

27 September 2024

Africa Opportunity Fund Limited
("AOF", the "Company", or the "Fund")
Half Yearly Report for the Six Months ended 30 June 2024

The Board of Directors of Africa Opportunity Fund Limited is pleased to announce its unaudited results for the 6-month period to 30 June 2024. The full half yearly report for the period ended 30 June 2024 will be sent to shareholders and will be available soon on the Company's website: www.africaopportunityfund.com

Period Highlights and Post Balance Sheet:

- AOF's net asset value per ordinary share of US 0.816 as at 30 June 2024, a reduction of 5.2% from the 31 December 2023 net asset value per ordinary share of US 0.861.
- As at 30 June 2024, AOF's investment allocation for its ordinary shares was all equities.
- On 29 June 2022, AOF's shareholders voted to extend the realisation period of its portfolio from 30 June 2022 to 30 June 2024. The Company held an annual general meeting in June 2024. An Extraordinary General Meeting ("EGM") was held on 15 July, 2024 to approve a new investment policy to replace the realisation policy in effect since June 2019.
- At the EGM, a new investment policy was adopted to focus on investments that the Manager believes have scope for substantial profitable growth and the capacity to thrive even in stressed macro-economic or macro-political settings. The Company will seek to generate capital growth and income through value investments in the continent of Africa.
- AOF's net asset value per ordinary share on 31 August 2024 was US 0.901.

Manager's Commentary:

Market Conditions

AOF's NAV declined 5.2% in H1 2024 as its share price rose 26%. To provide context, it was a mixed picture across emerging markets. During this period in USD the S&P rose 15%, Brazil fell 19%, Russia rose 5%, India rose 10%, and China was flat. In Africa, South Africa rose 8%, Egypt fell 31%, Kenya rose 53%, and Nigeria fell 18%. Three Africa-focused exchange traded funds - the Van Eck Africa Index (AFK US), Lyxor Pan Africa ETF (LGQM GY), and the DBX MSCI Africa Top 50 (XMAF LN), respectively, rose 18%, 7% and fell 5%.

Ordinary Shares Portfolio Highlights

AOF's portfolio was buffeted by the weakness of African currencies in H1 2024. The Naira devalued by 36%, the Cedi depreciated by 22%, and the Zimbabwe Dollar was replaced by a new currency called the 'ZiG'. If the Zimbabwe Dollar had not been replaced by the ZiG, its cumulative devaluation in H1 would have been 60%. The Kenyan shilling was the only currency in AOF's portfolio to enjoy an appreciation. It strengthened by 18%. Underlying those currency weaknesses are sovereign spending obligations in many African countries that far outstrip the taxpaying expectations of the voters of those countries.

Enterprise Group's share price, in H1, was flat in Cedis and fell 22% in Dollars. Since June 30 2024, its share price has dropped an additional 22%. As at 20 September 20 the price stands at 1.81 Cedis per share, Enterprise has a market capitalization of 20 million versus attributable shareholders' equity of 69 million and trades on a P/E ratio of 2.7x, with a return on average equity of 11%. Despite the substantial reduction in its market capitalisation in 2024 and its low return on equity, it trades at an absurdly low valuation for a debt free leading insurance group in Ghana. It has existed for a century and has posted profits in each of

the last 20 years.

Enterprise controls the pension administrator, property and casualty and life assurance companies that have the largest market shares in Ghana. The growth of those industries at rates faster than the growth rate of Ghana's real per capita Gross Domestic Product ('GDP') are necessary for Ghana to become a significantly more prosperous economy. Domestic savings and investments, as well as insurance penetration, tend to grow with rising real per capita GDP. Ghanaians will buy more insurance and other financial products, as their life expectancy improves and their asset accumulation grows with their income. According to the World Bank, Ghana's GDP per capita rose 5.6x from 400 to 2238 between 1998 and 2023^[1] as Enterprise's revenues per share, in Dollars, rose 28x^[2]. Enterprise's Dollar earnings per share declined 15% over the last three years in which the cumulative rise of inflation exceeded 100%, the Cedi depreciated by 48% against the Dollar, and the Ghana government defaulted on both its domestic and external sovereign debt. The collapse of the Naira over the last 18 months is also likely to have increased the losses of Enterprise's Nigerian greenfield life investment. Over time, though, Enterprise must grow its shareholders' equity at a pace that exceeds Ghana's inflation rate and Enterprise's cost of capital.

As inflation declines in Ghana, Enterprise PLC should be able to improve its profitability and be rewarded with a much higher valuation. Enterprises' shareholders, at its current valuation, pay very little for any benefits of a recovering Ghana. Sand Technologies (formerly known as African Leadership International), AOF's private equity investment, is performing well in both its consulting and educational divisions. Sands, its consulting division, has increased significantly its contracts, revenues, and profits, year-on-year, in the fields of health, telecoms, water utilities, and insurance. It has a growing roster of blue-chip clients across the globe and most of its revenue is earned outside Africa. It has also announced that it has been recognised as an Advanced Tier Partner of Amazon Web Services. This status is awarded to partners with a track record of successful projects with Amazon Web Services. ALX, its educational division, is training over 160,000 active learners in various software and other online programs in 2024. It has graduated over 66,000 data scientists/analysts/engineers and other tech professionals from its online programs this year. ALX's challenge is the unaffordability of its programs for many of its students, despite low costs in absolute numbers.

