

PME African Infrastructure Opportunities plc

Interim Report

Period ended 30 June 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

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British Isles

Investment Manager

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Nominated Adviser

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Administrator and Registrar

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Directors and Advisers (continued)

Cash Custodian

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PO Box 532
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Chairman's Statement

I am pleased to report the interim results for PME African Infrastructure Opportunities plc ("PME" or "the Company") for the six months ending 30 June 2009.

Investments and Valuations

The Group (PME and its subsidiaries) has five investments. Three are in telecommunications networks, in Tanzania (Dovetel), Burundi (Econet) and Uganda (TMP Uganda). The other two are in Sheltam, the railway and genset operations business and in a holding of twelve General Electric locomotives, half of which have subsequently been leased through Sheltam to clients.

The net asset value of the Company calculated in accordance with IFRS (the "IFRS Net Asset Value") stood at US\$149.6 million at the period end. International Financial Reporting Standards do not recognise open market valuations of the Company's investment portfolio and accordingly the five investments in the portfolio at the period end are only valued on a cost basis in the IFRS Net Asset Value calculation.

One of the major international accountancy firms conducted a valuation of these investments as at 30 June 2009 in accordance with International Private Equity and Venture Capital Valuation Board guidelines. Three of these investments have been valued above cost and two at cost. The aggregate valuation attributed a potential uplift in value of US\$14.8 million, being a 19% increase over the cumulative investment cost to date of US\$78.7 million of these five projects.

In order to demonstrate the potential uplift to shareholders in the net asset value arising from these valuations, the Board is publishing an adjusted net asset value ("Adjusted Net Asset Value"), which adds the uplift in value over the cumulative investment cost to the IFRS Net Asset Value. The Adjusted Net Asset Value at the period end was US\$164.4 million (107 cents per ordinary share). This is 9% higher than the Adjusted Net Asset Value per ordinary share as at 31 December 2008 of 98 cents.

This is a creditable performance given the parlous state of the world economy and the private equity markets in general. There remain some excellent opportunities in the pipeline which are now at advanced stages of negotiation. The Board will, however, continue to weigh up the relative merits of new investments and other considerations, such as returns of capital to shareholders.

Financial

At 30 June 2009, PME's IFRS Net Asset Value was US\$149.6 million, which equated to 97 cents per ordinary share (31 December 2008: 93 cents per ordinary share) and the Adjusted Net Asset Value was US\$164.4 million (107 cents per ordinary share) (31 December 2008: 98 cents per ordinary share). As at the period end, PME had cash at bank of US\$83.2 million, equivalent to 54 cents per share. Also at the period end there was gearing in the portfolio of US\$7.7 million (31 December 2008: US\$2.1 million), reflecting borrowings and vendor finance arrangements undertaken in respect of three of the Company's investments, Dovetel, TMP Uganda and Sheltam. However this gearing does not have recourse to PME, other than explained in note 19.

Deposit interest on PME's cash balances generated finance income of US\$4.1 million, but after primarily portfolio company operating expenses and also its share of loss of associates and management and administration fees, the net loss for the period was US\$6.6 million.

Share buy-backs

Against a backdrop of difficult economic conditions, the performance of PME's share price has continued to be disappointing. In order to enhance shareholder value, in February this year, the Group announced that it was commencing a share buy-back and subsequently the Company has bought back 26,925,248 ordinary shares at an average price of 48 cents per share. This has assisted in enhancing the Company's net asset value per share. At the Company's annual general meeting in July 2009, shareholders renewed PME's share buy-back authority and with the release of these results, the Company will be free to continue such a programme.

Chairman's Statement (continued)

Outlook

I remain pleased with the performance of the Company on a net asset value per share basis given the global economic downturn. The timely use of share buy-backs, combined with an accretion in value of the investments has materially enhanced the net asset value per share. Africa is rich with resource and investment opportunity and appears to have escaped much of the fallout from the world's banking crises. The continent continues to be short of capital, which makes for a continued interesting pipeline of opportunities. The board and the investment manager have been cautious in pursuing these during the last twenty four months of falling global asset prices, and the company is therefore particularly well placed to take advantage of the high yields now available. I am confident that the team's efforts will deliver excellent returns for shareholders and also that we can continue to use our own balance sheet to assist in that process.

David von Simson
Chairman
17 September 2009

Report of the Investment Manager

Introduction

We are pleased to report continued solid progress against the backdrop of the bleak global economic situation. The Company had at the end of the period committed US\$89.5 million in its portfolio, of which US\$78.7 million had been drawn down. The portfolio has been independently valued once more in accordance with International Private Equity and Venture Capital Valuation Board guidelines. The valuation attributed a potential uplift in value over the 31 December 2008 figure of US\$4.5 million, taking the total cumulative uplift to US\$14.8 million, being a 19% increase over the cumulative investment cost.

