

**PME African Infrastructure Opportunities plc**

**Interim Report**

Period ended 30 June 2010

## Contents

	Page
Directors and Advisers	1 – 2
Chairman's Statement	3 – 4
Report of the Investment Manager	5 – 7
Unaudited Financial Statements:	
- Consolidated Income Statement	8
- Consolidated Statement of Comprehensive Income	9
- Consolidated Balance Sheet	10
- Company Balance Sheet	11
- Consolidated Statement of Changes in Equity	12
- Consolidated Cash Flow Statement	13
- Notes to the Financial Statements	14 – 29

## 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

Third Floor, Britannia House  
St George's Street  
Douglas  
Isle of Man IM1 1JE  
British Isles

### Investment Manager

PME Infrastructure Managers Limited  
c/o M&C Corporate Services Limited  
PO Box 309 GT  
Ugland House  
South Church Street  
George Town  
Grand Cayman  
Cayman Islands

### Nominated Adviser

Smith & Williamson Corporate Finance Limited  
25 Moorgate  
London  
EC2R 6AY

### Financial Adviser and Broker

Fairfax I.S. PLC  
46 Berkley Square  
Mayfair  
London  
W1J 5AT

### Distribution Adviser

Helvetica (Isle of Man) Company Limited  
38/40 Victoria Street  
Douglas  
Isle of Man IM1 2LB  
British Isles

### Administrator and Registrar

Galileo Fund Services Limited  
Millennium House  
46 Athol Street  
Douglas  
Isle of Man IM1 1JB  
British Isles

## Directors and Advisers (continued)

**Cash Custodian**

Anglo Irish Bank Corporation (International) PLC  
Jubilee Buildings  
Victoria Street  
Douglas  
Isle of Man IM1 2SH  
British Isles

**Auditors**

PricewaterhouseCoopers LLC  
3rd Floor, Sixty Circular Road  
Douglas  
Isle of Man IM1 1SA  
British Isles

**Offshore Registrar**

Capita Registrars (Jersey) Limited  
PO Box 532  
St Helier  
Jersey  
JE4 5UW

## 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 2010.

A significant role of your Board is to act as a conduit between shareholders and the Investment Manager and to oversee its performance and that of the other service providers. In the six months under review the Board has been working intensively with the Investment Manager and others to address the concerns raised in the 2009 results statement. This has resulted in a number of changes. A new chairman has been appointed by the Investment Manager, and the executive team strengthened through Brian Smith's direct involvement in its leadership. A number of new appointments have been and are being made to the management teams of our investee companies and to their non-executive boards. Meanwhile our other service providers have been and continue to be monitored and where necessary replaced.

In corporate governance terms, we aim to be "best of breed" and to this end aim for compliance with best practice and with industry guidelines, both in the Company's operation and in that of its service providers.

### Investments and Valuations

The Group (PME and its subsidiaries) presently comprises four portfolio investments, following the disposal of our investment in Econet Burundi. The cumulative expected equity requirement amounts to US\$93.6 million, of which US\$91.2 million had been invested at the balance sheet date.

As more fully reported in the Investment manager's report, we have made solid progress with our investee companies. Sheltam has established a joint venture with CapAfrica, and through satisfying the Black Economic Empowerment legislation will be able to compete effectively for public sector rail logistics contracts. Dovetel, our Tanzanian broadband operator, has received a prestigious award from Frost & Sullivan. Meanwhile our positioning as a leading East African broadband provider places us in that part of the telecommunications market which has most promise and incipient demand from customers and global telecommunication operators.

According to established practice, a specialist department of one of the major international accountancy firms conducted a valuation of the investments as at the end of the period in accordance with International Private Equity and Venture Capital Valuation Board guidelines. The results confirmed that there were no indications of any impairment at the Group level.

### Financial Results

Our investments in the telecommunications segment are for accounting purposes, controlling ones, and given the early stage nature of these investments, their operating losses must be consolidated.

The operating loss attributable to ordinary shareholders for the period was US\$5.1 million (six months ending 30 June 2009: US\$6.6 million). This net result includes US\$2.2 million (six months ending 30 June 2009: US\$1.7 million) of finance income generated by our fleet of twelve C30 railway locomotives and US\$2.1 million (six months ending 30 June 2009: US\$0.3 million) of revenues from the telecommunications segment. Operating expenses incurred in the telecommunications segment constitute US\$10.7 million of the US\$12.0 million total reported.

The Group's Net Asset Value attributable to ordinary shareholders in accordance with IFRS at the end of the period was US\$123.8 million, 11.9% down from the US\$140.6 million that was reported as at 31 December 2009. However, the positive impact of share buy-back operations, further details of which are given below, had the effect of reducing the impact on Net Assets per ordinary share to 7.1%, (86 cents per ordinary as at the period end versus 93 cents per ordinary share as at 31 December 2009).

The Group's share of non-current borrowings or gearing at the end of the period was US\$0.1 million (30 June 2009: US\$7.7 million) as substantially all of the remaining amount outstanding falls due within 12 months.

## Chairman's Statement (continued)

### Share buy-backs

In order to enhance shareholder value, the Group has continued to conduct share buy-back operations until the expiry of the authority granted to it and a total of 7,905,000 shares were acquired in the six month period at an average price of 65 cents per share of which 7,530,000 remain in treasury. A total of 36,705,248 shares have been acquired since we began this process in February 2009, equivalent to 20.3% of the originally issued total and the cumulative average price paid is 53 cents per share.

### Dividend Payment and Outlook

With the release of our final results for 2009, we announced that we would return uninvested and uncommitted cash to shareholders by the end of the third quarter. The reasons for this are that the slow pace at which the proceeds of our initial fundraising were put to work, has acted as a drag on our projected investment returns.

Accordingly we will be paying a dividend of 10c per ordinary share on 22 October 2010 to shareholders on the record as of 24 September 2010. The Company is currently in discussions with its auditors, PricewaterhouseCoopers, Isle of Man, regarding the adjustment to the exercise price per warrant as a result of the dividend payment. Details of adjustments to the warrant exercise price will be announced when determined.