Zimbabwe's currency dropped sharply in the parallel market in Q1 leading to the issuance of a new currency called 'Zimbabwe investment Gold' (or ZiG) in Q2. AOF's internal estimate of the ZiG's external value depreciated by 60% in H1 versus the official 82% depreciation in H1. The share price of Mashonaland Holdings ("Mash") was flat in Dollars while that of First Mutual Properties ("FMP") appreciated 19%. Since June, Mash has appreciated 260% whereas FMP has risen by 33%. A material weakness of both Mash and FMP is they generate modest operating profits from their investment properties. As an example, Mash reported an operating profit of 801,000 for Q1 2024 from an investment portfolio valued at 82 million. FMP's annualized Q1 2024 return on equity was 3%. Both property companies are substantially unlevered. At the end of H1, at a market capitalization of 19 million, Mash traded at a 77% discount to the value of its investment property portfolio; FMP's 34 million market capitalization put it at a 72% discount to its investment property portfolio valuation. Overall, the Fund's property holdings remain a store of relative value amid continuing foreign currency shortages.

Kenya Power's share price enjoyed a decent H1 performance, rising 41% to a market capitalization of 25 million and an enterprise value of 677 million. Domestic unrest prompted by government efforts to raise taxes has clouded the national outlook. Kenya Power is heavily leveraged. It reported revenues of 762 million, a minuscule net profit of 3.6 million and free cashflow (before debt amortisation) of 7 billion Kenyan shillings ('KES') (45 million) in the first half of its 2023/24 fiscal year, as it collected higher electricity tariffs than in its H1 2022/23 year. The Kenyan government announced that a 3-year debt moratorium it granted to Kenya Power would expire in 2024, so Kenya Power's debt payments should increase in 2024/2025. Offsetting that increase should be a reduction in Kenya Power's unrealised foreign exchange losses on its foreign currency denominated debt because of the significant appreciation of the KES in the second half of its 2023/24 year. The KES gyrated from 141 KES/ at the end of June 2023 to KES 157/ in December 2023, and back to KES 129/ at the end of June 2024. Actual operational data such as sold units of gigawatt hours are improving, albeit at a slow rate. Despite its many challenges, we are cautiously optimistic that Kenya Power can continue on its current path of recovery because of its current cost-reflective tariff and negotiated reductions in some of its power purchase agreements with independent power producers.

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

Responsibility Statements:

The Board of Directors confirm that, to the best of its 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, 2024

AFRICA OPPORTUNITY FUND LIMITED
UNAUDITED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD FROM 1 JANUARY 2024 TO 30 JUNE 2024

| | Notes | For the period ended 30 June 2024 | For the period ended 30 June 2023 |
|---|-------|---|---|
| | | USD | USD |
| Expenses | | | |
| Net losses on investment in subsidiaries at fair value through profit or loss | 6(a) | 356,762 | 296,599 |
| Management fees | | 4,167 | 44,656 |
| Other operating expenses | | 57,370 | 48,632 |
| Directors' fees | | 35,000 | 35,000 |
| Audit and professional fees | | 67,200 | 62,609 |
| | | <u>520,499</u> | <u>487,496</u> |
| Loss for the period attributable to equity holders* | | <u>(520,499)</u> | <u>(487,496)</u> |

* There is no other comprehensive income for the period.

AFRICA OPPORTUNITY FUND LIMITED
UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024

| | Notes | 30 June 2024 | 30 June 2023 |
|--|-------|------------------|-------------------|
| | | USD | USD |
| ASSETS | | | |
| Cash and cash equivalents | 8 | 55,804 | 99,392 |
| Prepayments | 7 | 1,341 | 1,280 |
| Investment in subsidiaries at fair value through profit or loss* | 6(a) | 9,641,965 | 11,045,248 |
| | | <u>9,699,110</u> | <u>11,045,248</u> |
| Total assets | | | <u>11,145,920</u> |
| EQUITY AND LIABILITIES | | | |
| LIABILITIES | | | |
| Trade and other payables | 10 | 131,562 | 66,093 |
| Amounts due to related party | | 210,000 | - |
| | | <u>341,562</u> | <u>-</u> |
| Total liabilities | | | <u>66,093</u> |
| | | <u>9,357,548</u> | |
| Net assets attributable to shareholders | | <u>9,357,548</u> | <u>11,079,827</u> |
| Ordinary share capital | | 114,689 | 114,689 |
| Share premium | | 5,810,553 | 5,810,553 |
| Retained earnings | | 3,432,306 | 5,154,585 |
| | | <u>9,357,548</u> | <u>11,079,827</u> |
| Total equity | | | <u>11,079,827</u> |
| Net assets value per share: | | | |
| - Ordinary shares | | <u>0.816</u> | <u>0.966</u> |

*The investment in subsidiaries at fair value through profit or loss include the investment in the Master Fund - Africa Opportunity Fund L.P.

