AFRICA OPPORTUNITY FUND LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD FROM 1 JANUARY 2015 TO 30 JUNE 2015

AFRICA OPPORTUNITY FUND LIMITED

Highlights:

- AOF's ordinary share net asset value per share of US$0.923 as at 30 June 2015 decreased by 8.7% from the 31 December 2014 net asset value per share of US$1.011.
- AOF's ordinary share price of $0.829 was at a 10% discount to the underlying NAV.
- AOF's Ordinary Shares net asset value per share as at 31 July 2015 was US$0.938.
- AOF's Ordinary Shares paid an annual dividend for 2014 of US$0.0214 per share in July 2015.
- As at 30 June 2015, AOF's investment allocation for its Ordinary Shares was 74% equities, 17% debt and 9% cash.

- AOF's C share net asset value per share of US$0.863 decreased by 5.4% from the 31 December 2014 net asset value per share of US$0.912.
- AOFC's share price of $0.94 was at an 8.8% premium to the underlying NAV of AOFC.
- AOF's investment allocation for its C Shares was 72% equities, 14% debt and 14% cash.
- AOF's C Share net asset value per share as at 31 July 2015 was US$0.851.

Thematic Overview: It is current investment convention that emerging and frontier markets face tough days as the US Dollar begins a strengthening cycle and Chinese commodity-intensive growth wanes. Despite the pearls of truth in that convention, it is worth reiterating that Africa's best investment days lie ahead of it. It remains fact that Africa is the most underbanked and capital starved continent. It remains fact that several industries like formal grocery and clothing retailing or private education have considerable scope for years of profitable growth in Africa. It also remains fact that many African countries are in the early stages of infrastructure investment. There is no doubt that Africa will be pummelled by China's slowdown, but those very travails make it easier for investors to identify the serious reforming African countries in which to hunt for superb and reasonably valued companies. Rising levels of volatility also uncover short selling opportunities as some African companies and countries are overwhelmed by declining commodity prices and revenues. Thus, AOF investigates both long and short opportunities. Its record shows that a steadfast focus on profitable companies benefiting from unfolding long-term trends delivers positive rewards to its shareholders. This period of declining currencies and share prices is an excellent moment for the long-term investor to enter African markets.

Market Conditions: AOF's Ordinary Share NAV decreased 8.7% during H1 2015. By comparison, in US dollar terms in H1 2015 the S&P rose 1%, South Africa rose marginally%, Egypt declined 5%, Kenya declined 6%, and Nigeria fell 9%. Three Africa-focused exchange traded funds (the Lyxor ETF Pan Africa (PAF FP) listed on the Euronext Paris, DBX MSCI Africa Top 50 (XMAF LN), and Market Vectors Africa Index (AFK US) listed on the New York Stock Exchange) fell, respectively,4%, -5%, and -6% in US Dollars.

Ordinary Share Portfolio Highlights: Plunging African currencies are the principal reason behind the H1 decline in the net asset value of AOF's ordinary shares. For example, Ghana's Cedi declined by 26% against the US Dollar and Zambia's Kwacha by 15%. Behind those currency plunges, whether of the Ghanaian Cedi or the Zambian Kwacha in turn lie a few factors. Ghana's woes embody the ravages of weak fiscal management. Zambia's Kwacha confirm the harsh impact of slowing Chinese import demand on the balance of trade of many an African country. Zambia exports more than 20% of its exports to a China battling relatively feeble economic growth. Nigeria's historic achievement of peaceful acceptance of defeat by a sitting Nigerian president has been overshadowed by an ever declining oil price. All spheres of Nigeria will suffer from the 2014-15 oil collapse. South Africa blends the steep depreciation of the Rand with a firm cap on economic growth imposed by its state-owned electricity monopoly - Eskom. Consequently, consumer and business confidence in Africa's second largest economy, as exemplified by the -15 score (the lowest since 2001) in the latest FNB/BER Consumer Confidence Index and the 43 score in the latest RMB/BER Business Confidence Index , is low. Yet, not all is doom and gloom in corporate Africa. Some good companies in the AOF portfolios turned in good performances.

Letshego is one such company. It added 1 cent to the NAV of AOF's ordinary shares in H1. Letshego is a consumer finance company domiciled in Botswana and listed on the Botswana Stock Exchange. There are only two African countries blessed by a long record of democratic stability and an absence of sovereign debt default: Botswana and Mauritius. Letshego has operations in several countries in southern and eastern Africa. It had a market capitalization of $710 million at the end of June and traded on a Price/Book ratio of 1.85x. Letshego started life as a company which made loans to Botswana civil servants which were repaid by payroll deductions made by the Botswana government. In effect, a repayment obligation was akin to monthly taxes and collections on its loans have been strong. Letshego has enjoyed strong capital levels. Shareholders equity, as a % of total assets, was 70% at the end of 2014; return on assets was 13%; and return on equity was 20%. Letshego resolutely reinvested more than 80% of its profits in its operations for the better part of a decade. This May, Letshego sought shareholder approval to buy back, and cancel, 10% of its share capital, signifying that it had excess capital. Consequently, its share price rose 33% (in Pula terms and 34% in US Dollars) in Q2. Years of modest shareholder distributions appear to be coming to an end. The largest single source of Letshego's profits is Botswana. But, other countries like Namibia, Mozambique, and Tanzania have grown in importance over the years. It is about to enter Nigeria. Letshego's expansion has had its setbacks. It entered and exited Zambia, after enduring unacceptable losses. It has begun to introduce other collection methods besides payroll deductions, despite the higher loss ratios which accompany other collection methods. Quietly and steadily, AOF's stake in Letshego has risen in value in a manner reminiscent of Botswana's own fortunes.

Elsewhere in the portfolio, the flat prices of Shoprite translated into a lower US Dollar price. Shoprite's share price in Zambia suffers from the overhang of litigation. The 39% discount to the JSE price at which it traded at the end of Q1 widened slightly to 41% at the end of Q2. AOF and Shoprite have not been able to agree on dates for arbitration, therefore, it seems that the Shoprite matter will be heard only in 2016.

