30 April 2014

Africa Opportunity Fund Limited (AOF.L)
Announcement of Annual Results for the Year ended 31 December 2013

The Board of Africa Opportunity Fund Limited ("AOF", the "Company" or the "Fund") is pleased to announce its audited results for the year ended 31 December 2013.

The Company

AOF is a Cayman Islands incorporated closed-end investment company traded on the AIM market of the London Stock Exchange ("LSE") during the year ended as at 31 December 2013. Effective 17 April 2014 AOF was cancelled from the AIM market and admitted to the Specialist Fund Market of the LSE. AOF's net asset value on 31 December 2013 was US$52.0 million and its market capitalisation was US$48.94 million.

Chairman's Statement

2013 Review

2013 was a buoyant year for world markets and a buoyant year too for the Africa Opportunity Fund Ltd ("the Fund" or "AOF"). AOF's audited net asset value generated a 28% return, including dividends, while the share price of AOF increased 53%.

To provide some basis for comparison, South Africa fell 2%, Nigeria rose 48%, Kenya rose 48%, and Egypt rose 12%. In non-African emerging markets, China fell 1%, Brazil fell 27%, Russia fell 2%, and India fell 2%. In developed markets, Japan rose 31%, the US rose 32%, and the UK rose 21%.[1]

At the end of the year 71% of the portfolio was in equities, 22% was in bonds and 7% was in cash, marking a further shift towards equities that has been underway since 2011. Also of note, our holding in Enterprise Group, a Ghana listed company, appreciated 205% in US Dollar terms and is now our largest holding, representing 19% of the Fund. Importantly, Enterprise is now valued at 7.5x our 2014 earnings estimate, a reasonable valuation despite its strong recent performance. Beyond Enterprise, many of the portfolio companies in which AOF is invested made significant operational progress during the year. Sonatel, for example, increased its subscribers by 22% while earning a 50% Ebitda margin, and Tizir largely completed its mineral sands mine in Senegal.

Outlook

As discussed in past reports, our primary investment focus remains identifying goods and services which consumers will demand regardless of domestic political or economic conditions. Our concerns that commodity investments may represent a derivative of China's aggregate demand have served us well, as mining shares have suffered significantly. Those concerns have expanded to encompass the heightened volatility accompanying the tapering program of the US Federal Reserve. For African investors, a slowing China and a tapering Fed are harbingers of tightening financial conditions, whether via sinking currencies, rising inflation, rising interest rates, or deteriorating terms of trade. Some African governments seem intent on dropping their own domestic spice into this tightening soup via rising budget deficits or arbitrary regulatory actions, as illustrated by the exchange control restrictions imposed by Zambia in the last year. AOF's primary focus on a company's characteristics, rather than the country of operation of that company, implies that it will continue to invest even in countries suffering from poor economic governance so long as we believe that a company's revenues and profits will grow in US Dollars. Often this is accomplished by investing in companies which structurally are short the local currency, but inevitably mark-to-market valuations of these holdings decline with those currencies until published results confirm the ability of those investments to grow their profits in US Dollars. This can increase volatility, and AOF will likely feel this impact in 2014 and 2015 for some of its holdings.

[1] Reference Indexes are calculated in US dollars using: Nigeria NSE Index, South Africa Allshare, Nairobi NSE Index, Egypt Hermes Index, Russia MICEX Index, Brazil IBOV Index, the Shanghai composite index, the India SENSEX Index, the S&P 500, the FTSE 100, and the Nikkei 225.

The last few years have witnessed a spate of statistical exercises intended to report more accurately the vibrant Africa economies visible to the occasional visitor to a large African city. To date, the signal event of 2014 has been the announcement of Nigeria's rebased gross domestic product ("GDP") as Africa's largest at $510 billion. Subsequently, Kenya has announced its intention to rebase its GDP, with some of its officials speculating that its GDP could rise by another 20%. Unfortunately, risk-free rates do not necessarily adjust to news about GDP rebasing because rebased GDPs tend not to be matched by higher "rebased" tax revenues. For example, Nigeria's central government revenue to GDP ratio fell from 8.5% (under the old GDP figures) to 4.5% under the new GDP figures. That has to be one of the smallest tax bases on earth, and as a consequence, although Nigeria has tremendous unsatisfied borrowing demand, a tiny tax base necessitates a higher cost of capital than would be required in countries with larger tax bases. Our reaction to the good news about Nigeria's GDP is to become more stringent about what constitutes an acceptable company valuation in Nigeria.

Concluding Thoughts

It is worth noting the passing of Nelson Mandela in 2013. It was largely due to President Mandela's election and subsequent leadership that Francis Daniels decided to move to Johannesburg in 1998, and from there originated AOF. On a large scale, Mr. Mandela's example of principled and courageous struggle to create a non-racial constitutional democracy in South Africa will always be a standard of true statesmanship. All investors in Africa should be grateful that his actions helped place South Africa in the family of democracies governed by the Rule of Law. We hope that Mr. Mandela's legacy will be one of enduring democratic principles which make Africa more secure for Africans and Africa investors alike.

