The Emerging Africa Infrastructure Fund Limited

Financial statements
For the year ended 31 December 2011

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For the year ended 31 December 2011

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The Emerging Africa Infrastructure Fund Limited

Corporate data

Directors:

Resident	Appointed	Resigned
K C Li Kwong Wing	12/05/2003	
J De Chasteauneuf	08/12/2003	
Non-Resident		
Irving Kuczynski	18/12/2001	
Claes De Neergaard	18/12/2001	31/03/2011
David Pitts	06/10/2003	03/05/2011
Beate Baethke	05/02/2007	
Robert Sack	21/09/2007	
Hein Gietema	15/10/2007	
Anthony Lea	16/02/2009	
Saud Siddique	01/02/2010	
Roselyne Renel	04/05/2011	

Alternate Director: Amal Autar (for K C Li Kwong Wing)

Fund Manager : Frontier Markets Fund Managers Limited
(Formerly known as Standard Infrastructure Fund Managers Limited)
6th Floor
Medine Mews Building
La Chaussée Street
Port Louis
Mauritius

Secretary and Administrator: Standard Bank Trust Company (Mauritius) Limited
6th Floor
Medine Mews Building
La Chaussée Street
Port Louis
Mauritius

Registered Office: 6th Floor
Medine Mews Building
La Chaussée Street
Port Louis
Mauritius

Auditors: KPMG
KPMG Centre
31 Cybercity
Ebene
Mauritius

The Emerging Africa Infrastructure Fund Limited

Directors' report

The directors are pleased to present their report together with the audited financial statements of The Emerging Africa Infrastructure Fund Limited (the "Company") for the year ended 31 December 2011.

Principal activity

The principal activity of the Company is that of providing long-term financing to private sector infrastructure projects in sub-Saharan Africa.

Results and dividend

The results for the year are shown on page 6.

The directors do not recommend the payment of a dividend for the year under review.

Statement of directors' responsibilities in respect of financial statements

The Company's directors are responsible for the preparation and fair presentation of these financial statements, comprising the statement of financial position at 31 December 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act.

The directors' responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

The directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe the business will not be a going concern in the year ahead.

Auditors

The auditors, KPMG, have indicated their willingness to continue in office.

The Emerging Africa Infrastructure Fund Limited

Secretary's report

Under Section 166(d) of the Companies Act 2001

We certify that, to the best of our knowledge and belief, the Company has filed with the Registrar of Companies all such returns as are required of the Company under the Companies Act 2001 during the financial year ended 31 December 2011.

....

CORPORATE SECRETARY
Standard Bank Trust Company (Mauritius) Limited
6th Floor
Medine Mews Building
La Chaussée Street
Port Louis
Mauritius

Date: 28 JUN 2012

KPMG
KPMG Centre
31, Cybercity
Ebène
Mauritius

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Telefax + 230 406 9998
BRN No: F07000189
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INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF THE EMERGING AFRICA INFRASTRUCTURE FUND LIMITED

Report on the Financial Statements

We have audited the financial statements of The Emerging Africa Infrastructure Fund Limited (the "Company") on pages 6 to 34 which comprise the statement of financial position at 31 December 2011 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes.

This report is made solely to the Company's member, in accordance with Section 205 of the Mauritius Companies Act. Our audit work has been undertaken so that we might state to the Company's member those matters that are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's member, for our audit work, for this report, or for the opinions we have formed.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

KPMG

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF THE EMERGING AFRICA INFRASTRUCTURE FUND LIMITED (CONTINUED)

Report on the Financial Statements (continued)

Opinion

In our opinion, the financial statements on pages 6 to 34 give a true and fair view of the financial position of the Company at 31 December 2011 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Mauritius Companies Act.

Report on Other Legal and Regulatory Requirements

Mauritius Companies Act

We have no relationship with or interests in the Company other than in our capacity as auditors and tax advisors.

We have obtained all the information and explanations we have required.

In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

Accounts 2011 – redact in full Note 6, pages 19 to 21 (part of page).

KPMG
Licensed Auditors

Reesan Emrith
Licensed by FRC

Ebène

Date: 28 JUN 2012

The Emerging Africa Infrastructure Fund Limited

Statement of comprehensive income
For the year ended 31 December 2011

	Note	2011 USD	2010 USD
Interest income		18,255,015	16,516,125
Interest expense		(5,988,058)	(5,238,649)
Net interest income		12,266,957	11,277,476
Other income			
Interest income on cash deposit		228,874	182,788
Interest on income notes		9,976	17,830
Amortisation of upfront fees	14	834,657	1,098,047
Amortisation of commitment fees	14	524,470	455,411
Deferral fee income	14	119,092	133,477
Waiver/Cancellation fees		416,730	207,223
Loan arrangement fees		105,000	325,486
Loan administration and other fees		145,194	189,813
Appraisal fees		57,500	213,650
Realised gain of available- for -sale financial assets transferred from equity	7	837,931	-
Realised gain on disposal of available- for -sale financial assets		558,075	-
Operating income		3,837,499	2,823,725
Other expenses			
Loan administration fee expense		(1,257,692)	-
Fund manager expenses	18	(5,543,719)	(6,628,429)
Professional fees and expenses	Appendix	(644,414)	(712,294)
Administration expenses	Appendix	(805,170)	(1,335,083)
Amortisation of upfront fees	9	(479,862)	(397,514)
Amortisation of commitment fees	9	(1,637,783)	(1,389,672)
Amortisation of accordion fees	9	(63,541)	(64,325)
Amortisation of refinancing cost	9	(62,500)	(64,456)
Amortisation of debt facility costs	10	(88,458)	(91,227)
Loss on transfer of investment	7	(388,741)	-
Foreign exchange loss	4	(262,918)	(727,091)
Operating expenses		(11,234,798)	(11,410,091)
Profit before tax		4,869,658	2,691,110
Income tax	5	(79,992)	(81,644)
Profit for the year		4,789,666	2,609,466
Other comprehensive income			
Net change in fair value of available- for -sale financial assets:			
Quoted investments	7	(837,931)	662,535
Unquoted investments	7	(589,405)	-
Other comprehensive income for the year		(1,427,336)	662,535
Total comprehensive income for the year		3,362,330	3,272,001

