AFRICA OPPORTUNITY FUND LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD FROM 1 JANUARY 2011 TO 30 JUNE 2011

Highlights:

- AOF's net asset value per share of US$0.981 as at 30 June 2011 rose 6.4% from the 31 December 2010 net asset value per share of US$0.925; including dividends.
- As at 30 June 2011, AOF's investment allocation was 69% listed equities, 27% debt and 4% cash.
- Dividends in the amount of $0.0018 per share were paid on 11 April 2011 and 11 July 2011.
- AOF's net asset value per share as at 31 August 2011 was US$0.994.

Investment Manager's Statement

Market Conditions: AOF's NAV, including dividends, rose by 6% during Q2, closing at $0.981 on 30 June 2011. As a reference, in US Dollar terms in Q2 2011, the S& P decreased slightly by 0.9%, South Africa declined 2.6%, Egypt declined 1.8%, Kenya declined 5.7%, and Nigeria rose 2.0%.

Portfolio Highlights: AOF received some recompense in Q2 for its decision to maintain its Ivorian holdings during Cote d'Ivoire's civil war. Net dividends declared for the 2010 financial year by AOF's two plantation equity investments —one in Société Africaine de Plantations d'Hévéas (SAPH), and the other in Société des Caoutchoucs de Grand-Béréby (SOGB) —were 28.3% and 28.4% of their market capitalizations at the beginning of Q2, respectively. Their share prices rallied handsomely to accord SAPH and SOGB dividend yields of 18.2% and 24.2% at the end of the quarter. The capital gains and declared dividends of these tropical plantation holdings, plus our dividends from Sonatel (a Senegalese holding listed in Cote d'Ivoire), represented approximately 75% of AOF's total return in Q2. As befits the end of a civil war, the creditworthiness of the Ivorian government rose in the eyes of investors, and AOF's defaulted Sphynx notes rallied in response. We sold a small portion of our position to generate cash for new opportunities.

AOF covered its short position in Tullow Oil PLC in Q2, after the shares declined roughly 15%. Despite Tullow's exploration successes and the initiation of production at the Jubilee field in Ghana, Tullow's share price was down 5.5% in US dollar terms since year-end 2009, when we initiated the short position. Meanwhile, the price of Brent appreciated approximately 50% during the same period. Although the shares remain expensive, with oil prices holding above $100 and production set to increase, we decided it was time to harvest gains.

AOF's losses during Q2 were concentrated in its basic metals and precious minerals portfolio and its South African portfolio. Despite the general vulnerability of these holdings to macro-economic factors such as a slowdown of the Chinese economy or rising risk aversion among investors, most of AOF's losses were caused by company specific factors such as revenue shortfalls or capital expenditure overruns.

Portfolio Appraisal Value: As of 30 June, the Manager's appraisal of the intrinsic economic value of the portfolio was $1.14 per share. The market price of $0.83, at quarter end, represents a 27% discount. Note the Appraisal Value is intended to provide a measure of the Manager's long-term view of the attractiveness of AOF's portfolio. It is a subjective estimate, and does not tell when that estimate will be realized, nor does it guarantee that any security will reach its Appraisal Value.

Outlook and Strategy: We remain excited by the values and opportunities we are finding and optimistic about AOF's prospects. We continue to focus on investing in companies with minimal debt that sell goods or services in short supply in Africa.

Africa Opportunity Partners

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AFRICA OPPORTUNITY FUND LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD 1 JANUARY THROUGH 30 JUNE 2011 AND 2010

	Note	**For the Half Year Ended 30 June 2011**	For the Half Year Ended 30 June 2010
		USD	USD
Revenue			
Dividend income		**759,795**	873,941
Other income		**66,345**	13,465
Interest income		**445,126**	472,994
Profit on financial liabilities at fair value through profit or loss		**-**	977,911
Realised exchange gains		**26,096**	52,989
Profit on financial assets at fair value through profit or loss	5(a)	**2,202,126**	-
		3,499,488	2,391,300
Expenses			
Losses on financial assets at fair value through profit or loss		**-**	2,185,635
Management fee		**395,615**	330,079
Custodian, secretarial and administration fees		**141,608**	173,683
Brokerage fees and commissions		**50,496**	94,389
Other operating expenses		**50,890**	66,537
Directors' fees		**40,000**	40,000
Interest charges		**27,823**	31,943
Audit fees		**17,717**	14,435
Losses on financial liabilities at fair value through profit or loss		**181,018**	-
		905,167	2,936,701
Profit/ (loss) for the period		**2,594,321**	(545,401)
Other comprehensive income		**-**	-
Total comprehensive income for the period		**2,594,321**	(545,401)
Attributable to:			
Equity holders of the Company		**2,574,537**	(544,921)
Non-controlling interest		**19,784**	(480)
		2,594,321	(545,401)
Basic gain per share for gain attributable to the equity holders of the Company during the period	9	**0.0604**	(0.0128)