Portfolio Companies

Dovetel (T) Limited (“Dovetel”): Dovetel is a telecommunications company with a unified national licence in Tanzania. Dovetel is rolling out a 3G wireless (based on CDMA) national network in order to 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.

After some initial delays due to the late supply of equipment, Dovetel launched its full suite of services to the market in Dar es Salaam under the Sasatel brand. In mid June the company launched with both a mobile voice offering and an Internet enabled fixed wireless phone. Two weeks later it introduced its higher-end mobile broadband modem (targeted towards high net worth families and small businesses) and the high-end broadband wireless router (for medium size business data users) two weeks thereafter.

Dovetel has a state of the art network which positions it to be a leading provider of broadband services to residential and SME business customers with a high quality product offering. As this is a nascent market, the sales and marketing efforts are being continuously monitored and adjusted to optimise customer uptake and maintain focus on the strategic intent of the company.

As the company is now formally launched, negotiations are in hand to secure senior bank debt to finance the expansion of the network although it will still be necessary to draw down on the US\$4 million balance of the US\$26 million that was initially approved for this investment to maintain operations until the debt is in place.

TMP Uganda Limited (“TMP”): TMP Uganda is a telecommunications company with a unified national licence in Uganda. 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 as well as the corporate segment of the market. TMP will also provide voice services to its customer base.

TMP launched its services to the market in Kampala in July branded as “BroadBand Company” and has experienced significantly greater demand for the dedicated high-end broadband solutions for larger corporate customers than anticipated.

The greater demand from larger corporate customers for higher end products and services has left capacity on the local access network constrained. TMP is addressing these constraints by:

- acquiring fibre capacity on the recently laid TEAMS (The East African Marine Service) cable from Kampala to Mombasa and onto London via the Gulf. This represents a significant saving relative to the cost of satellite and will allow TMP to offer genuine high bandwidth services to customers at an affordable price;
- adding access capacity by installing new base stations;
- temporarily transferring large corporate users onto Microwave access technology until additional access capacity has been installed; and
- focusing on selling services to residential and smaller users utilising the fixed outdoor CPE (Customer Premise Equipment).

Report of the Investment Manager (continued)

It should be noted that TMP's current challenge is largely generated from its highly successful launch - it has basically sold out capacity ahead of planned increases. This clearly demonstrates the very strong demand for high quality broadband services in the region and supplying this will be met by drawing down on the US\$11.4 million balance of the US\$18.5 million of equity approved for this investment by PME.

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

Network expansion is ongoing with a total of 87 sites identified. Subject to availability of funding to commence civil works, EWB will hand over a minimum of nine sites to the ZTE Corporation for civil construction with negotiations completed for all seven Bujumbura sites and contracting in process.

Subscriber acquisition has recently slowed in the face of action from competitors reacting to EWB's rapid growth and, in an effort to increase market penetration the company has introduced a handset-packaged offer with a prepaid SIM card and extended payment terms.

International SMS was successfully tested and launched in 16 destinations and roaming signalling was also successfully tested with 28 networks.

EWB's overdraft facility has been increased with a local bank and negotiations are under way with another local bank for further financing. In addition, a loan was extended to the company from Econet Wireless Global Limited.

Sheltam Holdings (Pty) Limited ("Sheltam"): Sheltam is a South African company providing engineering, management and operations of railway locomotives and privately owned track. It also owns and charters small aircraft and repairs and maintains marine engines and generators.

PME's strategy in acquiring Sheltam was to develop the business beyond South Africa into the rest of sub Saharan Africa. Locomotives are now operating in the Democratic Republic of Congo and Mozambique with further opportunities in Angola and Ghana being pursued.

Sheltam is also consolidating its South African operations. It has recently identified an improved replacement for its maintenance hub that should improve its ability to win business as it will be able to undertake its full scope of offered services in one location on its own premises.

PME Locomotives (Mauritius) Limited – The 12 General Electric C30 Locomotives owned by PME via this subsidiary have been leased to Sheltam for placement with their South African clients as well as with operators in the rest of sub Saharan Africa. Generally, Sheltam will supply the locomotives on a fully serviced basis including crew, maintenance and insurance.

Six of these locomotives have been placed to date with negotiations under way for the balance involving either similar placements or sale.

Transactions in the pipeline

Water: PME is developing a financial term sheet with a project company which has reached agreement with its host government to build and operate a desalination plant in a country located on the eastern coast of Africa. This is the first stage of a larger development that will include solar energy and wind power.

PME is also in discussions with a company in southern Africa to fund the development of a water treatment and bulk delivery project. It has successfully completed a pre-feasibility stage and a definitive feasibility study is currently underway.

Transport: The Company is at an advanced stage of negotiations with the sponsors of an African wide aviation project that is unique in concept and could provide significant savings for African airlines.

Report of the Investment Manager (continued)

It is also in direct discussions with a West African government to supply and maintain locomotives on a section of its rail network as well as upgrading the line so as to increase capacity and boost exports.