C Shares: The C shares had a difficult H1. The NAV of AOF's C shares declined 5.4% during H1 2015. The C shares' portfolio has exposure to 31 issuers, of which 10 are new issuers to AOF. In addition to some of the currency woes identified earlier in this statement, each of the issuers of East African shillings - Kenya, Uganda, and Tanzania - is nursing a high current account deficit, as a % of its gross domestic product, whether precipitated by low tourist numbers in the case of Kenya or a low gold price in the case of Tanzania. One illustration of the challenges faced by the C shares is found in the tale of Kenya Power & Lighting. Kenya Power constitutes nearly 8% of the C shares' NAV. Kenya Power occupies a large position in the C shares' portfolio because it provides a service in acutely short supply in Africa - electricity. The electricity industry is one which is able to link the local currency price of its product to US Dollars because Africa needs to expand dramatically its energy supply industry. There is no choice in the matter - the days of subsidy and low electricity tariffs for all are severely numbered. Growing and profitable African electricity companies are a sine qua non for an industrializing Africa. AOF intends to benefit from the evolution of power companies from somnolent state companies to engines of strong profits. Nevertheless, it is axiomatic that a company trading on a P/E ratio of 5x or less must be the victim of some error. In the case of Kenya Power, an increase of 142% in its total assets to $2.5 billion between 2010 and 2014 led to only a 29% increase in its revenues to $1.2 billion, despite interest expense rising by 622% over that period. Kenya Power borrowed to expand its network to connect Kenyans to its grid and to subsidize 70% of each customer's connection costs without a material improvement in the affordability of its connection service to the numerous unconnected Kenyans-hence its growing debt/equity ratio of 136%. Kenya Power's debt levels rose to the point where it breached some financial covenants. Kenya Power, the Government of Kenya, and the World Bank concluded a radical reshuffling of responsibilities earlier this year under which Kenya's Rural Electrification Authority will bear the subsidy connection burden and the World Bank will provide Kenya Power a $200 million guarantee to enable a favourable refinancing and extension of its current commercial debts. Through the Kenya Government, the International Development Agency of the World Bank is granting $150 million to Kenya Power to connect all households and businesses in high density peri-urban areas to existing electricity networks. It is intended that Kenya would have achieved universal access to electricity by 2020, up from the current level of 35%. AOF expects to be invested in this industry for a long period of time.

Ordinary and C Share Portfolio Appraisal Value: As of 30 June 2015, the Manager's appraisal of the economic value of the Ordinary Share portfolio was US$1.16 per share. The Ordinary Share market price of US$0.828 per share at 30 June 2015 represents a 29% discount. As of 30 June 2015, the Manager's appraisal of the economic value of the C Share portfolio was US$1.11 per share. The C Share market price of US$0.94 per share at 30 June 2015 represents a 16% discount. The Appraisal Value is intended to provide a measure of the Manager's long-term view of the attractiveness of

AOF's Ordinary Share portfolio. It is a subjective estimate, and does not tell when that value will be realized, nor does it guarantee that any security will reach its Appraisal Value.

Outlook:
We believe that AOF's portfolio possesses undervalued companies. The Ordinary Shares top 10 holdings combined offer a weighted average dividend yield of 7.4%, a rolling P/E ratio of 10.6X, a return on assets of 10.6% and a return on equity of 22%. The C Shares top 8 equity holdings combined offer a weighted average dividend yield of 6%, a rolling P/E ratio of 17X, a return on assets of 4.7% and a return on equity of 13%. There are excellent long and short opportunities to be found as African markets adjust to the down draft of weak commodity prices and volatility stalks those markets. Despite the difficult period experienced by the portfolio during the first half of 2015, we are excited by these attractive valuation metrics and remain optimistic about AOF's prospects.

Administrative Developments
AOF will be changing its administrator from International Proximity to SS&C Technologies, Inc. during Q3. The primary reason for the change is to enable AOF to increase the frequency of its NAV reporting from monthly to weekly reporting. It is anticipated that AOF will commence weekly NAV reporting by the end of this year. We thank International Proximity for several years of dedicated service since the inception of AOF. Notwithstanding the delays in the Shoprite matter, the board of directors of AOF intends to effect a merger of the different classes of AOF shares by the end of 2016.

On Behalf of the Investment Manager, Africa Opportunity Partners Ltd.

Africa Opportunity Fund Limited

Responsibility Statements:

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

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

Per Order of the Board
26 August 2015

CONTENTS	**PAGES**

AFRICA OPPORTUNITY FUND LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD FROM 1 JANUARY 2015 TO 30 JUNE 2015

	Note	**For the period ended 30 June 2015**	For the period ended 30 June 2014
		USD	USD
Revenue			
Dividend income		**1,012,058**	995,397
Interest income		**214,297**	722,152
Other income		**12,948**	331,193
Profit on financial liabilities at fair value through profit or loss	5(b)	**-**	71,392
		1,239,303	2,120,134
Expenses			
Losses on financial assets at fair value through profit or loss	5(a)	**4,300,605**	5,068,917
Losses on financial liabilities at fair value through profit or loss	5(b)	**841,636**	-
Management fee		**585,458**	573,403
Custodian, secretarial and administration fees		**179,264**	136,917
Interest Charges		**145,363**	145,103
Directors' fees		**87,500**	56,922
Operating expenses		**87,336**	86,111
Dividend paid		**85,382**	86,475
Brokerage fees		**68,556**	64,156
Audit fees		**54,934**	21,120
Net exchange losses on bank		**-**	290,869
Placing and admission fees		**-**	1,075,141
		6,436,033	7,605,134
Profit/(loss) for the period		**(5,196,730)**	(5,485,000)
Tax incurred on dividend received		**(39,557)**	(104,758)
		(5,236,287)	(5,589,758)
Other comprehensive income		**-**	-
Total comprehensive income for the period		**(5,236,287)**	(5,589,758)
Attributable to:			
Shareholders/ Equity holders of the parent		**(5,210,471)**	(5,559,277)
Non-controlling interest		**(25,816)**	(30,481)
		(5,236,287)	(5,589,758)
Basic gains/(loss) per share for gain attributable to the equity holders of the Company during the period	10	**(0.0725)**	(0.0774)

The notes on pages 9 to 35 form an integral part of these financial statements.

