

PME African Infrastructure Opportunities plc

Interim Report

Period ended 30 June 2011

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Directors and Advisers

Directors

* independent

David von Simson (Non-executive Chairman) *
Lawrence Kearns (Non-executive Director) *
Paul MacDonald (Non-executive Director) *
Graca Machel (Non-executive Director) *
all of the registered office below

Registered Office

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IM1 1JB

Investment Manager

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Cayman Islands

Nominated Adviser

Smith & Williamson Corporate Finance Limited
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Administrator and Registrar

Galileo Fund Services Limited
Millennium House
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IM1 1JB

Auditors

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IM1 1SA

Offshore Registrar

Capita Registrars (Jersey) Limited
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Chairman's Statement

On behalf of the Board, I am pleased to present the interim results for PME African Infrastructure Opportunities plc ("PME" or "the Company") for the six months to 30 June 2011.

Investments

The Company's investments comprise telecommunications assets in Tanzania and Uganda, and rail assets in South Africa that include the ownership of twelve mainline locomotives for lease by end-users.

As reported in more detail in the Investment Manager's report, we have seen some improvement in the demand for locomotives, and are encouraged by developments at Sheltam. In the telecommunications sphere, the intense competition and downward pressure on prices which has long characterised the voice market, has now spilled over into the provision of data services. Whilst in qualitative terms, our service levels appeal to the "mission critical" business environment, it is not always possible to avoid the negative impact on margins of new entrants providing low cost/low quality alternative offerings.

Financial Results

Our investments in the telecommunications segment are controlling stakes and therefore for accounting purposes their operating losses are required to be consolidated in the financial statements.

The operating loss attributable to ordinary shareholders for the period was US\$1.8 million (six months ending 30 June 2010: US\$5.1 million). This net result includes US\$1.9 million (six months ending 30 June 2010: US\$2.2 million) of finance income generated by our fleet of twelve C30 railway locomotives and US\$1.5 million (six months ending 30 June 2010: US\$2.1 million) of revenues from the telecommunications segment.

At 30 June 2011, PME's Net Asset Value attributable to ordinary shareholders in accordance with IFRS was US\$99.3 million (0.69 cents per share), 3% down from the US\$102.4 million that was reported as at 31 December 2010.

The Group's share of non-current borrowings or gearing which is used in determining the gross asset value, was US\$2.3 million (30 June 2010: US\$0.1 million).

Dividend Payment and Outlook

As has already been announced, notice of termination was given to PME Infrastructure Managers in July 2011, to take effect in July 2012. Since that time, a number of proposals have been received from parties interested in managing the Company's assets, but none that the Board has felt able to recommend to shareholders.

Together with its advisers, the Board will be conducting a strategic review at its meeting at the end of October, and will communicate further with shareholders thereafter.

In the meantime, and following the payment of a dividend of 14 cents per Ordinary Share on 29 July 2011, it is not proposed to pay an interim dividend.

David von Simson
Chairman
27 September 2011

Report of the Investment Manager

No new investments were made during the six month period ending June 2011. Our focus has continued to be on the consolidation of the Group's existing investments.

Dovetel Tanzania Limited (trading as "Sasatel")

Sasatel embarked on three key strategies since the last report:

- Migrate into data and away from voice;
- Focus on the corporate market through the development of a full IP next generation network; and
- Introduce an in and out bound VoIP offering.

The first of these initiatives, the migration towards data has delivered solid customer acquisitions. However, competition in Tanzania has intensified over the trading period and the marketing strategy adopted by Sasatel has been matched and operators are continuing to drop prices and subsidise client equipment. Whilst growth in customer numbers has continued, the pace has slowed with a materially negative impact on data ARPU's.

The corporate data network has been installed and is working with a high degree of reliability. The support infrastructure around the offering including organisational structure, product and marketing development is now being addressed as the system goes live. The first customers have been added to the network and the existing corporate client base is being migrated from the previous outsourced providers to the network. Given Sasatel's premium positioning in the market and ability to offer reliability and support, pricing has been maintained. The VoIP and data centre offerings have lagged and will only be operationalised in the fourth quarter which has again had negative impact on revenue growth. This will be addressed in the fourth quarter.

Revenue growth generally has lagged behind the growth in subscriber numbers as margins in both the consumer and corporate markets comes under pressure. Accordingly the management team is looking for further cost reduction initiatives.

TMP Uganda Limited (trading as "Broadband Company")

The political situation in Uganda over the last period has been relatively stable. The country has weathered the latest round of elections with only a few problems and loss of trading days. However economic conditions have been difficult with economic instability accompanied by high inflation and weakening of local currency against the US dollar. The outlook remains uncertain with the recent budget not addressing the core issues facing the economy.

These economic pressures have affected affordability of the broadband internet product and the Company has seen competition intensifying. Pricing pressure has been particularly evident at the corporate end of the market where groups who acquired cable capacity are selling surpluses at sub economic rates to clear their excess stock.

Despite this Broadband has been able to grow monthly sales as it gets traction in marketplace and has managed to shift the balance of its business towards the larger customers who still provide a disproportionate share of revenue. This move has been in line with its strategic plan and necessary given the churn levels it has experienced on entry level products. This level of churn has been aggravated by network issues as the growth in customer numbers has degraded network performance.

A number of base stations are hitting capacity limitations both from CPU overload and congestion in individual sectors. In order to solve this issue the company has undertaken a number of network initiatives including:

- moving larger customers from Wimax to a new point to multipoint network which has been built using the existing tower and backhaul infrastructure;
- redesigning and upgrading the backhaul network;
- implementing a new IP network; and
- moving existing under-utilised and unused WiMax Base stations to central Kampala where customers are concentrated.

These initiatives have now largely been implemented and the company will review performance over the months ahead.

Report of the Investment Manager (continued)

Work has also been underway to resolve issues around billing and to introduce a new billing platform. This is near completion, but requires some refinement before release and will be run in pilot and reviewed externally to ensure financial integrity and control. The business can manage on the existing system for the remainder of the year until this process is complete.

The financial control environment has improved dramatically as has performance in terms of both financial control and reporting. This has had a direct impact on the level of collections and revenue achieved.