Whilst we have remained cautious in committing funds to date, we are now confident the Company could complete two of these projects before the end of 2009, thus utilising a significant amount of the balance of the funds available to the Company.

Outlook

While it appears that the worst of the global economic downturn may be over, South Africa, because of the lag effect, is still in recession with a bottoming of the cycle predicted for late 2009 or early 2010, as a result of which the South African banks have been understandably cautious in lending locally and cross border.

Notwithstanding the above, we are pleased so far with the progress that our existing investments have made to date. The current investing environment provides PME, which has available capital, with the advantage of being able to deploy funds rapidly into promising opportunities. With a strong pipeline, we are confident that we can further develop a well diversified portfolio which is as far as possible uncorrelated to the negative events that have affected world markets and which will provide shareholders with attractive returns.

PME Infrastructure Managers Limited

Investment Manager

17 September 2009

Consolidated Income Statement

		(Unaudited) Period from 1 January 2009 to 30 June 2009	(Unaudited) Period from 1 January 2008 to 30 June 2008
	Note	US\$'000	US\$'000
Revenue		306	-
Realised gains on sale of property, plant and equipment		1,320	-
Net changes in fair value on financial assets at fair value through profit or loss	12	45	-
Investment Manager's fees	4	(1,050)	(1,090)
Administration fees and expenses	5	(1,618)	(1,809)
Foreign exchange losses		(534)	(2,052)
Operating expenses	6	(7,935)	(1,536)
Operating loss		(9,772)	(6,487)
Finance income		4,061	2,872
Finance costs		(3)	(6)
Net finance income		4,058	2,866
Share of loss of associates	8.2	(1,141)	-
Loss before income tax		(6,549)	(3,621)
Income tax		(69)	-
Loss for the period		(6,618)	(3,621)
Attributable to:			
Equity holders of the Company		(6,615)	(3,621)
Minority interest		(3)	-
		(6,618)	(3,621)
Basic and diluted earnings per share (cent) for loss attributable to the equity holders of the Company during the period	7	(4.047)	(2.007)

The accompanying notes on pages 14 to 28 form an integral part of these financial statements

Consolidated Statement of Comprehensive Income

	Note	(Unaudited) Period 1 January 2009 to 30 June 2009 US\$'000	(Unaudited) Period 1 January 2008 to 30 June 2008 US\$'000
Loss for the period		(6,618)	(3,621)
Other comprehensive income			
Foreign exchange translation differences		1,896	-
Other comprehensive income for the period (net of tax)		1,896	-
Total comprehensive expense for the period		(4,722)	(3,621)
Total comprehensive expense attributable to:			
- owners of the Company		(4,713)	(3,621)
- minority interest		(9)	-
		(4,722)	(3,621)

The accompanying notes on pages 14 to 28 form an integral part of these financial statements

Consolidated Balance Sheet

	Note	(Unaudited) As at 30 June 2009 US\$'000	(Audited) As at 31 December 2008 US\$'000
Assets			
Non-current assets			
Intangible assets	9	2,751	2,817
Investments in associates	8.2	2,232	2,933
Loans due from associates	8.2	18,958	15,516
Property, plant and equipment	10	18,118	21,791
Finance lease receivables	11	31,253	15,304
Total non-current assets		73,312	58,361
Current assets			
Financial assets at fair value through profit or loss	12	-	69,886
Finance lease receivables	11	558	604
Inventory	13	2,144	-
Trade and other receivables	14	2,655	2,860
Cash at bank	15	83,151	38,671
Total current assets		88,508	112,021
Total assets		161,820	170,382
Equity			
Capital and reserves attributable to equity holders of the Company:			
Issued share capital	16	1,535	1,805
Foreign currency translation reserve		(343)	(2,245)
Retained earnings		148,138	167,735
Capital redemption reserve		270	-
		149,600	167,295
Minority interest		-	9
Total equity		149,600	167,304
Current liabilities			
Trade and other payables	18	12,220	3,078
Total liabilities		12,220	3,078
Total equity and liabilities		161,820	170,382

Approved and authorised for issue by the Board of Directors on 17 September 2009 and signed on their behalf by:

Director

Director

The accompanying notes on pages 14 to 28 form an integral part of these financial statements

Company Balance Sheet

	Note	(Unaudited) As at 30 June 2009 US\$'000	(Audited) As at 31 December 2008 US\$'000
Assets			
Non-current assets			
Investments in subsidiaries	8.1	72,561	67,029
Total non-current assets		72,561	67,029
Current assets			
Loans and receivables due from subsidiaries	14	130	260
Financial assets at fair value through profit or loss	12	-	69,886
Trade and other receivables	14	126	433
Cash and cash equivalents	15	77,156	35,014
Total current assets		77,412	105,593
Total assets		149,973	172,622
Equity			
Capital and reserves attributable to equity holders of the Company:			
Issued share capital	16	1,535	1,805
Retained earnings		147,795	170,585
Capital redemption reserve		270	-
Total equity		149,600	172,390
Current liabilities			
Trade and other payables	18	373	232
Total liabilities		373	232
Total equity & liabilities		149,973	172,622

