GuarantCo Ltd

Financial Statements

for the year ended 31 December 2016

GuarantCo Ltd

Financial Statements for the year ended 31 December 2016

Contents	**Page**
Corporate data	1
Statement of Directors' responsibility	2
Report from the Company Secretary	3
Independent auditor's report	4-6
Statement of profit or loss and other comprehensive income	7
Statement of financial position	8
Statement of changes in equity	9
Statement of cash flows	10
Notes to and forming part of these financial statements	11-41

Directors

	Appointment	Position held until
Resident		
B R Gujadhur	1 August 2007	Ongoing
Rajkamal Taposeea	1 December 2014	Ongoing
Patrice Maveyraud	1 March 2015	Ongoing
Non-Resident		
Andrew Philip Bainbridge	1 January 2007	Ongoing
John Hodges	1 January 2010	Ongoing
Yukiko Omura	1 January 2013	Ongoing
Dianne S Rudo	1 January 2013	Ongoing

Fund Manager

GuarantCo Management Company Limited — Appointment date: 09 May 2016

Frontier Markets Fund Managers Limited — Termination date: 08 May 2016

Corporate Secretary

Intercontinental Trust Limited — Appointment date: 01 April 2016
Level 3,
Alexander House,
35 Cybercity
Ebène
Mauritius

Standard Bank Trust Company (Mauritius) Limited — Resignation date: 01 April 2016
10th Floor
Tower A, 1 Cybercity
Ebène
Mauritius

Registered Office

Level 3,
Alexander House,
35 Cybercity
Ebène
Mauritius

Auditors

Ernst & Young Mauritius
Level 9, Tower 1
NexTeracom
Cybercity, Ebene
Mauritius

GuarantCo Ltd

Directors' report

The Directors present their report together with the audited financial statements of GuarantCo Ltd (the "Company") for the year ended 31 December 2016.

Principal activities

The Company's principal activity is to provide guarantees offered as credit enhancements in order to facilitate investments in infrastructure and consequently the development of local capital markets in low income emerging markets.

Result and dividends

The results for the years are shown on page 7.

The Board of directors has not declared a dividend for the year under review (2015-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, Ernst & Young Mauritius, have indicated their willingness to continue in office.

By order of the Board

Director

Director

Date: 29 MAR 2017

GuarantCo Ltd

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 2016, all such returns as are required of the Company under the Companies Act 2001.

29 MAR 2017

Corporate Secretary
International Trust Ltd
Level 3, Alexander House
35 Cybercity
Ebene 72201
Mauritius

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GUARANTCO LTD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of GuarantCo Ltd (the "Company") set out on pages 7 to 41 which comprise the statement of financial position as at 31 December 2016, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including significant accounting policies.

In our opinion, the financial statements give a true and fair view of, the financial position of GurarantCo Ltd as at 31 December 2016, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report and the Company Secretary's Certificate as required by the Companies Act 2001, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act 2001, 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.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GUARANTCO LTD (CONTINUED)

Report on the Audit of the Financial Statements (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other matter

This report is made solely for the Company's members, as a body, in accordance with Section 205 of the Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's 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.

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GUARANTCO LTD (CONTINUED)

Report on Other Legal and Regulatory Requirements

Companies Act 2001

We have no relationship with or interests in the Company other than in our capacity as auditor, tax advisors and dealings in the ordinary course of business.

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.

ERNST & YOUNG
Ebène, Mauritius

Date: 29 MAR 2017

DARYL CSIZMADIA, C.A (S.A).
Licensed by FRC

GuarantCo Ltd

Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2016

	Notes	2016 USD	2015 USD
Revenue	9	8,207,369	6,692,087
Fund manager expenses	10	(8,289,952)	(6,040,517)
Administrative expenses	12	(3,087,216)	(3,869,767)
Operating loss		(3,169,799)	(3,218,197)
Net provision in respect of guarantees and doubtful debts	13	(2,114,223)	(6,374,915)
Loss on disposal of financial assets	17	(1,322,714)	(3,013,444)
Grant income	24	849,516	417,522
Grant expense		(849,516)	(417,522)
One-off termination fees	11	(3,000,000)	-
		(9,606,736)	(12,606,556)
Net finance income	14	6,379,723	6,634,611
Loss before taxation		(3,227,013)	(5,971,945)
Income tax expense	15	(59,441)	(79,374)
Loss after taxation		(3,286,454)	(6,051,319)
Other comprehensive income			
Fair value loss on available-for-sale financial assets	17	(9,997)	(1,205,456)
Total other comprehensive loss		(9,997)	(1,205,456)
Total comprehensive loss for the year		(3,296,451)	(7,256,775)

The notes on pages 11 to 41 form an integral part of these financial statements

GuarantCo Ltd

Statement of Financial position as at 31 December 2016

	Notes	2016 USD	2015 USD
Assets			
Non-current assets			
Available-for-sale financial assets	17	-	23,881
Deferred tax asset	16	-	48,249
Deferred expense	19	-	1,657,026
		-	1,729,156
Current assets			
Available-for-sale financial assets	17	213,041,421	205,790,127
Derivative financial instruments	18	400,501	7,474,752
Trade and other receivables	20	13,712,235	3,805,494
Bank deposits	21	16,642,905	29,612,176
Cash and cash equivalents	22	29,607,136	12,315,268
		273,404,198	258,997,817
Total Assets		273,404,198	260,726,973
Equity and Liabilities			
Equity			
Share capital	23	302,209,417	281,218,317
Available for sale reserve		(4,993,342)	(4,983,345)
Accumulated losses		(41,548,169)	(38,261,715)
Total Equity		255,667,906	237,973,257
Liabilities			
Non-current liabilities			
Deferred income	24	4,854,636	3,038,691
		4,854,636	3,038,691
Current liabilities			
Derivative financial instruments	18	-	7,475,340
Provision on guarantees payable	25	10,194,084	7,275,654
Trade and other payables	26	2,687,572	4,964,031
		12,881,656	19,715,025
Total liabilities		17,736,292	22,753,716
Total Equity and Liabilities		273,404,198	260,726,973

The financial statements have been approved by the Board of Directors and authorised for issue on: 29 MAR 2017

Name Mr. Patrice Maveyraud

~~Name~~ Mr. Baboo Rajendranathsing Gujadhur

The notes on pages 11 to 41 form an integral part of these financial statements

GuarantCo Ltd

Statement of Changes in Equity for the year ended 31 December 2016

	Share Capital USD	Available for sale reserve USD	Accumulated losses USD	Total USD
Balance at 1 January, 2015	277,218,317	(3,777,889)	(32,210,396)	241,230,032
Loss for the year	-	-	(6,051,319)	(6,051,319)
Other comprehensive loss	-	(1,205,456)	-	(1,205,456)
Total comprehensive loss	-	(1,205,456)	(6,051,319)	(7,256,775)
Transaction with owner of the Company:				
Issue of Shares	4,000,000	-		4,000,000
	4,000,000	-	-	4,000,000
Balance at 31 December, 2015	281,218,317	(4,983,345)	(38,261,715)	237,973,257
Loss for the year	-	-	(3,286,454)	(3,286,454)
Other comprehensive loss	-	(9,997)	-	(9,997)
Total comprehensive loss	-	(9,997)	(3,286,454)	(3,296,451)
Transaction with owner of the Company:				
Issue of Shares	20,991,100	-		20,991,100
	20,991,100	-	-	20,991,100
Balance at 31 December, 2016	302,209,417	(4,993,342)	(41,548,169)	255,667,906