Our priority is to maximise the success of our existing investments. In the fullness of time, a continuation vote will be put to shareholders, and continuation would be dependent upon putting in place more efficient capital structures that avoid idle cash balances.

In conclusion, I would like to thank all those who have worked so hard over the last six months to deliver value to our shareholders.

**David von Simson**  
Chairman  
9 September 2010

## Report of the Investment Manager

No new investments were made over the six month period ending June 2010. Our focus has been on the consolidation of the Group's existing investments.

### **TMP UGANDA LIMITED ("TMP UGANDA")**

#### **US\$18.5 million in a national WiMAX 4G network**

TMP Uganda is a telecommunications company with a unified national licence in Uganda in which the Group has an 82% interest. The company has rolled out a WiMAX 4G network centred on Kampala.

Since the commencement of operations in July 2009 under the "BroadBand Company" brand, the business has positioned itself as the second most recognised provider of broadband services in the Ugandan market. The provisional network configuration and rather hilly topography of the metropolitan area initially contrived to restrict network coverage in certain areas but these challenges have been largely addressed as work is done to optimise the network and significant opportunities for growth now exist. A new billing system is in the process of being installed which will support a range of new pre-paid Wi-fi offerings.

TMP Uganda has divided the total addressable broadband market into five major segments to allow the formulation of an effective and efficient marketing strategy for market penetration and customer retention. These segments are:

- Corporate/ Large Enterprises
- Medium Enterprises
- Small Enterprises
- Residential/ SoHo (Small Office and Home Office)
- Government

Corporate / Large Enterprises and Government account for around 50% of revenue and SMEs and Residential / SoHo account for the remaining 50%.

The business has graduated from its start up phase and is now generating steady revenue growth and as it moves from the start-up phase to a more normal operational mode, steps to streamline the cost base are well advanced.

Substantially all of the US\$18.5 million that was originally committed to this business had been invested by the end of the period.

### **DOVETEL TANZANIA LIMITED ("DOVETEL")**

#### **US\$31.0 million in a national CDMA 3G network**

Dovetel is a telecommunications company with a unified national licence in Tanzania in which the Group has a 65% interest. Dovetel operates off a CDMA 3G network centred on Dar es Salaam. The company offers a wide range of voice and data products to the residential, SME and corporate market under the "Sasatel" brand name. Data services account for the majority of revenue, with a particular focus on modem and router services.

Since launch in middle of 2009, Dovetel has successfully established itself in the mobile and fixed broadband internet market segment. It has focused on supplying broadband data services by seizing the opportunity of undersea cables and cost-effective fixed-wireless technologies. The business has a comprehensive product set and has recently launched innovative notebook and smart phone offerings which have been well received in the market.

## Report of the Investment Manager (continued)

Dovetel's progress in this regard has been confirmed by recent research on the East African Broadband Internet market conducted by Frost & Sullivan, an internationally recognised research agency. Dovetel received the "2010 East African Broadband Internet Product Differentiation Excellence" Award which recognises Dovetel's achievements in delivering high quality low-cost network services, good customer support and innovative solutions that have generally exceeded customer expectations.

As with TMP Uganda, Dovetel is maturing as a business and has initiated a review of its cost base with the aim of eliminating some of the high costs associated with the start-up phase to drive profitability. Significant progress has been made and further efficiencies will be delivered before the end of the year.

Dovetel is in the final stages of completing the sale of the leasehold property which houses its headquarters building to a new subsidiary of the Group, PME Properties Limited, that has been incorporated in Tanzania. The property, known locally as Sasatel House, is located approximately 6 kilometres north of the city centre of Dar es Salaam in a prime location overlooking the Indian Ocean. Dovetel will continue to occupy one floor and a number of third party tenants have already moved in.

The transfer of the sub-title and the settlement of the US\$2.6 million consideration payable are expected to be completed before the end of the year. In the meantime, the Group has advanced a bridging loan to the business.

The Group originally expected to commit US\$26 million to Dovetel but in addition to the additional funding arising from the projected completion of Sasatel House transaction, it has subsequently agreed to invest a further US\$5.0m to continue the development of the business and to allow it to reach its full potential.

### **PME LOCOMOTIVES (MAURITIUS) LIMITED ("PME LOCOMOTIVES")**

#### **US\$30.9 million in a pan-African locomotive leasing company**

PME Locomotives is a wholly owned subsidiary of the Group that acquired 12 General Electric C30 Locomotives in September 2008 which it then supplied to Sheltam under a finance lease purchase arrangement. PME Locomotives is totally ungeared and we expect that there will be opportunities to restructure the business as the fleet is expanded.

### **SHELTAM HOLDINGS (PTY) LIMITED ("SHELTAM")**

#### **US\$8.2 million in a rail operations and maintenance company**

Sheltam is a South African company in which the Group has a 50% interest. It operates a fleet of 38 railway locomotives, including the 12 that have been leased from PME Locomotives. These assets form the backbone of a business that provides traction, engineering, management and operational support services for rail logistics customers, locomotive owners and privately owned tracks. It also operates a number of light aircraft and repairs and maintains marine engines and generators.

In May 2010, Sheltam successfully concluded a Black Economic Empowerment (BEE) transaction with CapAfrica, a leading black investment firm. Sheltam and CapAfrica will form an empowered joint venture known as Sheltam Rail Logistics (SRL). SRL will focus on rail operations including the provision of locomotives and associated services for the transportation of bulk commodities or passengers. It is intended that SRL will also focus on the management of the rail logistics supply chain and the BEE status of this alliance will open up a number of commercial opportunities to Sheltam that it had until now been excluded from.

The recent announcement by Transnet, the South African state controlled rail, port and pipeline company that it will look to dispose of its branch rail network is an extremely positive development for Sheltam which believes it is well positioned to participate in this process and ultimately, in the broader liberalisation of the South African rail network. Sheltam's empowerment credit should position the Company well to benefit from Transnet's disposal programme.

## Report of the Investment Manager (continued)

A core area of Sheltam's business is the placement of locomotives with clients in South Africa and elsewhere on the continent. Sheltam typically supplies locomotives on a fully serviced basis including crews, maintenance packages and insurance.

