28 September 2018

Africa Opportunity Fund Limited

("AOF" or the "Company")

Half Yearly Report for the Six Months ended 30 June 2018

The Board of Directors of Africa Opportunity Fund Limited is pleased to announce its unaudited results for the 6 month period to 30 June 2018. The full half yearly report for the period ended 30 June 2018 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$0.879 as at 30 June 2018 decreased by 5% from the 31 December 2017 net asset value per share of US$0.925.
- As at 30 June 2018, AOF's investment allocation for its Ordinary Shares was 87% equities, 6% debt and 7% unencumbered cash.
- AOF's Ordinary Shares net asset value per share as at 31 August 2018 was US$0.860.
- AOF's Ordinary Shares did not pay an annual dividend for 2017.

Manager's Commentary

Market Conditions

The Africa Opportunity Fund ("AOF" or the "Company" or the "Fund") ordinary share NAV fell 5% in H1. As a reference, during the quarter in USD the S&P rose 3%, Brazil fell 18%, Russia rose 2%, India fell 2%, and China fell 14%. In Africa, South Africa fell 11%, Egypt rose 10%, Kenya rose 6%, and Nigeria rose 3%. 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, 4%, 11%, and 6%.

Ordinary Shares Portfolio Highlights

The Fund suffered a weak half year. The single biggest source of its woes was a 42% decline in the market capitalization of Enterprise Group in Q2, more than reversing the 33% rise in its share price in Q1. That loss accounted for an approximately 22% decline in H1 or 3.8 cents per share. A 42% collapse of a company's market capitalization, typically, is a sign of deep trouble. Is that sign warranted in the case of Enterprise? Enterprise's end of Q1 market capitalization of $146.4 million placed it on a P/E ratio of 12.4x, a P/B ratio of 2.9x, without dividends for a second straight year. Its return on invested capital hovered between 22% and 24% for the last four years while its return on common equity was 23%. Embedded value returns of its life subsidiary, its largest division, at 40%, were impressive. $30.3 million was added to Enterprise's treasury from its rights offer. Yet, its market capitalization on June 30 was $107.8 million, implying a valuation of $77.5 million (excluding the $30 million of cash from its rights issue) for a P/B ratio of 1.5x based on its pre-rights offering book value and a P/E ratio of 6.6x. To add irony to loss, Enterprise's Q1 results were strong, as its commission expenses - a clue to sales of insurance products - rose 29% year-on-year. It holds the no. 1 or 2 position, in terms of market share and profitability in Ghanaian general insurance, life assurance, and pension asset administration. The most probable reason for the collapse of its share price, in the wake of its rights offering, was a decline in investor interest, as trading volumes in its shares shrank by 2/3rds. We think that Enterprise's share price collapse will affirm again Ben Graham's dictum that the stock market is a voting machine in the short run and a weighting machine in the long run. Changes made in the AOF portfolio included selling its Steinhoff 1.875% 01/24/25 bonds and increasing its Alexandria Containers, Letshego holdings, Stanbic Uganda, and Kosmos Energy investments. The ordinary share portfolio had 5% of its net asset value in gold mining equities, no exposure in gold mining debt, 3% in oil and gas equities, and 3% in oil and gas debt. Copperbelt's shares delivered a 52% total return, or 3.3 cents per ordinary share, in H1. After the end of the second quarter, the market was notified that the takeover bid of CDC Group expired because the very last of several conditions precedent - the extension of an existing bulk supply agreement with ZESCO, the Zambian state-owned electricity generating company due to expire in 2020 for an additional 20 years on existing terms, was not executed. Underlying the failure lay a simple fact: electricity tariffs to mining companies in Zambia's mining industry are still less than ZESCO's cost of electricity generation in a sustainable manner. Over time, that fact has led to inadequate power generation in Zambia and acute power shortages. That fact has also resulted in intermittent and intense disputes between Copperbelt and its mining companies about electricity tariff increases necessitated by Zambia's need for all customers to pay cost-effective electricity tariffs. Thus, with hindsight, it is not entirely surprising that ZESCO failed to agree to an extension of the bulk supply agreement. Meanwhile, Copperbelt's H1 2018 results were significantly higher than its H1 2017 results. Year-on-year, in Dollars, net profits rose 13% to $25 million, revenues rose 14% on larger volumes of despatched electricity, offset by a 22% increase in the cost of purchased electricity and a 3% decline in operating costs. Annualized return on average equity was 14%, an eminently respectable profitability outcome for an electricity transmission company. We expect that Copperbelt's share price will decline in the wake of this outcome. Nevertheless, Copperbelt remains an excellent electricity transmission company.