The notes on pages 11 to 41 form an integral part of these financial statements

GuarantCo Ltd

Statement of Cash Flows for the year ended 31 December 2016

	Notes	2016 USD	2015 USD
Cash flow from operating activities			
Loss for the year		(3,227,013)	(5,971,945)
Adjustments for:			
Amortisation of deferred income		(766,974)	(561,573)
Amortisation of deferred expenses		1,653,650	1,628,965
Provision on guarantee payable		2,114,223	6,374,915
Net unrealised/realised (gain)/loss on derivatives		(1,276,882)	22,095
Loss on disposal of available for sale financial asset		1,322,714	3,013,444
Grants released		(849,516)	(417,522)
Investment income		(4,537,965)	
Other income		(591,600)	152,025
		(6,159,363)	4,240,404
Changes in working capital:			
Trade and other receivables		(12,012,296)	191,877
Trade and other payables		(1,616,726)	(1,478,902)
Payment under Guarantee		-	(20,487,031)
Repayment received from Guarantee		804,207	900,739
Commitment and upfront fees received		3,321,976	944,152
Tax paid		(11,192)	(12,988)
Net cash used in operating activities		(15,673,394)	(15,701,749)
Cash flows from investing activities			
Acquisition of financial assets	17	(2,865,943,930)	(1,371,366,518)
Interest income		5,238,725	
Disposal of financial assets	17	2,857,383,806	1,352,491,154
Proceeds from derivatives		875,793	
Net movement in bank deposits		12,854,778	26,431,067
Net cash from investing activities		10,409,172	7,555,703
Cash flows from financing activities			
Proceeds from issue of shares		20,991,100	4,000,000
Counter guarantee and commitment fees paid		(659,735)	(771,098)
Grants received	24	2,224,725	412,140
Net cash from financing activities		22,556,090	3,641,042
Net increase/(decrease) in cash and cash equivalents		17,291,868	(4,505,004)
Cash and cash equivalents at 1 January		12,315,268	16,820,272
Cash and cash equivalents at 31 December		29,607,136	12,315,268

The notes on pages 11 to 41 form an integral part of these financial statements

1 Reporting entity

GuarantCo Ltd, the "Company" was incorporated in Mauritius under the Companies Act 2001 as a private company limited by shares and has been granted a category 1 Global Business License under the Financial Services Act 2007.

The main activity of the Company is to provide local currency guarantees offered as credit enhancements in order to facilitate investments in infrastructure and the development of local capital markets in low income emerging markets. Since December 1, 2006, Frontier Markets Fund Managers Limited ("FMFML") had undertaken to provide the Company with management, advisory and support services. FMFML subcontracted part of its services to Frontier Markets Fund Managers ('FMFM') (the trading name of Harith Partners UK Limited) and Standard Bank Trust Company (Mauritius) Limited and since 1 April 2016, Intercontinental Trust Company Limited. From 9 May 2016 GuarantCo Management Company Limited, a subsidiary of Stichting Cardano Development, took over the management agreement from FMFML and continued to subcontract part of these services to Intercontinental Trust Company Limited.

2 Basis of accounting

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

Where necessary, comparative figures have been amended to conform with changes in presentation in the current period.

3 Basis of preparation

The financial statements have been prepared under the historical cost basis, except for available for sale financial assets and derivative financial instruments that have been measured ast fair value.

4 Functional and presentation currency

These financial statements are presented in USD, which is the Company's functional and presentation currency.

5 Use of judgement and estimates

In preparing these financial statements, the Board 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 and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revision to accounting estimates are recognised in the period in which the estimate is revised and in any future period affected.

5 **Use of Judgement and estimates (Continued)**

(a) *Judgement*

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.

(b) Significant judgements

(i) *Going concern*

The Company's Board has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the Board is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements have been prepared on the going concern basis.

(ii) *Assumptions and estimation uncertainties*

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a

Risk from potential claim made under counter guarantee agreements

The estimate for any liability arising from potential contingent claims made under any Guarantee is the most critical accounting estimate. There are several sources of uncertainty that need to be considered in first estimating the likelihood of any claim under a Guarantee and secondly, estimating the liability that the Company will be called upon to pay on any such claim.

As a result, the Company applies estimation techniques to determine the appropriate provision, if any.

Provision in respect of guarantees

At each reporting date, the Company assesses whether there is objective evidence that a provision in respect of guarantees is required.

The criteria that the Company uses to determine if a provision is required include:
- Significant financial difficulty of the issuer or obligor;

- A breach of contract, such as financial indebtedness of the borrower is not paid when due;

- for economic or legal reasons relating to the borrower's financial difficulty, such as it becomes unlawful or illegal for the borrower to comply with or to perform any of its obligation

- It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;

- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

(i) adverse changes in the payment status of borrowers in the portfolio; and
(ii) a breach of the financial covenant.

6 **Basis of measurement**

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

Items	Measurement Basis
Available-for- Sale financial assets	Fair value
Derivative financial instruments	Fair value

(b) *Assumptions and estimations uncertainties on fair value*

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.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in Note 30.

7 **Significant accounting policies**

(a) *Functional currency*

Functional currency is the currency of the primary economic environment in which the entity operates. The primary economic environment in which an entity operates is normally the one in which it primarily generates and expends cash. The financial statements are presented in USD which is the functional and presentation currency.

(b) *Foreign currency*

Transactions entered into by the Company in a currency other than the currency of the primary economic environment in which they operate (their "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in profit or loss.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at historical cost are translated using the exchange rate at the transaction date, and those measured at fair value are translated at the exchange rate at the date that the fair value was determined. Exchange differences on non-monetary items are accounted for based on the classification of the underlying items.

7 Significant accounting policies (Continued)

(c) *Interest income*

Interest income is recognised in the profit or loss using the effective interest method. The "effective interest rate" is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the carrying amount of the financial asset.

Interest income is recognised on a accrual basis, unless collectibility is in doubt.

(d) *Revenue recognition*

Revenue represents fee income from services provided and guarantees offered as credit enhancement. Revenue is recognised on an accrual basis. The Company does not recognise revenues which have a high probability of being unpaid.

The Company recognizes upfront and commitment fee received and receivable as deferred revenue at the inception of the contract. Deferred revenue is subsequently recognized as earned revenue over the contractual period or expected period of the contract in proportion to the amount of guarantee given.

As revenue is recognized, a corresponding decrease to the deferred revenue is recorded.

(e) *Deferred income*

Deferred income consists of upfront and commitment fees received, which are recognised systematically over the life of the underlying guarantee on an effective yield basis.

(f) *Deferred expense*

Deferred expense consists of arrangement, upfront and commitment fees paid/payable to the Counter Guarantor which are recognised systematically over the life of the underlying guarantee on an effective yield basis.

(g) *Grants*

The Company receives grants from the donors to compensate the Company for expenses incurred or to be incurred for potential projects.

