

PME African Infrastructure Opportunities PLC

Annual Report

Period from 19 June 2007 (date of incorporation) to 31 December 2007

CONTENTS

	Page
Directors and Advisers	1 – 2
Chairman's Statement	3
Report of the Investment Manager	4 – 6
Report of the Directors	7
Statement of Directors' Responsibilities	8
Report of the Independent Auditors	9
Audited Financial Statements:	
- Income Statement	10
- Balance Sheet	11
- Statements of Changes in Equity	12
- Cash Flow Statement	13
- Notes to the Financial Statements	14 – 22

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

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

Administrator and Registrar

Galileo Fund Services Limited (formerly known as Anglo Irish
Fund Services Limited)
Third Floor, Britannia House,
St George's Street
Douglas
Isle of Man, IM1 2SH
British Isles

Directors and Advisers (continued)

Cash Custodian

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

These are our first results since the Company's admission to trading on AIM on 12 July 2007, and I am pleased to welcome shareholders to the Company.

The period to 31 December 2007, on which we report, covers a short timeframe prior to the Company having completed any investment and, therefore, the financial results warrant little comment at this stage. However, the main highlight for me is the excellent progress the Company is making in investing its capital. Since the year end, we have announced two significant transactions, with cumulative commitments of up to US\$46 million, representing 27 per cent. of the net issue proceeds of the placing. The Company has three transactions under advanced negotiation with commitments of up to a further US\$49 million (pre-gearing) and another four transactions progressing well, with a potential commitment of a further US\$75 million.

During the period under review, the Company retained the funds raised (net of expenses) on deposit in US Dollars. Deposit interest earned averaged approximately 4.9% per annum. At the year end, no investments had completed and accordingly none is recognised on the balance sheet. After management and administration fees and other expenses, the net profit for the period was US\$1.854 million. The Company had no borrowings and, in line with its dividend policy stated at the time of admission, the Board is not proposing a dividend.

On behalf of shareholders and the Board, I should like to thank the staff of our Investment Manager, both in Europe and in the field, for their hard work in often difficult circumstances.

David von Simson
Chairman
28 April 2008

Report of the Investment Manager

PME African Infrastructure Opportunities plc ("PME") was admitted to trading on AIM on 12 July 2007, with the objective of investing in early stage infrastructure and infrastructure related projects throughout sub-Saharan Africa.

Deal Flow

The number of opportunities that have been reviewed by the Investment Manager and that also meet PME's investment criteria has been encouraging. The Investment Manager has reviewed some twenty four opportunities in the telecommunications, energy, transportation, housing, mining and construction sectors, the majority of which have been located in PME's ten focus countries. Of these twenty four, eight have been rejected as not meeting PME's investment criteria, further information is awaited on five, four are undergoing due diligence and seven have received approval from the Board of PME. Of these seven, one opportunity was lost to a competing bid and another did not meet one of the conditions imposed relating to country risk. Of the remaining five that have received PME Board approval, two have been concluded and three are at very advanced stages of negotiation.

Completed Transactions

TMP Uganda

As announced on 1 February 2008, PME completed its first transaction, in the telecommunications sector, in Uganda, committing US\$2.5 million with an option to invest a further US\$17.5 million.

TMP Uganda is a telecommunications start up which has been awarded licences to provide telecommunications services throughout Uganda. It aims to be the number one broadband provider in the country by delivering high quality broadband services using a WiMax technology platform. PME's initial investment gives it a controlling interest in TMP Uganda with 82% of the equity.

TMP Uganda was established by TMP Management AS ("TMPM"), which remains a shareholder in the company as well as managing TMP Uganda through a management services agreement. TMPM is a Norwegian based spin-off of the multinational telecommunications giant, Telenor ASA and has a wealth of experience in building and managing large telecommunications networks in developing countries and particularly Africa.

Dovetel

On 17 March 2008, PME announced its investment of up to US\$26 million in Dovetel (T) Limited ("Dovetel") pursuant to which PME would acquire 65% of the equity in Dovetel.

Dovetel is a telecommunications start-up business in Tanzania which has received its national licence to provide telecommunications services throughout the country. Dovetel will deploy a fully converged next generation ("3G") network and aims to deliver high quality broadband, data and voice services throughout the country using a CDMA technology platform. Dovetel has signed a management service contract with TMPM, the same company PME is working with in its Ugandan investment.