AFRICA OPPORTUNITY FUND LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2015

	Notes	30 June 2015	30 June 2014
		USD	USD
ASSETS			
Cash and cash equivalents		**7,506,157**	22,818,766
Trade and other receivables	6	**1,396,871**	1,691,088
Financial assets at fair value through profit or loss	5(a)	**63,977,956**	65,669,485
Total assets		**72,880,984**	90,179,339
EQUITY AND LIABILITIES			
LIABILITIES			
Trade and other payables	8	**303,848**	2,506,619
Financial liabilities at fair value through profit or loss	5(b)	**7,738,011**	11,684,689
Total Liabilities		**8,041,859**	14,191,308
Total liabilities excluding net assets attributable to shareholders		**8,041,859**	14,191,308
Equity attributable to equity holders of parent			
Non-controlling interest		**314,414**	375,216
Total equity		**314,414**	375,216
Net assets attributable to shareholders		**64,524,711**	75,612,815
Net assets attributable to:			
- Ordinary shares	7	**39,338,023**	47,243,855
- Class C shares	7	**25,186,688**	28,368,960
Net assets attributable to shareholders		**64,524,711**	75,612,815
Net assets value per share:			
- Ordinary shares		**0.9228**	1.1082
- Class C shares		**0.8626**	0.9715

The notes on pages 9 to 35 form an integral part of these financial statements.

AFRICA OPPORTUNITY FUND LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
FOR THE PERIOD FROM 1 JANUARY 2015 TO 30 JUNE 2015

	Number of units	**Ordinary Share**	**Class C shares**	**Net assets attributable to shareholders**
	USD	**USD**	**USD**	**USD**
At 1 January 2015	**71,830,327**	**43,099,112**	**26,636,068**	**69,735,180**
CAPITAL TRANSACTIONS:				
Issue of C shares	**-**	**-**	**-**	**-**
OPERATIONS:				
Decrease in net assets attributable to shareholders from operations for the period	**-**	**(3,761,091)**	**(1,449,380)**	**(5,210,471)**
At 30 June 2015	**71,830,327**	**39,338,023**	**25,186,688**	**64,524,711**

	Number of units	Ordinary Share	Class C shares	Net assets attributable to shareholders
	USD	USD	USD	USD
At 17 April 2014 – transfer from equity (refer to note 7)	42,630,327	52,254,245	-	52,254,245
CAPITAL TRANSACTIONS:				
Issue of C shares	29,200,000		29,200,000	29,200,000
OPERATIONS:				
Decrease in net assets attributable to shareholders from operations for the period	-	(5,010,390)	(831,040)	(5,841,430)
At 30 June 2014	71,830,327	47,243,855	28,368,960	75,612,815

The notes on pages 9 to 35 form an integral part of these financial statements.

AFRICA OPPORTUNITY FUND LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD FROM 1 JANUARY 2015 TO 30 JUNE 2015

	Share capital	Share premium	Retained earnings	Total	Non-controlling interest	Total equity
	USD	USD	USD	USD	USD	USD
At 1 January 2014	426,303	37,921,452	13,701,196	52,048,951	405,697	52,454,648
Profit for the period	-	-	282,153	282,153	1,711	283,864
Dividend	-	(76,859)	-	(76,859)	-	(76,859)
At 17 April 2014	426,303	37,844,593	13,983,349	52,254,245	407,408	52,661,653
Transfer to consolidated statement of changes in net assets (note 10)	(426,303)	(37,844,593)	(13,983,349)	(52,254,245)	-	(52,254,245)
Loss for the period	-	-	-	-	(32,192)	(32,192)
At 30 June 2014	**-**	**-**	**-**	**-**	**375,216**	**375,216**

The notes on pages 9 to 35 form an integral part of these financial statements.

AFRICA OPPORTUNITY FUND LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM 1 JANUARY 2015 TO 30 JUNE 2015

	Notes	For the Period Ended 30 June 2015	For the Period Ended 30 June 2014
		USD	USD
Cash flows from operating activities			
Comprehensive income/ (loss) for the period		**(5,236,287)**	(5,589,758)
Adjustment for:			
Interest income		**(214,297)**	(722,152)
Dividend income		**(1,012,058)**	(995,397)
(Gain)/ loss on financial assets at fair value through profit or loss	5(a)	**4,300,605**	5,068,917
(Gain)/ loss on financial liabilities at fair value through profit or loss	5(b)	**841,636**	(71,392)
Operating gains/(losses) before working capital changes		**(1,320,402)**	(2,309,782)
Increase in other receivables and prepayments		**151,898**	(83,777)
Increase in other payables and accrued expenses		**172,382**	9,385
Net cash generated/ (used in) operating activities		**(996,122)**	(2,384,174)
Investing activities			
Net Purchases in financial assets at fair value through profit or loss	5(a)	**(4,455,872)**	(15,264,471)
Net (Purchases)/proceeds of financial liabilities at fair value through profit or loss	5(b)	**(4,604,718)**	6,792,217
Interest received		**427,818**	453,743
Dividend received		**286,571**	770,496
Net cash generated from investing activities		**(8,346,201)**	(7,248,015)
Financing activities			
Dividend paid		**-**	(162,149)
C Share Placing		**-**	29,200,000
Net cash flow used in financing activities		**-**	29,037,851
Net (decrease)/ increase in cash and cash equivalents		**(9,342,323)**	19,405,662
Cash and cash equivalents at 1 January		**16,848,480**	3,413,104
Cash and cash equivalents at 30 June		**7,506,157**	22,818,766

The notes on pages 9 to 35 form an integral part of these financial statements.

