25 September 2020

Africa Opportunity Fund Limited
("AOF" or the "Company", or the "Fund")
Half Yearly Report for the Six Months ended 30 June 2020

The Board of Directors of Africa Opportunity Fund Limited is pleased to announce its unaudited results for the 6 month period to 30 June 2020. The full half yearly report for the period ended 30 June 2020 will be sent to shareholders and will be available soon on the Company's website: www.africaopportunityfund.com.

Highlights:

- AOF's ordinary share net asset value per share of US$0.550 as at 30 June 2020 fell by 14% from the 31 December 2019 net asset value per share of US$0.638. After adjusting for redemption and dividend proceeds during H1, AOF's ordinary net asset value fell by 7%.
- As at 30 June 2020, AOF's investment allocation for its Ordinary Shares was 79% equities, 5% debt and 16% unencumbered cash.
- AOF's Ordinary Shares net asset value per share as at 31 August 2020 was US$0.544.
- AOF's Ordinary Shares paid an annual dividend per share of $0.0172 per share for 2019.
- AOF mandatorily redeemed 39.8 million shares for an aggregate consideration of $24 million. The first redemption occurred on March 16, 2020 and the second redemption occurred on June 22, 2020.

Manager's Commentary:

Market Conditions

AOF's total return in H1 2020 was -7%. As a reference, during this period in USD the S&P fell 3%, Brazil fell 40%, Russia fell 20%, India fell 20%, and China rose 2%. In Africa, South Africa fell 23%, Egypt fell 20%, Kenya fell 19%, and Nigeria fell 10%. Three Africa-focused exchange traded funds – the Lyxor ETF (PAF FP), the DBX MSCI Africa Top 50 (XMAF LN), and Van Eck Africa Index (AFK US), fell, respectively, 12%, 26%, and 19%.

Ordinary Shares Portfolio Highlights

AOF made progress realizing and distributing the proceeds from its more liquid portfolio holdings during H1 2020. The Covid-19 pandemic and the global outbreak of national lockdowns account for the sharp market declines of H1 and the depreciation of many African currencies. The Zambian kwacha depreciated by 23% against the US Dollar, the Botswana Pula by 10%, and the Kenyan shilling by 5% to cite a few examples. The Fund sold its entire holdings of Anglogold Ashanti, Goldfields, Kosmos Energy, Continental Reinsurance, Alexandria Containers, CEC Africa, Fastjet, Multichoice Group, Vodacom, and debt of MTN Group. Except for the Continental Reinsurance disposal pursuant to a corporate transaction, all the disposals were made in the market. The worst and best disposals took place in the natural resources portfolio, in response to the 38% fall of Brent Crude from $66 to $41 and the 18% rise in gold to $1781 at the end of June.

The remaining holdings of the Fund are, as a generalization, illiquid. Three of them accounted for 68% of the Fund's H1 losses. Some commentary on them is in order. We intend to pursue a combination of block trades plus the occasional corporate transaction to effect an orderly realization of the remaining portfolio.

Copperbelt lost 51% of its value in H1, as its extended contract with its largest customer - Konkola Copper Mines ("KCM") - expired and was replaced by an arrangement under which Copperbelt is paid only 33% of the tariff that Copperbelt earned in normal operations. The Zambian government imposed this profit destroying tariff by edict from its Energy Regulation Board. These developments occurred in late May after Copperbelt demanded the repayment of $130 million+ for several months' supply of electricity. Unsurprisingly, a campaign to vilify Copperbelt is in full throttle in the Zambian media. Copperbelt is now in technical default under its loan agreements and is battling these regulatory edicts in court. The government of Zambia, which now controls KCM after evicting its former controlling shareholder, acts as if default remedies under KCM's contracts are unenforceable. This conduct is far from routine. AOF believes it is a violation of contract and deters both domestic and foreign investment. To date, Zambian courts have declined to interfere with Copperbelt's efforts to recover its unpaid debts. Very little good will come out of this saga.

Enterprise Group lost 15% of its value in H1. It released both its annual report and its Q1 and Q2 2020 results, all of which confirmed emphatically the high quality of Enterprise's portfolio. Ghana's Covid-19 lockdown constricted Enterprise's new life product sales because its agency sales force could not interact directly with prospective clients. Policy surrenders, terminations, and withdrawals spiked in response to job retrenchments and furloughs. To date, Ghana's Covid-19 experience has been muted by global standards, even if it has one of Africa's higher Covid-19 case numbers. From a valuation perspective, Enterprise bears all the stigmata of a financial institution distrusted by the stock market, its funders, and its regulators. Its equity trades on a P/B ratio of 0.45x, a P/Embedded Value (alone) of 0.6x, a P/E ratio of 3x, and a dividend yield of 3.8%.

What counts, over time, is whether Enterprise can increase the embedded value earnings of its largest subsidiary - Enterprise Life. Enterprise Life's embedded value must grow in inflation-adjusted and US Dollar terms for Enterprise Group to appreciate in US Dollars. Life companies in Europe, Africa, and Asia, to name a few regions, are valued in corporate transactions on their embedded value; not accounting or statutory profits. Embedded value captures the net present value of a life company's existing book of insurance policies. Enterprise Life's embedded value has grown at annual rates of 26% in Cedis and 14% in Dollars between 2016 and 2019. Over the same period, Enterprise Group's embedded value earnings per share have risen, at a 21% annual rate, from $0.08 to $0.14 per share. Lucrative new business margins are key to these results. The 17% value of new business margin enjoyed by Enterprise Life is a far cry from the 3% value of new business margin target of Sanlam, Africa's largest insurance group. Yet, Enterprise's current price approximates a 5-year low and is only 60% of its portion of Enterprise Life's embedded value. General insurance, pension trustees, and real estate are all worth less than zero in the eyes of the Ghanaian market. What uncertain prospects could justify this low price? A probable explanation is that exiting foreign shareholders have offered shares in much higher volumes than local shareholders can absorb, with average daily trading value in the last 12 months a mere $9,000.

