The Emerging Africa Infrastructure Fund Limited
Financial Statements
For the year ended 31 December 2015

The Emerging Africa Infrastructure Fund Limited

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The Emerging Africa Infrastructure Fund Limited

Directors' report

The directors present their report together with the audited financial statements of The Emerging Africa Infrastructure Fund Limited (the "Company") for the year ended 31 December 2015.

Principal activities

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

Results and dividends

The result for the year are shown on page 7.

The Board of directors has not declared a dividend for the year under review (2014: Nil).

Statement of directors' responsibilities in respect of the financial statements

Companies law requires the directors to prepare financial statements for each financial year which present fairly the financial position, financial performance and cash flows of the Company. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors have confirmed that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Mauritian Companies Act and the International Financial Reporting Standards. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

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

By order of the Board

Director

Director

Date: 15 MAR 2016

The Emerging Africa Infrastructure Fund Limited

Secretary's report

Under Section 166 (d) of the Companies Act 2001.

We certify, to the best of our knowledge and belief, that the Company has filed with the Registrar of Companies, for the year ended 31 December 2015, all such returns as are required of the Company under the Companies Act 2001.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE EMERGING INFRASTRUCTURE FUND LIMITED

Report on the Financial Statements

We have audited the financial statements of The Emerging Africa Infrastructure Fund Limited (the "Company"), which comprise the statement of financial position at 31 December 2015 and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the period then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, as set out on pages 11 to 39.

This report is made solely to the Company's members, as a body, 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 members those matters that we 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 members, as a body, 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 about whether the financial statements are free from material misstatement.

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

Report on the Financial Statements (continued)

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.

Opinion

In our opinion, these financial statements give a true and fair view of the financial position of The Emerging Africa Infrastructure Fund Limited at 31 December 2015 and of its financial performance and cash flows for the period then ended in accordance with International Financial Reporting Standards and in compliance with the requirements of 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
Ebène, Mauritius

Désiré Lan, BSc FCA
Licensed by FRC

Date : **16 March 2016**

The Emerging Africa Infrastructure Fund Limited

Statement of profit or loss and other comprehensive income
For the year ended 31 December 2015

	Notes	**Year Ended 31 Dec 2015 USD**	Year Ended 31 Dec 2014 USD
Interest income		**23,088,720**	26,622,898
Interest expense		**(1,809,354)**	(1,939,592)
Net interest income		**21,279,366**	24,683,306
Other income			
Interest income on deposits and debt instruments	10	**3,871,671**	129,770
Loan fee income	11	**1,611,588**	1,831,305
Grant released	29	**576,561**	349,835
Amortisation of deferred income	29	**2,671,303**	2,035,836
Total other income		**8,731,123**	4,346,746
Amortisation of deferred expenses	20	**(823,786)**	(5,911,777)
Other expenses			
Fund manager expenses	14	**(10,375,383)**	(5,237,975)
Monitoring fee		**(40,833)**	(28,246)
Loan breakage cost		**-**	(482,267)
Professional fees and expenses		**(596,882)**	(560,048)
Administration expenses		**(1,356,411)**	(837,414)
Grant expenditure		**(576,561)**	(212,004)
Foreign exchange loss	12	**(438,717)**	(1,427,670)
		(13,384,787)	(8,785,624)
Profit before impairment of financial assets		**15,801,916**	14,332,651
Impairment of financial assets			
Provision for impairment of loans and advances	15 (i)	**-**	(61,879,159)
Provision for impairment of available-for-sale and interest	15 (ii)	**(264,696)**	-
Provision for impairment of other financial assets	15 (iii)	**-**	(412,831)
		(264,696)	(62,291,990)
Profit/(loss) before tax		**15,537,220**	(47,959,339)
Income tax expense	13	**(481,114)**	(458,846)
Profit/(loss) for the year		**15,056,106**	(48,418,185)
Other comprehensive income			
Items that are or may be reclassified to profit or loss:			
Fair value reserve - amount transferred to profit or loss		**(46,554)**	-
Available-for-sale financial assets - fair value reserve		**-**	842,100
Total other comprehensive income		**(46,554)**	842,100
Total comprehensive income for the year		**15,009,552**	(47,576,085)

The notes on pages 11 to 39 are an integral form part of these financial statements.

The Emerging Africa Infrastructure Fund Limited

Statement of financial position

As at 31 December 2015

	Notes	31 Dec 15 USD	31 Dec 2014 USD
Assets			
Non-current assets			
Loans and advances	16	**384,565,074**	347,577,829
Available-for-sale financial assets	17	**1,072,588**	31,746,574
Held-to-maturity financial assets	18	**30,450,063**	-
Deferred expenses	20	**3,904,802**	3,564,114
		419,992,527	382,888,517
Current assets			
Loans and advances	16	**40,639,620**	36,827,897
Derivative financial instruments	22	**-**	340,604
Trade and other receivables	21	**6,811,000**	7,787,662
Prepayments		**42,825**	42,829
Bank deposits	23	**6,027,413**	36,000,000
Cash and cash equivalents	24	**15,216,471**	3,622,197
		68,737,329	84,621,189
Total Assets		**488,729,856**	467,509,706
Equity and Liabilities			
Equity			
Share capital	25	**389,869,690**	388,069,690
Share premium		**10**	10
Fair value reserve	26	**177,807**	224,361
Retained earnings		**(13,847,790)**	(28,903,896)
Total equity		**376,199,717**	359,390,165
Liabilities			
Non-current liabilities			
Loans and borrowings	27	**98,547,516**	96,470,016
Deferred income	29	**9,499,262**	8,815,835
		108,046,778	105,285,851
Current liabilities			
Current tax liabilities	28	**150,868**	272,200
Trade and other payables	30	**4,332,493**	2,561,490
		4,483,361	2,833,690
Total equity and liabilities		**488,729,856**	467,509,706

The financial statements have been approved by the Board of Directors and authorised for issue on: 15 MAR 2016

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The notes on pages 11 to 39 are an integral form part of these financial statements.