Despite the growth in new sales and collections the business has struggled to achieve its revenue targets over the last period given churn and pressure on ARPU's. It is not clear where this will settle as the market develops. This has had a materially adverse impact on financial performance and the projections as to when the company will be able to be cashflow break-even.

Outlook for both the telco businesses depends on how their businesses progress in developing their presence in the corporate market. Clarity is being sought on settlement with the main equipment vendor on outstanding balances owed by both businesses. This information together with the revised business plans for the business will be reviewed by the Investment Manager and Board in October to determine whether additional funding should be committed.

Sheltam Holdings (Pty) Limited ("Sheltam") and PME Locomotives (Mauritius) Limited ("PME Locomotives")

Sheltam is starting to show signs of recovery as additional demand for locomotives is crystallised in firm orders. Sheltam has also won a maintenance contract in Mozambique which could lead to further opportunities in time.

No progress has been made with gaining access to the South African rail system. Considerable debate is underway in South Africa around the privatisation and/or liberalisation of the rail system. Transnet, the state rail monopoly is extremely resistant to any change while the Department of Transport is insisting that such changes are necessary and imminent. Any change should benefit Sheltam materially.

An agreement around the restructuring of the finance lease between Sheltam and PME Locomotives has been successfully completed.

PME Infrastructure Managers Limited

Investment Manager
27 September 2011

Consolidated Income Statement

	Note	(Unaudited) Period from 1 January 2011 to 30 June 2011 US\$'000	(Unaudited) Period from 1 January 2010 to 30 June 2010 US\$'000
Revenue		1,731	2,074
Realised losses on sale of property, plant and equipment		(53)	-
Investment Manager's fees	4	(648)	(907)
Operating and administration expenses	5	(9,018)	(12,094)
Foreign exchange loss		(19)	(40)
Operating loss		(8,007)	(10,967)
Finance income		2,366	2,631
Finance costs		-	(24)
Net finance income		2,366	2,607
Share of loss of associate	8.2	(1,177)	(1,703)
Loss before income tax		(6,818)	(10,063)
Income tax	6	(68)	(6)
Loss for the period		(6,886)	(10,069)
Loss attributable to:			
Owners of the parent		(1,802)	(5,111)
Non-controlling interest		(5,084)	(4,958)
		(6,886)	(10,069)
Basic and diluted loss per share (cents) for loss attributable to the equity holders of the Company during the period	7	(1.254)	(3.416)

The accompanying notes on pages 11 to 27 form an integral part of these financial statements

Consolidated Statement of Comprehensive Income

	(Unaudited) Period from 1 January 2011 to 30 June 2011 US\$'000	(Unaudited) Period from 1 January 2010 to 30 June 2010 US\$'000
Loss for the period	(6,886)	(10,069)
Other comprehensive expense		
Foreign exchange translation differences	(1,107)	(3,626)
Other comprehensive expense for the period (net of tax)	(1,107)	(3,626)
Total comprehensive expense for the period	(7,993)	(13,695)
Total comprehensive expense attributable to:		
- Owners of the parent	(3,064)	(7,713)
- Non-controlling interest	(4,929)	(5,982)
	(7,993)	(13,695)

The accompanying notes on pages 11 to 27 form an integral part of these financial statements

Consolidated Balance Sheet

	Note	(Unaudited) As at 30 June 2011 US\$'000	(Audited) As at 31 December 2010 US\$'000
Assets			
Non-current assets			
Intangible assets	9	2,450	2,744
Investment in associate	8.2	-	1,227
Loan due from associate	8.2	9,196	9,103
Property, plant and equipment	10	13,331	15,518
Finance lease receivables	11	25,647	26,891
Trade and other receivables	13	25	28
Total non-current assets		50,649	55,511
Current assets			
Finance lease receivables	11	2,433	2,297
Inventory	12	477	808
Trade and other receivables	13	5,164	4,511
Cash at bank	14	38,272	44,883
Total current assets		46,346	52,499
Total assets		96,995	108,010
Equity and liabilities			
Equity attributable to owners of the parent:			
Issued share capital	15	1,513	1,513
Foreign currency translation reserve		(5,147)	(3,885)
Capital redemption reserve		292	292
Retained earnings		102,653	104,455
		99,311	102,375
Non-controlling interests		(14,806)	(9,877)
Total equity		84,505	92,498
Non-current liabilities			
Long term liabilities	17	2,385	2,297
Total non-current liabilities		2,385	2,297
Current liabilities			
Trade and other payables	17	10,105	13,215
Total current liabilities		10,105	13,215
Total liabilities		12,490	15,512
Total equity and liabilities		96,995	108,010

The financial statements on pages 5 to 27 were approved and authorised for issue by the Board of Directors on 27 September 2011 and signed on its behalf by:

Paul Macdonald
Director

Lawrence Kearns
Director

The accompanying notes on pages 11 to 27 form an integral part of these financial statements

Company Balance Sheet

	Note	(Unaudited) As at 30 June 2010 US\$'000	(Audited) As at 31 December 2010 US\$'000
Assets			
Non-current assets			
Investments in subsidiaries	8.1	92,365	92,365
Total non-current assets		92,365	92,365
Current assets			
Loans and receivables due from subsidiaries	13	13,435	10,182
Loans and receivables due from associates	13	91	86
Trade and other receivables	13	259	140
Cash and cash equivalents	14	33,315	38,538
Total current assets		47,100	48,946
Total assets		139,465	141,311
Equity and liabilities			
Equity			
Issued share capital	15	1,513	1,513
Capital redemption reserve		292	292
Retained earnings		137,257	138,994
Total equity		139,062	140,799
Current liabilities			
Trade and other payables	17	403	512
Total liabilities		403	512
Total equity & liabilities		139,465	141,311

The financial statements on pages 5 to 27 were approved and authorised for issue by the Board of Directors on 27 September 2011 and signed on its behalf by:

Paul Macdonald
Director

Lawrence Kearns
Director

Consolidated Statement of Changes in Equity

	Attributable to owners of the parent				Total	Non-controlling interests	Total
	Share capital	Foreign currency translation reserve	Capital redemption reserve	Retained earnings			
	US\$'000	US\$'000	US\$'000	US\$'000			
Balance at 1 January 2010	1,516	(1,330)	289	140,096	140,571	-	140,571
Comprehensive income							
Loss for the period	-	-	-	(5,111)	(5,111)	(4,958)	(10,069)
Other comprehensive expense							
Foreign exchange translation differences	-	(2,602)	-	-	(2,602)	(1,024)	(3,626)
Total comprehensive expense for the period	-	(2,602)	-	(5,111)	(7,713)	(5,982)	(13,695)
Transactions with owners							
Shares cancelled following market purchases	(3)	-	3	(275)	(275)	-	(275)
Shares repurchased to be held in treasury	-	-	-	(4,844)	(4,844)	-	(4,844)
Distributions paid	-	-	-	(3,933)	(3,933)	-	(3,933)
Total transactions with owners	(3)	-	3	(9,052)	(9,052)	-	(9,052)
Balance at 30 June 2010	1,513	(3,932)	292	125,933	123,806	(5,982)	117,824
Balance at 1 January 2011	1,513	(3,885)	292	104,455	102,375	(9,877)	92,498
Comprehensive income							
Loss for the period	-	-	-	(1,802)	(1,802)	(5,084)	(6,886)
Other comprehensive expense							
Foreign exchange translation differences	-	(1,262)	-	-	(1,262)	155	(1,107)
Total comprehensive expense for the period	-	(1,262)	-	(1,802)	(3,064)	(4,929)	(7,993)
Balance at 30 June 2011	1,513	(5,147)	292	102,653	99,311	(14,806)	84,505

The accompanying notes on pages 11 to 27 form an integral part of these financial statements

Consolidated Cash Flow Statement

	Note	(Unaudited) Period from 1 January 2011 to 30 June 2011 US\$'000	(Unaudited) Period from 1 January 2010 to 30 June 2010 US\$'000
Operating activities			
Loss for the period before income tax		(6,818)	(10,063)
Adjustments for:			
Realised gain on sale of property, plant and equipment		53	-
Finance income		(2,366)	(2,631)
Finance costs		-	24
Depreciation and amortisation		1,515	1,502
Share of loss of associates		1,177	1,703
Foreign exchange losses		19	40
Operating loss before changes in working capital		(6,420)	(9,425)
Decrease in inventory		287	110
Decrease/(increase) in trade and other receivables		267	(518)
(Decrease)/increase in trade and other payables		(1,845)	153
Cash used in operations		(7,711)	(9,680)
Interest paid		-	(24)
Income tax paid		(170)	(23)
Interest received		22	38
Lease rental income received		2,016	1,697
Net cash used in operating activities		(5,843)	(7,992)
Investing activities			
Loan to associate		(7)	-
Loans from third parties		-	(2,099)
Purchase of property, plant and equipment	10	(404)	(396)
Sale of property, plant and equipment	10	35	-
Purchase of intangible assets	9	-	(612)
Cash restricted by bank guarantees		(278)	-
Net cash used in investing activities		(654)	(3,107)
Financing activities			
Market purchase of shares		-	(275)
Shares repurchased and held in treasury		-	(4,844)
Distributions paid		-	(3,933)
Net cash used in financing activities		-	(9,052)
Net decrease in cash and cash equivalents		(6,497)	(20,151)
Cash and cash equivalents at beginning of period		44,883	84,346
Foreign exchange losses on cash and cash equivalents		(371)	(438)
Cash and cash equivalents at end of period	14	38,015	63,757

The accompanying notes on pages 11 to 27 form an integral part of these financial statements

Notes to the Financial Statements

1 General Information

PME African Infrastructure Opportunities plc (the "Company") was incorporated and is registered and domiciled in the Isle of Man under the Isle of Man Companies Acts 1931 to 2004 on 19 June 2007 as a public limited company with registered number 120060C. The investment objective of PME African Infrastructure Opportunities plc and its subsidiaries (the "Group") is to achieve significant total return to investors through investing in various infrastructure projects and related opportunities across a range of countries in sub-Saharan Africa.

The Company's investment activities are managed by PME Infrastructure Managers Limited (the "Manager"). The Company's administration is delegated to Galileo Fund Services Limited (the "Administrator"). The registered office of the Company is Millennium House, 46 Athol Street, Douglas, Isle of Man, IM1 1JB.

Pursuant to a prospectus dated 6 July 2007, there was an original placing of up to 180,450,000 ordinary shares with Warrants attached on the basis of 1 Warrant for every 5 Ordinary Shares. Following the close of the placing on 12 July 2007, 180,450,000 Shares and 36,090,000 Warrants were issued.

The Shares of the Company were admitted to trading on the AIM, a market of the London Stock Exchange, on 12 July 2007 when dealings also commenced.

In the first half of the year ended 31 December 2010 the Company bought back 7,905,000 Ordinary Shares for total consideration of US\$5,119,300. Of these 7,530,000 shares have been repurchased and held in treasury with the remainder being cancelled upon acquisition.

Financial Year End

The financial year end for the Company is 31 December in each year.

Company Income Statement

The amount of the Company's loss for the period recognised in the Consolidated Income Statement is US\$1,736,892 (period ended 30 June 2010: profit US\$2,777,310).

2 Summary of Significant Accounting Policies

Except as described below, the accounting policies applied by the Group in the preparation of these condensed consolidated financial statements are the same as those applied by the Group in its consolidated financial statements for the year ended 31 December 2010.

These interim financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union. They do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2010, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

The interim financial statements for the six months ended 30 June 2011 are unaudited. The comparative interim figures for the six months ended 30 June 2010 are also unaudited.

Notes to the Financial Statements (continued)

2 Summary of Significant Accounting Policies (continued)

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

Estimated impairment of Goodwill, Telecommunication Licences and Property, Plant and Equipment

The Group tests semi-annually whether goodwill, telecommunications licenses and property, plant and equipment held by Group companies have suffered any impairment. In assessing whether there are any indicators of impairment, the Group determines the recoverable amount of each cash-generating unit ('CGU') based on valuation methods and techniques generally recognised as standard within the industry. The models are adjusted based on the current performance of each CGU compared to its business plan and projected results.

In addition, the Group has engaged a specialist department of one of the major international accountancy firms to conduct a semi-annual valuation of the Group's portfolio of investments in accordance with International Private Equity and Venture Capital Guidelines dated September 2009 (IPEVC guidelines).