Letshego produced a total return of -2% in H1. It is valued on a P/E ratio of 2.4x, a P/B ratio of 0.35x and a dividend yield of 17%. Its capital adequacy ratio is 36% and its balance sheet is liquid. Letshego gave two Covid-19 updates in Q2. Those updates revealed that it was accelerating its digitalization strategy in response to the Covid-19 pandemic. Furthermore, severe losses in its modest micro and small enterprises loans book were more than balanced by good experience in its deduction at source loan book. For example, alternative loan disbursement channels - including WhatsApp and the web - exploded from 2% of all channels in December 2019 to 31% in April 2020. Deduction at source (whereby a borrower's employer - typically the government - deducts the contractually due amount from that borrower's pay check before depositing the balance in that borrower's bank account after paying Letshego) collections, accounting for 88% of Letshego's loan book, enjoyed a 92% collection rate and a 0.9% loan loss ratio during the various Covid-19 lockdowns. By contrast, its micro and small enterprises loan book, accounting for 9% of Letshego's total loan book, suffered a 3.3% loan loss ratio. Moody's recently reaffirmed Letshego's investment grade Ba3 credit rating with a stable outlook. Letshego's H1 2020 results were consistent with our expectations that it would avoid the dramatic plunge in bank profitability occurring in South Africa, Europe, and North America. Its net profit attributable to shareholders declined 20% while its interim dividend fell by 9%. Prudence does dictate a slowdown in loan growth. Nevertheless, the 9% additional decline inflicted on its share price since Q2 seems unwarranted.

The Fund's Zimbabwean property investments rose 132% in H1, despite a 78% depreciation of the Old Mutual Implied Rate in H1. Hyperinflation is roaring through Zimbabwe, so institutional investors and individuals have flocked into well established inflation hedges like property. To arrest the collapsing Zimbabwe Dollar, Zimbabwe has suspended Old Mutual shares from the Zimbabwe Stock Exchange. The foreign exchange value of the Zimbabwe Dollar, as measured by Old Mutual Implied Rate (of the Dollar) at the end of June, was far lower than all other official and unofficial exchange rates. Mashonaland's book value was $61.3 million on September 30, 2019 vs its market cap of $11.3 million on June 30, 2020. By contrast, First Mutual Properties' book value of $23 million on December 31, 2020 was close to its market cap of $21.48 million on June 30, 2020. Both companies are ungeared. Mashonaland's properties could do with more refurbishment. Admittedly, Harare's skyline is a far cry from the glitter and glamour of global cities. Still, the replacement value of our Zimbabwean properties is materially higher than their current market valuations.

Strategy

The Fund is in the process of realizing its holdings. Two distributions were made during H1 2020 in the form of compulsory share redemptions worth a total of $24 million. The portfolio is now comprised of less liquid holdings and we are looking to the next 1-2 years to effectuate a realizing of the remaining portfolio.

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

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
25 September 2020

AFRICA OPPORTUNITY FUND LIMITED
UNAUDITED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD FROM 1 JANUARY 2020 TO 30 JUNE 2020

	Notes	For the period ended 30 June 2020	For the period ended 30 June 2019
		USD	USD
Income			
Net gains on investment in subsidiaries at fair value through profit or loss	6(a)	-	2,085,851
		-	2,085,851
Expenses			
Net losses on investment in subsidiaries at fair value through profit or loss	6(a)	**3,149,501**	-
Management fee		**405,569**	505,744
Custodian fees, brokerage fees and commissions		**18,900**	-
Other operating expenses		**78,111**	105,959
Directors' fees		**8,750**	87,500
Audit fees		**34,433**	46,180
		3,695,264	745,383
Total comprehensive (loss)/income for the period		**(3,695,264)**	1,340,468

AFRICA OPPORTUNITY FUND LIMITED
UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Notes	30 June 2020	30 June 2019
		USD	USD
ASSETS			
Cash and cash equivalents	8	**31,057**	115,532
Trade and other receivables	7	**81,567**	20,823
Investment in subsidiaries	6(a)	**19,271,879**	51,521,749
Total assets		**19,384,503**	51,658,104
EQUITY AND LIABILITIES			
LIABILITIES			
Trade and other payables	10	**111,726**	79,354
Total liabilities		**111,726**	79,354
Net assets attributable to shareholders		**19,272,777**	51,578,750
Ordinary share capital		350,062	748,496
Share premium		13,553,259	37,921,452
Retained earnings		5,369,456	12,908,802
Total equity		**19,272,777**	**51,578,750**
Net assets value per share:			
- Ordinary shares		0.551	0.689

AFRICA OPPORTUNITY FUND LIMITED
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD FROM 1 JANUARY 2020 TO 30 JUNE 2020

	Share Capital	Share Premium	Retained Earnings	Total
	USD	USD	USD	USD
At 1 January 2020	748,496	37,921,452	9,064,720	47,734,668
CAPITAL TRANSACTIONS:				
Redemption of ordinary shares	(398,434)	(23,601,566)	-	(24,000,000)
Dividend Payment	-	(766,627)	-	(766,627)
OPERATIONS:				
Total comprehensive loss for the period	-	-	(3,695,264)	(3,695,264)
At 30 June 2020	**350,062**	**13,553,259**	**5,369,456**	**19,272,777**

AFRICA OPPORTUNITY FUND LIMITED
UNAUDITED STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM 1 JANUARY 2020 TO 30 JUNE 2020