Our Zimbabwean property investments suffered from rising vacancies and growing arrears in the deteriorating Zimbabwean environment. The new administration has not been able to reflate Zimbabwe with scarce real US Dollars. Unlike far larger companies listed on the Zimbabwe exchange, AOF's property holdings are in illiquid companies which do not enjoy the liquidity premium attached to large companies like Delta Holdings, Old Mutual, and Econet Wireless. Nevertheless, we take comfort in the ability of our substantially unencumbered Zimbabwean property investments to generate free cash flow in a tough setting. Unfortunately, that capacity has not been rewarded by the markets this year. Our property investments lost 30% in H1 inflicting a 3.4 cents per share loss in H1. If the elections in Zimbabwe are credible and free, then Zimbabwe should be able to attract fresh capital and investments to alleviate its acute currency shortages.

The Fund's Kosmos Energy investment (common stock and options) delivered gains of $1.1 per share in H1, as the Brent oil price rose 19% in H1 to $79 per barrel and its share price rose 21% in H1. Kosmos' producing oil wells in Ghana and Equatorial Guinea, delivering daily production around 41,400 barrels of oil with 67% operating margins at $60 oil, generate substantial operating cash flows in today's environment for Kosmos to fund exploration activities without recourse to fresh debt or equity capital. Kosmos drilled two dry holes in Mauritania and Suriname during H1. Offsetting those disappointments, the normal hazard of its business, was the good news of the May commercial delivery of a converted floating liquefied natural gas ship (FLNG) in Cameroon. That good news confirmed the technical feasibility of that engineering solution for the 2.3 million ton per annum Phase 1 gas plant planned by Kosmos and BP for commercial operation in 2021 in Mauritania/Senegal. It promised also to cut construction costs from a range of $1,750 to $3,500 per ton for a new FLGN ship to an average $775 per ton for converted FLNGs such as the one to be built by Kosmos and BP. Best of all, though, is that Kosmos' current valuation ignores the cash flows to be generated from Kosmos' Senegal and Mauritania natural gas fields.

The short book and currency hedges gained 1.97 cents per share in H1, with the depreciating Euro accounting for 32% of those gains.

Portfolio Appraisal Value

As of June 30, the Manager's appraisal of the intrinsic economic value of the Ordinary Share portfolio was $1.143 per share. The market price of $0.760 at quarter end represented a 34% discount. Note the Appraisal Value is intended to provide a measure of the Manager's long-term view of the attractiveness of AOF's portfolio. It is a subjective estimate, and does not tell when that value will be realized, nor does it guarantee that any security will reach its Appraisal Value.

Strategy

The long-term investment appeal of Africa remains intact. We remain focused on investing in companies that sell goods and services in short supply. We also invest in commodity related companies, on a selective basis, when we can implicitly purchase the underlying resources at a material discount to spot market values. At 30 June 2018, AOF's ordinary share portfolio possesses undervalued companies. Its top 9 equity holdings offer a weighted average dividend yield of 4%, a rolling P/E ratio of 11x, a return on assets of 7%, and a return on equity of 17%. As African markets adjust to the darkening clouds of global trade wars and weakening global growth prospects, we are finding excellent long opportunities. As always, caution is necessary. It is a privilege to have investible funds. We intend to exercise that privilege with prudent confidence.

On Behalf of the Investment Manager, Africa Opportunity Partners Ltd

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
27 September, 2018

AFRICA OPPORTUNITY FUND LIMITED
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD FROM 1 JANUARY 2018 TO 30 JUNE 2018

	Notes	**For the period ended 30 June 2018**	For the period ended 30 June 2017
		USD	USD
Income			
Net gains on investment in subsidiaries at fair value through profit or loss	5(a)	**-**	4,330,224
		-	4,330,224
Expenses			
Net losses on investment in subsidiaries at fair value through profit or loss	5(a)	**2,678,023**	-
Management fee		**612,082**	536,681
Other operating expenses		**39,419**	35,553
Directors' fees		**87,500**	89,502
Audit fees		**70,653**	21,650
		3,487,677	683,386
Total comprehensive (loss)/income for the period/(decrease)/increase in net assets attributable to shareholders from operations		**(3,487,677)**	3,646,838