			Appointed on	**Resigned on**
CHAIRPERSON	:	Myma Belo-Osagie	4 March 2014	
		Robert Knapp	25 June 2007	4 March 2014
NON EXECUTIVE DIRECTORS	:	Christopher Agar	25 June 2007	
		Robert Knapp	25 June 2007	
		Shingayi Mutasa	25 June 2007	
		Vikram Mansharamani	17 April 2014	
		Peter Mombaur	17 April 2014	
		Francis Daniels	21 June 2007	28 February 2014
		Christopher Gradel	21 June 2007	28 February 2014

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

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

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

ADMINISTRATOR	:	International Proximity Fifth Floor, Ebene Esplanade 24 Bank Street, 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, Tower 1 NeXTeracom Cybercity, Ebene Mauritius
PRIME BROKER	:	Credit Suisse Securities (USA) LLC Eleven Madison Avenue 3rd Floor New York, NY 10010 United States
CUSTODIAN	:	Standard Chartered Bank (Mauritius) Ltd Units 6A and 6B, 6th Floor Raffles Tower, Lot 19 Cyber City, Ebene Mauritius
LEGAL ADVISER *(as to English Law)*	:	Wragge Lawrence Graham Co. LLP 4 More London Riverside London SE1 2AU United Kingdom
LEGAL ADVISER *(as to Cayman Islands Law)*	:	Maples & Calder P.O. Box 309 Ugland House Grand Cayman, KY1-1104 Cayman Islands
TAX ADVISER	:	Grant Thornton UK LLP Grant Thornton House Melton Street London NW1 2EP United Kingdom

1. GENERAL INFORMATION

Africa Opportunity Fund Limited (the "Company") was launched with an Alternative Market Listing "AIM" in July 2007 and moved to the Specialist Funds Market "SFM" on 17 April 2014.

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 Amended and Restated Investment Management Agreement dated 12 February 2014.

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 half-year ended 30 June 2015 were authorised for issue in accordance with a resolution of the Board of Directors on 26 August 2015.

Presentation currency

The consolidated financial statements are presented in 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).

Basis of preparation

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group as at 30 June 2015.

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

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

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

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

Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

Financial instruments

(i) Classification

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Derivatives - Options

Derivatives are classified as held for trading (and hence measured at fair value through profit or loss), unless they are designated as effective hedging instruments (however the Group does not apply any hedge accounting). The Group's derivatives relate to option contracts.

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 Company 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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other financial liabilities

This category includes all financial liabilities, other than those classified as 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’.

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets (Continued)

(v) Derecognition

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

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

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

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

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

The Group derecognises a financial liability when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

Determination of fair value

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

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

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

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

For all other financial instruments not traded in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include: using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible. An analysis of fair values of financial instruments and further details as to how they are measured is provided in Note 5.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Impairment of financial assets

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

Evidence of impairment may include indications that the debtor, or a group of debtors, is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and, where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred) discounted using the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss as 'Credit loss expense'. Impaired debts, together with the associated allowance, are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

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

Investment Management Agreement

Following the Admission of Ordinary Shares and C Shares to the Specialist Fund Market of the London Stock Exchange on 17 April 2014, the Company entered into an Amended and Restated Investment Management Agreement with Africa Opportunity Partners (the "Investment Manager"), an investment management company incorporated in the Cayman Islands, to manage the operations of the Group subject to the overall supervision of the Group's board as specified in the SFM Admission document of the Company.

Under the Amended and Restated Investment Management Agreement, the Investment Manager receives a management fee equal to the aggregate of: (i) two per cent of the Net Asset Value per annum up to US$50 million; and (ii) one per cent of the Net Asset Value per annum in excess of US$50 million, payable in US$ quarterly in advance.

In addition, the principals (directors) [ALH1]of the Investment Manager are beneficially interested in CarryCo, which under the terms of the Amended and Restated Limited Partnership Agreement, is entitled to share an aggregate annual carried interest [ALH2](the "Performance Allocation") from the Limited Partnership equivalent to 20 per cent of the

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

excess of the Net Asset Value (as at 31 December in each year) over the sum of (i) the annual management fee for that year end (ii) a non-compounding annual hurdle amount equal to the Net Asset Value as at 31 December in the previous year, as increased by 5 per cent. The Performance Allocation is subject to a "high watermark" requirement. [ALH3]The Performance Allocation accrues monthly and is calculated as at 31 December in each year and is allocated following the publication of the NAV for such date.

The management fee for the half-year under review amounts to USD 585,458 (2014: USD 573,403) and the performance fees earned for the half-year under review was nil (2014: nil).

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.

Shares that impose on the Company, an obligation to deliver to shareholders a pro-rata share of the net asset of the Company on liquidation classified as financial liabilities

The shares are classified as equity if those shares have all the following features:

(a) It entitles the holder to a pro rata share of the Company's net assets in the event of the Company's liquidation.

The Company's net assets are those assets that remain after deducting all other claims on its assets. A pro rata share is determined by:

(i) dividing the net assets of the Company on liquidation into units of equal amount; and
(ii) multiplying that amount by the number of the shares held by the shareholder.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Shares that impose on the Company, an obligation to deliver to shareholders a pro-rata share of the net asset of the Company on liquidation classified as financial liabilities (Continued)

(b) The shares are in the class of instruments that is subordinate to all other classes of instruments. To be in such a class the instrument:

  (i) has no priority over other claims to the assets of the Company on liquidation, and
  (ii) does not need to be converted into another instrument before it is in the class of instruments that is subordinate to all other classes of instruments.

(c) All shares in the class of instruments that is subordinate to all other classes of instruments must have an identical contractual obligation for the issuing Company to deliver a pro rata share of its net assets on liquidation.