The notes on pages 10 to 34 form part of the financial statements

The Emerging Africa Infrastructure Fund Limited

Statement of financial position
at 31 December 2011

	Note	2011 USD	2010 USD
Non-current assets			
Loans and advances	6	287,012,668	252,798,812
Available-for-sale financial assets	7	233,167	2,980,168
Other financial assets	8	1,476,467	1,476,467
Deferred expenses	9	7,608,809	9,344,590
Debt facility costs	10	160,989	249,447
		296,492,100	266,849,484
Current assets			
Loans and advances	6	36,746,088	35,825,663
Trade and other receivables	11	5,109,464	4,478,203
Cash and cash equivalents		11,830,898	39,849,396
Derivative financial instrument	16	207,553	-
Total current assets		53,894,003	80,153,262
Total assets		350,386,103	347,002,746
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	12	152,432,600	138,552,600
Revaluation reserve		(589,405)	837,931
Retained earnings		20,829,112	16,039,446
Total equity		172,672,307	155,429,977
Non-current liabilities			
Interest - bearing borrowings	13	112,148,633	127,391,747
Deferred income	14	6,414,995	8,056,811
		118,563,628	135,448,558
Current liabilities			
Interest - bearing borrowings	13	56,813,104	54,024,307
Taxation	15	24,481	74,016
Derivative financial instrument	16	-	57,669
Trade and other payables	17	2,312,583	1,968,219
Total current liabilities		59,150,168	56,124,211
Total equity and liabilities		350,386,103	347,002,746

Approved by the Board of Directors on 28 JUN 2012

.... Director

.... Director

The notes on pages 10 to 34 form part of the financial statements

The Emerging Africa Infrastructure Fund Limited

Statement of Changes in Equity
For the year ended 31 December 2011

	Note	Share capital USD	Revaluation Reserve USD	Retained earnings USD	Total USD
Balance at 1 January 2010		133,482,100	175,396	13,429,980	147,087,476
Issued during the year		5,070,500		-	5,070,500
Other comprehensive income			662,535		662,535
Profit for the year		-	-	2,609,466	2,609,466
At 31 December 2010		138,552,600	837,931	16,039,446	155,429,977
Issued during the year		**13,880,000**			**13,880,000**
Other Comprehensive income	7	-	**(1,427,336)**	-	**(1,427,336)**
Profit for the year		-	-	**4,789,666**	**4,789,666**
At 31 December 2011		**152,432,600**	**(589,405)**	**20,829,112**	**172,672,307**

The notes on pages 10 to 34 form part of the financial statements

The Emerging Africa Infrastructure Fund Limited

Statement of Cash Flow
For the year ended 31 December 2011

	2011 USD	2010 USD
Cash flow from operating activities		
Profit for the year	4,869,658	2,691,110
Adjustments for:-		
Amortisation of loan fees income	(1,478,219)	(1,686,935)
Interest income on cash deposit	(228,874)	(182,788)
Amortisation of loan fees expense	2,316,579	2,665,780
Gain on disposal of available-for sale financial asset	(1,396,006)	-
Loss on transfer of investment	388,741	-
Unrealised foreign exchange loss on loan	(965,191)	212,457
Unrealised foreign exchange loss on forward contract	(265,222)	57,669
Income tax paid	(129,527)	-
Interest and fees capitalised	(16,067,752)	(6,138,192)
Operating loss before working capital changes	(12,955,813)	(2,380,899)
(Increase)/Decrease in trade and other receivables	(113,211)	349,698
Increase in trade and other payables	344,364	14,685
Net cash used in operating activities	(12,724,660)	(2,016,516)
Cash flow from investing activities		
Disposal of available- for -sale financial asset	2,326,930	-
Interest received on cash deposit	248,324	176,751
Commitment and upfront fees received	1,588,049	2,202,981
Net repayment of loans and advances	(20,533,017)	(136,654)
Net cash used in investing activities	(16,369,714)	2,243,079
Cash flow from financing activities		
Issue of ordinary shares	13,880,000	5,070,500
FMFML upfront and commitment fees paid	-	(899,066)
Loan commitment and upfront fees paid	(2,783,405)	(2,317,592)
Net proceeds from interest-bearing borrowings	(10,020,719)	18,604,957
Net cash from financing activities	1,075,876	20,458,799
Net (decrease)/ increase in cash and cash equivalents	(28,018,498)	20,685,362
Cash and cash equivalents at beginning of year	39,849,396	19,164,035
Cash and cash equivalents at end of year	11,830,898	39,849,396

The notes on pages 10 to 34 form part of the financial statements

General information

The Company was incorporated on 18 December 2001 and was granted a Category 1 Global Business Licence on 29 April 2002 and operates as a Closed End Fund (exempt status) with effect from January 2011 under the Securities Act. Previously, it operated as a Collective Investment Scheme.

The Company as a holder of a Category 1 Global Business Licence under the Companies Act 2001 and Financial Services Act 2007, is required to carry on its business in a currency other than the Mauritian rupee. Since the Company operates in an international environment and conducts most of its transactions in foreign currencies the Company has chosen to retain the United States Dollar ("USD") as its reporting currency.