Investment in and loan to Associate

The Group tests semi-annually whether the investment and loan to its associate has suffered any impairment. In assessing this, the Group determines the recoverable amount of the CGU determined based on discounted cash flows. The Group also takes into account the associates' (see note 8) progress compared to its business plan.

In addition, the Group has engaged a specialist department of one of the major international accountancy firms to conduct a semi-annual valuation of the associate in accordance with IPEVC guidelines.

(a) New and amended standards adopted by the Group

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2011.

Revised IAS 24 (revised), 'Related party disclosures', issued in November 2009. It supersedes IAS 24, 'Related party disclosures', issued in 2003. IAS 24 (revised) is mandatory for periods beginning on or after 1 January 2011. The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities.

IFRS 7 (amendment), 'Financial instruments', effective 1 January 2011. Emphasises the interaction between quantitative and qualitative disclosures about the nature and extent of risks associated with financial instruments. This has not had any impact on the Group or the parent entity's financial statements.

IAS 1, 'Presentation of financial statements', effective 1 January 2011. Clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements. The Group has chosen to present any such items in the statement of changes in equity.

IAS 27, 'Consolidated and separate financial statements', applicable to annual periods beginning on or after 1 July 2010. Clarifies that the consequential amendments from IAS 27 made to IAS 21, 'The effect of changes in foreign exchange rates', IAS 28, 'Investments in associates', and IAS 31, 'Interests in joint ventures', apply prospectively for annual periods beginning on or after 1 July 2010, or earlier when IAS 27 is applied earlier. This has not had any impact on the Group or the parent entity's financial statements.

Notes to the Financial Statements (continued)

2 Summary of Significant Accounting Policies (continued)

(b) Standards, amendments and interpretations to existing standards relevant to the Group, that are not yet effective and have not been early adopted by the Group.

IFRS 9, 'Financial instruments', addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2013 but is available for early adoption. However this standard has not yet been endorsed by the EU. The Group is yet to assess IFRS 9's full impact.

2.1 Rental income

Rental income from investment property is recognised within revenue in profit or loss on a straight line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

3 Segment Information

The chief operating decision-makers have been identified as the Board and the Investment Manager. The Board and the Investment Manager review the Group's internal reporting in order to assess performance and allocate resources. They have determined the operating segments based on these reports. The Board and the Investment Manager consider the business on a project by project basis by type of business. The type of business is telecommunications (wireless and broadband services), transport (railway) and leasehold.

Six months ended 30 June 2011	Telecommunications			Transport		Leasehold	Other*	Total
	Dovetel	Econet	TMP Uganda	Sheltam	PME Locos	PME Properties		
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Revenue	1,016	-	492	-	-	223	-	1,731
Finance income	-	-	-	386	1,958	-	22	2,366
Depreciation and amortisation	(1,156)	-	(299)	-	(9)	(51)	-	(1,515)
Share of loss of associate	-	-	-	(1,177)	-	-	-	(1,177)
Segment results	941	(36)	(2,189)	(832)	1,867	182	(1,735)	(1,802)
Additions to non-current assets (other than financial instruments)	(313)	-	(91)	-	-	-	-	(404)
Investment in associate	-	-	-	-	-	-	-	-
Segment assets	13,183	-	5,310	9,205	32,888	2,744	33,665	96,995
Segment liabilities	(6,647)	-	(5,161)	(19)	(36)	(225)	(402)	(12,490)

* Other refers to income and expenses of the Group not specific to any specific sector such as fees of the Investment Manager and income on un-invested funds. Other assets comprise cash and cash equivalents US\$33,315,194 (note 14) and other assets US\$350,188.

Notes to the Financial Statements (continued)

3 Segment Information (continued)

Six months ended 30 June 2010	Telecommunications			Transport		Other	Total
	Dovetel	Econet	TMP Uganda	Sheltam	PME Locos		
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Revenue	1,619	-	455	-	-	-	2,074
Finance income	-	-	-	397	2,193	41	2,631
Depreciation and amortisation	(1,222)	-	(271)	-	(9)	-	(1,502)
Share of loss of associate	-	-	-	(1,703)	-	-	(1,703)
Segment results	(5,059)	(9)	(3,764)	(1,329)	2,162	(2,070)	(10,069)
Additions to non-current assets (other than financial instruments)	(341)	-	(667)	-	-	-	(1,008)
Investment in associate	-	-	-	1,216	-	-	1,216
Segment assets	19,271	38	7,412	8,429	38,841	55,206	129,197
Segment liabilities	(7,157)	(6)	(3,859)	(5)	(11)	(335)	(11,373)

The Company is incorporated in the Isle of Man. All of the reported revenue, US\$1,730,827 (30 June 2010: US\$2,073,629), is from external customers from other countries. The split of revenue by country is above, Dovetel and PME Properties representing Tanzania and TMP Uganda representing Uganda.

The total of non-current assets other than financial instruments and deferred tax assets is US\$15,780,539 (30 June 2010: US\$17,948,134) and all of these are located in other countries outside of the Isle of Man. These are split between three countries as follows:

	Period ended 30 June 2011 US\$'000	Period ended 30 June 2010 US\$'000
Mauritius	38	1,271
Tanzania	12,770	12,249
Uganda	2,973	4,428
	15,781	17,948

4 Investment Manager's Fees*Annual fees*

The Investment Manager receives a management fee of 1.25% per annum of the gross asset value of the Group from Admission, payable quarterly in advance and subject to a cap of 3% per annum of the net asset value of the Group.

The Investment Manager is entitled to recharge to the Group all and any costs and disbursements reasonably incurred by it in the performance of its duties including costs of travel save to the extent that such costs are staff costs or other internal costs of the Investment Manager. Accordingly, the Group is responsible for paying all the fees and expenses of all valuers, surveyors, legal advisers and other external advisers to the Group in connection with any investments made on its behalf. All amounts payable to the Investment Manager by the Group are paid together with any value added tax, if applicable.

Management fees payable for the period ended 30 June 2011 amounted to US\$648,381 (30 June 2010: US\$907,374).

