The Emerging Africa Infrastructure Fund Limited

Financial Statements

For the year ended 31 December 2012

The Emerging Africa Infrastructure Fund Limited

Financial Statements
For the year ended 31 December 2012

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The Emerging Africa Infrastructure Fund Limited

Corporate data

Directors:

	Appointed	Resigned
Resident		
K C Li Kwong Wing	12/05/2003	
J De Chasteauneuf	08/12/2003	
Non-Resident		
Irving Kuczynski	18/12/2001	26/03/2012
Beate Baethke	05/02/2007	
Robert Sack	21/09/2007	
Hein Gietema	15/10/2007	31/12/2012
Anthony Lea	16/02/2009	
Saud Siddique	01/02/2010	
Roselyne Renel	04/05/2011	
Mohammed Isa-Dutse	09/01/2013	
Mary Ncube	06/02/2013	

Alternate Director:
Amal Autar (for K C Li Kwong Wing)
Bishwarnath Bachun (for K C Li Kwong Wing and J De Chasteauneuf)
Wendy Kong Shing Cheong (for J De Chasteauneuf)

Fund Manager :
Frontier Markets Fund Managers Limited
(Formerly known as Standard Infrastructure Fund Managers Limited)
10th Floor
Tower A, 1 Cybercity
Ebene
Mauritius

Secretary and Administrator:
Standard Bank Trust Company (Mauritius) Limited
10th Floor
Tower A, 1 Cybercity
Ebene
Mauritius

Former address
6th Floor
Medine Mews Building
La Chaussée Street
Port Louis
Mauritius

Registered Office:
10th Floor
Tower A, 1 Cybercity
Ebene
Mauritius

Former address
6th Floor
Medine Mews Building
La Chaussée Street
Port Louis
Mauritius

Auditors:
KPMG
KPMG Centre
31 Cybercity
Ebene
Mauritius

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 2012.

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 2012, 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 2012.

....

CORPORATE SECRETARY
Standard Bank Trust Company (Mauritius) Limited
10th Floor, Tower A
1 Cybercity
Ebene
Mauritius

Date: 30 APR 2013

KPMG
KPMG Centre
31, Cybercity
Ebène
Mauritius

Telephone + 230 406 9999
Telefax + 230 406 9998
BRN No: F07000189
Website www.kpmg.mu

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 32 which comprise the statement of financial position at 31 December 2012 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.

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 32 give a true and fair view of the financial position of the Company at 31 December 2012 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 capacities 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.

KPMG

KPMG
Licensed Auditors

Reesan Emrith
Licensed by FRC

Ebène

Date: 30 APR 2013

The Emerging Africa Infrastructure Fund Limited

Statement of comprehensive income
For the year ended 31 December 2012

	Note	2012 USD	2011 USD
Interest income		**20,742,528**	18,255,015
Interest expense		**(4,989,573)**	(5,988,058)
Net Interest Income		**15,752,955**	12,266,957
Other Income			
Interest income on cash deposit		**111,085**	228,874
Interest on income notes		**10,003**	9,976
Amortisation of upfront fees	16	**654,097**	834,657
Amortisation of commitment fees	16	**337,489**	524,470
Deferral fee income	16	**101,698**	119,092
Waiver/Cancellation fees		**-**	416,730
Loan arrangement fees		**-**	105,000
Loan administration and other fees		**854,268**	145,194
Appraisal fees		**323,331**	57,500
Grant released	16	**296,983**	-
Realised gain of available- for -sale financial assets transferred from equity		**-**	837,931
Realised gain on disposal of available- for -sale financial assets		**-**	558,075
Operating Income		**2,688,954**	3,837,499
Other expenses			
Loan administration fee expense		**-**	(1,257,692)
Grant expenditure		**(296,983)**	-
Fund manager expenses	19	**(3,919,516)**	(5,543,719)
Professional fees and expenses	Appendix	**(489,820)**	(644,414)
Administration expenses	Appendix	**(853,786)**	(805,170)
Amortisation of upfront fees	10	**(709,176)**	(479,862)
Amortisation of commitment fees	10	**(1,972,002)**	(1,637,783)
Amortisation of accordion fees	10	**(62,347)**	(63,541)
Amortisation of refinancing cost	10	**(62,029)**	(62,500)
Amortisation of debt facility costs	11	**(86,900)**	(88,458)
Loss on transfer of investment		**-**	(388,741)
Provision for impairment of loans		**(22,116,524)**	-
Foreign exchange loss	5	**(165,821)**	(262,918)
Operating expenses		**(30,734,904)**	(11,234,798)
(Loss) / Profit before tax		**(12,292,995)**	4,869,658
Income tax	6	**(273,142)**	(79,992)
Profit for the year		**(12,566,137)**	4,789,666
Other comprehensive income			
Net change in fair value of available- for -sale financial assets:			
Quoted investments		**-**	(837,931)
Unquoted investments		**-**	(589,405)
Other comprehensive income for the year		**-**	(1,427,336)
Total comprehensive income for the year		**(12,566,137)**	3,362,330