Statement of changes in equity

For the year ended 31 December 2015

	Notes	Share Capital USD	Share Premium USD	Fair Value Reserve USD	Retained Earnings USD	Total USD
		357,245,590	10	(617,739)	19,514,289	376,142,150
Balance at 1 January 2014						-
Total comprehensive income for the year						
Other comprehensive income		-	-	842,100	-	842,100
Loss for the year		-	-	-	(48,418,185)	(48,418,185)
Transaction with owners, recognised directly in equity						
Issue of shares		30,824,100	-	-	-	30,824,100
Balance at 31 December 2014		388,069,690	10	224,361	(28,903,896)	359,390,165
Total comprehensive income for the year						
Other comprehensive income		-	-	**(46,554)**		**(46,554)**
Profit for the year		-	-	-	**15,056,106**	**15,056,106**
Transaction with owners, recognised directly in equity						
Issue of shares		**1,800,000**	-	-	-	**1,800,000**
Balance at 31 December 2015		**389,869,690**	**10**	**177,807**	**(13,847,790)**	**376,199,717**

The notes on pages 11 to 39 are an integral form part of these financial statements.

Statement of cash flow

For the year ended 31 December 2015

	Notes	31 Dec 2015 USD	31 Dec 2014 USD
Cash flow from operating activities			
Profit/(loss) for the year		**15,056,106**	(48,418,185)
Adjustments for:			
Net interest income		**(21,279,366)**	(24,683,306)
Amortisation of deferred income		**(2,671,303)**	(2,035,836)
Interest income on deposits and debt instruments		**(3,871,671)**	(129,770)
Amortisation of deferred expenses		**823,786**	5,911,777
Grant released		**(576,561)**	(349,835)
Provision impairment of financial asset		**264,696**	62,291,990
Unrealised foreign exchange loss		**956,655**	5,141,642
Foreign exchange on forward contract		**340,604**	(461,863)
Income tax expense		**481,114**	458,846
		(10,475,940)	(2,274,540)
Changes in:			
loans and advances		**(50,153,317)**	(84,670,588)
Bank deposits		**29,972,587**	(36,000,000)
Deferred income		**3,271,730**	3,740,815
Trade and other receivables		**2,115,605**	(3,350,053)
Trade and other payables		**1,832,526**	(1,818,152)
		(23,436,809)	(124,372,518)
Grant received	29	**659,561**	318,833
Interest income		**22,265,223**	18,685,519
Interest expense		**(1,870,877)**	(1,939,592)
Income tax paid		**(602,446)**	(230,656)
Net cash used in operating activities		**(2,985,348)**	(107,538,414)
Cash flows from investing activities			
Interest received on cash balances		**3,913**	22
Interest received on deposits and debt instruments		**3,178,567**	260,160
Purchase of investments		**-**	(29,634,300)
Net cash from/(used in) investing activities		**3,182,480**	(29,374,118)
Cash flows from financing activities			
Issue of ordinary shares		**1,800,000**	30,824,100
Payment of loan fees	20	**(1,164,474)**	(5,499,461)
Proceeds from borrowings		**56,239,180**	165,770,074
Repayment of borrowings		**(45,477,564)**	(133,674,118)
Net cash from financing activities		**11,397,142**	57,420,595
Net increase/(decrease) in cash and cash equivalents		**11,594,274**	(79,491,937)
Cash and cash equivalents at 1 January		**3,622,197**	83,114,134
Cash and cash equivalents at 31 December		**15,216,471**	3,622,197

The notes on pages 11 to 39 are an integral form part of these financial statements.

1 Reporting entity

The Emerging Africa Infrastructure Fund Limited, (the "Company") was incorporated on 18 December 2001, was granted a Category 1 Global Business Licence on 29 April 2002 and operates as a Closed End Fund.

The Company provides long-term denominated debt or mezzanine finance on commercial terms to finance the construction and development of private infrastructure in countries across Sub-Saharan Africa.

2 Basis of accounting

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board and the Companies Act 2001. They were authorised for issue by the Company's board of directors on the date stated on the statement of financial position.

3 Functional and presentation currency

These financial statements are presented in USD, which is the Company's functional currency. All amounts have been rounded to the nearest USD, unless otherwise indicated.

4 Use of judgements and estimates

In preparing these financial statements, management has made judgements, assumptions and estimates that affect the application of the Company's accounting policies and the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates.

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

(a) *Judgements*

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is set out below.

Determination of the functional currency

Functional currency is the currency of the primary economic development in which the Company operates. The majority of the Company's transactions are denominated in USD. Most of the loans and advances are disbursed and paid in USD and most of the interest income and expenses (including fund manager expenses) are denominated and paid in USD. Accordingly, management has determined that the functional currency of the Company is USD.

