AFRICA OPPORTUNITY FUND LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD FROM 1 JANUARY 2014 TO 30 JUNE 2014

AFRICA OPPORTUNITY FUND LIMITED

Highlights:

- AOF's ordinary share net asset value per share of US$1.108 as at 30 June 2014 decreased by 9% from the 31 December 2013 net asset value per share of US$1.222.
- AOF closed a share placing which raised US$29.2 million through the issue of C shares.
- AOF's Ordinary Shares and the C Shares were admitted to trading on the London Stock Exchange's Specialist Fund Market ("SFM") effective 17 April 2014. Concurrent with the listing on the SFM, the Ordinary Shares were cancelled from admission to trading on AIM.
- As at 30 June 2014, AOF's investment allocation for its Ordinary Shares was 73% equities, 27% debt.
- AOF's Ordinary Shares net asset value per share as at 31 July 2014 was US$1.115.
- AOF's C Share net asset value per share as at 31 July 2014 was US$0.972.

C Share Issue and Listing on the SFM: AOF closed a share placing which raised $29.2 million through the issue of C Shares on 17 April. As part of the placing AOF moved to the Specialist Fund Market ("SFM"), the London Stock Exchange's specialist market for specialist investment funds.

Management Fee – Revised to be calculated as 2% on the first US$50 million of Net Asset Value and 1% of the Net Asset Value in excess of US$50 million. The Q3 effective rate (based on assets under management as at 30 June 2014) was 1.66%.
Dividend Policy – Amended to pay out all earned income net of fees and expenses annually, commencing in Q1 2015.
Life of Fund – There will be a continuation vote in 2019, with the expectation that shareholders wishing to realize their investment will be provided the opportunity to exit at or near NAV.
Board of Directors – a new independent Chair of the Board was appointed, Myma Belo-Osagie, along with two new independent directors Vikram Mansharamani and Peter Mombaur.

Market Conditions: AOF's Ordinary Share NAV decreased 9% during H1 2014. By comparison, in US dollar terms in H1 2014 the S&P rose 7%, South Africa rose 9%, Egypt rose 16%, Kenya rose 8%, and Nigeria rose 1%.

Portfolio Highlights: The H1 decline in AOF's Ordinary Share NAV was precipitated primarily by the collapse of Ghana's Cedi. The Cedi depreciated against the Dollar by 8% in May alone, 20% during Q2, and 29% during H1. To compound the Cedi's depreciation over that period, the share price of Enterprise Group declined 4%. Ghanaians and foreigners alike have lost confidence in the Ghana government's fiscal sobriety. AOF has resisted the urge to flee Ghana for two reasons: most of its capital in Ghana is invested in industry-leading financial service operators which over the long term have unequivocal records of strong earnings growth and dividends in US dollars. Standard Chartered Bank's H1 2014 profits, for example, only declined from US$41.4 to US$40.7 million. The interim results for the Enterprise Group however, disclosed that, despite a decline in investment income from US$8.8 million to US$8.4 million, overall net profits fell from US$10.6 million to US$1.6 million due to a flat performance of its equity portfolio in 2014 versus strong results in 2013. Listed equities accounted for 24% of its portfolio at year-end and the Ghana stock market was down 22% in US dollars at the end of Q2.

Elsewhere in the portfolio our largest holding Sonatel reported pleasing H1 2014 numbers, with an EBITDA margin of 51%, return on equity of 32%, and net profit margin of 25%. Subscriber numbers rose 22% to 24 million, revenue rose 12%, year on year, and profits rose 7%. The presence of Naspers, our fifth largest holding, with its sky-high P/E ratio of 83 demands an explanation. It is part of a paired trade in which AOF is short Tencent, its impressive Chinese internet affiliate. We established this investment when Naspers was trading at a discount to the value of its holding in Tencent, meaning that synthetically we purchased the non-Tencent business for free. What is this business? It is the dominant African pay-TV franchise, with 8 million subscribers, which generated US$1 billion in EBITDA and $420 million in net profit in the last financial year. The fact that the South African market is assigning no value to Naspers' pay-TV business is astonishing to us.

Shoprite's Zambian listed shares declined by 14% as a result of the weakening Kwacha, leaving the discount of Shoprite's Lusaka share price to its JSE price at approximately 33% at the end of June 2014. We continue to work towards obtaining confirmation of AOF's title to its Shoprite shares and may potentially initiate judicial proceedings in the second half of 2014.

Ordinary Share Portfolio Appraisal Value: As of 30 June 2014, the Manager's appraisal of the economic value of the Ordinary Share portfolio was US$1.37 per share. The Ordinary Share market price of US$1.14 per share at 30 June 2014 represents a 16% discount. The Appraisal Value is intended to provide a measure of the Manager's long-term view of the attractiveness of AOF's Ordinary Share portfolio. It is a subjective estimate, and does not tell when that value will be realized, nor does it guarantee that any security will reach its Appraisal Value.