The notes on pages 10 to 32 form part of the financial statements

The Emerging Africa Infrastructure Fund Limited

Statement of financial position
at 31 December 2012

	Note	2012 USD	2011 USD
Non-current assets			
Loans and advances	7	**298,665,227**	287,012,668
Available-for-sale financial assets	8	**233,167**	233,167
Other financial assets	9	**1,476,467**	1,476,467
Deferred expenses	10	**6,305,159**	7,608,809
Debt facility costs	11	**74,089**	160,989
		306,754,109	296,492,100
Current assets			
Loans and advances	7	**27,420,047**	36,746,088
Trade and other receivables	12	**4,854,517**	5,109,464
Cash and cash equivalents		**21,034,815**	11,830,898
Derivative financial instrument	13	**-**	207,553
Total current assets		**53,309,379**	53,894,003
Total assets		**360,063,488**	350,386,103
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	14	**194,798,600**	152,432,600
Revaluation reserve	8	**(589,405)**	(589,405)
Retained earnings		**8,262,975**	20,829,112
Total equity		**202,472,170**	172,672,307
Non-current liabilities			
Interest - bearing borrowings	15	**62,397,773**	112,148,633
Deferred income	16	**6,768,698**	6,414,995
		69,166,471	118,563,628
Current liabilities			
Interest - bearing borrowings	15	**87,311,952**	56,813,104
Taxation	17	**213,149**	24,481
Derivative financial instrument	13	**205**	-
Trade and other payables	18	**899,541**	2,312,583
Total current liabilities		**88,424,847**	59,150,168
Total equity and liabilities		**360,063,488**	350,386,103

Approved by the Board of Directors on 30 APR 2013

Director   Director

The notes on pages 10 to 32 form part of the financial statements

The Emerging Africa Infrastructure Fund Limited

Statement of Changes in Equity
For the year ended 31 December 2012

	Share capital USD	Revaluation Reserve USD	Retained earnings USD	Total USD
Balance at 1 January 2011	138,552,600	837,931	16,039,446	155,429,977
Issued during the year	13,880,000	-	-	13,880,000
Other comprehensive income	-	(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
Issued during the year	**42,366,000**	-	-	**42,366,000**
Profit for the year	-	-	**(12,566,137)**	**(12,566,137)**
At 31 December 2012	**194,798,600**	**(589,405)**	**8,262,975**	**202,472,170**

