

PME African Infrastructure Opportunities PLC

Interim Report

Period ended 30 June 2008

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Directors and Advisers

Directors

* independent

David von Simson (Non-executive Chairman) *
Lawrence Kearns (Non-executive Director) *
Paul Macdonald (Non-executive Director) *
Graca Machel (Non-executive Director) *
Brian Alan Myerson (Non-executive Director)
all of the registered office below

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Investment Manager

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Nominated Adviser

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Distribution Advisor

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Administrator and Registrar

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Directors and Advisers (continued)

Cash Custodian

Anglo Irish Bank Corporation (I.O.M.) P.L.C.
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Auditors

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Chairman's Statement

The focus of activity in the six month period to 30 June 2008, on which we report, has been on investing PME's capital. Progress on investments has been rapid and, to date, we have announced five significant transactions, with cumulative commitments of up to \$89.5 million, representing 52 per cent. of the net issue proceeds of the placing in July 2007. The Company is well placed to invest substantially all of its capital by the end of the year.

Investments

During the period under review, two investments were completed, in Dovetel and TMP Uganda, both telecommunications networks in Tanzania and Uganda, respectively. A specialist department of one of the major international accountancy firms was invited to value these investments, which are held through separate subsidiary companies. Given the short holding period, these investments, as expected, have been valued at cost.

On 23 September 2008, we announced that PME had received approval from the South African Competition Commission for the acquisition of a 50 per cent. interest in Sheltam Grindrod Holdings ("Sheltam") and 12 General Electric Locomotives ("GE Locomotives") and, as a result of which both transactions have now completed. And on 26 September 2008, we announced that PME had entered into a joint venture with the Econet Wireless Group for the expansion of an existing GSM network in Central Africa.

PME has six transactions either in advanced stages of negotiation or on which preliminary agreement has been reached, with commitments of up to US\$105 million. PME now has a very interesting portfolio, whose opportunity set is expected to be well protected from the problems that much of the rest of the world's financial markets are facing. In fact, the investment team is benefiting from a less crowded playing field given the problems faced by some of the larger but more highly geared infrastructure investors who have been investing in Africa.

Financial

Other than in contemplation of the Sheltam and GE Locomotives transactions, which were Rand transactions (as set out in the Investment Manager's Report), PME has retained its cash on deposit in US Dollars. Deposit interest earned averaged approximately 2.8 per cent per annum on US Dollar deposits and 10.0 per cent per annum on Rand deposits. Exposure to individual banks has been closely monitored in view of current uncertainties.

At 30 June 2008, PME had net assets of \$171.3 million or 95 cents per share (31 December 2007: \$174.9 million or 97 cents per share), and no borrowings. The net loss for the period was US\$3.6 million, primarily accounted for by: a foreign exchange loss of US\$2.1 million due to adverse exchange rate movement on the Rand; and \$1.5 million in respect of start-up expenses in respect of the Company's Dovetel and TMP Uganda investments.

Outlook

In line with our policy of keeping shareholders apprised of the progress in investing PME's capital, I very much look forward to informing shareholders of further new portfolio investments being made over the next few months. The Board is not proposing the payment of a dividend, in accordance with the policy set out in the admission document.

David von Simson
Chairman
26 September 2008

Report of the Investment Manager

The focus of the Investment Manager's efforts has been on securing interesting early stage infrastructure and infrastructure related opportunities throughout sub-Saharan Africa. We have also started the roll-out and testing activities in respect of our first investments in the telecommunications sector, which were completed in the period.

Completed transactions (as at 30 June 2008)

TMP Uganda

TMP Uganda is a telecommunications start-up which has been awarded licences to provide telecommunications services throughout Uganda. It aims to be the number one broadband provider in the country by delivering high quality services using a WiMax technology platform. US\$2.5 million was initially committed to this investment on 1 February 2008 and operations have commenced with a pilot project.

The pilot has proved to be successful and TMP Uganda's business plan, that included a request for a further equity commitment of US\$16.0 million to fund the expansion of the network to the major population centres across Uganda, has been approved by the Investment Manager and by the Board of PME.

A contract with ZTE, a major Chinese telecommunications equipment provider, to install the enlarged network on a turnkey basis, has been negotiated. The value of the first purchase order will be US\$1.9 million with a down payment of US\$476,000.