AFRICA OPPORTUNITY FUND LIMITED
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD FROM 1 JANUARY 2024 TO 30 JUNE 2024

| Share Capital | Share Premium | Retained Earnings | Total |
|------------------|------------------|----------------------|-------|
|------------------|------------------|----------------------|-------|

| | USD | USD | USD | USD |
|---|----------------|------------------|------------------|------------------|
| At 1 January 2024 | 114,689 | 5,810,553 | 3,952,805 | 9,878,047 |
| OPERATIONS: | | | | |
| Total comprehensive loss for the period | - | - | (520,499) | (520,499) |
| At 30 June 2024 | <u>114,689</u> | <u>5,810,553</u> | <u>3,432,306</u> | <u>9,357,548</u> |

AFRICA OPPORTUNITY FUND LIMITED
UNAUDITED STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM 1 JANUARY 2024 TO 30 JUNE 2024

| | For the period ended 30 June 2024 | For the period ended 30 June 2023 |
|---|--------------------------------------|--------------------------------------|
| | USD | USD |
| Operating activities | | |
| Loss for the period | (520,499) | (487,496) |
| <i>Adjustment for non-cash items:</i> | | |
| Net losses on investment in subsidiaries at fair value through profit or loss | 356,762 | 296,599 |
| Cash used in operating activities | <u>(163,737)</u> | <u>(190,897)</u> |
| <i>Net changes in operating assets and liabilities</i> | | |
| Reduction in investments in subsidiaries at fair value through profit or loss | - | 7,700,000 |
| Decrease in loan receivable from related party | - | 227,805 |
| Increase in due to other related party | 210,000 | - |
| Decrease in other receivables | 9,697 | 7,680 |
| Decrease in trade and other payables | (29,123) | (87,447) |
| Net cash generated from operating activities | <u>190,574</u> | <u>7,848,038</u> |
| Financing activities | | |
| Redemption of ordinary shares | - | (7,600,000) |
| Cash provided by/used in financing activities | <u>-</u> | <u>(7,600,000)</u> |
| Net increase in cash and cash equivalents | 26,837 | 57,141 |
| Cash and cash equivalents at 1 January | 28,967 | 42,251 |
| Cash and cash equivalents at 30 June | <u>55,804</u> | <u>99,392</u> |

AFRICA OPPORTUNITY FUND LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2024 TO 30 JUNE 2024

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 is exempted from registering with CIMA under the Private Funds Act of the Cayman Islands given that it is listed on the Specialist Funds Segment of the London Stock Exchange which is approved by CIMA.

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

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 LLC, a limited liability company incorporated in the Delaware, United States and acting as the investment manager pursuant to an Amended and Restated Investment Management Agreement dated 13 June 2022.

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 LP. ("the Master Fund") 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 2024 were authorised for issue in accordance with a resolution of the Board of Directors on 27 September 2024.

Presentation currency

The financial statements are presented in United States dollars ("USD"). All figures are presented to the nearest dollar.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

Statement of compliance

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Basis of preparation

The Company satisfied the criteria of an investment entity under IFRS 10: Consolidated Financial Statements. As such, 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 "material 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 amounts of revenues and expenses during the reporting period.

Although these estimates are based on management's knowledge of current events and actions, actual results ultimately may differ from those estimates. In addition 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.

As the entity was not a going concern due to the limited life, the directors have considered an alternative basis of preparation but believe that IFRS as a basis for preparation best reflects the financial position and performance of the entity. The carrying value of the assets, which were determined in accordance with the accounting policies, have been reviewed for possible impairment and changes which have occurred since the year end and consideration has been given to whether any additional provisions are necessary as a result of the decision to deregister. 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. See Note 19 "Subsequent Events" with regard to going concern changes after the reporting period.

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

The Company's financial statements include disclosure notes on the Master Fund, Africa Opportunity Fund L.P. given that the net asset value of the Master Fund is a significant component of the Investment in subsidiaries of the Company. These additional disclosures are made in order to provide the users of the financial statements with an overview of the Master Fund performance.

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 entity.

Classification

The Company classifies its financial assets and liabilities into the following categories:

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

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 in accordance with IFRS 9 - Financial Instruments.

Management concluded that the Company meets the definition of an investment entity as it invests solely for returns from capital appreciations, investment income or both, and measures and evaluates the performance of its investments on a fair value basis. Accordingly, consolidated financial statements have not been prepared.

(ii) Financial assets at amortised cost

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

- The financial asset 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 are comprised of '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.

(a) Initial 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 marketplace are recognised directly on the trade date, i.e., the date that the Master Fund commits to purchase or sell the asset.

(b) 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 through profit or loss. Embedded derivatives separated from the host are carried at fair value. The Company had no derivatives as at 30 June 2024.

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.

(c) 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 investment in subsidiaries at fair value through profit or loss'. Interest earned elements of such instruments are recorded separately in 'Interest revenue'.

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 derecognised, 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 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.

Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all financial assets measured at amortised cost. When measuring ECL, the Company uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the entity would expect to receive, taking into account cash flows from credit enhancements. The Company considers a financial asset in default when contractual payments are 90 days past due.

However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

At the reporting date, other receivables, loan receivables from related party and cash and cash equivalents 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.

Determination of fair value

The Company measures its investments in subsidiaries at fair value through profit or loss 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 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.

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 expenses.

Unrealised gains and losses comprise changes in the fair value of financial instruments for the year and from reversal of prior year's unrealised gains and losses for financial instruments which were realised in the reporting period.