C Shares: The NAV of the C Shares declined 3% to the end of June 2014. We have begun to invest this new capital separately from the capital underpinning AOF's ordinary shares. As of the end of June 2014, 25% of that capital had been invested, with 19% in debt, and 6% in equity. Nigeria, South Africa, Zambia, and Zimbabwe have received the majority of the C Share's invested capital in sectors like insurance, real estate, industrial mineral and oil and gas.

Outlook: Ghana's macro-economic challenges and the economic, social and health consequences of the Ebola virus in West Africa may harm the business environment for West African companies in AOF's portfolio in the second half of this year. The rise of Ghana's producer price inflation data from 33% in June to 47% in July, juxtaposed with consumer price inflation of 15.3% in July could be a harbinger of severe margin compression for the Ghanaian business sector, slowing economic activity and a growing danger of non-performing loans. The spread of the Ebola virus is not only a human tragedy for countries at its epicentre like Guinea, but also a source of lower GDP growth in West Africa because of quarantines imposed for preventive or curative medical reasons.

We believe that AOF's portfolio possesses undervalued companies. The Ordinary Shares top 10 holdings (including the Naspers paired trade) combined offer a weighted average dividend yield of 5.8%, a P/E ratio of 13.5X, a return on assets of 5.2% and a return on equity of 11.3%. Despite the difficult period experienced by the portfolio during the first half of 2014, we are excited by these attractive valuation metrics and remain optimistic about AOF's prospects.

Responsibility Statements:

The Board of Directors confirm that, to the best of their knowledge:

a. The financial statements, prepared in accordance with International Financial Reporting Standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company.
b. The Interim Investment Manager Report, and Condensed Notes to the Financial Statements include:
    i. a fair review of the information required by DTR 4.2.7R (indication of important events that have occurred during the first six months and their impact on the financial statements, and a description of principal risks and uncertainties for the remaining six months of the year); and
    ii. a fair review of the information required by DTR 4.2.8R (confirmation that no related party transactions have taken place in the first six months of the year that have materially affected the financial position or performance of the Company during that period).

Per Order of the Board
29 August 2014

AFRICA OPPORTUNITY FUND LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2014 TO 30 JUNE 2014

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AFRICA OPPORTUNITY FUND LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD FROM 1 JANUARY 2014 TO 30 JUNE 2014

	Note	**For the period ended 30 June 2014**	For the period ended 30 June 2013
		USD	USD
Revenue			
Dividend income		**995,397**	932,097
Interest income		**722,152**	337,420
Net exchange gains on bank		**-**	486,340
Profit on financial assets at fair value through profit or loss	5(a)	**-**	7,391,461
Profit on financial liabilities at fair value through profit or loss	5(b)	**71,392**	246,236
Other income		**331,193**	-
		2,120,134	9,393,554
Expenses			
Losses on financial assets at fair value through profit or loss		**5,068,917**	-
Placing and admission fees		**1,075,141**	-
Management fee		**573,403**	435,441
Net exchange losses on bank		**290,869**	-
Custodian, secretarial and administration fees		**136,917**	120,976
Interest charges and other fees		**145,103**	102,569
Dividend paid		**86,475**	20,754
Operating expenses		**86,111**	44,072
Brokerage fees		**64,156**	239,871
Directors’ fees		**56,922**	40,000
Audit fees		**21,120**	20,251
Performance fees		**-**	1,319,179
		7,605,134	2,343,113
Profit/(loss) for the period		**(5,485,000)**	7,049,778
Tax incurred on dividend received		**(104,758)**	(663)
		(5,589,758)	7,049,778
Other comprehensive income		**-**	-
Total comprehensive income/(loss) for the period		**(5,589,758)**	**7,049,778**
Attributable to:			
Equity holders		**(5,559,277)**	6,985,000
Non-controlling interest		**(30,481)**	64,778
		(5,589,758)	7,049,778
Basic gains/(loss) per share for gain attributable to the equity holders of the Company during the period	10	**see note 10**	0.1639

The notes on pages 8 to 28 form an integral part of these financial statements.

AFRICA OPPORTUNITY FUND LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014

	Notes	**As at 30 June 2014 USD**	As at 30 June 2013 USD
ASSETS			
Financial assets at fair value through profit or loss	5(a)	**65,669,485**	51,038,216
Trade and other receivables	6	**1,691,088**	1,160,571
Cash and cash equivalents		**22,818,766**	3,031,033
Total assets		**90,179,339**	55,229,820
EQUITY AND LIABILITIES			
Liabilities			
Financial liabilities at fair value through profit or loss	5(b)	**11,684,689**	5,479,421
Trade and other payables	8	**2,506,619**	1,520,732
Total liabilities		**14,191,308**	7,000,153
Equity			
Ordinary share capital	7(a)	**426,303**	426,303
Ordinary share premium		**37,844,593**	38,092,003
C share capital	7(b)	**2,920,000**	-
C share premium		**26,280,000**	-
Retained earnings		**8,141,919**	9,352,924
Equity attributable to equity holders of the parent		**75,612,815**	47,871,230
Non-controlling interest		**375,216**	358,437
Total equity		**75,988,031**	48,229,667
Total equity and liabilities		**90,179,339**	55,229,820

The notes on pages 8 to 28 form an integral part of these financial statements.