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

(h) *Derivative financial instruments, including hedge accounting*

Fidelity International and PIMCO on behalf of the Company holds derivative financial instruments to hedge foreign currency positions from the investment portfolio.

On initial designation of the derivative as the hedging instrument, Fidelity International and PIMCO on behalf of 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.

7 **Significant accounting policies (Continued)**

(h) Derivative financial instruments, including hedge accounting (Continued)

Fidelity International and PIMCO on behalf of the Company make an assessment of the hedging instruments in their respective portfolios, both at the inception of the hedge relationship as well as on an ongoing basis, to determine whether the hedging instruments are 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. Derivatives are recognised initially at fair value on the date a derivative contract is entered into. Attributable transaction costs are recognised in the profit or loss 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 profit or loss includes all realised and unrealised fair value changes and foreign exchange differences, but excludes interest and dividend income, and dividend expense on securities sold short.

(i) 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 year 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.

(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.

7 **Significant accounting policies (Continued)**

(i) Income tax (Continued)

(ii) Deferred tax (Continued)

Deferred tax is not recognised for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- Temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future; and
- Taxable temporary differences arising on the initial recognition of goodwill.

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.

(iii) Tax exposure

In determining the amount of current and deferred tax, the Company considers the impact of tax exposures, including whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities would impact tax expense in the period in which such a determination is made.

(j) Financial assets and financial liabilities

(i) Classification

The Company classifies its non-derivative 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 non-derivative financial liabilities, other than loans commitments as other financial liabilities which are measured at amortised cost.

7 **Significant accounting policies (Continued)**

(j) Financial assets and financial liabilities (Continued)

(ii) Recognition

The Company initially recognises financial assets and liabilities on the trade date, which is the date on which the Company becomes a party to the contractual provision of the assets and liabilities.

(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 net 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.

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.

7 **Significant accounting policies (Continued)**

(j) Financial assets and financial liabilities (Continued)

(v) Recognition and measurement

(a) 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.

(b) 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 Other comprehensive income 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.

(c) 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.

(vi) Fair value

The Company uses the hierarchy for determining and disclosing the fair value of the financial instruments by valuation techniques as mentioned in Note 6.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the current bid price.

7 **Significant accounting policies (Continued)**

(vi) Fair value (Continued)

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.

  The fair value of forward foreign exchange contracts is determined using forward exchange rates at the reporting date, with the resulting value discounted back to present value.
- Other techniques, such as net asset basis valuation, are used to determine fair value for the remaining financial instruments.

(k) Cash and Cash equivalents

Cash and Cash equivalents are short term, highly liquid investments that are readily convertible to known amount of cash.

(l) Receivables

Trade and other receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

7 **Significant accounting policies (Continued)**

(m) 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 benefit 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 costs. Provisions for restructuring costs and legal claims are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliability estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provisions due to passage of time is recognised as interest expense.

(n) Payables

Payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

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 included in the financial statements as the Directors are of opinion that they will not have an impact on the Company's financial statements. Those that are applicable to the Company are set out below. The Company is considering the impact these standards would have on its future financial statements and may adopt these standards early.

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.

8 New standards and interpretations not yet adopted (Continued)

IFRS 9 Financial Instruments (Continued)

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

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 goods and services 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 early adoption permitted.

9 Revenue

	2016 USD	2015 USD
Guarantee fees	6,949,122	5,659,429
Upfront fees (Note 24)	426,224	466,464
Commitment fees (Note 24)	340,750	95,109
Monitoring fees	80,303	134,812
Other fees	410,970	336,273
	8,207,369	6,692,087

10 Fund Manager expenses

Frontier Markets Fund Managers Limited

Up to 8 May 2016 all of the Company's management, administration and reporting was set out under the Amended and Restated Management Advisory and Support Service Agreement entered into with Frontier Markets Fund Managers Limited ('FMFML') dated 8 November 2013.

Under the terms of the Amended and Restated Advisory and Support Service 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 of USD 850,000 is payable quarterly in advance.

(ii) A Variable Fee, greater of 0.1875% (annual rate) of all performing Guarantee Products and 40% of all Performing Guarantee Product Fees received during the quarter.

(iii) Other Fee Sharing Arrangements as follows:

(a) an amount equal to 50% (fifty percent) of any Commitment Fee, Upfront Fee, Prepayment Fee, Underwriting Fee or Arrangement Fee.

(b) an amount equal to thirty percent (30%) of any net Upside Profit if any. Upside Profit means in relation to a Guarantee Product any net profit received by the Company in relation to the realisation of warrants, shares, options and / or any form of revenue participation rights obtained by the Company in respect of such Guarantee Product after deduction of costs associated with the acquisition realisation or the exercise of such instruments.

(c) an appraisal fee (the "Appraisal Fee") being an amount equal to 20% (twenty percent) of any fees received by the Company from a third party to appraise a potential Guarantee Product (net of any third party costs in relation to such appraisal that are not otherwise recovered).

GuarantCo Management Company Limited

On 9 May 2016 a subsidiary of Stiching Cardano Development, GuarantCo Management Company Limited ("GMC") took over the management agreement from FMFML. Following the change in manager substantially all of the Company's management, administration and reporting are set out under the Management Agreement entered into with GMC dated 9 May 2016.

10 Fund Manager expenses (Continued)

GuarantCo Management Company Limited (Continued)

Under the terms of the Management Agreement dated 9 May 2016 between the Company and GMC, GMC is entitled to receive the following fees from the Company:

(i) Management fee:

A management fee equal to the actual operating expenses of GMC incurred in providing the agreed services to the Company, as set out in the Management Agreement. The management fee is paid quarterly in advance in accordance with the agreed operating budget of GMC, which is approved by the Company's Board prior to the start of each financial year. In the event that the GMC's operating expenses actually incurred are less than the aggregate management fees paid for the financial year then GMC will reimburse the difference to the Company less an agreed cost efficiency rebate.

The management fee is subject to an annual maximum of US Dollar 10,000,000.

(ii) Performance fee:

The performance fee shall comprise of (a) an annual performance fee and (b) a long term incentive plan (LTIP).

(a) Annual performance fee:

The annual performance fee is a capped amount that can be reduced depending on the level of success in achieving pre-agreed financial and development targets and also includes a portion at the discretion of the Company's board.

(b) LTIP fees:

From time to time the Company and GMC will agree additional performance related targets to further align the interest of GMC with the long term strategic objectives of the Company. At the time of agreeing additional performance related targets with GMC, the Company will also agree the LTIP triggers and corresponding compensation

In addition to this the Company and GMC may agree specific revenue sharing payment, to be paid by the Company upon the realisation of an agreed upside event relating to a specified activity or investment that is not in the normal course of business for the Company.

10 Fund Manager expenses (Continued)

Analysis of fund management fees

	2016 USD	2015 USD
Frontier Markets Fund Managers Limited		
Fixed fee	1,257,075	3,444,290
Variable fees	889,788	2,199,329
Amortisation of upfront fees and commitment fees (Note 19)	1,211,643	275,761
Post termination costs	154,000	-
Appraisal and arrangement fees	(72,137)	96,137
Cancellation fees	-	25,000
	3,440,369	6,040,517
GuarantCo Management Company Ltd		
Management fee	3,083,920	-
Performance fee	1,765,663	-
	8,289,952	6,040,517

Advisory and administrative service agreement

(i) Advisory agreement

Up to 8 May 2016 FMFML had subcontracted certain support services in respect of the Amended and Restated GuarantCo Advisory Services Agreement between FMFML and Harith Partners UK Ltd.