Approved and authorised for issue by the Board of Directors on 17 September 2009 and signed on their behalf by:

Director

Director

Consolidated Statement of Changes in Shareholders' Equity

	Attributable to equity holders of the Company				Total	Minority interest	Total
	Share capital	Foreign currency translation reserve	Capital redemption reserve	Retained earnings			
	US\$'000	US\$'000	US\$'000	US\$'000			
Balance at 1 January 2008	1,805	-	-	173,102	174,907	-	174,907
Loss for the period	-	-	-	(3,621)	(3,621)	-	(3,621)
Balance at 30 June 2008	1,805	-	-	169,481	171,286	-	171,286
Balance at 1 January 2009	1,805	(2,245)	-	167,735	167,295	9	167,304
Total comprehensive income for the period							
Loss for the period	-	-	-	(6,615)	(6,615)	(3)	(6,618)
Other comprehensive income							
Foreign exchange translation differences	-	1,902	-	-	1,902	(6)	1,896
Total comprehensive income for the period		1,902		(6,615)	(4,713)	(9)	(4,722)
Shares cancelled following market purchases	(270)		270	(12,982)	(12,982)	-	(12,982)
Balance at 30 June 2009	1,535	(343)	270	148,138	149,600	-	149,600

The accompanying notes on pages 14 to 28 form an integral part of these financial statements

Consolidated Cash Flow Statement

	Note	(Unaudited) Period from 1 January 2009 to 30 June 2009 US\$'000	(Unaudited) Period from 1 January 2008 to 30 June 2008 US\$'000
Operating activities			
Loss for the period before income tax		(6,549)	(3,621)
Adjustments for:			
Net changes in fair value on financial assets at fair value through profit or loss		(45)	-
Realised gain on sale of property, plant and equipment		(1,320)	-
Finance income		(4,061)	(2,872)
Finance costs		3	6
Depreciation and amortisation		998	-
Share of loss of associates		1,141	-
Foreign exchange losses		534	2,052
Operating loss before changes in working capital		(9,299)	(4,435)
Increase in inventory		(2,130)	-
Decrease/(increase) in trade and other receivables		181	(284)
Increase in trade and other payables		9,193	1,031
Cash used in operations		(2,055)	(3,688)
Interest paid		(36)	(6)
Income tax paid		(13)	-
Interest received		17	3,103
Lease rental income received		1,714	-
Net cash used in operating activities		(373)	(591)
Investing activities			
Acquisition of subsidiaries, net of cash acquired		-	(123)
Loans to associates		(8)	-
Purchase of property, plant and equipment	10	(12,173)	(31)
Purchase of intangible assets		-	(1,603)
Purchase of treasury bills		(130,069)	-
Maturity of treasury bills		200,000	-
Cash restricted by bank guarantees		1,914	-
Net cash generated from/(used in) investing activities		59,664	(1,757)
Financing activities			
Shares cancelled following market purchases		(12,982)	-
Net cash used in financing activities		(12,982)	-
Net increase/(decrease) in cash and cash equivalents		46,309	(2,348)
Cash and cash equivalents at beginning of period		36,424	174,666
Foreign exchange gains/(losses) on cash and cash equivalents		185	(2,014)
Cash and cash equivalents at end of period		82,918	170,304

The accompanying notes on pages 14 to 28 form an integral part of these financial statements

Notes to the Financial Statements

1 General Information

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

The Company's investment activities are managed by PME Infrastructure Managers Limited (the "Manager"). The Company's administration is delegated to Galileo Fund Services Limited (the "Administrator"). The registered office of the Company is Third Floor, Britannia House, St George's Street, Douglas, Isle of Man, IM1 1JE.

Pursuant to 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 period the Company bought back 26,925,248 Ordinary Shares for total consideration of \$12,981,594. As a result 153,524,752 Ordinary shares remain in issue at 30 June 2009.

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

Financial Year End

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

Company Profit

In accordance with the provisions of Section 3 of the Isle of Man Companies Act 1982, no separate income statement has been presented for the Company. The amount of the Company's loss for the period recognised in the Consolidated Income Statement is US\$9,808,647 after impairment of investment in subsidiaries of \$7,544,041 (Period ended 30 June 2008: US\$1,682,067). See note 8.1.

2 Summary of Significant Accounting Policies

Except as described below, the accounting policies applied by the Group in the preparation of these condensed consolidated financial statements are the same as those applied by the Group in its consolidated financial statements for the year ended 31 December 2008.

These interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") IAS 34 Interim Financial Reporting. They do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2008.