AFRICA OPPORTUNITY FUND LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD FROM 1 JANUARY 2014 TO 30 JUNE 2014

	Ordinary Share Issued capital	Share premium	C Share Issued capital	C Share premium	Retained earnings	Total	Non controlling interest	Total equity
	USD	USD	USD	USD	USD	USD	USD	USD
At 1 January 2014	**426,303**	**37,921,452**	-	-	**13,701,196**	**52,048,951**	**405,697**	**52,454,648**
C Share Placing	**-**	**-**	**2,920,000**	**26,280,000**	**-**	**29,200,000**	**-**	**29,200,000**
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**(5,559,277)**	**(5,559,277)**	**(30,481)**	**(5,589,758)**
Dividend	**-**	**(76,859)**	**-**	**-**	**-**	**(76,859)**	**-**	**(76,859)**
At 30 June 2014	**426,303**	**37,844,593**	**2,920,000**	**26,280,000**	**8,141,919**	**75,612,815**	**375,216**	**75,988,031**
At 1 January 2013	426,303	38,262,525	-	-	2,367,924	41,056,752	293,659	41,350,411
Total comprehensive income for the period	-	-	-	-	6,985,000	6,985,000	64,778	7,049,778
Dividend	-	(170,522)	-	-	-	(170,522)	-	(170,522)
At 30 June 2013	426,303	38,092,003	-	-	9,352,924	47,871,230	358,437	48,229,667

The notes on pages 8 to 28 form an integral part of these financial statements.

AFRICA OPPORTUNITY FUND LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM 1 JANUARY 2014 TO 30 JUNE 2014

	Notes	For the Period Ended 30 June 2014	For the Period Ended 30 June 2013
		USD	USD
Cash flows from operating activities			
Comprehensive income/ (loss) for the period		**(5,589,758)**	7,049,777
Adjustment for:			
Interest income		**(722,152)**	(337,420)
Dividend income		**(995,397)**	(932,097)
(Gain)/ loss on financial assets at fair value through profit or loss		**5,068,917**	(7,391,461)
(Gain)/ loss on financial liabilities at fair value through profit or loss		**(71,392)**	(246,236)
Operating losses before working capital changes		**(2,309,782)**	(1,857,437)
Increase in other receivables and prepayments		**(83,777)**	(54,077)
Increase in other payables and accrued expenses		**9,385**	1,023,984
Net cash used in operating activities		**(2,384,174)**	(887,530)
Investing activities			
Purchase of financial assets at fair value through profit or loss	5(a)	**(16,679,578)**	(16,106,663)
Disposal of financial assets at fair value through profit or loss	5(a)	**1,415,107**	14,619,208
Purchase of financial liabilities at fair value through profit or loss	5(b)	**6,792,217**	(2,304,319)
Disposal of financial liabilities at fair value through profit or loss	5(b)	**-**	3,484,092
Interest received		**453,743**	239,099
Dividend received		**770,496**	524,081
Net cash generated from investing activities		**(7,248,015)**	455,498
Financing activities			
Dividend paid		**(162,149)**	(170,522)
C Share Placing		**29,200,000**	-
Net cash flow used in financing activities		**29,037,851**	(170,522)
Net increase/ (decrease) in cash and cash equivalents		**19,405,662**	(602,554)
Cash and cash equivalents at 1 January		**3,413,104**	3,633,587
Cash and cash equivalents at 30 June		**22,818,766**	3,031,033

The notes on pages 8 to 28 form an integral part of these financial statements.

			Date of appointment	Date of Resignation
CHAIR:	:	Myma Belo-Osagie *	25 June 2007	
		Robert Knapp	25 June 2007	17 April 2014
NON EXECUTIVE DIRECTORS:	:	Francis Daniels	21 June 2007	17 April 2014
		Christopher Gradel	25 June 2007	17 April 2014
		Christopher Agar	25 June 2007	
		Robert Knapp	25 June 2007	
		Shingayi Mutasa	25 June 2007	
		Vikram Mansharamani	17 April 2014	
		Peter Mombaur	17 April 2014	

*****Appointed as Chair 17 April 2014

REGISTERED OFFICE : PO Box 309 GT
Ugland House
South Church Street
George Town
Grand Cayman
Cayman Islands

REGISTRAR : Anson Registrars Limited
Anson Place, Mill Court
La Charroterie, St. Peter's Port
Guernsey GY1 3WX
Channel Islands