1. Basis of preparation

a) *Statement of Compliance*

The financial statements of the Company as at and for the year ended 31 December 2011 have been prepared in accordance with International Financial Reporting Standards (IFRSs).

b) *Basis of measurement*

The financial statements have been prepared on the historical cost basis except for the following:

-Derivative financial instruments are measured at fair value
-Financial instruments at fair value through statement of comprehensive income are measured at fair value
-Available-for-sale financial assets are measured at fair value

c) *Functional and presentation currency*

The financial statements are presented in US dollars which is the Company's functional currency.

d) *Use of estimates and judgements*

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements.

e) *Changes in accounting policies*

There were no changes in the accounting policies of the Company during the year.

2. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

2. **Significant accounting policies (continued)**

(a) Financial instruments

(i) *Non-derivative financial assets*

The Company initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Company classifies non-derivative financial assets into the following categories: loans and receivables and available-for-sale financial assets.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise loan and advance, trade and other receivables.

Cash and cash equivalents comprise cash balances and call deposits with original maturities of a week or more.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale. The Company's investments in equity securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale debt instruments, are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.
Investments that do not have a quoted market price in an active market and whose fair value cannot be determined are measured at cost.

(ii) Non-derivative financial liabilities

The Company initially recognises subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

The Company classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings and trade and other payables.

2 Significant accounting policies (continued)

(a) Financial Instruments(continued)

(iii) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

(iv) Derivative financial instruments, including hedge accounting

The Company held derivative financial instruments to hedge its foreign currency during the year.

(v) Net gain from financial instruments at fair value through profit or loss

Net gain from financial instruments at fair value through profit or loss includes all realised and unrealised fair value changes and foreign exchange differences, but excludes interest and dividend income, and dividend expense on securities sold short.

iv) Derivative financial instruments, including hedge accounting

On initial designation of the derivative as the hedging instrument, the Company formally documents the relationship between the hedging instrument(s) and hedged item(s), including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Company makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, of whether the hedging instruments are expected to be "highly effective" in offsetting the changes in the fair value or cash flows of the respective hedged items during the period for which the hedge is designated.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the hedging reserve in equity. The amount recognised in other comprehensive income is removed and included in profit or loss in the same period as the hedged cash flows affect operating income under the same line item in the statement of comprehensive income as the hedged item. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

When the hedged item is a non-financial asset, the amount accumulated in equity is included in the carrying amount of the asset when the asset is recognised. In other cases, the other amount accumulated in equity is reclassified to statement of comprehensive income in the same period that the hedge item affects profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the balance in equity is reclassified in statement of comprehensive income.

2. Significant accounting policies (continued)

b) *Foreign currencies transactions*

Transactions in foreign currencies are translated to the respective functional currencies of Company entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the reporting date into the respective functional currencies at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity investments or qualifying cash flow hedges, which are recognised in other comprehensive income.

c) Interest income and interest expense

Interest income and interest expenses are recognised in the statement of comprehensive income and measured using the effective interest rate method.

d) Upfront and Commitment fees income and expense

Upfront fees income from borrowers on loan disbursed are regarded as origination fee and upfront fees expense paid to lenders on loan disbursed are regarded as transaction costs. Upfront fees income and expense, commitment fees income from borrowers on undrawn loan commitment, commitment fees expense paid to lenders on undrawn loan committed and the share of commitment and upfront fees paid to FMFML through the variable fees are capitalised and amortised over the life of the underlying loan on an effective yield basis.

e) Debt facility costs

Fees incurred in the establishment of the debt facility have been capitalised and are amortised over the life of the underlying loans on an effective yield basis.

(f) Grants

Income related to grants are recognised at their fair value in the statement of comprehensive income and when the Company has complied with all attached conditions.

Non refundable grants are recognised in the statement of comprehensive income. Grants relating to projects which have complied with all attached conditions are deferred and recognised in the statement of comprehensive income over the period necessary to match them with the costs that they are intended to compensate.

(g) Impairment

(i) Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

2. Significant accounting policies (continued)

(g) Impairment(continued)

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

The Company considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

In assessing collective impairment the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Impairment losses on available-for-sale investment securities are recognised by transferring the cumulative loss that has been recognised in other comprehensive income, and presented in the fair value reserve in equity, to profit or loss. The cumulative loss that is removed from other comprehensive income and recognised in profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in profit or loss. Changes in impairment provisions attributable to time value are reflected as a component of interest income.

(h) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(i) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

2. Significant accounting policies (continued)

(i) Income tax (continued)

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(j) Related parties

For the purposes of these financial statements, parties are considered to be related to the Company if they have the ability, directly or indirectly, to control the company or exercise significant influence over the Company in making financial and operating decisions, or vice versa, or where the Company is subject to common control or common significant influence. Related parties may be individuals or other entities.

(k) New standards, interpretations and amendments to published standards

Up to the date of issue of these financial statements, the IASB has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 31 December 2011 and which have not been adopted in these financial statements.

The Company is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Company's results of operations and financial position.