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

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

Notes to the Financial Statements (continued)

2 Summary of Significant Accounting Policies (continued)

Estimated Impairment of Goodwill

The Group tests annually whether goodwill has suffered any impairment. In assessing impairment the Group takes account of the business plans and projected results of the relevant subsidiaries. In addition the Group engaged a specialist department of one of the major international accountancy firms to conduct a valuation of the portfolio investments in accordance with International Private Equity and Venture Capital Valuation Board guidelines. Based upon this information the Group has determined that there has been no impairment of the value of goodwill.

Telecommunication Licences

The Group tests annually whether telecommunications licenses held by group companies have suffered any impairment. In assessing impairment the Group takes account of the business plans and projected results of the relevant subsidiaries. In addition the Group engaged a specialist department of one of the major international accountancy firms to conduct a valuation of the portfolio investments in accordance with International Private Equity and Venture Capital Valuation Board guidelines. Based upon this information the Group has determined that there has been no impairment of the value of telecommunication licenses.

Loans to Associate Companies

The Group tests annually whether loans to associated companies have suffered any impairment. In assessing this the Group takes account of the impairment tests carried out on the associated Company investments (see note 9) as well as the business plans of these companies. In addition the Group engaged a specialist department of one of the major international accountancy firms to conduct a valuation of the portfolio investments in accordance with International Private Equity and Venture Capital Valuation Board guidelines. Based upon this information the Group has determined that there has been no impairment of the value of loans to associated companies.

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2009.

- IAS 1 (revised), 'Presentation of financial statements'. 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. All 'non-owner changes in equity' are required to be shown in a performance statement.

Entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). The group has elected to present two statements: an income statement and a statement of comprehensive income. The interim financial statements have been prepared under the revised disclosure requirements.

- IFRS 8, 'Operating segments'. IFRS 8 replaces IAS 14, 'Segment reporting'. It requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. This has resulted in an increase in the number of reportable segments presented, as the two previously reported business segments have now been split out at a project level.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the board of directors and investment manager that make strategic decisions.

Notes to the Financial Statements (continued)

2 Summary of Significant Accounting Policies (continued)

2.1 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

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

(i) Post Paid Products

- Connection fees: Revenue is recognised on the date of activation by the CDMA operator of a new Subscriber Identification Module (SIM) card.
- Access charges: Revenue is recognised in the period to which they relate.
- Airtime: Revenue is recognised on the usage basis commencing on the date of activation.

(ii) Prepaid Products

- SIM kits: Revenue is recognised on the date of sale.
- Connection fees: Revenue is recognised on the date of activation.
- Airtime: Revenue is recognised on the usage basis commencing on the date of activation.

2.2 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.

3 Segment Information

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

Six months ended 30 June 2009	Telecommunications			Transport		Other*	Total
	Dovetel	Econet	TMP Uganda	Sheltam	PME Locos		
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000		
Net rent and associated income	264	-	42	-	-	-	306
Finance income	(35)	2,000	16	348	1,713	19	4,061
Depreciation and amortisation	(56)	-	(175)	-	(767)	-	(998)
Share of loss of associates	-	-	-	(1,141)	-	-	(1,141)
Segment results	(5,335)	1,981	(2,531)	(941)	2,471	(2,263)	(6,618)
Capital expenditure	(10,979)	-	(1,194)	-	-	-	(12,173)
Investment in associates	-	-	-	2,232	-	-	2,232
Segment assets	21,221	13,053	7,048	8,869	34,347	77,282	161,820
Segment liabilities	(8,450)	(13)	(3,282)	(22)	(79)	(374)	(12,220)

* 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 \$77,156,000 (note 15) and other assets \$126,000.

Notes to the Financial Statements (continued)

3 Segment Information (continued)

Six months ended 30 June 2008	Telecommunications		Other	Total
	Dovetel	TMP Uganda		
	US\$'000	US\$'000	US\$'000	US\$'000
Net rent and associated income	-	-	-	-
Finance income	-	-	2,872	2,872
Depreciation and amortisation	-	-	-	-
Share of profit of associates	-	-	-	-
Segment results	(1,434)	(501)	(1,686)	(3,621)
Capital expenditure	(1,722)	(1,069)	-	(2,791)
Investment in associates	-	-	-	-
Segment assets	4,317	1,814	167,665	173,796
Segment liabilities	(1,440)	(721)	(349)	(2,510)

4 Investment Manager Fees

Annual fees

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

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

Annual management fees payable for the period ended 30 June 2009 amounted to US\$1,049,764 (30 June 2008: US\$1,090,171).

Performance fees

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

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

At the end of the financial period ending on 31 December 2010 and at the end of each financial period thereafter the Total Return will be calculated and the total performance fee will be calculated as 20% of the Total Return multiplied by the weighted average number of Ordinary Shares in issue during the period, provided that the Total Return exceeds the NAV test, being the proceeds of the Placing Shares increased at a rate of 12% per annum on an annual compound basis from the date of Admission to the Relevant End Date. Total Return is the difference between the net asset value per Ordinary Share as at the last business day of the relevant financial period and the net proceeds of the placing shares divided by the number of placing shares.