Following a slow start at the beginning of 2010 we believe that the locomotive leasing market has picked up and will continue to be driven by a significant increase in mineral related demand from China and India. In addition, recently identified opportunities in the Democratic Republic of Congo could provide an opportunity for the 5 C30 locomotives that are presently idle.

We are pleased to report that an agreement has been reached that addresses the arrears in Sheltam's finance lease payment obligations to PME Locomotives that have accumulated as at 30 June 2010. In summary, if Sheltam is not able to clear the arrears due as at the end of September 2010 and the Group's 50% partner has not been able to independently cover its 50% share, Sheltam will issue new ordinary shares in favour of the Group's Mauritian holding company to that value. This outcome would have the effect of triggering an incremental investment by the Group into Sheltam of up to US\$1.7 million and raising the Group's interest in Sheltam above 50%.

### Transactions in the pipeline

Other than the prospective Sasatel House transaction described above, the Group is currently in a consolidation phase and no new investments have been concluded since our last report.

### Financial update

At the end of the period the Group had invested US\$91.2 million into its portfolio of investments and had expected commitments of US\$2.4 million.

### Outlook

Demand in Africa remains strong despite the most recent round of global uncertainty. The Company will look to continue to consolidate its position in its existing portfolio over the next 6 months and focus on the strategic opportunities that are currently available within these investments.

### PME Infrastructure Managers Limited

Investment Manager

9 September 2010

## Consolidated Income Statement

	Note	(Unaudited) Period from 1 January 2010 to 30 June 2010 US\$'000	(Unaudited) Period from 1 January 2009 to 30 June 2009 US\$'000
<b>Revenue</b>		2,074	306
Realised gains on sale of property, plant and equipment		-	1,320
Net changes in fair value on financial assets at fair value through profit or loss		-	45
Investment Manager's fees	4	(907)	(1,050)
Operating and administration expenses	5	(12,094)	(9,245)
Foreign exchange loss		(40)	(534)
<b>Operating loss</b>		<b>(10,967)</b>	<b>(9,158)</b>
Finance income		2,631	3,753
Finance costs		(24)	(3)
<b>Net finance income</b>		<b>2,607</b>	<b>3,750</b>
Share of loss of associate	8.2	(1,703)	(1,141)
<b>Loss before income tax</b>		<b>(10,063)</b>	<b>(6,549)</b>
Income tax	6	(6)	(69)
<b>Loss for the period</b>		<b>(10,069)</b>	<b>(6,618)</b>
<b>Attributable to:</b>			
Owners of the Parent		(5,111)	(6,615)
Non-controlling interests		(4,958)	(3)
		<b>(10,069)</b>	<b>(6,618)</b>
<b>Basic and diluted loss per share (cent) for loss attributable to the owners of the Parent during the period</b>	7	<b>(3.416)</b>	<b>(4.045)</b>

Note	(Unaudited) Period from 1 January 2010 to 30 June 2010	(Unaudited) Period from 1 January 2009 to 30 June 2009
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The accompanying notes on pages 14 to 29 form an integral part of these financial statements

## Consolidated Statement of Comprehensive Income

	US\$'000	US\$'000
<b>Loss for the period</b>	<b>(10,069)</b>	<b>(6,618)</b>
<b>Other comprehensive (expense)/income</b>		
Foreign exchange translation differences	(3,626)	1,896
<b>Other comprehensive (expense)/income for the period (net of tax)</b>	<b>(3,626)</b>	<b>1,896</b>
<b>Total comprehensive expense for the period</b>	<b>(13,695)</b>	<b>(4,722)</b>
<b>Total comprehensive expense attributable to:</b>		
- Owners of the Parent	(7,713)	(4,713)
- Non-controlling interests	(5,982)	(9)
	<b>(13,695)</b>	<b>(4,722)</b>

The accompanying notes on pages 14 to 29 form an integral part of these financial statements

## Consolidated Balance Sheet

	Note	(Unaudited) As at 30 June 2010 US\$'000	(Audited) As at 31 December 2009 US\$'000
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	9	3,419	3,534
Investment in associate	8.2	1,216	2,990
Loan due from associate	8.2	6,457	6,335
Property, plant and equipment	10	13,314	15,941
Finance lease receivables	11	28,080	29,188
Trade and other receivables	13	2,778	3,091
<b>Total non-current assets</b>		<b>55,264</b>	<b>61,079</b>
<b>Current assets</b>			
Finance lease receivables	11	2,170	1,910
Inventory	12	1,647	2,000
Trade and other receivables	13	6,156	4,522
Cash at bank	14	63,960	84,590
<b>Total current assets</b>		<b>73,933</b>	<b>93,022</b>
<b>Total assets</b>		<b>129,197</b>	<b>154,101</b>
<b>Equity</b>			
Capital and reserves attributable to owners of the Parent:			
Issued share capital	15	1,513	1,516
Foreign currency translation reserve		(3,932)	(1,330)
Capital redemption reserve		292	289
Retained earnings		125,933	140,096
		123,806	140,571
Non-controlling interests		(5,982)	-
<b>Total equity</b>		<b>117,824</b>	<b>140,571</b>
<b>Non-current liabilities</b>			
Long term liabilities	17	-	7,997
<b>Total non-current liabilities</b>		<b>-</b>	<b>7,997</b>
<b>Current liabilities</b>			
Trade and other payables	17	11,373	5,533
<b>Total current liabilities</b>		<b>11,373</b>	<b>5,533</b>
<b>Total liabilities</b>		<b>11,373</b>	<b>13,530</b>
<b>Total equity and liabilities</b>		<b>129,197</b>	<b>154,101</b>

The financial statements on pages 8 to 29 were approved and authorised for issue by the Board of Directors on 9 September 2010 and signed on its behalf by:

**Paul Macdonald**  
Director

**Lawrence Kearns**  
Director

The accompanying notes on pages 14 to 29 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 2009 US\$'000
<b>Assets</b>			
<b>Non-current assets</b>			
Investments in subsidiaries	8.1	89,555	90,905
<b>Total non-current assets</b>		<b>89,555</b>	<b>90,905</b>
<b>Current assets</b>			
Loans and receivables due from subsidiaries	13	2,845	401
Trade and other receivables	13	667	419
Cash and cash equivalents	14	54,540	63,025
<b>Total current assets</b>		<b>58,052</b>	<b>63,845</b>
<b>Total assets</b>		<b>147,607</b>	<b>154,750</b>
<b>Equity</b>			
Capital and reserves attributable to owners of the Parent:			
Issued share capital	15	1,513	1,516
Capital redemption reserve		292	289
Retained earnings		145,467	151,740
<b>Total equity</b>		<b>147,272</b>	<b>153,545</b>
<b>Current liabilities</b>			
Trade and other payables	17	335	1,205
<b>Total liabilities</b>		<b>335</b>	<b>1,205</b>
<b>Total equity &amp; liabilities</b>		<b>147,607</b>	<b>154,750</b>

The financial statements on pages 8 to 29 were approved and authorised for issue by the Board of Directors on 9 September 2010 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 US\$'000	Non- controlling interests	Total US\$'000
	Share capital	Foreign currency translation reserve	Capital redemption reserve	Retained earnings			
	US\$'000	US\$'000	US\$'000	US\$'000			
Balance at 1 January 2009	1,805	(2,245)	-	167,735	167,295	9	167,304
<b>Comprehensive income</b>							
Loss for the period	-	-	-	(6,615)	(6,615)	(3)	(6,618)
<b>Other comprehensive income</b>							
Foreign exchange translation differences	-	1,902	-	-	1,902	(6)	1,896
<b>Total comprehensive income for the period</b>	-	<b>1,902</b>	-	<b>(6,615)</b>	<b>(4,713)</b>	<b>(9)</b>	<b>(4,722)</b>
<b>Transactions with owners</b>							
Shares cancelled following market purchases	(270)	-	270	(12,982)	(12,982)	-	(12,982)
<b>Balance at 30 June 2009</b>	<b>1,535</b>	<b>(343)</b>	<b>270</b>	<b>148,138</b>	<b>149,600</b>	<b>-</b>	<b>149,600</b>
Balance at 1 January 2010	1,516	(1,330)	289	140,096	140,571	-	140,571
<b>Comprehensive income</b>							
Loss for the period	-	-	-	(5,111)	(5,111)	(4,958)	(10,069)
<b>Other comprehensive expense</b>							
Foreign exchange translation differences	-	(2,602)	-	-	(2,602)	(1,024)	(3,626)
<b>Total comprehensive expense for the period</b>	-	<b>(2,602)</b>	-	<b>(5,111)</b>	<b>(7,713)</b>	<b>(5,982)</b>	<b>(13,695)</b>
<b>Transactions with owners</b>							
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)
<b>Total transactions with owners</b>	<b>(3)</b>	<b>-</b>	<b>3</b>	<b>(9,052)</b>	<b>(9,052)</b>	<b>-</b>	<b>(9,052)</b>
<b>Balance at 30 June 2010</b>	<b>1,513</b>	<b>(3,932)</b>	<b>292</b>	<b>125,933</b>	<b>123,806</b>	<b>(5,982)</b>	<b>117,824</b>

The accompanying notes on pages 14 to 29 form an integral part of these financial statements

## Consolidated Cash Flow Statement

	Note	(Unaudited) Period from 1 January 2010 to 30 June 2010 US\$'000	(Unaudited) Period from 1 January 2009 to 30 June 2009 US\$'000
<b>Operating activities</b>			
Loss for the period before income tax		(10,063)	(6,549)
Adjustments for:			
Net changes in fair value on financial assets at fair value through profit or loss		-	(45)
Realised gain on sale of property, plant and equipment		-	(1,320)
Finance income		(2,631)	(3,753)
Finance costs		24	3
Depreciation and amortisation		1,502	690
Share of loss of associates		1,703	1,141
Foreign exchange losses		40	534
<b>Operating loss before changes in working capital</b>		<b>(9,425)</b>	<b>(9,299)</b>
Decrease/(increase) in inventory		110	(2,130)
(Increase)/decrease in trade and other receivables		(518)	181
Increase in trade and other payables		153	9,193
<b>Cash used in operations</b>		<b>(9,680)</b>	<b>(2,055)</b>
Interest paid		(24)	(36)
Income tax paid		(23)	(13)
Interest received		38	17
Lease rental income received		1,697	1,714
<b>Net cash used in operating activities</b>		<b>(7,992)</b>	<b>(373)</b>
<b>Investing activities</b>			
Loan to associate		-	(8)
Loans from third parties		(2,099)	-
Purchase of property, plant and equipment	10	(396)	(12,173)
Purchase of intangible assets	9	(612)	-
Purchase of treasury bills		-	(130,069)
Maturity of treasury bills		-	200,000
Cash restricted by bank guarantees		-	1,914
<b>Net cash (used in)/generated from investing activities</b>		<b>(3,107)</b>	<b>59,664</b>
<b>Financing activities</b>			
Market purchase of shares		(275)	(12,982)
Shares repurchased and held in treasury		(4,844)	-
Distributions paid		(3,933)	-
<b>Net cash used in financing activities</b>		<b>(9,052)</b>	<b>(12,982)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(20,151)</b>	<b>46,309</b>
Cash and cash equivalents at beginning of period		84,346	36,424
Foreign exchange (losses)/gains on cash and cash equivalents		(438)	185
<b>Cash and cash equivalents at end of period</b>	<b>14</b>	<b>63,757</b>	<b>82,918</b>

The accompanying notes on pages 14 to 29 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 registered 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 Third Floor, Britannia House, St George's Street, Douglas, Isle of Man, IM1 1JE.

Pursuant to an AIM Admission Document 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.

During the period the Company bought back 7,905,000 ordinary shares for total consideration of US\$5,119,300. 375,000 of the shares were subsequently cancelled and 7,530,000 are held in treasury. As a result 151,274,752 ordinary shares remain in issue at 30 June 2010, of which 7,530,000 are held in treasury. The total number of voting rights in the Company is 143,744,752.