On 9 May 2016 a subsidiary of Stichting Cardano Development, GMC took over the management agreement from FMFML. Following the change in manager, the support services provided by Harith Partners UK Ltd to FMFML with respect to GuarantCo Ltd ceased.

(ii) Administrative service agreement

Up to 31 March 2016 FMFML had subcontracted part of its administrative support services to Standard Bank Trust Company (Mauritius) Limited (SBTCM). These services were detailed in the GuarantCo Administrative Services Agreement between FMFML and SBTCM dated 10 January 2013. SBTCM is a subsidiary of Standard Bank offshore Group Limited, a company incorporated in Jersey, Channel Island. In December 2015 SBTCM provided notice of termination of the Administrative Agreement between SBTCM and FMFML and in light of this FMFML agreed to appoint Intercontinental Trust Limited ("ITL") as its new service provider effective from 1 April 2016. The services contracted to ITL were detailed in the Agreement to Terms and Conditions of Business dated 1 April 2016.

On 9 May 2016 a subsidiary of Stichting Cardano Development, GMC took over the management agreement from FMFML. Following the change in manager, GMC agreed with ITL to continue to subcontract part of its management services to ITL and the services contracted to ITL are detailed in the Agreement to Terms and Conditions of Business dated 9 May 2016.

11 One-off termination fees

As a result of the termination of the managment agreement between the Company and FMFML, the Company was obligated under the terms of the Amended and Restated Management Advisory and Support Services Agreement (MASSA) to pay a termination fee to FMFML of USD 3,000,000.

12 Administrative expenses

	2016 USD	2015 USD
Leverage facility expenses	944,928	1,908,225
Consultancy fees	644,992	640,714
Secretarial, legal and advisory services	460,115	346,515
Directors' travel expenses	124,457	131,451
Directors' fees	199,546	230,507
Non- recoverable travelling expenses	49,401	-
Company administration fees	14,029	41,069
Audit and tax services	19,885	18,803
Environmental and advisory fees	17,488	6,039
Investment Management Fees and custodian fees	398,846	397,784
Marketing expenses	6,896	7,628
Other administrative expenses	206,633	141,032
	3,087,216	3,869,767

13 Net provision in respect of guarantees and doubtful debts

	2016 USD	2015 USD
Provisions on guarantee payable		
Provision on guarantee payable- Spencon	3,872,336	(6,775,654)
Provision on guarantee payable- Kumar Urban Developments	500,000	(500,000)
Provision on guarantee payable- Kumar Sinew Developers	(7,290,766)	-
	(2,918,430)	(7,275,654)
Cash receipts during the year		
Cash received from Calcom	804,207	900,739
	804,207	900,739
Net provision in respect of guarantees and doubtful debts	(2,114,223)	(6,374,915)

Income from guarantee fees accruing, but not reflected in the financial statements due to uncertainty around the recoverability of these amounts:

	2016 USD	2015 USD
Kumar Urban Development Ltd	-	868,542
Vinca Developer Private Limited ("Hubtown")	1,454,640	1,164,350
	1,454,640	2,032,892

14 Net finance income

	2016 USD	2015 USD
Deposit interest	586,266	209,697
Interest income loans	5,334	
Loss on foreign exchange	(13,362)	(123,727)
Unrealised gain/(loss) on derivative financial instruments	415,595	(22,095)
Realised gain on derivative financial instruments	847,925	2,304,836
Investment income	4,537,965	4,265,900
	6,379,723	6,634,611

The investment income relates to realised and accrued bond interest income on PIMCO and Fidelity portfolios of investments.

15 Income tax expense

The Company is subject to income tax in Mauritius at 15% (2015: 15%). It is entitled, however, to a tax credit equivalent to the higher of the actual foreign tax payable and 80% of the Mauritius tax on its foreign source income.

	2016 USD	2015 USD
Income tax expense (i)	(48,249)	(66,386)
Tax on interest, withheld by the Thai Revenue Department	(11,192)	(12,988)
	(59,441)	(79,374)
(i) Income tax expense		
Income tax movement for the year	(48,249)	(66,386)
Reconciliation of effective income tax rate		
Loss before tax	(3,227,013)	(5,971,945)
Income tax at 15%	(484,052)	(895,792)
Less Exempt income	(71,135)	(500,157)
Add Tax Non deductible expenses	1,145,999	1,622,734
Non taxable income	(189,528)	-
Deferred tax not recognised	(203,221)	-
Tax credit	(158,450)	(181,428)
	39,613	45,357
Prior year tax adjustment	8,636	
Prior year losses - Restriction under section 59 of The Income Tax Act	-	21,029
	48,249	66,386

16 Tax liability/assets

	2016 USD	2015 USD
At 1 January	48,249	114,635
Movement during the period/year	(48,249)	(66,386)
At 31 December	(0)	48,249

17 Available-for-sale financial assets

	Quoted USD	Unquoted USD	2016 USD	2015 USD
At 1 January	205,790,127	23,881	205,814,008	191,133,663
Addition	2,865,943,930	-	2,865,943,930	1,371,366,518
Disposal	(2,857,383,806)	-	(2,857,383,806)	(1,352,491,154)
Loss on disposal	(1,322,714)	-	(1,322,714)	(3,013,444)
Fair value movement	13,884	(23,881)	(9,997)	(1,205,456)
At 31 December	213,041,421	-	213,041,421	205,790,127

Quoted investments - PIMCO

	2016 USD	2015 USD
At 1 January	108,702,806	104,076,660
Subscription	1,500,000	6,000,000
Net movement (cost)	(212,797)	(182,328)
Loss on disposal	(563,032)	(718,212)
Fair value movement	741,826	(473,314)
At 31 December	110,168,803	108,702,806

Quoted investments - Fidelity

	2016 USD	2015 USD
At 1 January	97,087,321	87,057,003
Subscription	1,500,000	6,000,000
Net movement (cost)	5,772,921	7,057,692
Loss on disposal	(759,682)	(2,295,232)
Fair value movement	(727,942)	(732,142)
At 31 December	102,872,618	97,087,321

(a) PIMCO

In June 2014, following Board and Counter-Guarantor approval, USD 65 million was initially invested by PIMCO ("manager") through BNY Mellon ("custodians") in fixed income and related securities with 50% of the securities to be capable, under normal circumstances, of liquidation in full within three business days, provided that GuarantCo will provide PIMCO with seven days prior written notice of its intention to liquidate. At the time of reporting none of the financial assets were either past due or impaired. As at 31 December 2016, total cash invested with PIMCO amount to USD 107,500,000 (2015: 106,000,000).

