Condensed financial statements for the year ended 30 June 2012

AFRASIA BANK LIMITED AND ITS GROUP ENTITIES

	THE GROUP			THE BANK			
	Year ended 30 June 2012	Year ended 30 June 2011	Year ended 30 June 2010	Year ended 30 June 2012	Year ended 30 June 2011	Year ended 30 June 2010	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
nterest income	829,224,426	543,026,048	323,159,918	829,230,689	543,017,482	323,159,918	
nterest expense	(506,702,114)	(324,266,104)	(215,633,180)	(506,702,307)	(324,271,915)	(215,650,919)	
Net interest income	322,522,312	218,759,944	107,526,738	322,528,382	218,745,567	107,508,999	
Fees and commission income	116,006,675	53,752,370	54,020,198	116,006,675	53,752,370	53,893,502	
ees and commission expense	(14,620,861)	(10,826,069)	(9,285,115)	(14,576,701)	(10,731,589)	(9,213,137)	
Net fees and commission income	101,385,814	42,926,301	44,735,083	101,429,974	43,020,781	44,680,365	
Net trading income	62,062,243	107,997,630	79,348,764	62,056,737	107,978,574	78,905,252	
Other operating income	1,608,361	341,655	10,794	11,210,410	144,357	-	
Total operating income	487,578,730	370,025,530	231,621,379	497,225,503	369,889,279	231,094,616	
Net allowance for credit impairment	(24,874,478)	(25,299,641)	(31,963,872)	(24,874,478)	(25,299,641)	(31,963,872)	
Net operating income	462,704,252	344,725,889	199,657,507	472,351,025	344,589,638	199,130,744	
Personnel expenses	(172,852,372)	(126,720,957)	(90,316,955)	(172,852,372)	(126,720,957)	(90,316,955)	
Depreciation of equipment	(3,227,502)	(3,058,647)	(2,804,560)	(3,226,406)	(3,046,724)	(2,792,710)	
Amortisation of intangible assets	(4,031,198)	(3,812,237)	(4,233,538)	(4,031,198)	(3,812,237)	(4,233,538)	
Other operating expenses	(92,310,605)	(68,561,015)	(54,327,744)	(91,881,232)	(68,297,982)	(53,647,698)	
Total operating expenses	(272,421,677)	(202,152,856)	(151,682,797)	(271,991,208)	(201,877,900)	(150,990,901)	
Operating profit	190,282,575	142,573,033	47,974,710	200,359,817	142,711,738	48,139,843	
Share of profit of joint venture	6,777,014	5,703,724	1,263,493	-	-	-	
Share of profit of associates	93,403,802	2,662,251	-	-	-	-	
Profit before tax	290,463,391	150,939,008	49,238,203	200,359,817	142,711,738	48,139,843	
Tax expense	(20,086,630)	(26,552,498)	(10,768,115)	(20,092,051)	(26,567,883)	(10,792,251)	
Profit for the year	270,376,761	124,386,510	38,470,088	180,267,766	116,143,855	37,347,592	
Other comprehensive income							
Exchange differences on translation of foreign operations	17,414,350	-	-	-	-	-	
Hedge of a net investment in a foreign operation reserve	(17,429,109)	-	-	-	-	-	
Other comprehensive income for the year, net of income tax	(14,759)	-	-	-	-	-	
Total comprehensive income for the year	270,362,002	124.386.510	38.470.088	180,267,766	116.143.855	37.347.592	