#### *Financial Year End*

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

#### *Company Income Statement*

In accordance with the provisions of Section 3 of the Isle of Man Companies Act 1982, no separate income statement has been presented for the Company. The amount of the Company's profit for the period recognised in the Consolidated Income Statement is US\$2,777,310 (period ended 30 June 2009: loss US\$9,808,647 after impairment of investment in subsidiaries of US\$7,544,041).

### 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 2009.

These interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) IAS 34 Interim Financial Reporting. 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 2009.

The interim financial statements for the six months ended 30 June 2010 are unaudited. The comparative interim figures for the six months ended 30 June 2009 are also unaudited.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss, and the requirements of the Isle of Man Companies Acts 1931 to 2004. The preparation of financial statements in conformity with IFRS requires the use of accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

## 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 and Telecommunication Licences*

The Group tests annually whether goodwill and telecommunication licences held by Group companies have suffered any impairment. In assessing impairment, the Group takes account of the business plans and projected results of the relevant subsidiaries. In addition, the Group engaged a specialist department of one of the major international accountancy firms to conduct a valuation of the portfolio investments in accordance with International Private Equity and Venture Capital Valuation Board guidelines.

#### *Loan to Associate Company*

The Group tests annually whether the loan to the associated company has suffered any impairment. In assessing this, the Group takes account of the impairment tests carried out on the associated company investments (see note 9) as well as the business plan of this company. In addition, the Group engaged a specialist department of one of the major international accountancy firms to conduct a valuation of the portfolio investments in accordance with International Private Equity and Venture Capital Valuation Board 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 2010.

IFRS 3 (revised), 'Business combinations', and consequential amendments to IAS 27, 'Consolidated and separate financial statements', IAS 28, 'Investments in associates', and IAS 31, 'Interests in joint ventures', are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009.

The revised standard continues to apply the acquisition method to business combinations but with some significant changes compared with IFRS 3. For example, all payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs are expensed.

As the Group has adopted IFRS 3 (revised), it is required to adopt IAS 27 (revised), 'consolidated and separate financial statements', at the same time. IAS 27 (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss.

The revised standard states that total comprehensive income is attributable to the controlling and non-controlling interests even if this results in the non-controlling interest having a deficit balance. The revised standard states that this change (which is the exception) should be applied prospectively and no restatement should be applied for previous reporting periods. For the current period, two of the Group's subsidiaries have non-controlling interests with a deficit balance. There have been no transactions whereby an interest in an entity is retained after the loss of control of that entity; there have been no transactions with non-controlling interests.

## Notes to the Financial Statements (continued)

### 2 Summary of Significant Accounting Policies (continued)

(b) The following new standards, new interpretations and amendments to standards and interpretations have been issued but are not effective for the financial year beginning 1 January 2010, are relevant to the Group and have not been early adopted:

- IFRS 9, 'Financial instruments', issued in December 2009. This addresses the classification and measurement of financial assets and could potentially affect the Group's accounting for its financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption. The Group is currently assessing IFRS 9's full impact.
- Revised IAS 24, 'Related party disclosures', issued in November 2009. It supersedes IAS 24, 'Related party disclosures', issued in 2003. The revised IAS 24 is required to be applied from 1 January 2011. Earlier application, in whole or in part, is permitted.
- Improvements to International Financial Reporting Standards 2010 were issued in May 2010. The effective dates vary standard by standard but most are effective 1 January 2010.

#### 2.1 Intangible assets

##### Computer software licences

Computer software licences are capitalised on the basis of the cost incurred to acquire and bring the specific software into use. This cost is amortised over the estimated useful life of the software of three to five years.

### 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 either telecommunications (wireless and broadband services) or transport (railway).

Six months ended 30 June 2010	Telecommunications			Transport		Other*	Total
	Dovetel US\$'000	Econet US\$'000	TMP Uganda US\$'000	Sheltam US\$'000	PME Locos 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)

\* 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\$54,539,547 (note 14) and other assets US\$666,882.

## Notes to the Financial Statements (continued)

**3 Segment Information (continued)**

Six months ended 30 June 2009	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	264	-	42	-	-	-	306
Finance income	(35)	2,000	16	348	1,713	19	4,061
Depreciation and amortisation	(56)	-	(175)	-	(767)	-	(998)
Share of loss of associate	-	-	-	(1,141)	-	-	(1,141)
Segment results	(5,335)	1,981	(2,531)	(941)	2,471	(2,263)	(6,618)
Additions to non-current assets (other than financial instruments)	(10,979)	-	(1,194)	-	-	-	(12,173)
Investment in associate	-	-	-	2,232	-	-	2,232
Segment assets	21,221	13,053	7,048	8,869	34,347	77,282	161,820
Segment liabilities	(8,450)	(13)	(3,282)	(22)	(79)	(374)	(12,220)

The entity is domiciled in the Isle of Man. All of the reported revenue, US\$2,073,629 (30 June 2009: US\$306,286), is from external customers from other countries. The split of revenue by country is above, Dovetel representing Tanzania and TMP Uganda representing Uganda.

The total of non-current assets other than financial instruments and deferred tax assets is US\$17,948,134 (30 June 2009: US\$23,101,333) 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 2010 US\$'000	Period ended 30 June 2009 US\$'000
Mauritius	1,271	2,305
Tanzania	12,249	16,753
Uganda	4,428	4,043
	<b>17,948</b>	<b>23,101</b>

**4 Investment Manager 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 Manager is also 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 2010 amounted to US\$907,374 (30 June 2009: US\$1,049,764).

## Notes to the Financial Statements (continued)

### 4 Investment Manager 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 the financial period ending on 31 December 2011 and at the end of each financial period thereafter, 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 period, 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 period and the net proceeds of the placing shares divided by the number of placing shares.

Performance fees payable for the period ended 30 June 2010 amounted to US\$nil (30 June 2009: US\$nil).

