

**PME African Infrastructure Opportunities plc**

**Annual Report**

Year ended 31 December 2009

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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 Berkeley 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  
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

It is my pleasure to report the final results for PME African Infrastructure Opportunities plc ("PME" or "the Company") for the year ended 31 December 2009.

The most significant event in the period under review has been the successful realisation of our investment in Econet Burundi, yielding an annualised investment return of around 40%. This vindicates our strategy of having invested in telecommunications at the time we did, and presages further exciting developments in respect of our other investments in this sector. The Board's policy is to return realised profits to shareholders by way of dividend, which made it possible for the Company to declare on 15 February 2010 a dividend distribution of 2.6 cents per ordinary share and the payment of a performance fee due to the Investment Manager. It should be stressed that these payouts will occur at irregular intervals as investments are realised, rather than on a fixed annual or semi-annual basis.

### Investments and Valuations

Since inception in 2007, the Group (PME and its subsidiaries) has announced five significant transactions, with cumulative equity requirements of up to US\$93.5 million, of which US\$86.6 million had been invested at the balance sheet date. Included within the initial five was the US\$10.0 million that had been invested in Econet Burundi in September 2008, and realised in December 2009.

No new investments were completed in the year, a matter to which I refer later in my report, but two significant milestones were passed with the successful commercial launches of the Company's two wireless broadband internet service providers; Sasatel in Tanzania and BroadBand Company in Uganda in June and July of 2009 respectively.

A specialist department of one of the major international accountancy firms conducted a valuation of these investments as at the year end in accordance with International Private Equity and Venture Capital Valuation Board guidelines, and I was pleased to see that the results confirmed that there had been no indication of any impairment at the Group level.

### Financial Results

At 31 December 2009, PME's Net Asset Value in accordance with IFRS was US\$140.6 million or 93 cents per ordinary share unchanged on a cents per ordinary share basis since 31 December 2008 (US\$167.3 million or 93 cents per ordinary share) however, the US\$26.7 million reduction in the Net Asset Value was after the US\$14.2 million cost of share buy-backs that are further explained below.

The operating loss for the year of US\$13.4 million (2008: US\$5.4 million) is after the US\$4.3 million (2008: US\$1.0 million), non-recurring, positive impact of loan interest income arising from the Econet Burundi investment, US\$3.8 million (2008: US\$0.2 million) of net finance lease income and US\$2.2 million (2008: US\$Nil) of revenues from the telecommunications segment.

Operating expenses at subsidiary company level, predominately Dovetel and TMP Uganda, increased sharply to US\$19.8 million (2008: US\$6.6 million) as these entities moved firmly into the operating phase and a certain level of expenditure was incurred to maximise awareness and prospective market penetration.

The Group's share of non-current borrowings or gearing was US\$5.8 million (31 December 2008: US\$2.1 million), reflecting vendor finance arrangements and borrowings at two of the Company's investments; TMP Uganda and Sheltam.

### Share buy-backs

In order to enhance shareholder value, in February 2009 the Group announced that it was commencing the first of two share buy-back exercises and subsequently the Company has bought back a total of 29,175,248 ordinary shares at an average price of 50 cents per share (28,800,248 shares as at 31 December 2009 at an average price of 49 cents per share), all of which were cancelled. We are also seeking to renew PME's share buy-back authority at the Company's forthcoming annual general meeting.

## Chairman's Statement (continued)

### Outlook

Echoing the concerns of shareholders, the Board has for some time been disturbed by the slow rate at which our cash was being put to work so as to achieve the required investment returns. We have had intensive discussions with the Investment Manager, about both the required level of human resources, and any need to amend the investment criteria so as to fully deploy our capital. This has led to a more proactive management of our portfolio and improvements in our pipeline of prospective deals. The Board now has a settled strategy to commit fully its cash resources by the end of the third quarter of this calendar year, or else return any surplus to shareholders. A number of potential transactions are at an advanced stage and we fully intend to meet our strategic and financial objectives.

In the light of these matters and in order to deliver the Company's strategic and financial objectives of investing funds and realising returns the Board considers that a change in the existing investment management arrangements would be in the interests of shareholders. Accordingly, the Board has formed the current intention not to extend the term of the investment management agreement with the Investment Manager beyond its minimum term to July 2012 and the Board is initiating discussions with the Investment Manager in order to reach agreement on an earlier termination of the investment management agreement. The Board's intention is to implement alternative investment management arrangements following any agreed early termination of the Investment Manager's services, whilst continuing to develop the deal pipeline. Further information on the progress of these discussions will be made available to shareholders as matters progress.

**David von Simson**  
Chairman  
30 April 2010

## Report of the Investment Manager

According to the IMF, the nascent recovery in the global economy is expected to sustain a revival in sub-Saharan Africa's growth to just over 4% in 2010 and more than 5% in later years. This would be much faster than after previous global slowdowns because of sustained domestic demand resulting from policies such as increasing deficits and lower interest rates with most countries avoiding responses to the slowdown with actions that would deter future growth such as trade restrictions.

During the period PME has continued to demonstrate solid performance and on 29 December 2009 it realised its investment in Econet Wireless Burundi, yielding an annual return of approximately 40% on its original investment of US\$10.0 million.

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

#### **US\$26.0 million in a national CDMA 3G network**

Dovetel is a telecommunications company with a unified national licence in Tanzania in which PME has a 65% interest. Dovetel is rolling out a 3G wireless (based on Code Division Multiple Access (CDMA)) national network in order to benefit from the 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.

Having launched its full suite of services to the market in Dar es Salaam under the "Sasatel" brand during June and July last year, Dovetel ended 2009 as an established leading broadband provider with full coverage across the capital.

Dovetel is continually refining and broadening its product offering to optimise customer uptake while focusing on the corporate market. It is now connected to the "Seacom" undersea cable, in turn connecting to the Gulf and Europe, which increases capacity and reduces the costs of international traffic and, in addition to CDMA modems and routers, is now offering its corporate clients WiMAX solutions which provide even greater bandwidth.

The full US\$26.0 million that was initially approved for this investment has now been fully drawn down and a term sheet has been signed with a financial institution that has expressed an interest in providing a debt facility of up to US\$35.0 million that could, subject to the approval of PME, be utilised to finance the consolidation of the network in Dar es Salaam and its expansion into the major urban centres across the country. It is likely that further funding from the Company will be required before any draw down under the aforementioned prospective facility would be possible and it is anticipated that a portion of that requirement will be secured by the acquisition, by PME, of the headquarters building that Dovetel presently occupies. The Company believes that Dovetel should utilise its available capital to focus on its core business and therefore, PME has agreed that the acquisition of the building, in the context of the Dovetel transaction, is the most secure approach to meeting its immediate funding needs and in itself, it should prove to be an attractive investment. This transaction has not yet completed.

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

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

TMP Uganda is a telecommunications company with a unified national licence in Uganda in which PME has an 82% interest. TMP 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 and the corporate sector of the market. TMP will also provide voice services to its customer base (VOIP).

TMP launched its services to the market in Kampala in July last year branded as "BroadBand Company" and almost immediately experienced greater demand for its dedicated high-end broadband solutions for larger corporate customers than anticipated.

## Report of the Investment Manager (continued)

The constraints this demand placed on the network have now been addressed by increasing the capacity on the affected base stations and acquiring capacity on the recently laid TEAMS (The East African Marine Service) cable in Mombasa which links to the Gulf and onto Europe. This latter initiative is significantly cheaper than satellite and allows TMP Uganda to offer much greater bandwidth to its clients.

The evident demand for true broadband services has encouraged the company to plan an extension of its network to the cities of Entebbe and Jinja in addition to the 26 base stations that are presently in operation in Kampala. Currently, there are no other urban centres of sufficient size in Uganda to warrant their own network but there are a number of large corporations with operations in remote areas, such as those involved in commercial activity relating to the discovery of oil on Lake Albert and these will be connected to the existing network via a satellite link.

TMP Uganda has employed the latest version of WiMAX technology and as a result, there are continuing innovations that are being introduced, such as auto-installing, "plug and play" products and condominium "hotspots" that allow all the occupants of one block of apartments to obtain access to the network via one equipment link to the building. Such innovations should improve subscriber growth.

To date TMP Uganda has utilised US\$16.7 million of the US\$18.5 million originally approved for this investment (US\$13.6 million as at the balance sheet date). It is anticipated that the remaining balance will be drawn down before the end of June and the Company is now in discussion with a number of parties who may be interested in providing debt finance.