The notes on pages 10 to 24 form an integral part of these financial statements.

AFRICA OPPORTUNITY FUND LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE PERIOD 1 JANUARY THROUGH 30 JUNE 2011 AND 2010

	Notes	As at 30 June 2011 USD	As at 30 June 2010 USD
ASSETS			
Financial assets at fair value through profit or loss	5(a)	44,254,991	33,103,358
Trade and other receivables	6	566,819	873,049
Cash and cash equivalents		1,841,054	385,361
Total assets		46,662,864	34,361,768
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital	7	426,303	426,303
Share premium		38,859,349	39,166,287
Retained losses		2,552,322	(8,911,887)
Shareholders' interests		41,837,974	30,680,703
Non-controlling interest		280,054	198,539
Total equity		42,118,028	30,879,242
Liabilities			
Financial liabilities at fair value through profit or loss	5(b)	3,950,367	3,140,053
Trade and other payables	8	594,469	342,473
Total liabilities		4,544,836	3,482,526
Total equity and liabilities		46,662,864	34,361,768

The notes on pages 10 to 24 form an integral part of these financial statements.

AFRICA OPPORTUNITY FUND LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD 1 JANUARY THROUGH 30 JUNE 2011

		ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT					
	Notes	Issued capital USD	Share premium USD	Retained profit/(losses) USD	Total USD	Non controlling interest USD	Total equity USD
At 01 January 2010		426,303	39,319,756	(8,366,966)	31,379,093	199,019	31,578,112
Profit for the year		-	-	8,344,751	8,344,751	61,251	8,406,002
Other comprehensive income		-	-	-	-	-	-
Dividend		-	(306,938)	-	(306,938)	-	(306,938)
At 31 December 2010		**426,303**	**39,012,818**	**(22,215)**	**39,416,906**	**260,270**	**39,677,176**
At 01 January 2011		426,303	39,012,818	(22,215)	39,416,906	260,270	39,677,176
Total Comprehensive income for the period				2,574,537	2,574,537	19,784	2,594,321
Other comprehensive income		**-**	**-**	**-**	**-**	**-**	**-**
Dividend			(153,469)		(153,469)		- (153,469)
At 30 June 2011		**426,303**	**38,859,349**	**2,552,322**	**41,837,974**	**280,054**	**42,118,028**

The notes on pages 10 to 24 form an integral part of these financial statements.

AFRICA OPPORTUNITY FUND LIMITED
CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE PERIOD 1 JANUARY THROUGH 30 JUNE 2011 AND 2010

	Notes	For the Period Ended 30 June 2011	For the Period Ended 30 June 2010
		USD	USD
Cash flows from operating activities			
Comprehensive income for the period		2,594,321	(545,401)
Adjustment for:			
Interest income		(445,126)	(472,994)
Loss/(gain) on financial assets at fair value through profit or loss		(2,202,126)	2,185,635
Dividend income		(759,795)	(873,941)
Loss/(gain) on financial liabilities at fair value through profit or loss		181,018	(977,911)
Tender offer pool adjustment		(1,094,591)	(68,886)
Operating losses before working capital changes		(1,726,299)	(753,498)
Decrease/(increase) in other receivables and prepayments		-	(263,393)
Increase in other payables and accrued expenses		(90,486)	(459,284)
Net cash used in from operating activities		(1,816,785)	(1,476,175)
Interest received		635,162	669,276
Purchase of financial assets at fair value through profit or loss	4(a)	(5,035,141)	(12,835,141)
Disposal of financial assets at fair value through profit or loss	4(a)	4,305,977	8,339,109
Purchase of financial liabilities at fair value through profit or loss		(3,047,258)	-
Disposal of financial liabilities at fair value through profit or loss		765,206	1,346,564
Dividend received		695,248	855,953
Net cash (used in)/ generated from investing activities		(1,680,806)	(1,624,239)
Cash flows from financing activities			
Dividend paid		(153,469)	(187,573)
Net cash flow used in financing activities		(153,469)	(187,573)
Net (decrease) / increase in cash and cash equivalents		(3,651,060)	(3,287,987)
Cash and cash equivalent at the start of the period		5,492,114	3,673,348
Cash and cash equivalent at the end of the period		1,841,054	385,361

The notes on pages 10 to 24 form an integral part of these financial statements.