The notes on pages 10 to 32 form part of the financial statements

The Emerging Africa Infrastructure Fund Limited

Statement of Cash Flows
For the year ended 31 December 2012

	2012 USD	2011 USD
Cash flow from operating activities		
(Loss)/Profit for the year	(12,292,995)	4,869,658
Adjustments for:-		
Amortisation of loan fees income	(1,093,284)	(1,478,219)
Interest income on cash deposit	(111,085)	(228,874)
Realised gain on disposal of investments	-	-
Amortisation of loan fees expense	2,892,454	2,316,579
Grant released	(296,983)	-
Gain on disposal of available-for sale financial asset	-	(1,396,006)
Loss on transfer of investment	-	388,741
Provision for impairment of loan	22,116,524	-
Unrealised foreign exchange gain on loan	(609,643)	(965,191)
Foreign exchange loss/(gain) on forward contract	207,758	(265,223)
Income tax paid	(84,474)	(129,527)
Interest and fees capitalised	(6,172,744)	(4,689,042)
Operating loss before working capital changes	4,555,528	(1,577,104)
Decrease/(Increase) in trade and other receivables	289,862	(113,211)
Increase in trade and other payables	(1,413,042)	344,364
Net cash from/(used in) operating activities	3,432,348	(1,345,951)
Cash flow from investing activities		
Disposal of available- for -sale financial asset	-	2,326,930
Net movement in grant	(377,806)	-
Interest received on cash deposit	76,170	248,324
Commitment and upfront fees received	2,123,715	1,588,049
Disbursement of loans and advances	(54,272,967)	(71,559,748)
Repayment of loans and advances	38,098,358	39,648,021
Net cash used in investing activities	(14,352,530)	(27,748,424)
Cash flow from financing activities		
Issue of ordinary shares	42,366,000	13,880,000
Loan commitment and upfront fees paid	(1,501,904)	(2,783,405)
Disbursement of interest-bearing borrowings	35,686,085	42,236,116
Repayment of interest-bearing borrowings	(56,426,082)	(52,256,835)
Net cash from financing activities	20,124,099	1,075,876
Net increase/(decrease) in cash and cash equivalents	9,203,917	(28,018,498)
Cash and cash equivalents at beginning of year	11,830,898	39,849,396
Cash and cash equivalents at end of year	21,034,815	11,830,898

The notes on pages 10 to 32 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 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 USD 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 ofthe 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.

(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 such 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.

2. Significant accounting policies (continued)

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 advances, cash and cash equivalents and trade and other receivables.

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the above categories of financial assets. Available-for-sale financial assets are recognised initially at fair value plus any directly attributable transaction costs.
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 the statement of comprehensive income.

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 are recognised initially on the trade date, 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 less 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.

(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 holds derivative financial instruments to hedge its foreign currency.

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 item. The transaction should be highly probable to occur and should present an exposure to variations in cash flows that ultimately could affect reported profit or loss.

2. Significant accounting policies (continued)

(a) Financial instruments (continued)

(iv) Derivative financial instruments, including hedge accounting (continued)

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in the statement of comprehensive income as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Net gain from financial instruments at fair value through statement of comprehensive income 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.

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. 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 retained in other comprehensive income and reclassified to profit and loss in the same period or periods during which the non-financial item affects profit or loss. In other cases as well, the 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.

b) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency 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 that are measured based on historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation are generally recognised in profit or loss. However, foreign currency differences arising from the retranslation of the following items are recognised in other comprehensive income.

- Available-for-sale equity investments (except on impairment in which case foreign currency differences that have been recognised in other comprehensive income are reclassified to statement of comprehensive income)

- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective

- qualifying cash flow hedge to the extent the hedge is effective.

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 and commitment fees expense paid to lenders on undrawn loan committed are capitalised and amortised over the life of the underlying loan on an effective yield basis.

2. Significant accounting policies (continued)

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

Non-derivative financial assets

A financial asset not classified as 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 there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes 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, adverse changes in the payment status of borrowers or issuer, economic conditions that correlate with defaults or 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.

Financial assets measured at amortised cost

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

In assessing collective impairment, the Company uses historical trends of the probability of default, the 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 lesser 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 loans and receivables. Interest on the impaired asset continues to be recognised . When an event occurring after the impairment recognised causes the amount of impairment loss to decrease, the decrease in impairment is reversed through profit or loss.

Available-for- sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity, to profit or loss. The cumulative loss that is reclassified from equity to 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 recognised previously in profit or loss. Changes in cumulative impairment losses attributable to application of the effective interest method are reflected as a component of interest income. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

2. Significant accounting policies (continued)

(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.