### **ECONET WIRELESS BURUNDI ("EWB")**

#### **US\$10.0 million in a national GSM network**

PME was invested in the expansion of a GSM telecommunications network in Burundi. However, following the issuance of a notice by Econet Wireless Global Limited ("Econet Wireless") that it wished to exercise its option to purchase the loan note and shares held by the Company, via its subsidiary PME Burco (Mauritius) Limited ("PME Burco"), in Econet Wireless Ventures Global Limited, the joint venture that the two parties formed in September 2008, PME Burco received approximately US\$15.1 million in December 2009 representing an annual return to the Company of just under 40% on its US\$10.0 million investment.

PME has therefore successfully exited from its joint venture with Econet Wireless which holds a majority interest in the GSM operator, EWB. PME's investment in the joint venture provided EWB with the cash funding that enabled EWB to relaunch commercial operations and expand its network coverage on a national scale. EWB's high quality voice and data network and its national footprint in Burundi position EWB as a leading operator driving growth in the sector.

This investment in EWB was a short/medium term opportunistic investment for PME based on the premise that Burundi's mobile voice market needed the impetus from a well capitalised operator in order to allow the market for mobile voice services to embark on the same significant growth path which its neighbouring countries are currently experiencing. This premise has largely been borne out and PME is happy that its investment has proven successful to EWB and to PME's shareholders. We are convinced that EWB will continue to achieve great success in the Burundi mobile voice market.

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

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

PME owns, via a subsidiary, 12 General Electric C30 2.8MW-rated locomotive units that were acquired to support mining, general freight and passenger operations throughout sub-Saharan Africa. Although the acquisition of these assets was soon followed by the global financial crisis, their superior performance has been noted by customers and demand for their services is expected to grow during the coming year as mining houses respond to the increase in commodity prices and require additional tractive power.

## Report of the Investment Manager (continued)

These locomotives have been leased to Sheltam for placement with its clients and comprise some of the newest and most powerful locomotives in operation in southern Africa. Generally, Sheltam will supply these locomotives on a fully serviced basis including crew, maintenance and insurance.

### **SHELTAM HOLDINGS (PTY) LIMITED (“SHELTAM”)**

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

Sheltam is a South African company providing engineering, management and operations of railway locomotives and privately owned track in which PME has a 50% interest. It also owns and charters a number of light aircraft and repairs, maintains and installs marine engines and generators.

PME's strategy in acquiring Sheltam was to assist it in growing and consolidating its business in South Africa and the region. It currently has operations in the Democratic Republic of Congo and Mozambique and is at an advanced stage of negotiations in a third country to overhaul its locomotive fleet, lease additional tractive power and provide maintenance services.

In South Africa the lease to Sheltam by a PME subsidiary of 12 new GE C30 locomotives has enabled it to consolidate its position by offering a superior package to mining companies that includes the benefits of increased haulage capacity and fuel and other efficiency savings. However, the global financial crisis had resulted in a fall in demand for commodities which in turn has reduced demand for rail capacity. As a consequence, only seven of the locomotives leased to Sheltam are in operation although with the improving economic climate negotiations are ongoing to place the balance.

In order that Sheltam is not pressured by its lease obligations to PME, PME Locomotives (Mauritius) Limited has agreed, in principle, to defer rental payments on up to 5 of the unplaced locomotives for each of the first 6 months of 2010 (and any outstanding as at 31 December 2009), through a loan note structure that will be repayable by the end of September 2010 (“Maturity Date”). Although it is anticipated that most of the loan notes will be redeemed in the interim period, any outstanding liability at the Maturity Date is expected to convert into shares, increasing PME's shareholding in Sheltam.

In a separate development, and in line with its strategy to expand its services to the public domain in South Africa, Sheltam is in late stage discussions with a preferred Black Economic Empowerment (“BEE”) joint venture partner. The partner has extensive transportation sector expertise and the transaction will enable Sheltam's core business of railway services to enter an entirely new sector and bring additional opportunities offered by the partnership.

### **Transactions in the pipeline**

**Water:** PME is in discussions with a company in southern Africa that has procured a technology for the processing of contaminated water in mining voids to meet legislated requirements. The water will be treated to industrial and/or potable quality standards and sold to local utilities. The feasibility study has been completed and an off-take agreement is being negotiated.

PME is also in discussion with one of the largest manufacturers and operators of desalination plants with regards to financing their projects in the region.

**Energy:** PME is currently negotiating a memorandum of understanding outlining the terms under which it would provide expansion capital to an existing power plant supplying electricity in an East African country.

It has also held preliminary talks with a US based operator of a gas fired power project in the region about co-investment.

PME is in discussion with a group that is focussed on Waste to Energy opportunities in Africa. African governments are paying increased attention to the management of their municipal landfills, many of which have reached capacity and are creating an environmental hazard. In many countries where the cost of electricity production is high and depends on imported fuel, waste to energy projects provide an attractive solution to both an energy production deficit and the problem of waste management.

## Report of the Investment Manager (continued)

### Financial Update

PME expects to commit a total of US\$93.5 million to its current portfolio of investments (including Econet Burundi) of which US\$88.6 million had been invested by the year end. The projects in the pipeline, if successfully completed, would utilise the balance of the funds and our objective is to make significant progress on these in the coming months.

Following the realisation of the Econet Wireless Global Limited investment, the board of Directors of PME confirmed on 15 February 2010 that a special dividend of 2.6 cents per ordinary share would be declared.

### Outlook

The recession in South Africa which, because of the lag effect, had finished later than in other economies is now officially over and in the fourth quarter of 2009, according to the median of a Reuters poll of economists, grew by 2.5% quarter on quarter and annualised. This fact coupled with rising commodity prices creates a positive outlook for many African economies. This is confirmed by the IMF in its Regional Economic Outlook which states:

*“As the global economic cycle moves to recovery, there are grounds for optimism that sub-Saharan Africa’s performance relative to the rest of the world will be better than in the past. For one thing, South Africa and many frontier markets have already positioned themselves to sustain domestic demand, and oil exporters, including Nigeria have seen some rebound in revenues and have capacity to expand output. Second, increased openness to trade and foreign capital once financial markets have fully thawed should enable the private sector throughout the region to take better advantage of rising world demand, while near-term domestic policies can remain directed toward supporting growth bolstered by more robust fiscal positions than in the past, particularly among oil producers.”*

There are already a number of specific examples that support increasing activity in sub-Saharan Africa particularly in the infrastructure space. The African Development Bank (“AfDB”) is estimating that it will finance up to US\$10.0 billion in infrastructure projects in the next three years, with the energy sector central to this. Bobby Pittman, AfDB vice-president of infrastructure and regional integration confirmed that this was a conservative estimate stating that they have a pipeline of projects ready to go with feasibility studies complete.

DRC President Joseph Kabila has officially launched the reconstruction of Societe Nationale des Chemins de fer Congolese (“SNCC” – the state railway of the DRC) with 3,641km of track and 12,500 employees. Belgian firm Vecturis SA was selected by international tender to assist in the rehabilitation process, fully funded by the World Bank and the Government advises that the US\$360 million required immediately will also come from the World Bank (US\$160.0 million) and Cooperation Sino Congolese (US\$200 million). Sheltam currently has locomotives operating with SNCC and its experience and efficiency are highly regarded by the national railway.

On 15 February 2010 Bharti Airtel Ltd, South Asia’s largest mobile phone company, offered US\$10.7 billion to buy most of Zain’s African telecoms assets that would create one of the largest emerging-markets carriers. The offer values Zain’s African assets at more than 10 times EBITDA. These assets support more than 40 million subscribers and generated over half of the group’s US\$7.4 billion of annual sales in 2008 according to Bloomberg data.

This increased activity has had the effect of strengthening our pipeline further with a number of opportunities exhibiting a potentially short completion timetable. We are anxious to take advantage of the recovering economic environment to deploy our remaining funds as quickly as possible to create a diversified portfolio that will generate attractive returns to our shareholders as we have been able to do with the exit from our first portfolio company.

### PME Infrastructure Managers Limited

Investment Manager  
30 April 2010

## 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 2009.

### The Company

The Company is incorporated in the Isle of Man and has been established to invest in sub-Saharan African infrastructure and infrastructure related industries with a view to generating attractive returns, principally through capital growth. It is targeting opportunities arising from years of under-investment in sub-Saharan African infrastructure where that infrastructure will be instrumental in allowing the Continent's economic development to continue to grow.

### Results and Dividends

The results and position of the Group and the Company at the year end are set out on pages 14 to 21 of the financial statements.

In December 2009 the Company disposed of its associate, Econet Wireless, for total consideration of US\$15,053,157, refer to note 9.2 for further disclosure.