Performance fees payable for the period ended 30 June 2009 amounted to US\$nil (30 June 2008: US\$nil).

Notes to the Financial Statements (continued)

5 Administration Fees and Expenses

	Period ended 30 June 2009 US\$'000	Period ended 30 June 2008 US\$'000
Audit	156	58
Directors' remuneration	119	128
Directors' insurance cover	9	91
Administrator and Registrar fees	90	102
Nominated Adviser fees	26	35
Broker fees	42	59
Custodian fees	10	12
Offshore Registrar fees	8	7
Professional fees	529	369
Travel expenses	178	293
Silex management fees (note 20)	166	131
Other expenses	285	524
Administration fees and expenses	1,618	1,809

Nominated Adviser

As Nominated Adviser to the Company for the purposes of the AIM Rules, the Nominated Adviser receives a Nominated Adviser fee of £30,000 (plus VAT) per annum payable quarterly in advance. The fee payable for the period ended 30 June 2009 amounted to US\$25,559 (30 June 2008: US\$35,003).

Broker fees

As Broker to the Company for the purposes of the AIM Rules, the Broker receives an annual retainer of £50,000 (plus VAT) payable half yearly in advance with the first payment being made on 1 January 2008. The fee payable for the period ended 30 June 2009 amounted to US\$42,231 (30 June 2008: US\$58,671).

Custodian fees

The Custodian receives a fixed monthly fee of £875 payable quarterly in arrears. The fee payable for the period ended 30 June 2009 amounted to US\$9,943 (30 June 2008: US\$12,321).

Administrator and Registrar fees

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

Administration fees payable by the Company for the period ended 30 June 2009 amounted to US\$84,774 (30 June 2008: US\$95,879).

The Administrator provides general secretarial services to the Company, for which it receives a minimum annual fee of £5,000. Additional fees, based on time and charges, will apply where the number of Board meetings exceeds four per annum. For attendance at meetings not held in the Isle of Man, an attendance fee of £750 per day or part thereof will be charged. The fees payable by the Company for general secretarial services for the period ended 30 June 2009 amounted to US\$4,735 (30 June 2008: US\$5,867).

Notes to the Financial Statements (continued)

5 Administration Fees and Expenses (continued)

Offshore Registrar fees

The Offshore Registrar receives an annual registration fee from the Company of £2 per shareholder account, subject to an annual minimum charge of £4,500. The fees payable by the Company for the services provided by CREST in the period ended 30 June 2009 amounted to US\$8,031 (30 June 2008: US\$7,375).

Directors' Remuneration

The maximum amount of remuneration payable to the Directors permitted under the Articles of Association is £200,000 per annum. The Directors are each entitled to receive reimbursement of any expenses incurred in relation to their appointment.

The Directors fees payable by the Company for the period ended 30 June 2009 amounted to US\$119,027 (30 June 2008: US\$127,736) and Directors insurance cover payable amounted to US\$9,183 (30 June 2008: US\$91,468).

6 Operating expenses

	Period ended 30 June 2009 US\$'000	Period ended 30 June 2008 US\$'000
Administration expenses	1,588	258
Depreciation	626	-
Amortisation of intangible fixed assets	64	-
Finance lease amortisation	308	-
Distribution costs	522	3
Network costs	1,207	-
Management fees	947	1,023
Licence fees	177	-
Employee costs	1,817	98
Other	679	154
Operating expenses	7,935	1,536

The operating expenses of \$7,935,000 (30 June 2008: US\$1,536,000) listed above all relate to expenses of the subsidiary companies within the Group.

7 Basic and Diluted Loss per Share

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

	Period ended 30 June 2009	Period ended 30 June 2008
Loss attributable to equity holders of the Company (US\$'000)	(6,618)	(3,621)
Weighted average number of ordinary shares in issue (thousands)	163,533	180,450
Basic and diluted loss per share (cent per share)	(4.047)	(2.007)

Notes to the Financial Statements (continued)

8 Subsidiaries and Associates

8.1 Subsidiaries

For effective portfolio management purposes, the Company has established the following subsidiary companies:-

	Country of incorporation	Percentage of share held
PME Burco (Mauritius) Limited	Mauritius	100%
PME Locomotives (Mauritius) Limited	Mauritius	100%
PME RSACO (Mauritius) Limited	Mauritius	100%
PME Tanco (Mauritius) Limited	Mauritius	100%
PME Uganco (Mauritius) Limited	Mauritius	100%

The Company invested in its direct subsidiaries as follows:

	30 June 2009 US\$'000
Start of the period	67,029
Increase in investment	13,076
Impairment	(7,544)
End of the period	72,561

The carrying value of the Company's investments has been impaired by an amount of \$7,544,041 to take account of the losses incurred to date by the subsidiaries and the fair value and amounts recoverable from the underlying subsidiaries.