			Date of appointment
DIRECTOR:			
CHAIRMAN:	:	Robert Knapp	25 June 2007
NON EXECUTIVE DIRECTORS:	:	Francis Daniels	21 June 2007
		Christopher Gradel	25 June 2007
		Christopher Agar	25 June 2007
		Shingayi Mutasa	25 June 2007
		Myma Belo-Osagie	25 June 2007

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Grand Cayman
Cayman Islands

REGISTRAR : Anson Registrars Limited
Anson Place, Mill Court
La Charroterie, St. Peter's Port
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Channel Islands

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30 Finsbury Square
London EC2P 2YU
United Kingdom

CORPORATE BROKER : LCF Edmond de Rothschild Securities Limited
5 Upper St. Martin's Lane
London WC2H 9EA
United Kingdom

ADMINISTRATOR	:	International Proximity 608, St James Court St Denis Street Port Louis Mauritius
INVESTMENT MANAGER	:	Africa Opportunity Partners Limited PO Box 309 GT Ugland House South Church Street George Town Grand Cayman Cayman Islands
AUDITORS	:	Ernst & Young 9th Floor, NeXTeracom Tower I Cybercity Ebene Mauritius
PRIME BROKER:	:	Newedge Group (UK Branch) 10 Bishops Square London E1 6 EG United Kingdom
CUSTODIAN	:	Standard Chartered Bank (Mauritius) Ltd Units 6A and 6B, 6th Floor Raffles Tower, Lot 19 Cyber City, Ebène
LEGAL ADVISER *(as to English Law)*	:	Lawrence Graham LLP 4 More London Riverside London SE1 2AU United Kingdom
LEGAL ADVISER *(as to Cayman Islands Law)*	:	Maples & Calder Princes Court 7 Princes Court 7 Princes Street London NW1 2 EP United Kingdom

1. GENERAL INFORMATION

Africa Opportunity Fund Limited (the "Company") was launched with an Alternative Market Listing "AIM" in July 2007.

Africa Opportunity Fund Limited is a closed-ended fund incorporated with limited liability and registered in Cayman Islands under the Companies Law on 21 June 2007 and with registered number MC-188243.

The Company aims to achieve capital growth and income through investment in value, arbitrage, and special situations investments in the continent of Africa. The Company therefore may invest in securities issued by companies domiciled outside Africa which conduct significant business activities within Africa. The Company will have the ability to invest in a wide range of asset classes including real estate interests, equity, quasi-equity or debt instruments and debt issued by African sovereign states and government entities.

The Company's investment activities are managed by Africa Opportunity Partners Limited, a limited liability company incorporated in the Cayman Islands and acting as the investment manager pursuant to an Investment Management Agreement dated 18 July 2007.

To ensure that investments to be made by the Company, and the returns generated on the realisation of investments, are both effected in the most tax efficient manner, the Company has established Africa Opportunity Fund L.P. as an exempted limited partnership in the Cayman Islands. All investments made by the Company will be made through the limited partnership. The limited partners of the limited partnership are the Company and AOF CarryCo Limited. The general partner of the limited partnership is Africa Opportunity Fund (GP) Limited.

Presentation currency

The consolidated financial statements are presented in the United States dollars ("USD").

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied from the prior year to the current year for items which are considered material in relation to the consolidated financial statements.

Statement of compliance

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of preparation

The financial statements have been prepared under the historical cost convention except for the fair valuation of financial assets and financial liabilities at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Board of Directors to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries (referred to as the "Group") as at 30 June 2011.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control and continued to be consolidated until the date that such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Non-controlling interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in the statement of comprehensive income and within equity in the Statement of Changes in Equity from parent shareholders' equity.