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.

Dividend income

Dividend revenue is recognised when the Company's right to receive the payment is established.

Cash and cash equivalents

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 2024. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The accounting policies adopted are consistent with those of the previous financial year except for the following new policies and amendments to IFRS as from 1 January 2024:

| | Effective for accounting period |
|--|--|
| Amendments to IAS 1: Classification of Liabilities as Current or Non-current | 1 January 2024 |

Although this new standard and amendment applied for the first time in 2024, it did not have a material impact on the financial statements of the Company.

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.

| | Effective for accounting period |
|--|--|
| Amendments to IAS 21: Lack of Exchangeability | 1 January 2025 |
| Amendments to IFRS 9 and IFRS 7: Classification and Measurement of Financial Instruments | 1 January 2026 |
| Amendments to IFRS 18: Presentation and Disclosure in Financial Statements | 1 January 2027 |

The Company does not expect that the adoption of these standards will have any material impact on the financial statements.

4. MATERIAL 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

At the Extraordinary General Meeting ("EGM") of the Company held on 29 June 2022, the shareholders voted in favor of a Continuation Resolution which extended the life of the Company, with the current Investment Policy remaining in place, to 30 June 2024. If the assets of the Company are not realised over the period of the extension, the Directors will formulate and revert to Shareholders in 2024 further proposals to continue, reorganize or reconstruct the Company or to wind up the Company.

The Company will continue to return sums to Shareholders by way of compulsory redemption, repurchase of Ordinary Shares in the market or such other method as determined by the Directors.

Below is a brief synopsis of the "New Investing Policy" as approved with the passage of the Continuation Resolution and consistent with the Company's Circular dated 5 June 2019, updated to reflect the two-year continuance:

For a period of up to two additional years following the 29 June 2022 Extraordinary General Meeting (the "Extended 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 continue to 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 some liquid equity holdings, the Company's portfolio is weighted to somewhat 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 if investments remain unrealised at the end of the Extended Return Period. 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. The extension of the Company through 30 June 2024 further supports this methodology.

The carrying value of the assets, which were determined in accordance with the accounting policies, have been reviewed for possible impairment and changes which have occurred since the half-year and consideration has been given to whether any additional provisions are necessary as a result of the decision to eventually deregister. It is expected that all assets are fairly valued and will realise at, or near, the amounts at which they are included in the statement of financial position and there will be no material additional liabilities. Refer to Footnote 19 "Subsequent Events" for changes to the going concern emphasis as impacted by the 15 July 2024 EGM.

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 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.

The Board considers that the Company continues to meet the definition of an investment entity as it invests solely for returns from capital appreciations, investment income or both, and measures and evaluates the performance of its investments in subsidiaries on a fair value basis. In addition, the Company has more than one investors and the major investors are not related parties of the Company. The Company also has an exit strategy given that it is a limited life entity, realising its investments at the end of the Return Period of 2 years as per the extended 'New Investment Policy'. Accordingly, consolidated financial statements have not been prepared. 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.

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.

5a. AGREEMENTS

Investment Management Agreement

Effective 1 July 2022, the Company and the Investment Manager have, upon the approval of the Reorganisation Resolution at the EGM in June 2022, entered into the Amended and Restated Investment Management Agreement which amends the fees payable to the Investment Manager as follows:

Management fees

There was no management fee charged during 2023 and the half-year ended 30 June 2024. Pursuant to the Amended and Restated Investment Management Agreement, there will be no management fees charged during the Extended Return Period.

The Investment Manager's entitlement to future performance fees (through CarryCo) has been cancelled and CarryCo's

limited partnership interest in the Limited Partnership will be transferred to the Company, after return of its investment interest, for nominal value in the last year of the Extended Return Period, that being 2024.

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: 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 realisation fee for the financial period under review amounts to **USD 4,167** (2023: USD 44,656) of which **USD 4,167** (2023: USD 6,050) relates to accrued realisation fees; management and performance fees for the financial period under review were nil (2023: 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 ("SCB"), whereby SCB 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. In 2024, the Master Fund entered a custodial agreement with FBC Holdings Limited to maintain the Zimbabwe investments as SCB exited that market.

5b. SUMMARY OF MATERIAL ACCOUNTING POLICIES AT THE MASTER FUND LEVEL

Africa Opportunity Fund LP (the "Master Fund") is incorporated in the Cayman Islands and is not subject to regulatory review. Management has voluntarily disclosed all the policies and notes to the accounts of the Master Fund to provide shareholders of the Company with a better insight.

The primary accounting policies for interest revenue and expense, dividend revenue and expense and cash and cash equivalents, are similar as in Note 2. Those policies which only relate to the Master Fund's financial statements are set out below. These policies have been consistently applied from the prior year to the current year for items which are considered material in relation to the financial statements.

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 entity.

(a) Classification

The Master Fund classifies its financial assets and liabilities in accordance with IFRS 9 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.

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

These include equity securities and debt instruments that are not held for trading. These financial assets are 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.

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 Master Fund 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.

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

(ii) Financial assets at amortised cost

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

- The financial asset 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 Master Fund'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 Master Fund includes in this category amounts relating to trade and other payables and dividend payable.