CONDENSED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2012							
		THE GROUP		THE BANK			
	2012	2011	2010	2012	2011	2010	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
ASSETS							
Cash and balances with the Central Bank	676,371,624	1,085,084,764	998,421,458	676,371,624	1,085,084,764	998,421,458	
Due from banks	3,527,186,481	3,945,077,133	1,806,969,731	3,527,119,302	3,944,929,389	1,806,870,654	
Derivative financial instruments	190,544,328	181,201,384	188,708,824	123,782,046	101,097,074	71,085,788	
Other financial assets - held-for-trading	1,162,543,500	441,804,000	367,509,475	1,162,543,500	441,804,000	367,509,475	
Loans and advances to customers	12,784,321,295	8,549,378,712	4,851,153,148	12,784,435,754	8,549,378,712	4,851,153,148	
Financial investments - available-for-sale	14,999,997	-	-	-	-	-	
Financial investments - held-to-maturity	3,506,007,725	2,560,492,783	846,580,424	3,506,007,725	2,560,492,783	846,580,424	
Investment in subsidiaries	-	-	-	363,163,638	25,000,000	25,000,000	
Investment in joint venture	53,393,539	46,616,525	40,912,801	-	-	-	
Investment in associates	408,444,360	7,684,689	-	-	5,022,438	-	
Equipment	14,321,946	13,364,250	13,408,600	14,313,604	13,354,813	13,387,240	
Intangible assets	17,094,812	13,591,022	15,048,060	17,094,812	13,591,022	15,048,060	
Deferred tax assets	7,681,088	2,532,127	2,228,541	7,637,567	2,494,027	2,205,826	
Other assets	29,440,868	19,907,408	16,588,108	29,365,439	19,900,410	16,510,859	
TOTAL ASSETS	22,392,351,563	16,866,734,797	9,147,529,170	22,211,835,011	16,762,149,432	9,013,772,932	
LIABILITIES AND EQUITY							
Due to banks	8,516,013	28,483,333	96,186,070	8,516,013	28,483,333	96,186,070	
Derivative financial instruments	126,912,147	125,325,638	208,988,419	63,249,865	48,321,328	94,465,383	
Deposits from customers	19,626,670,732	14,962,435,979	7,985,565,513	19,628,367,164	14,962,538,164	7,985,730,346	
Debts issued	688,625,890	547,090,779	115,251,460	565,479,715	421,574,481	-	
Amount due to subsidiary	-	-	-	123,146,176	125,516,298	115,251,460	
Current tax liabilities	9,631,747	18,385,558	9,324,978	9,631,747	18,385,558	9,324,978	
Other liabilities	150,243,695	116,129,669	49,757,591	131,281,959	97,941,160	31,611,632	
TOTAL LIABILITIES	20,610,600,224	15,797,850,956	8,465,074,031	20,529,672,639	15,702,760,322	8,332,569,869	
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT							
Issued capital	1,398,457,492	921,638,335	653,977,649	1,398,457,492	921,638,335	653,977,649	
Retained earnings	289,421,575	100,758,107	16,059,240	189,817,849	91,263,376	14,807,164	
Other reserves	93,872,272	46,487,399	12,418,250	93,887,031	46,487,399	12,418,250	
TOTAL EQUITY	1,781,751,339	1,068,883,841	682,455,139	1,682,162,372	1,059,389,110	681,203,063	
TOTAL LIABILITIES AND EQUITY	22,392,351,563	16,866,734,797	9,147,529,170	22,211,835,011	16,762,149,432	9,013,772,932	

REPORT OF THE INDEPENDENT AUDITOR ON THE CONDENSED FINANCIAL STATEMENTS TO THE MEMBERS OF AFRASIA BANK LIMITED AND ITS GROUP ENTITIES

The accompanying summary financial statements, which comprise the statements of financial position as at 30 June 2012, statements of comprehensive incom statements of changes in equity and statement 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 2012. We expressed an unmodified audit opinion on those financial statements in our report dated 19 September 2012. 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 the International Financial Reporting Standards. Reading the summary financial ments, 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 the International Financial Reporting
Standards and in compliance with the requirements of the Companies Act 2001 and the Banking Act 2004.

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."

our opinion, the summary financial statements derived from the audited financial statements of AfrAsia Bank Limited for the year ended 30 June 2012, are consistent, in all material respects, with those financial statements, in accordance with the International Financial Reporting Standards and comply with the 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