	For the period ended 30 June 2020	For the period ended 30 June 2019
	USD	USD
Operating activities		
Total comprehensive (loss)/income for the period	**(3,695,264)**	1,340,468
Adjustment for non-cash items:		
Unrealised loss/(gain) on investment in subsidiaries at fair value through profit or loss	**3,149,501**	(2,085,851)
Cash used in operating activities	**(545,763)**	(745,383)
Net changes in operating assets and liabilities		
Proceeds from investment in subsidiaries at fair value through profit or loss	**25,466,628**	950,000
Increase in trade and other receivables	**(3,476)**	(15,874)
Decrease in trade and other payables	**(222,772)**	(77,587)
Net cash generated from operating activities	**25,240,380**	856,539
Financing activities		
Redemption of ordinary shares	**(24,000,000)**	-
Dividend Payment	**(766,627)**	-
Cash used in financing activities	**(24,766,627)**	-
Net (decrease)/increase in cash and cash equivalents	**(72,010)**	111,156
Cash and cash equivalents at 1 January	**103,067**	4,376
Cash and cash equivalents at 30 June	**31,057**	115,532

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 Segment "SFS" in 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. Africa Opportunity Fund Limited includes 100% of Africa Opportunity Fund (GP) Limited.

The financial statements for the Company for the half year ended 30 June 2020 were authorised for issue in accordance with a resolution of the Board of Directors on **25 September 2020.**

Presentation currency

The 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 financial statements are set out below. These policies have been consistently applied from the prior period to the current period for items which are considered material in relation to the 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

In the prior and current period, the Company satisfied the criteria of an investment entity under IFRS 10: Consolidated Financial Statements. As such, the Company no longer consolidates the entities it controls. Instead, its interest in the subsidiaries has been classified as fair value through profit or loss, and measured at fair value. This consolidation exemption has been applied prospectively and more details of this assessment are provided in Note 4 "significant accounting judgements, estimates and assumptions." The financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (IASB). The financial statements have been prepared under the historical cost convention except for financial assets and financial liabilities measured at fair value through profit or loss. The preparation of financial statements in accordance with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation (continued)

Although these estimates are based on management's knowledge of current events and actions, actual results ultimately may differ from those estimates. In additional to the following: All assets have been assessed for impairment regardless of whether any indicators for impairment were identified; and all possible liabilities that might arise from the winding up of the Company have been accrued for. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Board of Directors to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

The Company presents its statement of financial position in order of liquidity.

Foreign currency translation

(i) Functional and presentation currency

The Company's financial statements are presented in USD which is the functional currency, being the currency of the primary economic environment in which both the Company operates. The Company 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 Company is USD. The Company chooses USD as the presentation currency.

(ii) 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

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another equity.

(a) Classification

The Company classifies its financial assets and liabilities in accordance with IAS 39 into the following categories:

(i) 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 at the Africa Opportunity Fund LP (the "Master Fund") level.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

(a) Classification (Continued)

Financial assets designated at fair value through profit or loss upon initial recognition

These include equity securities and debt instruments that are not held for trading at the Master Fund level. These financial assets are classified at FVTPL 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 Company, as set out in each of their offering documents. The financial information about the financial assets is provided internally on that basis to the Investment Manager and to the Board of Directors. For the Company, financial assets classified at fair value through profit or loss upon initial recognition include investment in subsidiaries.

Investment in subsidiaries

In accordance with the exception under IFRS 10 Consolidated Financial Statements, the Company does not consolidate subsidiaries in the financial statements. Investments in subsidiaries are accounted for as financial instruments at fair value through profit or loss.

(i) Financial assets and liabilities at fair value through profit or loss

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 Company does not apply any hedge accounting). The Master Fund'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 Master Fund purchases and sells put and call options through regulated exchanges and OTC markets. Options purchased by the Master fund provide the Master Fund 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 Master Fund 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 Master fund 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.

Contracts for difference

Contracts for difference are derivatives that obligate either the buyer or the seller to pay to the other the difference between the asset's current price and its price at the time of the contract's usage. Unrealized gains or losses are recorded at the end of each time period that passes without the CFDs being used. Once the CFDs are used, the difference between the opening position and the closing position is recorded as either revenue or a loss depending on whether the business was the buyer or the seller.

Derivatives relating to options and contracts for difference are recorded at the level of the Master Fund. The financial statements of the Company does not reflect the derivatives as they form part of the net asset value (NAV) of the Master Fund which is fair valued.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

(ii) Financial assets at amortised cost

The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial assets is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Company's financial assets at amortised cost comprise 'trade and other receivables' and 'cash and cash equivalents' in the statement of financial position.

(iii) Other financial liabilities

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

(b) Recognition

The Company 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 Master Fund commits to purchase or sell the asset.

(c) 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.

Financial assets at amortised cost 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.

(d) Subsequent measurement

The Company measures financial instruments which are classified 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 and dividend earned 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'. Distributions received on investments at FVTPL is recorded in "Net gain or loss on financial assets at fair value through profit or loss".

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

(d) Subsequent measurement (Continued)

Financial assets at amortised costs are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognise, modified or impaired.

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 Company 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.

(e) 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 Company 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 Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset. When the Company 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 Company’s continuing involvement in the asset.

The Company derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired. 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 Company measures it investments in subsidiaries at fair value through profit or loss, and the Master Fund measures its investments in financial instruments, such as equities, debentures and other interest bearing investments and derivatives, at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measured is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to the Company. The fair value for financial instruments traded in active markets at the reporting date is based on their quoted price without any deduction for transaction costs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Determination of fair value (Continued)

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 6.