With 2014 came several important developments for AOF. AOF raised new capital in the form of a $29.2 million share offering, the shares moved from AIM to the full list of the LSE, and Dr. Myma Belo-Osagie assumed the role of chairperson. It has been my privilege to serve as chairman of your fund and to work with Francis in managing the portfolio. I will remain a director, continuing my partnership with Francis, and, of course, remain one of the largest shareholders. But I am delighted to welcome Myma to her new role.

As always, we remain excited about the attractive opportunities available to us today and optimistic about AOF's prospects. In closing, we extend our thanks to our shareholders for their support and partnership.

Robert C. Knapp
Chairman
April 2014

Manager's Report

2013 marked the sixth full year of operation of Africa Opportunity Fund ("the Fund" or "AOF"). The Fund had a return of 27.7%, including dividends. At year-end, the Fund had $43.6 million in equity securities, $11.4million invested in debt securities, $3.4million in cash; and derivative and short sale liabilities equal to $4.9 million. Its underlying end-of-year holdings were in Botswana, Cote d'Ivoire, the Republic of Congo, Egypt, Ghana, Nigeria, Senegal, South Africa, Zambia, and Zimbabwe.

2013 was a good year for the Fund. Interest in Africa as an investment destination continued to rise in the global institutional investment community. Concomitantly, many African markets suffered alongside emerging and frontier markets on other continents when the Federal Reserve announced its tapering program in June 2013. Growing inflows of foreign capital into African markets are likely to increase the correlation between those African markets and the global capital markets at large. Indeed, more caution is required in African investing when new and large foreign capital flows into African capital markets. Heightened volatility usually follows in the wake of those inflows: for example, yields for African sovereign debt, whether denominated in local currencies or US Dollars, tend to fall to unjustifiably low levels only to be succeeded by sharp increases in the event of outflows. In turn, African stock markets rally in response to declining local currency-denominated risk-free rates only to swoon when those rates begin to rise. Dyed-in-the-wool value investors will dismiss the attention we pay to macro-economic risks and global capital flows. However, we are unapologetic in our belief that a healthy respect for macro-economics and electoral cycles and incentives should be part of an African value investor's tool-kit. The primary tool of that tool-kit - a hunt for micro-economic investment opportunity in specific companies and industries - has pride of place. But, the dramatic currency collapses, gargantuan budget deficits, or double-digit inflation which can afflict the availability and cost of finance and operating costs of many an African company mandate an incorporation of those risks into the selection criteria for appropriate investments.

The biggest disappointment of 2013 came from the losses suffered by African Bank Investment Limited ("ABL") in its 2013 financial year. Our failure to anticipate the sheer scale of ABL's losses compels sober reflection on our method for analyzing consumer finance companies. A consumer finance company issues debt of varying terms to investors to provide loans to individuals for personal or household use. ABL specializes in granting unsecured consumer loans. We assess the net cash flow in a year generated by the advances on ABL's books at the beginning of that year as a guide to both the profitability and credit quality of those advances. After all, advances can be repaid only in cash and only cash can be used to repay ABL's outstanding debts. Creating or increasing provisions against the danger of poor or non-performing loans is an exercise in accrual accounting instead of cash-based accounting, therefore ABL's cash flow statement, by itself, could not be a reliable guide to the state of ABL's non-performing loans. In fact, the considerable amounts of cash generated by ABL's performing loans masked the sharp drop in collections from the non-performing loans. One clue to a mushrooming of bad debts was that ABL had not had its ratio of net written off bad debts to average gross advances rise to double digits (11% or higher) since 2005 when it peaked at 19.7%. 2013 witnessed a rise in that ratio from 5.7% in 2012 to 14.9% in 2013. In hindsight, we feel we should have picked up that clue.

The other significant disappointment in 2013 occurred in the natural resource sector, especially the gold mining sector. The steep decline in the gold price decimated the market capitalization of gold producers and our holdings in Anglogold Ashanti and Iamgold suffered in sympathy with their peers.

It is time to turn to more pleasant developments of 2013. We sold last year our entire position in the equity of Nigeria based palm oil and rubber operator-Okomu Oil PLC ("Okomu"). We elected to exit Okomu because its market valuation soared far above our estimates of its long-term value or its appraisal value in April 2013. Okomu announced a dividend of 7 Nairas per share and a one to one bonus issue. In response, its share price rose more than 40% in less than two weeks. Large dividends and bonus issues tend to spark rallies in the share prices of African companies. Sonatel and Standard Chartered Bank benefited from that trend in 2012. Another source of satisfying returns in 2013 was Enterprise Group ("Enterprise") in Ghana. It generated a total return of 205% for AOF in 2013. The primary activities of Enterprise are property and casualty insurance and life assurance. It has expanded into commercial real estate development as well as the new industry of pension fund administration, in response to the new pension laws of Ghana requiring formal sector employers to create private pension schemes for their employees. Ghana is Enterprise's principal jurisdiction, but it has commenced life operations in the Gambia. At 2.39 Cedis per share today, Enterprise trades on a historical Price/Earnings of 10x and a Price/Book ratio of 2.74x. Crucially, its Price/NetCash generated from operating activities ratio of 7.5x-a guide to the recurring cash flow of its business activities-was close to its Price/Earnings ratio, confirming its capacity to maintain after-tax cash flow similar to its 2013 net profits.