In addition to the above, the Company must have no other financial instrument or contract that has:

(a) total cash flows based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Company (excluding any effects of such instrument or contract) and

(b) the effect of substantially restricting or fixing the residual return to the shareholders.

The shares that meet the requirements to be classified as a financial liability have been designated as at fair value through profit or loss on initial recognition.

The movement in fair value is shown in the statement of comprehensive income as an 'Increase or decrease in net assets attributable to shareholders'.

Distributions to shareholders whose shares are classified as financial liabilities

Distributions to shareholders are recognised in the statement of comprehensive income as finance costs.

Interest revenue and expense

Interest revenue and expense are recognised in profit or loss for all interest-bearing financial instruments using the effective interest method.

Dividend revenue and expense

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

Share capital

Ordinary and C shares were reclassified as liabilities in the prior year; this has been explained further in note 7.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

3. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The accounting policies adopted are consistent with those of the previous financial year which included the following new and amended IFRS and IFRIC interpretations adopted in the year commencing 1 January 2014:

Amendments	Effective for accounting period beginning on or after
Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)	1 January 2014
Investment Entities (Amendments to IRFS 10, IFRS 12 and IAS 27)	1 January 2014
Recoverable amount disclosures for non- financial assets (Amendments to IAS 36)	1 January 2014
Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39)	1 January 2014
IFRIC 21 Levies	1 January 2014

There were no instances where the adoption of the standard or interpretation or improvement was deemed to have an impact on the financial statements or performance of the Group.

STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

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

New or revised standards and interpretations:

<u>**New or revised standards**</u>	Effective for accounting period beginning on or after
IFRS 9 Financial Instruments	1 January 2018
IFRS 14 Regulatory Deferral Accounts	1 January 2016
IFRS 15 Revenue from Contracts with Customers	1 January 2017

3. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (CONTINUED)

STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

Amendments

Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)	1 July 2014
Annual Improvements 2010-2012 Cycle	1 July 2014
Annual Improvements 2011-2013 Cycle	1 July 2014
Disclosure Initiative (Amendments to IAS 1)	1 January 2016
Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)	1 January 2016
Investment entities consolidation exemption ... (Amendments to IFRS 10, IFRS 12 and IAS 28)	1 January 2016
Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)	1 January 2016
Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)	1 January 2016
Equity Method in Separate Financial Statements (Amendments to IAS 27)	1 January 2016
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	1 January 2016
Annual Improvements 2012 - 2014 Cycle	1 January 2016

IFRS 9 Financial Instruments

IFRS 9, as issued in July 2014, reflects the completion of all the phases of the IASB's work on the replacement of IAS 39 and applies to the classification and measurement of financial assets and financial liabilities, impairment as well as hedge accounting.

Classification and measurement of financial instruments

Financial Assets

Financial assets are measured at amortised cost, fair value through profit or loss, or fair value through other comprehensive income, based on both the entity's business model for managing the financial assets and the financial asset's contractual cash flow characteristics.

Equity securities are measured at fair value through profit or loss unless the entity chooses, on initial recognition, to present fair value changes in other comprehensive income (OCI). This option is irrevocable and applies only to equity instruments, which are not held for trading. Unlike debt instruments, gains and losses in OCI are not recycled on sale and there is no impairment accounting. Derivatives are also measured at fair value through profit or loss. In comparison to IAS 39, there is no bifurcation of embedded derivatives for financial assets recorded at amortised cost or FVOCI.

The derecognition principles in terms of IAS 39 remain the same in IFRS 9.

Financial Liabilities

For liabilities designated at fair value through profit and loss, the change in the fair value of the liability attributable to changes in credit risk is presented in OCI. All other classification and measurement requirements in IAS 39 have been carried forward into IFRS 9.

3. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (CONTINUED)

Impairment of financial assets

The expected credit loss model applies to debt instruments recorded at amortised cost or at fair value through other comprehensive income (such as loans, debt securities and trade receivables), lease receivables and most loan commitments and financial guarantee contracts.

Entities are required to recognise either 12-month or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition.

The measurement of expected credit losses would reflect a probability-weighted outcome, the time value of money and reasonable and supportable information.

Hedge accounting

There are significant changes with regards to hedge accounting including the following:

- Assessment of hedge effectiveness is an objectives-based test that focuses on the economic relationship between the hedged item and the hedging instrument, and the effect of credit risk on that economic relationship
- Risk components of financial and non-financial items can be designated as hedged items provided the risk component is separately identifiable and reliably measureable
- Certain costs of hedging can be excluded from the designation of a financial instrument as the hedging instrument and accounted for as costs of hedging in profit or loss
- Designation of groups of items as the hedged item is possible, including layer designations and some net positions
- There are more extensive disclosure requirements

Effective date and transition

The standard applies to annual periods beginning on or after 1 January 2018, although early application is permitted. Retrospective application is required, however, transition reliefs are provided (including no restatement of comparative period information). Entities will only be permitted to early apply a previous version of IFRS 9 if their date of initial application is before 1 February 2015. However, if an entity has early applied a previous version of IFRS 9 before 1 February 2015, the entity is permitted to continue to apply that version until IFRS 9 becomes mandatorily effective in 1 January 2018.

Moreover, it will be possible to apply early just the new accounting treatment of fair value gains and losses arising from own credit risk on liabilities designated at fair value through profit or loss without applying the other requirements of IFRS 9, until IFRS 9 becomes mandatorily effective.

3. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (CONTINUED)

<u>New or revised standards (Continued)</u>

Impact

The Group is in the process of assessing the impact of the standard.

IFRS 14 Regulatory Deferral Accounts - effective 1 January 2016

IFRS 14 permits an entity which is a first-time adopter of International Financial Reporting Standards to continue to account, with some limited changes, for 'regulatory deferral account balances' in accordance with its previous GAAP, both on initial adoption of IFRS and in subsequent financial statements.

This new standard will not have an impact, as the Company is not a first time adopter of IFRS.

IFRS 15 Revenue from Contracts with Customers - effective 1 January 2017

IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers.