The Company 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 Company recognises an allowance for expected credit losses (ECLs) for all financial assets measured at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

ECLs are recognised either on a 12-month or lifetime basis. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of a default (a lifetime ECL).

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. At the reporting date, the majority of the Company's debt instruments were held at fair value through profit or loss with the exception of trade and other receivables and cash and cash equivalents which are de minimis. As a result, no ECL has been recognised as any amount would have been insignificant.

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 legally enforceable 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

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

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 at the Master Fund level. Refer to the accounting policy for financial liabilities, other than those classified 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.

(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.

In 2017, the Ordinary Shares and Class C Shares were merged into one single class of shares and classified as equity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 Company'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.

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 POLICIES AND DISCLOSURES

The Company applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2020. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Although these new standards and amendments applied for the first time in 2020, they did not have a material impact on the financial statements of the Company.

The accounting policies adopted are consistent with those of the previous financial year except for the following new and amendments to IFRS as from 1 January 2020:

Standards and Amendments:	Effective for accounting period beginning on or after
IFRS 3 Business Combination Definition of a Business – Amendments to IFRS 3	1 January 2020
IAS 1 Presentation of Financial Statements and IAS 8 Accounting Polies, Changes in Accounting Estimates and Errors – Definition of Material	1 January 2020
Interest Rate Benchmark Reform – Amendments to IFRS 9, IAS 39 and IFRS 7	1 January 2020
Conceptual Framework for Financial Reporting	1 January 2020

3.1. ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following standards, amendments to existing standards and interpretations were in issue but not yet effective. The company would adopt these standards, if applicable, when they become effective. No early adoption of these standards and interpretations is intended by the Board of directors.

New or revised standards and interpretation:	Effective for accounting period beginning on or after
IFRS 17 Insurance Contracts	1 January 2023

The above standards and interpretations issued but not effective are not expected to have material impact on the Company.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company'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 Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

The preparation of the Company's financial statements requires management to make judgments, 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 the future periods.

Judgements

Going concern

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 continue in existence.

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

Going concern (Continued)

In June 2019, the Directors convened an Annual General Meeting and an Extraordinary General Meeting where the following was passed:

- Ordinary resolution that the requirement of the Company to propose the realisation opportunity be and is hereby waived.
- Ordinary resolution that the continuation of the existence of the Company be and is hereby approved.
- The text set out under "New Investing Policy" in paragraph 2 of Part III of the Company's circular to Shareholders dated 5 June 2019 (the "Circular") be and is hereby adopted as the new investment policy of the Company;
- The terms of the Amended and Restated Investment Management Agreement (as defined in the Circular) be and are hereby approved;
- The memorandum and the articles of association in the form initialled by the Chair of the meeting be adopted as the memorandum and articles of association of the Company in substitution for and to the exclusion of the existing memorandum and articles of association; and
- Any variation to the rights attaching to the Ordinary Shares in the Company pursuant to the adoption of the new memorandum and articles of association, and in particular the right for the Company to redeem the Ordinary Shares (including any redemptions made of 15 per cent. or more of the Company's issued share capital), be and is hereby approved.

Below is a brief synopsis of the “New Investing Policy” as per the Company’s Circular dated 5 June 2019:

For a period of up to three years following the Extraordinary General Meeting (the "Return Period"), the Company will make no new investments (save that it may invest in, or advance additional funds to, existing investments within the Company's portfolio to maximise value and assist in their eventual realisation). The Company will adopt the New Investment Policy whereby the Company's existing portfolio of investments will be divested in a controlled, orderly and timely manner to facilitate a staged return of capital. It should be appreciated that there is no time horizon in terms of the implementation of the New Investment Policy. Although the Company's portfolio is comprised of largely liquid equity holdings, the Company has some illiquid investments and it may take the Investment Manager some time to realise these. Shareholders will be provided with an opportunity to reassess the investment policy and distribution policy at the end of the Return Period. To that end, a further ordinary resolution for the Company's continuation will be proposed at an extraordinary general meeting to be convened at the end of the Return Period (the "Second Continuation Vote"). Subsequent to the disposal of the investments, the Company will be liquidated, which indicates that it will no longer be a going concern. IAS 1 - Presentation of Financial Statements and IAS 10 - Events after the reporting period require that the financial statements should not be prepared on a going concern basis if management determines that it intends to liquidate the entity. The directors have considered an alternative basis of preparation but believe that International Financial Reporting Standards (“IFRS”) as a basis for preparation best reflects the financial position and performance of the Company.

Other than financial assets at fair value through profit or loss, the carrying value of the remaining assets, which were determined in accordance with the accounting policies, have been reviewed for any possible impairment, and consideration has been given to whether any additional provision is necessary as a result of the Directors’ intention to wind up the Company. It is expected that all assets will realise at least at the amounts at which they are presented in the statement of financial position and that there will be no material additional liabilities. It should be noted that due to events after finalisation of the interim financials, the final amounts to be received could vary from the amount shown in the statement of financial position due to circumstances which arise subsequent to preparation of the financial statement and these variations could be material.

Determination of functional currency

The determination of the functional currency of the Company 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)

Assessment for an investment entity

An investment entity is an entity that:

(a) Obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services;
(b) Commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
(c) Measures and evaluates the performance of substantially all of its investments on a fair value basis.

An investment entity must demonstrate that fair value is the primary measurement attribute used. The fair value information must be used internally by key management personnel and must be provided to the entity's investors. In order to meet this requirement, an investment entity would:

- Elect to account for investment property using the fair value model in IAS 40 Investment Property
- Elect the exemption from applying the equity method in IAS 28 for investments in associates and joint ventures, and
- Measure financial assets at fair value in accordance with IFRS 9.