AFRICA OPPORTUNITY FUND LIMITED
UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	Notes	**30 June 2018**	30 June 2017
		USD	USD
ASSETS			
Cash and cash equivalents	7	**43,029**	7,662
Trade and other receivables	6	**-**	12,870
Investment in subsidiaries	5(a)	**65,849,721**	60,388,664
Total assets		**65,892,750**	60,409,196
EQUITY AND LIABILITIES			
LIABILITIES			
Trade and other payables	9	**132,354**	97,584
Total liabilities		**132,354**	97,584

Net assets attributable to shareholders	**65,760,396**	60,311,612
Net assets attributable to:		
- Ordinary shares	**-**	35,362,293
- Class C shares	**-**	24,949,319
Net assets attributable to shareholders	**-**	60,311,612
Ordinary share capital	748,496	-
Share premium	37,921,452	-
Retained earnings	27,090,448	-
Total equity	**65,760,396**	**-**
Net assets value per share:		
- Ordinary shares	0.879	0.830
- Class C shares	-	0.854

AFRICA OPPORTUNITY FUND LIMITED
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD FROM 1 JANUARY 2018 TO 30 JUNE 2018

	Share Capital	**Share Premium**	**Retained Earnings**	**Total**
	USD	**USD**	**USD**	**USD**
At 1 January 2018	748,496	37,921,452	30,578,125	69,248,073
OPERATIONS:				
Loss for the period	-	-	(3,487,677)	(3,487,677)
At 30 June 2018	**748,496**	**37,921,452**	**27,090,448**	**65,760,396**

AFRICA OPPORTUNITY FUND LIMITED
UNAUDITED STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM 1 JANUARY 2018 TO 30 JUNE 2018

	For the period ended 30 June 2018	For the period ended 30 June 2017
	USD	USD
Operating activities		
Total comprehensive (loss)/income for the period/(decrease)/ increase in assets attributable to shareholders from operations	**(3,487,677)**	3,646,838
Adjustment for non-cash items:		
Unrealised loss/(gain) on investment in subsidiaries at fair value through profit or loss	**2,678,023**	(4,330,224)

Cash used in operating activities	**(809,654)**	(683,386)
Net changes in operating assets and liabilities		
Proceeds from investment in subsidiaries at fair value through profit or loss	**779,234**	2,225,778
Decrease in trade and other receivables	**-**	10,675
Decrease in trade and other payables	**(18,318)**	(1,558,009)
Net cash generated from operating activities	**760,916**	678,444
Net decrease in cash and cash equivalents	**(48,738)**	(4,942)
Cash and cash equivalents at 1 January	**91,767**	12,604
Cash and cash equivalents at 30 June	**43,029**	7,662

AFRICA OPPORTUNITY FUND LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2018 TO 30 JUNE 2018

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.

The financial statements for the Company for the half year ended 30 June 2018 were authorised for issue in accordance with a resolution of the Board of Directors on **27 September 2018.**

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 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 judgement 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

(i) Classification

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

(a) 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.

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 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 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 designated 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.

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.

(b) 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 Company's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the statement of financial position.

(c) 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.

(ii) 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.

(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 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 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 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.

(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 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 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 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.

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.

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 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 assets’ carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred) discounted using the asset’s original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss as ’Credit loss expense’.

Impaired debts, together with the associated allowance, are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Company.

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

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.

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.

During the period, the Ordinary Shares and Class C Shares were merged into one single class of share and classified as equity.

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 accounting policies adopted are consistent with those of the previous financial period except for the following new and amended IFRS and IFRIC interpretations adopted in the period commencing 1 January 2017.

The following new standards and amendments became effective as of 1 January 2017:

- Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative
- Annual Improvements Cycle - 2014-2016: Amendments to IFRS 12 Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in IFRS 12

Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative

The amendments require entities to provide disclosure of changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses).

Annual Improvements Cycle - 2014-2016

Amendments to IFRS 12 Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in IFRS 12

The amendments clarify that the disclosure requirements in IFRS 12, other than those in paragraphs B10–B16, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale.

The above amendments did not have a significant impact on the financial statements of the Company.

Amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of deductible temporary difference related to unrealised losses. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

The amendment did not impact on the financial statements as the Company does not have any income and deferred taxes.