TMP Uganda, Dovetel and the relationship with TMP are at the heart of PME's telecommunications strategy. We believe that Uganda's and Tanzania's continued economic development and the spectacular growth in mobile penetration rates are inextricably linked. By investing in the next phase of this growth, these networks will bring IP-based voice, broadband and data connectivity to an increasing number of the countries' populations.

Transactions at advanced stages of negotiation following PME Board approval

The early focus on telecommunications has been due, in part, to the fact that two of the potential transactions were at an advanced stage of development when presented to PME and also that the sector, being well regulated, facilitates execution. For this reason, one of the other transactions approved by the Board of PME is in the same sector but full details will only be provided when the conditions precedent to its completion have been met. It comprises the roll-out of a GSM network in the Great Lakes region of East Africa under which PME has undertaken to provide US\$10 million of funding.

Report of the Investment Manager (continued)

Given the diversification criteria set out in PME's Admission Document, the remainder of the investments that have either been approved by the Board of PME or are under due diligence by the Investment Manager fall outside the telecommunications sector. Of these, the most advanced transactions that have received PME Board approval are in the transportation sector.

The first of these is the acquisition of a 50 per cent. stake in a South African provider of operations and maintenance (O&M) services to companies and rail operators in South and sub-Saharan Africa. It owns, *inter alia*, a fleet of locomotives that it "wet leases" to its clients providing crew, maintenance and insurance in addition to the unit. The strategy behind the acquisition is to utilise this company as an expert service provider to support PME's acquisition of stakes in railway concessions in sub-Saharan Africa.

The second transaction complements the first and comprises the acquisition of 12 new General Electric locomotives that will be "dry leased" to the above referenced company for it to lease on, on a "wet" basis to its clients. The lead time to order locomotives of this type is 18-24 months and with the rapid development of rail traffic in Africa to support the export of mineral resources being required in increasing quantities by the emerging economies of China and India, as well as the traditional markets in North America and Europe, we believe that the demand for such traction power will increase in a similar manner. Indeed, a number of the locomotives have already been prospectively placed out on work. We are in discussions with a number of lenders to provide appropriate gearing in respect of the purchase of these locomotives, although PME is likely to commit to the purchase prior to securing the gearing.

Status of remaining transactions under Investment Manager due diligence

Transportation: The two transactions in this sector, described above, while justified in themselves, would also provide support to the opportunities we are actively working on for PME to acquire stakes and a management role in two rail concessions.

The first, in East Africa, comprises rail networks in two adjoining countries linking a port to their interiors and to neighbouring countries. The concession is privately held and while significant operational improvements have been implemented, the business is in need of senior management to provide strategic direction and financial expertise, additional capacity on the network and an injection of capital. We are working with the current stakeholders to win the mandate to provide these resources but there is interest from competing entities so the outcome is not guaranteed.

The second concession was mentioned in the Admission Document and discussions with the key stakeholders are continuing with the assistance of our local partners. We have submitted a proposal, supported by Letters of Interest from potential strategic and financial partners, to the government entity that has oversight of this concession and the Company appears to be well positioned to secure an attractive mandate but, again, there is competition from another company so success is not certain.

Housing: We have signed a memorandum of understanding with a company in Angola to create a joint venture to develop housing in the country to be occupied by the employees of international oil companies. PME would have a 75 per cent. stake in this company and discussions are currently underway to negotiate a financial structure that will provide an acceptable risk profile for the Company.

Energy: We are also negotiating a memorandum of understanding with the Ministry of Energy, Water and Mines in an East African country covering a proposal for PME to build, own and operate a 20 MW hydro electric power project. Once the MOU is signed we will work with a strategic partner to revalidate the existing feasibility study, agree a construction programme and operating procedures.

Report of the Investment Manager (continued)

Pipeline

To date, the Company has completed transactions with a potential equity commitment of up to \$46 million to two projects, has given approval for final negotiations on a further three projects, which would take the total commitments to up to US\$95 million (before any gearing on the locomotives mentioned above). The four further projects under negotiation mentioned above, if completed, would increase those total commitments to up to US\$170 million, or, substantially all of the net proceeds raised last July. While concentrating on completing the above referenced projects, we are continuing to review other opportunities in a number of sectors, some of which appear to be very interesting. We are comfortable that deal flow will continue to be strong for the foreseeable future.