17 Available-for-sale financial assets (Continued)

Breakdown of investments held at 31 December:

	2016 USD	2015 USD
Available-for-sale financial assets	110,168,803	108,702,806
Interest accrued	522,822	407,011
Cash at bank	228,138	594,083
Forward contract	49,364	(7,253)
Unsettled trades	-	(2,816,729)
	110,969,127	106,879,918

(b) Fidelity International

In July 2014, following Board and Counter-Guarantor approval, USD 65 million was initially invested by Fidelity International ("manager") through BNY Mellon ("custodians") in fixed income and related securities with 50% of the securities to be capable, under normal circumstances, of liquidation in full within three business days, provided that GuarantCo will provide Fidelity international with seven days prior written notice of its intention to liquidate. At the time of reporting none of the financial assets were either past due or impaired. As at 31 December 2016, total cash invested with Fidelity International amount to USD 107,500,000 (2015: 106,000,000).

Breakdown of investments held at 31 December:

	2016 USD	2015 USD
Available-for-sale financial assets	102,872,618	97,087,321
Interest accrued	714,219	671,867
Cash at bank	7,481,774	10,232,818
Currency contract	351,137	(7,841)
	111,419,748	107,984,165

(c) The market value of the securities do not include derivative instruments.

(d) The Company performs ongoing credit evaluation of its customers' financial conditions. It is the Company's policy to extend credit guarantee facility to a diversity of creditworthy counter-parties so that the Company has no significant concentration of credit risk.

(e) The Company invests in marketable debt instruments in high credit quality securities. The markets for these investments is liquid and therefore the Company classifies these instruments as current assets. The Company reclassified the investments held by the Company in 2015 from non-current assets to current assets so this is consistent with the accounting treatment adopted in 2016.

(f) The Company limits its exposure to credit risk by investing only in liquid bond securities. The maximum exposure to credit risk for debt securities classified as available for sale at 31 December 2016 are as follows:

17 Available-for-sale financial assets (Continued)

	2016 USD	2015 USD
United States Dollar	198,997,158	189,676,728
Great Britain Pound Sterling	4,917,033	6,164,938
Euro	7,577,644	8,981,319
Australian Dollar	477,644	967,142
Mexican Peso	1,071,942	-
	213,041,421	205,790,127

Unquoted investments

Sofala Capital Proprietary Limited	Number of share USD	Movement in fair value USD	Total USD
Balance 1 January 2015	96	23,881	23,881
Net movement during the year	-	-	-
Balance as at 31 December 2015	96	23,881	23,881
Net movement during the year	-	(23,881)	(23,881)
Balance as at 31 December 2016	96	-	-

GuarantCo Ltd has subscribed for 96 shares in Sofala Capital Proprietary Limited on 27th January 2014 at a value of R8,547.72 per share. At the transaction date, no consideration was paid for the shares which had a fair value of ZAR 820,581 with an equivalent USD amount of USD 73,780. The Company has impaired the value of these shares to nil at 31 December 2016.

18 Derivative financial instruments

	2016		2015	
	Assets USD	Liabilities USD	Assets USD	Liabilities USD
Forward foreign currency contracts	351,137	-	-	7,841
Foreign exchange contracts cash flow hedge	49,364	-	7,474,752	7,467,499
	400,501	-	7,474,752	7,475,340

Trading derivatives are classified as a current asset or liability. The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months and, as a current asset or liability, if the maturity of the hedged item is less than 12 months.

Fidelity and PIMCO on behalf of the Company holds derivative financial instruments to mitigate its foreign currency exposure. An assessment of the effectiveness of the hedging instruments is carried out in accordance with Fidelity and PIMCO's policies in place.

18 Derivative financial instruments (Continued)

	Settlement date	2016 USD
Currency contracts:		
EUR/USD - 16 Feb 2017 - Fidelity	16-Feb-17	342,979
GBP/USD - 16 Feb 2017 - Fidelity	16-Feb-17	8,158
MXN/USD - 5 Jan 2017 - PIMCO	5-Jan-17	16,016
AUD/USD - 14 Feb 2017 - PIMCO	14-Feb-17	20,724
EUR/USD - 14 Feb 2017 - PIMCO	14-Feb-17	12,623
		400,500

19 Deferred expense

	Arrangement and upfront fees USD	Commitment fees USD	Upfront and commitment (FMFML) USD	Total USD
At 1 January 2015	625,090	859,689	696,413	2,181,192
Movement during the year	-	208,696	896,103	1,104,799
Amortised during the year	(487,893)	(865,311)	(275,761)	(1,628,965)
At 31 December 2015	137,197	203,074	1,316,755	1,657,026
Movement during the year	-	101,736	(105,112)	(3,376)
Amortised during the year	(137,197)	(304,810)	(1,211,643)	(1,653,650)
At 31 December 2016	-	-	-	-

Arrangement, upfront and commitment fees are fully amortised because the Company cancelled the counter guarantee agreement during the year. The Company did sign a stand-by facility agreement with FMO in December 2016, however, this facility is not active and therefore no commitment fees were amortised during the year.

The upfront and commitment fees payable to Frontier Markets Fund Managers Limited ("FMFML") are fully amortised because the Amended and Restated Management Advisory and Support Services Agreement between the Company and FMFML was terminated on 8 May 2016.

20 Trade and other receivables

	2016 USD	2015 USD
Accrued interest on fixed deposit account	150,819	36,324
Accrued interest on portfolio held with Fidelity International	714,219	671,867
Accrued interest on portfolio held with PIMCO	522,822	407,011
Accrued interest on Accugas Limited disbursement (i)	5,334	-
Commitment fees	73,544	353,498
Fees paid in advance	36,693	49,143
Fixed fees to Frontier Markets Fund Managers Limited	-	850,000
Guarantee fees	132,426	599,917
Guarantee fees - accrued income	683,113	-
Receivable from Vinca Developer Private Limited	-	22,731
Upfront/front end fee	-	791,756
Accugas Limited disbursement (i)	11,300,000	-
Other receivables	93,265	23,247
	13,712,235	3,805,494

(i) The Accugas Limited disbursement relates to a USD 50,000,000 DSA guarantee of which USD 11,300,000 has been utilised. The facility will expire on 30 September 2019. This disbursement carries interest of 3-month LIBOR plus a risk-based credit spread.

21 Bank deposits

Details of bank deposits	2016 USD	2015 USD
Barclays Bank Mauritius Limited	2,976,626	5,882,128
Industrial and Commercial Bank of China (Thai) Public Company Limited	13,666,279	13,584,094
The Mauritius Commercial Bank Limited	-	10,145,954
	16,642,905	29,612,176

22 Cash and cash equivalents

	2016 USD	2015 USD
Cash held with investment agents	7,709,912	10,827,044
Cash at bank	21,897,224	1,488,224
	29,607,136	12,315,268

23 Share Capital

	2016		2015	
Issued and fully paid, ordinary shares	Number of Shares	USD	Number of Shares	USD
At 1 January	281,308,075	281,218,317	277,308,075	277,218,317
Issue of shares	20,991,100	20,991,100	4,000,000	4,000,000
At 31 December	302,299,175	302,209,417	281,308,075	281,218,317

The Shareholding structure of the Company is as follows:

	2016	2015
Nederlandse Financierings - Maatschappij voor Ontwikkelingslanden N.V. ("FMO")	11.28%	12.09%
Private Infrastructure Development Group Trust ("PIDG")	88.72%	87.91%
	100%	100%

24 Deferred Income

	Upfront fees USD	Commitment fees USD	Grants USD	Total USD
At 01 January 2015	993,115	402,408	400,238	1,795,761
Movement during the year	1,404,041	405,844	412,140	2,222,025
Amortisation during the year	(466,464)	(95,109)	(417,522)	(979,095)
At 31 December 2015	1,930,692	713,143	394,856	3,038,691
Movement during the year	904,260	303,450	2,224,725	3,432,435
Amortisation during the year	(426,224)	(340,750)	(849,516)	(1,616,490)
At 31 December 2016	2,408,728	675,843	1,770,065	4,854,636

24 Deferred income (Continued)

Grants from Private Infrastructure Development Group Trust ("PIDG") relating to costs associated with providing technical assistance to projects 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.

