

PME African Infrastructure Opportunities plc

Annual Report

Year ended 31 December 2008

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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) *
Brian Alan Myerson (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 Advisor, Broker and Placing Agent

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

Distribution Advisor

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

Directors and Advisers (continued)

Cash Custodian

Anglo Irish Bank Corporation (International) PLC (formerly known as Anglo Irish Bank Corporation (I.O.M.) P.L.C.)
Jubilee Buildings
Victoria Street
Douglas
Isle of Man IM1 2SH
British Isles

Auditors

PricewaterhouseCoopers
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

I am pleased to report the final results for PME African Infrastructure Opportunities plc ("PME" or "the Company") for the year ended 31 December 2008. The focus of activity in the year has been split between investing PME's capital and monitoring the development of the Company's first five transactions. To date, we have announced five significant transactions, with cumulative equity requirements of up to US\$89.5 million.

Investments and Valuations

During the year, the Group's (PME and its subsidiaries) first five investments were completed. Three were in telecommunications networks, in Tanzania (Dovetel), Burundi (Econet) and Uganda (TMP Uganda). The other two were in Sheltam, the railway and genset operations business and in acquiring twelve General Electric locomotives, half of which have subsequently been leased through Sheltam to clients.

The Net Asset Value of the Company calculated in accordance with IFRS stood at US\$167.3 million at the year end (down 4.3% from US\$174.9 million since 31 December 2007). International Financial Reporting Standards do not recognise open market valuations of the Company's investment portfolio and accordingly the five investments in the portfolio at the year end are valued only on a cost basis in the Net Asset Value calculation.

However, a specialist department of one of the major international accountancy firms conducted a valuation of these investments in accordance with International Private Equity and Venture Capital Valuation Board guidelines. Despite the relatively short holding period, three of these investments have been valued above cost and two at cost. The valuation attributed a potential uplift in value of US\$10.3 million, being a 15.7% increase over the cumulative investment cost to date of \$65.7 million of these five projects.

In order to demonstrate the potential uplift to shareholders in the net asset value arising from these valuations, the Board has decided to publish an adjusted net asset value, which adds the uplift in value over the cumulative investment cost to the IFRS net asset value. The Adjusted Net Asset Value at the year end was US\$177.6 million (98 cents per ordinary share).

Whilst I reported in the June 2008 interim results that I expected the remaining capital to have been invested by the end of 2008, the Board and the investment team have taken an extra cautious approach to further investments pending a stabilisation of the global economy. There are some excellent opportunities in the pipeline which are at various stages of negotiation. The Board will, however, seek to ensure that investment decisions are weighed within the context of ensuring that an appropriate balance is kept between making new investments to further enhance the portfolio and other considerations such as returns of capital to shareholders.

Financial

At 31 December 2008, PME's Net Asset Value in accordance with IFRS was US\$167.3 million which equated to 93 cents per ordinary share (31 December 2007: US\$174.9 million or 97 cents per ordinary share) and the Adjusted Net Asset Value was US\$177.6 million (98 cents per ordinary share). As at the year end there was also gearing of US\$2.1 million (31 December 2007: US\$Nil), reflecting borrowings and vendor finance arrangements undertaken in respect of two of the Company's investments, Dovetel and Sheltam.

Deposit interest on PME's cash balances generated finance income of \$4.3 million, but after portfolio company operating expenses and management and administration fees, the net loss for the year was US\$5.7 million.

Share buy-backs

Against a backdrop of difficult economic conditions, the performance of PME's share price has been disappointing despite the solid performance of the Group's investments and the cash balance the Group has held. In order to enhance shareholder value, in February this year the Group announced that it was commencing a share buy-back and subsequently the Company has bought back 26,925,248 ordinary shares at an average price of 48 cents per share, all of which were cancelled. On a pro forma basis, this would have the impact of increasing the IFRS Net Asset Value to 101 cents per ordinary share and the Adjusted Net Asset Value to 107 cents per ordinary share.

Chairman's Statement (Continued)

With an increasingly interesting portfolio to discuss, the investment team has been actively increasing its profile with potential investors. We hope that this will develop into more active interest in the shares, particularly as markets stabilise and as the effects of the global downturn on Africa are assessed in hopefully a positive fashion. We are also seeking to renew PME's share buy-back authority at the Company's forthcoming annual general meeting

Outlook

The investment team is working hard on the ground in Africa within a fast changing and often difficult environment. I am particularly delighted to see the Company's five investments delivering a good uplift in value in spite of the global economic downturn. I am, therefore, confident that the team's efforts will deliver excellent returns for shareholders and, as you can read from the Report of the Investment Manager, that the rationale for investing in African infrastructure remains extremely sound. In accordance with the policy set out in the admission document, the Board is not proposing the payment of a dividend for this period.

David von Simson

Chairman
10 June 2009

Report of the Investment Manager

Introduction

As mentioned in our interim report of June 2008, sub-Saharan Africa has obviously felt the impact of the global economic downturn, primarily in the decrease in commodity prices but, as the IMF reported in April of this year, the economies of many countries in the region are still growing strongly.

This situation has contributed to the current value of the investments that have been made by PME. On admission, the board of PME undertook to appoint an internationally recognised firm of accountants as valuers to perform an independent valuation of the PME's investments on a semi-annual basis. A specialist department of one of the major international accountancy firms conducted a valuation of the portfolio investments in accordance with International Private Equity and Venture Capital Valuation Board guidelines. Despite the relatively short holding period, three of these investments have been valued above cost and two at cost. The valuation attributed a potential uplift in value of \$10.3 million, being a 15.7% increase over the cumulative investment cost of \$65.7 million of these five projects.

Completed Transactions

Dovetel (T) Limited ("Dovetel"): Dovetel is a telecommunications company with a unified national licence in Tanzania. Dovetel is rolling out a 3G wireless (based on CDMA) national network in order to address the pent-up demand for data and broadband services to both high-end residential and corporate customers. Dovetel bundles its broadband offering with fixed voice services and offers limited mobility voice services to the low-end of the residential market in order to increase penetration beyond the traditional GSM target market for mobile voice.

Dovetel has completed Phase 1 of its national network build out and is in the process of launching services in Dar-es-Salaam. The arrival of the international sub-sea fibre optic cables to the East coast of Africa this year is expected to accelerate the already rapidly growing broadband market in East Africa. Dovetel is well positioned to capitalise on this opportunity and is seeking to become the leading broadband provider in Tanzania.

TMP Uganda Limited ("TMP Uganda"): TMP Uganda is a telecommunications company with a unified national licence in Uganda. TMP Uganda is rolling out a 4G wireless (based on WiMAX) national network in order to address the demand for data and broadband services to high-end residential as well as the corporate segment of the market. TMP Uganda will also provide voice services to its customer base.

TMP Uganda has completed Phase 1 of its network build in Kampala and has recently launched services to the market. Despite the very recent launch with limited marketing, the company is already experiencing strong consumer demand for its high quality service offering. Like Dovetel, TMP Uganda is well positioned to become the leading broadband provider in Uganda and is expected to benefit from the rapid growth of the industry which is anticipated to accelerate further with the advent of affordable international bandwidth following the anticipated arrival of sub-sea cables.

Econet Wireless Burundi ("EWB"): PME has invested in the expansion of a GSM telecommunications network in Burundi.

EWB has completed Phase 1 of its network build programme and launched its national commercial service in all 15 provinces at the end of April 2009. EWB signed up over 32,500 subscribers, which constitutes about 4% of the market, in the first full month after its launch. With mobile penetration in Burundi at only 6% there is a clear opportunity for a quality operator to enjoy significant growth. EWB continues to experience robust consumer demand and has begun planning for Phase 2 of its network build to increase capacity and expand coverage.

Sheltam Holdings (Pty) Limited ("Sheltam"): Sheltam is a South African company providing engineering, management and operations of railway locomotives and privately-owned rail track, as well as owning and chartering small aircraft. It also repairs and maintains marine engines and small engine-generators. Its rail business extends beyond South Africa with locomotives operating in Mozambique and the Democratic Republic of Congo.

Report of the Investment Manager (Continued)

Although Sheltam is a respected South African engineering service supplier, its regional expansion had been constrained due to its previous corporate structure. Since PME invested in the company, regional development has been a core focus for Sheltam and to this end it is pursuing power and rail initiatives in Mozambique, Angola and Namibia, in addition to further opportunities in South Africa. Simultaneously, Sheltam is consolidating its South African operations. It has recently identified an improved replacement for its current maintenance hub on very attractive terms and involving no immediate capital outlay. This should improve its ability to win business as it will be able to undertake its full scope of offered services in one location on its own premises.