In addition an investment entity should consider whether it has the following typical characteristics:

- It has more than one investment, to diversify the risk portfolio and maximise returns;
- It has multiple investors, who pool their funds to maximise investment opportunities;
- It has investors that are not related parties of the entity; and
- It has ownership interests in the form of equity or similar interests.

As from the year ended December 2016, the Board concluded that the Company meets the definition of an investment entity as all investments have been measured on a fair value basis. IFRS 10 allows the application of this change to be made prospectively in the period in which the definition is met. IFRS 10 Consolidated Financial Statements provides 'investment entities' an exemption from the consolidation of particular subsidiaries and instead require that an investment entity measures the investment in each eligible subsidiary at fair value through profit or loss in accordance with IFRS 9 Financial Instruments.

Assumptions and Estimates

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 Company 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 Company. Such changes are reflected in the assumptions when they occur. 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.

Fair value of financial instruments

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 6.

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

Fair value of financial instruments (Continued)

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 6. 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 Company performs sensitivity analysis or stress testing techniques.

Valuation of investments listed on the Zimbabwe Stock Exchange

The fair value of the investments listed on the Zimbabwe Stock Exchange amounted to USD 1,993,615. The Fund has applied discounts to its investments listed on the Zimbabwe Stock Exchange since November 30, 2018. In applying those discounts, it has taken note of rising economic uncertainties, and signs of sovereign stress, in Zimbabwe, especially since October 2018, manifest, for example, in lengthening queues for the foreign exchange remittances, and a heightened volatility in share prices. It selected a transparent discount factor to the market values of its listed Zimbabwean holdings, otherwise known as the Old Mutual Implied Rate. That rate is the ratio of 1 ordinary share of Old Mutual listed on the Zimbabwe Stock Exchange to the US Dollar price of 1 ordinary share of Old Mutual listed on the London Stock Exchange on the same day. To provide an illustrative example, the Old Mutual share price on the Zimbabwe Stock Exchange on 30 June, 2020 was 82.00 ZWL, the corresponding Old Mutual share price in Dollars on the London Stock Exchange was $0.69545, and the quoted share price of First Mutual Properties was 2.05 ZWL. The share price of First Mutual Properties recorded in the financial statements of the Fund was $0.0174 =2.05 ZWL*($0.69545/82 ZWL). This ratio was selected because it represented a legal, market-determined, exchange rate available to persons seeking to move funds in and out of Zimbabwe via the movement of Old Mutual shares between share registers in Zimbabwe and the United Kingdom or South Africa.

5. AGREEMENTS

Investment Management Agreement

Management and Performance fees

For the period 1 January 2019 to 30 June 2019, the 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 Company subject to the overall supervision of the Company’s board as specified in the 2014 prospectus of the Company, was in effect. Under the Amended and Restated Investment Management Agreement, the Investment Manager received, a management fee equal to the aggregate of: (i) two percent 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) 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 (the “Performance Allocation”) from the Limited Partnership equivalent to 20 per cent of the excess of the Net Asset Value (as at 31 December in each year) over the sum of (i) the annual management fee for that year 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 will be subject to a “high watermark” requirement. Subsequent to the merger of the ordinary shares and the C shares, the high watermark is calculated as the aggregate of the Net Asset Value of the pre-merger ordinary share high watermark plus the proceeds of the C class share placing before expenses. 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.

Effective 1 July 2019, the Company and the Investment Manager have, upon the approval of the Reorganisation Resolution at the EGM in June 2019, entered into the Amended and Restated Investment Management Agreement which amends the fees payable to the Investment Manager as follows:

5. AGREEMENTS (CONTINUED)

Investment Management Agreement (Continued)

Management and Performance fees (Continued)

The management fee shall be reduced to 1 per cent of the Net Asset Value per annum for the first two years of the Return Period (the period of up to three years following the EGM held in June 2019) and then further reduced to 0 per cent in the last year of the Return Period.

The Investment Manager's entitlement to future performance fees (through CarryCo) will be cancelled and CarryCo's limited partnership interest in the Limited Partnership will be transferred to the Company for nominal value in the last year of the Return Period, that being 2022.

Realisation fees

The Investment Manager shall be entitled to the following realisation fees during the Return Period from the net proceeds of all portfolio realisations (including any cash returned by way of a Compulsory Redemption):

On distributions of cash to Shareholders where the applicable payment date is on or prior to 30 June 2020: 2 per cent of the net amounts realised.

On distributions of cash to Shareholders where the applicable payment date is 1 July 2020 or later: 1 per cent of the net amounts realised.

The revisions to the arrangements with the Investment Manager, constitute a related party transaction under the Company's related party policy, and in accordance with that policy, the Company was required to obtain: (i) the approval of a majority of the Directors who are independent of the Investment Manager; and (ii) a fairness opinion or third-party valuation in respect of such related party transaction from an appropriately qualified independent adviser.

The management fee for the financial period under review amounts to **USD 405,569** (2019: USD 505,744) of which **USD 99,585** (2019: USD nil) relates to accrued realisation fees and the performance fees for the financial period under review was nil (2019: nil).

Administrative Agreement

SS&C Technologies is the Administrator for the Company. Administrative fees are expensed at the Master Fund level and have been included in the NAV of the subsidiary.

Custodian Agreement

A Custodian Agreement has been entered into by the Master Fund and Standard Chartered Bank (Mauritius) Ltd, whereby Standard Chartered Bank (Mauritius) Ltd would provide custodian services to the Master Fund and would be entitled to a custody fee of between 18 and 25 basis points per annum of the value of the assets held by the custodian and a tariff of between 10 and 45 basis points per annum of the value of assets held by the custodian. The custodian fees are expensed at the Master Fund level and have been included in the NAV of the subsidiary.