Foreign currency translation

(a) Functional and presentation currency

The Group's consolidated financial statements are presented in USD which is the Group's functional currency. That is the currency of the primary economic environment in which Africa Opportunity Fund Limited ("the Company") operates. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. The functional currency of the entities within the Group is USD. The Group chose USD as the presentation currency.

(b) Transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of the exchange ruling at the reporting date. All differences are taken to profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments

(i) Classification

The Group classifies its financial assets and liabilities in accordance with IAS 39.

Financial assets and liabilities at fair value through profit or loss

The category of the financial assets and liabilities at fair value through the profit or loss is subdivided into:

Financial assets and liabilities held for trading: financial assets are classified as held for trading if they are acquired for the purpose of selling and repurchasing in the near term. This category includes equity securities, investments in managed funds and debts instruments. These assets are acquired principally for the purpose of generating a profit from short term fluctuation in price. All derivatives and liabilities from the short sales of financial instruments are classified as held for trading. The Group policy is not to apply hedge accounting.

Financial instruments designated as at fair value through profit or loss upon initial recognition: these include equity securities and debt instruments that are not held for trading. These financial assets are designated on the basis that they are part of a group of financial assets which are managed and have their performance evaluated on a fair value basis, in accordance with risk management and investment strategies of the Group, as set out in the Group's offering document. The financial information about the financial assets is provided internally on that basis to the Investment Manager and to the Board of Directors.

The vast majority of the financial assets are expected to be realised within the 12 months of the reporting date.

Loans and receivables

Loans and receivables are non-derivatives financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the reporting date. These are classified as non-current assets. The Group's loans and receivables comprise 'trade and other receivables' and cash and cash equivalents in the statement of financial position.

Other financial liabilities

This category includes all financial liabilities, other than those classified as at fair value through profit or loss. The Group includes in this category amounts relating to other short term payables.

(ii) Recognition

The Group recognises a financial asset or a financial liability when, and only when, it becomes a party to the contractual provisions of the instrument.

Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place are recognised directly on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets (Continued)

(iii) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- The rights to receive cash flows from the asset have expired; or

- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement; and

- Either (a) the Group has transferred substantially all the risks and rewards of the asset. or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset (or has entered into a pass-through arrangement), and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group s continuing involvement in the asset.

The Group derecognises a financial liability when the obligation under the liability is discharged, cancelled or expires.

(iv) Initial measurement

Financial assets and liabilities at fair value through profit or loss are recorded in the statement of financial position at fair value. All transaction costs for such instruments are recognised directly in profit or loss.

Derivatives embedded in other financial instruments are treated as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contract, and the host contract is not itself classified as held for trading or designated at fair value though profit or loss. Embedded derivatives separated from the host are carried at fair value with changes in fair value recognised in profit or loss.

Loans and receivables and financial liabilities (other than those) classified as held for trading) are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue.

(v) Subsequent measurement

After initial measurement, the Group measures financial instruments which are classified as at fair value through profit or loss at fair value. Subsequent changes in the fair value of those financial instruments are recorded in ‘Net gain or toss on financial assets and liabilities at fair value through profit or loss’. Interest earned and dividend revenue elements of such instruments are recorded separately in ‘Interest revenue’ and ‘Dividend revenue’, respectively. Dividend expenses related to short positions are recognised in ‘Dividends on securities sold not yet purchased’.

Loans and receivables are carried at amortised cost using the effective interest method less any allowance for impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial liabilities, other than those classified as at fair value through profit or loss, are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, as well as through the amortisation process.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instruments, but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Determination of fair value

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted price or binding dealer price quotations, without any deduction for transaction costs.

For all other financial instruments not traded in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include: using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible.

Impairment of financial assets

The Group assesses at each reporting date whether a financial asset or group of financial assets classified as loans and receivables is impaired. Evidence of impairment may include indications that the debtor, or a group of debtors, is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and, where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred) discounted using the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss.

Impaired debts, together with the associated allowance, are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a previous write-off is later recovered, the recovery is credited to profit or loss.

Interest revenue on impaired financial assets is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Due to and due from brokers

Amounts due to brokers are payables for securities purchased (in a regular way transaction) that have been contracted for but not yet delivered on the reporting date. Refer to the accounting policy for 'financial liabilities, other than those classified as at fair value through profit or loss' for recognition and measurement.