8.2 Associates

	30 June 2009 US\$'000	31 December 2008 US\$'000
Start of the period/year	2,933	-
Acquisition of associates	-	2,621
Foreign exchange loss	440	(445)
Share of (loss)/profit of associates	(1,141)	757
End of the period/year	2,232	2,933

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

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

Notes to the Financial Statements (continued)

8 Subsidiaries and Associates (continued)

8.2 Associates (continued)

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

Period ended 30 June 2009		Assets	Liabilities	Revenues	Profit/(Loss)
Name	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Econet Wireless Global Ventures Limited	9,292	(9,292)	-	-	
Sheltam Holdings (Pty) Limited	28,936	(26,704)	6,046	(1,141)	
	38,228	(35,996)	6,046	(1,141)	

Year ended 31 December 2008		Assets	Liabilities	Revenues	Profit/(Loss)
Name	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Econet Wireless Global Ventures Limited	7,099	(7,099)	-	-	
Sheltam Holdings (Pty) Limited	18,970	(16,037)	4,268	757	
	26,069	(23,136)	4,268	757	

Loans due from associates

The loans due from associates are as follows:

Name	Term	Interest Rate	30 June 2009 \$'000
Econet Wireless Global Ventures Limited (US\$10m principal; US\$3.011m accrued interest)	31 December 2012	40% per annum	13,011
Sheltam Holdings (Pty) Limited (US\$4.715m principal; US\$1.232m accrued interest)	No fixed term	Prime* plus 2%	5,947
			18,958

* Prime Rate as published by the Reserve Bank of South Africa (11% at 30 June 2009).

The fair value of these loans approximate their carrying value at 30 June 2009.

Notes to the Financial Statements (continued)

9 Intangible assets

Group	Note	Goodwill US\$'000	Telecommunication licences US\$'000	Total US\$'000
Cost				
At 1 January 2009		1,843	974	2,817
Additions		-	-	-
Exchange differences		-	(5)	(5)
At 30 June 2009		1,843	969	2,812
Amortisation				
At 1 January 2009		-	-	-
Amortisation charge		-	(64)	(64)
Exchange differences		-	3	3
At 30 June 2009		-	(61)	(61)
Net book value				
At 30 June 2009		1,843	908	2,751
At 31 December 2008		1,843	974	2,817

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

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

10 Property, Plant and Equipment

Group	Locomotives US\$'000	Capital WIP US\$'000	Network Infrastructure & Equipment US\$'000	Property, Plant & Equipment US\$'000	Total US\$'000
Cost					
At 1 January 2009	15,312	3,868	2,732	222	22,134
Additions	-	516	11,103	554	12,173
Disposals	(15,312)	-	(342)	-	(15,654)
Exchange differences	-	(165)	(160)	(6)	(331)
At 30 June 2009	-	4,219	13,333	770	18,322
Accumulated depreciation					
At 1 January 2009	(319)	-	(10)	(14)	(343)
Disposals	764	-	-	-	764
Charge for the period	(445)	-	(126)	(55)	(626)
Exchange differences	-	-	(1)	2	1
At 30 June 2009	-	-	(137)	(67)	(204)
Net Book Value					
At 30 June 2009	-	4,219	13,196	703	18,118

There were no impairment charges in the period.

Notes to the Financial Statements (continued)

10 Property, Plant and Equipment (continued)

Group	Locomotives	Capital WIP	Network Infrastructure & Equipment	Property, Plant & Equipment	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Cost					
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
Accumulated depreciation					
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)
Net Book Value					
At 31 December 2008	14,993	3,868	2,722	208	21,791

11 Finance lease receivables

	30 June 2009 US\$'000	31 December 2008 US\$'000
Amounts receivable under finance leases:		
Within one year	6,132	3,066
In the second to fifth years inclusive	24,545	9,206
Beyond five years	28,762	18,203
	59,439	30,475
Less: unearned finance income	(27,628)	(14,567)
Present value of minimum lease payments receivable	31,811	15,908

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

	30 June 2009 US\$'000	31 December 2008 US\$'000
Within one year	558	604
After one year	31,253	15,304
	31,811	15,908

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 14.11%. The fair value of the Group's finance lease receivables at 30 June 2009 is estimated at \$31,811,000 (31 December 2008: \$15,908,000). The lease receivables are secured on the related assets.