3.1 ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

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

New or revised standards	**Effective for accounting period beginning on or after**
IFRS 9 Financial Instruments	1 January 2018
Sale or contribution of assets between an investor and its associate or joint venture (Amendments to IFRS 10 and IAS 28)	Effective date deferred indefinitely
IFRS 15 Revenue from Contracts with Customers	1 January 2018
Classification and measurement of Share-Based Payment Transactions (Amendments to IFRS 2)	1 January 2018
Transfers of Investment Property-Amendments to IAS 40	1 January 2018
IFRS 16 Leases	1 January 2019
IFRS 17 Insurance Contracts	1 January 2021

Annual improvements 2014-2016 cycle (Issued in December 2016)

IFRS 1 First-time Adoption of International Financial Reporting Standards -Deletion of short-term exemptions for first-time adopters	1 January 2018
IAS 28 Investments in Associates and Joint Ventures – Clarification that measuring investees at fair value through profit or loss is an investment - by - investment choice	1 January 2018
Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts - Amendments to IFRS 4	1 January 2018
IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
IFRIC Interpretation 23 Uncertainty over Income Tax Treatment	1 January 2019

Where the standards and interpretations may have an impact at a future date, they have been described below:

IFRS 9 Financial Instruments - Classification and measurement of financial assets, Accounting for financial liabilities and derecognition - 1 January 2018

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

Classification and measurement of financial assets

All financial assets are measured at fair value on initial recognition, adjusted for transaction costs if the instrument is not accounted for at fair value through profit or loss (FVTPL). Debt instruments are subsequently measured at FVTPL, amortised cost or fair value through other comprehensive income (FVOCI), on the basis of their contractual cash flows and the business model under which the debt instruments are held. There is a fair value option (FVO) that allows financial assets on initial recognition to be designated as FVTPL if that eliminates or significantly reduces an accounting mismatch. Equity instruments are generally measured at FVTPL. However, entities have an irrevocable option on an instrument by instrument basis to present changes in the fair value of non-trading instruments in other comprehensive income (OCI) (without subsequent reclassification to profit or loss).

The Company plans to adopt the new standard on its effective date. No significant impact is expected on the classification of financial assets given that the investment in subsidiaries will continue to be measured at fair value through profit or loss. At the level of the Master Fund, quoted equity shares and debt securities will continue to be measured at fair value through profit or loss. This preliminary assessment is based on currently available information and may be subject to changes arising from further information being available to the Company.

Classification and measurement of financial liabilities

For financial liabilities designated as FVTPL using the FVO, the amount of change in the fair value of such financial liabilities that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. All other IAS 39 Financial Instruments: Recognition and Measurement classification and measurement requirements for financial liabilities have been carried forward into IFRS 9, including the embedded derivative separation rules and the criteria for using the FVO.

No significant impact is expected on this side due to the insignificance of the Company's financial liabilities. At the Master Fund's level, financial liabilities will continue to be measured at fair value through profit or loss.

Impairment

The impairment requirements are based on an expected credit loss (ECL) model that replaces the IAS 39 incurred loss model. The ECL model applies to: debt instruments accounted for at amortised cost or at FVOCI; most loan commitments; financial guarantee contracts; contract assets under IFRS 15; and lease receivables under IAS 17 Leases, entities are generally required to recognise either 12 months or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition (or when the commitment or guarantee was entered into). For some trade receivables, the simplified approach may be applied whereby the lifetime expected credit losses are always recognised.

This is not expected to have a significant impact on the Company and at the Master Fund level given the investments will be measured at fair value through profit or loss.

Hedge accounting

Hedge effectiveness testing is prospective, without the 80% to 125% bright line test in IAS 39, and, depending on the hedge complexity, can be qualitative. A risk component of a financial or non-financial instrument may be designated as the hedged item if the risk component is separately identifiable and reliably measureable. The time value of an option, any forward element of a forward contract and any foreign currency basis spread, can be excluded from the designation as the hedging instrument and accounted for as costs of hedging. More designations of groups of items as the hedged item are possible, including layer designations and some net positions.

The application of IFRS 9 may change the measurement and presentation of many financial instruments, depending on their contractual cash flows and business model under which they are held. The impairment requirements will generally result in earlier recognition of credit losses. The new hedging model may lead to more economic hedging strategies meeting the requirements for hedge accounting.