4 Use of judgements and estimates (Continued)

(b) *Assumptions and estimation uncertainties*

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 December 2015 is set out below.

(i) Impairment of financial instruments

At each reporting date, the Company assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. Information about identification and measurement of impairment are disclosed in note 7 (h) (viii).

(a) Financial assets measured at amortised cost

The Company considers evidence of impairment for these assets at an individual level. All financial assets are individually assessed for impairment.

An impairment loss is calculated as the difference between an asset's 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. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amount are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

(b) Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value to profit or loss. The amount reclassified is the difference between the acquisition cost and the current fair value, less any impairment loss previously recognised in the profit or loss. If the fair value of an impaired available-for-sale debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed through profit or loss. Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale are not reversed through profit or loss.

(ii) Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial assets and liabilities.

The Company have established a control framework with respect to the measurement of fair values. The investment directors of the fund manager have the overall responsibility for overseeing all significant fair value measurement. The investment directors report to the Chief Executive Officer of the fund manager.

5 Use of judgements and estimates (Continued)

(ii) Measurement of fair values (Continued)

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Further information about the assumptions made in measuring fair values is included in notes 32.

6 Basis of measurement

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

Items	**Measurement Basis**
Derivative financial instruments	Fair value
Available-for-sale financial assets	Cost less impairment
Held to maturity financial assets	Amortised cost
Loans and receivables	Amortised cost
Loans and other liabilities	Amortised cost

7 Significant accounting policies

The Company has consistently applied the following accounting policies to all periods presented in these financial statements.

(a) *Foreign currency transactions*

Transactions in foreign currencies are translated into the respective functional currency of the entity at the spot exchange rates at the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the spot exchange rate at that date.

7 Significant accounting policies (Continued)

(a) *Foreign currency transactions(Continued)*

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate at the date on which the fair value is 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 translation are generally recognised in profit or loss. However, foreign currency differences arising from the translation of available for sale equity instruments are recognised in other comprehensive income.

(b) *Interest income and expense*

Interest income and expense are recognised in profit or loss using the effective interest method. The "effective interest rate" is the rate that exactly discounts the estimated future cash receipts and payments through the expected life of the financial asset or financial liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or financial liability.

When calculating the effective interest rate, the Company estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses. The calculation of the effective interest rate includes transaction costs and fees paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

Interest income arises from interest on loans and advances to borrowers while interest expense arises from interest on borrowing provided by lenders. Both loans and advances, and loans and borrowings are financial assets and liabilities respectively, which are measured at amortised cost calculated on an effective interest basis.

(c) *Deferred income*

Deferred income consists of restructuring, upfront and commitment fees from borrowers which are recognised systematically over the life of the underlying loan on an effective yield basis.

(d) *Deferred expenses*

Deferred expenses consist of upfront, commitment and refinancing fees paid to the lenders which are recognised systematically over the life of the underlying loan on an effective yield basis.

(e) *Other loan fees*

Other loan fees consist of appraisal, annual monitoring, participation, waiver and loan restructuring fees which the Company charged to the borrowers for work performed during the year.

7 Significant accounting policies (Continued)

(f) *Grants*

Grants are initially recognised as deferred income if the all the conditions associated with the grants are complied.

Grants that compensate the Company for expenses incurred are recognised in the profit or loss on a systematic basis in the periods in which the expenses are recognised.

(g) *Income tax*

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

(i) Current tax

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

Current tax assets and liabilities are offset if certain criteria are met.

(ii) Deferred tax

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 assets are recognised for unused tax losses, unused 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 used. 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.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

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 taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

7 Significant accounting policies (Continued)

(h) Financial assets and financial liabilities

(i) Classification

The Company classifies its financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

The Company classifies its financial liabilities, other than loan commitments as other financial liabilities which are measured at amortised cost.

(ii) Recognition and measurement

(a) Financial assets at fair value through profit or loss

A financial asset is classified as at fair value through profit or loss if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein, including any interest or dividend income, are recognised in profit or loss.

(b) Held-to-maturity financial assets

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

(c) Loans and receivables

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

(d) Available-for-sale financial assets at fair value

These assets are initially measured 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 debt instruments are recognised in the OCI and accumulated in the fair value reserve. When these assets are derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

(e) Available-for-sale financial assets at cost

Investment in equity instruments with no reliable fair value measurement. These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at cost and changes therein are recognised in the OCI and accumulated in the fair value reserve. When these assets are derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

7 Significant accounting policies (Continued)

(h) Financial assets and financial liabilities (Continued)

(ii) Recognition and measurement (Continued)

(f) Other financial liabilities

Other financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

(iii) Derecognition

Financial Asset

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Company is recognised as a separate asset or liability.

The Company enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised.

In transactions in which the Company neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Company continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

Financial Liabilities

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

(iv) Offsetting

Financial assets and financial liabilities are offset and the amount presented in the statement of financial position when and only when the Company has a legal right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

7 Significant accounting policies (Continued)

(h) Financial assets and financial liabilities (Continued)

(iv) Offsetting (Continued)

Income and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from a group of similar transactions.

(v) Derivative financial instruments

The Company holds derivative financial instruments to hedge its foreign currency exposure. Embedded derivatives are separated from the host contract and accounted for separately if certain criteria are met.

Derivatives are initially measured at fair value; any directly 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 generally recognised in profit or loss.

