AFRICA OPPORTUNITY FUND LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD FROM 1 JANUARY 2013 TO 30 JUNE 2013

AFRICA OPPORTUNITY FUND LIMITED

Highlights:

- AOF's net asset value per share of US$1.123 as at 30 June 2013 increased by 17.1% from the 31 December 2012 net asset value per share of US$0.963.
- As at 30 June 2013, AOF's investment allocation was 76% equities, 18% debt and 6% cash.
- Dividends in the amount of $0.002 per share were paid on 12 April 2013 and 12 July 2013.
- AOF's net asset value per share as at 31 August 2013 was US$1.178.

Investment Manager's Statement

Market Conditions: AOF's NAV increased approximately 4.3% during Q2 2013. As a reference, in US terms in Q2 2013, the S&P rose 2.9%, South Africa fell 7.3%, Egypt fell 11.4%, Kenya fell marginally -0.3%, and Nigeria rose 7.7%.

Portfolio Highlights: The major contribution to AOF's respectable performance in Q2 2013 was continued appreciation of a few holdings in Ghana and Nigeria. In US Dollar terms, Enterprise Group's share price rose by 52% in Q2 while Okomu Oil's rose by 29%. Their respective trailing 12 month P/E ratios at the end of Q2 stood at 3.9X, and 16.8X. AOF sold 78% of its Okomu Oil holdings in April and May because its share price appreciated well above our March 31, 2013 appraisal value. It took 7 months to acquire our entire Okomu position in 2011 and 5 weeks to complete our sales. Clearly, even the more illiquid of African listed companies enjoy breezes of liquidity from time to time. This outcome illustrates that illiquidity is often part of the challenge in acquiring misunderstood or overlooked shares. As prices recover very often liquidity recovers too. Happily, Okomu has generated a total US Dollar return of 434% over 2 years.
Q2 provided challenges and disappointment too. African Bank Investment Limited l ("ABL") lost half its value. We considered it one of our safe investments and its share price collapse is humbling, to say the least. ABL announced in early May that its interim profits would be 30% lower because of high non-performing loans, especially among some of its Ellerines furniture retailing customers. ABL responded by cutting its dividend 71% and reducing its dividend payout ratio from 50% to 20%. It continues to face serious challenges such as the possibility of a credit downgrade by Moody's as well as the danger of South Africa's own sovereign credit rating being downgraded in the next year. But, a crucial ameliorating feature was that ABL continued to generate more after-tax cash from its advances book than net income. In the long run, net cold cash from advances is what builds a bank; not accruing profits. African Bank remains very strong on that measure. Undoubtedly, it will take a few years for its share price to leave the recovery ward. Nevertheless, in the here and now, we have increased substantially our investment in it. The other disappointment during Q2 was the accelerated decline in the price of gold miners like Anglogold Ashanti. They suffered grievously from the sharp downturn in the gold price combined with the prospect of tough wage negotiations and bitter strikes in South Africa.
Finally, as discussed previously, we expected the Shoprite litigation to commence in Q3. This litigation did in fact commence in July. See our announcement released to the market 29 July and available on the AOF website. We continue to remain confident that AOF holds clear title to its shares.

Portfolio Appraisal Value: As of 30 June, the Manager's appraisal of the economic value of the portfolio was $ 1.35. The market price of $0.979 at 30 June represents a 27% discount. Note the Appraisal Value is intended to provide a measure of the Manager's long-term view of the attractiveness of AOF's portfolio. It is a subjective estimate, and does not tell when that value will be realized, nor does it guarantee that any security will reach its Appraisal Value.

Outlook: We believe that AOF's portfolio possesses undervalued companies. Its top 10 holdings combined offer a weighted average P/E ratio of 7X, a dividend yield of 5.6%, a return on assets of 8.6% and a return on equity of 21.7%. We are excited by these attractive valuation metrics and remain optimistic about AOF's prospects.