Prime Brokerage Agreement

Under the Prime Brokerage Agreement, the Master Fund appointed Credit Suisse Securities (USA) LLC as its prime broker for the purpose of carrying out the Master Fund’s instructions with respect to the purchase, sale and settlement of securities. Custodian fees are expensed at the Master Fund level and have been included in the NAV of the subsidiary.

5. AGREEMENTS (CONTINUED)

Brokerage Agreement

Under the Broker Agreement revised during 2016, the Master Fund appointed Liberum, a company incorporated in England to act as Broker to the Company. The broker fee is payable in advance at six-month intervals. The broker fees are expensed at the Master Fund level and have been included in the NAV of the subsidiary.

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

6(a). Investment in subsidiaries at fair value

The Company has established Africa Opportunity Fund L.P., an exempted limited partnership in the Cayman Islands to ensure that the investments made and returns generated on the realisation of the investments made and returns generated on the realisation of the investments are both effected in the most tax efficient manner. All investments made by the Company are made through the limited partner which acts as the master fund. 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. Africa Opportunity Fund Limited hold 100% of the Africa Opportunity Fund (GP) Limited.

	2020
	USD
Investment in Africa Opportunity Fund L.P.	**19,269,832**
Investment in Africa Opportunity Fund (GP) Limited	**2,047**
Total investment in subsidiaries at fair value	**19,271,879**
Fair value at 01 January	**47,888,007**
Distribution income*	**(25,466,627)**
Net loss on investment in subsidiaries at fair value	**(3,149,501)**
Fair value at 30 June 2020	**19,271,879**

*"Distribution income" relates to the distribution of cash to the Company from Africa Opportunity Fund L.P. in order to enable the Company to pay expenses, compulsory redemptions and dividends.

6(b). Fair value hierarchy

The Company 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.

Note: The assets and liabilities of the Master Fund have been presented but do not represent the assets and liabilities of the Company as the Master Fund has not been consolidated.

6. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

	30 June 2020	Level 1	Level 2	Level 3
COMPANY	**USD**	**USD**	**USD**	**USD**
Investment in subsidiaries	**19,271,879**	**-**	**19,271,879**	**-**
MASTER FUND				
Financial assets at fair value through profit or loss				
Equities	17,139,625	14,778,432	2,361,193	-
Debt securities	943,999	943,999	-	-
	18,083,624	15,722,431	2,361,193	-

The valuation technique of the investment in subsidiaries at Company level is as follow:

The Company's investment manager considers the valuation techniques and inputs used in valuing these funds as part of its due diligence, to ensure they are reasonable and appropriate and therefore the NAV of these funds may be used as an input into measuring their fair value. In measuring this fair value, the NAV of the funds is adjusted, as necessary, to reflect restrictions on redemptions, future commitments, and other specific factors of the fund and fund manager. In measuring fair value, consideration is also paid to any transactions in the shares of the fund. Given that there has been no such adjustments made to the NAV of the underlying subsidiaries and given the simple structure of the subsidiaries investing over 98% in quoted funds, the Company classifies these investment in subsidiaries as Level 2.

The valuation techniques of the investments at master fund level are as follows:

Equity and debt securities

These pertain to equity and debt instruments which are quoted for which there is a market price. As a result, they are classified within level 1 of the hierarchy

Contract for difference (CFD)

The prices for CFD are calculated based on average prices from various quotes received from brokers.

Written put options

These are traded on an active market and have a quote market price. They have therefore been classified in level 1 of the hierarchy.

Unlisted debt and equity investments

African Leadership University ("ALU") is a network of tertiary institutions, currently with operations in both Mauritius and Rwanda. The Investment Manager continues to value ALU on the basis of the post-money valuation of ALU's Series B financing round as of May 2018. The valuation has been determined using observable prices based from the last round of obtaining external financing through the issue of ALU's series B preference shares. This valuation, in addition to analysis of the Investment Manager, continues to be the best estimate of ALU fair value, as confirmed by the terms of its 2018 financing round accepted in the capital markets. Subsequent reviews of this position as at 30 June 2020 and 31 December 2019 concluded this investment remains fairly valued at its existing level.

6. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

6(c). Statement of Comprehensive Income of the Master Fund for the period from 1 January 2020 to 30 June 2020

The net losses on investments in subsidiaries at fair value through profit or loss for the period from 1 January 2020 to 30 June 2020 amounted to USD 3,149,501, and net gains on investments in subsidiaries at fair value through profit or loss for the period from 1 January 2019 to 30 June 2019 amounted to USD 2,085,851 arising at the Master Fund and can be analysed as follows:

	For the period ended 30 June 2020
	USD
Income	
Interest revenue	**147,916**
Dividend revenue	**297,352**
Other income	**347**
Net foreign exchange gain	**119,929**
	565,544
Expenses	
Net losses on financial assets and liabilities at fair value through profit or loss	**3,568,930**
Custodian fees, brokerage fees and commission	**73,716**
Other operating expenses	**50,239**
Audit fees	**11,433**
	3,704,318
Operating loss before tax	**(3,138,774)**
Less withholding tax	**(26,823)**
Total Comprehensive loss for the period	**(3,165,597)**
Attributable to:	
AOF Limited (direct interests)	**(3,149,375)**
AOF Limited (indirect interests through AOF (GP) Ltd)	**(126)**
	(3,149,501)
AOF CarryCo Limited (minority interests)	**(16,096)**
	(3,165,597)

6. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

(i) Net gains/(losses) on financial assets and liabilities at fair value through profit or loss held by Africa Opportunity Fund L.P.

