depreciation of equipment	(4,695,949)	(3,227,502)	(3,058,647)	(4,694,856)	(3,226,406)	(3,046,724)	
Amortisation of intangible assets	(5,714,166)	(4,031,198)	(3,812,237)	(5,714,166)	(4,031,198)	(3,812,237	
Other operating expenses	(118,000,522)	(92,310,605)	(68,561,015)	(116,857,206)	(91,881,232)	(68,297,982)	
Total operating expenses	(326,042,862)	(272,421,677)	(202,152,856)	(324,898,453)	(271,991,208)	(201,877,900)	
Operating profit	401,913,636	190,282,575	142,573,033	340,087,597	200,359,817	142,711,738	
Share of profit of joint venture	16,283,494	6,777,014	5,703,724	-	-	-	
Share of (loss)/profit of associates	(177,483,655)	93,403,802	2,662,251	-	-	-	
Profit before tax	240,713,475	290,463,391	150,939,008	340,087,597	200,359,817	142,711,738	
Tax expense	(37,678,683)	(20,086,630)	(26,552,498)	(37,491,675)	(20,092,051)	(26,567,883)	
Profit for the year	203,034,792	270,376,761	124,386,510	302,595,922	180,267,766	116,143,855	
Other comprehensive income							
Share of associates revaluation reserve	2,122,705	_	_	_	_	_	
Exchange differences on translation of foreign operations	527,011	17,414,350	-	-	_	-	
Hedge of a net investment n a foreign operation reserve	48,401	(17,429,109)	-	-	-	-	
Other comprehensive income for the year, net of income tax	2,698,117	(14,759)	-	-	_	-	
Total comprehensive income for the year	205,732,909	270,362,002	124,386,510	302,595,922	180,267,766	116,143,855	

Total comprehensive income for the year	205,732,909	270,362,002	124,386,510	302,595,922	180,267,766	116,143,855			
CONDENSED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2013									
	JNDENSED STATEM		AL POSITION AS A	1 30 JONE 2013					
		THE GROUP			THE BANK				
	2013	2012	2011	2013	2012	2011			
	MUR	MUR	MUR	MUR	MUR	MUR			
ASSETS									
Cash and balances with the Central Bank	1,598,715,632	676,371,624	1,085,084,764	1,598,715,632	676,371,624	1,085,084,764			
Due from banks	9,009,843,939	3,527,186,481	3,945,077,133	9,009,807,334	3,527,119,302	3,944,929,389			
Derivative financial instruments	68,581,360	190,544,328	181,201,384	25,637,161	123,782,046	101,097,074			
Financial investments - held-for-trading	532,685,518	1,162,543,500	441,804,000	532,685,518	1,162,543,500	441,804,000			
Loans and advances to customers	14,007,752,016	12,784,321,295	8,549,378,712	14,007,752,016	12,784,435,754	8,549,378,712			
Financial investments - available-for-sale	40,722,657	14,999,997	-	-	-	-			
Financial investments - held-to-maturity	5,807,802,824	3,506,007,725	2,560,492,783	5,807,802,824	3,506,007,725	2,560,492,783			
Investment in subsidiaries	-	-	-	383,115,237	363,163,638	25,000,000			
Investment in joint venture	55,177,034	53,393,539	46,616,525	-	-	-			
Investment in associates	225,313,514	408,444,360	7,684,689	-	-	5,022,438			
Equipment	28,763,936	14,321,946	13,364,250	28,756,687	14,313,604	13,354,813			
Intangible assets	15,420,212	17,094,812	13,591,022	15,420,212	17,094,812	13,591,022			
Deferred tax assets	8,055,035	7,681,088	2,532,127	8,055,035	7,637,567	2,494,027			
Other assets	165,323,024	29,440,868	19,907,408	41,951,992	29,365,439	19,900,410			
TOTAL ASSETS	31,564,156,701	22,392,351,563	16,866,734,797	31,459,699,648	22,211,835,011	16,762,149,432			
LIABILITIES AND EQUITY									
Due to banks	881,908,278	8,516,013	28,483,333	881,908,278	8,516,013	28,483,333			
Derivative financial instruments	66,241,883	126,912,147	125,325,638	49,697,684	63,249,865	48,321,328			
Deposits from customers	27,224,339,709	19,626,670,732	14,962,435,979	27,232,616,080	19,628,367,164	14,962,538,164			
Debts issued	940,323,447	688,625,890	547,090,779	883,069,803	565,479,715	421,574,481			
Amount due to subsidiary	-	-	-	57,253,644	123,146,176	125,516,298			
Current tax liabilities	22,175,979	9,631,747	18,385,558	22,175,979	9,631,747	18,385,558			
Other liabilities	231,773,086	150,243,695	116,129,669	138,309,815	131,281,959	97,941,160			
TOTAL LIABILITIES	29,366,762,382	20,610,600,224	15,797,850,956	29,265,031,283	20,529,672,639	15,702,760,322			
EQUITY ATTRIBUTABLE TO EQUITY HOLDER OF THE PARENT	s								
Issued capital	1,694,593,418	1,398,457,492	921,638,335	1,694,593,418	1,398,457,492	921,638,335			
Retained earnings	290,049,913	289,421,575	100,758,107	290,007,317	189,817,849	91,263,376			
Other reserves	212,750,988	93,872,272	46,487,399	210,067,630	93,887,031	46,487,399			
TOTAL EQUITY	2,197,394,319	1,781,751,339	1,068,883,841	2,194,668,365	1,682,162,372	1,059,389,110			

REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY FINANCIAL STATEMENTS TO THE MEMBERS OF AFRASIA BANK LIMITED

31,564,156,701 22,392,351,563

The accompanying summary financial statements, which comprise the statements of financial position as at 30 June 2013, statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, are derived from the audited financial statements of AfrAsia Bank Limited for the year ended 30 June 2013. We expressed an unmodified audit opinion on those financial statements in our report dated 24 September 2013. Those financial statements, and the summary financial statements, do not reflect the effects of events that occurred subsequent to the date of our report on those financial statements.

The summary financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of AfrAsia Bank Limited.

Management's Responsibility for the Summary Financial Statements

Management is responsible for the preparation of a summary of the audited financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Companies Act 2001, Financial Reporting Act 2004 and the Banking Act 2004.

TOTAL LIABILITIES AND EQUITY

Our responsibility is to express an opinion on the summary financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810, "Engagements to Report on Summary Financial Statements."

Other matters

In our opinion, the summary financial statements derived from the audited financial statements of AfrAsia Bank Limited for the year ended 30 June 2013 are consistent, in all material respects, with those financial statements, in accordance with International Financial Reporting Standards and comply with the Companies Act 2001 and Banking Act 2004.

Companies Act 2001

We have no relationship with or interests in the Bank other than in our capacities as auditors, tax advisors and in dealings with the Group and the Bank in the ordinary course

We have obtained all the information and explanations we have required.

In our opinion, proper accounting records have been kept by the Bank as far as it appears from our examination of those records.

In our opinion, the financial statements have been prepared on a consistent basis and are complete, fair and properly drawn up and comply with the Banking Act 2004 and the regulations and guidelines of the Bank of Mauritius. The explanations or information called for or given to us by the officers or agents of the bank were satisfactory.

The directors are responsible for preparing the corporate governance report. Our responsibility is to report on the extent of compliance with the Code of Corporate Governance (the 'Code') as disclosed in the annual report and on whether the disclosure is consistent with the requirements of the Code.

In our opinion, the disclosure in the annual report is consistent with the requirements of the Code.

Date: 24 September 2013

ANDRE LAI WAN LOONG, A.C.A.