Ghana's Cedi depreciated 19% against the US Dollar in 2013, an additional 12% to date in 2014, and has every prospect of continuous depreciation for the balance of 2014. It is rational and natural to wonder whether AOF should have any exposure to a sinking Cedi. Our view is that the business model of a profitable financial institution incorporates an inexpensive hedge against the depreciation of the currency in which it incurs its liabilities. From a US Dollar perspective, the Cedi equivalent of $1 of cover provided by Enterprise under a specific policy at the beginning of 2013 was worth approximately $0.80 by the end of that year. Since the assets purchased with the premium paid by Enterprise's policyholder in early 2013 also depreciated in value, it was the cost of issuing that policy and the return obtained on it that determined whether that policy generated profits in US Dollars, even after adjusting for the translation losses incurred in that year. Ghana government Cedi-denominated bonds have yields between 20% and

24% with 2013 consumer price inflation averaging 11.6%. Thus, Ghanaian financial institutions enjoyed positive real interest rates ranging between 8.4% and 12.4%. Positive real interest rates of that magnitude are uncommon. Indeed, it was the combination of those positive Ghanaian real interest rates with Enterprise's 2.6x leverage ratio that delivered the 2013 outcome for Enterprise of a 31% return on average equity and a 19% return in inflation-adjusted terms.

It should be borne in mind that a country experiencing high positive real interest rates is exhibiting signs of a macro-economic fever. Ghana is no exception! Its budget deficit, as a percentage of its gross domestic product, was 11%. Furthermore, real interest rates exceeding 8% are higher than the growth rate of Ghana's gross domestic product implying that Ghana's government debt ratio, as a percentage of its gross domestic product, is on the rise. Soaring wage increases in Ghana's public sector have been identified as a material weakness and problem by both the International Monetary Fund and the international rating agencies. An equally important contribution to Ghana's fiscal woes, though, is the minuscule amounts of income tax collected from its informal economy. According to the March 2014 Statistical Bulletin of the Bank of Ghana, the entire class of Ghanaian self-employed individuals paid $77 million (182 million Cedis) in personal income taxes while the formally employed workforce handed over $1billion (2.4 billion Cedis) to the Ghana government. As percentages of Ghana's 2013 gross domestic product, those tax payments constituting, respectively, 0.2% and 2.7%, are pitiful. Collecting even half as much from the informal sector as from the formal sector would bring down Ghana's interest rates. The principal challenge of the Ghana government, like many other African governments, is to collect appropriate amounts of tax from a citizenry accustomed to paying modest amounts of personal tax. Enterprise itself also has some challenges. Its life assurance subsidiary incurred an underwriting loss in 2013 for the first time in years. We shall be monitoring that situation to determine if it is a one-off event or a trend.

The 2013 results of Standard Chartered were announced in late February. Once again, they exceeded our expectations: a return on average equity of 52%, a leverage ratio of 6.1%, a cost-to-income ratio of 31%, and a return on average assets of 8%. In US Dollar terms, Standard Chartered's after tax profits rose 27%, after accounting for the 19% depreciation of the Cedi against the US Dollar in 2013. Once again, its non-interest income alone exceeded its entire operating or non-interest expenses. Unlike the 2012 financial year in which the growth rate of Standard Chartered's non-interest income handsomely outpaced the growth rate of its interest income, 2013 saw a sharp reversal of that pattern. Standard Chartered's net interest income grew by 65% versus a 24% growth rate of non-interest income, illustrating the benefits received by financial service companies from Ghana's high real interest rate environment. One disturbing trend was the rise in Standard Chartered's non-performing loan ratio from 10% to 16%. Admittedly, that trend is an inevitable consequence of rising interest rates and a collapsing Cedi. Fortunately, it is matched by an improvement in Standard Chartered's capital adequacy ratio from 17.5% to 23.5%, as Standard Chartered tilted the mix of its interest-bearing assets towards Ghana government securities. Government securities, as a percentage of total assets, rose from 7.4% in 2012 to 14% in2013 while loans and advances declined from 40% to 38%. Yet, Standard Chartered remains the largest provider of loans and advances in Ghana. Overall, the Ghana Stock Exchange is likely to have a difficult 2014 in an environment of rising interest rates and a sinking Cedi. Financial institutions, though, are likely to enjoy rising interest income from Ghana's woes.