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. Following the realisation of the Econet Wireless Global Limited investment, the board of Directors confirmed on 15 February 2010 that a special dividend payment of 2.6 cents per ordinary share was declared (2008: 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% of the Investment Manager. Silex Management Limited ("Silex"), an indirect subsidiary of PCH has been retained by the Company to oversee the administration of the overseas subsidiaries.

Pug Investments Limited holds 16,042,133 ordinary shares and is a wholly owned subsidiary of Principle Capital Investment Trust plc of which Brian Myerson is an executive director. Further, PCH, a significant shareholder of which is a trust of which Brian Myerson is a possible beneficiary, has interests in both Principle Capital Investment Trust plc and PME Investment Managers Limited.

Lawrence Kearns holds 100,000 ordinary shares and 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.

## Report of the Directors (continued)

### Independent Auditors

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

### Corporate Governance

The Board of Directors recognises the importance of good Corporate Governance and intends that best practice is adopted and applied in so far as it is appropriate for a company of its size and stage of development. As an AIM traded company, the Combined Code on Corporate Governance does not apply, however, the Board intends to comply with the requirements of the Corporate Governance guidelines published by the Quoted Companies Alliance ("the QCA Guidelines") for AIM companies and with certain of the principal requirements of the Combined Code.

This report describes how the Company has applied the principles of good Corporate Governance throughout the year.

### The Board

The Board comprised five Non-Executive Directors as at 31 December 2009. The role of non-executive directors is to challenge constructively, contribute to the development of strategy, to scrutinise the performance of the Investment Manager in meeting agreed goals and objectives and monitor its performance, and through the various committees to satisfy themselves that financial information is accurate and that financial controls and systems of risk management are robust and defensible.

The Board considers all non-executive directors as independent apart from Mr Myerson due to his relationship with the Investment Manager.

### Roles and Responsibilities

The Board as a whole is responsible for the Company's objectives and policies and the proper governance of the Company. It normally meets four times a year but also convenes at additional times when required.

The Board monitors the operating and financial results against plans and budgets, reviews the performance of the Investment Manager, assesses the adequacy of risk management systems and monitors their application and ensures that the Company's obligations to its shareholders and others are understood and met.

The Company maintains directors' and officers' liability insurance which is reviewed annually to ensure that cover is held at an appropriate level.

### Directors' appointment

All new directors appointed by the Board are required to seek election at the next general meeting of the Company following their appointment and subsequently all directors are required to retire by rotation in accordance with the Articles. At the AGM of 21 July 2009 Mr Kearns and Mr Macdonald were both re-elected.

### Board Committees

The Board has created and delegated certain specific areas of responsibility to four standing committees.

#### Audit Committee

The Audit Committee is chaired by Mr Macdonald. The other members of the committee are Mr Kearns and Mr von Simson. The Audit Committee formally meets at least twice a year and is responsible for ensuring that the financial performance of the Company is properly monitored and reported. This process includes reviews of annual and interim accounts, results announcements, internal control systems, procedures and accounting policies.

## Report of the Directors (continued)

### Nomination Committee

The Nomination Committee is chaired by Mr Kearns. The other members of the committee are Mr Myerson and Mr Macdonald. The Nomination Committee is responsible for ensuring that the Board consists of members with the range of skills and qualities to meet its principal responsibilities in a way which ensures that the interests of stakeholders are protected and promoted, and the requirements of the AIM rules are complied with.

### Remuneration Committee

The Remuneration Committee is chaired by Mr Kearns with Mr Myerson as the other member. The Remuneration Committee is responsible for any required framework for the remuneration of the non-executive directors. The fees payable to the Chairman and the fees payable to the other directors have been set. Mr Myerson has agreed to waive the fees to which he would otherwise be entitled as a director of the Company.

### Management Engagement Committee

The Management Engagement Committee is chaired by Mr von Simson. The other members of the committee are Mr Kearns and Mr Macdonald. The Management Engagement Committee is responsible for reviewing the performance of the Manager and for ensuring that the Company's management contract is competitive and reasonable for the Company's shareholders. It is also responsible for reviewing the performance of other third party service providers.

On behalf of the Board

**David von Simson**

Chairman

30 April 2010

## Statement of Directors' Responsibilities

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

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

30 April 2010

## Report of the Independent Auditors

### 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 2009 and the consolidated income statement, consolidated statement of comprehensive income, consolidated and parent company statements of changes in equity and consolidated and parent company 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 2009 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 2009 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

30 April 2010

## Consolidated Income Statement

	Note	Year ended 31 December 2009 US\$'000	Year ended 31 December 2008 US\$'000
<b>Revenue</b>		2,153	8
Realised gains on sale of property, plant and equipment		1,664	1,148
Net changes in fair value on financial assets at fair value through profit or loss	13	45	(191)
Investment Manager's fees	5	(2,041)	(2,170)
Performance fees	5	(974)	-
Operating and administration expenses	6	(22,256)	(9,249)
Other income		-	228
Foreign exchange gain/(loss)		363	(772)
<b>Operating loss</b>		<b>(21,046)</b>	<b>(10,998)</b>
Finance income		8,624	6,896
Finance costs		(341)	(2,386)
<b>Net finance income</b>		<b>8,283</b>	<b>4,510</b>
Share of (loss)/profit of associate	9.2	(667)	757
<b>Loss before income tax</b>		<b>(13,430)</b>	<b>(5,731)</b>
Income tax	7	(38)	-
<b>Loss for the year</b>		<b>(13,468)</b>	<b>(5,731)</b>
<b>Attributable to:</b>			
- Owners of the Parent		(13,429)	(5,367)
- Minority interest		(39)	(364)
		<b>(13,468)</b>	<b>(5,731)</b>
<b>Basic and diluted loss per share (cent) for loss attributable to the owner of the Parent during the year</b>	<b>8</b>	<b>(8.48)</b>	<b>(2.97)</b>

The accompanying notes on pages 22 to 46 form an integral part of these financial statements

## Consolidated Statement of Comprehensive Income

	Year ended 31 December 2009 US\$'000	Year ended 31 December 2008 US\$'000
<b>Loss for the year</b>	<b>(13,468)</b>	<b>(5,731)</b>
<b>Other comprehensive income</b>		
Minority interest on acquisition	-	403
Currency translation differences	945	(2,275)
<b>Other comprehensive income/(expense) for the year (net of tax)</b>	<b>945</b>	<b>(1,872)</b>
<b>Total comprehensive expense for the year</b>	<b>(12,523)</b>	<b>(7,603)</b>
<b>Total comprehensive expense attributable to:</b>		
- Owners of the Parent	(12,514)	(7,612)
- Minority interest	(9)	9
	<b>(12,523)</b>	<b>(7,603)</b>

The accompanying notes on pages 22 to 46 form an integral part of these financial statements

## Consolidated Balance Sheet

	Note	As at 31 December 2009 US\$'000	As at 31 December 2008 US\$'000
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	10	3,534	2,817
Investment in associate	9.2	2,990	2,933
Loan due from associate	9.2	6,335	15,516
Property, plant and equipment	11	15,941	21,791
Finance lease receivables	12	29,188	15,304
Trade and other receivables	15	3,091	-
<b>Total non-current assets</b>		<b>61,079</b>	<b>58,361</b>
<b>Current assets</b>			
Financial assets at fair value through profit or loss	13	-	69,886
Finance lease receivables	12	1,910	604
Inventory	14	2,000	-
Trade and other receivables	15	4,522	2,860
Cash at bank	16	84,590	38,671
<b>Total current assets</b>		<b>93,022</b>	<b>112,021</b>
<b>Total assets</b>		<b>154,101</b>	<b>170,382</b>
<b>Equity</b>			
Capital and reserves attributable to owners of the Parent:			
Issued share capital	17	1,516	1,805
Foreign currency translation reserve		(1,330)	(2,245)
Capital redemption reserve		289	-
Retained earnings		140,096	167,735
		140,571	167,295
Minority interest		-	9
<b>Total equity</b>		<b>140,571</b>	<b>167,304</b>
<b>Non-current liabilities</b>			
Long term liabilities	19	7,997	1,553
<b>Total non-current liabilities</b>		<b>7,997</b>	<b>1,553</b>
<b>Current liabilities</b>			
Trade and other payables	19	5,533	1,525
<b>Total current liabilities</b>		<b>5,533</b>	<b>1,525</b>
<b>Total liabilities</b>		<b>13,530</b>	<b>3,078</b>
<b>Total equity and liabilities</b>		<b>154,101</b>	<b>170,382</b>

The financial statements on pages 14 to 46 were approved and authorised for issue by the Board of Directors on 30 April 2010 and signed on its behalf by:

**Paul Macdonald**  
Director

**Lawrence Kearns**  
Director

The accompanying notes on pages 22 to 46 form an integral part of these financial statements

## Company Balance Sheet

	Note	As at 31 December 2009 US\$'000	As at 31 December 2008 US\$'000
<b>Assets</b>			
<b>Non-current assets</b>			
Investments in subsidiaries	9.1	90,905	67,029
<b>Total non-current assets</b>		<b>90,905</b>	<b>67,029</b>
<b>Current assets</b>			
Loans and receivables due from subsidiaries	15	401	260
Financial assets at fair value through profit or loss	13	-	69,886
Trade and other receivables	15	419	433
Cash and cash equivalents	16	63,025	35,014
<b>Total current assets</b>		<b>63,845</b>	<b>105,593</b>
<b>Total assets</b>		<b>154,750</b>	<b>172,622</b>
<b>Equity</b>			
Capital and reserves attributable to owners of the Parent			
Issued share capital	17	1,516	1,805
Capital redemption reserve		289	-
Retained earnings		151,740	170,585
<b>Total equity</b>		<b>153,545</b>	<b>172,390</b>
<b>Current liabilities</b>			
Trade and other payables	19	1,205	232
<b>Total liabilities</b>		<b>1,205</b>	<b>232</b>
<b>Total equity &amp; liabilities</b>		<b>154,750</b>	<b>172,622</b>

The financial statements on pages 14 to 46 were approved and authorised for issue by the Board of Directors on 30 April 2010 and signed on its behalf by:

**Paul Macdonald**  
Director

**Lawrence Kearns**  
Director

## Consolidated Statement of Changes in Equity

	Attributable to owners of the Parent				Total US\$'000	Minority interest US\$'000	Total US\$'000 0
	Share capital US\$'000	Capital redemption reserve US\$'000	Foreign currency translation reserve US\$'000	Retained earnings US\$'000			
	Balance at 1 January 2008	1,805	-	-			
<b>Comprehensive income</b>							
Loss for the year	-	-	-	(5,367)	(5,367)	(364)	(5,731)
<b>Other comprehensive income</b>							
Foreign exchange translation differences	-	-	(2,245)	-	(2,245)	(30)	(2,275)
Total comprehensive expense for the year	-	-	(2,245)	(5,367)	(7,612)	(394)	(8,006)
<b>Transactions with owners</b>							
Minority interest on acquisition	-	-	-	-	-	403	403
<b>Balance at 31 December 2008</b>	<b>1,805</b>	<b>-</b>	<b>(2,245)</b>	<b>167,735</b>	<b>167,295</b>	<b>9</b>	<b>167,304</b>
Balance at 1 January 2009	1,805	-	(2,245)	167,735	167,295	9	167,304
<b>Comprehensive income</b>							
Loss for the year	-	-	-	(13,429)	(13,429)	(39)	(13,468)
<b>Other comprehensive income</b>							
Foreign exchange translation differences	-	-	915	-	915	30	945
Total comprehensive income/(expense) for the year	-	-	915	(13,429)	(12,514)	(9)	(12,523)
<b>Transactions with owners</b>							
Shares cancelled following market purchases	(289)	289	-	(14,210)	(14,210)	-	(14,210)
<b>Balance at 31 December 2009</b>	<b>1,516</b>	<b>289</b>	<b>(1,330)</b>	<b>140,096</b>	<b>140,571</b>	<b>-</b>	<b>140,571</b>

The accompanying notes on pages 22 to 46 form an integral part of these financial statements

## Company Statement of Changes in Equity

	Share capital US\$'000	Capital redemption reserve US\$'000	Retained earnings US\$'000	Total US\$'000
Balance at 1 January 2008	1,805	-	173,102	174,907
<b>Comprehensive income</b>				
Loss for the year	-	-	(2,517)	(2,517)
Total comprehensive expense for the year			(2,517)	(2,517)
<b>Balance at 31 December 2008</b>	<b>1,805</b>	<b>-</b>	<b>170,585</b>	<b>172,390</b>
Balance at 1 January 2009	1,805	-	170,585	172,390
<b>Comprehensive income</b>				
Loss for the year	-	-	(4,635)	(4,635)
Total comprehensive expense for the year	-	-	(4,635)	(4,635)
<b>Transactions with owners</b>				
Shares cancelled following market purchases	(289)	289	(14,210)	(14,210)
<b>Balance at 31 December 2009</b>	<b>1,516</b>	<b>289</b>	<b>151,740</b>	<b>153,545</b>

The accompanying notes on pages 22 to 46 form an integral part of these financial statements

## Consolidated Cash Flow Statement

	Note	Year ended 31 December 2009 US\$'000	Year ended 31 December 2008 US\$'000
<b>Operating activities</b>			
Loss for the year before income tax		(13,430)	(5,731)
Adjustments for:			
Net changes in fair value on financial assets at fair value through profit or loss		(45)	191
Realised gain on sale of property, plant and equipment	11	(1,664)	(1,148)
Finance income		(8,624)	(6,896)
Finance costs		341	2,386
Depreciation and amortisation		2,219	593
Share of loss/(profit) of associate		667	(757)
Foreign exchange (gain)/loss		(363)	772
<b>Operating loss before changes in working capital</b>		<b>(20,899)</b>	<b>(10,590)</b>
Increase in inventory		(1,959)	-
Increase in trade and other receivables		(5,037)	(1,789)
Increase in trade and other payables		2,794	1,907
<b>Cash used in operations</b>		<b>(25,101)</b>	<b>(10,472)</b>
Interest paid		(129)	(2,386)
Income tax paid		(22)	-
Interest received		5,145	4,643
Lease rental income received		4,805	-
<b>Net cash used in operating activities</b>		<b>(15,302)</b>	<b>(8,215)</b>
<b>Investing activities</b>			
Acquisition of subsidiaries, net of cash acquired		-	(567)
Acquisition of associates		-	(2,621)
Loan to associate	9.2	10,000	(14,463)
Loans from third parties		7,922	-
Purchase of property, plant and equipment	11	(10,942)	(37,436)
Purchase of intangible assets	10	(951)	(888)
Purchase of treasury bills		(130,069)	(195,077)
Maturity of treasury bills		200,000	125,000
Cash restricted by bank guarantees		1,911	(2,315)
<b>Net cash generated from/(used) in investing activities</b>		<b>77,871</b>	<b>(128,367)</b>
<b>Financing activities</b>			
Market purchases of shares		(14,210)	-
Repayment of borrowings		-	(173)
<b>Net cash used in financing activities</b>		<b>(14,210)</b>	<b>(173)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>48,359</b>	<b>(136,755)</b>
Cash and cash equivalents at beginning of year		36,424	174,666
Foreign exchange losses on cash and cash equivalents		(437)	(1,487)
<b>Cash and cash equivalents at end of year</b>	16	<b>84,346</b>	<b>36,424</b>

The accompanying notes on pages 22 to 46 form an integral part of these financial statements

## Company Cash Flow Statement

	Note	Year ended 31 December 2009 US\$'000	Year ended 31 December 2008 US\$'000
<b>Operating activities</b>			
Loss for the year		(4,635)	(2,517)
Adjustments for:			
Net changes in fair value on financial assets at fair value through profit or loss		(45)	191
Finance income		(54)	(4,052)
Foreign exchange (gains)/losses		(430)	1,552
<b>Operating loss before changes in working capital</b>		<b>(5,164)</b>	<b>(4,826)</b>
Increase in trade and other receivables		(257)	(115)
Increase/(decrease) in trade and other payables		971	(175)
<b>Cash used in operations</b>		<b>(4,450)</b>	<b>(5,116)</b>
Interest received		54	4,314
<b>Net cash used in operating activities</b>		<b>(4,396)</b>	<b>(802)</b>
<b>Investing activities</b>			
Acquisition of subsidiaries, net of cash acquired	9.1	(23,876)	(67,029)
Loans repaid by/(advanced to) subsidiaries		130	(260)
Purchase of treasury bills	13	(130,069)	(195,077)
Maturity of treasury bills	13	200,000	125,000
<b>Net cash generated from/(used in) investing activities</b>		<b>46,185</b>	<b>(137,366)</b>
<b>Financing activities</b>			
Market purchases of shares		(14,210)	-
<b>Net cash used in financing activities</b>		<b>(14,210)</b>	<b>-</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>27,579</b>	<b>(138,168)</b>
Cash and cash equivalents at beginning of year		35,014	174,666
Foreign exchange gains/(losses) on cash and cash equivalents		432	(1,484)
<b>Cash and cash equivalents at end of year</b>	16	<b>63,025</b>	<b>35,014</b>

The accompanying notes on pages 22 to 46 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 3<sup>rd</sup> 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.