AFRICA OPPORTUNITY FUND LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY 2013 THROUGH 30 JUNE 2013

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AFRICA OPPORTUNITY FUND LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD 1 JANUARY 2013 THROUGH 30 JUNE 2013

	Note	**For the period ended 30 June 2013**	For the period ended 30 June 2012
		USD	USD
Revenue			
Dividend income		932,097	1,885,893
Interest income		337,420	235,302
Net exchange gains on bank		486,340	100,690
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)	246,236	-
Other income		-	2,119
		9,393,554	2,224,004
Expenses			
Performance fees		1,319,179	-
Management fees		435,441	401,054
Brokerage fees		239,871	96,537
Custodian, secretarial and administration fees		120,976	131,926
Interest charges and other fees		102,569	98,089
Other operating expenses		44,072	102,526
Directors' fees		40,000	40,000
Audit fees		20,251	31,733
Dividend paid		20,754	114,980
Losses on financial assets at fair value through profit or loss		-	1,805,228
Losses on financial liabilities at fair value through profit or loss		-	442,561
		2,343,113	3,264,634
Profit/(loss) before tax		7,050,441	(1,040,630)
Withholding tax		663	52,995
Profit after tax		7,049,778	(1,093,625)
Other comprehensive income		-	-
Total comprehensive income for the period		7,049,778	(1,093,625)
Attributable to:			
Equity holders of the Company		6,985,000	(1,090,783))
Non-controlling interest		64,778	(2,842)
		7,049,778	(1,093,625)
Basic and diluted earnings per share for gain attributable to the equity holders of the Company during the period	9	0.1639	(0.0256)

The notes on pages 8 to 25 form an integral part of these financial statements.

AFRICA OPPORTUNITY FUND LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013

	Notes	As at 30 June 2013 USD	As at 30 June 2012 USD
ASSETS			
Financial assets at fair value through profit or loss	5(a)	51,038,216	38,216,419
Trade and other receivables	6	1,160,571	1,157,142
Cash and cash equivalents		3,031,033	4,960,190
Total assets		55,229,820	44,333,751
EQUITY AND LIABILITIES			
Liabilities			
Financial liabilities at fair value through profit or loss	5(b)	5,479,421	5,358,713
Trade and other payables	8	1,520,732	209,931
Total liabilities		7,000,153	5,568,644
Equity			
Share capital	7	426,303	426,303
Share premium		38,092,003	38,484,202
Retained earnings/(losses)		9,352,924	(415,563)
Equity attributable to equity holders of the parent		47,871,230	38,494,942
Non-controlling interest		358,437	270,165
Total equity		48,229,667	38,765,107
Total equity and liabilities		55,229,820	44,333,751

The notes on pages 8 to 25 form an integral part of these financial statements.

AFRICA OPPORTUNITY FUND LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD 1 JANUARY 2013 THROUGH 30 JUNE 2013

ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

	Notes	Issued capital	Share premium	Retained profit	Total	Non controlling interest	Total equity
		USD	USD	USD	USD	USD	USD
At 01 January 2012		426,303	38,705,880	675,220	39,807,403	273,007	40,080,410
Total Comprehensive income for the period		-	-	1,692,704	1,692,704	20,652	1,713,356
Other comprehensive income		-	-	-	-	-	-
Dividend		-	(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
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 25 form an integral part of these financial statements.

AFRICA OPPORTUNITY FUND LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD 1 JANUARY 2013 THROUGH 30 JUNE 2013

	Notes	For the Period Ended 30 June 2013	For the Period Ended 30 June 2012
		USD	USD
Cash flows from operating activities			
Comprehensive income/ (loss) for the period		7,049,777	(1,093,625)
Adjustment for:			
Interest income		(337,420)	(235,302)
Dividend income		(932,097)	(1,885,893)
(Gain)/ loss on financial assets at fair value through profit or loss		(7,391,461)	1,805,228
(Gain)/ loss on financial liabilities at fair value through profit or loss		(246,236)	442,561
Operating losses before working capital changes		(1,857,437)	(967,032)
Increase in other receivables and prepayments		(54,077)	(138,256)
Decrease in other payables and accrued expenses		1,023,984	(54,673)
Net cash used in operating activities		(887,530)	(1,159,960)
Purchase of financial assets at fair value through profit or loss	5(a)	(16,106,663)	(5,093,528)
Disposal of financial assets at fair value through profit or loss	5(a)	14,619,208	7,521,595
Purchase of financial liabilities at fair value through profit or loss	5(b)	(2,304,319)	-
Disposal of financial liabilities at fair value through profit or loss	5(b)	3,484,092	1,503,412
Interest received		239,099	169,690
Dividend received		524,081	1,456,706
Net cash generated from investing activities		455,498	5,557,875
Cash flows used in financing activities			
Dividend paid		(170,522)	(221,678)
Net cash flow used in financing activities		(170,522)	(221,678)
Net (decrease)/ increase in cash and cash equivalents		(602,554)	4,176,237
Cash and cash equivalents at 1 January		3,633,587	783,953
Cash and cash equivalents at 30 June		3,031,033	4,960,190

The notes on pages 8 to 25 form an integral part of these financial statements.