One way of satisfying our orientation to seek absolute positive returns for AOF, regardless of market conditions, is to invest in mispriced securities. Securities are mispriced on a specific exchange when the same security is available at another price on other exchanges. Another form of mispricing occurs when a security with a specific price in the capital structure of a company has a price which is logically inconsistent with the price of another security in that capital structure. One illustration is when a senior security of an issuer is priced for a default with low recovery at the very same time that the equity securities of that issuer sport a multi-billion market capitalization. Mispricing tends to dissolve over time. One example from 2013 was AOF's holding in the ordinary shares of Old Mutual listed on the Zimbabwe Stock Exchange. AOF purchased ordinary shares of Old Mutual listed on the Zimbabwe Stock Exchange in 2012 because those shares were trading at a discount to the Old Mutual share prices quoted on the London and Johannesburg stock exchanges. The discount ranged from 31% at the time of the initial purchases to 47% with the last purchase at the end of 2012. Quite often when a share is listed on multiple exchanges with differing levels of liquidity, the shares on the less liquid exchange periodically trade at prices which are materially lower than the prices quoted on the more liquid exchanges. The causes of the discounts vary: sometimes, the cause is a restriction on the ability of holders of the securities in question on one exchange to move them to other exchanges; other times, it is a consequence of sharp changes in the foreign exchange rate on one market without comparable foreign exchange rate movements on the other exchanges. The discount narrowed dramatically after the 2013 elections in Zimbabwe, as speculation about the restoration of the Zimbabwe Dollar gathered strength. At the time we elected to reduce our Zimbabwe holdings of Old Mutual shares in December 2013, the discount had narrowed to 10%. AOF had a total return of 83% from its Old Mutual holdings in 2013.

Our review of 2013 would be incomplete without a discussion of the Fund's holding of Shoprite. The possibility of litigation about AOF's Shoprite shares which we mentioned briefly in last year's annual report became a reality. Shoprite sued the custodian of the Company in the Lusaka High Court in July to reverse allegedly unauthorized trades in its shares. To recap, we bought shares on the Lusaka Stock Exchange via open market purchases only to learn later that some of the shares sold were allegedly treasury shares of Shoprite. Shoprite claimed its shares should not have been sold by its agent and that we should have known better than to buy them. Significantly, Shoprite challenged the validity of trades for 543,743 Shoprite shares out of AOF's 679,145 Shoprite shares, representing 11.9% of AOF's end of year net asset value. Shoprite's action was dismissed by the Zambian court, with costs, on the grounds that it constituted an abuse of court process. Shoprite has civil and criminal actions pending against its former agent, Lewis Nathan Associates, in another court in Zambia, so the Lusaka High Court decided it was best for all the actions to be heard by the same court to avoid possible conflicting judgments on the Shoprite claims issuing from different Zambian courts. Shoprite has expressed its intent to join the Fund's custodian and other defendants to its other legal suits in Zambia. To date, it has not appealed that Lusaka High Court judgment and no new lawsuits have been filed by Shoprite. Our view remains unchanged. Shoprite's position has no merit. We will take all steps in our power to defend any legal action that may possibly be taken by Shoprite against AOF and to recover any losses that may arise as a result of Shoprite's conduct.

The remainder of this report comprises commentary on two of the Fund's largest investments and a restatement of the Manager's investment philosophy.

> Sonatel. This Senegalese integrated telephone operator listed on the Bourse Regionale de Valeurs Mobiliers is the Fund's second largest investment. Sonatel has operations in Senegal, Mali, Guinea, and Guinea-Bissau. It has 100% of Senegal's fixed line market and 57% of Senegal's mobile telephony market (a decline of 5 percent in market share from last year), 64% of Mali's mobile telephony market, 47% of Guinea's mobile telephony market (an increase of 13 percent), and 47% of the mobile telephony market in Guinea-Bissau (an 8 percent increase). Sonatel surged past MTN to become the largest phone company, by market share, in Guinea. It holds now the number 1 position in all its markets, except for Guinea-Bissau where it is the second out of three operators. Its subscribers grew by 22% in 2013 to 22.4million. At 23% for the 2013 financial year, Sonatel's net margin remains among the highest in Africa. Sonatel's average revenue per user ("arpu"), a monthly revenue statistic, declined by 7% to $5.50 from $5.90.But, its operating cash flow per subscriber declined modestly from $39 to $38. Free cash flow per subscriber, after capital expenditure, remained flat at $24. Data accounts for only 5% of Sonatel's revenues; therefore, the pattern of rising arpu associated with telephone operators with large consumers of data services through smartphones, is yet to appear in Sonatel's financial results. Nevertheless, it is encouraging that Sonatel has begun to test 4G services in Senegal. Measures of Sonatel's profitability and financial sobriety continue to be exemplary: a debt to equity ratio of2.5%, a debt to total assets ratio of 1.5%; and a return on average equity of 31%. Indeed, as of March 31, 2014, with an enterprise value around $4.6billion and a market capitalization of $4.8 billion, Sonatel had a valuation, with a PE ratio of 14.5X and an enterprise value per subscriber of $210, which acknowledged its superb financial characteristics.