Dovetel Tanzania

On 17 March 2008, PME announced its investment of up to US\$26 million in Dovetel (T) Limited. Dovetel is a telecommunications start-up business in Tanzania which has secured a national licence to provide telecommunications services throughout the country. Dovetel will deploy a fully converged next generation 3G network and aims to deliver high quality broadband, data and voice services throughout the country using a CDMA technology platform.

The business plan and budget have now been approved by Dovetel's board, the Investment Manager and PME, who have revised the equity commitment slightly to US\$22 million. This equity is required to develop and grow Dovetel until it becomes self financing.

A frame agreement has been signed with ZTE, the major Chinese telecommunications equipment provider, under which it will provide a fully operational network on a turnkey basis. The first purchase order under this agreement has also been signed, committing ZTE to install and have operational the first phase of the network covering Dar es Salaam by December 2008. The value of this first purchase order is US\$10 million, of which US\$3 million has been paid up front and the balance financed by ZTE under a three year vendor finance facility.

Recently completed transactions

Sheltam Holdings (Pty) Limited

On 19 September 2008, PME completed the acquisition of a 50% stake in Sheltam Grindrod Holdings (Pty) Limited from Grindrod for the equivalent of US\$8 million. The company will be renamed Sheltam Holdings (Pty) Limited. Unconditional approval of the transaction has been received from the South African Competition Commission.

Sheltam's primary business is to lease to, and operate and maintain locomotives on behalf of mining companies in South Africa and railway companies elsewhere in sub-Saharan Africa. In addition, it operates a small fleet of aircraft and has a marine engine business which is in the process of expanding, successfully to date, into the supply and maintenance of large "gensets" to mining companies in South Africa, an area that has been adversely affected by the national utility's problems maintaining electricity supplies.

Sheltam's activities will complement a number of other opportunities in which PME is proposing to invest and it is anticipated that the resulting synergies will benefit both Sheltam and these new investments.

Report of the Investment Manager (continued)

Locomotive Purchase

On 8 September 2008, PME completed the acquisition of 12 new General Electric locomotives from Grindrod for the equivalent of US\$31 million.

The purchase of these locomotives will complement the investment in Sheltam, to which some of these units will be leased, and should complement other investments that are being contemplated by PME.

We believe that sub-Saharan Africa has been starved of infrastructure investment in transportation, but the requirement is becoming firmly entrenched, driven by the enormous growth in mining in the region. The economics of mining operations are significantly enhanced by having an efficient route to port, but the costs of establishing and operating railways as well as owning and maintaining the engines is not an efficient use of their cash.

The combination of Sheltam together with the acquired locomotives should be the base for PME to become a significant provider and operator of transportation for these types of businesses.

As an example of this demand, PME has already signed a Memorandum of Understanding ("MoU") with a major international mining company which has significant production facilities, offtake agreements and in principle agreements with a rail and port operator to export its production output. Under the MoU PME will supply six of the twelve locomotives it has acquired to this company and also create a new joint venture with a view to acquiring additional rolling stock and building the necessary infrastructure to facilitate the export of its mined output.

Once the destination of the locomotives has been finalised, PME plans to leverage the locomotives (or the remaining locomotives, as the case may be), by between 70 and 85 per cent, thereby releasing some of the capital initially committed for other projects.

Econet Wireless

On 26 September 2008, PME exchanged contracts for a US\$10 million investment into a subsidiary company of the Econet Wireless group.

Econet is a Botswana based international telecommunications operator, with operations and investment interests in Botswana, Nigeria, Burundi, Zimbabwe, Lesotho, Kenya and the United Kingdom as well as a minority interest in a US based operator with operations in New Zealand, Haiti, Bolivia and the Dominican Republic. Econet has a wealth of experience in building and managing large telecommunications networks internationally with a particular focus on Africa.

PME has invested US\$10 million in cash by way of equity and debt financing into a joint venture with Econet for the expansion of an existing Econet owned GSM network in Central Africa and PME's investment will allow the joint venture to accelerate the build-out of its regional network infrastructure and thereby achieve better economies of scale. Econet will continue to be responsible for running the network and providing all management and technical expertise going forward.

Transactions at advanced stages of negotiation

The first of these comprises a concession of two rail networks in adjoining countries linking a port to their interiors and neighbouring countries. The concession was awarded to a private group two years ago but a lack of capital and sufficiently skilled management has resulted in unfulfilled objectives and dissatisfied local shareholders.