### 5 Operating and Administration Expenses

	Period ended 30 June 2010 US\$'000	Period ended 30 June 2009 US\$'000
Administration expenses	174	251
Administrator and Registrar fees (note 19)	85	90
Amortisation of intangible assets	127	64
Audit fees - current year	144	135
Audit fees - prior years	-	86
Custodian fees (note 20)	9	10
Depreciation	1,375	626
Directors' fees	148	119
Employee costs	2,782	1,818
Retirement benefits	152	-
Management fees – Silex (note 19)	136	166
Management fees – TMP (note 19)	1,168	937
Management fees – other	10	10
Marketing costs	846	522
Network and direct costs	2,692	1,656
Professional fees	660	1,016
Property and utilities	264	-
Travel	255	187
Other	1,067	1,552
<b>Operating and administration expenses</b>	<b>12,094</b>	<b>9,245</b>

## 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 2010 amounted to US\$73,610 (30 June 2009: US\$84,774).

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 2010 amounted to US\$11,294 (30 June 2009: US\$4,735).

#### *Custodian fees*

The Custodian receives a fixed monthly fee of £875 payable quarterly in arrears. The fee payable for the period ended 30 June 2010 amounted to US\$9,192 (30 June 2009: US\$9,943).

#### *Directors' Remuneration*

The maximum amount of 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 2010 amounted to US\$147,933 (30 June 2009: US\$119,027) and Directors' insurance cover payable amounted to US\$80,715 (30 June 2009: US\$9,183).

### 6 Income tax expense

Group	Period ended 30 June 2010 US\$'000	Period ended 30 June 2009 US\$'000
<b>Current tax</b>	<b>6</b>	<b>69</b>

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 2010 US\$'000	Period ended 30 June 2009 US\$'000
Loss before tax	(10,063)	(6,549)
Tax calculated at domestic tax rates applicable in the Isle of Man (0%)	-	-
Effect of higher tax rates in Mauritius (15%)	6	69
<b>Tax expense</b>	<b>6</b>	<b>69</b>

## Notes to the Financial Statements (continued)

### 7 Basic and Diluted Loss per Share

Basic and diluted loss per share are 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 2010	Period ended 30 June 2009
Loss attributable to equity holders of the Company (US\$'000)	(5,111)	(6,615)
Weighted average number of ordinary shares in issue (thousands)	149,637	163,533
<b>Basic and diluted loss per share (cent per share)</b>	<b>(3.416)</b>	<b>(4.045)</b>

### 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	82%

The Company invested in its direct subsidiaries as follows:

	30 June 2010 US\$'000	31 December 2009 US\$'000
Start of the period/year	90,905	67,029
Increase in investment	8,700	23,876
Return of capital	(10,050)	-
<b>End of the period/year</b>	<b>89,555</b>	<b>90,905</b>

During the period the Company increased its investment in PME Tanco (Mauritius) Limited and PME Uganco (Mauritius) Limited by US\$4.8m and US\$3.9m respectively. In May 2010 the Company received a return of capital of US\$10m from PME Burco (Mauritius) Limited.

#### 8.2 Investments in Associates

	30 June 2010 US\$'000	31 December 2009 US\$'000
Start of the period/year	2,990	2,933
Foreign exchange (loss)/gain	(71)	724
Share of loss of associate	(1,703)	(667)
<b>End of the period/year</b>	<b>1,216</b>	<b>2,990</b>

## Notes to the Financial Statements (continued)

### 8 Investments in Subsidiaries and Associates (continued)

#### 8.2 Investments in Associates (continued)

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

Period ended 30 June 2010	Percentage of shares held	Assets	Liabilities	Revenues	Profit/(Loss)
Name		US\$'000	US\$'000	US\$'000	US\$'000
Sheltam Holdings	50%	29,462	(28,246)	7,439	(1,703)

Year ended 31 December 2009	Percentage of shares held	Assets	Liabilities	Revenues	Profit/(Loss)
Name		US\$'000	US\$'000	US\$'000	US\$'000
Sheltam Holdings	50%	30,531	(27,541)	13,298	(667)

*Loan due from associate*

	30 June 2010	31 December 2009
	US\$'000	US\$'000
<b>Loan due from associate</b>	<b>6,457</b>	<b>6,335</b>

The loan due from associate is as follows:

Name	Term	Interest Rate	30 June 2010
			US\$'000
Sheltam Holdings (Pty) Limited (US\$6.145m principal; US\$0.312m accrued interest)	No fixed term	South Africa Prime	6,457

The fair value of this loan approximates its carrying value at 30 June 2010.

### 9 Intangible assets

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	-	-	612	612
Exchange differences	(400)	(90)	(135)	(625)
At 30 June 2010	1,443	892	1,358	3,693
<b>Amortisation</b>				
At 1 January 2010	-	(113)	(59)	(172)
Amortisation charge	-	(25)	(102)	(127)
Exchange differences	-	13	12	25
At 30 June 2010	-	(125)	(149)	(274)
<b>Net book value</b>				
<b>At 30 June 2010</b>	<b>1,443</b>	<b>767</b>	<b>1,209</b>	<b>3,419</b>

## Notes to the Financial Statements (continued)

### 9 Intangible assets (continued)

Group	Goodwill	Telecommunication licences	Software licences	Total
Cost	US\$'000	US\$'000	US\$'000	US\$'000
At 1 January 2009	1,843	974	-	2,817
Additions	-	60	891	951
Exchange differences	-	(52)	(10)	(62)
At 31 December 2009	1,843	982	881	3,706
<b>Amortisation</b>				
At 1 January 2009	-	-	-	-
Amortisation charge	-	(114)	(59)	(173)
Exchange differences	-	1	-	1
At 31 December 2009	-	(113)	(59)	(172)
<b>Net book value</b>				
<b>At 31 December 2009</b>	<b>1,843</b>	<b>869</b>	<b>822</b>	<b>3,534</b>

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

Amortisation of telecommunication 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.

Software licences are amortised over the estimated useful life of the software of three to five years.