16,866,734,797 **31,459,699,648** 22,211,835,011

16,762,149,432

CONDENSED STATEMEN	TS OF CHANGES IN E	QUITY FOR THE YEAR	R ENDED 30 JUNE 20	013
(a) THE GROUP	Issued capital	Retained earnings	Other reserves	Total
	MUR	MUR	MUR	MUR
t 1 July 2010	653,977,649	16,059,240	12,418,250	682,455,139
rofit for the year	033,977,049	124,386,510	12,410,230	124,386,510
ther comprehensive income	-	124,360,310	-	124,360,310
otal comprehensive income for the year				124 204 510
isue of shares	247440404	124,386,510	-	124,386,510
	267,660,686	-	2.052.040	267,660,686
hare-based payments	-	(20.115.200)	3,953,869	3,953,869
ppropriation of reserves	-	(30,115,280)	30,115,280	(0.572.242)
ividends	921.638.335	(9,572,363) 100,758,107	46,487,399	(9,572,363) 1,068,883,841
t 30 June 2011		· · · · · · · · · · · · · · · · · · ·		
t 1 July 2011	921,638,335	100,758,107	46,487,399	1,068,883,841
rofit for the year	-	270,376,761	(14.750)	270,376,761
ther comprehensive income	-	-	(14,759)	(14,759)
otal comprehensive income for the year	-	270,376,761	(14,759)	270,362,002
sue of shares	476,819,157	-	-	476,819,157
nare-based payments	-	- (47.450 115)	247,217	247,217
opropriation of reserves	-	(47,152,415)	47,152,415	-
ividends	-	(34,560,878)	-	(34,560,878)
30 June 2012	1,398,457,492	289,421,575	93,872,272	1,781,751,339
: 1 July 2012	1,398,457,492	289,421,575	93,872,272	1,781,751,339
ofit for the year	-	203,034,792	-	203,034,792
ther comprehensive income	-	-	2,698,117	2,698,117
tal comprehensive income for the year	-	203,034,792	2,698,117	205,732,909
sue of shares	296,135,926	-	-	296,135,926
nare-based payments	-	-	1,842,167	1,842,167
ppropriation of reserves	-	(114,338,432)	114,338,432	-
ividends	-	(88,068,022)	-	(88,068,022)
t 30 June 2013	1,694,593,418	290,049,913	212,750,988	2,197,394,319
) THE BANK	Issued capital	Retained earnings	Other reserves	Total
	MUR	MUR	MUR	MUR
t 1 July 2010	653,977,649	14,807,164	12,418,250	681,203,063
ofit for the year	-	116,143,855	-	116,143,855
ther comprehensive income	-		-	
otal comprehensive income for the year	-	116,143,855	_	116,143,855
sue of shares	267,660,686	-	-	267,660,686
nare-based payments		_	3,953,869	3,953,869
ppropriation of reserves	_	(30,115,280)	30,115,280	-
vidends	_	(9,572,363)	-	(9,572,363)
30 June 2011	921,638,335	91,263,376	46,487,399	1,059,389,110
1 July 2011	921,638,335	91,263,376	46,487,399	1,059,389,110
ofit for the year	-	180,267,766	-	180,267,766
ther comprehensive income	_	-	-	-
ital comprehensive income for the year	_	180,267,766	_	180,267,766
sue of shares	476,819,157	-	_	476,819,157
nare-based payments	470,017,107	_	247,217	247,217
propriation of reserves	_	(47,152,415)	47,152,415	247,217
propriation or reserves	_		47,132,413	(34 560 979)
vidondo	_	(34,560,878)	02 007 021	(34,560,878)
	1 200 457 400		93,887,031	1,682,162,372
30 June 2012	1,398,457,492	189,817,849	02.007.004	4 4 0 0 4 4 0 0 = 0
30 June 2012 1 July 2012	1,398,457,492 1,398,457,492	189,817,849	93,887,031	1,682,162,372
30 June 2012 1 July 2012 ofit for the year	1,398,457,492		-	1,682,162,372 302,595,922
30 June 2012 1 July 2012 ofit for the year ther comprehensive income		189,817,849		
30 June 2012 1 July 2012 ofit for the year ther comprehensive income	1,398,457,492	189,817,849	-	
30 June 2012 1 July 2012 ofit for the year ther comprehensive income tal comprehensive income for the year	1,398,457,492	189,817,849 302,595,922 -	-	302,595,922
30 June 2012 1 July 2012 ofit for the year ther comprehensive income stal comprehensive income for the year	1,398,457,492 - - -	189,817,849 302,595,922 -	-	302,595,922 - 302,595,922
t 30 June 2012 t 1 July 2012 rofit for the year ther comprehensive income otal comprehensive income for the year sue of shares hare-based payments	1,398,457,492 - - -	189,817,849 302,595,922 -	- - - -	302,595,922 - 302,595,922 296,135,926
ividends t 30 June 2012 t 1 July 2012 rofit for the year ther comprehensive income otal comprehensive income for the year sue of shares hare-based payments ppropriation of reserves ividends	1,398,457,492 - - -	189,817,849 302,595,922 - 302,595,922 - -	- - - - 1,842,167	302,595,922 - 302,595,922 296,135,926