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

ERNST & YOUNG Ebène, Mauritius 19 September 2012

PATRICK NG TSEUNG. A.C.A

CONDENSED STATEMEN	TS OF CHANGES IN E	QUITY FOR THE YEAR	ENDED 30 JUNE 20	12
(a) THE GROUP	Issued capital	Retained earnings/ (revenue deficit)	Other reserves	Total
	Rs.	Rs.	Rs.	Rs.
At 1 July 2009	653,977,649	(19,797,819)	5,632,775	639,812,605
Profit for the year	-	38,470,088	-	38,470,088
Other comprehensive income	-		-	
otal comprehensive income for the year	-	38,470,088	-	38,470,088
Share-based payments	-	-	4,172,446	4,172,446
appropriation of reserves	-	(2,613,029)	2,613,029	-
at 30 June 2010	653,977,649	16,059,240	12,418,250	682,455,139
at 1 July 2010	653,977,649	16,059,240	12,418,250	682,455,139
ssue of shares	267,660,686	-	-	267,660,686
rofit for the year	-	124,386,510	-	124,386,510
Other comprehensive income	-	-	-	-
otal comprehensive income for the year	-	124,386,510	-	124,386,510
hare-based payments	-	-	3,953,869	3,953,869
ppropriation of reserves	-	(30,115,280)	30,115,280	-
Pividends	-	(9,572,363)	-	(9,572,363
t 30 June 2011	921,638,335	100,758,107	46,487,399	1,068,883,841
at 1 July 2011 ssue of shares	921,638,335 476,819,157	100,758,107	46,487,399	1,068,883,841 476,819,157
rofit for the year	-	270,376,761	-	270,376,761
Other comprehensive income	-	-	(14,759)	(14,759)
otal comprehensive income for the year	-	270,376,761	(14,759)	270,362,002
hare-based payments		-	247,217	247,217
ppropriation of reserves		(47,152,415)	47,152,415	- '
Dividends	-	(34,560,878)	- '	(34,560,878)
at 30 June 2012	1,398,457,492	289,421,575	93,872,272	1,781,751,339
		Retained earnings/		
b) THE BANK	Issued capital	(revenue deficit)	Other reserves	Total
	Rs.	Rs.	Rs.	Rs.
t 1 July 2009	653,977,649	(19,927,399)	5,632,775	639,683,025
rofit for the year	-	37,347,592	-	37,347,592
Other comprehensive income	-	-	-	-
otal comprehensive income for the year	-	37,347,592	-	37,347,592
hare-based payments	-	-	4,172,446	4,172,446
ppropriation of reserves	-	(2,613,029)	2,613,029	-
t 30 June 2010	653,977,649	14,807,164	12,418,250	681,203,063
t 1 July 2010	653,977,649	14,807,164	12,418,250	681,203,063
ssue of shares	267,660,686	-	-	267,660,686
rofit for the year	-	116,143,855	-	116,143,855
ther comprehensive income	-	-	-	-
otal comprehensive income for the year	-	116,143,855	-	116,143,855
hare-based payments	-	-	3,953,869	3,953,869
ppropriation of reserves	-	(30,115,280)	30,115,280	-
ividends	-	(9,572,363)	-	(9,572,363)
t 30 June 2011	921,638,335	91,263,376	46,487,399	1,059,389,110
t 1 July 2011	921,638,335	91,263,376	46,487,399	1,059,389,110
ssue of shares	476,819,157	-	-	476,819,157
rofit for the year	-	180,267,766	-	180,267,766
ther comprehensive income	-	-	-	-
	-	180,267,766	-	180,267,766
hare-based payments	-	-	247,217	247,217
otal comprehensive income for the year hare-based payments appropriation of reserves	-	- (47,152,415)	247,217 47,152,415	247,217
hare-based payments	-	- (47,152,415) (34,560,878)	,	247,217 - (34,560,878)