In addition, Sheltam is pursuing two initiatives in the rail sector in Mozambique and Angola and two in the power sector in South Africa and Namibia which are the result of a strategic decision to broaden business offerings.

PME Locomotives (Mauritius) Limited: PME owns, via a subsidiary, twelve C30 2.8MW-rated locomotive units that will support mining, general freight and passenger operations throughout sub-Saharan Africa. These locomotives were acquired from Sheltam Grindrod Leasing (Pty) Limited in anticipation that they would be leased primarily to the Sheltam group. Tractive power is in short supply in sub-Saharan Africa and the fleet provides Sheltam with extra leverage in expanding its engineering services.

Six of the locomotives have already been placed by Sheltam with third party clients and are rented by them from PME. The remaining locomotives will either be sold, together with associated long term maintenance contracts (see below), or contracts will be sought to lease them to a mining or a network rail organisation in the same way as the rest of the fleet.

Transactions in the pipeline

Transport: PME is in discussions with the owners of a secondary airport in southern Africa to acquire the whole or a significant percentage of their interests. The airport services the high end business aviation market and is the base for a regional low cost carrier.

PME has been in discussions with a coal producer who is interested in buying six of the Company's locomotives to be used to transport coal on a local network to a terminal in Beira, Mozambique. This is subject to receiving support from the relevant Mozambican and South African rail operators and government officials. It is anticipated that a decision will be forthcoming by the end of June 2009.

Mining: The Company is looking at an opportunity to provide the infrastructure for a tin and lithium mining operation in the Democratic Republic of Congo ("DRC"). The opportunity would provide, amongst other activities, for the rehabilitation of a 12 MW hydropower station and for the introduction of a newly developed technique for "fingerprinting" ore to ensure that the project complies with international standards of governance. Given, however, the relative instability of the DRC, PME is closely assessing the risks and the opportunity associated with investing in the country before proceeding further.

Energy: An MOU has been submitted to the Government of an East African country which has established a commission to finalise terms under which PME will prepare a feasibility study and then build a 20 MW hydro electric plant project with a strategic partner. This project is part of a World Bank supported regional power plan and will provide much needed generating capacity to the country.

Financial Update

The completed projects have an equity requirement of US\$89.5 million, of which US\$65.7 million had been invested by the year end. The investments in the pipeline set out above would utilise the balance of funds available to the Company and we would expect progress on these to be made over the next few months. However, as set out in the Chairman's statement, any new investments will need to be weighed against the potential for further returns of capital to shareholders. In addition, the potential sale of locomotives referred to above and our expectations for gearing some of the investments could also serve as a source of funding for future investments or potentially for returns of capital to shareholders.

Report of the Investment Manager (Continued)

Outlook

In our opinion the outlook for sub-Saharan Africa relative to what is happening in the rest of the world at this time is very promising, particularly in the infrastructure space and there are a number of reasons for this. Firstly, with the exception of South Africa, there is very little correlation between events in the principal centres of global economic activity and the region where the majority of countries are still further down the development curve. As a result, their governments are focused on providing the basic necessities to their people, most of which involve some form of infrastructure.

Secondly, notwithstanding the continuing and tragic cases of human suffering in places like Darfur and the eastern DRC, the number of democratic governments in sub-Saharan Africa is increasing and this has contributed to the development of more market based economies and to sustained growth of 5% across the region for the last five years as confirmed by an article in *The Economist* in November last year. It went on to say that with commodity prices likely to fall Africa, though more isolated from the global economy than the rest of the world, would obviously suffer some of its effects but not as badly and "It could yet confound its legion of gloomsters and show that its oft-heralded renaissance is not just another false dawn but the start of something solid and sustainable".

Thirdly, multinational companies like Vodafone (which previously concentrated its efforts on the developed world and then the larger emerging markets such as India) have now identified Africa as a major growth opportunity. By way of example, Vodafone is seeking to add to its 50% stake in South African based Vodacom by buying a further 15% from Telkom and has expressed a desire to expand its operations across the continent. Other major telecommunications companies are emulating Vodafone, attracted by the relatively low penetration rates of wireless telephony in the continent. The resultant improved communications assist economic development and increases interest in PME's investments in the sector.

Finally, China is investing heavily in Africa not only as a means of securing its supply of critical commodities, such as oil and iron ore but to take advantage of attractive trading opportunities. In March 2009, the Chinese government announced it is to inject a further US\$2bn into the China-Africa Development fund earlier than planned in order to take advantage of the value it sees in African investment opportunities. We see China's continued focus on Africa, in general, and African infrastructure in particular as an opportunity rather than a competitive threat. Indeed, PME has strengthened its ties with Chinese equipment suppliers and financial institutions to provide hardware and to facilitate potential lending for its telecommunications companies. In addition, China's model of 'infrastructure for mineral concessions', which enables the development of large projects, such as the Benguela railway in Angola, that may not otherwise have been initiated provides additional opportunities for companies like Sheltam to provide their expertise.

Sub-Saharan Africa has some very interesting opportunities for those who have the experience and the networks to identify them. We are very fortunate in that regard and continue to receive a flow of interesting projects many of which would appear to meet PME's investment criteria. However, because due diligence, including the sourcing of accurate and reliable information relating to regulatory approvals, for example, can take a great deal of time in Africa, the investment process can be relatively slow. While this has meant that our rate of investing the available funds may also have been slower than anticipated, we do not believe it is in shareholders' interests to compromise on this process and would like to think that the value of PME's assets, given the current economic environment, provides some justification for PME's measured approach to the market.

PME Infrastructure Managers Limited

Investment Manager

10 June 2009

Report of the Directors

The Directors hereby submit their annual report together with the audited consolidated and company financial statements of PME African Infrastructure Opportunities plc (the "Company") and its subsidiaries (the "Group") for the year ended 31 December 2008.

The Company

The Company is incorporated in the Isle of Man and has been established to enable investors to take advantage of opportunities that exist in various sub-Saharan African infrastructure projects.

Results and Dividends

The results and position of the Group and the Company at the year end are set out on pages 11 to 13 of the financial statements.

The Directors intend to manage the Group's affairs to achieve shareholder returns through capital growth rather than income, and accordingly there can be no certainty that any dividend will be paid. It is not expected that the Company will pay any significant dividends in the early years of its operations. However the Directors reserve the right to make dividend distributions to holders of Ordinary Shares if and when it is considered appropriate. The Directors do not intend to declare a dividend at this time (2007: US\$nil).

Directors

The Directors during the year and up to the date of this Report were as follows. There has been no change to the constitution of the Board during the year:

David von Simson (Chairman)

Lawrence Kearns

Paul MacDonald

Graca Machel

Brian Myerson

Directors and Other Interests

Brian Myerson is executive chairman of Principle Capital Holdings S.A. ("PCH") and is joint chairman of the Investment Manager, PME Infrastructure Managers Limited. PCH indirectly owns 31.67 per cent. of the Investment Manager. Silex Management Limited ("Silex"), an indirect subsidiary of PCH has been retained by the Company to administer the overseas subsidiaries.

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

David von Simson holds 100,000 ordinary shares and 20,000 warrants in the Company.

Save as disclosed above, none of the Directors had any interest during the year in any material contract for the provision of services which was significant to the business of the Company.

Independent Auditors

PricewaterhouseCoopers have indicated their willingness to continue in office in accordance with Section 12(2) of the Companies Act 1982.

On behalf of the Board

David von Simson

Chairman

10 June 2009

Statement of Directors' responsibilities in respect of the Annual Report and the Financial Statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable Isle of Man law and regulations.

Company law requires the directors to prepare financial statements for each financial year. The Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial statements are required by law to give a true and fair view of the state of affairs of the Company and the Group and the profit or loss of the Group for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Isle of Man Companies Acts 1931 to 2004. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the Isle of Man governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the Board

David von Simson
Chairman
10 June 2009

Independent auditors' report to the members of PME African Infrastructure Opportunities plc

Report on the Consolidated and Parent Company Financial Statements

We have audited the accompanying consolidated and parent company financial statements ('the financial statements') of PME African Infrastructure Opportunities plc and its subsidiaries (the 'Group') which comprise the consolidated and parent company balance sheets as of 31 December 2008 and the consolidated income statement, consolidated and parent statements of changes in equity and consolidated and parent cash flow statements for the year then ended and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with applicable Isle of Man law and International Financial Reporting Standards as adopted by the European Union. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 15 of the Isle of Man Companies Act 1982 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion:

- the accompanying consolidated financial statements give a true and fair view of the financial position of the Group as of 31 December 2008 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union;
- the parent company financial statements give a true and fair view of the financial position of the parent company as of 31 December 2008 and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union as applied in accordance with the provisions of the Isle of Man Companies Act 1982; and
- the financial statements have been properly prepared in accordance with the Isle of Man Companies Acts 1931 to 2004.