(a) Recognition

The Master Fund 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 marketplace are recognised directly on the trade date, i.e., the date that the Master Fund

commits to purchase or sell the asset.

(b) 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 through 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.

(c) Subsequent measurement

The Master Fund 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 elements of such instruments are recorded separately in 'Interest revenue'. Dividend expenses related to short positions are recognised in 'Dividends on securities sold not yet purchased'. Dividend income/distributions received on investments at FVTPL is recorded in "Net gain or loss on financial assets at fair value through profit or loss".

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 derecognised, modified or impaired.

(iii) Other financial liabilities

(d) Subsequent measurement

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 Master Fund 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 Master Fund has transferred substantially all the risks and rewards of the asset, or (b) the Master Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset. When the Master Fund has transferred its rights to receive cash flows from an asset (or has entered into a pass-

asset, when the Master Fund 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 Master Fund's continuing involvement in the asset.

The Master Fund 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 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 Master Fund. 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 6.

The Master Fund 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 Master Fund 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 Master Fund 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 the default (a lifetime ECL).

The Master Fund considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Master fund may also consider a financial asset to be in default when internal or external information indicates that the Master fund is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Master fund. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

For trade receivables, the Master Fund applies a simplified approach in calculating ECLs. Therefore, the Master Fund

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 assessment of the Master Fund's debt instruments which include trade and other receivables and cash and cash equivalents were considered as 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 expenses. At the Master Fund Level, the fair value gains and losses exclude interest and dividend income.

Unrealised gains and losses comprise changes in the fair value of financial instruments for the year and from reversal of prior year'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 financial assets at amortised cost for recognition and measurement.

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

Dividend revenue is recognised when the Master Fund'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 of the Master Fund.

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 (96.0%) and AOF CarryCo Limited (4.0%). 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.

| | <u>2024</u> |
|---|------------------|
| | <u>USD</u> |
| Investment in Africa Opportunity Fund L.P. | 9,638,821 |
| Investment in Africa Opportunity Fund (GP) Limited | 3,144 |
| Total investment in subsidiaries at fair value | 9,641,965 |
| Fair value at 01 January | 9,998,727 |
| Net loss on investment in subsidiaries at fair value | (356,762) |
| Fair value at 30 June 2024 | 9,641,965 |

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.

• **Fair value hierarchy of the Company**

| | <u>30 June 2024</u> | <u>Level 1 USD</u> | <u>Level 2 USD</u> | <u>Level 3 USD</u> |
|----------------------------|-------------------------|------------------------|------------------------|------------------------|
| COMPANY | | | | |
| Investment in subsidiaries | 9,641,965 | - | 9,641,965 | - |
| | <u>30 June 2023</u> | <u>Level 1 USD</u> | <u>Level 2 USD</u> | <u>Level 3 USD</u> |
| COMPANY | | | | |
| Investment in subsidiaries | 11,045,248 | - | 11,045,248 | - |

Fair value hierarchy of the Master Fund.

The Company has investment in Africa Opportunity Fund L.P., the Master Fund, amounting to USD 9,641,965. The underlying investments of the Master Fund amounts to USD 8,438,239. Details on the financial assets and liabilities of the Master Fund and fair value hierarchy are as follows:

| | <u>30 June 2024</u> | <u>Level 1 USD</u> | <u>Level 2 USD</u> | <u>Level 3 USD</u> |
|--|-------------------------|------------------------|------------------------|------------------------|
| MASTER FUND | | | | |
| Financial assets at fair value through profit or loss | | | | |
| Equities | 8,438,239 | 6,312,357 | 2,125,882 | - |
| | <u>8,438,239</u> | <u>6,312,357</u> | <u>2,125,882</u> | <u>-</u> |
| | <u>30 June 2023</u> | <u>Level 1 USD</u> | <u>Level 2 USD</u> | <u>Level 3 USD</u> |
| MASTER FUND | | | | |
| Financial assets at fair value through profit or loss | | | | |
| Equities | 10,678,239 | 5,226,107 | 5,452,132 | - |
| | <u>10,678,239</u> | <u>5,226,107</u> | <u>5,452,132</u> | <u>-</u> |

6(c). 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 have been no such adjustments made to the NAV of the underlying subsidiaries and given the simple structure of the subsidiaries investing approximately 75% in quoted funds, the Company classifies these investment in subsidiaries as Level 2.

6(d). The valuation technique of the investments at Master Fund level are as follows:

Equity and debt securities

These pertain to equity and debt instruments which are quoted and for which there is a market price. As a result, they are classified within level 1 of the hierarchy. As at 30 June 2023, the valuation of listed instruments on the Zimbabwe Stock Exchange were classified as level 2 given that their quoted share price had been discounted. As at 30 June 2024 they are classified as level 1 given that no discount was applied. A description of the methodology for both years is as follows:

Valuation of investments listed on the Zimbabwe Stock Exchange

In April 2024, the Governor of the Reserve Bank of Zimbabwe introduced the Zimbabwe Gold Notes and Coins ("ZiG") as the new currency of Zimbabwe. The intent of the recalibrated monetary policy is to address the state of price and exchange rate instability in the economy. The structured currency introduced is anchored by a composite basket of foreign currency and precious metals (primarily gold) held as reserves by the Reserve Bank. The starting exchange rate was determined by the prevailing closing interbank exchange rate as at 5 April and the London PM Fix price of gold as at 4 April 2024. The intervening exchange rate is determined by the inflation differential between ZiG and the USD inflation rates and the movement in the price of the basket of precious minerals held as reserves. Zimbabwe investments as at 30 June 2024 were valued at the prevailing ZiG rate.