Amounts due from brokers include margin accounts and receivables for securities sold (in a regular way transaction) that have been contracted for but not yet delivered on the reporting date. Refer to accounting policy for 'loans and receivables' for recognition and measurement.

Margin accounts represent cash deposits held with brokers as collateral against open futures contracts.

Interest revenue and expense

Interest revenue and expense are recognised in the statement of comprehensive income for all interest-bearing financial instruments using the effective interest method.

Dividend revenue and expense

Dividend revenue is recognised when the Group's right to receive the payment is established. Dividend revenue is presented gross of any non-recoverable withholding taxes, which are disclosed separately in the statement of comprehensive income. Dividend expense relating to equity securities sold short is recognised when the shareholders' right to receive the payment is established.

Net gain or loss on financial assets and liabilities at fair value through profit or loss

This item includes changes in the fair value of financial assets and liabilities held for trading or designated upon initial recognition as 'at fair value through profit or loss' and excludes interest and dividend income and expenses.

Unrealised gains and losses comprise changes in the fair value of financial instruments for the period and from reversal of prior period's unrealised gains and losses for financial instruments which were realised in the reporting period.

Realised gains and losses on disposals of financial instruments classified as 'at fair value through profit or loss' are calculated using the Average Cost (AVCO) method. They represent the difference between an instrument's initial carrying amount and disposal amount, or cash payments or receipts made on derivative contracts (excluding payments or receipts on collateral margin accounts for such instruments).

Stated capital

Ordinary shares are classified as equity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Provision

A provision is recognised when and only when there is a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow embodying economic benefits will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Related parties

For the purposes of these financial statements, parties are considered to be related to the Group if they have the ability, directly or indirectly, to control the Group or exercise significant influence over the Group in making financial and operating decisions, or vice versa, or where the Group is subject to common control or common significant influence. Related parties may be individuals or other entities.

3. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

New and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended IFRS and IFRIC interpretations adopted in the year commencing 1 January 2010:

- IFRS 2 Share-based Payment: Group Cash-settled Share-based Payment Transactions effective 1 January 2010
- IFRS 3 Business Combinations (Revised) and IAS 27 Consolidated and Separate Financial Statements (Amended) effective 1 July 2009 including consequential amendments to IFRS2, IFRS 5, IFRS 7, IAS 21, IAS 28, IAS 31 and IAS 39
- IAS 39 Financial Instruments: Recognition and Measurement - Eligible Hedged Items effective 1 July 2009
- IFRIC 17 Distributions of Non-cash Assets to Owners
- Improvements to IFRS (May 2008)
- Improvements to IFRS (April 2009)

3. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (CONTINUED)

When the adoption of the standard or interpretation may have an impact on the financial statements or performance of the Group, its impact is described below:

IFRS 2 Share-based Payment (Revised)

The IASB issued an amendment to IFRS 2 that clarified the scope and the accounting for group cash-settled share-based payment transactions. The Group has concluded that the amendment will have no impact on the financial position or performance of the Group as there were no share based payment transactions.

IFRS 3 Business Combinations (Revised)

IFRS 3 (Revised) introduces significant changes in the accounting for business combinations occurring after becoming effective. Changes affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs and future reported results.

IAS 27 (Amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners. Therefore, such transactions will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The changes by IFRS 3 (Revised) and IAS 27 (Amended) affect acquisitions or loss of control of subsidiaries and transactions with non-controlling interests after 1 January 2010.

The change in accounting policy was applied prospectively and had no material impact on the earning per share.

IAS 39 Financial Instruments: Recognition and Measurement - Eligible Hedged Items

The amendment clarifies that an entity is permitted to designate a portion of the fair value changes or cash flow variability of a financial instrument as a hedged item. This also covers the designation of inflation as a hedged risk or portion in particular situations. The Group has concluded that the amendment will have no impact on the financial position or performance of the Group, as it has not entered into any such hedges.

IFRIC 17 Distribution of Non-cash Assets to Owners

This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. The interpretation has no effect on the financial position nor performance of the Group.

Improvements to IFRS

In May 2008 and April 2009, the IASB issued omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The adoption of the following amendments resulted in changes to accounting policies, but did not have any impact on the financial position or performance of the Group.