REGULATORY CONSULTANT *(formerly Nominated Advisor)* : Grant Thornton UK LLP
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 Fifth floor, Ebene Esplanade 24 Cybercity Ebene 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	:	Credit Suisse Securities (USA) LLC Eleven Madison Avenue 3rd Floor New York, NY 10010 United States of America
CUSTODIAN	:	Standard Chartered Bank (Mauritius) Ltd Units 6A and 6B, 6th Floor Raffles Tower, Lot 19 Cyber City, Ebène, Mauritius
LEGAL ADVISER *(as to English)*	:	Wragge Lawrence Graham & Co *(formerly Lawrence Graham LLP)* 4 More London Riverside London SE1 2AU United Kingdom
LEGAL ADVISER *(as to Cayman Islands Law)*	:	Maples & Calder P.O. Box 309 Ugland House Grand Cayman, KY1-1104 Cayman Islands

1. GENERAL INFORMATION

Africa Opportunity Fund Limited (the "Company") was launched and admitted to trading on the London Stock Exchange AIM market ("AIM") in July 2007. On 17 April 2014, AOF closed a placing of 29.2 million C shares. The Ordinary shares and the C shares of the Company were admitted to trading on the London Stock Exchange's Specialist Fund Market ("SFM"). Concurrent with the listing on the SFM, the ordinary shares were cancelled from admission to trading on AIM.

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 are 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 consolidated financial statements have been prepared under the historical cost convention except for financial assets and financial liabilities at fair value through profit or loss that have been measured at fair value.

The preparation of consolidated 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 Company's and its subsidiaries' (referred to as the "Group") accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group as at 30 June 2014.

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 the Group 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.

Options

Options are contractual agreements that convey the right, but not the obligation, for the purchaser either to buy or sell a specific amount of a financial instrument at a fixed price, either at a fixed future date or at any time within a specified period.

The Group purchases and sells put and call options through regulated exchanges and OTC markets. Options purchased by the Group provide the Group with the opportunity to purchase (call options) or sell (put options) the underlying asset at an agreed-upon value either on or before the expiration of the option. The Group is exposed to credit risk on purchased options only to the extent of their carrying amount, which is their fair value.

Options written by the Group provide the purchaser the opportunity to purchase from or sell to the Group the underlying asset at an agreed-upon value either on or before the expiration of the option.

Options are generally settled on a net basis.

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 of the Company.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

(iii) 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.

(iv) 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 profit or loss 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 income' and 'Dividend income', respectively. Dividend expenses related to short positions are recognised in 'Dividends paid'.

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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets (Continued)

v) 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.

Determination of fair value

The Group measures its investments in financial instruments at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measured is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to the Company.

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.

Where the Company has assets and liabilities with offsetting market risks, it uses mid-market prices as a basis for establishing fair values for the offsetting risk positions and applies the bid or ask price to the net open position as appropriate.

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. An analysis of fair values of financial instruments and further details including the Group's hierarchy for determining and disclosing the fair value of the financial instruments is provided in Note 5(c).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is an objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

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 as 'Credit loss expense'.

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 Company

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.

Performance fee

Under the terms of the Partnership Agreement, the Manager is entitled to an aggregate annual carried interest ('Performance Allocation') from the Limited Partnership equivalent to 20 per cent, of the excess of the Net Asset Value (as at 31 December in each year) over the sum of (i) the annual management fee for that year and (ii) a non compounding annual hurdle amount equal to the Net Asset Value as at 31 December in the previous year, as increased by the one year US Dollar LIBOR rate (as derived from Bloomberg) calculated at the same date. The Performance Allocation is subject to a 'catch up' and a 'high watermark' requirement.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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).

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.

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.

Stated capital

Ordinary shares and C shares are classified as equity.

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 consolidated 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 in the current year are consistent with those of the previous year, except that the Group has adopted some of the following new and revised accounting standards:

- IAS 1 Presentation of Financial Statements
- IFRS 10 Consolidated Financial Statements
- IFRS 12 Disclosure of Interest in Other Entities
- IFRS 13 Fair Value Measurement
- Disclosures - Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)

The adoption of the above standards is described below:

IAS 1 Presentation of Financial Statements

Presentation of Items of Other Comprehensive Income – Amendments to IAS 1

The amendments to IAS 1 change the grouping of items presented in ‘other comprehensive income’. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items that will not be reclassified. The amendment has not impacted the Group’s accounts as the Group has no other comprehensive income.

IAS 1 Clarification of the requirement for comparative information (Amendment)

These amendments clarify the difference between voluntary additional comparative information and the minimum required comparative information. This standard has not impacted the financial statements of the Group.

IFRS 7 Financial instruments – Disclosures

This standard amends the disclosure requirements in IFRS 7 Financial Instruments: Disclosures to require information about all recognised financial instruments that are set off in accordance with paragraph 42 of IAS 32 Financial Instruments: Presentation.

The amendments also require disclosure of information about recognised financial instruments subject to enforceable master netting arrangements and similar agreements even if they are not set off under IAS 32. The IASB believes that these disclosures will allow financial statement users to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with an entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. The amendment has not impacted the Group’s accounts.