No impact is expected on the Company as it does not deal in derivatives. At the Master Fund level, the derivatives have quoted market prices and no significant impact is anticipated.

IFRS 15 Revenue from Contracts with Customers - effective 1 January 2018

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 directors do not expect the standard to have a significant impact on the Company, all income will be recognised under IFRS 9. The Company intends to adopt the new standard on its effective date.

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration – effective 1 January 2018

The Interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the transaction date for each payment or receipt of advance consideration. Entities may apply the amendments on a fully retrospective basis.

Alternatively, an entity may apply the Interpretation prospectively to all assets, expenses and income in its scope that are initially recognised on or after:

(i) The beginning of the reporting period in which the entity first applies the interpretation
Or
(ii) The beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the interpretation.

The Interpretation is effective for annual periods beginning on or after 1 January 2018. Early application of the interpretation is permitted and must be disclosed. The interpretation is not expected to have a significant impact on the Company's financial statements.

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:

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.

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 above conditions give rise to a material uncertainty about the entity's ability to continue as a going concern as it is dependent on the voting of the shareholders in 2019. However, management is of the belief that the likelihood of the continuation of the Company is more probable than not, and that any required liquidation would result in a realisation of investments over a period of time, as possible, to maximize investor returns. It is therefore unlikely that the Company would not continue in existence beyond 2019, regardless of the outcome of the Shareholder vote.

If a liquidation was required, it is expected that all assets will realise at least at the amounts at which they are included in the statement of financial position and there will be no material additional liabilities. Carried interest is considered as a share of profit realised on disposal of investments by the Company and has therefore not been accrued as it will only be recognised upon the exit of investments after shareholders have received distribution of entire capital and preferred return.

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.

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 IAS 39.

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 previous period, 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 IAS 39 Financial Instruments: Recognition and Measurement.

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 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 Company performs sensitivity analysis or stress testing techniques.

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

5(a). Investment in subsidiaries at fair value

	2018
	USD
Investment in Africa Opportunity Fund L.P.	**65,846,851**
Investment in Africa Opportunity Fund (GP) Limited	**2,870**
Total investment in subsidiaries at fair value	**65,849,721**
Fair value at 01 January	**69,306,978**
Net disposal of investment in subsidiaries	**(779,234)**
Net loss on investment in subsidiaries at fair value	**(2,678,023)**
Fair value at 30 June 2018	**65,849,721**

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.

5(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.

	30 June 2018	**Level 1**	**Level 2**	**Level 3**
	USD	**USD**	**USD**	**USD**
Investment in subsidiaries	**65,849,721**	**-**	**65,849,721**	**-**
MASTER FUND				
Financial assets at fair value through profit or loss				
Equities	60,587,154	58,225,961	2,361,193	-
Debt securities	4,533,859	4,183,859	-	350,000
Contract for Difference	103,639	-	103,639	-
	65,224,652	62,409,820	2,464,832	350,000
Financial liabilities at fair value through profit or loss				
Shortsellings	2,191,053	2,191,053	-	-
Written put options	1,631,525	1,631,525	-	-
Contract for Difference	24,873	-	24,873	-
	3,847,451	3,822,578	24,873	-

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:

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.

Unlisted debt and equity investments

Triton Resources Inc. concluded a binding agreement in 2016 to sell its African underwater logging harvesting assets and its Volta Lake concession in Ghana. To date, the purchaser has not completed obligatory payments and as such ownership of the harvesting assets has not changed. These assets will be operational in 2018 and Triton will be the lessor of these assets until outstanding payments are made. Negotiations concluded in 2017 for the delivery of logs to a biomass power plant in French Guiana from 2020, subject to completion of the permitting process. Negotiations for the harvesting of underwater logs in Surinam, ongoing in 2017, were completed in early 2018. Negotiations with a lead investor who executed a letter of intent for the sale of Triton itself have been suspended as the investor failed to raise the necessary funds. Efforts to sell Triton are ongoing in 2018.

The Investment Manager, based on its own sensitivity analysis, and in conjunction with its analysis of the operational challenges and opportunities for Triton, adjusted the valuation of the preference shares at the end of 2017. Delays in selling the South American concessions during 2018 have diluted AOF's position and the Investment Manager wrote down the value of the preferred shares effective 30 June 2018. Consistent with the prior year's treatment, the Investment Manager has determined the promissory note investments to be classified as Level 3 assets for valuation purposes.