Issued in May 2008

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations: clarifies that when a subsidiary is classified as held for sale, all its assets and liabilities are classified as held for sale, even when the entity remains a non-controlling interest after the sale transaction. The amendment is applied prospectively and has no impact on the financial position nor financial performance of the Group.

3. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (CONTINUED)

Improvements to IFRS (Continued)

Issued in April 2009

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations: clarifies that the disclosures required in respect of non-current assets and disposal groups classified as held for sale or discontinued operations are only those set out in IFRS 5. The disclosure requirements of other IFRSs only apply if specifically required for such non-current assets or discontinued operations.

- IFRS 8 Operating Segments: clarifies that segment assets and liabilities need only be reported when those assets and liabilities are included in measures that are used by the chief operating decision maker. The adoption of the amendment had no impact on the Group's segment disclosure since the Group is organised into only one operating segment.

- IAS 7 Statement of Cash Flows: States that only expenditure that results in recognising an asset can be classified as a cash flow from investing activities. This amendment will impact amongst others, the presentation in the statement of cash flows.

- IAS 36 Impairment of Assets: The amendment clarifies that the largest unit permitted for allocating goodwill, acquired in a business combination, is the operating segment as defined in IFRS 8 before aggregation for reporting purposes. The amendment has no impact on the Group.

Other amendments resulting from Improvements to IFRS to the following standards did not have any impact on the accounting policies, financial position or performance of the Group:

Issued in April 2009

- IFRS 2 Share-based Payment
- IAS 1 Presentation of Financial Statements
- IAS 17 Leases
- IAS 34 Interim Financial Reporting
- IAS 38 Intangible Assets
- IAS 39 Financial Instruments: Recognition and Measurement
- IFRIC 9 Reassessment of Embedded Derivatives
- IFRIC 16 Hedge of a Net Investment in a Foreign Operation

3. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (CONTINUED)

Standards issued but not yet effective

Standards issued but not yet effective up to the date of issuance of the Group's financial statements are listed below. This listing is of standards and interpretations issued, which the Group reasonably expects to be applicable at a future date. The Group intends to adopt those standards when they become effective.

IAS 12 Income taxes (Amendment)
The amendment is effective for annual periods beginning on or after 1 January 2012 and introduces a rebuttable presumption that deferred tax on investment properties measured at fair value will be recognised on a sale basis, unless an entity has a business model that would indicate the investment property will be consumed in the business. If consumed a use basis should be adopted. This amendment will have no impact on the Group after initial application.

IAS 24 Related Party Disclosures (Amendment)
The amended standard is effective for annual periods beginning on or after 1 January 2011. It clarified the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised standard introduces a partial exemption of disclosure requirements for government related entities. The Group does not expect any impact on its financial position or performance. Early adoption is permitted for either the partial exemption for government-related entities or for the entire standard.

IAS 32 Financial Instruments: Presentation – Classification of Rights Issues (Amendment)
The amendment to IAS 32 is effective for annual periods beginning on or after 1 February 2010 and amended the definition of a financial liability in order to classify rights issues (and certain options or warrants) as equity instruments in cases where such rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments, or to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency. This amendment will have no impact on the Group after initial application.

IFRS 9 Financial Instruments: Classification and Measurement
IFRS 9 as issued reflects the first phase of the IASBs work on the replacement of IAS 39 and applies to classification and measurement of financial assets as defined in IAS 39. The standard is effective for annual periods beginning on or after 1 January 2013. In subsequent phases, the IASB will address classification and measurement of financial liabilities, hedge accounting and derecognition. The completion of this project is expected in early 2011. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Group's financial assets. The Group will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.

IFRS 10 Consolidated Financial Statements; IFRS 11 Joint Arrangements; IFRS 12 Disclosure of Interest in Other Entities.
IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also includes the issues raised in SIC 12 Consolidation – Special Purpose Entities. IFRS 10 establishes a single control model that applies to all entities. The changes will require management to make significant judgement to determine which entities are controlled and therefore required to be consolidated by the parent. Therefore, IFRS 10 may change which entities are within a group.