Outlook

Despite gloomy forecasts for the world economy, mostly attributable to the after-shock of the US sub-prime credit crisis, the economic outlook for sub-Saharan Africa remains solid. Provided commodity prices remain strong, the Economist Intelligence Unit estimates that growth in the region should buck the global trend in 2008 with output rising a record 6.4%. The IMF's recent Africa survey underlined this report with projection of 6.5% GDP growth in sub-Saharan Africa and in the oil exporting countries this averages a staggering 10%.

One of the significant contributors to this growth is the continuing strong demand for raw materials by China and India with Africa being one of the primary sources. A report by the Financial Times in January 2008 estimated that there are some 800 Chinese state companies operating in Africa at the current time.

A summit, at the beginning of April 2008, between India and delegations from 14 African countries culminated with the signing of the Delhi Declaration and the Africa-India Framework for Cooperation, setting out cooperation in agriculture, food security, technology, trade, energy and education. Further, Indian Prime Minister Manmohan Singh announced duty-free access to Indian markets for the world's 50 least-developed countries, 34 of which are located in Africa. Prime Minister Singh also said India would more than double the size of credit lines to projects in Africa, from \$2.15 billion in 2003 to 2004 to \$5.4 billion in 2008 to 2009, and boost grants and aid to the continent to \$500 million in the next five to six years.

From PME's perspective, the increased Chinese and Indian interest in Africa is positive, not least because it has a tendency to encourage international investors who have previously been wary of the continent, to look at it more seriously. It is certainly evident that since PME listed last July we have met with a number of financial institutions who are increasingly interested in investing a portion of their funds into Africa.

Obviously, Africa will still experience problems as recent events in Kenya and the continuing crises in Zimbabwe, Darfur and eastern DRC clearly demonstrate. However, at two and a half times the size of the United States, seven times the size of India and comprising over 40 countries, sub-Saharan Africa is a large and diverse region in which a growing number of governments are showing improved political stability and a willingness to implement sound economic policies. These developments, together with increased capital inflows and debt relief will, in our opinion, provide increasing opportunities for investment in infrastructure related projects that have the potential to generate superior risk adjusted returns.

PME Infrastructure Managers Limited

Investment Manager

28 April 2008

Report of the Directors

The Directors hereby submit their annual report together with the audited financial statements of PME African Infrastructure Opportunities plc (the "Company") for the financial period 19 June 2007 (date of incorporation) to 31 December 2007.

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 Company at the period end are set out on pages 10 and 11 of the financial statements.

The Directors intend to manage the Company'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.

Directors

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

	Appointed
David von Simson	19 June 2007
Lawrence Kearns	19 June 2007
Paul MacDonald	19 June 2007
Graca Machel	2 July 2007
Brian Myerson	19 June 2007

Directors and Other Interests

Brian Myerson is joint Chairman of the Investment Manager and Lawrence Kearns has an interest as a director of the Administrator and 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 period in any material contract for the provision of services which was significant to the business of the Company.

Independent Auditors

The auditors, PricewaterhouseCoopers, were appointed by the Directors and it is proposed that they be re-appointed for the following year.

On behalf of the Board

David von Simson

Chairman
28 April 2008

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 law and regulations.

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the profit or loss 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company 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 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 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
28 April 2008

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

We have audited the accompanying financial statements of PME African Infrastructure Opportunities plc which comprise the balance sheet as of 31 December 2007, the income statement, statement of changes in equity and cash flow statement for the period 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 International Financial Reporting Standards as adopted by the European Union and with the requirements of the Isle of Man Companies Acts 1931 - 2004. 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 financial statements give a true and fair view of the financial position of the Company as of 31 December 2007, and of its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards as adopted by the European Union;
- 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

28 April 2008

Income Statement

For the period from 19 June 2007 (date of incorporation) to 31 December 2007

	Note	US\$'000
Revenue		-
Investment Manager's fees	5	(1,025)
Other administration fees and expenses	6	(1,075)
Administrative expenses		(2,100)
Operating loss		(2,100)
Finance income		3,966
Foreign exchange loss		(9)
Finance costs		(3)
Net finance income		3,954
Profit before income tax		1,854
Income tax expense		-
Profit for the period attributable to equity holders of the Company		1,854
Earnings per share (cent) for profit attributable to the equity holders of the Company during the period		
Basic	7	1.027
Diluted	7	0.995

All items in the above statement derive from continuing operations. All income is attributable to the equity holders of PME African Infrastructure Opportunities plc.