CONDENSE	D STATEMENTS O	F CASH FLOWS F	OR THE YEAR E	NDED 30 JUNE 20	112		
	THE GROUP			THE BANK			
	2012	2011	2010	2012	2011	2010	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
OPERATING ACTIVITIES							
Profit before tax	290,463,391	150,939,008	49,238,203	200,359,817	142,711,738	48,139,843	
Adjustments for:							
Change in operating assets	(6,214,707,025)	(6,053,310,449)	(3,116,288,894)	(6,228,100,501)	(6,090,899,426)	(3,091,446,940)	
Change in operating liabilities	4,768,890,790	7,267,644,294	2,878,496,415	4,783,074,018	7,305,057,822	2,892,151,100	
Non-cash items included in profit before tax	(50,137,685)	33,366,834	34,862,766	41,198,670	41,720,886	36,114,409	
Tax paid	(33,987,059)	(17,795,504)	(419,918)	(33,987,059)	(17,795,504)	(400,607)	
Net cash flows (used in)/	(1,239,477,588)	1,380,844,183	(154,111,428)	(1,237,455,055)	1,380,795,516	(115,442,195)	
from operating activities	(-,==-,,,	1,000,011,100	(101,111,120)	(-,,,	1,000,770,010	(110,112,170)	
INVESTING ACTIVITIES							
Purchase of equipment	(4,306,677)	(3,236,300)	(5,203,688)	(4,306,677)	(3,236,300)	(5,192,763)	
Purchase of investment in associates	(307,355,868)	(5,022,438)	-	(9,696,696)	(5,022,438)	-	
Purchase of intangible assets	(7,534,988)	(2,355,199)	(5,752,295)	(7,534,988)	(2,355,199)	(5,752,295)	
Investment in joint venture	-	-	(21,700,000)	-	-	-	
Investment in subsidiaries	-	-	-	(338,163,638)	-	(24,000,000)	
Proceeds from sale of investment in associates	-	-	-	23,562,500	-	-	
Purchase of available-for-sale financial investments	(14,999,997)	-	-	-	-	-	
Net cash flows used in investing activities	(334,197,530)	(10,613,937)	(32,655,983)	(336,139,499)	(10,613,937)	(34,945,058)	
FINANCING ACTIVITIES							
Issue of shares	476,819,157	267,660,686	201,988,789	476,819,157	267,660,686	201,988,789	
Dividends paid	(34,560,878)	(9,572,363)	-	(34,560,878)	(9,572,363)	-	
Net cash flows from financing activities	442,258,279	258,088,323	201,988,789	442,258,279	258,088,323	201,988,789	
Net cash flows for the year	(1,131,416,839)	1,628,318,569	15,221,378	(1,131,336,275)	1,628,269,902	51,601,536	
Movement in cash and cash equivalents							
Cash and cash equivalents at beginning							
of the year	4,051,058,852	2,422,740,283	2,407,518,905	4,050,911,108	2,422,641,206	2,371,039,670	
Net (decrease)/ increase in cash and							
cash equivalents	(1,131,416,839)	1,628,318,569	15,221,378	(1,131,336,275)	1,628,269,902	51,601,536	
Cash and cash equivalents at 30 June	2,919,642,013	4,051,058,852	2,422,740,283	2,919,574,833	4,050,911,108	2,422,641,206	
Operational cash flows from interest							
Interest paid	443,083,735	492,295,573	192,963,939	454,110,197	268,155,028	192,963,939	
Interest received	651,789,243	268,149,216	284,408,846	780,458,900	492,287,007	284,408,846	

The condensed financial statements have been approved for issue by the Board of Directors on 19 September 2012. JEAN DE FONDAUMIÈRE ARNAUD LAGESSE JAMES BENOIT Chief Executive Officer

MANAGEMENT COMMENTS

Regional expansion in our core business lines of Corporate Banking, Corporate Finance and Private Banking and Wealth Management was the key driver of our satisfactory financial results. Net Profit After Tax at Bank level grew 55% to Rs 180 million. Deposits grew 31% to Rs 19.6 billion equivalent with the biggest increase coming from Segment A domestic deposits as we made excellent progress with Mauritian companies and private banking customers. Loans and advances grew 50% to Rs 12.8 billion equivalent as we deliberately diversified our credit exposure into India, South Africa and the region to offset slower demand in Mauritius. Segment B loan book is now over 50% of exposure. Strong fee income growth from loans, trade finance and foreign exchange reflects our strong corporate banking penetration to regional and local customers.

At Group level, our investments in Axys Capital Management, AfrAsia Corporate Finance and our Zimbabwe bank stake, AfrAsia Kingdom, had strong results. Group Net Profit After Tax increased 117% to Rs 270 million from Rs 124 million. Group Return On Average Equity stood at 17.5% and Capital Adequacy at 13.5%.

With Mauritius as our well established base we are now steadily increasing our capital base to pursue further regional expansion and support Mauritian clients as well. Our Tier 1 Capital increased to Rs 1.5 billion from Rs 1.0 billion. Further tranches of Tier 2 debt capital were also added as part of an ongoing programme to achieve 50% of Tier 1 Capital.

Global economic outlook remains volatile but within that we continue to pursue excellent opportunities especially in our core market of Africa and Asia trade and investment flows with Mauritius continuing to serve as a financial gateway between the two continents