(vi) Bank deposits

Bank deposits comprise of short term deposits with a maturity of more than three months but less than twelve, which are subject to an insignificant risk of change in value.

(vii) Cash and cash equivalents

Cash and cash equivalents comprise of cash at bank and on hand and short term deposits with a maturity of three months or less, which are subject to an insignificant risk of change in value.

(viii) Identification and measurement of impairment

At each reporting date, the Company assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. A financial asset or a group of financial assets is impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset(s) and that the loss event has an impact on the future cash flows of the asset(s) that can be estimated reliably.

Objective evidence that financial assets are impaired includes:
- Default or delinquency by a borrower;
- The restructuring of a loan or advance by the Company on terms that the Company would not consider
- Indications that a borrower will enter bankruptcy.
- Adverse changes in the payment status of the borrowers.

The Company considers evidence of impairment for loans and advances at a specific asset level. All individually significant loans and advances are assessed for specific impairment.

In assessing impairment, the Company uses a financial model tailored to the borrower's specifics to assess the probability of default, the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than is suggested by historic trends

7 **Significant accounting policies (Continued)**

(h) Financial assets and financial liabilities (Continued)

(viii) Identification and measurement of impairment (Continued)

Impairment losses on assets measured at amortised cost are calculated as the difference between the carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate.

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised. If the cash flows of the renegotiated asset are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and the new financial asset is recognised at fair value.

The impairment loss before an expected restructuring is measured as follows:

- If the expected restructuring will not result in derecognition of the existing asset, then the estimated cash flows arising from the modified financial asset are included in the measurement of the existing asset based on their expected timing and amounts discounted at the original effective Interest rate of the existing financial asset.

- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Impairment losses on available for sale assets are recognised by reclassifying the losses accumulated in the revaluation 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.

If, in a subsequent period, the fair value of an impaired available-for-sale asset increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed through profit or loss; otherwise, any increase in fair value is recognised through other comprehensive income. Any subsequent recovery in the fair value of an impaired available for sale equity security is always recognised in other comprehensive income.

The Company writes off a loan or an investment, either partially or in full, and any related allowance for impairment losses when the Credit Committee determines that there is no realistic prospect of recovery.

(i) Share capital

Ordinary Shares
Incremental costs that are directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments.

8 New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2016, and have not been applied in preparing these financial statements. Those which may be relevant to the Company are set out below. The Company does not plan to adopt these standards early. These will be adopted in the period that they become mandatory unless otherwise indicated:

IFRS 9 Financial Instruments
On 24 July 2014, the IASB issued the final IFRS 9 Financial Instruments Standard, which replaces earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement.

This standard will have a significant impact on the Company, which will include changes in the measurement bases of the Company's financial assets to amortised cost, fair value through other comprehensive income or fair value through profit or loss. Even though these measurement categories are similar to IAS 39, the criteria for classification into these categories are significantly different. In addition, the IFRS 9 impairment model has been changed from an "incurred loss" model from IAS 39 to an "expected credit loss" model, which is expected to increase the provision for bad debts recognised in the Company.

The Company is still in the process of estimating the possible impact of this standard on its financial performance and position.

The standard is effective for annual periods beginning on or after 1 January 2018 with retrospective application,

IFRS 15 Revenue from Contracts with customers
The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. This standard is based on the principle that revenue is recognised when control of good and service transfer to the customer.

The Standard permits a modified retrospective approach for adoption. Under this approach entities will recognise transitional adjustment in retained earnings on the date of initial application.

The standard is not expected to affect the financial performance and position of the Company.

The standard is effective for annual periods beginning on or after 1 January 2018 with retrospective application, early adoption is permitted.

Amendments to IAS 1 disclosure initiative
The amendments to IAS 1 Presentation of Financial Statements clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:

- The materiality requirement in IAS 1.
- That specific line items in the statement of profit or loss and OCI and the statements of financial position may be disaggregated.
- That entities have flexibility as to the order in which they present the notes to financial statements.

8 New standards and interpretations not yet adopted (Continued)

Amendments to IAS 1 disclosure initiative (Continued)

- That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirement that apply when additional subtotals are presented in the statement of financial position and the statement of profit or loss and OCI. These amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted.

These amendments are not expected to have any impact on the Company.

9 New standards and amendments applicable as from 1 January 2015

The nature and the effect of these changes are disclosed below. Although these new standards and amendments applied for the first time in 2015, they did not have a material impact on the financial statements of the Company. The nature and the impact of each new standard or amendment is described below:

	Effective for accounting period beginning on or after
Amendments to IAS 19 Defined Benefit Plans: Employee Contributions	01-Jul-14
Annual Improvements *2010-2012 Cycle*	
IFRS 2 Share-based Payment	01-Jul-14
IFRS 3 Business Combinations	01-Jul-14
IFRS 8 Operating Segments	01-Jul-14
IAS 16 Property, Plant and Equipment	01-Jul-14
IAS 38 Intangible Assets	01-Jul-14
IAS 24 Related Party Disclosures	01-Jul-14
Annual Improvements *2011-2013 Cycle*	
IFRS 3 Business Combinations	01-Jul-14
IFRS 13 Fair Value Measurement	01-Jul-14
IAS 40 Investment Property	01-Jul-14

Where the adoption of the standard or interpretation or improvement is deemed to have an impact on the financial statements or performance of the Company, its impact is described below:

IAS 24 Related Party Disclosures

The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.