### 10 Property, Plant and Equipment

Group	Locomotives	Capital WIP	Network Infrastructure & Equipment	Other	Total
Cost	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
At 1 January 2010	-	508	15,602	1,467	17,577
Additions	-	187	99	110	396
Reallocated on completion	-	(468)	335	133	-
Exchange differences	-	(51)	(1,683)	(178)	(1,912)
At 30 June 2010	-	176	14,353	1,532	16,061
<b>Accumulated depreciation</b>					
At 1 January 2010	-	-	(1,374)	(262)	(1,636)
Charge for the period	-	-	(1,176)	(199)	(1,375)
Exchange differences	-	-	222	42	264
At 30 June 2010	-	-	(2,328)	(419)	(2,747)
<b>Net Book Value</b>					
<b>At 30 June 2010</b>	<b>-</b>	<b>176</b>	<b>12,025</b>	<b>1,113</b>	<b>13,314</b>

There were no impairment charges in the period.

## Notes to the Financial Statements (continued)

### 10 Property, Plant and Equipment (continued)

Group	Locomotives	Capital WIP	Network Infrastructure & Equipment	Other	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>Cost</b>					
At 1 January 2009	15,312	3,868	2,732	222	22,134
Additions	-	(3,202)	12,908	1,236	10,942
Disposals	(15,312)	-	-	-	(15,312)
Exchange differences	-	(158)	(38)	9	(187)
At 31 December 2009	-	508	15,602	1,467	17,577
<b>Accumulated depreciation</b>					
At 1 January 2009	(319)	-	(10)	(14)	(343)
Disposals	764	-	-	-	764
Charge for the year	(445)	-	(1,355)	(246)	(2,046)
Exchange differences	-	-	(9)	(2)	(11)
At 31 December 2009	-	-	(1,374)	(262)	(1,636)
<b>Net Book Value</b>					
<b>At 31 December 2009</b>	<b>-</b>	<b>508</b>	<b>14,228</b>	<b>1,205</b>	<b>15,941</b>

Six locomotives with a net book value of US\$14,548,786 were disposed of in June 2009 giving rise to a gain on disposal of US\$1,663,521 and are now being recognised as finance lease receivables see note 11. This sale is a non-cash transaction and therefore excluded from the cash flow statement.

There were no impairment charges in 2009.

### 11 Finance lease receivables

	30 June 2010 US\$'000	31 December 2009 US\$'000
<b>Amounts receivable under finance leases:</b>		
Within one year	6,132	6,132
In the second to fifth years inclusive	24,545	24,545
Beyond five years	22,630	25,670
	53,307	56,347
Less: unearned finance income	(23,057)	(25,249)
<b>Present value of minimum lease payments receivable</b>	<b>30,250</b>	<b>31,098</b>

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

	30 June 2010 US\$'000	31 December 2009 US\$'000
Within one year	2,170	1,910
After one year	28,080	29,188
	<b>30,250</b>	<b>31,098</b>

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%. The fair value of the Group's finance lease receivables at 30 June 2010 is estimated at US\$30,250,000 (31 December 2009: US\$31,098,000). The lease receivables are secured on the related assets.

## Notes to the Financial Statements (continued)

### 12 Inventory

Group	30 June 2010 US\$'000	31 December 2009 US\$'000
<b>Network Equipment, Dongles, Routers</b>	<b>1,647</b>	<b>2,000</b>

### 13 Trade and Other Receivables

Group	30 June 2010 US\$'000	31 December 2009 US\$'000
<i>Non-current</i>		
<b>Lease prepayment</b>	<b>2,778</b>	<b>3,091</b>
<i>Current</i>		
Amount due from Roy Puffett*	-	264
Loans and receivables due from associate companies	63	84
Prepayments	1,227	1,204
VAT recoverable	1,402	1,285
Finance lease income**	2,681	1,256
Trade debtors***	390	296
Sundry debtors	393	133
<b>Trade and other receivables</b>	<b>6,156</b>	<b>4,522</b>

\* On 6 January 2010 Roy Puffett, a shareholder in Sheltam Holding (Pty) Limited, settled the amount due to the Group in full

\*\* Rental payments on up to 5 of the unplaced locomotives have been deferred for each of the first 6 months of 2010 (and any outstanding as at 31 December 2009) through a loan note structure that will be repayable by the end of September 2010.

\*\*\* During the period bad debt provisions of US\$nil (31 December 2009: US\$477,000) have been provided against trade receivables.

Company	30 June 2010 US\$'000	31 December 2009 US\$'000
<b>Loans and receivables due from subsidiary companies</b>	<b>2,845</b>	<b>401</b>
Loans and receivables due from associate companies	63	84
Prepayments	567	300
Sundry debtors	37	35
<b>Trade and other receivables</b>	<b>667</b>	<b>419</b>

Expense recharges from the Company to its subsidiaries and associates during the period amounted to US\$nil and US\$nil respectively (31 December 2009: US\$339,910 and US\$140,122), with outstanding balances at the period end as above.

A bridging loan of US\$2,574,000 was made by the Company to its subsidiary Dovetel Tanzania Limited. This loan bears interest at LIBOR plus 8% and is unsecured and repayable on demand. All other inter-company loans from the Company to its subsidiaries and associates are interest-free, unsecured and repayable on demand.

## Notes to the Financial Statements (continued)

### 14 Cash at Bank

Group	30 June 2010 US\$'000	31 December 2009 US\$'000
Bank balances	9,268	22,346
Deposit balances	54,692	62,244
<b>Cash at bank</b>	<b>63,960</b>	<b>84,590</b>

The deposit balances include US\$203,000 (31 December 2009: US\$244,000) 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.

Company	30 June 2010 US\$'000	31 December 2009 US\$'000
Bank balances	51	1,025
Deposit balances	54,489	62,000
<b>Cash at bank</b>	<b>54,540</b>	<b>63,025</b>

### 15 Share Capital

Ordinary shares of US\$0.01 each	31 December 2009 and 30 June 2010 Number	31 December 2009 and 30 June 2010 US\$'000
Authorised	500,000,000	5,000
<b>C shares of US\$1 each</b>	<b>As at 31 December 2009 &amp; 30 June 2010 Number</b>	<b>As at 31 December 2009 &amp; 30 June 2010 US\$'000</b>
Authorised	5,000,000	5,000
Issued	-	-
<b>Ordinary shares of US\$0.01 each</b>	<b>30 June 2010 US\$'000</b>	<b>31 December 2009 US\$'000</b>
143,744,752 (31 December 2009: 151,649,752) ordinary shares in issue, with full voting rights	1,438	1,516
7,530,000 (31 December 2009: nil) ordinary shares held in treasury	75	-
	<b>1,513</b>	<b>1,516</b>

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 would 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.