The Zimbabwe investments valued as at 30 June 2023 were based on the prior discount methodology. The prior rationalisation and methodology was as follows: Beginning in June 2020, the Zimbabwe authorities suspended Old Mutual shares from the Zimbabwe Stock Exchange, necessitating the Company to devise an alternative transparent discount factor. The new discount factor is based on the official Zimbabwe Dollar exchange rate at the end of June 2019, when the Zimbabwe Dollar became the sole legal tender in Zimbabwe, modified by the inflation differential between Zimbabwe and the United States captured in their respective monthly Consumer Price Indices (the US Consumer Price Index is that for urban consumers), then adjusted by the proportion of export proceeds that must be surrendered by Zimbabwean exporters to the Zimbabwe Reserve Bank. In May 2022, the Zimbabwe government imposed a ban on bank lending services so as to stop currency speculation and in June 2022 the RBZ monetary policy committee increased the policy rate 12,000 basis points to 200% so as to control rising inflation. The Company adjusted its model to reflect a 20% surrender requirement on the basis that the reported CPI captured only 80% of actual inflation, a position supported by the government actions. Over time, the official exchange rate has converged towards our in-house exchange rate. In May 2023, the Reserve Bank Governor along with the Minister of Finance stated that the Official Exchange Rate should converge toward the parallel rate, and trade at a discount that is lower than 20%. That statement partly led to the devaluation of the official rate and closed the gap on the parallel rate. This discount factor changes every month. The consequence of applying this discount factor is that the Zimbabwe Dollar prices of the Company's investments listed on the Zimbabwe Stock Exchange were converted into US Dollars, as at 30 June 2023 at a discount rate of 14.2%.

The value of the Zimbabwe investments recorded in the books of the Company, after applying the methodologies as described above, was USD 3,237,149 (2023: USD 3,076,332).

Written put options

These are traded on an active market and have a quoted market price. They have therefore been classified in level 1 of the hierarchy. As of 30 June 2024, the Company had no options outstanding.

Unquoted 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 valued ALU on the basis of an observable arms-length transaction between existing shareholders selling a portion of their shares and an unaffiliated third party. The transactions were agreed via an omnibus share purchase agreement dated 28 September 2022 with dates of the agreements evidencing the first, second, third, and fourth tranches, respectively, 30 September 2022, 5 December 2022, 6 March 2023 and 5 June 2023 (the fourth tranche was converted to partial purchases in June and September 2023, the overall number of shares remaining consistent), and thus were utilised as the basis of the valuation as at both 30 June 2023 and 30 June 2024. At 30 June 2024, the investment in ALU has been classified under level 2 because the value of the investment utilises the recent transaction.

6(e). Statement of profit or loss and other comprehensive Income of the Master Fund for the period from 1 January to 30 June 2024

The net losses on investments in subsidiaries at fair value through profit or loss for the period from 1 January 2024 to 30 June 2024 amounted to USD 356,762, and net losses on investments in subsidiaries at fair value through profit or loss for the period from 1 January 2023 to 30 June 2023 amounted to USD 296,599 arising at the Master Fund and can be analysed as follows:

| | For the period ended 30 June 2024 |
|---|--|
| | USD |
| Income | |
| Dividend revenue | <u>4,708</u> |
| | <u>4,708</u> |
| Expenses | |
| Net losses on financial assets and liabilities at fair value through profit or loss | 289,473 |
| Custodian fees, brokerage fees and commission | 81,138 |
| Net foreign exchange loss | 593 |
| Other operating expenses | <u>4,356</u> |
| | <u>375,560</u> |
| Operating loss before tax | (370,852) |
| Less withholding tax | <u>(756)</u> |
| Total Comprehensive loss for the period | <u><u>(371,608)</u></u> |
| Attributable to: | |
| AOF Limited (direct interests) | (356,646) |
| AOF Limited (indirect interests through AOF (GP) Ltd) | <u>(116)</u> |
| | <u>(356,762)</u> |
| AOF CarryCo Limited (NCI) | <u>(14,846)</u> |
| | <u><u>(371,608)</u></u> |

The financial assets and liabilities of the Master Fund are analysed as follows:

(i) Net (losses)/gains 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 2024 | For the period ended 30 June 2023 |
|---|--|---|
| | USD | USD |
| Net losses on fair value of financial assets at fair value through profit or loss | <u>(289,473)</u> | <u>(36,999)</u> |
| Net losses | <u><u>(289,473)</u></u> | <u><u>(36,999)</u></u> |