9 New standards and amendments applicable as from 1 January 2015 (Continued)

IFRS 13 Fair Value Measurement

The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IAS 39. The Group and the Company do not apply the portfolio exception in IFRS 13.

10 Interest income on deposits and debt instruments

	31-Dec-15 USD	31-Dec-14 USD
Interest on bank balance and deposits	**74,700**	117,837
Interest income on debt instruments	**3,776,754**	11,933
Amortisation of fair value gain (Note 26)	**46,554**	-
Amortisation of investment cost (Note 18)	**(26,337)**	-
	3,871,671	129,770

11 Loan fee income

	31-Dec-15 USD	31-Dec-14 USD
Loan arrangement and restructuring fees	**643,306**	1,044,591
Annual monitoring fee	**140,162**	182,680
Consent and waiver fee	**584,494**	377,955
Loan breakage fee	**11,677**	66,865
Appraisal fees	**216,551**	144,000
Other fees	**15,398**	15,214
	1,611,588	1,831,305

Other fees consists of environmental, social and advisory fees, and legal costs which were reimbursed by the borrowers.

12 Foreign exchange loss

	31-Dec-15 USD	31-Dec-14 USD
Unrealised loss on net loans	**(956,655)**	(5,141,642)
Unrealised loss on cash balances	**(17,017)**	(242,087)
Realised (loss)/gain on monetary transactions	**(198,906)**	218,190
Realised gain on forward contracts	**733,861**	3,737,869
	(438,717)	(1,427,670)

13 Income tax expense

The Company is subject to income tax in Mauritius at 15% (2014: 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.

	31-Dec-15 USD	31-Dec-14 USD
Total income tax expense for the year	**481,114**	458,846

Reconciliation of effective tax rate

	31-Dec-15 USD	31-Dec-14 USD
Profit/(loss) from operations	**15,537,220**	(47,959,339)
Income tax at 15%	**2,330,583**	(7,193,901)
Less Exempt income	**(14,233)**	(17,676)
Add Non deductible expenses	**89,219**	9,505,808
Tax credit	**(1,924,455)**	(1,835,385)
	481,114	458,846

14 Fund manager expenses

Substantially all of the Company's management, administration and reporting are set out under the Third Amended and Restated Fund Management Agreement entered into with Frontier Markets Fund Managers Limited ("FMFML") as the Fund Manager, a private Company incorporated in Mauritius and 100% owned by Harith Investment Partners (Pty) Ltd as from 8 November 2013.

Under the terms of the Third Amended and Restated Fund Management Agreement between the Fund, FMFML and Harith General Partners (Pty) Ltd, FMFML is entitled to receive the following fees from the Company:

(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.

(ii) 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 and is not subject to a hurdle rate or high water mark.

Breakdown of fund management expenses

	31-Dec-15 USD	31-Dec-14 USD
Fixed fee	**5,000,000**	4,976,413
Fixed fee under accrued in prior year	**12,369**	-
Performance fee under accrued in prior year	**-**	261,562
Performance fee	**5,363,014**	-
	10,375,383	5,237,975

15 Provision for impairment

	31-Dec-15 USD	31-Dec-14 USD
(i) *Loans and advances*		
Opening balance	**82,074,965**	20,195,806
Movement for the year	**-**	61,879,159
Closing balance	**82,074,965**	82,074,965
(ii) *Available-for-sale and interest*		
Opening balance	**-**	-
Movement for the year		
Impairment of costs (Note 17)	**197,586**	-
Impairment of accrued interest (Note 21)	**67,110**	-
Closing balance	**264,696**	-
(iii) *Other financial assets*		
Opening balance	**412,831**	-
Movement for the year	**-**	412,831
Closing balance	**412,831**	412,831

16 Loans and advances

	31-Dec-15 USD	31-Dec-14 USD
Opening balance	**466,480,691**	385,450,709
Disbursement	**106,460,956**	134,341,222
Repayment	**(56,307,639)**	(49,670,634)
Interest capitalised	**8,423,501**	7,937,379
Loss on revaluation of Euro denominated loans and advances	**(9,640,770)**	(11,577,985)
Closing balance	**515,416,739**	466,480,691
Provision for impairment	**(82,074,965)**	(82,074,965)
Interest suspended	**(8,137,080)**	-
	(90,212,045)	- 82,074,965
Net loans and advances	**425,204,694**	**384,405,726**

Interest suspended

During the year the Company has capitalised the interest due from loans and advances which have been provided for impairment. However, due to the uncertainty over its recoverability, the Company has not recognised the interest capitalised in the profit or loss.

Classification of loans and advances between non current and current assets

	31-Dec-15	31-Dec-14
Non current assets (Note 34)	**384,565,074**	347,577,829
Current assets (Note 34)	**40,639,620**	36,827,897
	425,204,694	**384,405,726**

The information has been redacted because of its commercially sensitive nature

The information has been redacted because of its commercially sensitive nature

19 Other financial assets

	31-Dec-15 USD	31-Dec-14 USD
At 1 January	-	412,381
Provision for impairment	-	(412,381)
At 31 December	-	-