PricewaterhouseCoopers

Isle of Man

Chartered Accountants

10 June 2009

Consolidated Income Statement

	Note	Year ended 31 December 2008 US\$'000	Period from 19 June 2007 to 31 December 2007 US\$'000
Revenue		8	-
Realised gains on sale of property, plant and equipment		1,148	-
Net changes in fair value on financial assets at fair value through profit or loss	13	(191)	-
Investment Manager's fees	5	(2,170)	(1,025)
Administration fees and expenses	6	(2,657)	(1,075)
Other income		228	-
Foreign exchange loss		(772)	(9)
Operating expenses	7	(6,592)	-
Operating loss		(10,998)	(2,109)
Finance income		6,896	3,966
Finance costs		(2,386)	(3)
Net finance income		4,510	3,963
Share of profit of associates	9.2	757	-
(Loss)/profit before income tax		(5,731)	1,854
Income tax		-	-
(Loss)/profit for the year/period		(5,731)	1,854
Attributable to:			
Equity holders of the Company		(5,367)	1,854
Minority interest		(364)	-
		(5,731)	1,854
Earnings per share (cent) for (loss)/profit attributable to the equity holders of the Company during the year/period			
Basic	8	(2.97)	1.03
Diluted	8	(2.97)	0.99

The accompanying notes on pages 18 to 40 form an integral part of these financial statements

Consolidated Balance Sheet

	Note	As at 31 December 2008 US\$'000	As at 31 December 2007 US\$'000
Assets			
Non-current assets			
Intangible assets	10	2,817	-
Investments in associates	9.2	2,933	-
Loans due from associates	9.2	15,516	-
Property, plant and equipment	11	21,791	-
Finance lease receivables	12	15,304	-
Total non-current assets		58,361	-
Current assets			
Financial assets at fair value through profit or loss	13	69,886	-
Finance lease receivables	12	604	-
Trade and other receivables	14	2,860	648
Cash at bank	15	38,671	174,666
Total current assets		112,021	175,314
Total assets		170,382	175,314
Equity			
Capital and reserves attributable to equity holders of the Company:			
Issued share capital	16	1,805	1,805
Foreign currency translation reserve		(2,245)	-
Retained earnings		167,735	173,102
		167,295	174,907
Minority interest		9	-
Total equity		167,304	174,907
Current liabilities			
Trade and other payables	18	3,078	407
Total liabilities		3,078	407
Total equity and liabilities		170,382	175,314

The financial statements on pages 11 to 40 were approved and authorised for issue by the Board of Directors on 10 June 2009 and signed on its behalf by:

Director

Director

The accompanying notes on pages 18 to 40 form an integral part of these financial statements

Company Balance Sheet

	Note	As at 31 December 2008 US\$'000	As at 31 December 2007 US\$'000
Assets			
Non-current assets			
Investments in subsidiaries	9.1	67,029	-
Total non-current assets		67,029	-
Current assets			
Loans and receivables due from subsidiaries	14	260	-
Financial assets at fair value through profit or loss	13	69,886	-
Trade and other receivables	14	433	648
Cash and cash equivalents	15	35,014	174,666
Total current assets		105,593	175,314
Total assets		172,622	175,314
Equity			
Capital and reserves attributable to equity holders of the Company:			
Issued share capital	16	1,805	1,805
Retained earnings		170,585	173,102
Total equity		172,390	174,907
Current liabilities			
Trade and other payables	18	232	407
Total liabilities		232	407
Total equity & liabilities		172,622	175,314

The financial statements on pages 11 to 40 were approved and authorised for issue by the Board of Directors on 10 June 2009 and signed on its behalf by:

Director

Director

Consolidated Statement of Changes in Shareholders' Equity

GROUP	Attributable to equity holders of the Company				Total	Minority interest	Total
	Share capital	Share premium	Foreign currency translation reserve	Retained earnings			
	US\$'000	US\$'000	US\$'000	US\$'000			
Balance at 19 June 2007	-	-	-	-	-	-	-
Shares issued in the period	1,805	178,645	-	-	180,450	-	180,450
Share issue expenses	-	(7,397)	-	-	(7,397)	-	(7,397)
Cancellation of share premium *	-	(171,248)	-	171,248	-	-	-
Profit for the period	-	-	-	1,854	1,854	-	1,854
Balance at 31 December 2007	1,805	-	-	173,102	174,907	-	174,907
Balance at 1 January 2008	1,805	-	-	173,102	174,907	-	174,907
Minority interest on acquisition	-	-	-	-	-	403	403
Foreign exchange translation differences	-	-	(2,245)	-	(2,245)	(30)	(2,275)
Loss for the year	-	-	-	(5,367)	(5,367)	(364)	(5,731)
Balance at 31 December 2008	1,805	-	(2,245)	167,735	167,295	9	167,304

* On 21 December 2007 the value of the Share Premium account was cancelled and transferred to distributable reserves following the approval of the application to the High Court in the Isle of Man.

Company Statement of Changes in Shareholders' Equity

	Share capital	Share premium	Retained earnings	Total
	US\$'000	US\$'000	US\$'000	US\$'000
Balance at 19 June 2007	-	-	-	-
Shares issued in the period	1,805	178,645	-	180,450
Share issue expenses	-	(7,397)	-	(7,397)
Cancellation of share premium *	-	(171,248)	171,248	-
Profit for the period	-	-	1,854	1,854
Balance at 31 December 2007	1,805	-	173,102	174,907
Balance at 1 January 2008	1,805	-	173,102	174,907
Loss for the year	-	-	(2,517)	(2,517)
Balance at 31 December 2008	1,805	-	170,585	172,390

* On 21 December 2007 the value of the Share Premium account was cancelled and transferred to distributable reserves following the approval of the application to the High Court in the Isle of Man.

Consolidated Cash Flow Statement

	Note	Year ended 31 December 2008 US\$'000	Period from 19 June 2007 to 31 December 2007 US\$'000
Operating activities			
(Loss)/profit for the year/period before income tax		(5,731)	1,854
Adjustments for:			
Net changes in fair value on financial assets at fair value through profit or loss		191	-
Realised gain on sale of property, plant and equipment		(1,148)	-
Finance income		(6,896)	(3,966)
Finance costs		2,386	-
Depreciation		593	-
Share of profit of associates		(757)	-
Foreign exchange losses		772	9
Operating loss before changes in working capital		(10,590)	(2,103)
Increase in trade and other receivables		(1,789)	(386)
(Decrease)/increase in trade and other payables		1,907	407
Cash used in operations		(10,472)	(2,082)
Interest paid		(2,386)	-
Interest received		4,643	3,704
Net cash (used in)/generated from operating activities		(8,215)	1,622
Investing activities			
Acquisition of subsidiaries, net of cash acquired	9.1, 19	(567)	-
Acquisition of associates	9.2	(2,621)	-
Loans to associates	9.2	(14,463)	-
Purchase of property, plant and equipment	11	(37,436)	-
Purchase of intangible assets	10	(888)	-
Purchase of treasury bills		(195,077)	-
Maturity of treasury bills		125,000	-
Cash restricted by bank guarantees	15	(2,315)	-
Net cash used in investing activities		(128,367)	-
Financing activities			
Proceeds from the issue of ordinary share capital (net of issue costs)		-	173,053
Repayment of borrowings		(173)	-
Net cash (used in)/generated from financing activities		(173)	173,053
Net (decrease)/increase in cash and cash equivalents		(136,755)	174,675
Cash and cash equivalents at beginning of year/period		174,666	-
Foreign exchange losses on cash and cash equivalents		(1,487)	(9)
Cash and cash equivalents at end of year/period	15	36,424	174,666

The accompanying notes on pages 18 to 40 form an integral part of these financial statements