Notes to the Financial Statements (continued)

12 Financial assets at fair value through profit or loss

Held for trading

Group and Company	30 June 2009	31 December 2008
Security name	US\$'000	US\$'000
US Treasury Bill 0% 15/01/09	-	34,971
US Treasury Bill 0% 29/01/09	-	34,915
	-	69,886

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

	30 June 2009	30 June 2008
	US\$'000	US\$'000
Realised losses	(106)	-
Unrealised gains	151	-
Total gains	45	-

13 Inventory

Group	30 June 2009	31 December 2008
	US\$'000	US\$'000
Customer Premises Equipment	1,958	-
Dongles	108	-
Routers	78	-
Inventory	2,144	-

14 Trade and Other Receivables

Group	30 June 2009	31 December 2008
	US\$'000	US\$'000
Receivable bank interest	3	-
Prepayments	906	952
VAT recoverable	414	274
Operating lease income	-	540
Finance lease income	706	201
Sundry debtors	626	893
Trade and other receivables	2,655	2,860

Notes to the Financial Statements (continued)

14 Trade and Other Receivables (continued)

Company	30 June 2009 US\$'000	31 December 2008 US\$'000
Loans and receivables due from subsidiary companies	130	260
Receivable bank interest	3	-
Prepayments	123	254
Sundry debtors	-	179
Trade and other receivables	126	433

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

15 Cash at Bank

Group	30 June 2009 US\$'000	31 December 2008 US\$'000
Bank balances	7,048	36,424
Deposit balances	76,103	2,247
Cash at bank	83,151	38,671

The deposit balances include US\$233,000 (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	30 June 2009 US\$'000	31 December 2008 US\$'000
Bank balances	1,286	35,014
Deposit balances	75,870	-
Cash at bank	77,156	35,014

16 Share Capital

Ordinary Shares of \$0.01 each	As at 31 December 2008 & 30 June 2009 Number	As at 31 December 2008 & 30 June 2009 US\$'000
Authorised	500,000,000	5,000
Issued		
At beginning of period	180,450,000	1,805
Shares bought back during the period	(26,925,248)	(270)
At end of period	153,524,752	1,535

Notes to the Financial Statements (continued)

16 Share Capital (continued)

C Shares of US\$1 each	As at 31 December 2008 & 30 June 2009 Number	As at 31 December 2008 & 30 June 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 are entitled to one vote per share at the meetings of the Company. The C Shares will be converted into Ordinary shares on the approval of the Directors. On conversion each C share will be sub-divided into 100 C Shares of US\$0.01 each and will be automatically converted into New Ordinary shares of US\$0.01 each.

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

A registered holder of a Warrant has the right to subscribe for Ordinary Shares of US\$0.01 each in the Company in cash on 30 April in any of the years 2008 to 2012 for a price of US\$1.25 each.

During the period the Company bought back 26,925,248 Ordinary Shares for total consideration of \$12,981,594.

17 Net Asset Value per Share

Group	As at 30 June 2009	As at 31 December 2008
Net assets attributable to equity holders of the Company (US\$'000)	149,600	167,304
Shares in issue (thousands)	153,525	180,450
NAV per share (US\$)	0.97	0.93

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

Notes to the Financial Statements (continued)

18 Trade and Other Payables

Group	30 June 2009 US\$'000	31 December 2008 US\$'000
Administration fees payable	-	44
Audit fee payable	206	43
CREST service provider fee payable	5	3
Custodian fee payable	5	4
Directors' fees payable	54	-
Trade creditors	10,913	-
Income tax payable	58	-
Other sundry creditors	979	2,984
	12,220	3,078

Company	30 June 2009 US\$'000	31 December 2008 US\$'000
Administration fees payable	-	44
Audit fee payable	206	43
CREST service provider fee payable	5	3
Custodian fee payable	5	4
Directors' fees payable	54	-
Other sundry creditors	103	138
	373	232

19 Contingent Liabilities and Commitments

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

(i) Rand Merchant Bank debtors facility in the amount of US\$1.3m (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 (T) Limited and TMP Uganda Limited had contractual commitments to acquire mobile telecommunication network infrastructure equipment. The Groups' share of these commitments was valued at US\$6.2 million and US\$2.2 million respectively at the balance sheet date.

Dovetel (T) Limited has entered into operating lease agreements for a number of office and property buildings. The lease terms are between one and ten years and the majority of the lease agreements are renewable at the end of the lease period at market rates.

Notes to the Financial Statements (continued)

19 Contingent Liabilities and Commitments (continued)

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

	Dovetel (T) Limited US\$'000
Amounts payable under operating leases:	
Within one year	51
In the second to fifth years inclusive	255
Beyond five years	1,060
	1,366

20 Related Party Transactions

Parties are considered to be related if one party has the ability to control the other party or to exercise significant influence over the other party in making financial or operational decisions.

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

Brian Myerson, a director of the Company, is executive chairman of Principle Capital Holdings S.A. ("PCH") and is joint chairman of the Investment Manager, PME Infrastructure Managers Limited. PCH indirectly owns 31.67 per cent. of the Investment Manager. Fees payable to the Investment Manager are disclosed in Note 4.

Silex Management Limited ("Silex"), an indirect subsidiary of PCH has been retained by the Company to administer the overseas subsidiaries. A total of \$166,332 has been invoiced by Silex in respect of the period ended 30 June 2009 (30 June 2008: \$130,764).

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 5.