During the year the Company bought back 28,800,248 Ordinary Shares for total consideration of US\$14,209,094. The shares were subsequently cancelled and as a result 151,649,752 Ordinary Shares remain in issue at 31 December 2009.

#### *Financial Year End*

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

#### *Company Income Statement*

In accordance with the provisions of Section 3 of the Isle of Man Companies Act 1982, no separate income statement has been presented for the Company. The amount of the Company's loss for the year recognised in the Consolidated Income Statement is US\$4,635,413 (31 December 2008: loss US\$2,516,403).

### 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 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 and Group'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:

## Notes to the Financial Statements (continued)

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

#### 2.1 Basis of preparation (continued)

##### *Estimated Impairment of Goodwill and Telecommunication Licences*

The Group tests annually whether goodwill and 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.

##### *Loan to Associate Company*

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

##### a) *New and amended standards adopted by the Group*

The Group has adopted the following new and amended standards as of 1 January 2009:

- IAS 1 (revised), 'Presentation of financial statements', effective 1 January 2009. The revised standard prohibits the presentation of items of income and expenses (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 in a statement of comprehensive income. As a result, the Group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income. Comparative information has been re-presented so that it also conforms with the revised standard. As the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.
- IFRS 7 – 'Financial Instruments – Disclosures' (amendment), requires enhanced disclosures about fair value measurement and liquidity risk. The Group adopted the amendment to IFRS 7 with effect from 1 January 2009. This requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:
  - Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
  - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
  - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The adoption of the amendment results in additional disclosures, there is no impact on earnings per share

- IFRS 8 – 'Operating segments'. IFRS 8 replaces IAS 14, 'Segment reporting', with its requirement to determine primary and secondary reporting segments. Under the requirements of the new standard, the Group's external segment reporting will be based on the internal reporting to the Board and the Investment Manager (in their role as the chief operating decision-makers), which makes decisions on the allocation of resources and assess the performance of the reportable segments. The application of IFRS 8 does not have any material effects for the Group but has an impact on segment disclosure (for example, goodwill allocation) and on the measurement bases within segments. The segment results have been changed accordingly.

## Notes to the Financial Statements (continued)

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

#### 2.1 Basis of preparation (continued)

- b) *Standards, amendments and interpretations to existing standards relevant to the Group, that are not yet effective and have not been early adopted by the Group.*
- IAS 27 – Consolidated and separate financial statements (revised). This revised standard coincided with the publication by the FASB in the US of equivalent guidance dealing with non-controlling (minority) interests. IAS 27 (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control. They will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value and a gain or loss is recognised in profit or loss. The Group will apply IAS 27 (revised) prospectively to transactions with non-controlling (minority) interests from 1 January 2010.
  - IFRS 3 – Business combinations (revised). IFRS 3 'Business Combinations' (Revised) is a further development of the acquisition model. The standard will apply to more transactions, as combinations by contract alone and combinations of mutual entities are brought into the standard's scope. Common control transactions and the formation of joint ventures remain outside the standard's scope. The definition of a business has been amended slightly to include the phrase 'capable of being managed' rather than 'are managed'. This change is not predicted to result in more transactions being accounted for as business combinations rather than asset deals. Some of the most significant changes will have the effect of both increasing and decreasing the amount of consideration. Transaction costs no longer form a part of the purchase price; they are expensed as incurred. The fair value of any interests that the acquirer may have in the acquired business are included as part of the consideration. For example, an acquirer may have an existing interest in the acquired business (associate, joint venture, options, warrant or other equity interests). If these interests in the target were not held at fair value, the interest is re-measured to fair value with the change recognised in the income statement. The Group will apply IFRS 3 (revised) prospectively to all business combinations from 1 January 2010.

#### 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 Dollars, 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.

(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:

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

## Notes to the Financial Statements (continued)

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

#### 2.2 Foreign currency translation (continued)

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to shareholders' equity. When a foreign operation is partially disposed or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

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 sale of goods and 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.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

The main categories of revenue and the bases of recognition are:

- (i) Sales of goods are recognised in the period in which the Group delivers products to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured;
- (ii) Sales of services are recognised in the period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a percentage of the total services to be provided.

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 year.

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.

## Notes to the Financial Statements (continued)

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

#### 2.4 Basis of consolidation (continued)

##### *Subsidiaries (continued)*

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.

##### *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, 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, 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 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is the person or group that allocates resources to and assesses the performance of the operating segments of an entity. The Group has determined that its chief operating decision makers are the Board and the investment manager of the Company.

#### 2.6 Intangible assets

##### *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 at the date of acquisition. 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.

During the year 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 year 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 'loan due from associate', 'finance lease receivables', 'trade and other receivables, excluding prepayments' and 'cash at bank' in the balance sheet (notes 9.2, 12, 15 and 16).

The Group classifies its financial liabilities in the following categories: at fair value through profit or loss and other liabilities. At 31 December 2009 and 2008 the Group did not have any financial liabilities at fair value through profit or loss. Other liabilities are loans and trade creditors which are included in 'trade and other payables' as well as the 'long term liabilities' in the balance sheet (note 19).

#### 2.8 Property, plant and equipment

All categories of property, plant and equipment are initially recorded at historical cost. Subsequently, the assets are stated at historical cost, less accumulated depreciation. 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 infrastructure and equipment	3 to 15 years
Other	3 to 6 years

## Notes to the Financial Statements (continued)

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

#### 2.8 Property, plant and equipment (continued)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

##### *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 Inventory

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis, and includes expenditure incurred in acquiring the inventories, and other costs incurred in bringing them to their existing location and condition. Net realisable value is the price at which inventories can be sold in the normal course of business after allowing for the costs of realisation.

#### 2.11 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.

#### 2.12 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.

A provision for impairment is established when there is objective evidence that the Group will not be able to collect all amounts to be received. Significant financial difficulties of the counterparty, probability that the counterparty will enter bankruptcy or financial reorganisation, and default in payments are considered indicators that the amount to be received is impaired. Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

#### 2.13 Cash and cash equivalents

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

## Notes to the Financial Statements (continued)

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

#### 2.14 Trade and other payables

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

#### 2.15 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.

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.

#### 2.16 Retirement benefit obligations

The Group's subsidiaries, Dovetel Tanzania Limited and TMP Uganda Limited, contribute to the National Social Security Fund in Tanzania and Uganda respectively. This is a defined contribution plan. A defined contribution plan is a pension plan under which the Group's subsidiaries pay fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions by the Group's subsidiaries are recognised as an employee benefit expense when they are due.

#### 2.17 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.

#### 2.18 Dividends

Dividends are recognised as a liability in the year in which they are declared and approved.

### 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.

## Notes to the Financial Statements (continued)

### 3 Risk Management (continued)

#### 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. In the current year, the Group's financial instruments have no associated market price risk. In the prior year, the Group held US Treasury Bills (note 13), which were subject to fair value interest rate risk.

#### 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.

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:

<b>31 December 2009</b>	Monetary Assets US\$'000	Monetary Liabilities US\$'000	Total US\$'000
South African Rand	705	(13)	692
Tanzanian Shilling	2,057	(8,601)	(6,544)
Pound Sterling	4	(230)	(226)
Ugandan Shilling	1,305	(3,649)	(2,344)
	<b>4,071</b>	<b>(12,493)</b>	<b>(8,422)</b>

<b>31 December 2008</b>	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)
	<b>5,142</b>	<b>(3,077)</b>	<b>2,065</b>

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 2009, had the US Dollar strengthened by 1.50% (2008: 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:

	2009 US\$'000	2008 US\$'000
South African Rand	(147)	(36)
Tanzanian Shilling	(163)	(99)
Pound Sterling	(3)	-
Ugandan Shilling	(38)	(23)
<b>Effect on net assets</b>	<b>(351)</b>	<b>(158)</b>

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.

## Notes to the Financial Statements (continued)

### 3 Risk Management (continued)

#### *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 2009 US\$'000	31 December 2008 US\$'000
Loan due from associate	6,335	15,516
Finance lease receivables	31,098	15,908
Financial assets at fair value through profit or loss	-	69,886
Trade and other receivables	7,613	2,860
Cash at bank	84,590	38,671
	<b>129,636</b>	<b>142,841</b>

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). Loan due from associate and finance lease receivables relate to the investment in Sheltam Holdings and the Investment Manager and the Board of Directors do not expect any losses from non-performance by this counterparty. A balance of US\$296,000 (2008: US\$102,000) included within trade and other receivables relates to trade debtors (net of provisions) all of which are less than 12 months old and are considered past due and impaired (see note 15). The Investment Manager and the Board of Directors do not expect any losses in respect of the other balances included within trade and other receivables.