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

For the period For the period

| | <u>For the period ended 30 June 2024</u> | <u>For the period ended 30 June 2023</u> |
|---|--|--|
| | USD | USD |
| Held for trading assets: | | |
| At 1 January | 8,727,712 | 18,634,833 |
| Disposal | - | (7,919,595) |
| Net losses on financial assets at fair value through profit or loss | <u>(289,473)</u> | <u>(36,999)</u> |
| At 30 June (at fair value) | <u>8,438,239</u> | <u>10,678,239</u> |
| Analysed as follows: | | |
| - Listed equity securities | 6,312,439 | 8,302,439 |
| - Unlisted equity securities | <u>2,125,800</u> | <u>2,375,800</u> |
| | <u>8,438,239</u> | <u>10,678,239</u> |

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

| | <u>For the period ended 30 June 2024</u> | <u>For the period ended 30 June 2023</u> |
|---------------------|--|--|
| | USD | USD |
| Realised | - | 1,989,464 |
| Unrealised | <u>(289,473)</u> | <u>(2,026,463)</u> |
| Total losses | <u>(289,473)</u> | <u>(36,999)</u> |

7. RECEIVABLES

| | <u>30 June 2024</u> | <u>30 June 2023</u> |
|-------------|---------------------|---------------------|
| | USD | USD |
| Prepayments | <u>1,341</u> | <u>1,280</u> |
| | <u>1,341</u> | <u>1,280</u> |

8. CASH AND CASH EQUIVALENTS

| | <u>30 June 2024</u> | <u>30 June 2023</u> |
|--------------|---------------------|---------------------|
| | USD | USD |
| Cash at bank | <u>55,804</u> | <u>99,392</u> |

9(a). ORDINARY SHARE CAPITAL

| | <u>30 June 2024</u> | <u>30 June 2024</u> | <u>30 June 2023</u> | <u>30 June 2023</u> |
|--|----------------------|---------------------|----------------------|---------------------|
| | Number | USD | Number | USD |
| <i>Authorised share capital</i> | | | | |
| Ordinary shares with a par value of USD 0.01 | <u>1,000,000,000</u> | <u>10,000,000</u> | <u>1,000,000,000</u> | <u>10,000,000</u> |
| <i>Issued share capital</i> | | | | |
| Ordinary shares with a par value of USD 0.01 | <u>11,468,907</u> | <u>114,689</u> | <u>11,468,907</u> | <u>114,689</u> |

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.

The Company intends to pay or report dividends in order to remain an UK Reporting Fund, however, there is no assurance that the Company will be able to pay dividends. In compliance with the current investment strategy, Directors have the right to return cash through compulsory redemptions, by way of dividend or any other distribution as permitted by the Listing Rules.

9(b). SHARE CAPITAL AND SHARE PREMIUM

| | <u>Share Capital</u> | <u>Share Premium</u> | <u>Ordinary Shares</u> |
|-------------------------------|--------------------------|--------------------------|----------------------------|
| | USD | USD | Number |
| At 1 January 2023 | 202,146 | 1,997,201 | 20,214,590 |
| Changes during the period: | | | |
| Adjustment for prior period* | - | 8,244,224 | - |
| Redemption of ordinary shares | (87,457) | (4,430,872) | (8,745,683) |
| At 30 June 2023 | <u>114,689</u> | <u>5,810,553</u> | <u>11,468,907</u> |
| At 1 January 2024 | 114,689 | 5,810,553 | 11,468,907 |
| Changes during the period: | | | |
| Redemption of ordinary shares | - | - | - |
| At 30 June 2024 | <u>114,689</u> | <u>5,810,553</u> | <u>11,468,907</u> |

* The re-allocation relates to transfer from retained earnings to share premium following distributions made.

9(c). NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

| | <u>Ordinary Shares</u> |
|--|----------------------------|
| | USD |
| At 1 January 2024 | 9,878,047 |
| Changes during the period: | |
| Total comprehensive loss for the period | (520,499) |
| At 30 June 2024 | <u>9,357,548</u> |
| Net asset value per share at 30 June 2024 | <u>0.816</u> |

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. During the half-year ended 30 June 2024, the Directors did not initiate or approve a partial mandatory redemption of the Company's Ordinary Shares. The Company has 11,468,907 Ordinary Shares in issue. Knapp and Myma Belo-Osagie, Directors of the Company held 1,851,484 and 15,234 Ordinary Shares, respectively.

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 Fund merged the C share class and the ordinary shares as contemplated in the April 2014 issuance of the C share class, and with the consent of the Board of Directors, on 23 August 2017. The C Class shares were converted into ordinary shares.

The Shoprite arbitral award issued in 2016. The arbitral award resulted in AOF not being considered legal owner of the specific Shoprite Holdings,; therefore, the Shoprite investment was written off. To effectuate this merger, Contingent Value Rights certificates for any residual rights with respect to Shoprite shares listed on the Lusaka Stock Exchange were issued to the ordinary shareholders of record on 21 August 2017. 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.

10. TRADE AND OTHER PAYABLES

| | <u>30 June 2024</u> | <u>30 June 2023</u> |
|-------------------------------------|-----------------------|---------------------|
| | USD | USD |
| Due to Africa Opportunity Fund L.P. | 210,000 | - |
| Directors Fees Payable | 17,500 | 17,500 |
| Other Payables | 114,062 | 48,593 |
| | <u>341,562</u> | <u>66,093</u> |

Other payables are non-interest bearing and have an average term of six months. The carrying amount of trade and other payables approximates their fair value.