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) Standards and interpretations adopted in current year

Disclosures – Transfers of Financial Assets (Amendments to IFRS 7)

The amendments to IFRS 7 have been adopted bythe Company for the first time for its financial reporting year ended 31 December 2012.
In terms of the amendments, additional disclosure needs to be provided regarding transfers of financial assets that are:

- not derecognised in their entirety and
- derecognised in their entiretybut for which the Company retains continuing involvement.

The above amendment has not resulted in any additional disclosures.

2. Significant accounting policies (continued)

(l) New standards and interpretations not yet adopted

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 2012 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
Amendments to IAS 1	Presentation of items of other comprehensive income	Annual periods beginning on or after 1 July 2012*
IFRS 12	Disclosure of Interest in Other Entities	Annual periods beginning on or after 1 January 2013*
IFRS 13	Fair Value Measurement	Annual periods beginning on or after 1 January 2013*
Amendments to IFRS 1	Government Loans	Annual periods beginning on or after 1 January 2013*
Amendments to IFRS 7	Disclosures: Offsetting Financial Assets and Financial Liabilities	Annual periods beginning on or after 1 January 2013*
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities	Annual periods beginning on or after 1 January 2013*
IFRS 9	Financial Instruments	Annual periods beginning on or after 1 January 2013*

*All Standards and Interpretations will be adopted at their effective date.

3. Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(a) Equity and debt securities
The fair values of investments in equity and debt securities are determined with reference to their quoted closing bid price at the measurement date, or if unquoted, determined using a valuation technique. Valuation techniques employed include market multiples and discounted cash flow analysis using expected future cash flows and a market-related discount rate. Subsequent to initial recognition, the fair values of held-to-maturity investments are determined for

(b) Trade and other receivables
The fair values of trade and other receivables, are estimated at the present value of future cash flows, discounted at the market rate of interest at the measurement date. Short-term receivables with no stated interest rate are measured at the original invoice amount if the effect of discounting is immaterial. Fair value is determined at initial recognition and, for disclosure purposes, at each annual reporting date.

(c) Forward exchange contracts and interest rate swaps
The fair values of forward exchange contracts and interest rate swaps are based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument, at the measurement date. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and counterparty when

(d) Other non-derivative financial liabilities
Other non-derivative financial liabilities are measured at fair value, at initial recognition and for disclosure purposes, at each annual reporting date. Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the measurement date. In respect of the liability component of convertible notes, the market rate of interest is determined with reference to similar liabilities that do not have a conversion option.

4. 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 2012	Fair value 2012	Carrying Amount 2011	Fair value 2011
	USD	**USD**	USD	USD
Available-for-sale investments	**822,572**	**233,167**	822,572	233,167
Cash and cash equivalents	**21,034,815**	**21,034,815**	11,830,898	11,830,898
Trade and other receivables	**332,367,590**	**332,367,590**	330,282,211	330,282,211
Trade and other payables	**(150,609,266)**	**(150,609,266)**	(171,274,320)	(171,274,320)
	203,615,711	**203,026,306**	171,661,361	171,071,956

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.

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 2012

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

31 December 2011

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

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	Other financial liabilities	Total Carrying amount	Total fair value
	USD	**USD**	**USD**	**USD**
Year ended 31 December 2012	**332,367,590**	**(150,609,266)**	**181,758,324**	**181,758,324**

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

5 Foreign exchange loss

	2012 USD	2011 USD
Unrealised gain on net loans	607,704	1,219,252
Unrealised loss on cash balances	(673,192)	(192,299)
Gain/(Loss) on monetary transactions	154,135	(312,093)
Loss on forward contracts	(254,468)	(977,778)
Net loss on foreign exchange	(165,821)	(262,918)

6 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.