#### *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:

<b>31 December 2009</b>	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
<b>Financial liabilities</b>						
Trade and other payables	2,842	-	2,691	-	-	-
Long term liabilities	-	-	-	7,997	-	-
	<b>2,842</b>	<b>-</b>	<b>2,691</b>	<b>7,997</b>	<b>-</b>	<b>-</b>
<b>31 December 2008</b>	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
<b>Financial liabilities</b>						
Trade and other payables	3,078	-	-	-	-	-
	<b>3,078</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Notes to the Financial Statements (continued)

### 3 Risk Management (continued)

#### *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.

During its year ended 31 December 2009 should interest rates have decreased by 25 basis points, with all other variables held constant, the shareholders' equity and profit for the year would have been US\$81,000 (2008: 100 basis points US\$1,547,000) 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.

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 years ended 31 December 2008 and 2009.

#### *Fair value estimation*

Effective 1 January 2009, the Group adopted the amendment to IFRS 7 for financial instruments that are measured in the statement of financial position at fair value. This requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

As at 31 December 2009, the Group did not hold any financial instruments measured at fair value (see note 13). In the prior year the Group had US Treasury Bills which had been valued based on quoted prices in an active market.

## Notes to the Financial Statements (continued)

### 4 Operating Segments

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

Year ended 31 December 2009	Telecommunications			Transport		Other*	Total
	Dovetel	Econet	TMP Uganda	Sheltam	PME Locos		
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000		
Revenue	1,438	-	715	-	-	-	2,153
Finance income	-	4,254	-	518	3,798	54	8,624
Depreciation and amortisation	(1,308)	-	(443)	-	(468)	-	(2,219)
Share of loss of associate	-	-	-	(667)	-	-	(667)
Segment results	(9,482)	4,013	(7,956)	(240)	4,871	(4,635)	(13,429)
Additions to non-current assets (other than financial instruments)	(10,144)	-	(1,749)	-	-	-	(11,893)
Investment in associate	-	-	-	2,990	-	-	2,990
Segment assets	20,751	15,081	8,092	10,031	36,702	63,444	154,101
Segment liabilities	(8,610)	(10)	(3,658)	(12)	(35)	(1,205)	(13,530)

\* Other refers to income and expenses of the Group not specific to any specific sector such as fees of the Investment Manager and income on un-invested funds. Other assets comprise; cash and cash equivalents US\$63,025,210 (note 16) and other assets US\$418,746.

Year ended 31 December 2008	Telecommunications			Transport		Other	Total
	Dovetel	Econet	TMP Uganda	Sheltam	PME Locos		
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000		
Revenue	-	-	8	-	-	-	8
Finance income	-	1,012	-	850	982	4,052	6,896
Depreciation and amortisation	(8)	-	(17)	-	(568)	-	(593)
Share of profit of associate	-	-	-	757	-	-	757
Segment results	(4,205)	879	(1,639)	1,248	866	(2,516)	(5,367)
Additions to non-current assets (other than financial instruments)	(6,145)	-	(3,732)	-	(30,412)	-	(40,289)
Investment in associate	-	-	-	2,933	-	-	2,933
Segment assets	9,416	11,059	4,643	8,135	31,797	105,332	170,382
Segment liabilities	(575)	-	(2,272)	-	-	(231)	(3,078)

The entity is domiciled in the Isle of Man. All of the reported revenue, US\$2,153,260 (2008: US\$7,874), is from external customers from other countries.

The total of non-current assets other than financial instruments and deferred tax assets is US\$22,465,368 (2008: US\$27,541,417) and all of these are located in other countries outside of the Isle of Man.

## Notes to the Financial Statements (continued)

### 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 Investment 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.

Annual management fees payable for the year ended 31 December 2009 amounted to US\$2,040,723 (31 December 2008: US\$2,169,502).

#### *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 year ending on 31 December 2010 and at the end of each financial year 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 year. This is provided that the Total Return exceeds the NAV test, being the proceeds of the Placing Shares increased at a rate of 12% per annum on an annual compound basis from the date of Admission to the Relevant End Date. Total Return is the difference between the net asset value per Ordinary Share as at the last business day of the relevant financial year and the net proceeds of the placing shares divided by the number of placing shares.

Performance fees payable for the year ended 31 December 2009 amounted to US\$974,403 (31 December 2008: US\$nil) as a result of the disposal of Econet Wireless, (see note 9.2).

## Notes to the Financial Statements (continued)

### 6 Operating and Administration Expenses

	Year ended December 2009 US\$'000	Year ended 31 December 2008 US\$'000
Administration expenses	567	440
Administrator and Registrar fees (note 21)	178	212
Amortisation of intangible assets	173	18
Audit fees - current year	299	54
Audit fees - prior years	217	29
Bad debt provision (note 15)	477	-
Custodian fees (note 21)	20	24
Depreciation	2,046	593
Directors' fees	254	234
Employee costs	3,066	347
Retirement benefits	316	22
Management fees – Silex (note 21)	231	274
Management fees – TMP (note 21)	2,026	48
Management fees – other	416	3,375
Marketing costs	2,778	53
Network and direct costs	4,238	456
Professional fees	1,966	1,264
Property and utilities	817	102
Travel	838	779
Other	1,333	925
<b>Operating and administration expenses</b>	<b>22,256</b>	<b>9,249</b>

#### *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 2009 amounted to US\$165,923 (31 December 2008: US\$200,522).

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 2009 amounted to US\$12,183 (31 December 2008: US\$11,279).

## Notes to the Financial Statements (continued)

### 6 Operating and Administration Expenses (continued)

#### *Custodian fees*

The Custodian receives a fixed monthly fee of £875 payable quarterly in arrears. The fee payable for the year ended 31 December 2009 amounted to US\$19,663 (31 December 2008: US\$23,920).

#### *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 2009 amounted to US\$254,300 (31 December 2008: US\$233,805) and Directors' insurance cover payable amounted to US\$51,658 (31 December 2008: US\$132,479).

### 7 Income tax expense

Group	Year ended 31 December 2009 US\$'000	Year ended 31 December 2008 US\$'000
Current tax	38	-
	<b>38</b>	<b>-</b>

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

Group	Year ended 31 December 2009 US\$'000	Year ended 31 December 2008 US\$'000
Loss before tax	(13,430)	(5,731)
Tax calculated at domestic tax rates applicable in the Isle of Man (0%)	-	-
Effect of higher tax rates in Mauritius (15%)	38	-
<b>Tax expense</b>	<b>38</b>	<b>-</b>

### 8 Basic and Diluted Loss per Share

Basic and diluted loss per share are calculated by dividing the loss attributable to equity holders of the Group by the weighted average number of ordinary shares in issue during the year.

	Year ended 31 December 2009	Year ended 31 December 2008
Loss attributable to equity holders of the Company (US\$'000)	(13,429)	(5,367)
Weighted average number of ordinary shares in issue (thousands)	158,398	180,450
<b>Basic and diluted loss per share (cent per share)</b>	<b>(8.48)</b>	<b>(2.97)</b>

## Notes to the Financial Statements (continued)

### 9 Investments in Subsidiaries and Associates

#### 9.1 Investments in Subsidiaries

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

2009	Country of incorporation	Percentage of shares 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%
Dovetel Tanzania Limited	Tanzania	65%
TMP Uganda Limited	Uganda	82%

The Company invested in its direct subsidiaries as follows:

	31 December 2009 US\$'000	31 December 2008 US\$'000
Start of the year	67,029	-
Increase in investment	23,876	67,029
<b>End of the year</b>	<b>90,905</b>	<b>67,029</b>

#### 9.2 Investments in Associates

Group	31 December 2009 US\$'000	31 December 2008 US\$'000
Start of the year	2,933	-
Acquisition of associates	-	2,621
Foreign exchange gain/(loss)	724	(445)
Share of (loss)/profit of associate	(667)	757
<b>End of the year</b>	<b>2,990</b>	<b>2,933</b>

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:

31 December 2009	Percentage of shares held	Assets	Liabilities	Revenues	Loss
Name		US\$'000	US\$'000	US\$'000	US\$'000
Sheltam Holdings	50%	30,531	(27,541)	26,597	(667)

  

31 December 2008	Percentage of shares held	Assets	Liabilities	Revenues	Profit
Name		US\$'000	US\$'000	US\$'000	US\$'000
Econet Wireless	49.5%	7,099	(7,099)	-	-
Sheltam Holdings	50%	18,970	(16,037)	4,268	757
		<b>26,069</b>	<b>(23,136)</b>	<b>4,268</b>	<b>757</b>

## Notes to the Financial Statements (continued)

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

#### 9.2 Investments in Associates (continued)

*Loan due from associate*

	31 December 2009 US\$'000	31 December 2008 US\$'000
<b>Loan due from associate</b>	<b>6,335</b>	<b>15,516</b>

The loan due from associate is as follows:

Name	Term	Interest Rate	31 December 2009 US\$'000
Sheltam Holdings (Pty) Limited (US\$5.771m principal; US\$0.564m accrued interest)	No fixed term	South Africa Prime	6,335

The fair value of this loan approximates its carrying value at 31 December 2009.