IFRS 11 replaces IAS 31 Interest in Joint Ventures and SIC 13 Jointly Controlled Entities – Non-monetary Contributions by Ventures. IFRS 11 uses some of the terms that were used in IAS 31 but with different meanings which may create some confusion as to whether there are significant changes. IFRS 11 focuses on the nature of the rights and obligations arising from the arrangement compared to the legal form in IAS 31. IFRS 11 uses the principle of control in IFRS 10 to determine joint control which may change whether joint control exists. IFRS 11 addresses only two forms of joint arrangements; joint operations where the entity recognises its assets, liabilities, revenues and expenses and/or its relative share of those items and joint ventures which is accounted for on the equity method (no more proportional consolidation).

3. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (CONTINUED)

IFRS 12 includes all the disclosures that were previously in IAS 27 related to consolidated financial statements as well as all of the disclosures that were previously included in IAS 31 and IAS 28 Investments in Associates. A number of new disclosures are also required.

The Group will need to consider the new definition of control to determine which entities are controlled or jointly controlled and then to account for them under the new standards. IFRS 10, 11 and 12 will be effective for the Group 1 July 2013.

IFRS 13 Fair Value Measurement
IFRS 13 establishes a single framework for all fair value measurement when fair value is required or permitted by IFRS. IFRS 13 does not change when an entity is required to use fair value but rather describes how to measure fair value under IFRS when it is permitted or required by IFRS. There are also consequential amendments to other standards to delete specific requirements for determining fair value. The Group will need to consider the new requirements to determine fair values going forward. IFRS 13 will be effective for the Group 1 July 2013.

IFRIC 14 Prepayments of a minimum funding requirement (Amendment)
The amendment to IFRIC 14 is effective for annual periods beginning on or after 1 January 2011 with retrospective application. The amendment provides guidance on assessing the recoverable amount of a net pension asset. The amendment permits an entity to treat the prepayment of a minimum funding requirement as an asset. The amendment is deemed to have no impact on the financial statements of the Group.

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments
IFRIC 19 is effective for annual periods beginning on or after 1 July 2010. The interpretation clarifies that equity instruments issued to a creditor to extinguish a financial liability qualify as consideration paid. The equity instruments issued are measured at their fair value. In case that this cannot be reliably measured, the instruments are measured at the fair value of the liability extinguished. Any gain or loss is recognised immediately in profit or loss. The adoption of this interpretation will have no effect on the financial statements of the Group.

Improvements to IFRSs (issued in May 2010)
The IASB issued Improvements to IFRSs, an omnibus of amendments to its IFRS standards. The amendments have not been adopted as they become effective for annual periods on or after either 1 July 2010 or 1 January 2011. The amendments listed below, are considered to have a reasonable possible impact on the Group:

- IFRS 3 Business Combinations
- IFRS 7 Financial Instruments: Disclosures
- IAS 1 Presentation of Financial Statements
- IAS 27 Consolidated and Separate Financial Statements
- IFRIC 13 Customer Loyalty Programmes

The Group, however, expects no impact from the adoption of the amendments on its financial position or performance.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that required a material adjustment to the carrying amount of the asset or liability affected in future periods.

Critical accounting judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, which are described in Note 2, the directors have made the following judgements that have the most effect on the amounts recognised in the financial statements:

(i) Going Concern

The Group's management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

(ii) Determination of functional currency

The determination of the functional currency of the Group is critical since recording of transactions and exchange differences arising thereon are dependent on the functional currency selected. As described in Note 2, the directors have considered those factors therein and have determined that the functional currency of the Group is the United States Dollar.

(iii) Fair value of other financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques including comparable valuation and Black Scholes model. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at each reporting date. The judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of the financial instrument.

(iv) Impairment of financial assets

The Group follows the guidance of IAS 39 to determine when held-to-maturity financial assets and receivables are impaired.

5(a). FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2011	30 June 2010
	USD	USD
Designated at fair value through profit or loss:		
At start of year	**41,323,702**	30,792,961
Additions	**5,035,140**	12,835,141
Disposals	**(4,305,977)**	(8,339,109)
Net gain on financial assets at fair value through profit or loss	**2,202,126**	(2,185,635)
	44,254,991	33,103,358
Analysis of portfolio:		
- Listed equity securities	**32,795,193**	20,642,757
- Unlisted equity securities	**46,469**	46,469
- Listed debt securities	**10,418,386**	11,153,567
- Unlisted debt securities	**994,943**	1,260,565
	44,254,911	33,103,358

5(b). FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2011	30 June 2010
	USD	USD
Written put option	**98,750**	148,875
Written call option and short position	**3,851,617**	2,991,178
	3,950,367	3,140,053

6. TRADE AND OTHER RECEIVABLES

	30 June 2011	30 June 2010
	USD	USD
Interest receivable on bonds	**481,634**	**501,572**
Dividend receivable	**85,185**	**17,988**
Other receivables	**-**	**353,489**
	566,819	**873,049**

The receivables are neither past due nor impaired. Interests receivable on bonds are due within six months.