20 Deferred expenses

	Refinancing Cost USD	Upfront Fees USD	Commitment Fees USD	Total USD
At 1 January 2014	-	1,480,851	2,495,579	3,976,430
Movement during the year	1,528,599	2,293,797	1,677,065	5,499,461
Amortisation charge	(158,646)	(1,559,411)	(4,193,720)	(5,911,777)
At 31 December 2014	1,369,953	2,215,237	(21,076)	3,564,114
Movement during the year	**95,651**	**-**	**1,068,823**	**1,164,474**
Amortisation charge	**(196,183)**	**(436,995)**	**(190,608)**	**(823,786)**
At 31 December 2015	**1,269,421**	**1,778,242**	**857,139**	**3,904,802**

21 Trade and other receivables

	31-Dec-15 USD	31-Dec-14 USD
Loan interest receivable	**5,549,954**	5,012,875
FMFML performance fees	**-**	2,584,049
Bank accrued interest	**19,708**	43,946
Interest accrued on income notes	**750,443**	57,231
Restructuring fees and other receivables	**558,005**	89,561
	6,878,110	7,787,662
Provision for impairment - interest on income notes	**(67,110)**	-
	6,811,000	7,787,662

22 Derivative financial instruments

	31-Dec-15 USD	31-Dec-14 USD
Forward exchange contract	-	340,604

The notional principal amount of the outstanding forward foreign exchange contract as at 31 December 15 is Nil (2014: EUR 11,014,206).

23 Bank deposits

Details of bank deposits with maturity more than three months

	31-Dec-15 USD	31-Dec-14 USD
Barclays Bank Mauritius Limited		
Fixed deposit account	**6,027,413**	36,000,000
	6,027,413	36,000,000

24 Cash and cash equivalents

	31-Dec-15 USD	31-Dec-14 USD
Barclays Bank Mauritius Limited		
- Operating account	**14,184,776**	2,326,203
- TAF Grant	**1,016,975**	931,544
Standard Chartered Bank (Mauritius) Limited	**14,720**	364,450
	15,216,471	3,622,197

25 Share Capital

	31-Dec-15		31-Dec-14	
	Shares	**USD**	Shares	USD
Ordinary shares , issued and fully paid				
Opening balance	**38,806,969**	**388,069,690**	35,724,559	357,245,590
Issue of shares	**180,000**	**1,800,000**	3,082,410	30,824,100
Closing balance	**38,986,969**	**389,869,690**	38,806,969	388,069,690

The nominal value of the share is USD 10 each.

All ordinary shares are ranked equally. Holders of these shares are entitled to dividends as declared from time to time.

26 Fair value reserve

	31-Dec-15	31-Dec-14
	USD	USD
At January	**224,361**	(617,739)
Movement during the year	**(46,554)**	842,100
At 31 December	**177,807**	224,361

27 Loans and borrowings

	31-Dec-15	31-Dec-14
	USD	USD
Non-current liabilities		
Senior loans		
Kreditanstalt fur Wiederaufbau	**59,765,888**	66,901,837
Nederlandse Financierings – Maatschappij voor Ontwikkelingslanden N.V	**27,348,628**	-
Standard Bank South Africa Limited	**-**	20,000,000
Standard Chartered Bank	**11,433,000**	9,568,179
	98,547,516	96,470,016

Interest bearing borrowing are denominated in the following currencies:

	31-Dec-15	31-Dec-14
	USD	USD
US Dollar	**17,433,000**	20,000,000
Euro	**81,114,516**	76,470,016
	98,547,516	96,470,016

As at 31 December 15, the undrawn loans available amounted to:

Kreditanstalt fur Wiederaufbau	USD	45,000,000
Nederlandse Financierings – Maatschappij voor Ontwikkelingslanden N.V	USD	19,000,000
Standard Bank South Africa Limited	USD	25,000,000
Standard Chartered Bank	USD	13,567,000
		102,567,000
Nederlandse Financierings – Maatschappij voor Ontwikkelingslanden N.V	EUR	5,353,767

28 Current tax liabilities

	31-Dec-15	31-Dec-14
	USD	USD
At start	**272,200**	44,010
Tax paid during the year	**(602,446)**	(230,656)
Income tax expense for the year	**481,114**	458,846
	150,868	272,200

29 Deferred income

	TAF Grant[1]	Restructuring Fees	Upfront Fees	Commitment Fees	Total
	USD	USD	USD	USD	USD
At 1 Jan 2014	223,938	814,189	3,336,742	2,766,989	7,141,858
Movement during the year	318,833	1,095,307	1,479,911	1,165,597	4,059,648
Amortisation charge	(349,835)	(375,286)	(926,182)	(734,368)	(2,385,671)
At 31 December 2014	192,936	1,534,210	3,890,471	3,198,218	8,815,835
Movement during the year	**659,561**	-	**1,479,989**	**1,791,741**	**3,931,291**
Amortisation charge	**(576,561)**	**(392,918)**	**(1,246,684)**	**(1,031,701)**	**(3,247,864)**
At 31 December 2015	**275,936**	**1,141,292**	**4,123,776**	**3,958,258**	**9,499,262**

[1]The Private Infrastructure Development Group ('PIDG') acting through the PIDG Trust provides Technical Assistance Facility ('TAF') for development projects approved by the Programme Management Unit of the PIDG.