Tizir. The Fund owns US Dollar denominated senior secured bonds issued by a company called Tizir Limited ("Tizir"). Tizir is a joint venture of Eramet of France and Mineral Deposits of Australia. The joint venture was established by Eramet contributing 100% of its ilmenite processing plant in Tyssedal, Norway-one of 5 such smelters in the world, $95 million in cash and a commitment to provide a subordinated loan to $45 million to Tizir. Mineral Deposits contributed 90% of its interest in the Grande Cote mineral sands dredging project in Senegal, with the Senegalese government holding the remaining 10%. The strategic basis for the joint venture is that the Senegalese mine will supply feedstock to the Tyssedal smelter. The Grande Cote mineral sands mine is an enormous undertaking. Its dredge and concentrator are the largest ever built in the mineral sands industry. Grande Cote will produce zircon, used mainly for the production of tiles, and ilmenite, used in the production of titanium. Tyssedal, in turn, produces titanium slag which goes into the manufacture of paint, plastics, and paper by titanium dioxide pigment producers and high purity pig iron. The Fund subscribed for the bonds in September 2012. The proceeds of that $150 million debt issue were applied to completing the construction of the Grande Cote mine. Construction was completed in March 2014, so the commissioning of the concentrator is underway. In all likelihood, that stage will end only in 2015. By virtue of Tizir owning an operating smelter and a developing mine, it had operating cash flow to service its debt obligations while Grande Cote was under construction. Consequently, Tizir was able to maintain a 70% loan to value, or equity, ratio and a 4.4x interest coverage.

We end with a statement of our investing philosophy. The key elements of the investment strategy for the Fund are:

Material discounts to intrinsic value: The Fund invests primarily where and when an investment can be made at a material discount to the Manager's estimate intrinsic value.

Company preference: The Fund prefers companies which demonstrate both high real returns on assets and an earnings yield higher than the yield to maturity of local currency denominated government debt.

Industry focus rather than country focus: The Fund seeks to invest in industries it finds attractive with little regard to national borders.

National resource discounts: The Fund seeks natural resource companies whose market valuations reflect a discount to the spot and future world market prices for those natural resources.

"Turnaround" countries: The African continent is home to a large number of reforming or "turnaround" countries. "Turnaround" countries combine secular political reform with the opening of industries to private sector participation.

Balkanized investment landscape: The Fund seeks to invest in companies with low valuations in relation to peers across the continent and uses an arbitrage approach to provide attractive investment returns.

Point of entry: The Fund seeks the most favorable risk adjusted point of entry into a capital structure, whether through financing a new company or acquiring the debt or listed equity of an established company.

Africa offers several attractive investment opportunities, albeit planted in a briar of deepening doubts emanating from a slowing China and the tapering program of the US Fed. China's slowdown will reduce the terms of trade of many an African exporter to China while the US tapering program will dampen the frenzy with which many institutional investors accepted low yields on African sub-investment grade sovereign bonds. Idiosyncratic factors like budgetary profligacy in Ghana and electoral pressures in Nigeria are exerting, and will continue to exert, additional and material downward pressure on the Cedi and Naira against major currencies. Still, the Fund's own portfolio of undervalued companies exemplifies Africa's appeal. As of the end of March 2014, AOF's combined top 10 holdings juxtaposed high operational returns with sensible valuation ratios, signifying strong earning power. Those holdings had a weighted average dividend yield of 3.6%, a P/E ratio of 15X, a return on assets of 8.1%, and a return on equity of 13.8%. We remain interested in industries which have products in short supply in Africa that rely more on the domestic African demand than the global growth. We are hunting in those terrains for compelling equity investments. We are pleased with the return generated for our shareholders in 2013 and shall continue to build a portfolio that delivers both capital growth and income to the shareholders of the Fund.

Francis Daniels

Africa Opportunity Partners
March 2014

AFRICA OPPORTUNITY FUND LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	2013	2012
		USD	USD
Income			
Interest revenue		**936,925**	499,088
Dividend revenue		**1,520,373**	2,290,379
Net gains on financial assets and liabilities at fair value through profit or loss	2 (c)	**13,330,102**	1,179,622
Other income		**180,000**	-
Net foreign exchange gain		**40,928**	-
		16,008,328	3,969,089
Expenses			
Performance fee	5	**2,361,064**	-
Management fee	5	**933,052**	783,329
Brokerage fees and commissions		**570,495**	394,126
Net foreign exchange loss		**-**	302,410
Custodian, secretarial and administration fees		**286,545**	268,509
Dividend expense on securities sold not yet purchased		**70,710**	190,792
Other operating expenses		**73,660**	130,766
Directors' fees		**80,000**	80,000
Audit fees		**32,840**	51,003
		4,408,366	2,200,935
Profit before tax		**11,599,962**	1,768,154
Less withholding tax		**(154,652)**	(54,798)
Profit after tax		**11,445,310**	1,713,356
Other comprehensive income		**-**	-
Total comprehensive income for the year		**11,445,310**	1,713,356