7. SHARE CAPITAL

	2011	**2011**	2010	2010
	Number	**USD**	Number	USD
Authorised share capital				
Ordinary shares with a par value of USD 0.01	**1,000,000,000**	**10,000,000**	1,000,000,000	10,000,000

	2011	**2011**	2010	2010
	Number	**USD**	USD	USD
Share capital				
Opening balance	**115,510,000**	**1,155,100**	115,510,000	1,155,100
Exercise of tender offer	**(72,879,673)**	**(728,797)**	(72,879,673)	(728,797)
As at 30 June	**42,630,327**	**426,303**	42,630,327	426,303

	2011	**2011**	2010	2010
	Number	**USD**	USD	USD
Opening balance	**42,630,327**	**426,303**	42,630,327	426,303
Addition				
As at 30 June	**42,630,327**	**426,303**	42,630,327	426,303

The directors have the general authority to repurchase the ordinary shares in issue subject to the Company having funds lawfully available for the purpose. However, if the market price of the ordinary shares falls to a discount to the Net Asset Value, the directors will consult with the Investment Manager as to whether it is appropriate to instigate a repurchase of ordinary shares.

8. TRADE AND OTHER PAYABLES

	30 June 2011	30 June 2010
	USD	USD
Accrued expenses	**50,480**	125,684
Dividend payable	**76,735**	76,735
Other payables	**467,254**	140,054
	594,469	342,473

Other payables are non-interest bearing and are due on demand.

9. GAIN PER SHARE

Basic gain per share is calculated by dividing the gain attributable to equity holders by the weighted average number of ordinary shares in issue during the period excluding ordinary shares purchased by the Company (including those repurchased in accordance with the Tender Offer) and held as treasury shares.

The Company's diluted gain per share is the same as basic gain per share, since the Company has not issued any instrument with dilutive potential.

		2011	2010
Gain/(loss) attributable to equity holders of the Company	USD	**2,574,537**	**(544,921)**
Weighted average number of ordinary share in issue		42,630,327	42,630,327
Basic gain/(loss) per share	USD	**0.0604**	**(0.0128)**

10. TAXATION

Under the current laws of Cayman Islands, there is no income, estate, transfer sales or other Cayman Islands taxes payable by the Fund. As a result, no provision for income taxes has been made in the financial statements.

11. SEGMENT INFORMATION

For management purposes, the Group is organised in one main operating segment, which invests in equity securities, debt instruments and relative derivatives. All of the Group's activities are interrelated, and each activity is dependent on the others. Accordingly, all significant operating decisions are based upon analysis of the Group as one segment. The financial results from this segment are equivalent to the financial statements of the Group as a whole.

12. PERSONNEL

The Group did not employ any personnel during the half year period (2010: the same).

13. TENDER OFFER POOL UPDATE

The Company made a tender offer distribution of $0.0275 per share on 13 May 2011 to those former shareholders (the "Former Shareholders") who tendered their ordinary shares to the Company on 19 February 2009 (the "Tender Date"). This amount was calculated in accordance with the terms of the Company's tender offer circular, dated 4 February 2009. The bank balance attributable to the tender offer pool as at 31 December 2010 was fully repaid on 13 May 2011.

This distribution represented proceeds from approximately 30% of the securities remaining in the tender offer pool (the "Tender Offer Pool") as measured as of 31 March 2011. Subsequent distribution(s) to the Former Shareholders will be made as and when the Company believes it to be appropriate to realize the remaining investments in the Tender Offer Pool. The Company estimates the current unrealized value of the remaining investments to the Tender Offer Pool at approximately $0.06 per share, based on current market conditions and other related factors. There can be no assurance that the future realized value of the few remaining investments in the Tender Offer Pool will equal or exceed the current unrealized value of those investments.