Company Cash Flow Statement

	Note	Year ended 31 December 2008	Period from 19 June 2007 to 31 December 2007
		US\$'000	US\$'000
Operating activities			
(Loss)/profit for the year/period		(2,517)	1,854
Adjustments for:			
Net changes in fair value on financial assets at fair value through profit or loss		191	-
Finance income		(4,052)	(3,966)
Foreign exchange losses		1,552	9
Operating loss before changes in working capital		(4,826)	(2,103)
Increase in trade and other receivables		(115)	(386)
(Decrease)/Increase in trade and other payables		(175)	407
Cash used in operations		(5,116)	(2,082)
Interest received		4,314	3,704
Net cash (used in)/generated from operating activities		(802)	1,622
Investing activities			
Acquisition of subsidiaries, net of cash acquired	9.1	(67,029)	-
Loans advanced to subsidiaries		(260)	-
Purchase of treasury bills	13	(195,077)	-
Maturity of treasury bills	13	125,000	-
Net cash used in investing activities		(137,366)	-
Financing activities			
Proceeds from the issue of ordinary share capital (net of issue costs)	16	-	173,053
Net cash generated from financing activities		-	173,053
Net (decrease)/increase in cash and cash equivalents		(138,168)	174,675
Cash and cash equivalents at beginning of year/period		174,666	-
Foreign exchange losses on cash and cash equivalents		(1,484)	(9)
Cash and cash equivalents at end of year/period	15	35,014	174,666

The accompanying notes on pages 18 to 40 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 3rd Floor, Britannia House, St George's Street, Douglas, Isle of Man, IM1 1EJ.

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.

The Company's agents and the Manager perform all significant functions. Accordingly, the Company itself has no employees.

Financial Year End

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

Company Profit

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 loss for the year recognised in the Consolidated Income Statement is US\$2,516,403 (period from 19 June to 31 December 2007: profit US\$1,853,639).

2 Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years/periods presented unless otherwise stated.

2.1 Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. 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.

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

The Group tests annually whether goodwill has 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

Notes to the Financial Statements (continued)

2 Summary of Significant Accounting Policies (continued)

2.1 Basis of preparation (continued)

International Private Equity and Venture Capital Valuation Board guidelines. Based upon this information the Group has determined that there has been no impairment of the value of goodwill.

Telecommunication Licences

The Group tests annually whether telecommunications licenses 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. Based upon this information the Group has determined that there has been no impairment of the value of telecommunication licenses.

Loans to associate Companies

The Group tests annually whether loans to associated companies have 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 plans of these companies. 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. Based upon this information the Group has determined that there has been no impairment of the value of loans to associated companies

Standards, amendments and interpretations to existing standards that are not yet effective, are applicable to the Group and have not been early adopted by the Group

The following standards, amendments and interpretations to existing standards have been published and are mandatory from the company's accounting periods beginning on or after 1 January 2009 or later periods, but the Group has not early adopted them:

- IAS 23 (Amendment), 'Borrowing costs' (effective from 1 January 2009). The amendment requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. The Group will apply IAS 23 (Amendment) from 1 January 2009.
- IFRS 8, 'Operating Segments' (effective from 1 January 2009). IFRS 8 replaces IAS 14 and aligns segment reporting with the requirements of the US standard SFAS 131, 'Disclosures about segments of an enterprise and related information'. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The Group will apply IFRS 8 from 1 January 2009. The expected impact is being assessed by management.
- IAS 1 (Revised), 'Presentation of financial statements' (effective from 1 January 2009). The revised standard will prohibit the presentation of items of income and expense (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All non-owner changes in equity will be required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). Where entities restate or reclassify comparative information, they will be required to present a restated balance sheet as at the beginning of the comparative period in addition to the current requirement to present balance sheets at the end of the current period and comparative period. The Group will apply IAS 1 (Revised) from 1 January 2009.

Notes to the Financial Statements (continued)

2 Summary of Significant Accounting Policies (continued)

2.1 Basis of preparation (continued)

- IFRS 3 (Revised), 'Business combinations' (effective from 1 July 2009). The revised standard is subject to endorsement by the European Union. The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be 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 should be expensed. The Group will apply IFRS 3 (Revised) prospectively to all business combinations from 1 January 2010 (subject to endorsement by the European Union).
- IAS 23 (Amendment), 'Borrowing costs' (effective from 1 January 2009). The amendment is part of the International Accounting Standards Board's annual improvements project published in May 2008. The definition of borrowing costs has been amended so that interest expense is calculated using the effective interest method defined in IAS 39 'Financial Instruments: Recognition and Measurement'. This eliminates the inconsistency of terms between IAS 39 and IAS 23. The Group will apply the IAS 23 (Amendment) prospectively to the capitalisation of borrowing costs on qualifying assets from 1 January 2009.
- IAS 27 (Revised), 'Consolidated and separate financial statements', (effective from 1 July 2009). The revised standard is still subject to endorsement by the European Union. The revised standard 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 equity is re-measured to fair value, and a gain or loss is recognised in profit or loss. The Group will apply IAS 27 (Revised) prospectively to transactions with non-controlling interests from 1 January 2010 subject to endorsement by the European Union.
- IAS 28 (Amendment), 'Investments in associates' (and consequential amendments to IAS 32, 'Financial Instruments: Presentation', and IFRS 7, 'Financial instruments: Disclosures') (effective from 1 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008. An investment in associate is treated as a single asset for the purposes of impairment testing. Any impairment loss is not allocated to specific assets included within the investment, for example, goodwill. Reversals of impairment are recorded as an adjustment to the investment balance to the extent that the recoverable amount of the associate increases. The Group will apply the IAS 28 (Amendment) to impairment tests related to investments in subsidiaries and any related impairment losses from 1 January 2009.

2.2 Foreign currency translation

(a) Functional and presentational currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in US Dollar, which is the Company's functional and the Group's presentational currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Notes to the Financial Statements (continued)

2 Summary of Significant Accounting Policies (continued)

2.2 Foreign currency translation (continued)

Translation differences on non-monetary financial assets and financial liabilities held at fair value through profit or loss are recognised in the income statement as part of fair value gains or losses.

(c) Group companies

The results and financial position of all the Group entities that have a functional currency different from the presentational currency are translated into the presentational currency as follows:

- (i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (ii) income and expenses for each income statement are translated at average exchange rates; and
- (iii) all resulting exchange differences are recognised as a separate component of equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2.3 Revenue and expense recognition

Revenue comprises the fair value of the consideration received or receivable for the provision of services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

Interest income is recognised in the financial statements on a time-proportionate basis using the effective interest method.

Interest expense for borrowings is recognised in the financial statements using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the period.

Expenses are accounted for on an accruals basis.

2.4 Basis of consolidation

Subsidiaries

Subsidiaries are those entities controlled by the Group. Control exists where the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.

Notes to the Financial Statements (continued)

2 Summary of Significant Accounting Policies (continued)

2.4 Basis of consolidation (continued)

Transactions and minority interest

The Group applies a policy of treating transactions with minority interest as transactions with parties external to the Group. Losses applicable to the minority in a consolidated subsidiary may exceed the minority interest in the subsidiary's equity. The excess, and any further losses applicable to the minority, are allocated against the majority interest except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses. If the subsidiary subsequently reports profits, such profits are allocated to the majority interest until the minority's share of losses previously absorbed by the majority has been recovered.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised gains arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Associates

Associates are those entities in which the Group has a significant influence, but no control, over the financial and operating policies generally, accompanying a shareholding of between 20% and 50% of the voting rights. Associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss. The consolidated income statement includes the Group's share of its associates' profits or losses, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest (including any long-term investment) is reduced to US\$nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.5 Segmental reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

2.6 Intangible assets

Identifiable intangible assets are recognised when the Group controls the asset, it is probable that economic benefits attributable to the asset will flow to the Group and the cost of the asset can be reliably measured. All intangible assets, other than goodwill are amortised over their useful economic life. The method of amortisation reflects the pattern in which the assets are expected to be consumed. If the pattern cannot be determined reliably, the straight line method is used.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the identifiable net assets (including intangible assets) of the acquired subsidiary. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses.

Notes to the Financial Statements (continued)

2 Summary of Significant Accounting Policies (continued)

2.6 Intangible assets (continued)

Telecommunication licences

Licence fees paid to governments, which permit telecommunication activities to be operated for defined periods, are initially recorded at cost and amortised from the time the network is available for use to the end of the licence period.