In December 2009 the Group disposed of its holding in Econet Wireless for total consideration of US\$15,053,157 of which US\$50 related to its equity investment and US\$15,053,107 to loan notes. The original investment was \$50 and \$10,000,000 respectively giving a US\$nil gain on disposal on the sale of equity and US\$5,053,107 overall return on the loan notes, US\$4,042,148 of which relates to interest received and has been included in the current year's results.

### 10 Intangible assets

Group	Goodwill	Telecommunicatio n licences	Total
Cost	US\$'000	US\$'000	US\$'000
At 1 January 2009	1,843	974	2,817
Additions	-	951	951
Exchange differences	-	(62)	(62)
At 31 December 2009	1,843	1,863	3,706
<b>Amortisation</b>			
At 1 January 2009	-	-	-
Amortisation charge	-	(173)	(173)
Exchange differences	-	1	1
At 31 December 2009	-	(172)	(172)
<b>Net book value</b>			
<b>At 31 December 2009</b>	<b>1,843</b>	<b>1,691</b>	<b>3,534</b>
<b>Group</b>	<b>Goodwill</b>	<b>Telecommunicatio n licences</b>	<b>Total</b>
	US\$'000	US\$'000	US\$'000
At 1 January 2008	-	-	-
Acquisitions through business combinations	1,843	122	1,965
Additions	-	888	888
Exchange differences	-	(36)	(36)
<b>At 31 December 2008</b>	<b>1,843</b>	<b>974</b>	<b>2,817</b>

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

## Notes to the Financial Statements (continued)

### 10 Intangible assets (continued)

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

### 11 Property, Plant and Equipment

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

Six locomotives with a net book value of US\$14,548,786 were disposed in June 2009 giving rise to a gain on disposal of US\$1,663,521 and are now being recognised as finance lease receivables see note 12. This sale is a non-cash transaction and therefore excluded from the cash flow statement.

There were no impairment charges in 2009.

Group	Locomotives	Capital WIP	Network Infrastructure & Equipment	Other	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>Cost</b>					
At 1 January 2008	-	-	-	-	-
Additions	30,325	3,966	2,918	227	37,436
Disposals	(15,013)	-	-	-	(15,013)
Exchange differences	-	(98)	(186)	(5)	(289)
At 31 December 2008	15,312	3,868	2,732	222	22,134
<b>Accumulated depreciation</b>					
At 1 January 2008	-	-	-	-	-
Disposals	249	-	-	-	249
Charge for the year	(568)	-	(11)	(14)	(593)
Exchange differences	-	-	1	-	1
At 31 December 2008	(319)	-	(10)	(14)	(343)
<b>Net Book Value</b>					
<b>At 31 December 2008</b>	<b>14,993</b>	<b>3,868</b>	<b>2,722</b>	<b>208</b>	<b>21,791</b>

Six locomotives with a net book value of US\$14,763,393 were disposed in December 2008 giving rise to a gain on disposal of US\$1,148,030 and are now being recognised as finance lease receivables see note 12. This sale is a non-cash transaction and therefore excluded from the cash flow statement.

There were no impairment charges in 2008.

## Notes to the Financial Statements (continued)

### 12 Finance lease receivables

	31 December 2009 US\$'000	31 December 2008 US\$'000
<b>Amounts receivable under finance leases:</b>		
Within one year	6,132	3,066
In the second to fifth years inclusive	24,545	9,206
Beyond five years	25,670	18,203
	56,347	30,475
Less: unearned finance income	(25,249)	(14,567)
<b>Present value of minimum lease payments receivable</b>	<b>31,098</b>	<b>15,908</b>

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

	31 December 2009 US\$'000	31 December 2008 US\$'000
Within 1 year	1,910	604
After 1 year	29,188	15,304
	<b>31,098</b>	<b>15,908</b>

The Group has entered into finance leasing arrangements with Sheltam Holdings (Pty) Limited, an associated company, for twelve locomotives (six in December 2008 and another six in June 2009). The average term of finance leases entered into is ten years. The interest rate inherent in the leases is fixed at the contract date for the entire lease term. The average effective interest rate contracted approximates to 16.30%. The fair value of the Group's finance lease receivables at 31 December 2009 is estimated at US\$31,098,000 (31 December 2008: US\$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*

<b>Group and Company</b>	31 December 2009 US\$'000	31 December 2008 US\$'000
Security name		
US Treasury Bill 0% 15/01/09	-	34,971
US Treasury Bill 0% 29/01/09	-	34,915
	-	<b>69,886</b>

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

	31 December 2009 US\$'000	31 December 2008 US\$'000
Realised losses	(106)	(40)
Unrealised gains/(losses)	151	(151)
<b>Total gains/(losses)</b>	<b>45</b>	<b>(191)</b>

## Notes to the Financial Statements (continued)

### 14 Inventory

Group	31 December 2009 US\$'000	31 December 2008 US\$'000
Network Equipment, Dongles, Routers	2,000	-
<b>Inventory</b>	<b>2,000</b>	<b>-</b>

### 15 Trade and Other Receivables

Group	31 December 2009 US\$'000	31 December 2008 US\$'000
<i>Non-current</i>		
<b>Lease prepayment</b>	<b>3,091</b>	<b>-</b>
<i>Current</i>		
Amount due from Roy Puffett (note 21)	264	185
Loans and receivables due from associate companies	84	-
Prepayments	1,204	952
VAT recoverable	1,285	274
Operating lease income	-	540
Finance lease income*	1,256	741
Trade debtors**	296	102
Sundry debtors	133	66
<b>Trade and other receivables</b>	<b>4,522</b>	<b>2,860</b>

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

\*\* During the year bad debt provisions of US\$477,000 (2008: US\$nil) have been provided against trade receivables (see note 6).

Company	31 December 2009 US\$'000	31 December 2008 US\$'000
<b>Loans and receivables due from subsidiary companies</b>	<b>401</b>	<b>260</b>
Loans and receivables due from associate companies	84	-
Prepayments	300	254
Sundry debtors	35	179
<b>Trade and other receivables</b>	<b>419</b>	<b>433</b>

Expense recharges from the Company to its subsidiaries and associates during the year amounted to US\$339,910 and US\$140,122 respectively (2008: US\$363,589 and US\$nil), with outstanding balances at the year-end as above.

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

## Notes to the Financial Statements (continued)

### 16 Cash at Bank

Group	31 December 2009 US\$'000	31 December 2008 US\$'000
Bank balances	22,346	36,424
Deposit balances	62,244	2,247
<b>Cash at bank</b>	<b>84,590</b>	<b>38,671</b>

The deposit balances include US\$244,000 (31 December 2008: US\$247,000) held as security for a letter of credit issued by Standard Chartered Bank, and US\$nil (31 December 2008: 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.

Company	31 December 2009 US\$'000	31 December 2008 US\$'000
Bank balances	1,025	35,014
Deposit balances	62,000	-
<b>Cash at bank</b>	<b>63,025</b>	<b>35,014</b>

### 17 Share Capital

Ordinary Shares of US\$0.01 each	31 December 2009 and 2008 Number	31 December 2009 and 2008 US\$'000
Authorised	500,000,000	5,000
Ordinary Shares of US\$0.01 each	31 December 2009 Number	31 December 2009 US\$'000
In issue at 31 December 2008	180,450,000	1,805
Redeemed during the year	(28,800,248)	(289)
In issue at 31 December 2009	151,649,752	1,516
Ordinary Shares of US\$0.01 each	31 December 2008 Number	31 December 2008 US\$'000
In issue at start and end of year	180,450,000	1,805
C Shares of US\$1 each	31 December 2008 and 2009 Number	31 December 2008 and 2009 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 would be entitled to one vote per share at the meetings of the Company. The C Shares can be converted into Ordinary shares on the approval of the Directors. On conversion each C share would be sub-divided into 100 C Shares of US\$0.01 each and will be automatically converted into New Ordinary shares of US\$0.01 each.