25 Provision on guarantees payable

	2016 USD	2015 USD
At 1 January	7,275,654	20,487,031
Vinca Developer Private Limited ("Hubtown") - Note (i)	-	(20,487,031)
Provision on guarantee payable- Kumar Urban Development (ii)	(500,000)	500,000
Spencon Services Limited - Note (iii)	(3,872,336)	6,775,654
Provision on guarantee payable- Kumar Sinew Developers Private Limited (iv)	7,290,766	-
At 31 December	10,194,084	7,275,654

(i) Vinca Developer Private Limited, as at 31 December 2014, a provision was made in full as Nederlandse Financierings - Maatschappij voor Ontwikkelingslanden N.V. ("FMO") called on the guarantee (cost of guarantee inclusive of interest) which were fully settled in February 2015.

(ii) Kumar Urban Development Limited has fully repaid the facility and cleared its due to FMO, the provision has therefore been released.

(iii) Spencon Services Limited has been placed into administration. The exposure at 31 December 2016 is USD 2.9 million. During the year funds have been received from Spencon, but given the continued uncertainty around the risk of a call and the potential recovery the Company has decided that as at 31 December 2016 a 100 % provision was maintained.

(iv) Kumar Sinew Developers Private Limited continued to operate with constrained cash flows. The total exposure, including an interest component, is USD 14.5 million at year-end. The Company felt it is prudent to make an initial provision of USD 7,290,766 to cover potential claims from lenders, equal to 50% of the total exposure.

26 Trade and other payables

	2016 USD	2015 USD
Fees due to Investment Manager	1,363,855	1,049,344
Guarantee and commitment fees	-	188,095
Guarantee fees - Calcom	-	365,648
Guarantee fees - Vinca Developer Private Limited	-	77,939
Fees received in advance	382,655	-
Unsettled trades - PIMCO and Fidelity portfolio	-	2,816,729
Cordiant fees - Calcom	536,494	-
Other payables	404,568	466,276
	2,687,572	4,964,031

27 Fixed and floating charge

The Company previously had fixed and floating charges which were removed in November 2016 following the cancellation of the counter guarantee agreement.

28 Capital commitments

On 23 December 2015 the Company has entered into a loan agreement with Calcom Cement India Limited (the borrower). The Company has agreed to grant to the borrower a term loan of an aggregate amount of USD 32,526,085 (facility 1: USD 22,526,085 and facility 2: USD 10,000,000). Facility 1 is at 2.43% plus Libor and facility 2 at 3.175% plus Libor. The drawdown of the loans has been delayed due to Calcom's inability to comply with the Conditions Precedent (CPs) in time. The CPs are expected to be complied with in Q1 2017. The availability period of the loans has expired, but can be extended if GuarantCo Ltd is satisfied with the CP compliance and there being no material adverse change in Calcom's situation.

29 Related party transactions

	2016	2015
	USD	USD
(i) Grants from shareholder		
PIDG Trust		
Grants recognised in the statement of profit or loss and other comprehensive income	**(849,516)**	345,361
Grants received	**2,224,725**	412,140
Grants deferred as at 31 December	**1,770,065**	394,856
Issue of shares during the year	**20,991,100**	4,000,000
(ii) Provision of services		
Nederlandse Financierings-Maatschappij voor O N.V. ("FMO")		
Deferred expenses recognised in statement of comprehensive income	-	25,269
Fees payable	-	37,997
Deferred expenses	-	47,730
(iii) Compensation of key Board personnel		
Directors' remuneration and short term benefits	**199,546**	230,507

30 Fair values of financial instruments

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. 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.

	Carrying amount	Fair Value			
		Level 1 USD	Level 2 USD	Level 3 USD	Total USD
31 December, 2016					
Financial assets measured at fair value					
Available-for-sale financial assets	213,041,421	213,041,421	-	-	213,041,421
Derivative financial instruments	400,501	400,501	-	-	400,501
	213,441,922	213,441,922	-	-	213,441,922
Financial assets not measured at fair value					
Trade and other receivables	13,712,235				
Bank deposits	16,642,905				
Cash and cash equivalents	29,607,136	-	-	-	-
	59,962,276				
Financial liabilities measured at fair value					
Derivative financial instruments	-	-	-	-	-
Financial liabilities not measured at fair value					
Trade and other payables	2,687,572	-	-	-	-
	2,687,572				
31 December 2015					
Financial assets measured at fair value					
Available-for-sale financial assets	205,814,008	205,814,008	-	-	205,814,008
Derivative financial instruments	7,474,752	7,474,752	-	-	7,474,752
	213,288,760	213,288,760	-	-	213,288,760
Financial assets not measured at fair value					
Trade and other receivables	3,805,494	-	-	-	-
Bank deposits	29,612,176				
Cash and cash equivalents	12,315,268	-	-	-	-
	45,732,938				

30 **Fair values of financial instruments (Continued)**

	Carrying amount	Fair Value Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Financial liabilities measured at fair value					
Derivative financial instruments	7,475,340	7,475,340	-	-	7,475,340
Financial liabilities not measured at fair value					
Trade and other payables	4,964,031	-	-	-	-
	4,964,031				

31 **Financial risk management**

Financial risk management

The Company is exposed to a variety of financial risks and seeks to monitor and control its risk exposure through a variety of separate but complementary financial, credit, operational and legal reporting systems. The Board believes that it has effective procedures for evaluating and managing the market, credit and other risks to which it is exposed. The credit review is performed by the Credit Committee of the Company. The Credit Committee determines the type and extent of transaction exposure that may be taken, and also establishes the risk parameters guiding these decisions. GuarantCo Management Company Limited advises the Credit Committee on the risk monitoring and the Credit Committee reviews and monitors risk exposure on an ongoing basis.

The Asset and Liability Committee is responsible for the central treasury function of the Company.

There is a risk under the stand-by facility agreement signed with FMO in December 2016 that FMO fails to meet its contractual obligations to fund the Company. This risk is mitigated by the credit standing of FMO.

The Company's exposure to financial risks are as follows:

- Credit Risk
- Liquidity Risk
- Market Risk

Capital risk management

The Board of directors regularly reviews and manages its capital structure to maintain a balance between its liabilities and equity level and also ensures that the Company is adequately capitalised to meet economic and regulatory requirements.

As at 31 December 2016, all commitments were fully financed by the issue of equity capital.