	For the period ended 30 June 2020	For the period ended 30 June **2019**
	USD	USD
Net gains/(losses) on fair value of financial assets at fair value through profit or loss	**(4,741,144)**	3,477
Net gains on fair value of financial liabilities at fair value through profit or loss	**1,172,214**	780,313
Net (losses)/gains	**(3,568,930)**	783,790

(ii) Financial asset and liabilities at fair value through profit or loss held by Africa Opportunity Fund L.P.

	For the period ended 30 June 2020	For the period ended 30 June 2019
	USD	USD
Held for trading assets:		
At 1 January	**38,372,508**	49,278,324
Additions	**212,755**	-
Disposal	**(15,760,495)**	(5,910,300)
Net (losses)/gains on financial assets at fair value through profit or loss	**(4,741,144)**	3,477
At 30 June (at fair value)	**18,083,624**	43,371,501
Analysed as follows:		
- Listed equity securities	**14,778,432**	38,603,318
- Listed debt securities	**155,590**	1,295,766
- Unlisted equity securities	**2,361,193**	2,362,443
- Unlisted debt securities	**788,409**	1,109,974
	18,083,624	43,371,501

Other receivables, cash at bank and other payables are not included above.

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

	For the period ended 30 June 2020	For the period ended 30 June 2019
	USD	USD
Realised	**(3,230,197)**	(2,167,773)
Unrealised	**(1,510,947)**	2,171,250
Total gains/(losses)	**(4,741,144)**	3,477

6. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

(iv) Financial liabilities at fair value through profit or loss held by Africa Opportunity Fund L.P.

	30 June 2020	30 June 2019
	USD	USD
Held for trading financial liabilities		
Written put options	**-**	16,875
Financial liabilities at fair value through profit or loss	**-**	16,875

(v) Net changes on fair value of financial liabilities at fair value through profit or loss

	For the period ended 30 June 2020	For the period ended 30 June 2019
	USD	USD
Realised	**1,209,326**	349,152
Unrealised	**(37,112)**	431,161
	1,172,214	780,313

7. OTHER RECEIVABLES

	30 June 2020	30 June 2019
	USD	USD
Other receivable	**78,930**	20,116
Prepayments	**2,637**	707
	81,567	20,823

8. CASH AND CASH EQUIVALENTS

	30 June 2020	30 June 2019
	USD	USD
Other bank accounts	**31,057**	115,532

9(a). ORDINARY SHARE CAPITAL

	30 June 2020	**30 June 2020**	30 June 2019	30 June 2019
	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

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.

9(b). NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

	Ordinary Shares
	USD
At 1 January 2020	**47,734,668**
Changes during the period:	
Total comprehensive loss for the period	(3,695,264)
Redemption of ordinary shares	(24,766,627)
At 30 June 2020	**19,272,777**
Net asset value per share at 30 June 2020	**0.551**

10. TRADE AND OTHER PAYABLES

	30 June 2020	30 June 2019
	USD	USD
Directors Fees Payable	**-**	43,750
Other Payables	**111,726**	35,604
	111,726	79,354

Other payables are non-interest bearing and have an average term of six months.

11. EARNING PER SHARE

The earnings per share is calculated by dividing the decrease in net assets attributable to shareholders by number of ordinary shares in issue during the period excluding ordinary shares purchased by the Company and held as treasury shares.

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

		Period from 1 January 2020 to 30 June 2020	Period from 1 January 2019 to 30 June 2019
		Ordinary shares	Ordinary shares
Change in net assets attributable to shareholders	USD	(3,695,264)	1,340,468
Number of shares in issue		35,006,160	74,849,606
Change in net assets attributable to shareholders per share	USD	(0.106)	0.018

12. ANALYSIS OF NAV OF MASTER FUND ATTRIBUTABLE TO ORDINARY SHARES

12(a). STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

ASSETS	
Cash and cash equivalents	1,948,082
Trade and other receivables	54,356
Financial assets at fair value through profit or loss	18,083,624
Total assets	20,086,062
EQUITY AND LIABILITIES	
Liabilities	
Trade and other payables	482,864
Due to AOF Ltd	70,180
Total liabilities	553,044
Net assets attributable to shareholders	19,533,018

The earnings per share is calculated by dividing the decrease in net assets attributable to shareholders by number of shares outstanding.

13. 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.

14. SEGMENT INFORMATION

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

15. PERSONNEL

The Company did not employ any personnel during the period (2018: the same).

16. COMMITMENTS AND CONTINGENCIES

There are no commitments or contingencies at the reporting date.

17. SIGNIFICANT EVENTS

MANDATORY REDEMPTION

The Directors, at their sole discretion, can effect a compulsory redemption of the Ordinary Shares on an ongoing basis and will therefore undertake a staged return of capital to shareholders. On 10 March 2020, and again on 15 June 2020, the Board of Directors of Africa Opportunity Fund Limited approved the mandatory redemptions of 30,278,230 and 9,565,216 Ordinary shares, respectively. On 16 March 2020, and again on 22 June 2020, the mandatory redemptions were completed and AOF redeemed the 30,278,230 Ordinary Shares, on a pro rata basis, at the prevailing NAV per Ordinary Share of $0.611 as at 29 February 2020 and the 9,565,216 Ordinary Shares, on a pro rata basis, at the prevailing NAV per Ordinary Share of $0.575 as at 31 May 2020. Such shares were cancelled automatically following their redemption. Fractions of shares produced by the applicable redemption ratios have not been redeemed and so the number of shares redeemed in respect of each shareholder has been rounded down to the nearest whole number of shares. Payments of redemption proceeds were effected either through Euroclear or Clearstream (in the case of shares held in uncertificated form) or by cheque (in the case of shares held in certificated form) on or around 25 March 2020 and 22 June 2020. Any share certificates for the balance of holdings of shares were despatched to shareholders on or around 25 March 2020 and 22 June 2020. Following the Mandatory Redemptions, the Company has 35,006,160 Ordinary Shares in issue. As of 31 December 2019, Robert Knapp and Myma Belo-Osagie, Directors of the Company, owned 12,083,358 and 100,000 Ordinary Shares, respectively. As a result of the Mandatory Redemptions described above, Robert Knapp and Myma Belo-Osagie now hold 5,651,225 and 46,769 Ordinary Shares, respectively. The redemptions were funded through proceeds received from realising the assets of the Company. The proceeds received have been used partly for redemption of shares to the Shareholders amounting to USD 24.0M, a dividend payment of USD 766,628 and the rest has been kept to finance the fund's operational expenses.