## Notes to the Financial Statements (continued)

### 17 Share Capital (continued)

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

A registered holder of a Warrant has the right to subscribe for Ordinary Shares of US\$0.01 each in the Company in cash on 30 April in any of the years 2008 to 2012 for a price of US\$1.21 each (adjusted from US\$1.25 effective from 11.59pm on 23 February 2010, see note 22).

During the year the Company bought back 28,800,248 Ordinary Shares for total consideration of US\$14,209,094.

### 18 Net Asset Value per Share

Group	As at 31 December 2009	As at 31 December 2008
Net assets attributable to equity holders of the Company (US\$'000)	140,571	167,295
Shares in issue (thousands)	151,650	180,450
<b>NAV per share (US\$)</b>	<b>0.93</b>	<b>0.93</b>

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

### 19 Trade and Other Payables

Group	31 December 2009 US\$'000	31 December 2008 US\$'000
Performance fee payable	974	-
Administration fees payable	27	44
Audit fee payable	194	43
CREST service provider fee payable	2	3
Custodian fee payable	5	4
Directors' fees payable	53	-
Trade creditors	383	377
Income tax payable	16	-
ZTE loan (see below)	2,691	-
Other accrued expenses	751	-
Other sundry creditors	437	1,054
	<b>5,533</b>	<b>1,525</b>

## Notes to the Financial Statements (continued)

### 19 Trade and Other Payables (continued)

Company	31 December 2009 US\$'000	31 December 2008 US\$'000
Performance fee payable	974	-
Administration fees payable	27	44
Audit fee payable	137	43
CREST service provider fee payable	2	3
Custodian fee payable	5	4
Directors' fees payable	53	-
Other sundry creditors	7	138
	<b>1,205</b>	<b>232</b>

#### ZTE Loans

	Interest rate 31 December 2009	31 December 2009 £'000	31 December 2008 £'000
<i>Current liabilities</i>			
Dovetel Tanzania Limited	LIBOR + 3%	<b>2,691</b>	-
<i>Non-current liabilities</i>			
Dovetel Tanzania Limited	LIBOR + 3%	5,543	-
TMP Uganda Limited	LIBOR + 3%	2,454	1,553
<b>Long term liabilities</b>		<b>7,997</b>	<b>1,553</b>

The ZTE loans are unsecured.

### 20 Contingent Liabilities and Commitments

At 31 December 2009 the capital expenditure contracted for property, plant and equipment by Dovetel Tanzania Limited was US\$2,790,427.

At 31 December 2009 TMP Uganda Limited had commitments relating to its ongoing ERP implementation totalling US\$111,016.

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\$1.4m (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\$0.8m (ZAR 6m) in connection with a US\$1.6m (ZAR 12m) working capital facility.

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

The indirect subsidiaries Dovetel Tanzania 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\$6.2 million and US\$2.2 million respectively at the balance sheet date.

## Notes to the Financial Statements (continued)

### 20 Contingent Liabilities and Commitments (continued)

Dovetel Tanzania 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.

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

	31 December 2009 US\$'000	31 December 2008 US\$'000
<b>Amounts payable under operating leases:</b>		
Within one year	182	57
In the second to fifth years inclusive	634	283
Beyond five years	1,878	1,209
	<b>2,694</b>	<b>1,549</b>

### 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.

#### Group

At 31 December 2009, US\$263,664 was payable by Roy Puffett, a shareholder in Sheltam Holding (Pty) Ltd. (2008: US\$184,841), see note 22.

Management fees of US\$2,026,000 (2008: US\$48,000) were paid to TMP Management A.S., outstanding at 31 December 2009, US\$145,000 (2008: US\$128,000).

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

- PME Locomotives (Mauritius) Limited sold its remaining six locomotives via finance lease to Sheltam Holdings (Pty) Limited in June 2009 (see notes 11 and 12)
- The outstanding finance lease liability owing to PME Locomotives (Mauritius) Limited as at 31 December 2009 was US\$31,098,211 (31 December 2008: US\$15,907,642), see note 12).
- Finance lease interest expense due to PME Locomotives (Mauritius) Limited during the year ended 31 December 2009 amounted to US\$4,804,800 (31 December 2008: US\$201,600).
- Finance lease amounts due but not yet paid to PME Locomotives (Mauritius) Limited as at 31 December 2009 amounted to US\$1,255,856 (31 December 2008: US\$740,966).
- The loan payable to PME RSACO (Mauritius) Limited is disclosed in note 9.2.

The Directors of the Company are considered to be related parties by virtue of their influence over making operational decisions. Directors' remuneration is disclosed in note 6.

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% 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 oversee the administration of the overseas subsidiaries. A total of US\$231,253 has been invoiced by Silex in respect of the financial year ended 31 December 2009 (31 December 2008: US\$273,873).

## Notes to the Financial Statements (continued)

### 21 Related Party Transactions (continued)

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.

#### *Company*

Intercompany transactions with subsidiaries and associates are disclosed in note 15.

### 22 Post Balance Sheet Events

Since the year end the Company has purchased a further 375,000 ordinary shares for a total consideration of US\$275,000. The Company has cancelled these re-purchased shares leaving the total shares in issue as 151,274,752.

On 6 January 2010 Roy Puffett, a shareholder in Sheltam Holding (Pty) Limited, settled the amount due to the Group in full (see note 21).

On 15 February 2010 the Company announced that following the realisation of the Econet Wireless Global Limited investment a special dividend of 2.6 cents per ordinary share would be paid. This has had the supplementary effect of adjusting the warrant subscription price to US\$1.21 effective from 11.59pm on 23 February 2010, representing a reduction of US\$0.04 from the original subscription price of US\$1.25. Additional warrants were also issued to each Warrant holder at approximately 0.033 warrants for every existing warrant held (no fractions of warrants were issued). The additional 1,193,042 warrants were admitted to trading on 22 March 2010.

On 8 March 2010 a new wholly owned subsidiary, PME TZ Property (Mauritius) Limited was incorporated.

# PME AFRICAN INFRASTRUCTURE OPPORTUNITIES PLC

(Incorporated in the Isle of Man under company number 120060C)

## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE** is hereby given that the Annual General Meeting of the above named 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 Thursday 17<sup>th</sup> June 2010, at 14.30 hours BST, to transact the following business:

### ORDINARY BUSINESS

#### By ordinary resolution

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 2009.
2. To note that no dividend be declared payable in respect of the Company's ordinary shares.
3. To re-appoint PricewaterhouseCoopers, Isle of Man as Auditors of the Company for the year to 31 December 2010 and that the directors be authorised to determine the remuneration of the Auditors.
4. To re-appoint as a director, Mr David von Simson who retires in accordance with Article 87 of the Articles of Association and offers himself for re-election.
5. To re-appoint as a director, Mr Brian Alan Myerson who retires in accordance with Article 87 of the Articles of Association and offers himself for re-election.
6. To re-appoint as a director, Mrs Graca Machel who retires in accordance with Article 87 of the Articles of Association and offers herself for re-election.

### SPECIAL BUSINESS

#### By ordinary resolution

7. 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 21 July 2011.

By Order of the Board  
Galileo Fund Services Limited  
Secretary

Date: 30<sup>th</sup> April 2010

*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 48 hours 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 Thursday 17<sup>th</sup> June 2010, at 14.30 BST, to transact the following business:

I/We \_\_\_\_\_<sup>1</sup>

of \_\_\_\_\_<sup>1</sup> being member(s) of the

Company, hereby appoint the Chairman of the Meeting or <sup>2</sup> \_\_\_\_\_

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 Thursday 17<sup>th</sup> June 2010 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 <sup>3</sup>:-

**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 2009 be adopted.
- 2 To note that no dividend be payable in respect of the Company's ordinary shares.
- 3 THAT PricewaterhouseCoopers, Isle of Man be re-appointed the Auditors of the Company for the year ending 31 December 2010 and that the directors be authorised to determine the remuneration of the Auditors.
- 4 To re-appoint as a director, Mr David von Simson who retires in accordance with Article 87 of the Articles of Association and offers himself for re-election
- 5 To re-appoint as a director, Mr Brian Alan Myerson who retires in accordance with Article 87 of the Articles of Association and offers himself for re-election.
- 6 To re-appoint as a director, Mrs Graca Machel who retires in accordance with Article 87 of the Articles of Association and offers herself for re-election.
- 7 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 21 July 2011, be approved

	FOR	AGAINST	ABSTAIN
1			
2			
3			
4			
5			
6			
7			

Date \_\_\_\_\_ 2010

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 48 hours 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.