IFRS 10 Consolidated Financial Statements

IFRS 10 Consolidated Financial Statements requires a parent to present consolidated financial statements as those of a single economic entity, replacing the requirements previously contained in IAS 27 Consolidated and Separate Financial Statements and SIC-12 Consolidation - Special Purpose Entities.

3. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (CONTINUED)

IFRS 10 Consolidated Financial Statements (Continued)

The Standard identifies the principles of control, determines how to identify whether an investor controls an investee and therefore must consolidate the investee, and sets out the principles for the preparation of consolidated financial statements.

The Standard introduces a single consolidation model for all entities based on control, irrespective of the nature of the investee (i.e. whether an entity is controlled through voting rights of investors or through other contractual arrangements as is common in 'special purpose entities'). Under IFRS 10, control is based on whether an investor has:

- Power over the investee
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect the amount of the returns.

The amendment has not impacted the Group’s account.

IFRS 12 Disclosure of Interests in Other Entities

This standard requires the extensive disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, interests in other entities and the effects of those interests on its financial position, financial performance and cash flows.

In high-level terms, the required disclosures are grouped into the following broad categories:

- Significant judgements and assumptions - such as how control, joint control, significant influence has been determined;
- Interests in subsidiaries - including details of the structure of the group, risks associated with structured entities, changes in control, and so on;
- Interests in joint arrangements and associates - the nature, extent and financial effects of interests in joint arrangements and associates (including names, details and summarised financial information); and
- Interests in unconsolidated structured entities - information to allow an understanding of the nature and extent of interests in unconsolidated structured entities and to evaluate the nature of, and changes in, the risks associated with its interests in unconsolidated structured entities.
- IFRS 12 lists specific examples and additional disclosures which further expand upon each of these disclosure objectives, and includes other guidance on the extensive disclosures required. The amendment has not impacted the Group’s account.

IFRS 13 Fair Value Measurement

- IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS. IFRS 13 defines fair value as an exit price. As a result of the guidance in IFRS 13, the Group reassessed its policies for measuring fair values, in particular, its valuation inputs such as non-performance risk for fair value measurement of liabilities. IFRS 13 also requires additional disclosures.

- Additional disclosures where required, are provided in the individual notes related to the assets and liabilities whose fair values were determined. Fair value hierarchy is provided in Note 7.

3. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (CONTINUED)

Amendments to 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. The Group intends to adopt applicable standards when they become effective.

- The following standards, amendments to existing standards and interpretations were in issue but not yet effective. They are mandatory for accounting periods beginning on the specified dates, but the Group has not early adopted them:

Amendments to standards issued but not yet effective (continued)

New or revised standards and interpretations:

		Effective for accounting period beginning on or after
-	IFRS 9 Financial Instruments – Classification and measurement of financial assets, Accounting for financial liabilities and derecognition	Not yet confirmed
-	IAS 32 Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities	1 January 2014
-	Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)	1 January 2014
-	Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36) – effective 1 January 2014	1 January 2014
-	Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39)	1 January 2014
-	Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)	1 July 2014
-	Annual Improvements 2010-2012 Cycle	1 July 2014
-	Annual Improvements 2011-2013 Cycle	1 July 2014
-	IFRIC 21 Levies	1 January 2014
-	IFRS 14 Regulatory Deferral Accounts	1 January 2016

IFRS 9 Financial Instruments – Classification and measurement of financial assets, Accounting for financial liabilities and derecognition

IFRS 9 Financial Instruments – no stated effective date

IFRS 9 introduces new requirements for classifying and measuring financial assets, as follows:

3. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (CONTINUED)

Amendments in 2009

- Debt instruments meeting both a 'business model' test and a 'cash flow characteristics' test are measured at amortised cost (the use of fair value is optional in some limited circumstances)
- Investments in equity instruments can be designated as 'fair value through other comprehensive income' with only dividends being recognised in profit or loss
- All other instruments (including all derivatives) are measured at fair value with changes recognised in the profit or loss
- The concept of 'embedded derivatives' does not apply to financial assets within the scope of the Standard and the entire instrument must be classified and measured in accordance with the above guidelines.

Amendments in 2010

- A revised version of IFRS 9 incorporating revised requirements for the classification and measurement of financial liabilities, and carrying over the existing derecognition requirements from IAS 39 Financial Instruments: Recognition and Measurement.
- The revised financial liability provisions maintain the existing amortised cost measurement basis for most liabilities. New requirements apply where an entity chooses to measure a liability at fair value through profit or loss – in these cases, the portion of the change in fair value related to changes in the entity's own credit risk is presented in other comprehensive income rather than within profit or loss.

Amendments in 2013

- Introduces a new chapter to IFRS 9 on hedge accounting, putting in place a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures
- Permits an entity to apply only the requirements introduced in IFRS 9 (2010) for the presentation of gains and losses on financial liabilities designated as at fair value through profit or loss without applying the other requirements of IFRS 9, meaning the portion of the change in fair value related to changes in the entity's own credit risk can be presented in other comprehensive income rather than within profit or loss
- Removes the mandatory effective date of IFRS 9 (2013), IFRS 9 (2010) and IFRS 9 (2009), leaving the effective date open pending the finalisation of the impairment and classification and measurement requirements. Notwithstanding the removal of an effective date, each standard remains available for application.