11. EARNING PER SHARE

| | | <u>Period from 1 January 2024 to 30 June 2024</u> | <u>Period from 1 January 2023 to 30 June 2023</u> |
|--|-----|---|---|
| | | <u>Ordinary shares</u> | <u>Ordinary shares</u> |
| Change in net assets attributable to shareholders | USD | <u>(520,499)</u> | <u>(487,496)</u> |
| Number of shares in issue | | <u>11,468,907</u> | <u>11,468,907</u> |
| Change in net assets attributable to shareholders per share (based on number of shares outstanding at period end) | USD | <u>(0.045)</u> | <u>(0.043)</u> |
| Weighted Average number of shares in issue | | <u>11,468,907</u> | <u>18,368,279</u> |
| Change in net assets attributable to shareholders (based on weighted average number shares outstanding at period end) | USD | <u>(0.045)</u> | <u>(0.027)</u> |

The earnings per share (EPS) is calculated by dividing the decrease in net assets attributable to shareholders by number of ordinary shares. The EPS for the period ended 30 June 2024 and 2023 represent both the basic and diluted EPS.

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

| | <u>30 June 2024</u> | <u>30 June 2023</u> |
|---|---------------------|---------------------|
| ASSETS | | |
| Cash and cash equivalents | 1,812,190 | 1,147,534 |
| Trade and other receivables | 28,700 | 139,875 |
| Receivable from AOF Ltd | 210,000 | - |
| Financial assets at fair value through profit or loss | 8,438,239 | 10,678,239 |
| Total assets | <u>10,489,129</u> | <u>11,965,648</u> |
| EQUITY AND LIABILITIES | | |

| | | |
|--|-------------------|-------------------|
| Liabilities | | |
| Trade and other payables | 445,916 | 463,208 |
| | <u>445,916</u> | <u>463,208</u> |
| Total liabilities | | |
| | <u>10,043,213</u> | <u>11,502,440</u> |
| Net assets attributable to members' account | | |

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.

Dividend revenue is presented gross of any non-recoverable withholding taxes, which are disclosed separately in the statement of comprehensive income. Withholding taxes are not separately disclosed in statement of cash flows as they are deducted at the source of the income.

14. SEGMENT INFORMATION

For management purposes, the Company 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 (2023: the same).

16. COMMITMENTS AND CONTINGENCIES

There are no commitments or contingencies at the reporting date.

17. LIFE OF THE COMPANY

Shareholders passed an ordinary resolution at an extraordinary general meeting of the Company on 28 February 2014 that the Company continues in existence. On 27 June 2019, the Shareholders passed a further ordinary resolution at an extraordinary general meeting of the Company on that the Company continues in existence through 30 June 2022.

In June 2022, the Directors convened an Annual General Meeting and an Extraordinary General Meeting where the following was passed:

- 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") adopted as the new investment policy of the Company continues;
- 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 two years during which the Investment Manager will realize the portfolio in an orderly manner and distribute the proceeds to the shareholders. (Please review the Company's Circular dated 13 June 2022 for a detailed and comprehensive description of the Continuation Vote)

A brief synopsis of the "New Investing Policy" which shall remain in force through 30 June 2024 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.

Please refer to Footnote 19 "Subsequent Events" for changes to the life of the Company after the 30 June 2024 reporting period, effective with the passage of a new investment policy and elimination of continuation votes at the 15 July 2024 EGM.

18. SIGNIFICANT EVENTS

Effective 19 June 2024, Shore Capital and Corporate Limited ("SCC") and Shore Capital Stockbrokers Limited ("SCS") were appointed to act as financial adviser and broker to the Company, replacing Liberum Capital Limited.

19. SUBSEQUENT EVENTS

At the Extraordinary General Meeting ("EGM") of the Company held on 15 July 2024, the shareholders voted in favor of a new investment policy and the elimination of future continuation votes. As such, the Company is no longer following a liquidation strategy, nor is it subject to going concern considerations.

Below is a brief synopsis of the investment strategy as approved with the passage of the adoption of "New Investment Policy" as consistent with the Company's Circular dated 15 July 2024:

Geographical focus - the Group will make investments in companies or assets with a material portion of their value derived from or located in Africa. Such companies may be domiciled in Africa or outside Africa or, if listed, listed either on an African stock exchange or a non-African stock exchange. The geographic mix of investments will vary over time depending on the relative attractiveness of opportunities among countries and regions.

Type of investment - the Group may invest in equity, quasi-equity debt instruments or real estate interests which may or may not represent shareholding or management control, and debt issued by African sovereign states and government entities. Investments may be made directly or through special purpose vehicles, joint venture, nominee or trust structures.

Borrowing and gearing - the Group may use overdraft and other short-term borrowing facilities to satisfy short-term working capital needs, including to meet any expenses or fees payable by the Group. Borrowings may be utilised for investment purposes with the prior approval of the Board. The Group has no borrowing or gearing limits in its Articles but gearing, represented by borrowings as a percentage of Net Asset Value, will not exceed 30% at the time of drawdown.

An Amended and Restated Investment Management Agreement dated 21 June 2024 was also adopted effective with the 15 July 2024 EGM shareholder vote.

[1] World Bank GDP Per Capita Data 1960 to 2023.

[2] Bloomberg

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