The five steps in the model are as follows:

- Identify the contract with the customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contracts; and
- Recognise revenue when (or as) the entity satisfies a performance obligation.

Guidance is provided on topics such as the point in which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced.

The Company is still assessing the impact of this new standard, but it is not expected to have a significant effect on financial position of the Company. There may be an impact on the level of disclosure provided.

Annual Improvements 2010-2012 Cycle - effective 1 July 2014

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

- IFRS 2 - Amends the definitions of 'vesting condition' and 'market condition' and adds definitions for 'performance condition' and 'service condition';
- IFRS 3 - Require contingent consideration that is classified as an asset or a liability to be measured at fair value at each reporting date;
- IFRS 8 - Requires disclosure of the judgements made by management in applying the aggregation criteria to operating segments, clarify reconciliations of segment assets only required if segment assets are reported regularly;
- IAS 16 and IAS 38 - Clarify that the gross amount of property, plant and equipment is adjusted in a manner consistent with a revaluation of the carrying amount; and
- IAS 24 - Clarify how payments to entities providing management services are to be disclosed.

3. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (CONTINUED)

Amendments (Continued)

Annual Improvements 2011-2013 Cycle - effective 1 July 2014

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

- IFRS 3 - Clarify that IFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself;
- IFRS 13 - Clarify the scope of the portfolio exception in paragraph 52; and
- IAS 40 - Clarifying the interrelationship of IFRS 3 and IAS 40 when determining whether a transaction is a business combination or the purchase of an asset.

The directors are assessing the impact of the standard adjustments.

Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11) - effective 1 January 2016

Amends IFRS 11 Joint Arrangements to require an acquirer of an interest in a joint operation in which the activity constitutes a business (as defined in IFRS 3 Business Combinations) to:

- Apply all of the business combinations accounting principles in IFRS 3 and other IFRSs, except for those principles that conflict with the guidance in IFRS 11; and
- Disclose the information required by IFRS 3 and other IFRSs for business combinations.

The amendments apply both to the initial acquisition of an interest in a joint operation, and the acquisition of an additional interest in a joint operation (in the latter case, previously held interests are not re-measured).

The amendment will not have an impact since the Company does not have any interests in joint operations.

Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38) - effective 1 January 2016

Amends IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets to:

- Clarify that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment;

- Introduce a rebuttable presumption that an amortisation method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated; and

- Add guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset.

The amendment will not have an impact since the Company does not hold any property, plant and equipment.

3. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (CONTINUED)

Amendments (Continued)

Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41) - effective 1 January 2016

Amends IAS 16 Property, Plant and Equipment and IAS 41 Agriculture to:

- Include 'bearer plants' within the scope of IAS 16 rather than IAS 41, allowing such assets to be accounted for a property, plant and equipment and measured after initial recognition on a cost or revaluation basis in accordance with IAS 16;

- Introduce a definition of 'bearer plants' as a living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales; and

- Clarify that produce growing on bearer plants remains within the scope of IAS 41.

The amendment will not have an impact as the Company does not hold any property, plant and equipment.

Amendments to IAS 27: Equity Method in Separate Financial Statements - 1 January 2016

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively.

For first-time adopters of IFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to IFRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted.

This amendment will not have an impact on the Company as it does not hold investment in subsidiaries.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) – 1 January 2016

This standard clarifies the treatment of the sale or contribution of assets from an investor to its associate or joint venture, as follows:

- require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3*Business Combinations*)

- require the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognised only to the extent of the unrelated investors’ interests in that associate or joint venture.

These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occurs by an investor transferring shares in a subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves.

3. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (CONTINUED)

Amendments (Continued)

The following amendments were made to these standards:

- **IFRS 5 -** Adds specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued
- **IFRS 7 -** Additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset, and clarification on offsetting disclosures in condensed interim financial statements
- **IAS 19 -** Clarify that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid
- **IAS 34 -** Clarify the meaning of 'elsewhere in the interim report' and require a cross-reference

The Company is still assessing the impact of these new or revised standards and interpretations on the presentation of its financial statements.

No early adoption is intended by the Board of directors.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

Judgements

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

Going Concern

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

Determination of functional currency

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

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

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. 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. An analysis of fair values of financial instruments and further details as to how they are measured is provided in Note 5.

IFRS 13 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 as provided in Note 5.

Assessing the significance of a particular input requires judgement, considering factors specific to the asset or liability. To assess the significance of a particular input to the entire measurement, the Group performs sensitivity analysis or stress testing techniques.

Investment in Shoprite Holdings (SHP ZL)

The Company (through its subsidiary Africa Opportunity Fund L.P) has a significant position of 8.8% of NAV (30 June 2014: 9.0%) in Shoprite Holdings (SHP ZL) ("Shoprite") on the Zambian Register. The value of the investment as at 30 June 2015 amounted to USD 5,696,008 (30 June 2014: USD 6,786,064) and the original cost of the investment was USD 3,639,685 (2014: USD 3,639,685). Shoprite has conveyed its intention to seek to reverse certain trades made on the Lusaka Stock Exchange. 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 appealed the decision. A consent court order was issued in October 2014 consolidating all the actions. Shoprite issued a consolidated writ of summons in March 2015 seeking to reverse trades for 438,743 Shoprite shares out of AOF's holding of 679,145 Shoprite shares. 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 608,819 (2014: USD 428,473) 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.