Notes to the Financial Statements (continued)

4 Investment Manager's Fees (continued)

Performance fees

The Investment Manager is entitled to a performance fee of 20% of the net income and capital cash returns to the Company or any subsidiary in respect of the sale or partial sale, refinancing or restructuring of an investment in an infrastructure project ("relevant investment") provided that the "Project test" has been passed. For these purposes, the Project test will be passed if the Company or any subsidiary has received in cash the return of all its cash invested in a relevant investment and a return equivalent to an internal rate of return of 12% on such cash.

80% of the performance fee calculated will be payable to the Investment Manager within 30 days of the receipt of the relevant returns by the Company. The balance will be paid at the same time into an escrow account invested in money market deposits.

At the end of each financial year the Total Return will be calculated and the total performance fee will be calculated as 20% of the Total Return multiplied by the weighted average number of Ordinary Shares in issue during the year. This is provided that the Total Return exceeds the NAV test, being the proceeds of the Placing Shares increased at a rate of 12% per annum on an annual compound basis from the date of Admission to the Relevant End Date. Total Return is the difference between the net asset value per Ordinary Share as at the last business day of the relevant financial year and the net proceeds of the Placing Shares divided by the number of Placing Shares.

Performance fees payable for the period ended 30 June 2011 amounted to US\$nil (30 June 2010: US\$nil).

5 Operating and Administration Expenses

	Period ended 30 June 2011 US\$'000	Period ended 30 June 2010 US\$'000
Administration expenses	111	174
Administrator and Registrar fees (note 19)	95	85
Amortisation of intangible assets	96	127
Audit fees	120	144
Custodian fees	1	9
Depreciation	1,419	1,375
Directors' fees	190	148
Employee costs	1,872	2,782
Retirement benefits	108	152
Management fees – Silex (note 19)	-	136
Management fees – TMP (note 19)	29	1,168
Management fees – other	10	10
Marketing costs	564	846
Network and direct costs	2,127	2,692
Professional fees	1,139	660
Property and utilities	208	264
Travel	72	255
Other	857	1,067
Operating and administration expenses	9,018	12,094

Notes to the Financial Statements (continued)

5 Operating and Administration Expenses (continued)

Administrator and Registrar fees

The Administrator receives a fee of 10 basis points per annum of the net assets of the Company between £0 and £50 million; 8.5 basis points per annum of the net assets of the Company between £50 and £100 million and 7 basis points per annum of the net assets of the Company in excess of £100 million, subject to a minimum monthly fee of £4,000 and a maximum monthly fee of £12,500 payable quarterly in arrears.

Administration fees payable by the Company for the period ended 30 June 2011 amounted to US\$90,062 (30 June 2010: US\$73,610).

The Administrator provides general secretarial services to the Company, for which it receives a minimum annual fee of £5,000. Additional fees, based on time and charges, will apply where the number of Board meetings exceeds four per annum. For attendance at meetings not held in the Isle of Man, an attendance fee of £750 per day or part thereof will be charged. The fees payable by the Company for general secretarial services for the period ended 30 June 2011 amounted to US\$4,818 (30 June 2010: US\$11,294).

From 26 October 2010 the Administrator has been appointed to oversee the administration of the Mauritian subsidiaries. The minimum annual fee for each of these companies is £5,000 per annum.

Custodian fees

The Custodian received a fixed monthly fee of £875 payable quarterly in arrears. The Company terminated the custodian agreement between the Company and the Custodian with effect from 19 January 2011. The fee payable for the period ended 30 June 2011 amounted to US\$1,037 (30 June 2010: US\$9,192).

Directors' Remuneration

The maximum amount of basic remuneration payable to the Directors permitted under the Articles of Association is £200,000 per annum. The Directors are each entitled to receive reimbursement of any expenses incurred in relation to their appointment. The non-executive (excluding the Chairman) Directors are entitled to receive an annual fee of £30,000 each and the Chairman £35,000.

The Directors' fees payable by the Company for the period ended 30 June 2011 amounted to US\$189,534 (30 June 2010: US\$147,933) and Directors' insurance cover payable amounted to US\$15,621 (30 June 2010: US\$80,715). Directors' fees for the period include £37,500 payable to the Chairman in respect of identified sale transactions of which half is payable on a "success only" basis.

6 Income Tax Expense

Group	Period ended 30 June 2011 US\$'000	Period ended 30 June 2010 US\$'000
Current tax	68	6
Tax expense	68	6

Notes to the Financial Statements (continued)

6 Income Tax Expense (continued)

The tax on the Group's loss before tax is higher than the standard rate of income tax in the Isle of Man of zero %. The differences are explained below:

Group	Period ended 30 June 2011 US\$'000	Period ended 30 June 2010 US\$'000
Loss before tax	(6,818)	(10,063)
Tax calculated at domestic tax rates applicable in the Isle of Man (0%)	-	-
Effect of higher tax rates in Mauritius (15%)	68	6
Tax expense	68	6

7 Basic and Diluted Loss per Share

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Group by the weighted average number of ordinary shares in issue during the period.

	Period ended 30 June 2011	Period ended 30 June 2010
Loss attributable to equity holders of the Company (US\$'000)	(1,802)	(5,111)
Weighted average number of ordinary shares in issue (thousands)	143,745	149,637
Basic and diluted loss per share (cents)	(1.254)	(3.416)

There is no difference between basic and diluted Ordinary Shares in issue as the Warrants are not dilutive in 2011 or 2010.

8 Investments in Subsidiaries and Associates

8.1 Investments in Subsidiaries

The direct and indirect subsidiaries held by the Company are as follows:

	Country of incorporation	Percentage of share held
PME Burco (Mauritius) Limited	Mauritius	100%
PME Locomotives (Mauritius) Limited	Mauritius	100%
PME RSACO (Mauritius) Limited	Mauritius	100%
PME Tanco (Mauritius) Limited	Mauritius	100%
PME TZ Property (Mauritius) Limited	Mauritius	100%
PME Uganco (Mauritius) Limited	Mauritius	100%
Dovetel Tanzania Limited	Tanzania	65%
PME Properties Limited	Tanzania	100%
TMP Uganda Limited	Uganda	96.8%

Notes to the Financial Statements (continued)

8 Investments in Subsidiaries and Associates (continued)

8.1 Investments in Subsidiaries (continued)

The Company invested in its direct subsidiaries as follows:

	30 June 2011 US\$'000	31 December 2010 US\$'000
Start of the period/year	92,365	90,905
Increase in investment	-	11,510
Return of capital	-	(10,050)
End of the period/year	92,365	92,365