The accompanying Notes on pages 14 to 22 form an integral part of these financial statements

Balance Sheet

AT 31 December 2007	Note	US\$'000
Assets		
Current assets		
Trade and other receivables	8	648
Cash and cash equivalents		174,666
Total assets		175,314
Equity		
Capital and reserves attributable to equity holders of the Company:		
Issued share capital	9	1,805
Distributable reserve		173,102
Total equity		174,907
Current liabilities		
Trade and other payables	12	407
Total liabilities		407
Total equity & liabilities		175,314

The financial statements on pages 10 to 22 were approved and authorised for issue by the Board of Directors on 28 April 2008 and were signed on its behalf by:

David von Simson
Director

Paul Macdonald
Director

The accompanying Notes on pages 14 to 22 form an integral part of these financial statements

Statement of Changes in Shareholders' Equity

	Notes	Share capital US\$'000	Share premium US\$'000	Distributable reserve US\$'000	Total US\$'000
Balance at 19 June 2007		-	-	-	-
Shares issued in the period	9	1,805	178,645	-	180,450
Share issue expenses	9	-	(7,397)	-	(7,397)
Cancellation of share premium	9	-	(171,248)	171,248	-
Profit for the period		-	-	1,854	1,854
Balance at 31 December 2007		1,805	-	173,102	174,907

The accompanying Notes on pages 14 to 22 form an integral part of these financial statements

Cash Flow Statement

For the period from 19 June 2007 (date of incorporation) to 31 December 2007

Note	US\$'000
Operating activities	
Profit for the period	1,854
Adjustments for:	
Investment income	(3,966)
Foreign exchange loss	9
Operating loss before changes in working capital	(2,103)
Increase in trade and other receivables	(386)
Increase in trade and other payables	407
Cash outflows from operating activities	(2,082)
Investing activities	
Interest received	3,704
Cash inflows from investing activities	3,704
Financing activities	
Proceeds from the issue of ordinary share capital (net of issue costs)	173,053
Cash inflows from financing activities	173,053
Net increase in cash and cash equivalents	174,675
Cash and cash equivalents at 19 June 2007	-
Foreign exchange losses on cash and cash equivalents	(9)
Cash and cash equivalents at 31 December 2007	174,666

The accompanying Notes on pages 14 to 22 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 Company's investment objective 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 (formally Anglo Irish 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 Alternative Investment Market of the London Stock Exchange ("AIM") 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 of the Company is 31 December in each year. The first accounting period of the Company is for the period ended 31 December 2007.

2 Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

2.1 Basis of preparation

These financial statements have been prepared in accordance with, and comply with, International Financial Reporting Standards (IFRS). These comprise standards and interpretations approved by the International Accounting Standards Board ("IASB") together with interpretations of the International Accounting Standards and Standing Interpretations Committee approved by the International Accounting Standards Committee ("IASC") that remain in effect, to the extent that IFRS have been approved by the European Union. The financial statements have been prepared on a going concern basis under the historical cost convention. 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 directors consider that no critical accounting estimates or assumptions have been used in the preparation of the financial statements.

Standards, amendments and interpretations to existing standards that are not yet effective, have not been early adopted and are relevant to the Company

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 2008 or later periods, but the company has not early adopted them:

- IAS 23 (Amendment), 'Borrowing costs' (effective from 1 January 2009). The amendment to the standard is still subject to endorsement by the European Union. It 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 company will apply IAS 23 (Amended) from 1 January 2009 but is currently not applicable to the company as there are no qualifying assets.

Notes to the Financial Statements (continued)

2 Summary of Significant Accounting Policies (continued)

2.2 Foreign currency translation

The Company's investment objective 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. Whilst each of these countries has its own currency, the US Dollar is anticipated to be the currency in which all investments are made ("The functional currency") and as a result the currency in which the annual results are presented ("The presentational currency").

Monetary assets and liabilities denominated in foreign currencies as at the date of these financial statement are translated to US Dollar at exchange rates prevailing on that date (31 December 2007: GBP:USD 1.9973). Expenses are translated to US Dollar based on the average exchange rates prevailing during the period. All resulting exchange differences are recognised in the income statement.

2.3 Revenue and expense recognition

Deposit interest income is recognised in the financial statements on a time-proportionate basis using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating the interest income over the period.