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

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

	30 June 2015	30 June 2014
	USD	USD
Designated at fair value through profit or loss:		
At start of year	**63,822,689**	55,473,931
Additions	**11,868,641**	16,679,578
Disposals	**(7,412,769)**	(1,415,107)
Net (losses)/ gains on financial assets at fair value through profit or loss	**(4,300,605)**	(5,068,917)
	63,977,956	65,669,485
Analysis of portfolio:		
- Listed equity securities	**51,923,304**	46,818,244
- Unlisted equity securities	**1,000,012**	-
- Listed debt securities	**10,804,640**	17,901,241
- Unlisted debt securities	**250,000**	950,000
	63,977,956	65,669,485

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

	30 June 2015	30 June 2014
	USD	USD
Realised	**(1,593,187)**	(500,903)
Unrealised	**(2,707,418)**	(4,568,014)
Net gains/(losses)	**(4,300,605)**	(5,068,917)

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

	30 June 2015	30 June 2014
	USD	USD
Written put option	**-**	66,713
Listed securities sold short	**7,738,011**	11,617,976
	7,738,011	11,684,689

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

	30 June 2015	30 June 2015
	USD	USD
Realised	**(745,482)**	284,315
Unrealised	**(96,153)**	(212,923)
Net gains/ (losses)	**(841,635)**	71,392

5 (c) Fair value hierarchy

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

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

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

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

Recurring fair value measurement of assets and liabilities - 2015

	30 June 2015	**Level 1**	**Level 2**	**Level 3**
	USD	**USD**	**USD**	**USD**
Financial assets at fair value through profit or loss:				
Equities	**52,923,316**	**46,227,296**	**6,696,020**	**-**
Debt securities	**11,054,640**	**-**	**11,054,640**	**-**
	63,977,956	**46,227,296**	**17,750,660**	**-**
Financial liabilities at fair value through profit or loss	**(7,738,011)**	**(7,738,011)**	**-**	**-**

5 (c) Fair value hierarchy (Continued)

Recurring fair value measurement of assets and liabilities – 2014

	30 June 2014	Level 1	Level 2	Level 3
	USD	USD	USD	USD
Financial assets at fair value through profit or loss:				
Equities	46,818,244	40,032,180	6,786,064	-
Debt securities	18,851,241	-	18,851,241	-
	65,669,485	40,032,180	25,637,305	-
Financial liabilities at fair value through profit or loss	11,684,689	11,684,689	-	-

6. TRADE AND OTHER RECEIVABLES

	30 June 2015	30 June 2014
	USD	USD
Interest receivable on bonds	**177,715**	729,280
Dividend receivable	**727,479**	691,290
Other receivables	**491,677**	270,518
	1,396,871	1,691,088

The receivables include dividends receivable from Shoprite Holdings, see note 4. Interests receivable on bonds are due within six months.

7. NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

	30 June 2015	**30 June 2015**	30 June 2014	30 June 2014
	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
Reclassification	**(42,630,327)**	**(426,303)**	-	-
At 30 June	**-**	**-**	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.

7. NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

YEAR 2015	**Number of units**	**Ordinary Shares**	**Class C Shares**	**Total**
		USD	**USD**	**USD**
At 1 January 2015	**71,830,327**	**43,099,112**	**26,636,068**	**69,735,180**
Changes during the year:				
Issue of shares	**-**	**-**	**-**	**-**
Redemption of shares	**-**	**-**	**-**	**-**
Loss for the period	**-**	**(3,761,091)**	**(1,449,380)**	**(5,210,471)**
At 30 June 2015	**71,830,327**	**39,338,023**	**25,186,688**	**64,524,711**
Net assets value per share in 2015		0.9228	0.8626	

YEAR 2014		Ordinary Shares	Class C Shares	Total
		USD	USD	USD
Reclassification from equity at 17 April 2014	42,630,327	52,254,245	-	52,254,245
Changes during the year:				
Issue of shares	29,200,000	-	29,200,000	29,200,000
Redemption of shares	-	-	-	-
Loss for the period	-	(5,010,390)	(831,040)	(5,841,430)
At 30 June 2014	71,830,327	47,243,855	28,368,960	75,612,815
Net assets value per share in 2014		1.1082	0.9715	

C shares

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

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

7. NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

C shares (continued)

C Shares are a transient class of shares: the assets representing the net proceeds of any issue of C Shares will be maintained, managed and accounted for as a separate pool of capital of the Company until those C Shares convert into Ordinary Shares (which will occur once 85 per cent. of all of the assets representing the Net Placing Proceeds (aggregate Placing Price less the applicable fees and expenses of the Placing) have been invested in accordance with the Company's existing investment policy (or, if earlier, six months after the date of issue of the C Shares)). Under the Articles the Directors have discretion to make such adjustments to the timing of Conversion as they consider reasonable having regard to the interests of all Shareholders. In this regard, although Conversion was anticipated to occur no later than six months after Admission, the Directors considered it is in the best interests of all Shareholders (being at that time Ordinary Shareholders and C Shareholders) to extend the Conversion Date beyond the six month period as the Shoprite case was still unresolved as at year end. On such conversion, each holder of C Shares will receive such number of Ordinary Shares as equals the number of C Shares held by them multiplied by the Net Asset Value per C Share and divided by the Net Asset Value per Ordinary Share (subject to a discount of 5 per cent.), in each case as at a date shortly prior to Conversion. As at 30 June 2015, the dispute with Shoprite is still unresolved and the Conversion has not yet been made.

The Company does not have a fixed life but, as stated in the Company's admission document published in 2007, the Directors consider it desirable that Shareholders should have the opportunity to review the future of the Company at appropriate intervals. Accordingly, Shareholders passed an ordinary resolution at an extraordinary general meeting of the Company on 28 February 2014 that the Company continues in existence.

In 2019, the Directors will convene another general meeting where an ordinary resolution will be proposed that the Company will continue in existence. If the resolution is not passed, the Directors will be required to formulate proposals to be put to Shareholders to reorganise, reconstruct or wind up the Company. If the resolution is passed, the Company will continue its operations and a similar resolution will be put to Shareholders every five years thereafter.

At the same time as the continuation vote in 2019, the Company will provide Shareholders with, without first requiring a Shareholder vote to implement this policy, an opportunity to realise all or part of their shareholding in the Company for a net realised pro rata share of the Company's investment portfolio.