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.

Investment in Shoprite Holdings (SHP ZL)

On 22 August 2017, as a condition precedent to the merger of the C shares and the ordinary shares, the 637,528 ordinary shares of Shoprite Holdings (SHP ZL "Shoprite") affected by the terms of the Shoprite arbitral award, plus estimates of associated legal costs, were excluded from the assets of Africa Opportunity Fund, and securities called Contingent Value Rights ("CVR"s) were issued to the ordinary shareholders of record. As such, the outcome of the Shoprite arbitration is separate and independent of the net asset value of the ordinary shares of Africa Opportunity Fund. Consequently, neither the C shareholders nor the ordinary shareholders are affected by the outcome of the Shoprite arbitration and any appeals. The contingent value rights holders will be responsible for the losses or benefits associated with the Shoprite arbitration appeal, which is expected to be held later in 2018. The full terms and conditions attaching to the CVRs are contained in the instrument by which they are constituted that can be inspected at the Fund's website.

5(c). Statement of Comprehensive Income of the Master Fund for the period from 1 January 2018 to 30 June 2018

The net losses on investment in subsidiaries at fair value through profit or loss amounting to USD 2,678,023 is due to the losses arising at the master fund level and can be analysed as follows:

	For the period ended 30 June 2018
	USD
Income	
Interest revenue	**268,686**
Dividend revenue	**1,531,161**
Other income	**12,397**
Net foreign exchange gain	**350,077**
	2,162,321

Expenses	
Net losses on financial assets and liabilities at fair value through profit or loss	**4,434,140**
Custodian fees, Brokerage fees and commission	**195,637**
Dividend expense on securities sold not yet purchased	
Other operating expenses	**24,905**
Audit fees	**24,300**
	4,727,056
Operating loss before tax	**(2,564,735)**
Less withholding tax	**(128,027)**
Decrease in net assets attributable to shareholder from operations/Total Comprehensive Loss for the period	
Attributable to:	
AOF Limited (direct interests)	**(2,677,908)**
AOF Limited (indirect interests through AOF (GP) Ltd)	**(115)**
	(2,678,023)
AOF CarryCo Limited (minority interests)	**(14,739)**
	(2,692,762)

(i) Net 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 2018	For the period ended 30 June 2017
	USD	USD
Net (losses)/gains on fair value of financial assets at fair value through profit or loss	**(5,239,777)**	3,370,922
Net gains on fair value of financial liabilities at fair value through profit or loss	**805,637**	591,862
Net (losses)/gains	**(4,434,140)**	3,962,784

(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 2018	For the period ended 30 June 2017
	USD	USD
Held for trading assets:		
At 1 January	**69,163,219**	60,722,399
Additions	**2,802,453**	4,527,590
Disposal	**(1,501,243)**	(6,964,882)
Net (losses)/gains on financial assets at fair value through profit or loss	**(5,239,777)**	3,370,922
At 30 June (at fair value)	**65,224,652**	61,656,029
Analysed as follows:		
- Listed equity securities	**58,211,528**	48,009,863
- Listed debt securities	**4,183,859**	9,441,447
- Unlisted equity securities	**2,375,626**	2,550,986
- Unlisted debt securities	**350,000**	1,595,242

- Contract for difference	**103,639**	58,491
	65,224,652	61,656,029

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 2018	For the period ended 30 June 2017
	USD	USD
Realised	**331,771**	309,406
Unrealised	**(5,571,548)**	3,061,516
Total (losses)/gains	**(5,239,777)**	3,370,922

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

	30 June 2018	30 June 2017
	USD	USD
Held for trading financial liabilities		
Contract for difference	**24,873**	87,560
Written put options	**1,631,525**	1,204,625
Listed equity securities sold short	**2,191,053**	2,149,406
Financial liabilities at fair value through profit or loss	**3,847,451**	3,441,591

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

	For the period ended 30 June 2018	For the period ended 30 June 2017
	USD	USD
Realised	**304,197**	1,397,407
Unrealised	**501,440**	(805,545)
	805,637	591,862

6. OTHER RECEIVABLES

	30 June 2018	30 June 2017
	USD	USD
Other receivable		

	-	11,940
Prepayments	-	930
	-	12,870

7. CASH AND CASH EQUIVALENTS

	30 June 2018	30 June 2017
	USD	USD
Other bank accounts	**43,029**	7,662

8(a). ORDINARY SHARE CAPITAL

	30 June 2018	**30 June 2018**	30 June 2017	30 June 2017
	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.

8(b). NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

	Ordinary Shares
	USD
At 1 January 2018	**69,248,073**
Changes during the period:	
Loss for the period	(3,487,677)
At 30 June 2018	**65,760,396**
Net asset value per share at 30 June 2018	**0.879**

Ordinary and C share Merger, Issuance of Contingent Value Rights

In 2014, 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 Segment ("SFS") effective 17 April 2014.