Standard/Interpretation			Effective date
IFRS 7 amendment		Disclosures – Transfers of Financial	Annual periods beginning on or after 1 July 2011*
IFRS 9		Financial Instruments	Annual periods beginning on or after 1 January 2013*
IFRS 9		Additions to IFRS 9 Financial Instruments	Annual periods beginning on or after 1 January 2013*
IFRS 10		Consolidated Financial Statements	Annual periods beginning on or after 1 January 2013*
IFRS 11		Joint Arrangements	Annual periods beginning on or after 1 January 2013*
IFRS 12		Disclosure of Interest in Other Entities	Annual periods beginning on or after 1 January 2013*
IAS 12 Amendment		Deferred tax: Recovery of Underlying	Annual periods beginning on or after 1 January 2012*
IAS 1 amendment		Presentation of items of other comprehensive income	Annual periods beginning on or after 1 July 2012*
IFRS 13		Fair Value Measurement	Annual periods beginning on or after 1 January 2013*
IAS 27		Separate Financial Statements (2011)	Annual periods beginning on or after 1 January 2013*
IAS 28		Investments in Associates and Joint Ventures (2011)	Annual periods beginning on or after 1 January 2013*

*All Standards and Interpretations will be adopted at their effective date (except for those Standards and Interpretations that are not applicable to the entity).

2 Significant accounting policies (continued)

(k) New standards, interpretations and amendments to published standards (continued)

Improvements to International Financial Reporting Standards 2010, IFRS 1 amendment, IFRIC 14 amendment, and IFRIC 19 are not applicable to the business of the entity and will therefore have no impact on future financial statements.

3. Critical accounting judgements and key sources of estimation uncertainty

Critical accounting judgements in applying the Company's accounting policies

In the process of applying the Company's accounting policies, which are described in note 2, the directors have made the following judgements that have the most significant effect on the amounts recognised in the financial statements.

Determination of functional currency

The determination of the functional currency of the Company is critical since recording of transactions and exchange differences arising there from are dependent on the functional currency selected. As described in note 2, the directors have considered those factors described therein and have determined that the functional currency of the Company is the United States Dollar ("USD").

Financial instruments and associated risks

Fair value versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position are as follows:

	Carrying Amount 2011	Fair value 2011	Carrying Amount 2010	Fair value 2010
	USD	**USD**	USD	USD
Available-for-sale investments	**822,572**	**233,167**	2,142,237	2,980,168
Cash and cash equivalents	**11,830,898**	**11,830,898**	39,849,396	39,849,396
Trade and other receivables	**330,282,211**	**330,282,211**	294,516,794	294,516,794
Trade and other payables	**(171,274,320)**	**(171,274,320)**	(183,384,273)	(183,384,273)
	171,661,361	**171,071,956**	153,124,154	153,962,085

Fair value hierarchy
Fair value measurements are classified into a fair value hierarchy by reference to the observability and significance of the inputs used in measuring fair value. The hierarchy prioritises the inputs to valuation techniques used to measure fair value based on their observable or unobservable nature. The three levels are as follows:

Level 1 - valued using quoted prices in active markets for identical assets.
Level 2 - valued by reference to valuation techniques using observable inputs other than quoted prices included within Level 1.
Level 3 - valued by reference to valuation techniques using inputs that are not based on observable market data.

3. Critical accounting judgements in applying the Company's accounting policies(continued)

Fair value hierarchy(continued)

Classifications and fair values of financial assets and liabilities

The table below analyses financial instruments measured at fair value at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

31 December 2011

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Investment in equity securities	-	-	233,167	233,167

31 December 2010

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Investment in equity securities	1,768,855	-	1,211,313	2,980,168

Classifications and fair values of financial assets and liabilities

The table below provides reconciliation of the line items in the Company's statement of financial position to the categories of financial instruments.

	Loans and receivables USD	Other financial liabilities USD	Total Carrying amount USD	Total fair value USD
Year ended 31 December 2011	330,282,211	(171,274,320)	159,007,891	159,007,891

	Loans and receivables	Other financial liabilities	Total Carrying amount	Total fair value
Year ended 31 December 2010	294,516,794	(183,384,273)	111,132,521	111,132,521

4 Foreign exchange loss

	2011 USD	Year ended 2010 USD
Gain/(loss) on loan	**1,026,952**	(1,289,319)
Loss on monetary items	**(312,092)**	(134,197)
(Loss)/gain on forward contract	**(977,778)**	696,425
Net loss on foreign exchange	**(262,918)**	(727,091)

5 Income Tax

The Company is subject to income tax in Mauritius at 15%. It is entitled, however, to a tax credit equivalent to the higher of the actual foreign tax suffered and 80% of the Mauritius tax on its foreign source income. Capital gains tax are exempt from tax in Mauritius.

	2011 USD	2010 USD
Income tax movement for the year	**79,992**	81,644
Reconciliation of effective tax rate		
Profit from operations	**4,869,658**	2,691,110
Income tax at 15%	**730,449**	403,667
Exempt income	**(34,331)**	(27,418)
Non deductible income/non allowable expenses	**(296,156)**	31,972
Tax credit	**(319,970)**	(326,577)
Deferred tax released for the year	**79,992**	81,644

The information has been redacted because of its commercially sensitive nature

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9. Deferred expenses

	FMFML fees USD	Upfront fees USD	Commitment fees USD	Accordian fees USD	Refinancing cost USD	TOTAL USD
At 1 Jan 2011	2,275,500	1,967,317	4,747,384	178,143	176,246	9,344,590
Movement during the year	(2,291,065)	1,479,294	1,304,111	-	-	492,340
Amortisation charge	15,565	(479,862)	(1,637,783)	(63,541)	(62,500)	(2,228,121)
At 31 Dec 2011	-	2,966,749	4,413,712	114,602	113,746	7,608,809

USD 2,291,065 represents the full amortisation of commitment and upfront fees paid to FMFML, under the old Fund Management Agreement dated 1 December 2006.