Attributable to:			
Equity holders of the Company		**11,333,272**	1,692,704
Non-controlling interest		**112,038**	20,652
		11,445,310	1,713,356
Basic and diluted earnings per share attributable to the equity holders of the Company during the year	4	**0.2659**	0.0397

AFRICA OPPORTUNITY FUND LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013

	Notes	2013	2012
		USD	USD
ASSETS			
Cash and cash equivalents		**3,413,104**	3,633,587
Trade and other receivables		**1,114,001**	600,158
Financial assets at fair value through profit or loss	2(a)	**55,473,931**	42,159,300
Total assets		**60,001,036**	46,393,045
EQUITY AND LIABILITIES			
LIABILITIES			
Trade and other payables		**2,497,233**	385,910
Dividend payable	6	**85,291**	110,839
Financial liabilities at fair value through profit or loss	2(b)	**4,963,864**	4,545,885
Total Liabilities		**7,546,388**	5,042,634
EQUITY			
Share capital	3	**426,303**	426,303
Share premium		**37,921,452**	38,262,525
Retained earnings		**13,701,196**	2,367,924
Equity attributable to equity holders of parent		**52,048,951**	41,056,752
Non-controlling interest		**405,697**	293,659
Total equity		**52,454,648**	41,350,411
Total equity and liabilities		**60,001,036**	46,393,045

AFRICA OPPORTUNITY FUND LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2013

		ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT					
	Notes	Share capital USD	Share premium USD	Retained earnings USD	Total USD	Non-controlling interest USD	Total equity USD
At 1 January 2012		426,303	38,705,880	675,220	39,807,403	273,007	40,080,410
Profit for the year		-	-	1,692,704	1,692,704	20,652	1,713,356
Other comprehensive income		-	-	-	-	-	-
Dividend	6	-	(443,355)	-	(443,355)	-	(443,355)
At 31 December 2012		**426,303**	**38,262,525**	**2,367,924**	**41,056,752**	**293,659**	**41,350,411**
Profit for the year		**-**	**-**	**11,333,272**	**11,333,272**	**112,038**	**11,445,310**
Other comprehensive income		**-**	**-**	**-**	**-**	**-**	**-**
Dividend	6	**-**	**(341,073)**	**-**	**(341,073)**	**-**	**(341,073)**
At 31 December 2013		**426,303**	**37,921,452**	**13,701,196**	**52,048,951**	**405,697**	**52,454,648**

AFRICA OPPORTUNITY FUND LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	2013	2012
		USD	USD
Operating activities			
Profit for the year		**11,445,310**	1,713,356
Adjustment for non-cash items:			
Unrealised gain on financial assets at fair value through profit or loss	2(a)	**(9,760,083)**	(402,503)
Realised gain on sale of financial assets at fair value through profit or loss	2(a)	**(1,364,934)**	(1,794,594)
Unrealised (loss)/ gain on financial liabilities held for trading	2(b)	**(1,757,400)**	616,120
Realised (loss)/ gain on financial liabilities held for trading	2(b)	**(447,685)**	401,355
Effect of exchange rate on cash and cash equivalents		**(40,928)**	302,410
Cash (used in)/ generated from operating activities		**(1,925,720)**	836,144
Net changes in operating assets and liabilities			
Purchase of financial assets at fair value through profit or loss		**(25,490,028)**	(9,901,868)
Proceeds on disposal of financial assets at fair value through profit or loss		**23,300,414**	12,489,663
Proceeds on derecognition of financial liabilities held for trading		**4,927,383**	2,612,418
Purchase of financial liabilities held for trading		**(2,304,319)**	(2,496,748)
Increase in trade and other receivables		**(513,843)**	(76,070)
Increase in trade and other payables		**2,111,323**	97,756
Net cash generated from operating activities		**2,030,930**	2,725,151
Financing activities			
Dividend paid	6	**(366,621)**	(409,251)
Net cash flow used in financing activities		**(366,621)**	(409,251)
Net (decrease)/ increase in cash and cash equivalents		**(261,411)**	3,152,044
Effect of exchange rate on cash and cash equivalents		**40,928**	(302,410)
Cash and cash equivalents at the start of the year		**3,633,587**	783,953
Cash and cash equivalents at the end of the year		**3,413,104**	3,633,587

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, 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 may therefore invest in securities issued by companies domiciled outside Africa which conduct significant business activities within Africa. The Company has 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.

The consolidated financial statements for the Company for the year ended 31 December 2013 were authorised for issue in accordance with a resolution of the Board of Directors on 28 April 2014.

Presentation currency

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

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

2(a) Financial assets at fair value through profit or loss

	2013	2012
	USD	USD
Designated at fair value through profit or loss:		
At 1 January	**42,159,300**	42,449,714
Additions	**25,490,028**	10,002,153
Disposals	**(21,935,480)**	(10,695,070)
Net gains on financial assets at fair value through profit or loss	**9,760,083**	402,503
At 31 December (at fair value)	**55,473,931**	42,159,300

	2013	2012
	USD	USD
Analysed as follows:		
- Listed equity securities[2]/[3]	**43,574,212**	35,919,415
- Listed debt securities	**10,949,719**	4,403,959
- Unlisted equity securities	**-**	1,025,12
- Unlisted debt securities	**950,000**	810,804
	55,473,931	42,159,300

Net changes on fair value of financial assets at fair value through profit or loss

	2013	2012
	USD	USD

[2] including securities lent and securities pledged as collateral under repurchase agreements

[3] Included in the "Listed equity securities" is an investment in Shoprite Holdings (SHP) ZL with a fair value of USD 7,716,165 (2012: USD 8,105,292) and which has been deemed a Level 2 asset in the fair value hierarchy.