The C Shares were a transient class of shares: the assets representing the net proceeds of any issue of C Shares were maintained, managed and accounted for as a separate pool of capital of the Company until those C Shares converted into Ordinary Shares. In this regard, although Conversion was anticipated to occur no later than six months after Admission, the Directors considered it 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 until the Shoprite case would be resolved.

The directors had the discretion to defer the conversion indefinitely. Hence, there was 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 were classified as financial liabilities as from April 17, 2014 upon issuance of a Class C shares.

The Shoprite arbitral award was issued in 2016 and on 23 August 2017, upon the consent of the Board of Directors, the Fund merged the C share class and the ordinary shares as contemplated in the April 2014 issuance of the C share class. The C Class shares were converted into ordinary shares. Each holder of C Shares received 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). Based on a conversion ratio of 1.1034, 29,200,000 C Shares were delisted and cancelled and 32,219,279 Ordinary Shares were admitted to trading on the Specialist Fund Segment of the London Stock Exchange. The new ordinary shares rank pari passu with the Fund's ordinary shares prior to the conversion. Subsequent to the merger, the total number of ordinary shares is 74,849,606.

To effectuate this merger, Contingent Value Rights certificates were issued to the ordinary shareholders of record on 21 August 2017. The Board and the Investment Manager are currently appealing the earlier arbitral award relating to the Shoprite shares and are anticipating the appeal to be heard during 2018. From the Shoprite arbitral award issued in 2016 and resulted in AOF not being considered legal owner of the specific Shoprite Holdings, the Shoprite investment was written off. Should AOF be successful in any appeal against the earlier arbitral award, then the proceeds received after any finding, net of expenses, will be disbursed solely to the holders of the CVRs.

Subsequent to the merger, one class of ordinary shares exists for all investors and all financial and return information presented reflects the existing ordinary share class. Upon conversion of the C Class shares into Ordinary shares, the remaining shares in AOF are classified as equity. Information regarding the merger was distributed and released to the market prior to, and upon execution of, the merger. This information and information relative to the CVRs can be found on the Fund's website.

9. TRADE AND OTHER PAYABLES

	30 June 2018	30 June 2017
	USD	USD
Due to Africa Opportunity Fund L.P.	**43,029**	7,762
Directors Fees Payable	**43,750**	61,250
Other Payables	**45,575**	28,572
	132,354	97,584

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

10. EARNING PER SHARE

The earnings per share is calculated by dividing the decrease in net assets attributable to shareholders by number of ordinary and C 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 2018 to 30 June 2018

		Ordinary shares
Increase in net assets attributable to shareholders	USD	(3,487,677)
Number of shares in issue		74,849,606
Change in net assets attributable to shareholders per share	USD	(0.047)

		Period from 1 January 2017 to 30 June 2017	
		Ordinary shares	C shares
Increase in net assets attributable to shareholders	USD	1,643,177	2,003,661
Number of shares in issue		42,630,327	29,200,000
Change in net assets attributable to shareholders per share	USD	0.039	0.069

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

11(a). STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

	30 June 2018
	USD
ASSETS	
Cash and cash equivalents	5,180,427
Trade and other receivables	323,378
Receivable from AOF Ltd	43,029
Financial assets at fair value through profit or loss	65,224,652
Total assets	70,771,486
EQUITY AND LIABILITIES	
Liabilities	
Trade and other payables	708,103
Financial liabilities at fair value through profit or loss	3,847,451
Total liabilities	4,555,554
Net assets attributable to shareholders	66,215,932

12. 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.

13. 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.

14. PERSONNEL

The Company did not employ any personnel during the period (2017: the same).

15. COMMITMENTS AND CONTINGENCIES

There are no commitments or contingencies at the reporting date.

16. 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 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.