COVID-19 PANDEMIC

The Board of Directors and Investment Manager continue to assess the impact of the recent outbreak of a novel and highly contagious form of coronavirus ("Covid-19"), which the World Health Organization has officially declared a pandemic. Covid-19, has resulted in numerous deaths across the globe, adversely impacted global commercial activity, interrupted normal business and social activities and contributed to significant volatility in certain equity and debt markets. The global impact of the outbreak is rapidly evolving, and many countries have reacted by instituting quarantines, prohibitions on travel, restrictions on imports and exports, and the closure of offices, businesses, schools, retail stores and other public venues. Businesses, including the Investment Manager and key vendors of the Company are also implementing similar precautionary measures. Such measures, as well as the general uncertainty surrounding the dangers and impact of Covid-19, are creating significant disruption in supply chains and economic activity and are having a particularly adverse impact on transportation, hospitality, tourism, entertainment and other industries. The impact of Covid-19 has led to significant volatility and declines in the global public equity markets and it is uncertain how long this volatility will continue. As Covid-19 continues to spread, the impacts, including a potential global, regional or other economic recession, are increasingly uncertain and difficult to assess. Public health emergencies, including outbreaks of Covid-19 or other existing or new epidemic diseases, or the threat thereof, and the resulting financial and economic market uncertainty could have a significant adverse impact on the Company, including the fair value of its investments. As at 31 August 2020, over 50% of the remaining investment portfolio as at 31 December 2019 has been disposed. The proceeds from the disposal of these investments as well as existing cash resources as at 31 December 2019 have been used for redemption of shares on 16 March 2020 and 22 June 2020, and for the 22 June 2020 dividend payment. The current investment strategy and distribution policy, while mitigating some operational risks due to the enhanced levels of cash and cash equivalents as a consequence of the realisation efforts, does pose other challenges as the Investment Manager continues to attempt to maximise value while realising investments during this volatile environment. The Company and the Master fund will continue to meet their working capital requirements and other obligations through utilisation of existing cash resources.

17. SIGNIFICANT EVENTS (CONTINUED)

COVID-19 PANDEMIC (CONTINUED)

The Directors consider the emergence of the Covid-19 pandemic to be a non-adjusting post balance sheet event and hence any future impact is likely to be in connection with the assessment of the fair value of investments at future valuation dates. The Fund's portfolio of investments may see a range of impacts due to Covid-19, the specifics of which will depend on a variety of factors, including geographic location, industry sector, the effectiveness of governmental actions and country specific infection rates, amongst others. The Board and the Investment Manager are actively working towards assessing and minimizing risks to the Fund's portfolio, however, given the degree of uncertainty around the potential future course of Covid-19, it is not possible to accurately quantify the future impact on the portfolio at this.

Except as stated above, there are no other events after the reporting date which require amendments to and/or disclosure in these financial statements.

18. LIFE OF THE COMPANY

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 June 2019, the Directors convened an Annual General Meeting and an Extraordinary General Meeting where the following was passed:

- Ordinary resolution that the requirement of the Company to propose the realisation opportunity be and is hereby waived.
- Ordinary resolution that the continuation of the existence of the Company be and is hereby approved.
- The text set out under "New Investing Policy" in paragraph 2 of Part III of the Company's circular to Shareholders dated 5 June 2019 (the "Circular") be and is hereby adopted as the new investment policy of the Company;
- The terms of the Amended and Restated Investment Management Agreement (as defined in the Circular) be and are hereby approved;
- The memorandum and the articles of association in the form initialled by the Chair of the meeting be adopted as the memorandum and articles of association of the Company in substitution for and to the exclusion of the existing memorandum and articles of association; and
- Any variation to the rights attaching to the Ordinary Shares in the Company pursuant to the adoption of the new memorandum and articles of association, and in particular the right for the Company to redeem the Ordinary Shares (including any redemptions made of 15 per cent. or more of the Company's issued share capital), be and is hereby approved.

In summary, shareholders voted to give AOF three years during which the Investment Manager will realize the portfolio in an orderly manner and distribute the proceeds to the shareholders.

A brief synopsis of the "New Investing Policy" is below: (Please review the Company's Circular dated 5 June 2019 for a detailed and comprehensive description of the Policy):

For a period of up to three years following the EGM (the "Return Period"), the Company will make no new investments (save that it may invest in, or advance additional funds to, existing investments within the Company's portfolio to maximise value and assist in their eventual realisation). The Company will adopt the New Investment Policy whereby the Company's existing portfolio of investments will be divested in a controlled, orderly and timely manner to facilitate a staged return of capital.

It should be appreciated that there is no time horizon in terms of the implementation of the New Investment Policy. Although the Company's portfolio is comprised of largely liquid equity holdings, the Company has some illiquid investments and it may take the Investment Manager some time to realise these.