8.2 Investments in Associates

	30 June 2011 US\$'000	31 December 2010 US\$'000
Start of the period/year	1,227	2,990
Foreign exchange (loss)/gain	(50)	143
Impairment	-	(579)
Share of loss of associate	(1,177)	(1,327)
End of the period/year	-	1,227

The Group's share of the results of its principal associate, which is unlisted, and its share of the aggregate assets (including goodwill) and liabilities, is as follows:

Period ended 30 June 2011	Percentage of shares held	Assets US\$'000	Liabilities US\$'000	Revenues US\$'000	Profit/(Loss) US\$'000
Name		US\$'000	US\$'000	US\$'000	US\$'000
Sheltam Holdings	50%	30,030	(30,030)	8,028	(1,177)

Year ended 31 December 2010	Percentage of shares held	Assets US\$'000	Liabilities US\$'000	Revenues US\$'000	Profit/(Loss) US\$'000
Name		US\$'000	US\$'000	US\$'000	US\$'000
Sheltam Holdings	50%	32,472	(30,604)	15,583	(1,327)

Loan due from associate

	30 June 2010 US\$'000	31 December 2010 US\$'000
Start of the period/year	9,103	6,335
(Repayment)/payment of loans to associate	(83)	1,117
Interest income (included in finance income)	386	714
Exchange differences	(210)	937
Loan due from associate	9,196	9,103

The fair value of this loan approximates its carrying value at 30 June 2011.

The recoverability of the loan due from associate has been evaluated as part of the impairment review performed. The loan due from associate is unsecured, bears interest at the Prime Rate as published by the Reserve Bank of South Africa and has no fixed repayment terms, but is not expected to be receivable within the next twelve months.

Notes to the Financial Statements (continued)

9 Intangible assets

Group	Goodwill	Telecommunication licences	Software licences	Total
Cost	US\$'000	US\$'000	US\$'000	US\$'000
At 1 January 2011	1,415	870	784	3,069
Additions	-	-	-	-
Exchange differences	(113)	(61)	(53)	(227)
At 30 June 2011	1,302	809	731	2,842
Amortisation				
At 1 January 2011	-	(116)	(209)	(325)
Amortisation charge	-	(18)	(78)	(96)
Exchange differences	-	10	19	29
At 30 June 2011	-	(124)	(268)	(392)
Net book value				
At 30 June 2011	1,302	685	463	2,450
Group	Goodwill	Telecommunication licences	Software licences	Total
Cost	US\$'000	US\$'000	US\$'000	US\$'000
At 1 January 2010	1,843	982	881	3,706
Additions	-	-	-	-
Exchange differences	(428)	(112)	(97)	(637)
At 31 December 2010	1,415	870	784	3,069
Amortisation				
At 1 January 2010	-	(113)	(59)	(172)
Amortisation charge	-	(16)	(164)	(180)
Exchange differences	-	13	14	27
At 31 December 2010	-	(116)	(209)	(325)
Net book value				
At 31 December 2010	1,415	754	575	2,744

There has been no impairment of the value of goodwill, telecommunications licences and software licences.

Amortisation of licences is calculated using the straight-line method to allocate the cost of licences over their estimated useful lives. The useful lives and renewal periods of licences are determined primarily with reference to the unexpired licence period.

Notes to the Financial Statements (continued)

10 Property, Plant and Equipment

Group	Properties	Capital WIP	Network Infrastructure & Equipment	Other	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Cost					
At 1 January 2011	2,579	340	14,517	1,973	19,409
Additions	-	232	119	53	404
Disposals	-	-	(45)	(72)	(117)
Exchange differences	(175)	(36)	(1,103)	(143)	(1,457)
At 30 June 2011	2,404	536	13,488	1,811	18,239
Accumulated depreciation					
At 1 January 2011	-	-	(3,314)	(577)	(3,891)
Disposals	-	-	11	18	29
Charge for the period	(51)	-	(1,162)	(206)	(1,419)
Exchange differences	3	-	316	54	373
At 30 June 2011	(48)	-	(4,149)	(711)	(4,908)
Net Book Value					
At 30 June 2011	2,356	536	9,339	1,100	13,331

There were no impairment charges in the period.

Group	Properties	Capital WIP	Network Infrastructure & Equipment	Other	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Cost					
At 1 January 2010	-	508	15,602	1,467	17,577
Additions	2,579	356	706	824	4,465
Reclassification of WIP	-	(447)	197	250	-
Disposals	-	-	-	(351)	(351)
Exchange differences	-	(77)	(1,988)	(217)	(2,282)
At 31 December 2010	2,579	340	14,517	1,973	19,409
Accumulated depreciation					
At 1 January 2010	-	-	(1,374)	(262)	(1,636)
Disposals	-	-	-	121	121
Charge for the year	-	-	(2,215)	(485)	(2,700)
Exchange differences	-	-	275	49	324
At 31 December 2010	-	-	(3,314)	(577)	(3,891)
Net Book Value					
At 31 December 2010	2,579	340	11,203	1,396	15,518

There were no impairment charges in the period.

Notes to the Financial Statements (continued)

11 Finance Lease Receivables

	30 June 2011 US\$'000	31 December 2010 US\$'000
Amounts receivable under finance leases:		
Within one year	6,149	6,132
In the second to fifth years inclusive	24,545	24,545
Beyond five years	16,481	19,538
	47,175	50,215
Less: unearned finance income	(19,095)	(21,027)
Present value of minimum lease payments receivable	28,080	29,188

The present value of the lease payments is receivable as follows:

	30 June 2011 US\$'000	31 December 2010 US\$'000
Within one year	2,433	2,297
After one year	25,647	26,891
	28,080	29,188

The Group has entered into finance leasing arrangements with Sheltam Holdings (Pty) Limited, an associated company, for twelve locomotives (six in December 2008 and another six in June 2009). The average term of finance leases entered into is ten years. The interest rate inherent in the leases is fixed at the contract date for the entire lease term. The average effective interest rate contracted approximates to 16.30% (2010: 16.30%). The fair value of the Group's finance lease receivables at 30 June 2011 is estimated at US\$28,080,361 (31 December 2010: US\$29,187,753). The lease receivables are secured on the related assets.