Expenses are accounted for on an accruals basis.

2.4 Segmental reporting

The Company's objective is to invest in various infrastructure projects across a range of countries in sub-Saharan African. During the period, the Company has been operating as one segment as it has made no investments. No additional disclosure is included in relation to segment reporting as the Company's activities are limited to one business and geographic segment.

2.5 Financial assets

The Company has one category of financial assets: loans and receivables. The Company's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' (notes 2.6 and 2.7).

2.6 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.

2.7 Cash and cash equivalents

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

2.8 Trade and other payables

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

2.9 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. A corporate charge is payable, which amounted to £250 in the 2007/2008 tax year.

Notes to the Financial Statements (continued)

2 Summary of Significant Accounting Policies (continued)

2.10 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.

3 Risk Management

The Company's activities expose it to a variety of financial risks: market risk (including currency risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

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

Market price risk

The Company is not exposed to market pricing risk as it invests purely in cash. See interest rate risk below.

Foreign exchange risk

The Company's operations are conducted in jurisdictions which may generate revenue, expenses, assets and liabilities in currencies other than US Dollars. As a result, the Company is subject to the effects of exchange rate fluctuations with respect to these currencies. The currency giving rise to this risk is primarily Pound Sterling.

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

The table below summarises the Company's exposure to foreign currency risk as at 31 December 2007:

	Assets US\$'000	Liabilities US\$'000	Net Assets US\$'000
US Dollar	175,249	(209)	175,040
Pound Sterling	65	(198)	(133)
Total	175,314	(407)	174,907

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 Company.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet. Management does not expect any counterparty to fail to meet its obligations. Cash transactions and balances are limited to high-credit-quality financial institutions.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company maintains sufficient cash balances for working capital requirements.

Interest rate risk

The Company's interest rate risk arises from the cash held in interest bearing accounts at floating rates or short term deposits of one month or less.

Trade and other receivables and payables are interest-free and have settlement dates within one year.

An increase/decrease in 25 basis points in interest yields would result in an increase/decrease in the profit for the period of approximately US\$203,000.

Notes to the Financial Statements (continued)

3 Risk Management (continued)

Capital Risk Management

The Company'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 Company intends to leverage its capital structure through the use of commercial borrowing and will endeavor to secure such finance for individual portfolio investments on a non-recourse basis where practicable.

The overall level of commercial borrowings on the Company'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 Company in order to maintain the optimum level of gearing.

In order to maintain or adjust the capital structure, the Company may issue new shares or liquidate investments to reduce borrowings.

As at 31 December 2007, the Company did not have any debt finance.

4 Preliminary (Formation) Expenses

The estimated total costs and expenses payable by the Company in connection with the Placing and Admission (including professional fees, the costs of printing and the other fees payable including commission payable to the Placing Agent) was estimated as equal to 4.02% of the gross amount raised based on the Placing being fully subscribed. The actual total amount of preliminary expenses paid was US\$7,397,085 representing 4.10% of the gross amount raised. This has been charged to equity as share issue expenses.

In accordance with the terms of the initial Placing, the Placing Agent received from the Company commission equal to 3% of the aggregate value of the amount raised by the Placing. In addition, for the initial Placing the Placing Agent received a corporate finance fee of £50,000.

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 Company from Admission, payable quarterly in advance and subject to a cap of 3% per annum of the net asset value of the Company.

The Manager is also entitled to recharge to the Company 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 Company is responsible for paying all the fees and expenses of all valuers, surveyors, legal advisers and other external advisers to the Company in connection with any investments made on its behalf. All amounts payable to the Investment Manager by the Company are paid together with any value added tax, if applicable.

Annual management fees payable for the period ended 31 December 2007 amounted to US\$1,025,279.

Notes to the Financial Statements (continued)

5 Investment Manager Fees (continued)

Performance fees

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

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

At the end of the financial period ending on 31 December 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 period ended 31 December 2007 amounted to US\$nil.

6 Other Administration Fees and Expenses

	US\$'000
Audit	30
Directors' Remuneration	144
Other expenses	901
Other administration fees and expenses	1,075

Included within other administration fees and expenses are the following:

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 total fee payable for the period ended 31 December 2007 amounted to US\$33,680.

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 becoming due on 1 January 2008.