10. Debt facility costs

	USD
Cost	1,151,343
Amortisation	
At January 2011	901,896
Charge for the year	88,458
At 31 December 2011	990,354
Carrying amounts	
At 31 December 2011	160,989
At 31 December 2010	249,447

11. Trade and other receivables

	2011 USD	2010 USD
Account Bank prepaid	**8,333**	8,333
Facility Agent fees prepaid	**45,833**	8,333
Security Trustee fees prepaid	**1,667**	1,881
Insurance prepaid	**4,643**	9,804
Licence fee prepaid	**2,000**	2,000
Bank accrued interest	**77**	19,527
Interest accrued on income notes	**27,805**	17,829
Front end fees receivable	**537,500**	470,393
Loan interest receivable	**4,259,876**	3,908,103
Loan administration and other fees receivable/paid in advance	**221,730**	32,000
	5,109,464	4,478,203

12. Share capital

	2011 Number of shares	2011 USD	2010 Number of shares	2010 USD
Issued and fully paid				
Ordinary shares:-				
At 1 Jan 2011	**13,855,260**	**138,552,600**	13,348,210	133,482,100
Additions	**1,388,000**	**13,880,000**	507,050	5,070,500
At 31 Dec 2011	**15,243,260**	**152,432,600**	13,855,260	138,552,600

13. Interest-bearing borrowings

	2011 USD	2010 USD
Non-Current liabilities		
Senior loans:		
Barclays Bank Plc	**27,857,879**	27,765,867
Standard Bank of South Africa Limited	**20,509,957**	28,842,890
Kreditanstalt für Wiederaufbau	**15,455,496**	14,305,865
International Finance Corporation	**878,788**	-
African Development Bank	**757,560**	-
Oesterreichische Entwicklungsbank AG	**344,620**	-
	65,804,300	70,914,622
Subordinated loans:		
Development Bank of Southern Africa	**13,758,452**	16,677,931
Nederlandse Financierings - Maatschappij voor Ontwikkelingslanden N.V (FMO)	**21,737,002**	26,316,022
Deutsche Investitions-Und Entwicklungsgesellschaft mbh (DEG)	**10,848,879**	13,483,172
	46,344,333	56,477,125
Total non-current liabilities	**112,148,633**	127,391,747

13. Interest-bearing borrowings(continued)

	2011	2010
Current liabilities:	**USD**	USD
Senior loans:		
Barclays Bank Plc	**17,993,154**	18,510,683
Standard Bank of South Africa Limited	**17,088,549**	16,526,023
Kreditanstalt für Wiederaufbau	**11,957,917**	9,151,831
Subordinated loans:		
Development Bank of Southern Africa	**2,919,480**	2,919,480
Nederlandse Financierings - Maatschappij voor Ontwikkelingslanden N.V (FMO)	**4,579,026**	4,579,026
Deutsche Investitions-Und Entwicklungsgesellschaft mbh (DEG)	**2,274,978**	2,337,264
Total current liabilities	**56,813,104**	54,024,307

The interest bearing borrowings are denominated in the following currencies

	2011	2010
	USD	USD
US dollars	**84,504,948**	110,553,672
Euro 65,520,112 (2010 - Euro 53,291,345)	**84,456,789**	70,862,382
	168,961,737	181,416,054

On 15 December 2011, the Company's financing arrangements was amended in connection with the agreement by International Finance Corporation, African Development Bank to lend a further USD 90 million to the Company. Oesterreichische Entwicklungsbank AG also lent the Company a further Euro 10 million. In addition to this, USD 45 million of Kreditanstalt für Wiederaufbau's existing commitments were cancelled and restructured. Collectively, these are called the "2011 New Senior Commitments".

A share pledge between the Public Private Infrastructure Development Trust (now known as the Private Infrastructure Development Group Trust (the "PIDG Trust")) in favour of Barclays Bank Plc., as Security Trustee was executed on 30 January 2002 (the "Share Pledge").
Under the Share Pledge, the PIDG Trust shall pledge all shares and Related Assets (as defined in the Share Pledge) held by it in the Company to the Security Trustee and grants to the Security Trustee a first priority security interest in the shares and Related Assets until the Emerging Africa Infrastructure Fund Ltd has fully discharged its obligations as set out in the Finance Documents (defined in the Master Agreement dated 30 January 2002 as amended from time to time), up to an aggregate capital amount of USD396,387,976 and Euro 10,000,000 plus accrued interest, expenses, costs and all other miscellaneous sums payable under the Finance Documents.

As at 31 December 2011, the undrawn loan commitments amounted to USD 279,831,737 and Euro 19,733,736.

14. Deferred Income

	Grant USD	Deferral fees USD	Upfront fees USD	Commitment fees USD	Total USD
At 1 January 2011	1,054,619	693,793	4,676,242	1,632,157	8,056,811
Movement during the year					
-fees received/receivable	-	-	1,370,309	755,240	2,125,549
-FMFML fees			(1,571,473)	(719,592)	(2,291,065)
Foreign exchange	-	-	(733)	2,652	1,919
Amortisation charge	-	(119,092)	(834,657)	(524,470)	(1,478,219)
At 31 Dec 2011	**1,054,619**	**574,701**	**3,639,688**	**1,145,987**	**6,414,995**

USD 2,291,065 represents the full amortisation of commitment and upfront fees paid to FMFML, under the Fund Management Agreement dated 1 December 2006.

15. Taxation

	2011 USD	2010 USD
At 1 January	**74,016**	(7,628)
Tax paid during the year	**(129,527)**	-
Movement during the year	**79,992**	81,644
At 31 Dec 2011	**24,481**	74,016

16. Derivative financial instruments

	2011 USD	2010 USD
Forward foreign exchange contracts assets/(liabilities)	**207,553**	(57,669)

The notional principal amount of the outstanding forward foreign exchange contract as at 31 December 2011 is Euro 3,968,505 (2010-Euro 9,170,000). The contract will mature on 15 May 2012.