30 Trade and other payables

	31-Dec-15	31-Dec-14
	USD	USD
Frontier Markets Fund Managers Limited:		
Fixed fee	**1,112,726**	1,415,170
Performance fees	**2,778,965**	-
MDY legal fees	**69,914**	24,038
Loan interest payable	**186,231**	247,754
Fees payable to Standard Bank Trust Company (Mauritius) Limited	**20,000**	19,813
Legal and Consultancy fees	**17,864**	503,675
Refund excess interest and other fees	-	301,104
Audit and tax fees	**34,431**	33,827
Other payables	**112,362**	16,109
	4,332,493	2,561,490

31 Related party transactions

During the year ended 31 December 2015, the Company had transactions and balances with its related parties. The nature, volume of transactions and balances are as follows:

Name of company	Nature of relationship	Nature of transaction	31-Dec-15 USD	31-Dec-14 USD
Transactions during the year:				
PIDG Trust	Shareholder	Grant amortised	**576,561**	349,835
		Grant received	**659,561**	318,833
		Issue of shares	**1,800,000**	30,824,100
Standard Bank Trust Company (Mauritius) Limited	Management Company	Professional fees	**29,719**	37,455
Balances outstanding as at:				
PIDG Trust	Shareholder	Grant received	**275,936**	192,936
Standard Bank Trust Company (Mauritius) Limited	Management Company	Professional fees	**20,000**	19,813

32 Fair values of financial instruments

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, It does not include fair value information for the financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Financial assets measured at fair value

	Carrying amount				Fair Value		
	Available-for-sale	**Held-to-maturity**	**Designated at fair value**	**Total**	**Level 1**	**Level 2**	**Level 3**
31 December 2015							
Available-for-sale equity investments (unquoted)	**1,072,588**	-	-	**1,072,588**	-	-	**1,072,588**
31 December 2014							
Available-for-sale equity investments (unquoted)	1,270,174	-	-	1,270,174	-	-	1,270,174
Quoted debt securities	30,476,400	-	-	30,476,400	30,476,400	-	-
Derivative financial instruments	-	-	340,604	340,604	340,604	-	-
	30,476,400	-	340,604	32,087,178	30,817,004	-	1,270,174

The Company measures fair values using the following fair values hierarchy that reflects the significance of the inputs used in making the measurements.

- Level 1: Inputs that are quoted market prices (unadjusted) in an active markets for identical instruments.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and whose unobservable inputs have a significant effect on the instrument's valuation.

For the available-for-sale equity investments (classified as level 3), the directors are of the opinion that the best approximate measurement of the financial assets is cost less impairment.

32 Fair values of financial instruments (Continued)

	Held-to-maturity	Loans and receivables	Other financial liabilities	Total
31 December 2015				
Financial assets not measured at fair value				
Loans and advances	-	425,204,694	-	425,204,694
Debt instruments	30,450,063	-	-	30,450,063
Trade and other receivables	-	6,811,000	-	6,811,000
Bank deposits	-	6,027,413	-	6,027,413
Cash and cash equivalents	-	15,216,471	-	15,216,471
	30,450,063	453,259,578	-	483,709,641
Financial liabilities not measured at fair value				
Loans and borrowings	-	-	98,547,516	98,547,516
Trade and other payables	-	-	4,332,493	4,332,493
	-	-	102,880,009	102,880,009
31 December 2014				
Financial assets not measured at fair value				
Loans and advances	-	384,405,726	-	384,405,726
Trade and other receivables	-	7,787,662	-	7,787,662
Bank deposits	-	36,000,000	-	36,000,000
Cash and cash equivalents	-	3,622,197	-	3,622,197
	-	431,815,585	-	431,815,585
Financial liabilities not measured at fair value				
Loans and borrowings	-	-	96,470,016	96,470,016
Trade and other payables	-	-	2,561,490	2,561,490
	-	-	99,031,506	99,031,506

33 Financial risk management and review

The Company has exposure to the following risks from its use of financial instruments: Credit risk, liquidity risk and market risk.

Risk management framework

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.

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

The Company is subject to externally imposed capital requirement. The equity of the Company should not fall below USD 150,000,000.

Credit risk

Credit risk is the risk of financial loss of the Company if a borrower and counterparty fails to meet their contractual obligations, and arises principally from the Company's loans and advances and held-to-maturity investments.

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.

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:

	31-Dec-15	31-Dec-14
	USD	USD
Loans and advances	**425,204,694**	384,405,726
Available-for-sale financial assets	**-**	31,746,574
Held to maturity	**30,450,063**	-
Derivative financial instruments	**-**	340,604
Trade and other receivables	**6,811,000**	7,787,662
Bank deposits	**6,027,413**	36,000,000
Cash and cash equivalents	**15,216,471**	3,622,197
	483,709,641	463,902,763

33 Financial risk management and review (continued)

Credit risk (continued)

(i) *Analysis of credit risk for loans and advances, loan interest receivables by sector and country/region:*

	Loans and advancs		***Loan interest receivables***	
	31-Dec-15 USD	**31-Dec-14 USD**	**31-Dec-15 USD**	**31-Dec-14 USD**
Sector				
Mining	**4,361,248**	2,525,253	**137,413**	60,471
Telecommunications	**80,504,051**	56,937,801	**605,372**	952,077
Industrial infrastructure	**102,860,932**	104,328,298	**1,347,901**	573,105
Power	**212,140,167**	187,847,110	**3,216,155**	3,082,389
Transport	**25,338,296**	32,767,264	**243,113**	344,833
	425,204,694	384,405,726	**5,549,954**	5,012,875