The directors have the discretion to defer the conversion indefinitely. Hence, there could be two classes of shares (the Ordinary and the C Class shares) that could be realised in a forced liquidation by the shareholders, and then the requirements of IAS 32.16C and 16D would need to be applied to both classes. Due to the fact that there are two separate pools of assets and liabilities attributable to the C Class and Ordinary shareholders respectively, the requirements of IAS 32.16C(a) would not be met. Therefore both the classes have been classified as financial liabilities as from April 17, 2014 upon issuance of a Class C shares.

The equity attributable to ordinary shareholders (classified as equity) amounting to USD 52,254,245 have been reclassified to ''net assets attributable to shareholders'' as from 17 April 2014 (reclassified now as ''financial liabilities'' under IAS 32) upon issue of C shares where two separate pools are now being managed.

8. TRADE AND OTHER PAYABLES

	30 June 2015	30 June 2014
	USD	USD
Performance fee	**-**	2,141,871
Accrued expenses	**107,568**	208,144
Other payables	**196,280**	156,604
	303,848	2,506,619

Other payables are non-interest bearing and are due on demand. Other payables consisted of trades not yet settled as at 30 June 2015 and amounted to USD 198,280 (2014: USD 156,604).

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

9 (a) STATEMENT OF FINANCIAL POSITION

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015

	Ordinary shares	**C shares**
	USD	**USD**
ASSETS		
Financial assets at fair value through profit or loss	39,091,093	24,886,864
Trade and other receivables	1,126,947	269,924
Cash and cash equivalents	3,818,319	3,687,838
Total assets	**44,036,359**	**28,844,626**
EQUITY AND LIABILITIES		
Liabilities		
Financial liabilities at fair value through profit or loss	4,363,343	3,374,668
Trade and other payables	20,579	283,270
Total liabilities	4,383,922	3,657,938
Equity		
Non-controlling interest	314,414	-
Total equity	314,414	-
Total equity and liabilities	**39,338,023**	**25,188,688**

9 (a) STATEMENT OF FINANCIAL POSITION (CONTINUED)

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014

	Ordinary shares USD	C shares USD
ASSETS		
Financial assets at fair value through profit or loss	56,576,965	9,092,521
Trade and other receivables	1,612,275	78,813
Cash and cash equivalents	2,300,681	20,518,085
Total assets	**60,489,921**	**29,689,419**
EQUITY AND LIABILITIES		
Liabilities		
Financial liabilities at fair value through profit or loss	10,769,640	915,050
Trade and other payables	2,101,210	405,409
Total liabilities	12,870,850	1,320,459
Equity		
Non-controlling interest	375,216	-
Total equity	375,216	-
Net assets attributable to shareholders	**47,243,855**	**28,368,960**

9 (b) STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2015

	Ordinary shares USD	C shares USD
Revenue		
Income	1,095,430	143,893
Net gains on financial assets at fair value through profit or loss	-	-
Net gains on financial liabilities at fair value through profit or loss	-	-
	1,095,430	143,893
Expenses		
Management fees	371,443	214,015
Net losses on financial assets at fair value through profit or loss	3,301,668	998,937
Net losses on financial liabilities at fair value through profit or loss	786,446	55,189
Other expenses	411,573	296,782
	4,871,130	1,564,923
Loss before taxation	(3,775,700)	(1,421,030)
Taxation	(11,206)	(28,351)
Total comprehensive income for the period	(3,786,906)	(1,449,381)

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

9 (b) STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

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

	Ordinary shares USD	C shares USD
Revenue		
Income	1,984,350	64,392
Net gains on financial assets at fair value through profit or loss	-	95,431
Net gains on financial liabilities at fair value through profit or loss	137,031	-
	2,121,381	159,823
Expenses		
Management fees	476,874	96,529
Net losses on financial assets at fair value through profit or loss	5,164,348	-
Net losses on financial liabilities at fair value through profit or loss	-	65,639
Other expenses	1,134,120	828,695
	6,775,342	990,863
Loss before taxation	(4,653,961)	(831,040)
Taxation	(104,757)	-
Total comprehensive income for the period	(4,758,718)	(831,040)

10. GAIN/ (LOSS) PER SHARE

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

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

		30 June 2015	30 June 2014
Decrease in net assets attributable to shareholders	USD	**(3,786,906)**	(4,728,238)
Weighted average number of ordinary share in issue		**42,630,327**	42,630,327
Basic gain/ (loss) per share	**USD**	**(0.0888)**	(0.1109)

		30 June 2015	30 June 2014
Decrease in net assets attributable to shareholders	USD	**(1,449,381)**	(831,039)
Weighted average number of C share in issue		**29,200,000**	29,200,000
Basic gain/ (loss) per share	**USD**	**(0.0496)**	(0.0285)

11. TAXATION

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

12. SEGMENT INFORMATION

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

13. PERSONNEL

The Group did not employ any personnel during the half year period ended 30 June 2015 (2014: the same).

14. FAIR VALUE OF NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

Recurring fair value measurement of financial liabilities

The below table shows the fair value hierarchy of the Net assets attributable to shareholders.

	Level 1 USD	Level 2 USD	Level 3 USD
Ordinary shares	-	39,338,023	-
C Class shares	-	25,186,688	-
At 30 June 2015	**-**	64,524,711	**-**

The Ordinary and C Class shares are quoted on the SFM of the London Stock Exchange ("LSE").
The shares are traded on the exchange at the quoted price as determined by the participants on the LSE. In a liquidation scenario or if investors elect to initiate their opportunity to realise all or part of the shareholding at the time of the continuation vote in 2019, the proceeds to the shareholders would be determined by the net realisation of the net asset value.

Therefore, the Directors have concluded that the most appropriate estimate of fair value of both classes of shares is their net asset value per share, without adjustment, at the reporting date. This price is calculated by taking the net assets attributable to shareholders and dividing by the number of shares in issue. The Net Assets Value is published on a monthly basis. Therefore, the fair value of the Net assets attributable to shareholders has been classified as level 2 as the NAV is an input that is observable