12 Inventory

Group	30 June 2011 US\$'000	31 December 2010 US\$'000
Network Equipment, Dongles, Routers	477	808
Inventory	477	808

13 Trade and Other Receivables

Group	30 June 2011 US\$'000	31 December 2010 US\$'000
<i>Non-current</i>		
Lease prepayment	25	28
Trade and other receivables	25	28
<i>Current</i>		
Receivables due from associate companies	91	86
Prepayments	1,100	1,263
VAT recoverable	905	1,279
Finance lease income*	2,619	1,584
Trade debtors**	39	26
Sundry debtors	410	273
Trade and other receivables	5,164	4,511

Notes to the Financial Statements (continued)

13 Trade and Other Receivables (continued)

* Rental payments on up to 5 of the unplaced locomotives were deferred for each of the first 6 months of 2010 (and any outstanding as at 31 December 2009) through a loan note structure that was repaid at the end of September 2010. See note 20 in relation to the position for the current arrears.

** During the period bad debt provisions of US\$nil (31 December 2010: US\$nil) have been provided against trade receivables.

Company	30 June 2011 US\$'000	31 December 2010 US\$'000
Loans and receivables due from subsidiary companies		
Start of the period/year	10,182	401
Payment of loan and receivables	3,056	9,593
Interest income	173	63
Expense recharges	24	125
End of period/year	13,435	10,182

During the six months ended 30 June 2011 PME Tanco borrowed US\$2,032,700, PME Uganco borrowed US\$1,014,000 and PME TZ Properties borrowed US\$17,950. Both the PME Tanco and PME Uganco loan facilities bear interest at the US prime rate, are unsecured and repayable on demand and accrued interest of US\$80,740 and US\$92,495 respectively during the six month period. The PME TZ Properties loan facility is currently interest free, unsecured and repayable on demand.

Company	30 June 2011 US\$'000	31 December 2010 US\$'000
Receivables due from associate company		
Start of the period/year	86	84
Foreign exchange loss	(2)	-
Expense recharges	7	2
End of the period/year	91	86
Prepayments	225	140
Sundry debtors	34	-
Trade and other receivables	259	140

14 Cash at Bank

Group	30 June 2011 US\$'000	31 December 2010 US\$'000
Bank balances	4,939	9,258
Deposit balances	33,333	35,625
Cash at bank	38,272	44,883

The deposit balances include US\$256,766 (31 December 2010: US\$nil) held as security for a letter of credit issued by Standard Chartered Bank. This is the only figure excluded from the above balances for analysing the movements of cash and cash equivalents in the cash flow statement.

Notes to the Financial Statements (continued)

14 Cash at Bank (continued)

Company	30 June 2011 US\$'000	31 December 2010 US\$'000
Bank balances	239	2,913
Deposit balances	33,076	35,625
Cash at bank	33,315	38,538

15 Share Capital

Ordinary Shares of US\$0.01 each	31 December 2010 and 30 June 2011 Number	31 December 2010 and 30 June 2011 US\$'000
Authorised	500,000,000	5,000
C Shares of US\$1 each	31 December 2010 and 30 June 2011 Number	31 December 2010 and 30 June 2011 US\$'000
Authorised	5,000,000	5,000
Issued	-	-
Ordinary Shares of US\$0.01 each	30 June 2011 US\$'000	31 December 2010 US\$'000
143,744,752 (31 December 2010: 143,744,752) Ordinary Shares in issue, with full voting rights	1,438	1,438
7,530,000 (31 December 2010: 7,530,000) Ordinary Shares held in treasury	75	75
	1,513	1,513

At incorporation the authorised share capital of the Company was US\$10,000,000 divided into 500,000,000 Ordinary Shares of US\$0.01 each and 5,000,000 C Shares of US\$1.00 each. The holders of Ordinary Shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

The holders of C Shares would be entitled to one vote per share at the meetings of the Company. The C Shares can be converted into Ordinary Shares on the approval of the Directors. On conversion each C share would be sub-divided into 100 C Shares of US\$0.01 each and will be automatically converted into New Ordinary Shares of US\$0.01 each.

On 12 July 2007, the Company raised a gross amount of US\$180,450,000 following the admission of the Company's Ordinary Shares to AIM. The Company placed 180,450,000 Ordinary Shares of US\$0.01 par value, at an issue price of US\$1.00 per share, and 36,090,000 Warrants on a 1 Warrant per 5 Ordinary Shares basis.

A registered holder of a Warrant has the right to subscribe for Ordinary Shares of US\$0.01 each in the Company in cash on 30 April in any of the years 2008 to 2012 for a price of US\$1.21 each (adjusted from US\$1.25 effective from 11.59pm on 23 February 2010, and an additional 1,193,042 Warrants were issued). The subscription price was further adjusted from US\$1.21 to US\$1.00 effective from 11.59pm on 21 September 2010, and an additional 7,829,424 Warrants were issued taking the total number of Warrants in issue to 45,112,466.

During the first half of 2010 the Company bought back 7,905,000 Ordinary Shares with an aggregate nominal value of US\$79,050. Retained earnings were reduced by US\$5,119,300, being the consideration paid for these shares. 7,530,000 of the Ordinary Shares, with an aggregate nominal value of US\$75,300, are held in treasury and 375,000 of the Ordinary Shares, with an aggregate nominal value of US\$3,750 were cancelled upon acquisition.

Notes to the Financial Statements (continued)

16 Net Asset Value per Share

Group	As at 30 June 2011	As at 31 December 2010
Net assets attributable to equity holders of the Company (US\$'000)	99,311	102,375
Shares in issue (thousands)	143,745	143,745
NAV per share (US\$)	0.69	0.71

The NAV per share is calculated by dividing the net assets attributable to equity holders of the Group by the number of Ordinary Shares in issue.