These amendments are not expected to impact the Group’s financial statement position or performance.

IAS 32 Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities – effective 1 January 2014

This amendment to IAS 32 Financial Instruments: Presentation was made to clarify certain aspects because of diversity in application of the requirements on offsetting thereby focusing on four main areas:

- the meaning of 'currently has a legally enforceable right of set-off'
- the application of simultaneous realisation and settlement
- the offsetting of collateral amounts
- the unit of account for applying the offsetting requirements.

These amendments are not expected to impact the Group’s financial position or performance.

3. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (CONTINUED)

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27) – effective 1 January 2014

These amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements were made to:

- provide 'investment entities' (as defined) an exemption from the consolidation of particular subsidiaries and instead require that an investment entity measure the investment in each eligible subsidiary at fair value through profit or loss in accordance with IFRS 9 Financial Instruments or IAS 39 Financial Instruments: Recognition and Measurement

- require additional disclosure about why the entity is considered an investment entity, details of the entity's unconsolidated subsidiaries, and the nature of relationship and certain transactions between the investment entity and its subsidiaries

- require an investment entity to account for its investment in a relevant subsidiary in the same way in its consolidated and separate financial statements (or to only provide separate financial statements if all subsidiaries are unconsolidated).

These amendments are not expected to impact the Group's financial position or performance.

Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36) – effective 1 January 2014

IAS 36 Impairment of Assets was amended to reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique. These amendments are not expected to impact the Group's financial position or performance.

Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39) – effective 1 January 2014

The amendments to IAS 39 Financial Instruments: Recognition and Measurement were made to clarify that there is no need to discontinue hedge accounting if a hedging derivative is novated, provided certain criteria are met.

A novation indicates an event where the original parties to a derivative agree that one or more clearing counterparties replace their original counterparty to become the new counterparty to each of the parties. In order to apply the amendments and continue hedge accounting, novation to a central counterparty (CCP) must happen as a consequence of laws or regulations or the introduction of laws or regulations. These amendments are not expected to impact the Group's financial position or performance.

Defined Benefit Plans: Employee Contributions (Amendments to IAS 19) - effective 1 July 2014

This amendment to IAS 19 Employee Benefits clarifies the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. In addition, it permits a practical expedient if the amount of the contributions is independent of the number of years of service, in that contributions, can, but are not required, to be recognised as a reduction in the service cost in the period in which the related service is rendered. These amendments are not expected to impact the Group's financial position or performance.

3. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (CONTINUED)

Annual Improvements 2010-2012 Cycle - effective 1 July 2014

The annual improvements 2010-2012 Cycle make amendments to the following standards:

- **IFRS 2 -** Amends the definitions of 'vesting condition' and 'market condition' and adds definitions for 'performance condition' and 'service condition';
- **IFRS 3 -** Require contingent consideration that is classified as an asset or a liability to be measured at fair value at each reporting date;
- **IFRS 8 -** Requires disclosure of the judgements made by management in applying the aggregation criteria to operating segments, clarify reconciliations of segment assets only required if segment assets are reported regularly;
- **IFRS 13 -** Clarify that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure certain short-term receivables and payables on an undiscounted basis (amends basis for conclusions only);
- **IAS 16 and IAS 38 -** Clarify that the gross amount of property, plant and equipment is adjusted in a manner consistent with a revaluation of the carrying amount; and
- **IAS 24 -** Clarify how payments to entities providing management services are to be disclosed.

These amendments are not expected to impact the Group’s financial position or performance.

Annual Improvements 2011-2013 Cycle - effective 1 July 2014

The annual improvements 2011-2013 Cycle make amendments to the following standards:

- **IFRS 1 -** Clarify which versions of IFRSs can be used on initial adoption (amends basis for conclusions only);
- **IFRS 3 -** Clarify that IFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself;
- **IFRS 13 -** Clarify the scope of the portfolio exception in paragraph 52; and
- **IAS 40 -** Clarifying the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property.

These amendments are not expected to impact the Group’s financial position or performance.

IFRIC 21 Levies - effective 1 January 2014

Provides guidance on when to recognise a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and those where the timing and amount of the levy is certain.

The Interpretation identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation. It provides the following guidance on recognition of a liability to pay levies:

- The liability is recognised progressively if the obligating event occurs over a period of time; and

- If an obligation is triggered on reaching a minimum threshold, the liability is recognised when that minimum threshold is reached.

These amendments are not expected to impact the Group’s financial position or performance.

3. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (CONTINUED)

IFRS 14 Regulatory Deferral Accounts - effective 1 January 2016

The Interpretation was issued to provide first-time adopters of IFRS with relief from derecognizing rate-regulated assets and liabilities until a comprehensive project on accounting for such assets and liabilities as completed by the IASB. This interim standard is intended to encourage rate-regulated entities to adopt IFRS while bridging the gap with entities that already apply IFRS, but do not recognize regulatory deferral accounts. The standard will have no impact on the financial position or performance of the Group.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts recognised in the financial statements and disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

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 Company 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.

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 Company is the United States Dollar.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Fair value of financial instruments

When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. The estimates include considerations of liquidity and model inputs such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the statement of financial position and the level where the instruments are disclosed in the fair value hierarchy. The models are calibrated regularly and tested for validity using prices from any observable current market transactions in the same instrument (without modification or repackaging) or based on any available observable market data. IFRS 7 requires disclosures relating to fair value measurements using a three-level fair value hierarchy. The level within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. Assessing the significance of a particular input requires judgement, considering factors specific to the asset or liability. To assess the significance of a particular input to the entire measurement, the Group performs sensitivity analysis or stress testing techniques.

Investment in Shoprite Holdings (SHP ZL)

The Group (through its subsidiary Africa Opportunity Fund L.P.) has 9.0 per cent of its net assets (14.4 per cent of the net assets of the Ordinary shares) in Shoprite Holdings (SHPZL) ("Shoprite") on the Zambian Register. The value of the investment as at 30 June 2014 amounted to USD 6,786,064 (2013: USD 7,800,572) and the original cost of the investment was USD 3,639,685 (2013: USD 3,639,685). Shoprite has conveyed its intention to seek to reverse certain trades made on the Lusaka Stock Exchange which includes 543,743 or 80.06 per cent of the shares held by Africa Opportunity Fund L.P. To date, the filing to the courts made by Shoprite against the Company (through the custodian as nominee on behalf of the fund) has been dismissed as an abuse of Process of Court on account of multiplicity of action with costs awarded to the defendants. The multiplicity of action refers to an existing case in a separate jurisdiction that has been filed by Shoprite against its agent and transfer agent Messrs Lewis Nathan Advocates. Shoprite has to date not appealed the decision, and no further filing has been made. Management has fair valued the investment in Shoprite at the price prevailing on the Lusaka Stock Exchange. Additionally, Shoprite has been placing dividend payments into escrow rather than distributing these amounts to shareholders. These dividends are reflected as a receivable amounting to USD 428,473 (2013: USD 334,163) in the Group's assets.

Management has assessed these facts and consulted with their legal advisors, who consider such action by Shoprite to be devoid of merit. Therefore, management believes that the correct judgement is to continue to account for the investment at fair value and accrue for the dividends on this investment.

The C shares have no direct holdings in Shoprite shares as at 30 June 2014.

5. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

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

	30 June 2014	30 June 2013
	USD	USD
Designated at fair value through profit or loss:		
At start of year	**55,473,931**	42,159,300
Additions	**16,679,578**	16,106,663
Disposals	**(1,415,107)**	(14,619,208)
Net (losses)/ gains on financial assets at fair value through profit or loss	**(5,068,917)**	7,391,461
	65,669,485	51,038,216
Analysis of portfolio:		
- Listed equity securities	**46,818,244**	41,280,635
- Unlisted equity securities	**-**	606,249
- Listed debt securities	**17,901,241**	8,486,332
- Unlisted debt securities	**950,000**	665,000
	65,669,485	51,038,216

Net gains/(losses) on fair value of financial assets at fair value through profit or loss

	30 June 2014	30 June 2013
	USD	USD
Realised	**(500,903)**	6,808,459
Unrealised	**(4,568,014)**	583,002
Net gains/(losses)	**(5,068,917)**	7,391,461

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

	30 June 2014	30 June 2013
	USD	USD
Written put option	**66,713**	1,126,915
Listed securities sold short	**11,617,976**	4,352,506
	11,684,689	5,479,421

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

	30 June 2014	30 June 2013
	USD	USD
Realised	**284,315**	357,457
Unrealised	**(212,923)**	(111,221)
Net gains/ (losses)	**71,392**	246.236

5 (c) Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of the financial instruments by valuation technique:

Level 1: quoted (unadjusted) market prices in active markets for identical assets and liabilities.

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Recurring fair value measurement of assets and liabilities - 2014

	30 June 2014	**Level 1**	**Level 2**	**Level 3**
	USD	**USD**	**USD**	**USD**
Financial assets at fair value through profit or loss:				
Equities	**46,818,244**	**40,032,180**	**6,786,064**	**-**
Debt securities	**18,851,241**	**-**	**17,901,241**	**950,000**
	65,669,485	**40,032,180**	**24,687,305**	**950,000**
Financial liabilities at fair value through profit or loss	**11,684,689**	**11,684,689**	**-**	**-**

5 (c) Fair value hierarchy (Continued)