2.7 Financial assets and financial liabilities

The Group classifies its financial assets in the following categories: at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

At 31 December 2008 the Group held treasury bills which are classified as financial assets at fair value through profit or loss. These financial assets are classified as held for trading as they are acquired principally for the purpose of selling in the short-term. Financial assets at fair value through profit or loss are recognised on trade date - the date on which the Group commits to purchase or sell the investment. Investments are initially recognised at fair value and transaction costs for all financial assets at fair value through profit or loss are expensed as incurred in the income statement. Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value based on quoted prices. All related realised and unrealised gains and losses arising from changes in fair value of the financial asset are included in the income statement in the period in which they arise, net of transaction costs. The computation of realised gains and losses on sale of investments is made on the weighted average cost basis.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date and are classified as non-current assets. The Group's loans and receivables comprise 'loans due from associates', 'finance lease receivables', 'trade and other receivables' and 'cash at bank' in the balance sheet (notes 9.2, 12, 14 and 15).

The Group classifies its financial liabilities in the following categories: at fair value through profit or loss and other liabilities. At 31 December 2008 and 2007 the Group did not have any financial liabilities at fair value through profit or loss. Other liabilities are loans and trade payables which are included in "trade and other payables" in the balance sheet (note 18).

2.8 Property, plant and equipment

All categories of property, plant and equipment are initially recorded at historical cost. Subsequent, the assets are stated at historical cost, less accumulated depreciation and accumulated impairment in value. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial year in which they occurred.

Depreciation is calculated on the straight-line basis to allocate their costs to their residual values over their estimated useful lives as follows:

Locomotives		15 years
Network equipment]	
Office equipment]	3 to 8 years
Motor vehicles]	
Tools]	

Notes to the Financial Statements (continued)

2 Summary of Significant Accounting Policies (continued)

2.8 Property, plant and equipment (continued)

Capital work in progress

Property, plant and equipment under construction is stated at initial cost and depreciated from the date the asset is placed in use over its useful life. The cost of self-constructed assets includes expenditure on materials and direct labour. Assets are transferred from capital work in progress to an appropriate category of property, plant and equipment when commissioned and ready for the intended use.

When the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains or losses on disposals are determined by comparing the disposal proceeds with the carrying amount and are included in the income statement.

2.9 Finance lease receivables

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

2.10 Loans and receivables

Loans and receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

2.11 Trade and other receivables

Trade and other receivables are initially stated at fair value and subsequently measured at amortised cost using the effective interest method, less impairment.

2.12 Cash and cash equivalents

Cash and cash equivalents comprise cash deposited with banks held with original maturities of less than three months.

2.13 Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently at amortised cost using the effective interest method.

2.14 Taxation

The Company is resident for taxation purposes in the Isle of Man and is subject to income tax at a rate of zero per cent. The Group is liable to tax on the activities of its subsidiaries and associates in accordance with the applicable tax laws in the countries in which they are incorporated.

The tax expense represents the sum of the tax currently payable, which is based on taxable profits for the year. The Group's liability is calculated using the tax rates applicable at the balance sheet date.

Notes to the Financial Statements (continued)

2 Summary of Significant Accounting Policies (continued)

2.14 Taxation (continued)

Deferred income tax is provided in full using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying value for financial reporting purposes. However, if the deferred income tax arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted at the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that the directors consider that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

As all of the Group's subsidiaries are at the development stage, and therefore loss making, no tax is payable at this time

The Group has not recognised deferred tax assets amounting to US\$2,384,000 in relation to taxable losses available to carry forward by subsidiary companies of 2.254m Tanzanian Shillings and 1.225m Ugandan Shillings, as there is insufficient evidence that there will be future taxable profits against which the temporary differences can be utilised.

2.15 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2.16 Dividends

Dividends are recognised as a liability in the period in which they are declared and approved. There was no dividend declared at 31 December 2008 (2007: US\$nil).

3 Risk Management

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The financial risks relate to the following financial instruments: loans and receivables, cash and cash equivalents and trade and other payables. The accounting policies with respect to these financial instruments are described in Note 2.

Risk management is carried out by the Investment Manager under policies approved by the Board of Directors.

The market price risk and interest rate risk in relation to the financial assets at fair value through profit or loss is considered to be low due to the Group only holding short term zero coupon US Treasury Bills which are guaranteed by the US Government.

Market price risk

The Group's strategy on the management of market risk is driven by the Group's investment objective. The objective of 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 Group's market risk is monitored by the Investment Manager on a day to day basis and by the Directors at Board meetings.

Foreign exchange risk

Currency risk is the risk that the value of the financial instruments will fluctuate due to changes in foreign exchange rates. The Group's operations are conducted in jurisdictions which generate revenue, expenses, assets and liabilities in currencies other than US Dollars. As a result, the Group is subject to the effects of exchange rate fluctuations with respect to these currencies. The currencies giving rise to this risk are South African Rand, Tanzanian Shilling, Pound Sterling and Ugandan Shilling.

Notes to the Financial Statements (continued)

3 Risk Management (continued)

The Group's policy is not to enter into any currency hedging transactions.

The table below summarises the Group's exposure to foreign currency risk:

31 December 2008	Monetary Assets US\$'000	Monetary Liabilities US\$'000	Total US\$'000
South African Rand	662	-	662
Tanzanian Shilling	3,208	(574)	2,634
Pound Sterling	205	(232)	(27)
Ugandan Shilling	1,067	(2,271)	(1,204)
	5,142	(3,077)	2,065

31 December 2007	Monetary Assets US\$'000	Monetary Liabilities US\$'000	Total US\$'000
Pound Sterling	65	(198)	(133)

The Investment Manager and the Board of Directors monitor and review the Group's currency position on a continuous basis and act accordingly.

At 31 December 2008, had the US Dollar strengthened by 1% in relation to South African Rand, Tanzanian Shilling, Pound Sterling and Uganda Shilling, with all other variables held constant, the shareholders' equity would have decreased by the amounts shown below:

	US\$'000
South African Rand	(36)
Tanzanian Shilling	(99)
Pound Sterling	-
Ugandan Shilling	(23)
Effect on net assets	(158)

The direct and indirect subsidiaries do not have US Dollar as their functional currency and therefore on the Group level any effects of changes in foreign exchange rates will be included in the translation reserve on consolidation.

Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Group.

The carrying amounts of financial assets best represent the maximum credit risk exposure at the balance sheet date. This relates also to financial assets carried at amortised cost.

At the reporting date, the Group's financial assets exposed to credit risk amounted to the following:

	31 December 2008 US\$'000	31 December 2007 US\$'000
Loans due from associates	15,516	-
Finance lease receivables	15,908	-
Financial assets at fair value through profit or loss	69,886	-
Trade and other receivables	2,860	648
Cash at bank	38,671	174,666
	142,841	175,314

Notes to the Financial Statements (continued)

3 Risk Management (continued)

The Group manages its credit risk by monitoring the creditworthiness of counterparties regularly. Cash transactions and balances are limited to high-credit-quality financial institutions (at least an Aa2 credit rating). Loans due from associates and trade and other receivables relate mostly to project investments and the Investment Manager and the Board of Directors do not expect any losses from non-performance by these counterparties. All investment opportunities are analysed objectively prior to Board approval, including a financial and business due diligence investigation of each potential project.

The credit risk in relation to the financial assets at fair value through profit or loss is considered to be low due to the Group only holding short term zero coupon US Treasury Bills which are guaranteed by the US government.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its obligations as they fall due. The Group currently manages its liquidity risk by maintaining sufficient cash (maturing on a weekly and monthly basis). The Group's liquidity position is monitored by the Investment Manager and the Board of Directors.

The residual undiscounted contractual maturities of financial liabilities are as follows:

31 December 2008	Less than 1 month US\$'000	1-3 months US\$'000	3 months to 1 year US\$'000	1-5 years US\$'000	Over 5 years US\$'000	No stated maturity US\$'000
Financial liabilities						
Trade and other payables	3,078	-	-	-	-	-
	3,078	-	-	-	-	-
31 December 2007	Less than 1 month US\$'000	1-3 months US\$'000	3 months to 1 year US\$'000	1-5 years US\$'000	Over 5 years US\$'000	No stated maturity US\$'000
Financial liabilities						
Trade and other payables	407	-	-	-	-	-
	407	-	-	-	-	-

Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Group is exposed to interest rate risk from the cash held in interest bearing accounts at floating rates or short term deposits of one month or less. The Company's Investment Manager and Board of Directors monitor and review the interest rate fluctuations on a continuous basis and act accordingly.