17 Trade and Other Payables

Group	30 June 2011 US\$'000	31 December 2010 US\$'000
Administration fees payable	33	34
Audit fee payable	135	184
CREST service provider fee payable	4	6
Custodian fee payable	-	5
Directors' fees payable	127	177
Income tax payable	30	134
ZTE loan (see below)	5,828	7,131
Other accrued expenses	2,829	2,594
Other sundry creditors	1,119	2,950
	10,105	13,215

Company	30 June 2011 US\$'000	31 December 2010 US\$'000
Administration fees payable	33	23
Audit fee payable	110	133
CREST service provider fee payable	4	6
Custodian fee payable	-	5
Directors' fees payable	127	177
Other sundry creditors	129	168
	403	512

Notes to the Financial Statements (continued)

17 Trade and Other Payables (continued)

ZTE Loans

	Interest rate 30 June 2011	30 June 2011 US\$'000	31 December 2010 US\$'000
<i>Current liabilities</i>			
Dovetel Tanzania Limited	-	5,828	7,131
<i>Non-current liabilities</i>			
TMP Uganda Limited	-	2,385	2,297

ZTE Corporation of China is the supplier of the core network equipment. The loans are unsecured and currently interest free.

The fair value of the above financial liabilities approximates their carrying amounts.

18 Contingent Liabilities and Commitments

The following guarantees are in place as a result of the acquisition of 50% of the Ordinary Share capital of Sheltam Holdings (Pty) Limited:

(i) Rand Merchant Bank debtors facility in the amount of US\$1.5m (ZAR 10m) of which 50% has been indemnified by Roy Puffet, a shareholder in and a director of Sheltam Holdings (Pty) Limited.

(ii) FirstRand Bank suretyship in the amount of US\$0.9m (ZAR 6m) in connection with a US\$1.8m (ZAR 12m) working capital facility.

(iii) Rand Merchant Bank letter of support in the amount of US\$0.8m (ZAR 5.5m) in connection with aircraft finance lease obligations.

Dovetel Tanzania Limited and TMP Uganda Limited have entered into a number of operating lease agreements in respect of properties (including office premises and network base station sites) and vehicles. The lease terms are between one and ten years and the majority of the lease agreements are renewable at the end of the lease period at market rates.

The Group's future aggregate minimum lease payments under operating leases are as follows:

	30 June 2011 US\$'000	31 December 2010 US\$'000
Amounts payable under operating leases:		
Within one year	299	367
In the second to fifth years inclusive	2,003	2,399
Beyond five years	2,793	2,947
	5,095	5,713

The directors do not expect any of these guarantees to result in significant loss to the Group.

Notes to the Financial Statements (continued)

19 Related Party Transactions

Parties are considered to be related if one party has the ability to control the other party or to exercise significant influence over the other party in making financial or operational decisions. Key management is made up of the Board of Directors and Investment Manager.

Group

Management fees of US\$28,988 (30 June 2010: US\$1,168,235) were paid to TMP Management A.S., outstanding at 30 June 2010, US\$nil (31 December 2010: US\$nil).

Sheltam Holdings (Pty) Limited, an associate, had the following positions/transactions with Group companies:

- The outstanding finance lease liability owing to PME Locomotives (Mauritius) Limited as at 30 June 2011 was US\$28,080,361 (31 December 2010: US\$29,187,753), see note 11).
- Net finance lease interest expense due to PME Locomotives (Mauritius) Limited during the period ended 30 June 2011 amounted to US\$1,933,408 (30 June 2010: US\$2,192,764).
- Finance lease amounts due but not yet paid to PME Locomotives (Mauritius) Limited as at 30 June 2011 amounted to US\$2,619,146 (31 December 2010: US\$1,583,599).
- The loan payable to PME RSACO (Mauritius) Limited is disclosed in note 8.2.

The Directors of the Company are considered to be related parties by virtue of their influence over making operational decisions. Directors' remuneration is disclosed in note 5.

Brian Myerson, previously a director of the Company, is executive chairman of Principle Capital Holdings Limited ("PCH") and was joint chairman of the Investment Manager, PME Infrastructure Managers Limited. PCH indirectly owns 31.67% of the Investment Manager. Fees payable to the Investment Manager are disclosed in note 5.

Brian Smith of Masazane Capital, one of the shareholders in PME Infrastructure Managers Limited, was appointed as chief executive officer in charge of day to day operations. Inwezi Capital (Proprietary) Limited ("Inwezi"), which is the holding company of Masazane Capital was appointed as a consultant to the Company from 15 November 2010. A total of US\$300,000 was payable to Inwezi in respect of the period ended 30 June 2011 (30 June 2010: US\$nil).

Silex Management Limited ("Silex"), an indirect subsidiary of PCH was retained by the Company to oversee the administration of the overseas subsidiaries up to 30 September 2010. A total of US\$nil has been invoiced by Silex in respect of the financial period ended 30 June 2011 (30 June 2010: US\$136,420).

Lawrence Kearns, a director of the Company, is non-executive director of the Administrator and was a non-executive Director of the Custodian until 31 December 2010. Fees payable to the Administrator and the Custodian are disclosed in note 5.

Company

Intercompany transactions with subsidiaries and associates are disclosed in note 13.

20 Post Balance Sheet Events

On 6 July 2011, the Company served formal notice on the Investment Manager to terminate the Management Agreement dated 6 July 2007 between the Company and the Investment Manager, to take effect on 6 July 2012.

On 19 July 2011, at the Company's annual general meetings, the shareholders approved the final dividend, in the amount of USD 0.14 per issued Ordinary share, with respect to the year ended 31 December 2010. The dividend was paid to shareholders on 29 July 2011.

Notes to the Financial Statements (continued)

20 Post Balance Sheet Events (continued)

The subscription price for the Warrants was adjusted from US\$1.00 to US\$0.72 effective from 11.59pm on 22 July 2011, and an additional 17,543,718 Warrants were issued taking the total number of Warrants in issue to 62,656,184.

On 5 August 2011, the Board adopted a new Treasury Share Policy which provided for the cancellation of Ordinary Shares held in treasury for over 12 months. As a result of this policy, the 7,530,000 Ordinary Shares held in treasury were cancelled with immediate effect.

In August 2011 the Company entered into a Rescheduled Debt Agreement with Sheltam which will expire on 31 March 2012. All arrears amounts to 30 June 2011 plus future lease payments outstanding up to 31 March 2012 will be converted into South African Rand at their respective foreign currency conversion rates and will accrue a charge at a rate of South African Prime. In addition, Sheltam has agreed to a fee of US\$0.7m (ZAR 5m) which has been capitalised to the Rescheduled Debt facility and will therefore also accrue interest at a rate of South African Prime.