Realised	**1,364,934**	1,794,594
Unrealised	**9,760,083**	402,503
Total gains	**11,125,017**	2,197,097

2(b) Financial liabilities at fair value through profit or loss

	2013	2012
	USD	USD
Written call options	**141,400**	153,200
Written put options	**428,072**	472,580
Listed equity securities sold short	**4,394,392**	3,920,105
Financial liabilities at fair value through profit or loss	**4,963,864**	4,545,885

	2013	2012
	USD	USD
Net changes on fair value of financial liabilities at fair value through profit or loss		
Realised	**447,685**	(401,355)
Unrealised	**1,757,400**	(616,120)
Total gains/ (losses)	**2,205,085**	(1,017,475)

2(c) Net gains/ (losses) on financial assets and liabilities at fair value through profit or loss

	2013	2012
	USD	USD
Net gains/(losses) on fair value of financial assets at fair value through profit or loss	**11,125,017**	2,197,097
Net gains/(losses) on fair value of financial liabilities at fair value through profit or loss	**2,205,085**	(1,017,475)
Net gains/ (losses)	**13,330,102**	1,179,622

2(d) 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 – 2013

	31 December 2013	**Level 1**	**Level 2**	**Level 3**

	USD	USD	USD	USD
Financial assets at fair value through profit or loss:				
Equities	**43,574,212**	**35,858,047**	**7,716,165**	**-**
Debt securities	**11,899,719**	**-**	**10,949,719**	**950,000**
	55,473,931	**35,858,047**	**18,665,884**	**950,000**
Financial liabilities at fair value through profit or loss	**4,963,864**	**4,394,392**	**569,472**	**-**

Recurring fair value measurement of assets and liabilities - 2012

	31 December 2012	Level 1	Level 2	Level 3
	USD	USD	USD	USD
Financial assets at fair value through profit or loss:				
Equities	36,944,537	35,919,415	1,025,122	-
Debt securities	5,214,763	-	4,678,959	535,804
	42,159,300	35,919,415	5,704,081	535,804
Financial liabilities at fair value through profit or loss	4,545,885	3,920,105	625,780	-

The following table shows a reconciliation of all movements in the fair value of financial instruments categorised within Level 3 between the beginning and the end of the reporting period.

	2013	2012
Financial assets at fair value through profit or loss	**USD**	USD
At 1 January	**535,804**	200,000
Additions	**750,000**	-
Disposals	**-**	-
Total losses in profit or loss	**(535,804)**	-
Net transfers out of level 3	**-**	(200,000)
Net transfers in level 3	**200,000**	535,804
At 31 December	**950,000**	535,804
Total unrealised losses included in profit or loss for assets held at the end of the reporting period	**(535,804)**	(890,421)

3. SHARE CAPITAL

	2013	**2013**	2012	2012
	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 and 31 December	**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 below the Net Asset Value, the directors will consult with the Investment Manager as to whether it is appropriate to instigate a repurchase of the ordinary shares.

4. EARNING PER SHARE

Earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased by the Company and held as treasury shares.

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

	2013	2012
	USD	USD
Earnings attributable to equity holders of the Group	**11,333,272**	1,692,704
Weighted average number of ordinary share in issue	**42,630,327**	42,630,327
Basic and diluted earnings per share	**0.2659**	0.0397

5. RELATED PARTY DISCLOSURES

The Directors consider Africa Opportunity Fund Limited (the "Company") as the ultimate holding company of Africa Opportunity Fund (GP) Limited and Africa Opportunity Fund L.P.

The financial statements include the financial statements of Africa Opportunity Fund Limited and its subsidiaries as follows:

Name	**Country of incorporation**	**% equity interest 2013**	% equity interest 2012
Africa Opportunity Fund (GP) Limited	Cayman Islands	100	100
Africa Opportunity Fund L.P.	Cayman Islands	99.09	99.05

During the year ended 31 December 2013, the Company transacted with related entities. The nature, volume and type of transactions with the entities are as follows:

Name of related parties	**Type of relationship**	**Nature of transaction**	**Volume USD**	**Balance at 31 Dec 2013 USD**
Africa Opportunity Partners Limited	Investment Manager	Management fee expense	**933,052**	**-**
Africa Opportunity Partners Limited	Investment Manager	Performance fee expense	**2,361,064**	**2,361,064**

During the period ended 31 December 2012, the Company transacted with related entities. The nature, volume and type of transactions with the entities are as follows:

Name of related parties	Type of relationship	Nature of transaction	Volume USD	Balance at 31 Dec 2012 USD
Africa Opportunity Partners Limited	Investment Manager	Management fee expense	783,329	189,785

Key Management Personnel (Directors' fee)

Except for Francis Daniels and Robert Knapp who have waived their fees, each director has been paid a fee of USD 20,000 per annum plus reimbursement for out-of pocket expenses.