At 31 December 2008 should interest rates have decreased by 100 basis points, with all other variables held constant, the shareholders' equity and profit for the year would have been US\$1,547,000 (2007: 25 basis points US\$203,000) lower.

Capital Risk Management

The Group's primary objective when managing its capital base is to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

Consistent with others in the industry, the Group intends to leverage its capital structure through the use of commercial borrowing and will endeavour to secure such finance for individual portfolio investments on a non-recourse basis where practicable.

The overall level of commercial borrowings on the Group's portfolio, at the date on which any such borrowing is incurred, is expected to generate a debt: equity ratio in the region of 70:30 although the Directors may from time to time review this ratio in the light of changing market circumstances and the particular investments being made by the Group in order to maintain the optimum level of gearing. As at 31 December 2007 and 2008, the Group did not have any debt finance.

Notes to the Financial Statements (continued)

3 Risk Management (continued)

The Group evaluates levels of capital available and future capital requirements to determine where returns of capital (by way of share buy-backs) are appropriate.

Group capital comprises share capital and reserves.

No changes were made in respect of the objectives, policies or processes in respect of capital management during the period and year ended 31 December 2007 and 2008.

4 Segment Information

Segment information is presented in respect of the Group's business and geographical segments. The segments are managed on a worldwide basis, but operate in two principal business segments: telecommunications and transport.

Year ended 31 December 2008	Telecommunications US\$'000	Transport US\$'000	Other * US\$'000	Total US\$'000
Net rent and associated income	8	-	-	8
Depreciation	(25)	(568)	-	(593)
Share of profit of associates	-	757	-	757
Segment results	(4,654)	1,986	(3,063)	(5,731)
Capital expenditure	9,528	15,080	-	24,608
Investment in associates	-	2,933	-	2,933
Segment assets	24,814	39,235	106,333	170,382
Segment liabilities	(2,845)	-	(233)	(3,078)

Period ended 31 December 2007	Telecommunications US\$'000	Transport US\$'000	Other US\$'000	Total US\$'000
Segment results	-	-	1,854	1,854
Segment assets	-	-	175,314	175,314
Segment liabilities	-	-	(407)	(407)

* 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 financial assets at fair value \$69,886,000 (note 13); cash and cash equivalents \$35,821,000 (note 15) and other assets \$626,000

The Group has two geographical segments, South Africa and Other. The Transport business segment above relates exclusively to South Africa.

5 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.

Notes to the Financial Statements (continued)

5 Investment Manager Fees (continued)

Annual management fees payable for the year ended 31 December 2008 amounted to US\$2,169,502 (period from 19 June to 31 December 2007: US\$1,025,279).

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 2010 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 year ended 31 December 2008 amounted to US\$nil (period from 19 June to 31 December 2007: US\$nil).

6 Administration Fees and Expenses

	Year ended 31 December 2008 US\$'000	Period from 19 June 2007 to 31 December 2007 US\$'000
Audit	72	30
Directors' remuneration	234	144
Directors' insurance cover	132	87
Administrator and Registrar fees	212	89
Nominated Adviser fees	70	34
Broker fees	117	-
Custodian fees	24	11
Offshore Registrar fees	15	9
Professional fees	540	145
Travel expenses	590	211
Silex management fees (note 21)	274	68
Other expenses	377	247
Administration fees and expenses	2,657	1,075

Notes to the Financial Statements (continued)

6 Administration Fees and Expenses (continued)

Nominated Adviser

As Nominated Adviser to the Company for the purposes of the AIM Rules, the Nominated Adviser receives a Nominated Adviser fee of £30,000 (plus VAT) per annum payable quarterly in advance. The fee payable for the year ended 31 December 2008 amounted to US\$70,198 (period from 19 June to 31 December 2007: US\$33,860).

Broker fees

As Broker to the Company for the purposes of the AIM Rules, the Broker receives an annual retainer of £50,000 (plus VAT) payable half yearly in advance with the first payment being made on 1 January 2008. The fee payable for the year ended 31 December 2008 amounted to US\$117,286.

Custodian fees

The Custodian receives a fixed monthly fee of £875 payable quarterly in arrears. The fee payable for the year ended 31 December 2008 amounted to US\$23,920 (period from 19 June to 31 December 2007: US\$11,059).

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 year ended 31 December 2008 amounted to US\$200,522 (period from 19 June to 31 December 2007: US\$83,379).

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 year ended 31 December 2008 amounted to US\$11,279 (period from 19 June to 31 December 2007: US\$5,965).

Offshore Registrar fees

The Offshore Registrar receives an annual registration fee from the Company of £2 per shareholder account, subject to an annual minimum charge of £4,500. The fees payable by the Company for the services provided by CREST in the year ended 31 December 2008 amounted to US\$15,288 (period from 19 June to 31 December 2007: US\$9,339).

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 Directors fees payable by the Company for the year ended 31 December 2008 amounted to US\$233,805 (period from 19 June to 31 December 2007: US\$143,954) and Directors insurance cover payable amounted to US\$132,479 (period from 19 June to 31 December 2007: US\$87,373).

Notes to the Financial Statements (continued)

7 Operating expenses

	Year ended 31 December 2008 US\$'000	Period from 19 June 2007 to 31 December 2007 US\$'000
Administration expenses	1,348	-
Depreciation	593	-
Finance lease amortisation	4	-
Distribution costs	110	-
Management fees	3,423	-
Licence fees	321	-
Employee costs	369	-
Other	424	-
Operating expenses	6,592	-

The operating expenses of \$6,591,496 listed above all relate to expenses of the subsidiary companies within the Group.

8 Basic and Diluted (Loss)/Earnings per Share

(a) *Basic*

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year/period.

	Year ended 31 December 2008	Period from 19 June 2007 to 31 December 2007
(Loss)/profit attributable to equity holders of the Company (US\$'000)	(5,367)	1,854
Weighted average number of ordinary shares in issue (thousands)	180,450	180,450
Basic (loss)/earnings per share (cent per share)	(2.97)	1.03

(b) *Diluted*

Diluted (loss)/earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The company has one category of dilutive potential ordinary shares: warrants.

A calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the company's shares) based on the proceeds that would be received assuming all the warrants are exercised. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the warrants.

Notes to the Financial Statements (continued)

8 Basic and Diluted (Loss)/Earnings per Share (continued)(b) *Diluted (continued)*

	Year ended 31 December 2008	Period from 19 June 2007 to 31 December 2007
(Loss)/profit attributable to equity holders of the Company (US\$'000)	(5,367)	1,854
Weighted average number of ordinary shares in issue (thousands)	180,450	180,450
Adjustments for:		
Warrants	-	5,961
Weighted average number of ordinary shares for diluted earnings per share (thousands)	180,450	186,411
Diluted (loss)/earnings per share (cent per share)	(2.97)	0.99

Since the year end the Company has purchased Ordinary Shares for cancellation (see note 22). This has no impact on the Earnings per Share calculation for the year ended 31 December 2008.

9 Subsidiaries and Associates**9.1 Subsidiaries**

During the year and for effective portfolio management purposes, the Company established the following subsidiary companies:-

	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 Uganco (Mauritius) Limited	Mauritius	100%

The Company invested in its direct subsidiaries as follows:

	2008 US\$'000
Start of the year	-
Increase in investment	67,029
End of the year	67,029

On 1 February 2008 PME Uganco (Mauritius) Limited acquired 82% of TMP Uganda Limited, a telecommunications company incorporated in Uganda, for a cost of US\$2.5 million.

On 17 March 2008 PME Tanco (Mauritius) Limited acquired 65% of Dovetel Tanzania Limited, a telecommunications company incorporated in Tanzania, for a cost of US\$521,451.

The directors do not believe that there is any impairment in the carrying value of its investments as impairment tests carried out internally, supported by an independent valuation carried out by a specialist department of one of the major international accountancy firms, indicated no impairment.

Notes to the Financial Statements (continued)

9 Subsidiaries and Associates (continued)

9.2 Associates

	2008 US\$'000	2007 US\$'000
Start of the year/period	-	-
Acquisition of associates	2,621	-
Foreign exchange loss	(445)	-
Share of profit of associates	757	-
End of the year/period	2,933	-

On 19 September 2008 the Group acquired 50% of the ordinary share capital of Sheltam Holdings (Pty) Limited, a transport company incorporated in South Africa, for US\$2,621,386 (ZAR 21,586,588). There was goodwill of US\$640,204 (ZAR 5,271,951) as a result of this transaction.