17. Trade and other payables

	2011 USD	2010 USD
FMFML:		
- Variable fees	-	659,366
- Fixed fee	941,236	60
- Performance fees	592,204	372,141
- Other fees	-	3,000
Travel and other expenses	16,029	20,219
Crown Agent legal fees	52,128	62,289
Consultancy fees	-	60,723
Loan interest payable	679,002	705,489
Company management fees	2,158	2,102
Directors fees	4,898	3,038
Audit fees	24,928	19,322
Reimbursement of monitoring fees to O3B	-	39,970
Upfront fees received in advance	-	20,500
	2,312,583	1,968,219

18. Fees

(a) Fund Management fees

Substantially all of the Company's management, administration and reporting are set out under the Second Amended and Restated Fund Management Agreement, dated 20 July 2011, (whose effective date is 1 January 2011) entered into with Frontier Markets Fund Managers Limited ("FMFML") as the Fund Manager, a joint venture private limited Company incorporated in Mauritius, with the following shareholders:

Standard Bank Group Limited	70.00%
Nederlandse Financierings - Maatschappij voor Ontwikkelinglanden(FMO) N.V	18.42%
EMP (Africa) L.L.C	11.58%

FMFML is entitled to receive fees from the Company under the terms of the Second Amended and Restated Fund Management Agreement dated 20 July 2011. This fee structure is applicable with effect from 1 January 2011 and is as follows:

(i) A Fixed fee payable quarterly in arrears and calculated at 0.3125% of the average disbursed performing loans subject to a quarterly minimum of USD 850,000 and an annual maximum of USD 5,000,000.

(iii) A Performance Fee calculated at 25% of the Profit or Loss before any Taxes and Performance Fee (PBLTPF). The performance fee is payable on a bi-annual basis on 30 June and 31 December each year.

18. Fees (continued)

Fund Management fees

	2011 USD	2010 USD
Fixed fee	**3,750,988**	2,218,000
Variable fee:		
- fees charged on disbursement	**-**	3,347,634
- fees charged on arrangement fees income	**-**	134,465
- amortise commitment and upfront fees(note 9)-over accrued	**(15,565)**	658,586
Performance fee over accrued(prior years)	**(3,220)**	(72,763)
Performance fee for the period	**1,811,516**	372,141
Loan monitoring fees	**-**	(72,333)
Appraisal fees	**-**	42,699
	5,543,719	6,628,429

(b) *Facility Agency fees*

The Senior and Subordinate facility agents are paid an annual fee of USD 50,000 and USD 25,000 respectively. These fees are payable in advance.

(c) *Security Trustee fees*

The Security Trustee, Barclays Capital London, is paid an annual fee amounting to USD 20,000, indexed to US Consumer Price Index. This fees is payable in advance.

(d) *Account Bank fees*

The Account Bank, Barclays Bank Plc's International Banking Division, is paid a fee of USD 20,000.This fee is payable in advance.

(e) Advisory and Administrative Services Agreements

FMFML has subcontracted certain support services in respect of the Fund Management Agreement as follows:

Advisory Services Agreement
FMFML has subcontracted certain support services in respect of the Second Amneded and Restated Fund Management Agreement. These subcontracted services are detailed in the Amended and Restated Fund Advisory Services Agreement between FMFML (previously known as Standard Infrastructure und Managers Limited") and Frontier Markets Fund Managers, "FMFM", (formerly known as "Emerging Africa Advisers"). FMFM is a division of Standard Bank Plc ("SB Plc") based in London. Under the terms of the Amended and Restated Fund Advisory Agreement dated 18th December 2006 and subsequent amendments dated 9 June 2008 and 20 July 2011, FMFM has agreed to undertake the provision of certain advisory support services to FMFML.
Administrative Services Agreement
FMFML subcontracts part of its administrative support services to Standard Bank Trust Company (Mauritius) Limited, "SBTCM". This is detailed in the Amended and Restated Emerging Africa Infrastructure Fund Administrative Services Agreement between FMFML and SBTCM dated 1 December 2006. SBTCM is a subsidiary of Standard Bank Offshore Group Limited, a company incorporated in Jersey, Channel Island.

19. Fund capital structure

	USD	USD
Equity:		
Provided by the Private Infrastructure Development Group ("PIDG") [1] through the PIDG Trust. The trustees of the PIDG Trust are MC Trust Ltd, Minimax Ltd and SG Hambros Trust Company Ltd. Each trustee holds shares in the company jointly as trustees of the PIDG Trust.	152,432,600	152,432,600
Subordinated Debt:		
Provided by Dutch, South African and German development finance institutions:		
FMO [2]	40,000,000	
DBSA [3]	25,000,000	
DEG [4]	20,000,000	
		85,000,000
Senior Debt:		
Provided by private sector lenders:		
Barclays Bank	100,000,000	
Standard Bank Group	87,500,000	
Kreditanstalt für Wiederaufbau	95,000,000	
International Finance Corporation[5]	93,750,000	
African Development Bank [5]	88,750,000	
Oesterreichische Entwicklungsbank AG[6]	25,885,611	
		490,885,611
Total fund capital		728,318,211

[1] PIDG comprises: the UK Government's Department for International Development ("DFID"); The Swedish Government, acting through the Swedish International Development Co-operation Agency; the Netherlands Minister for Development Co-operation; the Swiss State Secretary for Economic Affairs of the Government of the Confederation of Switzerland and the World Bank.

[2] Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V.

[3] Development Bank of Southern Africa.