	2012 USD	2011 USD
Income tax movement for the period	273,142	79,992
Reconciliation of effective tax rate		
(Loss)/Profit from operations	(12,292,995)	4,869,658
Income tax at 15%	(1,843,949)	730,449
Exempt income	(16,663)	(34,331)
Non deductible income	(91,156)	(296,156)
Non deductible expense	3,317,479	-
Tax credit	(1,092,569)	(319,970)
Deferred tax released for the period	273,142	79,992

The information has been redacted because of its commercially sensitive nature

The information has been redacted because of its commercially sensitive nature

The information has been redacted because of its commercially sensitive nature

The information has been redacted because of its commercially sensitive nature

10 Deferred expenses

	Upfront fees USD	Commitment fees USD	Accordian fees USD	Refinancing cost USD	TOTAL USD
At 1 Jan 2012	2,966,749	4,413,712	114,602	113,746	7,608,809
Movement during the year	-	1,501,904	-	-	1,501,904
Amortisation charge	(709,176)	(1,972,002)	(62,347)	(62,029)	(2,805,554)
At 31 December 2012	**2,257,573**	**3,943,614**	**52,255**	**51,717**	**6,305,159**

11 Debt facility costs

	USD
Cost	1,151,343
Amortisation	
At January 2012	990,354
Charge for the year	86,900
At 31 December 2012	1,077,254
Carrying amounts	
At 31 December 2012	**74,089**
At 31 December 2011	160,989

12 Trade and other receivables

	2012 USD	2011 USD
Account Bank prepaid	-	8,333
Facility Agent fees prepaid	38,333	45,833
Security Trustee fees prepaid	1,667	1,667
Insurance prepaid	6,543	4,643
Licence fee prepaid	2,125	2,000
Bank accrued interest	34,992	77
Interest accrued on income notes	35,322	27,805
Front end fees receivable	-	537,500
Loan interest receivable	4,722,645	4,259,876
Loan administration and other fees receivable/paid in advance	12,890	221,730
	4,854,517	5,109,464

13 Derivative financial instruments

	2012 USD	2011 USD
Forward foreign exchange contracts (liabilities)/assets	(205)	207,553

The notional principal amount of the outstanding forward foreign exchange contract as at 31 December 2012 is Euro 231,000 (2011 - Euro 3,968,505). The contract will mature on 15 January 2013.

14 Share capital

	2012		2011	
Issued and fully paid	Number of shares	USD	Number of shares	USD
Ordinary shares:-				
At 1 January 2012	15,243,260	152,432,600	13,855,260	138,552,600
Additions	4,236,600	42,366,000	1,388,000	13,880,000
At 31 December 2012	19,479,860	194,798,600	15,243,260	152,432,600

15 Interest-bearing borrowings

	2012 USD	2011 USD
Non-current liabilities		
Senior loans:		
Barclays Bank Plc	-	27,857,879
Standard Bank of South Africa Limited	-	20,509,957
Kreditanstalt Für Wiederaufbau	-	15,455,496
International Finance Corporation	11,958,731	878,788
African Development Bank	9,621,114	757,560
Oesterreichische Entwicklungsbank AG	4,067,729	344,620
	25,647,574	65,804,300

	2012 USD	2011 USD
15 Interest-bearing borrowings (continued)		
Non-current liabilities (continued)		
Subordinated loans:		
Development Bank of Southern Africa	**10,838,973**	13,758,452
Nederlandse Financierings - Maatschappij voor Ontwikkelingslanden N.V (FMO)	**17,157,982**	21,737,002
Deutsche Investitions-Und Entwicklungsgesellschaft mbh (DEG)	**8,753,244**	10,848,879
	36,750,199	46,344,333
Total non-current liabilities	**62,397,773**	112,148,633
Current liabilities:		
Senior loans:		
Barclays Bank Plc	**34,511,362**	17,993,154
Standard Bank of South Africa Limited	**23,737,724**	17,088,549
Kreditanstalt Für Wiederaufbau	**15,804,281**	11,957,917
International Finance Corporation	**1,157,106**	-
African Development Bank	**1,602,771**	-
Oesterreichische Entwicklungsbank AG	**677,639**	-
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)	**2,322,563**	2,274,978
Total current liabilities	**87,311,952**	56,813,104

The interest bearing borrowings are denominated in the following currencies

US dollars	**55,604,058**	84,504,948
Euro 71,219,168 (2011 - Euro 65,520,112)	**94,105,667**	84,456,789
	149,709,725	168,961,737

On 15 December 2011, the Company's financing arrangement 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".