Francis Daniels and Robert Knapp who are directors of the Company are also shareholders of the Investment Manager.

Francis Daniels and Robert Knapp who are directors of the Company also form part of the executive team of the Investment Manager. Details of the agreement with the Investment Manager are disclosed in Note 5. They have a beneficiary interest in AOF CarryCo Limited. The directors are entitled to carry interest computed in accordance with the rules set out in the Admission Document. The total carried interest is 20%.

Details of investments in the Company by the Directors are set out below:

	No of shares held	**Direct interest held %**
2013	**10,875,827**	**25.51**
2012	10,875,827	25.51

6. DIVIDEND PAYMENT

The Company expressed in the Admission Document for the Alternative Investment Market of the London Stock Exchange on which it is listed an intention, subject to having sufficient cash resources, to pay an aggregate annual dividend of an amount equal to the product of the net asset value of the Company on January 01 in each year multiplied by the three month US Dollar London Interbank Offered Rate (derived from Bloomberg) on the same date, payable in four equal quarterly installments. However, the dividend payments made in 2012 and 2013 were in excess of the basis stated in the Admission Document, as the Company utilises the one year US Dollar London Interbank Offered Rate for the calculation of the dividend rate.

Dividend - payable	**2013 USD**	2012 USD
Dividend declared and paid	**255,782**	332,516
Dividend payable	**85,291**	110,839
	341,073	443,355
Dividend per share (US cents)	**0.80**	1.04
Opening balance - dividend payable	**110,839**	76,735
Additions	**341,073**	443,355
Payment	**(366,621)**	(409,251)
Closing balance	**85,291**	110,839

Dividend – declared and paid after reporting date

	2013 USD	2012 USD
Dividend declared and paid	**76,735**	85,291
Dividend per share (US Cents)	**0.18**	0.20

7. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Fair value of financial instruments

Investment in Shoprite Holdings (SHP ZL)

The Company (through its subsidiary Africa Opportunity Fund L.P) has 14.7% of its net assets in Shoprite Holdings (SHP ZL) ("Shoprite") on the Zambian Register. The value of the investment as at 31 December 2013 amounted to USD 7,716,165 (2012: USD 8,105,292) and the original cost of the investment was USD 3,639,685 (2012: 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% 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 435,223 (2012: USD 307,300) 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 believe that the correct judgement is to continue to account for the investment at fair value and accrue for the dividends on this investment.

8. EVENTS AFTER THE REPORTING DATE

AOF has had a number of significant subsequent events occur since the year ended as at 31 December 2013. Namely:

- AOF held an extraordinary general meeting ("EGM") on 28 February 2014. The continuation of the Company was voted in favor by 100% of the shareholders who elected to vote. As a result of this vote, the Company will continue in existence for a further five years, at which point a further resolution will be put to Shareholders at an EGM in 2019, and every five years thereafter.
- Further as part of the EGM, two special resolutions to (i) approve the adoption of amended and restated memorandum and articles of association of the Company to incorporate new C share rights and (ii) to authorize the increase in share capital to allow for the issuance and conversion of the C shares, were both approved by 100% of the shareholders electing to vote.
- In accordance with the new corporate governance policies adopted by the Company, Mr. Francis Daniels and Mr. Christopher Gradel have stepped down as non-executive directors of the Company and Mr. Robert Knapp has stepped down as Chair of the Company. The new Chair of the Company is Ms. Myma Belo-Osagie and the Audit Committee (formally chaired by Mr. Gradel) will be chaired by Mr. Shingayi Mutasa.
- 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 $29.2 million before the expenses of the issue on the LSE's Specialist Fund

Market ("SFM"). 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 placing were admitted to trading on the LSE's Specialist Fund Market ("SFM") effective 17 April 2014. Simultaneous with the listing on the SFM, AOF's ordinary shares were cancelled from admission to trading on the AIM.
- Effective 17 April 2014, Mr. Vikram Mansharamani and Mr. Peter Mombaur have joined the AOF board of directors as non-executive directors.

Share Price

Prices of Africa Opportunity Fund Limited are published daily in the Daily Official List of the London Stock Exchange. The shares trade under Reuters symbol "AOF.L" and Bloomberg symbol "AOF LN". C share class shares began trading 17 April 2014 and trade under Reuters symbol "AOFC.L" and Bloomberg symbol "AOFC LN".

Manager

Africa Opportunity Partners Limited.

Copies of the annual report are being posted to the shareholders and copies will be available from the Company's registered office and also from the Company's website.

Website

www.africaopportunityfund.com

For further information please contact:

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Francis Daniels