[4] Deutsche Investitions- Und Entwicklungsgesellschaft mbH (commitment limited to Euro 25m).

[5] These amount include Stand-By facilities of USD 12,500,000 each from the International Finance Corporation and African Development Bank

[6] Oesterreichische Entwicklungsbank AG(commitment limited to Euro 20m).

20. Board of directors

A Board of 9 Directors, nominated by the PIDG Trust and the Company's Lenders, having 5 and 4 directors, respectively, governs the Company

Name	**Position and committee**	**Location**	**Nominating participant**
Anthony Lea	Chairman of Board	UK	PIDG Trust
Irving Kuczynski	Board Director; Chairman of Credit Committee and New Business Committee	USA	PIDG Trust
K C Li Kwong Wing	Board Director	Mauritius	PIDG Trust
Jerome De Chasteauneuf	Board Director and member of Audit Committee	Mauritius	PIDG Trust
Saud Siddique	Board Director and chairman of Audit Committee	India	PIDG Trust
David Pitts	Board Director	UK	Standard Bank Group
Roselyne Renel	Board Director	UK	Standard Bank Group
Hein Gietema	Board Director	Netherlands	FMO
Beate Baethke	Board Director and voting member of New Business Committee	Germany	DEG
Robert Sack	Board Director and member of Audit Committee, Credit Committee and New	UK	Barclays Bank Plc

David Pitts was replaced by Roselyne Renel on 4 May 2011 as a lender director.

21. Related party transactions

Related party transactions are carried out on an arm's length basis.

	2011 USD	2010 USD
PIDG Trust		
Grant recognised in the statement of comprehensive income	-	-
Grant deferred(note 14)	**1,054,619**	1,054,619

22. Financial instruments and associated risks

Overview of financial risk

The Company has exposure to the following risks from its use of financial instruments

- Credit risk
- Liquidity risk
- Market risk
- Currency risk
- Interest rate risk
- Capital risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has established the Credit Committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the Board of Directors on its activities.

Credit risk
The credit risk is the risks of financial loss of the Company if a borrower fails to meet its contractual obligation, and arises principally from the Company's loans and advances.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each borrower. The demographic spread of the Company's customer base, including the default risk of the industry and country in which the borrower operates, has an influence on credit risk.

The Credit Committee has established a credit policy under which each new borrower is individually analysed for creditworthiness before the Company's standard payment and delivery terms and conditions are offered.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Market risk
Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk
The Company is exposed to foreign currency risk on its transactions that are denominated in currencies other than United States dollar.

The principal amounts of the Company's loans, taken out by US dollars, the functional currency and have been predominantly hedged with the borrowings in the same currency.

22. Financial instruments and associated risks(continued)

Currency risk (continued)

Interest on borrowings is denominated in currencies that match the cash flows generated by the underlying operations of the Company, primarily US dollars, but also Euro.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Company ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates or by purchasing derivative hedging instruments when necessary to address short-term imbalances.

Interest rate risk

The Company has significant interest-bearing assets. The Company cash flows are dependent on changes in market interest rates.

Capital risk management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Board maintains a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

There were no changes in the Company's approach to capital management during the year.

The Company is not subject to externally imposed capital requirement.

Associated risks

The Company's activities expose it to various types of risk in the normal course of its business.
The following is a summary of risks associated to the Company.

Credit risk

The Company's primary exposure to credit risk arises through its lending activities. The amount of credit exposure in this regard is represented by the carrying amounts of the assets on the balance sheet. The risk that counterparties might default on their obligations is monitored on an ongoing basis. To manage the level of credit risk, the Company deals with counterparties of good credit standing.

The carrying amount of the financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2011 USD	2010 USD
Cash and cash equivalents	**11,830,898**	39,849,396
Trade and other receivable	**330,282,211**	294,516,794
	342,113,109	334,366,190

22. Financial instruments and associated risks(continued)

Credit risk(continued)

None of the loans receivable at reporting date are impaired.

None of the trade receivables as at the reporting are past their due date.

The maximum exposure to credit risks for trade receivables at the reporting date by geographic region was as follows:

	2011 USD	2010 USD
Republic of Cameroon	**495,205**	520,509
Mozambique	**85,515**	101,048
Republic of Nigeria	**1,067,432**	810,535
Madagascar	**12,498**	18,279
Uganda	**413,186**	431,166
Kenya	**779,101**	747,915
Sierra Leonne	**24,732**	40,191
Malawi	**7,161**	11,807
Congo	**70,129**	102,571
Algeria	**77,033**	68,607
East Africa	**678,844**	804,682
Pan Africa	**270,027**	234,572
Ghana	**-**	22,037
Senegal	**255,725**	-
Tanzania	**23,287**	-
	4,259,875	3,913,919

	2011 USD	2010 USD
Mining	**85,514**	101,048
Telecommunications	**1,031,137**	1,355,605
Industrial Infrastructure	**3,143,224**	2,457,266
	4,259,875	3,913,919

Currency risk

The Company is exposed to foreign currency risk on its transactions that are denominated in currencies other than United States dollar. At 31 December 2011, the Company had liabilities denominated in EURO and Great Britain pound sterling. The Company also held asset, AES Sonel , Aldwych International Limited, Addax Bioenergy and Rabai Power Limited, denominated in Euros.

The following mid spot rate applied as at the reporting date is as follows:

USD	**2011**	2010
EUR	**0.77263**	0.75204
GBP	**0.64889**	0.6475

A daily spot rate was applied on the date to which the transaction occurs.

22. Financial instruments and associated risks(continued)

Sensitivity analysis

At 4 percent strengthening of the USD against the following currencies as at 31 December would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates , remain constant.