On 26 September 2008 the Group acquired 49.5% of the ordinary share capital of Econet Wireless Global Ventures Limited, a telecommunications company incorporated in Mauritius, for US\$50. There was goodwill of US\$16,472 as a result of this transaction.

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:

2008 Name	Assets US\$'000	Liabilities US\$'000	Revenues US\$'000	Profit US\$'000
Econet Wireless	7,099	(7,099)	-	-
Sheltam Holdings	18,970	(16,037)	4,268	757
	26,069	(23,136)	4,268	757

Loans due from associates

The loans due from associates are as follows:

Name	Term	Interest Rate	31 December 2008 \$'000
Econet Wireless Global Ventures Limited (US\$10m principal; US\$1.011m accrued interest)	31 December 2012	40% per annum	11,011
Sheltam Holdings (Pty) Limited (US\$3.843m principal; US\$0.658m accrued interest)	No fixed term	Prime* plus 2%	4,505
			15,516

* Prime Rate as published by the Reserve Bank of South Africa (15% at 31 December 2008).

The fair value of these loans approximate their carrying value at 31 December 2008.

Notes to the Financial Statements (continued)

10 Intangible assets

Group	Note	Goodwill	Telecommunication	Total
		US\$'000	licences US\$'000	US\$'000
At 1 January 2008		-	-	-
Acquisitions through business combinations	21	1,843	122	1,965
Additions		-	888	888
Exchange differences		-	(36)	(36)
At 31 December 2008		1,843	974	2,817

There has been no impairment of the value of goodwill and telecommunications licences. Amortisation of the telecommunication licences will commence when the underlying networks become available for use.

The Group did not hold any intangible assets in the period ended 31 December 2007.

11 Property, Plant and Equipment

Group	Locomotives	Capital WIP	Network Equipment	Office Equipment	Motor Vehicles	Tools	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Cost							
At 1 January 2008	-	-	-	-	-	-	-
Additions	30,325	3,966	2,918	102	38	87	37,436
Disposals	(15,013)	-	-	-	-	-	(15,013)
Exchange differences	-	(98)	(186)	(3)	(2)	-	(289)
At 31 December 2008	15,312	3,868	2,732	99	36	87	22,134
Accumulated depreciation							
At 1 January 2008	-	-	-	-	-	-	-
Disposals	249	-	-	-	-	-	249
Charge for the year	(568)	-	(11)	(11)	(3)	-	(593)
Exchange differences	-	-	1	-	-	-	1
At 31 December 2008	(319)	-	(10)	(11)	(3)	-	(343)
Net Book Value							
At 31 December 2008	14,993	3,868	2,722	88	33	87	21,791
At 31 December 2007	-	-	-	-	-	-	-

There were no impairment charges in 2008.

The Group did not own any property, plant and equipment in the period ended 31 December 2007.

Notes to the Financial Statements (continued)

12 Finance lease receivables

	31 December 2008 US\$'000	31 December 2007 US\$'000
Amounts receivable under finance leases:		
Within one year	3,066	-
In the second to fifth years inclusive	9,206	-
Beyond five years	18,203	-
	30,475	-
Less: unearned finance income	(14,567)	-
Present value of minimum lease payments receivable	15,908	-

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

	31 December 2008 US\$'000	31 December 2007 US\$'000
Within 1 year	604	-
After 1 year	15,304	-
	15,908	-

The Group has entered into finance leasing arrangements with Sheltam Holdings (Pty) Limited, an associated company, for six locomotives. 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 14.11%. The fair value of the Group's finance lease receivables at 31 December 2008 is estimated at \$15,908,000. The lease receivables are secured on the related assets.

13 Financial assets at fair value through profit or loss

Held for trading

Group and Company	31 December 2008 US\$'000	31 December 2007 US\$'000
Security name		
US Treasury Bill 0% 15/01/09	34,971	-
US Treasury Bill 0% 29/01/09	34,915	-
	69,886	-

Net changes in fair value on financial assets at fair value through profit or loss:

	31 December 2008 US\$'000	31 December 2007 US\$'000
Realised losses	40	-
Unrealised losses	151	-
Total losses	191	-

Notes to the Financial Statements (continued)

14 Trade and Other Receivables

Group	31 December 2008 US\$'000	31 December 2007 US\$'000
Receivable bank interest	-	262
Prepayments	952	227
VAT recoverable	274	-
Operating lease income	540	-
Finance lease income	201	-
Sundry debtors	893	159
Trade and other receivables	2,860	648

Company	31 December 2008 US\$'000	31 December 2007 US\$'000
Loans and receivables due from subsidiary companies	260	-
Receivable bank interest	-	262
Prepayments	254	227
Sundry debtors	179	159
Trade and other receivables	433	648

Inter-company loans from the Company to its subsidiaries are interest-free, unsecured and repayable on demand.

15 Cash at Bank

Group	31 December 2008 US\$'000	31 December 2007 US\$'000
Bank balances	36,424	46
Deposit balances	2,247	174,620
Cash at bank	38,671	174,666

The deposit balances include US\$247,000 held as security for a letter of credit issued by Standard Chartered Bank, and US\$2 million as security for a bank guarantee issued by Barclays Bank in Tanzania in favour of the Tanzania Communications Regulatory Authority. These are the only figures excluded from the above balances for analysing the movements of cash and cash equivalents in the cash flow statement. There were no bank guarantees as at 31 December 2007.

Company	31 December 2008 US\$'000	31 December 2007 US\$'000
Bank balances	35,014	46
Deposit balances	-	174,620
Cash at bank	35,014	174,666

Notes to the Financial Statements (continued)

16 Share Capital

Ordinary Shares of \$0.01 each	As at 31 December 2007 & 2008 Number	As at 31 December 2007 & 2008 US\$'000
Authorised	500,000,000	5,000
Issued	180,450,000	1,805

C Shares of US\$1 each	As at 31 December 2007 & 2008 Number	As at 31 December 2007 & 2008 US\$'000
Authorised	5,000,000	5,000
Issued	-	-

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 are entitled to one vote per share at the meetings of the Company. The C Shares will be converted into Ordinary shares on the approval of the Directors. On conversion each C share will 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\$1.25 each.

17 Net Asset Value per Share

Group	As at 31 December 2008	As at 31 December 2007
Net assets attributable to equity holders of the Company (US\$'000)	167,304	174,907
Shares in issue (thousands)	180,450	180,450
NAV per share (US\$)	0.93	0.97

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.

Notes to the Financial Statements (continued)

18 Trade and Other Payables

Group	31 December 2008 US\$'000	31 December 2007 US\$'000
Administration fees payable	44	41
Audit fee payable	43	30
CREST service provider fee payable	3	4
Custodian fee payable	4	5
Directors' fees payable	-	111
Other sundry creditors	2,984	216
	3,078	407

Company	31 December 2008 US\$'000	31 December 2007 US\$'000
Administration fees payable	44	41
Audit fee payable	43	30
CREST service provider fee payable	3	4
Custodian fee payable	4	5
Directors' fees payable	-	111
Other sundry creditors	138	216
	232	407

19 Business Combinations

On 1 February 2008 PME Uganco (Mauritius) Limited acquired 82% of TMP Uganda Limited and obtained control of TMP Uganda Limited, a telecommunications company based in Uganda. The acquired business contributed revenues of US\$7,874 (UGX 14 million) and net loss of US\$2,020,918 (UGX 3,721 million) to the Group for the period 1 February to 31 December 2008. If the acquisition had occurred on 1 January, Group revenue and loss would have increased by US\$716 and US\$175,483 (UGX 1 million and UGX 323 million) respectively. These amounts have been calculated using the Group's accounting policies and have not required any adjustments to the results of the subsidiary.

Details of net assets acquired and goodwill are as follows:

	Fair value and acquiree's carrying amount US\$'000
Intangible assets	122
Trade and other receivables	103
Cash and cash equivalents	2,454
Borrowings	(186)
Trade and other payables	(254)
Fair value of net assets	2,239
Minority interest	(403)
Net assets acquired	1,836
Goodwill	664
Total purchase consideration	2,500

Notes to the Financial Statements (continued)

19 Business Combinations (continued)

New shares were issued to PME Uganco (Mauritius) Limited for a cost of US\$2.5 million, which was settled in cash.

On 17 March 2008 PME Tanco (Mauritius) Limited acquired 65% of Dovetel Tanzania Limited and obtained control of Dovetel Tanzania Limited, a telecommunications company based in Tanzania.