On 21 December 2012, USD denominated Senior Loans in a total amount of USD 12,062,001 was converted to EUR 9,132,300.

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").

15 Interest-bearing borrowings (continued)

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 USD 430,414,085 and Euro 22,365,000 plus accrued interest, expenses, costs and all other miscellaneous sums payable under the Finance Documents.

As at 31 December 2012, the undrawn loan commitments amounted to USD 203,517,211 and Euro 16,408,705.

16 Deferred income

	Grant	Deferral fees	Upfront fees	Commitment fees	Total
	USD	USD	USD	USD	USD
At 1 January 2012	1,054,619	574,701	3,639,688	1,145,987	6,414,995
Movement during the year -fees received/reimbursed	(377,806)	-	746,075	1,377,640	1,745,909
Foreign exchange	-	-		(1,939)	(1,939)
Amortisation charge	(296,983)	(101,698)	(654,097)	(337,489)	(1,390,267)
At 31 December 2012	**379,830**	**473,003**	**3,731,666**	**2,184,199**	**6,768,698**

17 Taxation

	2012	2011
	USD	USD
At 1 January	**24,481**	74,016
Tax paid during the year	**(84,474)**	(129,527)
Movement during the year	**273,142**	79,992
At 31 December 2012	**213,149**	24,481

18 Trade and other payables

	2012	2011
	USD	USD
FMFML:		
- Fixed fee	**1,012,212**	941,236
- Performance fees	**(990,000)**	592,204
Travel and other expenses	**-**	16,029
Account bank fees due	**11,667**	-
MDY legal fees	**118,801**	52,128
Loan interest payable	**526,533**	679,002
Company management fees	**2,113**	2,158
Consultancy fees	**22,425**	-
Directors fees	**1,111**	4,898
Reimbursement of TAF fund	**3,701**	-
Reimbursement of expenses to GuarantCo	**142,223**	-
TOPL-Fugar	**5,007**	-
Travel expenses TOPL	**18,448**	-
Audit fees	**25,300**	24,928
	899,541	2,312,583

19 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.

Fund Management fees

	2012	2011
	USD	USD
Fixed fee	**3,962,762**	3,750,988
Variable fee:		
- amortise commitment and upfront fees (note 9) - over accrued	**-**	(15,565)
Performance fee over accrued (prior years)	**(43,246)**	(3,220)
Performance fee for the year	**-**	1,811,516
	3,919,516	5,543,719

(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 fee 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 Amended 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 Fund 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.

19 Fees (continued)

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.

20 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.	194,798,600	194,798,600
Subordinated Debt:		
Provided by Dutch, South African and German development finance institutions:		
FMO -	40,000,000	
DBSA -	25,000,000	
DEG -	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-	93,750,000	
African Development Bank -	88,750,000	
Oesterreichische Entwicklungsbank AG-	26,427,061	
		491,427,061
Total fund capital		771,225,661

[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 Entwicklunsbank AG (commitment limited to Euro 20m).

21 Board of directors

A Board nominated by the PIDG Trust and the Company's Lenders governs the Company.

Name	Position and committee	Location	Nominating participant
Anthony Lea	Chairman of Board	UK	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, Chairman of Audit Committee and Chairman of Credit	India	PIDG Trust
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	UK	DEG
Robert Sack	Board Director and member of Audit Committee, Credit Committee and New Business Committee	UK	Barclays Bank Plc
Mohammed Isa-Dutse	Board Director and member of Credit Committee and New Business Committee	Nigeria	PIDG Trust
Mary Ncube	Board Director and member of Audit	Zambia	PIDG Trust

Hein Gietema retired on 31 December 2012.