31 **Financial risk management (Continued)**

Credit risk

The Company is exposed to credit risk from its operating activities and from its financing activities, including deposits with banks and financial institutions, and other financial instruments. The Company performs ongoing credit evaluation of its customers' financial conditions. It is the Company's policy to extend credit guarantee facilities to a diversity of creditworthy counter-parties so that the Company has no significant concentration of credit risk. The demographic spread of the counter-parties and the default risk of the industry and country in which the counter-party operates has an influence on this.

Liquidity risk

The Company monitors rolling forecasts of its liquidity requirements to ensure it has sufficient cash to meet operational needs. Such forecasting takes into consideration the Company's covenant compliance, compliance with internal statement of financial position ratio targets and, if applicable, external regulatory or legal requirements.

In addition to this the Company's Asset and Liability Sub-Committee review each month the maximum amount that could be called on each project, to ensure the Company has sufficient cash to meet any call on these contingent liabilities.

The table below analyses the Company's non-derivative financial assets and liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

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

	Less than 6 months USD	6-12 months USD	More than 1 year USD	Total USD
31 December 2016				
Available -for-sale financial assets	213,041,421	-	-	213,041,421
Derivative financial instruments	400,501	-	-	400,501
Trade and other receivables	2,412,235	11,300,000	-	13,712,235
Bank deposits	16,642,905	-	-	16,642,905
Cash and cash equivalents	29,607,136	-	-	29,607,136
Trade and other payables	(2,687,572)	-	-	(2,687,572)
	259,416,626	11,300,000	-	270,716,626
31 December 2015				
Available -for-sale financial assets	205,814,008	-	-	205,814,008
Derivative financial instruments	(588)	-	-	(588)
Trade and other receivables	3,805,494	-	-	3,805,494
Bank deposits	29,612,176	-	-	29,612,176
Cash and cash equivalents	12,315,268	-	-	12,315,268
Trade and other payable	(4,964,031)	-	-	(4,964,031)
	246,582,327	-	-	246,582,327

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.

(i) Currency risk

The Company has financial assets and liabilities denominated in United States Dollar, Euro, Great Britain Pound Sterling, Australian Dollar, Central African CFA Franc, and Mexican Peso. Consequently, the Company is exposed to the risk that the exchange rate of the US Dollar relative to the foreign currencies may change in a manner which has material effect on the reported values of the Company's assets and liabilities which are denominated in foreign currencies.

31 **Financial risk management (Continued)**

Currency risk (Continued)

Currency profile

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

	Financial assets 2016 USD	Financial Liabilities 2016 USD	Financial assets 2015 USD	Financial Liabilities 2015 USD
United States Dollar	270,364,311	2,687,572	241,809,416	12,235,205
Euro	774,525	-	8,981,319	-
Great Britain Pound Sterling	138,193	-	6,164,938	98,126
Australian Dollars	465,121	-	967,142	-
Central African CFA franc	579,174	-	-	-
Mexican Peso	1,082,874	-	-	-
South African Rand	-	-	127,813	-
Nepalese Rupee	-	-	476,619	-
Thai Baht	-	-	98,067	-
Pakistani Rupee	-	-	305,985	-
Other currencies	-	-	118,740	-
	273,404,198	2,687,572	259,050,039	12,333,331

Sensitivity analysis

At 31 December 2016, if the United States Dollar had weakened/strengthened by 8 percent against the following currencies, there would have been a similar increase/decrease in equity and profit or loss before tax by the amount shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Effect on profit or loss 2016 USD	Effect on profit or loss 2015 USD
Euro	57,372	718,506
Great Britain Pound Sterling	10,237	485,345
Australian Dollars	34,453	77,371
Central African CFA franc	42,902	-
Mexican Peso	80,213	-
South African Rand	-	10,225
Nepalese Rupee	-	38,130
Thai Baht	-	7,845
Pakistani Rupee	-	24,479
Indian rupees	-	-
Other currencies	-	9,499
	225,177	1,371,400

31 Financial risk management (Continued)

Interest rate risk

The Company's income and operating cash flows are partly dependent on changes in market interest rates. The significant interest-earning financial assets are cash and cash equivalents, and interest on available-for-sale investments. Interest income from bank may fluctuate in amount, in particular due to changes in market interest rates. The Company's policy is to maximise returns on interest-bearing assets without loss of capital and within the constraints of the guarantee facility and the Treasury Policy.

32 Political risk

The Company is exposed to political risk due to the nature of its activities, being the guarantor of loans / bonds raised by companies in Asia, Africa and the Middle East. As part of the risk analysis for any project, political risk is considered by the Credit Committee before entering into a project and monitored thereafter as part of the general monitoring process of the project.

Concentration of risk by country

	2016 USD	2015 USD
Africa:		
Cameroon	13,556,388	19,879,093
Ghana	1,826,698	2,677,165
Nigeria	22,872,152	11,762,480
South Africa	17,350,595	19,570,289
Uganda	3,545,505	7,474,092
Zambia	5,859,296	-
Asia:		
India	40,758,466	35,678,531
Pakistan	27,169,376	24,419,871
Thailand	11,854,621	11,794,941
Sri Lanka	9,345,794	9,712,234
Nepal	25,646,456	-
	179,785,347	142,968,696

The concentration of risk by country excludes potential guarantees of USD 74,723,618.

33 Contingent liabilities

Project Name	Ccy	Potential Guarantee in Local CCY	Guaranteed Amount in local Ccy	Estimated Expiry Date	Potential Guarantee in USD	Guaranteed Amount in USD
Quantum Terminals Limited	GHS	-	7,800,000	28-Feb-20	-	1,826,698
Shriram Transport Finance Company Limited	INR	-	916,600,000	13-Sep-17	-	19,189,216
Kumar Sinew Developers Private Limited	INR	-	991,200,000	22-Mar-20	-	14,581,531
AU Financiers (India) Ltd	INR	-	475,000,000	26-Mar-18	-	6,987,719
Softlogic	LKR	-	1,400,000,000	21-Nov-19	-	9,345,794
Tower Aluminium (Nigeria) Plc	NGN	-	884,000,000	14-Sep-18	-	2,806,527
Essel Clean Solu Hydropower (PVT) Limited	NPR	-	2,785,000,000	30-Dec-31	-	25,646,456
Pakistan Mobile Communications Limited	PKR	-	966,000,000	31-Aug-19	-	9,255,090
Thai Biogas Energy Company Limited	THB	-	425,000,000	29-Jun-24	-	11,854,621
Spencon Services Limited	USD	-	2,903,318	15-Nov-16	-	2,903,318
Zenith Bank Plc (iii)	USD	22,500,000	-	30-Sep-19	22,500,000	-
Kalangala Infrastructure Services Limited	USD	1,779,661	391,734	30-Jun-25	1,779,661	391,734
Kalangala Renewables	USD	1,020,339	250,453	30-Jun-25	1,020,339	250,453
Rack Centre	USD	-	8,765,625	3-Sep-19	-	8,765,625
Fatima Fertilizer	USD	-	17,914,286	15-Dec-21	-	17,914,286
Cameroon Telecommunications (I)	XAF	-	4,000,000,000	14-Jun-19	-	6,376,101
Cameroon Telecommunications (II)	XAF	-	4,504,500,000	29-Jun-20	-	7,180,287
SA Taxi Development Finance (Proprietary) Limited - (I)	ZAR	-	13,925,000	15-Jun-17	-	1,013,878
SA Taxi Development Finance (Proprietary) Limited -(II)	ZAR	-	84,375,000	15-Dec-18	-	6,143,334
SA Taxi Development Finance (Proprietary) Limited - (III)	ZAR	-	140,000,000	21-Dec-20	-	10,193,383
Ulendo Rinp Plc (Focus)	ZMW	106,700,000	58,300,000	16-Dec-18	10,723,618	5,859,296
Accugas Limited	USD	38,700,000	11,300,000	30-Sep-19	38,700,000	11,300,000
					74,723,618	179,785,347

(i) Potential Guarantees refer to guarantees that have been executed but the underlying credit facilities are yet to be disbursed / drawn.