	Loans and advancs		***Loan interest receivables***	
	31-Dec-15 USD	**31-Dec-14 USD**	**31-Dec-15 USD**	**31-Dec-14 USD**
Country/Region				
Republic of Cameroon	**10,736,143**	15,451,741	**139,687**	214,666
Mozambique	**4,361,248**	2,525,253	**137,413**	60,471
Republic of Nigeria	**41,542,152**	72,091,900	**671,989**	1,093,366
Uganda	**24,857,365**	25,022,713	**260,895**	43,516
Kenya	**43,770,941**	51,480,183	**335,355**	795,998
Congo	**32,361,806**	7,500,000	**210,193**	16,384
Algeria	**13,950,000**	14,750,000	**168,497**	183,938
Pan Africa	**49,829,050**	54,834,551	**872,804**	1,272,512
Senegal	**15,871,011**	7,374,407	**131,798**	105,883
Tanzania	**27,340,000**	28,836,250	**230,280**	230,046
Tunisia	**16,438,069**	15,600,000	**440,980**	2,322
Ethiopia	**21,107,143**	25,392,857	**184,045**	238,950
Ghana	**40,981,258**	13,981,228	**57,114**	29,997
Ivory Coast	**48,590,158**	33,046,653	**890,999**	561,752
Republic of Rwanda	**33,468,350**	16,517,990	**817,905**	163,074
	425,204,694	384,405,726	**5,549,954**	5,012,875

(ii) *Held-to-maturity financial assets*

The Company does not have any debt securities that was past due but not impaired at 31 December 2015.

(iii) *Bank deposits and cash and cash equivalents*

The Company held bank deposits and cash and cash equivalents with bank and financial institutions, which are rated A (Stable) long term, based on ratings from credit agencies.

33 Financial risk management and review (continued)

(iv) *Derivatives*

The derivatives are entered into with bank and financial institution counterparties, which are A rated, based on ratings from credit agencies.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company is subject to the following financial covenants. As at 31 December 2015 the Company was in compliance with the financial covenants.

(a) as of the last day of any quarter, the debt to equity ratio to exceed 2:1;
(b) Interest cover in respect of the relevant calculation period should not fall below a ratio of 1.5:1; and
(c) the equity of the Company does not fall below US$150,000,000 at any time.

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

	Less than 6 months USD	6-12 months USD	1-3 years USD	More than 3 years USD	Total USD
31 December 2015					
Loans and borrowings	**1,085,946**	**1,096,067**	**17,572,222**	**93,571,671**	**113,325,906**
Trade and other payables	**4,332,493**	**-**	**-**	**-**	**4,332,493**
	5,418,439	**1,096,067**	**17,572,222**	**93,571,671**	**117,658,399**
31 December 2014					
Loans and borrowings	-	-	-	96,470,016	96,470,016
Trade and other payables	2,561,490	-	-	-	2,561,490
	2,561,490	-	-	96,470,016	99,031,506

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.

33 Financial risk management and review (continued)

Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the foreign exchange rates. Currency risk arises on financial instruments that are denominated in a foreign currency, i.e, in a currency other than the functional currency in which they are measured.

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

The loans and advances provided to the borrowers in a currency other than the USD are predominantly hedged with the borrowings in the same currency.

Interest on borrowings is denominated in currencies that match the cash flows generated by the underlying operations of the Company, primarily US Dollar, 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 entering into forward contracts.

At 31 December 2015, the Company had liabilities denominated in Euro and Great Britain Pound Sterling.

Currency profile

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

	Financial Assets	Financial Liabilities	Financial Assets	Financial Liabilities
	31-Dec-15		31-Dec-14	
	USD	USD	USD	USD
United States Dollar	**402,411,593**	**21,463,076**	371,192,353	22,327,119
Great Britain Pound Sterling	**-**	**119,707**	-	24,038
Euro	**81,298,048**	**81,297,226**	92,710,410	76,680,349
	483,709,641	**102,880,009**	463,902,763	99,031,506

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

	31-Dec-15	31-Dec-14
	USD	USD
USD:EUR	**0.92026**	0.82210
USD:GBP	**0.67735**	0.64260

Sensitivity analysis

A 10% 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.

33 Financial risk management and review (continued)

Currency Risk (Continued)

Effects in USD	**Increase by 10%**		**Decrease by 10%**	
	Equity	**Profit or loss**	**Equity**	**Profit or loss**
31 December 2015				
EUR	**(82)**	**(82)**	**82**	**82**
GBP	**11,971**	**11,971**	**(11,971)**	**(11,971)**
31 December 2014				
EUR	(616,541)	(616,541)	667,919	667,919
GBP	925	925	(1,002)	(1,002)

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.

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

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

	31-Dec-15	31-Dec-14
	USD	USD
Variable rate instruments		
Financial assets	**413,358,084**	384,405,726
Financial liabilities	**(98,547,516)**	(96,470,016)
	314,810,568	287,935,710

Sensitivity analysis

	Increase by 1%		**Decrease by 1%**	
	Equity	**Profit or loss**	**Equity**	**Profit or loss**
	USD	**USD**	**USD**	**USD**
31 December 2015	**3,148,106**	**3,148,106**	**(3,148,106)**	**(3,148,106)**
31 December 2014	2,879,357	2,879,357	(2,879,357)	(2,879,357)

Price risk

As at 31 December 2015 the Company is not exposed to price risk as none of the Company's financial assets is listed on an exchange.

The information has been redacted because of its commercially sensitive nature

The information has been redacted because of its commercially sensitive nature

35 Events after reporting period

There were no material subsequent events after the reporting date.