Recurring fair value measurement of assets and liabilities - 2013

	30 June 2013	Level 1	Level 2	Level 3
	USD	USD	USD	USD
Financial assets at fair value through profit or loss:				
Equities	41,886,884	41,280,635	606,249	-
Debt securities	9,151,332	-	8,486,332	665,000
	51,038,216	41,280,635	9,092,581	665,000
Financial liabilities at fair value through profit or loss	5,479,421	5,479,421	-	-

6. TRADE AND OTHER RECEIVABLES

	30 June 2014	30 June 2013
	USD	USD
Interest receivable on bonds	**729,280**	434,663
Dividend receivable	**691,290**	725,375
Other receivables	**270,518**	533
	1,691,088	1,160,571

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

7. SHARE CAPITAL

7 (a) Ordinary shares

	30 June 2014	**30 June 2014**	30 June 2013	30 June 2013
	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
Share capital				
At 1 January	**42,630,327**	**426,303**	42,630,327	426,303
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.

7 (b) C Shares

AOF closed a Placing of 29.2 million C shares of US$0.10 each at a placing price of US$1.00 per C share, raising a total of US$29.2 million before the expenses of the Issue. The placing was closed on 11 April 2014 with the shares commencing trading on 17 April 2014.

AOF's Ordinary shares and the C Shares from the April 2014 placing were admitted to trading on the London Stock Exchange's Specialist Fund Market ("SFM") effective 17 April 2014. Simultaneous with the listing on the SFM, the Ordinary shares were cancelled from admission to trading on the AIM.

	30 June 2014	**30 June 2014**	30 June 2013	30 June 2013
	Number	**USD**	Number	USD
At 1 January	**-**	**-**		
Issue of shares	**29,200,000**	**2,920,000**	-	-
At 30 June	**29,200,000**	**2,920,000**	-	-

8. TRADE AND OTHER PAYABLES

	30 June 2014	30 June 2013
	USD	USD
Performance fee	**2,141,871**	1,319,179
Accrued expenses	**208,144**	116,292
Dividend payable	**-**	85,261
Other payables	**156,604**	-
	2,506,619	1,520,732

Performance fee payable consists of the fee related to the 2013 calendar year results. Other payables are non-interest bearing and are due on demand. Other payables consisted of trades not yet settled as at 30 June 2014 and amounted to USD 156,604.

9. ANALYSIS OF SHARE OF PROFIT AND LOSSES ATTRIBUTABLE TO ORDINARY SHARE AND C SHARES

9 (a) STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2014

	Ordinary shares USD	C shares USD
ASSETS		
Financial assets at fair value through profit or loss	56,576,964	9,092,521
Trade and other receivables	1,612,275	78,813
Cash and cash equivalents	2,300,681	20,518,085
Total assets	**60,489,920**	**29,689,419**
EQUITY AND LIABILITIES		
Liabilities		
Financial liabilities at fair value through profit or loss	10,769,638	915,051
Trade and other payables	2,101,210	405,409
Total liabilities	12,870,848	1,320,460
Equity		
Share capital	426,303	2,920,000
Share premium	37,844,593	26,280,000
Retained earnings	8,972,960	(831,041)
Equity attributable to equity holders of the parent	47,243,856	28,368,959
Non-controlling interest	375,216	
Total equity	47,619,072	28,368,959
Total equity and liabilities	**60,489,920**	**29,689,419**

9 (b) STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2014

	Ordinary shares USD	C shares USD
Revenue		
Income	1,984,350	64,392
Gains on financial assets at fair value through profit or loss	-	95,431
Gains on financial liabilities at fair value through profit or loss	137,031	
	2,121,381	159,823
Expenses		
Management fees	476,874	96,529
Losses on financial assets at fair value through profit or loss	5,164,348	-
Losses on financial liabilities at fair value through profit or loss	-	65,639
Other expenses	1,134,120	828,694
	6,775,342	990,862
Loss for the period	**(4,653,961)**	**(831,039)**
Tax incurred on dividend received	(104,757)	-
Total comprehensive loss for the period	**(4,758,718)**	**(831,039)**

10. GAIN/ (LOSS) PER SHARE

Basic gain/ (loss) per share is calculated by dividing the gain/ (loss) 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/ (loss) per share is the same as basic gain/ (loss) per share, since the Company has not issued any instrument with dilutive potential.

GAIN/ (LOSS) PER SHARE (CONTINUED)

		30 June 2014	30 June 2013
Gain/(loss) attributable to **Ordinary shareholders**	USD	**(4,728,238)**	6,985,000
Weighted average number of ordinary share in issue		**42,630,327**	42,630,327
Basic (loss)/ gain per Ordinary share	**USD**	**(0.1109)**	0.1639

		30 June 2014	30 June 2013
Loss attributable to **C shares**	USD	**(831,039)**	-
Weighted average number of ordinary share in issue		**29,200,000**	-
Basic Loss per C share	**USD**	**(0.0285)**	**-**

11. TAXATION

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

12. 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.

13. PERSONNEL

The Group did not employ any personnel during the half year period ended 30 June 2014 (2013: Nil).