## Notes to the Financial Statements (continued)

### 15 Share Capital (continued)

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).

During the period, the Company bought back 7,530,000 (2009: nil) ordinary shares, to be held in treasury, for total consideration of US\$4,844,300 (2009: US\$nil). The Company also bought back and cancelled 375,000 (2009: 28,800,248) ordinary shares for total consideration of US\$275,000 (2009: US\$14,209,094). The ordinary shares held in treasury have no voting rights and are not entitled to dividends.

### 16 Net Asset Value per Share

Group	As at 30 June 2010	As at 31 December 2009
Net assets attributable to equity holders of the Company (US\$'000)	123,806	140,571
Shares in issue (thousands)	143,745	151,650
<b>NAV per share (US\$)</b>	<b>0.86</b>	<b>0.93</b>

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 2010 US\$'000	31 December 2009 US\$'000
Performance fee payable	-	974
Administration fees payable	37	27
Audit fee payable	129	194
CREST service provider fee payable	6	2
Custodian fee payable	5	5
Directors' fees payable	-	53
Trade creditors	702	383
Income tax payable	-	16
ZTE loan (see below)	8,458	2,691
Other accrued expenses	1,126	751
Other sundry creditors	910	437
	<b>11,373</b>	<b>5,533</b>

## Notes to the Financial Statements (continued)

### 17 Trade and Other Payables (continued)

Company	30 June 2010 US\$'000	31 December 2009 US\$'000
Performance fee payable	-	974
Administration fees payable	29	27
Audit fee payable	102	137
CREST service provider fee payable	6	2
Custodian fee payable	5	5
Management fees payable – Silex (see note 19)	75	-
Directors' fees payable	-	53
Other sundry creditors	118	7
	<b>335</b>	<b>1,205</b>

#### ZTE Loans

	Interest rate 30 June 2010	30 June 2010 US\$'000	31 December 2009 US\$'000
<i>Current liabilities</i>			
Dovetel Tanzania Limited	LIBOR + 3%	6,045	2,691
TMP Uganda Limited	LIBOR + 3%	2,413	-
		<b>8,458</b>	<b>2,691</b>
<i>Non-current liabilities</i>			
Dovetel Tanzania Limited	LIBOR + 3%	-	5,543
TMP Uganda Limited	LIBOR + 3%	-	2,454
		-	<b>7,997</b>

The ZTE loans are unsecured.

### 18 Contingent Liabilities and Commitments

At 30 June 2010, Dovetel Tanzania Limited had capital expenditure contracted for property, plant and equipment totalling US\$327,907 and purchase commitments of US\$505,444.

At 30 June 2010, TMP Uganda Limited had capital expenditure totalling US\$180,759.

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\$1.3m (ZAR 10.0m) of which 50% has been indemnified by Roy Puffett, a shareholder in and a director of Sheltam Holdings (Pty) Limited.

(ii) FirstRand Bank suretyship in the amount of US\$0.8m (ZAR 6.0m) in connection with a US\$1.6m (ZAR 12.0m) working capital facility.

(iii) Rand Merchant Bank letter of support in the amount of US\$0.7m (ZAR 5.5m) in connection with aircraft finance lease obligations.

## Notes to the Financial Statements (continued)

### 18 Contingent Liabilities and Commitments (continued)

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 thirty years and the majority of the lease agreements are renewable at the end of the lease period at market rates.

The Groups' share of future aggregate minimum lease payments under operating leases are as follows:

	30 June 2010 US\$'000	31 December 2009 US\$'000
<b>Amounts payable under operating leases:</b>		
Within one year	791	182
In the second to fifth years inclusive	1,777	634
Beyond five years	2,304	1,878
	<b>4,872</b>	<b>2,694</b>

### 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.

#### Group

Management fees of US\$1,168,235 (30 June 2009: US\$936,620) were paid to TMP Management A.S., outstanding at 30 June 2010, US\$nil (31 December 2009: US\$145,000).

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

- PME Locomotives (Mauritius) Limited sold its remaining six locomotives via finance lease to Sheltam Holdings (Pty) Limited in June 2009 (see notes 10 and 11)
- The outstanding finance lease liability owing to PME Locomotives (Mauritius) Limited as at 30 June 2010 was US\$30,250,175 (31 December 2009: US\$31,098,211), see note 11).
- Finance lease interest expense due to PME Locomotives (Mauritius) Limited during the period ended 30 June 2010 amounted to US\$3,040,800 (30 June 2009: US\$1,713,600).
- Finance lease amounts due but not yet paid to PME Locomotives (Mauritius) Limited as at 30 June 2010 amounted to US\$2,599,856 (31 December 2009: US\$1,255,856).
- 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 S.A. ("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 4.

Silex Management Limited ("Silex"), an indirect subsidiary of PCH has been retained by the Company to oversee the administration of the overseas subsidiaries. A total of US\$136,420 has been invoiced by Silex in respect of the financial period ended 30 June 2010 (30 June 2009: US\$166,332).

Lawrence Kearns, a director of the Company, is non-executive director of the Administrator and the Custodian. 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.

## Notes to the Financial Statements (continued)

### **20 Post Balance Sheet Events**

On 15 July 2010, Brian Myerson resigned from the board of PME. John Webley has replaced Mr Myerson in the role of non executive chairman of PME Infrastructure Managers Limited supported by Richard Bouma as executive vice chairman. Brian Smith will retain the role of chief executive officer in charge of the day to day operations.

On 16 October 2010, after three months' notice, Fairfax I.S. PLC will cease to be the financial adviser and broker of the Company. The Company has not yet appointed a replacement.