CONDENSED STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2013								
	THE GROUP			THE BANK				
	2013	2012	2011	2013	2012	2011		
	MUR	MUR	MUR	MUR	MUR	MUR		
OPERATING ACTIVITIES								
Profit before tax	240,713,475	290,463,391	150,939,008	340,087,597	200,359,817	142,711,738		
Adjustments for:								
Change in operating assets	(3,252,573,700)	(6,214,707,025)	(6,053,310,449)	(3,151,902,485)	(6,228,100,501)	(6,090,899,426)		
Change in operating liabilities	8,699,014,329	4,768,890,790	7,267,644,294	8,677,131,579	4,783,074,018	7,305,057,822		
Non-cash items included in profit before tax	205,464,727	(50,137,685)	33,366,834	43,861,873	41,198,671	41,720,886		
Tax paid	(25,508,399)	(33,987,059)	(17,795,504)	(25,364,911)	(33,987,059)	(17,795,504)		
Net cash flows from / (used in) operating activities	5,867,110,432	(1,239,477,588)	1,380,844,183	5,883,813,653	(1,237,455,054)	1,380,795,516		
INVESTING ACTIVITIES								
Purchase of equipment	(19,964,487)	(4,306,677)	(3,236,300)	(19,964,487)	(4,306,677)	(3,236,300)		
Purchase of investment in associates	(643,843)	(307,355,868)	(5,022,438)	-	(9,696,696)	(5,022,438)		
Purchase of intangible assets	(4,039,565)	(7,534,988)	(2,355,199)	(4,039,565)	(7,534,988)	(2,355,199)		
Investment in subsidiaries	-	-	-	(20,000,000)	(338,163,638)	-		
Investment in joint venture	(500,000)	-	-	-	-	-		
Purchase of available-for-sale financial investments	(25,662,280)	(14,999,997)	-	-	-	-		
Proceeds from sale of investment in associates	-	-	-	-	23,562,500	-		
Dividend income	23,413,740	-	-	-	-	-		
Net cash flows used in investing activities	(27,396,435)	(334,197,530)	(10,613,937)	(44,004,052)	(336,139,499)	(10,613,937)		
FINANCING ACTIVITIES								
Issue of shares	296,135,926	476,819,157	267,660,686	296,135,926	476,819,157	267,660,686		
Dividends paid	(88,068,022)	(34,560,878)	(9,572,363)	(88,068,022)	(34,560,878)	(9,572,363)		
Net cash flows from financing activities	208,067,904	442,258,279	258,088,323	208,067,904	442,258,279	258,088,323		
Net cash flows for the year	6,047,781,901	(1,131,416,839)	1,628,318,569	6,047,877,505	(1,131,336,274)	1,628,269,902		
Movement in cash and cash equivalents								
Cash and cash equivalents at beginning								
of the year	2,919,642,013	4,051,058,852	2,422,740,283	2,919,574,834	4,050,911,108	2,422,641,206		
Net increase / (decrease) in cash and cash								
equivalents	6,047,781,901	(1,131,416,839)	1,628,318,569	6,047,877,505	(1,131,336,274)	1,628,269,902		
Net foreign exchange difference	65,030	-	-	-	-	-		
Cash and cash equivalents at 30 June	8,967,488,944	2,919,642,013	4,051,058,852	8,967,452,339	2,919,574,834	4,050,911,108		
Operational cash flows from interest								
Interest paid	566,729,381	443,083,735	492,295,573	576,208,690	454,110,197	268,155,028		
Interest received	725,408,056	651,789,243	268,149,216	725,410,605	780,458,900	492,287,007		

The condensed financial statements have been approved for issue by the Board of Directors on 24 September 2013.

ARNAUD LAGESSE JAMES BENOIT KEVINDRA TEEROOVENGADUM **Chief Executive Officer**

MANAGEMENT COMMENTS

The AfrAsia Bank Limited strategic and business model proved to be quite successful in consolidating a greater market share locally through a product and market differentiation strategy whilst pursuing regional expansion across its core business lines of Corporate Banking, Corporate Finance, Private Banking and Wealth

AfrAsia Bank Limited closed its sixth year of operations on a very promising note reporting a Net Profit after Tax of MUR 303m, a 68% increase on the previous year. The Statement of Financial Position highlights a strong position with customer loans and advances at MUR 14bn and customer deposits at MUR 27bn, a 10% increase and 39% increase from the previous year respectively. Year on year, the Bank continues to draw interests from local and international investors and raised additional Tier I capital of MUR 296m and Tier II capital of MUR 302m. Furthermore, at the Board Meeting held on 24 September 2013, the Board of Directors proposed to maintain a strong dividend payout ratio, equivalent to MUR 1.50 per share, subject to Bank of Mauritius approval being received.

The Group's results were affected this year by negative returns from its investment made in Zimbabwe, through its associate AfrAsia Kingdom (Zimbabwe) Limited. This was mainly due to non-performing loans. A restructuring at shareholder, board and management levels has been initiated together with a capital raising exercise which is expected to turn-around the business. AfrAsia Investments Limited, AfrAsia Corporate Finance (Africa) Limited and AfrAsia Corporate Finance (Pty) Limited performed satisfactorily.