The acquired business contributed revenues of US\$nil (TZS nil) and net loss of US\$5,974,070 (TZS 7,460 million) to the Group for the period 17 March to 31 December 2008. If the acquisition had occurred on 1 January, Group revenue and loss would have increased by US\$nil and US\$1,088,639 (TZS nil and TZS 1,359 million) respectively. These amounts have been calculated using the Group's accounting policies and have not required any adjustments to the results of the subsidiary.

Details of net assets acquired and goodwill are as follows:

	Fair value and acquiree's carrying amount US\$'000
Trade and other payables	(658)
Fair value of net liabilities	(658)
Minority interest	-
Net liabilities acquired	(658)
Goodwill	1,179
Total purchase consideration	521

New shares were issued to PME Tanco (Mauritius) Limited for a cost of US\$521,451, which were settled in cash.

20 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\$1.1m (ZAR 10m) 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\$0.6m (ZAR 6m) in connection with a US\$1.2m (ZAR 12m) working capital facility.

(iii) Rand Merchant Bank letter of support in the amount of US\$0.6m (ZAR 5.5m) in connection with aircraft finance lease obligations.

The indirect subsidiaries Dovetel (T) Limited and TMP Uganda Limited had contractual commitments to acquire mobile telecommunication network infrastructure equipment. The Groups' share of these commitments were valued at US\$6.9 million and US\$1.7 million respectively at the balance sheet date.

Dovetel (T) Limited has entered into operating lease agreements for a number of office and property buildings. 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.

Notes to the Financial Statements (continued)

20 Contingent Liabilities and Commitments (continued)

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

	Dovetel (T) Limited US\$'000
Amounts payable under operating leases:	
Within one year	57
In the second to fifth years inclusive	283
Beyond five years	1,209
	1,549

21 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.

The Directors of the Company are considered to be related parties by virtue of their influence over making operational decisions.

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

Silex Management Limited ("Silex"), an indirect subsidiary of PCH has been retained by the Company to administer the overseas subsidiaries. A total of \$273,873 has been invoiced by Silex in respect of the financial year ended 31 December 2008 (period from 19 June 2007 (date of incorporation) to 31 December 2007: \$68,274).

Lawrence Kearns, a director of the Company, is non-executive director of the Administrator and the Custodian. Fees payable to the Administrator are disclosed in Note 6.

22 Post Balance Sheet Events

Since the year end the Company has purchased for cancellation 26,925,248 Ordinary Shares of \$0.01 each in the Company through Fairfax I.S. PLC at a total cost, before expenses, of \$13 million. This represents 14.92% of the issued share capital.

PME AFRICAN INFRASTRUCTURE OPPORTUNITIES PLC

(Incorporated in the Isle of Man – “the Company”)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Annual General Meeting of the Company will be held at the offices of Galileo Fund Services Limited, Third Floor, Britannia House, St George’s Street, Douglas, Isle of Man IM1 1JE, British Isles, on 21 July 2009, at 10h00 BST, to transact the following business:

1. To receive and adopt the Report of the Directors, the Auditors' Report and the Audited Consolidated Financial Statements of the Company for the financial year ended 31 December 2008.
2. To note that no dividend be declared payable in respect of the Company’s ordinary shares.
3. To reappoint the following director retiring by rotation: Lawrence Kearns
4. To reappoint the following director retiring by rotation: Paul MacDonald
5. To re-appoint PricewaterhouseCoopers, Isle of Man as Auditors of the Company for the year to 31 December 2009.
6. To renew the authority for the purchase of up to 14.99% of the Company’s fully-paid, ordinary shares in issue at a price per share of no less than 1 cent and not more than \$5.00 with an expiry date of the conclusion of the Company’s third Annual General Meeting, or if earlier, on 31 August 2010.

By Order of the Board
Galileo Fund Services Limited
Secretary

Date: 10 June 2009

Registered Office
Third Floor
Britannia House
St George’s Street
Douglas
Isle of Man IM1 1JE
British Isles

VOTING INSTRUCTIONS:

- 1 A member entitled to attend and vote is entitled to appoint a proxy or proxies to attend and, on a poll, to vote instead of him/her; a proxy need not be a member of the Company. In the case of joint-holders, if more than one of such joint-holder is present, only the person whose name stands first in the Register of Members in respect of the relevant joint-holding will be entitled to vote, whether in person or by proxy.
- 2 A form of proxy accompanies this Notice. Completion and return of the form of proxy will not preclude a member from attending and voting at the Meeting, if he/she so wishes. In the event that a member who has lodged a form of proxy attends the Meeting, his/her form of proxy will be deemed to have been revoked.
- 3 In order to be valid, the instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of attorney or authority, should be deposited at Galileo Fund Services Limited, Third Floor, Britannia House, St George’s Street, Douglas, Isle of Man IM1 1JE, British Isles (Attention: Margaret Corkill on Fax: +44 (0)1624 692 601) by no later than two-days before the date appointed for holding the meeting.
- 4 **Please advise if you are attending the meeting in person by contacting Galileo Fund Services Limited, on the telephone number +44 (0)1624 692 600.**

PME AFRICAN INFRASTRUCTURE OPPORTUNITIES PLC

(Incorporated in the Isle of Man – “the Company”)

FORM OF PROXY

To be used for the Annual General Meeting of the Company to be held at the offices of Galileo Fund Services Limited, Third Floor, Britannia House, St George’s Street, Douglas, Isle of Man IM1 1JE, British Isles, on 21 July 2009, at 10h00 BST, to transact the following business:

I/We _____¹

of _____¹ being member(s) of the

Company, hereby appoint the Chairman of the Meeting or ² _____

of _____ or Margaret Corkill of Galileo

Fund Services Limited or failing her, Ian Dungate of Galileo Fund Services Limited as my/our proxy to vote on my/our behalf at the Annual General Meeting of the Company to be held on 21 July 2009 and at any adjournment hereof:

I/We direct my/our proxy to vote in respect of the Resolutions to be proposed at such Annual General Meeting in the following manner ³:-

ORDINARY RESOLUTIONS

- 1 THAT the Report of the Directors, the Auditors' Report and the Audited Consolidated Financial Statements of the Company for the year ended 31 December 2008 be adopted.
- 2 To note that no dividend be payable in respect of the Company's ordinary shares.
- 3 To reappoint Mr. Lawrence Kearns as a director
- 4 To reappoint Mr. Paul MacDonald as a director
- 5 THAT PricewaterhouseCoopers, Isle of Man be re-appointed the Auditors of the Company for the year ending 31 December 2009 and at a fee to be approved by the Directors.
- 6 THAT the authority for the purchase of up to 14.99% of the fully paid ordinary shares in issue at a price per share of no less than 1 cent and not more than \$5.00 with an expiry date of the conclusion of the third Annual General Meeting, or if earlier, on 31 August 2010, be approved.

	FOR	AGAINST	ABSTAIN
1			
2			
3			
4			
5			
6			

Date _____ 2009

Signature _____

(NAME IN BLOCK CAPITALS)

NOTES:

- 1 Full name(s) and address(es) to be inserted in BLOCK CAPITALS. The name of all joint holders should be stated.
- 2 If you wish to appoint a person other than the Chairman of the Meeting as your proxy please delete the words "the Chairman of the Meeting" and print the name and address of the person you wish to appoint in the space provided.
- 3 Please indicate with a "X" in the appropriate space beside the resolution how you wish your proxy to vote on your behalf on a poll. Except as otherwise instructed, your proxy will exercise his/her discretion as to how he/she votes or whether he/she abstains from voting.
- 4 This form of proxy must be signed by the member or his attorney duly authorised in writing, or if the appointor is a corporation then the form of proxy must be executed under the hand of an officer of the corporation duly authorised on their behalf.
- 5 A member entitled to attend and vote is entitled to appoint one or more parties to attend and, on a poll, to vote instead of him/her. A proxy need not also be a member. In the case of joint holders, if more than one such joint holder is present, only the person whose name stands first in the Register of Members in respect of the relevant joint holding will be entitled to vote, whether in person or by proxy.
- 6 This form of proxy should be completed and lodged at the Company's registered office c/o Galileo Fund Services Limited, Third Floor, Britannia House, St George's Street, Douglas, Isle of Man, IM1 1JE, British Isles, (Fax: +44 (0)1624 692601) by no later than two-days before the date appointed for holding the meeting together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of attorney or authority.