	Increase by 4%		**Decrease by 4%**	
Effects in USD	Equity	Profit or loss	Equity	Profit or loss
31 December 2011				
EUR	**286,858**	**286,858**	**(310,763)**	**(310,763)**
GBP	**2,005**	**2,005**	**(2,172)**	**(2,172)**
31 December 2010				
EUR	202,837	202,837	(202,837)	(202,837)
GBP	(2,492)	(2,492)	2,492	2,492

Liquidity risk

The Company ensures that it has sufficient cash on demand to meet expected operational expenses including the servicing of financial obligations.

Per the Master Agreement, the Company undertakes to each Facility Agent, the Security Trustee, the Account Bank and each lender that

(a) as of the last day of any quarter , the Debt to Equity Ratio to exceed 2:1;

(b) as of the last day of any quarter, Interest Cover in respect of the relevant Calculation Period to fall below a ratio of 1.5:1;

(c) (i) the Equity of the Company to fall below USD100,000,000 at any time;

(ii) the Equity of the Company to fall below US$110,000,000 at any time after the date (if any) upon which the Company first provides to the Facility Agents its audited financial statements in respect of the immediately preceding Financial Year demonstrating that the Equity of the Company as at the end of such Financial Year was in excess of US$175,000,000; and

(iii) the Equity of the Company to fall below US$120,000,000 at any time after the date (if any) upon which the Company first provides to the Facility Agents its audited financial statements in respect of the immediately preceding Financial Year demonstrating that the Equity of the Company as at the end of such Financial Year was in excess of US$200,000,000.

The following are the contractual maturities of the financial liabilities, including interest payments and excluding the impact of netting agreements:

31 December 2011

	Less than 6 months	**6-12 months**	**1-2 years**	**2-5 years**	**More than 5 years**	**Total**
Non-Derivative Financial liabilities:	**USD**	**USD**	**USD**	**USD**	**USD**	**USD**
Interest-Bearing	**28,406,552**	**28,406,552**	**36,330,680**	**65,477,912**	**10,340,041**	**168,961,737**
Trade and other payables	**2,312,583**	**-**	**-**	**-**	**-**	**2,312,583**
	30,719,135	**28,406,552**	**36,330,680**	**65,477,912**	**10,340,041**	**171,274,320**

22. Financial instruments and associated risks(continued)

Liquidity risk(continued)

31 December 2010

Non-Derivative Financial liabilities:	Less than 6 months	6-12 months	1-2 years	2-5 years	More than 5 years	Total
	USD	USD	USD	USD	USD	USD
Interest-Bearing borrowings	27,012,154	27,012,154	54,024,307	56,233,394	17,134,045	181,416,054
Trade and other payables	1,968,219	-	-	-	-	1,968,219
	28,980,373	27,012,154	54,024,307	56,233,394	17,134,045	183,384,273

Currency profile

The currency profile of the Company's financial assets and liabilities is summarised as follows:

	Financial Assets 2011	Financial Liabilities 2011	Financial Assets 2010	Financial Liabilities 2010
	USD	USD	USD	USD
United States Dollar	**265,312,209**	**86,789,884**	258,630,472	112,459,602
Great Britain Pound Sterling	**35,581**	**52,128**	1,013,727	62,289
Euro	**76,998,486**	**84,456,789**	77,702,159	70,862,382
	342,346,276	**171,298,801**	337,346,358	183,384,273

Interest rate risk
The Company's operations are subject to the risk of interest rate fluctuations to the extent that interest-earning assets and interest-bearing liabilities mature or are repriced at different times or in different amounts. In the case of floating rate assets and liabilities the Company is also exposed to basis risk, which is the difference in repricing characteristics of the various floating rate indices, such as the base lending rate and different types of interest.

At the reporting date the interest rate profile of the Company's interest-bearing financial instrument was:

	2011	2010
	USD	USD
Variable rate instrument		
Financial assets	**342,346,276**	337,346,358
Financial liabilities	**(171,298,801)**	(183,384,273)
	171,047,475	153,962,085

Sensitivity Analysis

At 31 December 2011, if interest rate on currency denominated borrowings had been 1% higher/lower with all other variables held constant, post-tax profit for the year and equity would have been USD 384,687 (2010: USD 430,223) higher/lower, mainly as a result of higher/lower interest income and expense on floating rate borrowings.

The Emerging Africa Infrastructure Fund Limited
Management accounts
For the year ended 31 December 2011
Appendix to the statement of comprehensive income

	Year ended 2011 USD	Year ended 2010 USD
Professional fees		
Legal fees:		
-Secretariat and legal advisory fees	541,754	496,158
-Fund management agreement	55,684	173,993
Company Management fees	13,654	10,978
Audit and tax fees	33,322	31,165
	644,414	712,294
Administration expenses		
Facility Agent fee	75,000	100,000
Security Trustee fee	20,730	20,000
Account Bank	20,000	20,000
Bank charges	11,361	14,909
Directors' fees	191,101	190,861
Travel expenses	100,955	145,710
Insurance-officers and directors	17,161	18,400
Consultancy fees [1]	292,340	708,766
Social and advisory fees	2,465	12,116
Appraisal fees	25,000	37,500
Licence and other regulatory fees	24,906	11,843
Other fees [2]	24,151	54,978
	805,170	1,335,083

[1] Breakdown for consultancy fees is as follows:		
Renegotiation of fund management agreement	26,977	259,328
Fees charged in the normal course of business	265,363	449,438
	292,340	708,766

[2] Other expenses of USD 24,151 consists of disbursement (postage and telephone expenses incurred mainly by CA Legal) and board meeting expenses.