22 Related party transactions

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

	2012 USD	31 Dec 2011 USD
PIDG Trust		
Grant recognised in the statement of comprehensive income	**296,983**	-
Grant deferred (note 16)	**379,830**	1,054,619

23. 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 risk of financial loss of the Company if a borrower fails to meet its contractual obligation, and arises principallyfrom 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 in US dollars, the functional currency have been predominantly hedged with the borrowings in the same currency.

23. 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.

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 statement of financial position. 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:

	2012 USD	2011 USD
Cash and cash equivalents	**21,034,815**	11,830,898
Trade and other receivable	**332,367,590**	330,282,211
	353,402,405	342,113,109

As at 31 December 2012, the Company's provision for impairment on loan was USD 22,116,524 (2011 - NIL).

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

23. Financial instruments and associated risks (continued)

Credit risk (continued)

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

	2012 USD	2011 USD
Republic of Cameroon	342,162	495,205
Mozambique	77,623	85,515
Republic of Nigeria	2,041,189	1,067,432
Madagascar	9,048	12,498
Uganda	342,627	413,186
Kenya	609,191	779,101
Sierra Leonne	-	24,732
Malawi	3,889	7,161
Congo	-	70,129
Algeria	11,706	77,033
East Africa	609,130	678,844
Pan Africa	214,342	270,027
Senegal	185,387	255,725
Tanzania	157,800	23,286
Ethiopia	118,255	-
Tunisia	296	-
	4,722,645	4,259,875

	2012 USD	2011 USD
Mining	77,623	85,514
Telecommunications	1,248,425	1,031,137
Industrial Infrastructure	3,396,597	3,143,224
	4,722,645	4,259,875

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 2012, the Company had liabilities denominated in EURO and Great Britain pound sterling. The Company also held assets, AES Sonel S.A , Aldwych International Limited, Addax Bioenergy (Sierra Leone) Limited, DP World Dakar SA and Rabai Power Limited, denominated in Euros.

The following mid spot rates applied as at the reporting date are as follows:

USD	2012	2011
EUR	0.75680	0.77263
GBP	0.61883	0.64889

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

23. Financial instruments and associated risks (continued)

Currency risk (continued)

Sensitivity analysis

At 4 percent strengthening of the USD against other 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 2012				
EUR	**(24,118)**	**(24,118)**	**26,127**	**26,127**
GBP	**4,554**	**4,554**	**(4,933)**	**(4,933)**
31 December 2011				
EUR	286,858	286,858	(310,763)	(310,763)
GBP	2,005	2,005	(2,172)	(2,172)

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 USD 100,000,000 at any time;

(ii) the Equity of the Company to fall below USD 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 USD 175,000,000; and

(iii) the Equity of the Company to fall below USD 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 USD 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 2012

	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 borrowings	**28,871,646**	**58,440,306**	**16,696,101**	**45,701,672**	**-**	**149,709,725**
Trade and other payables	**899,541**	**-**	**-**	**-**	**-**	**899,541**
	29,771,187	**58,440,306**	**16,696,101**	**45,701,672**	**-**	**150,609,266**

23. Financial instruments and associated risks (continued)

Liquidity risk (continued)

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 borrowings	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

Currency profile

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

	Financial Assets 2012	Financial Liabilities 2012	Financial Assets 2011	Financial Liabilities 2011
	USD	USD	USD	USD
United States Dollar	**258,902,444**	**56,384,798**	265,312,209	86,789,884
Great Britain Pound Sterling	**404**	**118,801**	35,581	52,128
Euro	**94,732,724**	**94,105,667**	76,998,486	84,456,789
	353,635,572	**150,609,266**	342,346,276	171,298,801

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:

	2012 USD	2011 USD
Variable rate instrument		
Financial assets	**353,635,572**	342,346,276
Financial liabilities	**(150,609,266)**	(171,298,801)
	203,026,306	171,047,475

Sensitivity Analysis

At 31 December 2012, 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 844,670 (2011: USD 384,687) higher/lower, mainly as a result of higher/lower interest income and expense on floating rate borrowings.

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.