Custodian fees

The Custodian receives a fixed monthly fee of £875 payable quarterly in arrears. The fee payable in the period ended 31 December 2007 is US\$11,059.

Notes to the Financial Statements (continued)

6 Other Administration Fees and Expenses (continued)

Administrator and Registrar fees

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

The Administration fee payable by the Company for the period ended 31 December 2007 is 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 period ended 31 December 2007 is US\$5,965.

The Administrator may utilise the services of a CREST accredited registrar for the purposes of settling share transactions through CREST. The cost of this service will be borne by the Company. The CREST service provider is entitled to receive 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 period ended 31 December 2007 is 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 period ended 31 December 2007 is US\$145,954 and Directors insurance cover payable is US\$87,373.

Other expenses

In addition to the fees above, there are legal fees, professional fees, directors insurance and other sundry expenses payable by the Company. These other expenses total US\$753,903 payable in the period ended 31 December 2007.

7 Basic and Diluted Earnings per Share

(a) Basic

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	2007
Profit attributable to equity holders of the Company (US\$'000)	1,854
Weighted average number of ordinary shares in issue (thousands)	180,450
Basic earnings per share (cent per share)	1.027

(b) Diluted

Diluted 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)

7 Basic and Diluted Earnings per Share (continued)

(b) *Diluted(continued)*

	2007
Profit attributable to equity holders of the Company (US\$'000)	1,854
Weighted average number of ordinary shares in issue (thousands)	180,450
Adjustments for:	
Warrants	5,961
Weighted average number of ordinary shares for diluted earnings per share (thousands)	186,411
Diluted earnings per share (cent per share)	0.995

8 Trade and Other Receivables

	US\$'000
Receivable bank interest	262
Prepaid expenses	227
Sundry debtors	159
Trade and other receivables	648

9 Share Capital

Ordinary Shares of 1c each	Number	US\$
Authorised	500,000,000	5,000,000
Issued	180,450,000	1,804,500
C Shares of US\$1 each	Number	US\$
Authorised	5,000,000	5,000,000
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 the Alternative Investment Market ("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.

Notes to the Financial Statements (continued)

10 Share Premium

	US\$'000
Share premium arising on issue of ordinary shares	178,645
Transaction costs on issue of ordinary shares	(7,397)
Transfer to distributable reserves	(171,248)
As at 31 December 2007	-

The Company's initial share premium has arisen on the issue of the Company's ordinary shares and represents the difference between the issue price of US\$1.00 and the par value of US\$0.01 per share.

Related transaction costs have been deducted from the proceeds.

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.

11 Net Asset Value per Share

Net assets attributable to equity holders of the Company (US\$)	174,906,553
Shares in issue	180,450,000
NAV per share (US\$)	0.97

The NAV per share is calculated by dividing the net assets attributable to equity holders of the Company by the number of ordinary shares in issue.

12 Trade and Other Payables

	US\$'000
Administration fees payable	41
Audit fee payable	30
CREST service provider fee payable	4
Custodian fee payable	5
Directors fee payable	111
Other sundry creditors	216
	407

13 Contingent Liabilities and Commitments

There were no contingent liabilities or commitments as at the balance sheet date.

14 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. See Note 6 for fees payable to the Directors in the period.

Notes to the Financial Statements (continued)

14 Related Party Transactions (continued)

Brian Myerson, a director of the Company, is chief executive officer of Principle Capital Group and is joint chairman of the Investment Manager, PME Infrastructure Managers Limited. Principle Capital Group is the joint owner of the Investment Manager. Fees payable to the Investment Manager are disclosed in Note 6.

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

15 Post Balance Sheet Events

On 1 February 2008, the Company announced the TMP Uganda transaction which includes a commitment to invest \$2.5 million in a wireless telecommunications start-up in pilot project in Uganda. In April 2008, the Ugandan regulatory authority approved the acquisition by the Company of an 82% equity stake in TMP Uganda Limited and to date a total of \$895,000 of the \$2.5 million has been advanced.

On 17 March 2008, the Company announced the Dovetel transaction which includes a commitment to invest up to \$26.0 million in a wireless telecommunications start-up in Tanzania. In April 2008, the Tanzania Communications Regulatory Authority issued an invoice totalling \$1,118,760 for the necessary National Licence & Spectrum and the Company duly settled it on behalf of Dovetel (T) Limited "Dovetel" and by doing so, secured its 65% equity stake in Dovetel.