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

REGISTERED OFFICE : PO Box 309 GT
Ugland House
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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

NOMINATED ADVISER : Grant Thornton UK LLP
30 Finsbury Square
London EC2P 2YU
United Kingdom

CORPORATE BROKER : LCF Edmond de Rothschild Securities Limited
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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 RafflesTower, Lot 19 Cyber City, Ebène, Mauritius
LEGAL ADVISER *(as to English Law)*	:	Lawrence Graham LLP 4 More London Riverside London SE1 2AU United Kingdom
LEGAL ADVISER *(as to Cayman Islands Law)*	:	Maples & Calder Princes Court 7 Princes Court 7 Princes Street London NW1 2 EP United Kingdom

1. GENERAL INFORMATION

Africa Opportunity Fund Limited (the "Company") was admitted to trading on the AIM Market ("AIM") of the London Stock Exchange plc 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 therefore may 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.

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 the financial assets and financial liabilities measured at fair value through profit or loss.

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 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 2013.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control and continues 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 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 consolidated 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 39into the following categories:

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Loans and receivables

Loans and receivables are non-derivatives financial assets with fixed or determinable payments that are not quoted in an active market. The Group's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the statement of financial position.

Other financial liabilities

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

(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.

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 gain 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 revenue' and 'Dividend revenue', respectively. Dividend expenses related to short positions are recognised in 'Dividends on securities sold not yet purchased'.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets (Continued)

(iv) Subsequent measurement (continued)

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.

(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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Determination of fair value

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

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

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

Impairment of financial assets

The Group assesses at each reporting date whether a financial asset or group of financial assets classified as loans and receivables is impaired. Evidence of impairment may include indications that the debtor, or a group of debtors, is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and, where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred) discounted using the asset’s original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Performance fee

The Special Limited Partners, under the terms of the Partnership Agreement, are 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) after deducting 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).

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 consolidated 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 are classified as equity.

Provision

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

Cash and cash equivalents

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

Related parties

For the purposes of these 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

The accounting policies adopted are consistent with those of the previous financial year, except for the following amendments to IFRS effective as of 1 January 2012:

- IAS 12 Income Taxes (Amendment) – Deferred Taxes: Recovery of Underlying Assets
- IFRS 1 First-Time Adoption of International Financial Reporting Standards (Amendment) – Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters IFRS 7 Financial Instruments: Disclosures (Amendments)
- IFRS 7 Financial Instruments : Disclosures – Enhanced Derecognition Disclosure Requirements

The adoption of the standards or interpretations is described below:

3. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (CONTINUED)

IAS 12 Income Taxes (Amendments) - Deferred Taxes: Recovery of Underlying Assets

The amendment clarified the determination of deferred tax on investment property measured at fair value and introduces a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sale. It includes the requirement that deferred tax on non-depreciable assets that are measured using the revaluation model in IAS 16 should always be measured on a sale basis. The amendment is effective for annual periods beginning on or after 1 January 2012 and has had no effect on the Group's financial position, performance or its disclosures.

IFRS 1 First-Time Adoption of International Financial Reporting Standards (Amendment) - Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters

The IASB provided guidance on how an entity should resume presenting IFRS financial statements when its functional currency ceases to be subject to hyperinflation. The amendment is effective for annual periods beginning on or after 1 July 2011. The amendment had no impact on the Group.

IFRS 7 Financial Instruments: Disclosures - Enhanced Derecognition Disclosure Requirements

The amendment requires additional disclosure about financial assets that have been transferred but not derecognised to enable the user of the Group's financial statements to understand the relationship with those assets that have not been derecognised and their associated liabilities. In addition, the amendment requires disclosures about the entity's continuing involvement in derecognised assets to enable the users to evaluate the nature of, and risks associated with, such involvement. The amendment is effective for annual periods beginning on or after 1 July 2011. The Group does not have any assets with these characteristics so there has been no effect on the presentation of its financial statements.

Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below.

IAS 1 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 (OCI). Items that will never be reclassified (or 'recycled') to profit or loss at a future point in time (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings) would be presented separately from items that could be reclassified (for example, net gain on hedge of net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets). The amendment affects presentation only and has no impact on the Group's financial position or performance. The amendment became effective for annual periods beginning on or after 1 July 2012, and has been applied in the Group's first annual report after becoming effective.

3. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (CONTINUED)

IAS 19 Employee Benefits (Revised)

The IASB has issued numerous amendments to IAS 19. These range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and re-wording. The amendment becomes effective for annual periods beginning on or after 1 January 2013. This standard is not applicable to the Group.

Standards issued but not yet effective

IAS 28 Investments in Associates and Joint Ventures (as revised in 2011)

As a consequence of the new IFRS 11 Joint Arrangements, and IFRS 12 Disclosure of Interests in Other Entities, IAS 28 Investments in Associates, has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. The revised standard becomes effective for annual periods beginning on or after 1 January 2013. This standard has no effect on the Group.

IAS 32 Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32

These amendments clarify the meaning of “currently has a legally enforceable right to set-off”. The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. These amendments are not expected to impact the Group’s financial position or performance and become effective for annual periods beginning on or after 1 January 2014.

IFRS 1 Government Loans – Amendments to IFRS 1

These amendments require first-time adopters to apply the requirements of IAS 20 Accounting for Government Grants and Disclosure of Government Assistance, prospectively to government loans existing at the date of transition to IFRS. Entities may choose to apply the requirements of IFRS 9 (or IAS 39, as applicable) and IAS 20 to government loans retrospectively if the information needed to do so had been obtained at the time of initially accounting for that loan. The exception would give first-time adopters relief from retrospective measurement of government loans with a below-market rate of interest. The amendment is effective for annual periods on or after 1 January 2013. The amendment has no impact on the Group.

IFRS 7 Disclosures - Offsetting Financial Assets and Financial Liabilities - Amendments to IFRS 7

These amendments require an entity to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity’s financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32. These amendments will not impact the Group’s financial position or performance and become effective for annual periods beginning on or after 1 January 2013.

3. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (CONTINUED)

IAS 36 Recoverable Amount Disclosures for Non-Financial Assets

The overall effect of the amendments is 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. The amendments apply on a retrospective basis for annual periods beginning on or after 1 January 2014. These amendments will not impact the Group's financial position or performance.

IFRS 9 Financial Instruments: Classification and Measurement

IFRS 9, as issued, reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after 1 January 2013, but *Amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures*, issued in December 2011, moved the mandatory effective date to 1 January 2015. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. This amendment has no impact on the Group.

IFRS 10 Consolidated Financial Statements, IAS 27 Separate Financial Statements

IFRS 10 replaces the portion of IAS 27 *Consolidated and Separate Financial Statements* that addresses the accounting for consolidated financial statements. It also addresses the issues raised in SIC-12 *Consolidation - Special Purpose Entities*.

IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgement to determine which entities are controlled and therefore are required to be consolidated by a parent, compared with the requirements that were in IAS 27. Based on the preliminary analyses performed, IFRS 10 is not expected to have any impact on the currently held investments of the Group.

This standard became effective for annual periods beginning on or after 1 January 2013.

IFRS 10 Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

The application guidance to IFRS 10 clarifies that an entity must consider all facts and circumstances when assessing whether it is an investment entity, including its purpose and design. An entity must meet all three elements of the definition to be an investment entity to obtain exemption from preparing consolidated financial statements. In other words, it does not consolidate its subsidiaries and does not apply IFRS 3 Business Combinations when it obtains control of an entity. Instead, an investment entity is required to measure subsidiaries at fair value through profit or loss in accordance with IFRS 9. However, if an investment entity has a subsidiary that provides investment-related services, such as investment management services, to the entity or other parties, then the investment entity must consolidate its subsidiary. The amendment applies for annual periods beginning on or after 1 January 2014, with earlier application permitted.

3. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (CONTINUED)

IFRS 11 Joint Arrangements

IFRS 11 replaces IAS 31 *Interests in Joint Ventures* and SIC-13 *Jointly-controlled Entities - Non-monetary Contributions by Venturers*. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method. This standard became effective for annual periods beginning on or after 1 January 2013 but has no impact on the Group.

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required. This standard became effective for annual periods beginning on or after 1 January 2013 but has no impact on the Group's financial position or performance.

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 when fair value is required or permitted. The new interpretation will not have an impact on the Group.

IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine

This interpretation applies to waste removal (stripping) costs incurred in surface mining activity, during the production phase of the mine. The interpretation addresses the accounting for the benefit from the stripping activity. The interpretation is effective for annual periods beginning on or after 1 January 2013. The new interpretation will not have an impact on the Group.

IFRIC 21 Levies

The interpretation clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognised before the specified minimum threshold is reached. The interpretation is effective for annual periods beginning on or after 1 January 2014, with early application permitted. Retrospective application of this interpretation is required. The new interpretation will not have an impact on the Group.

3. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (CONTINUED)

Annual Improvements May 2012

These improvements will not have an impact on the Group, but include:

IFRS 1 First-time Adoption of International Financial Reporting Standards

This improvement clarifies that an entity that stopped applying IFRS in the past and chooses, or is required, to apply IFRS, has the option to re-apply IFRS 1. If IFRS 1 is not re-applied, an entity must retrospectively restate its financial statements as if it had never stopped applying IFRS.

IAS 1 Presentation of Financial Statements

This improvement clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative information is the previous period.

IAS 16 Property Plant and Equipment

This improvement clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory.

IAS 32 Financial Instruments, Presentation

This improvement clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 Income Taxes.

IAS 34 Interim Financial Reporting

The amendment aligns the disclosure requirements for total segment assets with total segment liabilities in interim financial statements. This clarification also ensures that interim disclosures are aligned with annual disclosures.

These improvements are effective for annual periods beginning on or after 1 January 2013.

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

Determination of functional currency

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

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.

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.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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.

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

	30 June 2013	30 June 2012
	USD	USD
Designated at fair value through profit or loss:		
At start of year	42,159,300	42,449,714
Additions	16,106,663	5,093,528
Disposals	(14,619,208)	(7,521,595)
Net gain on financial assets at fair value through profit or loss	7,391,461	(1,805,228)
	51,038,216	38,216,419
Analysis of portfolio:		
- Listed equity securities	41,280,635	33,556,997
- Unlisted equity securities	606,249	2,305,499
- Listed debt securities	8,486,332	2,153,923
- Unlisted debt securities	665,000	200,000
	51,038,216	38,216,419

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

	30 June 2013	30 June 2012
	USD	USD
Written put option	1,126,915	481,090
Listed securities sold short	4,352,506	4,877,623
	5,479,421	5,358,713

6. TRADE AND OTHER RECEIVABLES

	30 June 2013	30 June 2012
	USD	USD
Interest receivable on bonds	434,663	209,254
Dividend receivable	725,375	631,905
Other receivables	533	315,983
	1,160,571	1,157,142

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

7. 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	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 Group having funds lawfully available for the purpose. However, if the market price of the ordinary shares falls to a discount to the Net Asset Value, the directors will consult with the Investment Manager as to whether it is appropriate to instigate a repurchase of ordinary shares.

8. TRADE AND OTHER PAYABLES

	30 June 2013	30 June 2012
	USD	USD
Performance fee	1,319,179	-
Accrued expenses	116,292	58,423
Dividend payable	85,261	110,839
Other payables	-	40,669
	1,520,732	209,931

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

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

		30 June 2013	30 June 2012
		USD	USD
Earnings attributable to equity holders of the Group	USD	6,985,000	(1,090,783)
Weighted average number of ordinary share in issue		42,630,327	42,630,327
Earnings per share	USD	0.1639	(0.0256)

10. 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.

Dividend revenue is presented gross of any non-recoverable withholding taxes, which are disclosed separately in the consolidated statement of comprehensive income.

11. SEGMENT INFORMATION

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

12. PERSONNEL

The Group did not employ any personnel during the half year period ended 30 June 2013 (2012: the same).