(ii) Estimated expiry dates refer to certain guarantees issued by the Company that do not have fixed termination dates due to commercial reasons. In such cases, the maturity date of the underlying guaranteed exposures is given as the estimated expiry date of the guarantee. Such maturity dates may be amended, albeit only with the Company's consent, which would then change the expiry of the guarantee.

(iii) The Zenith Bank guarantee was cancelled in February 2017 due to the facility having not been drawn in the past 2 years.

33 Contingent liabilities (Continued)

(iii) At 31 December 2016, the Company had issued guarantees for the following transactions but such guarantees were not active as the documentation in relation to the corresponding loans/bonds had not been completed.

	Ccy	Amount Local Ccy	Amount USD
Byco Oil Pakistan	PKR	3,120,000,000	29,913,710
NNT Cocoa	XAF	7,841,782,500	12,500,000
Kooba	USD	10,500,000	10,500,000
Early Power	USD	50,000,000	50,000,000
Infra Credit	NGN	15,749,000,000	50,000,000
Mixta	NGN	8,600,000,000	28,208,000
Albatros	XOF	2,492,636,600	3,967,409
			185,089,119

34 Other receivables in respect of guarantee payment

	2016 USD	2015 USD
(i) Calcom Cement India Ltd (Calcom)		
At 01 January	12,337,272	13,238,011
Cash received	(804,208)	(900,739)
At 31 December	11,533,064	12,337,272
Less provision for doubtful receivable	(11,533,064)	(12,337,272)
	-	-
(ii) Vinca Development Private Limited (Vinca)		
At 01 January	20,487,031	-
Guarantee paid to the lenders	-	20,487,031
At 31 December	20,487,031	20,487,031
Less provision for doubtful receivable	(20,487,031)	(20,487,031)
	-	-

Calcom Cement India Ltd

In 2011 Calcom defaulted on its loans and GuarantCo's guarantees were called in. Under a recourse agreement executed between the Company and Calcom, Calcom is required to reimburse the Company the sums paid out under the guarantees. As at 30 June 2016 Calcom had repaid USD 1,305,346. The Company had agreed to restructure the amounts owed by Calcom into a long term loan and a Loan Agreement with Calcom was put in place, dated 23 December 2015. Calcom expects to complete the Conditions Precedent to disbursement under the Loan Agreement in Q1 2017. The Company has agreed that until such restructuring is completed, it would be prudent to maintain a full provision against the receivables from Calcom.

34 Other receivables in respect of guarantee payment

Vinca Development Private Limited

The provision created in relation to the Vinca guarantee was 100% of the guarantee exposure as at 31 December 2014, following a call on the guarantee by Nederlandse Financierrings Maatschappij voor Ontwikkelingsla den N.V. ("FMO"). The Company is trying to recover the amount it paid out under the guarantee from Vinca and its parent company Hubtown Ltd (which effectively acted as corporate guarantor for the transaction). Legal recourse against Hubtown Ltd is being pursued but the timeline of such recovery is uncertain due to the slow pace of the legal system in India. The Company has decided to be prudent and maintain a full provision against the expected receivables from Vinca/ Hubtown until there is greater certainty on the timelines in which the amount can be recovered from Hubtown or otherwise satisfactory restructuring terms are reached.

35 Events after the reporting period

There are no significant events after the reporting date which need disclosure or amendment through the financial statements.

Appendix 1

GuarantCo Ltd

Detailed administrative expenses for the year ended 31 December, 2016
(The information given below does not form part of the audited statutory financial statement and is included solely for management).

Administrative expenses

	2016 USD	2015 USD
Leverage facility expenses		
Amortisation of arrangement and upfront fees	137,197	487,893
Amortisation of commitment fees	304,810	865,311
Counter Guarantee fees	502,919	555,021
	944,926	1,908,225
Consultancy fees		
Project Autumn	248,467	274,146
Rating fees	142,906	131,928
Calcom	-	24,159
Vinca - Legal and professional fees	-	127,318
Kumar	-	-
Deloitte fee	-	24,109
Other professional fees	253,619	59,054
	644,992	640,714
Secretarial, legal and advisory services		
MDY- Secretarial and Legal	258,888	225,864
MDY- Calvin project	4,622	11,888
MDY- Georgia project	-	1,795
MDY- Autumn project	166,262	95,480
Others	30,343	11,488
	460,115	346,515
Other administrative expenses		
Administration fee	-	500
Bank account, security and agency fees	101,284	110,001
Bank charges	15,276	11,376
Directors and officers insurance	11,500	7,641
Licence fees	57,198	2,050
Staff training and conference fees	20,679	400
Overdraft interest paid	-	10,907
Process agent fee	696	(1,843)
	206,633	141,032

Statement of Profit and Loss and Other Comprehensive Income showing Profit before Taxation on GuarantCo's Normal Course of Business for the year ended 31 December 2016

(The information given below does not form part of the audited statutory financial statement and is included solely for management.)

The table below sets out GuarantCo's profit before tax and before certain one off extraordinary costs and increase in provisions incurred in 2016.

	2016			
	Total USD	Normal course of business USD	One off extraordinary costs USD	Provisions USD
Revenue	8,207,369	8,207,369		
Fund manager expenses	(11,289,952)	(8,135,952) *		
Administrative expenses	(3,087,216)	(2,667,865)		
Net finance income	6,379,723	6,379,723		
Loss on disposal of financial asset	(1,322,714)	(1,322,714)		
Profit / (Loss), Pre Provisions and One-Off Costs	**(1,112,790)**	**2,460,561**	**0**	**0**
Provision in respect of guarantees and doubtful debts	(2,114,223)	0		(2,114,223)
Profit / (Loss), Post Provisions, Pre One-Off Costs	**(3,227,013)**	**2,460,561**	**0**	**(2,114,223)**
Adjustments for one off extraordinary costs:				
Legal Fees Project Autumn			(166,262)	
Legal Fees Project Calvin			(4,622)	
Consultancy Fees Project Autumn			(248,467)	
Post termination costs			(154,000)	
One off termination fees			(3,000,000)	
Grant expense	(849,516)	(849,516)		
Grant income	849,516	849,516		
Profit / (loss) before taxation	**(3,227,013)**	**2,460,561**	**(3,573,351)**	**(2,114,223)**

* *Fund managers expenses include Upfront and Commitment fees which have been fully amortised because the Amended and Restated Management Advisory and Support Services Agreement between GuarantCo and FMFML terminated on 08 May 2016.*