As a result, the board of the concession has appointed an international logistics company with significant rail experience to provide the senior management and technical personnel to run the operation. PME has signed a term sheet to arrange the provision of US\$50 million of new equity and at least a similar amount of debt. We have received in principle PME board approval to invest US\$26 million of equity into the concession and have four other entities interested in providing the balance. In addition, there are three financial institutions who have expressed interest to provide a total of approximately US\$120 million of debt, which is more than required at this stage.

Report of the Investment Manager (continued)

We are currently undertaking due diligence with the support of external legal and financial experts which, if successful, would allow us to proceed with this project in the coming weeks.

The second project comprises a regional international airport in a southern African country that has, historically, been used by private aircraft and corporate jet owners to access strategic locations in the continent not currently served by commercial airlines. However, as the principal national airport becomes increasingly congested a broader range of users, such as low cost and freight airlines, are being attracted to this airport. In addition, the airport has significant development potential with a waiting list of first class tenants wanting to lease hanger space and ancillary accommodation.

Working with a local partner, we have agreed terms to acquire the infrastructure component of the airport and are currently evaluating its operations, assisted by specialist advisors, with the intention of agreeing a single value with the vendor to acquire the entire business. Discussions are at an advanced stage with a financial institution interested in providing the debt to this transaction, with PME providing the equity subject to satisfactory due diligence and board approval.

Transactions where preliminary agreement has been reached

Housing

Terms of a Memorandum of Understanding have been agreed to construct a high quality apartment building in a West African capital with the completed units to be acquired by international oil companies for their employees. PME's local partner owns the land and has secured planning permission and PME will provide the funding for the development.

Mining

A Memorandum of Understanding has been agreed in principle for PME to invest in an aggregate crushing operation at two sites in a central African country with the primary off-takers being international companies building roads and residential compounds as well as a liquid natural gas plant.

PME is negotiating terms with a European company which owns mineral concessions to finance the infrastructure required to mine cassiterite and lithium for sale to international companies.

Energy

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

Committed Capital and Pipeline

The completed projects have an equity requirement of US\$89.5 million. However, if the remaining projects set out above are completed, this would increase to US\$194.5 million, exceeding the funds raised on admission to AIM in July 2007, although PME would seek to reduce some of this commitment through leverage. While focusing on the completion of the projects set out above, PME is pursuing a number of other opportunities in a variety of sectors.

Outlook

Given the global nature of the world economy, sub-Saharan Africa cannot fully escape the impact of the continuing and dramatic events in the financial and other sectors. However, in order to put the degree of this impact in context, at a press briefing last week in Nairobi, Peter Gakuna, the IMF executive director in charge of 21 African countries stated that "The perception of Kenya's economy by the IMF board is very positive. We are seeing it pick up after the December general elections." He went on to say that the institution expects the economy to grow by 4% this year despite current high global food and oil prices and that next year it is projected to grow by 7.2%.

Report of the Investment Manager (continued)

There are several reasons why many African countries will grow their economies despite the unprecedented events taking place in the financial sectors elsewhere in the world. In the majority of cases the development of these economies are from such a low base that, apart from countries like South Africa there is very little correlation with the economies of the more mature markets or indeed between African countries themselves. In addition, while the economies of China and India may slow there is still a significant demand for the commodities that are found in Africa and as a result many of the infrastructure projects with which we are involved that facilitate the exploration, development and export of these commodities remain extremely viable, if not more attractive. This fact has not been lost on both international and African based financial institutions that are searching for well structured projects with a strong business case based on a simple and straight forward value proposition. Accordingly, PME finds itself in the fortunate position, as demonstrated at a presentation we made recently to financial institutions in East Africa, of continuing to receive attractive offers of funding for projects with which it is involved.

It is also interesting to note that South African banks, who are significant financiers in the region, are generally well-capitalised and conservatively leveraged, given their focus more on traditional banking: loans, deposits, and transacting capacity. While they do, of course, use complex financial instruments, their freedom to do so is constrained by the local regulatory environment - exchange controls in particular - and so they have had very limited exposure to the US banking crisis. Both ABSA, Standard Bank and Investec, for instance, described their exposure to the Lehman Brothers fall-out as negligible and Nedbank's exposure was only \$3 million. And local capital markets appear to be resilient, as evidenced by the recent placing by African Bank of R1.25 billion of senior, unsecured, five-year bonds.

One interesting political development as well has been the recent power sharing agreement signed in Harare between members of Zimbabwe's Zanu PF and the two factions of the MDC. We shall be watching carefully for developments in Zimbabwe, one of the region's former strong economies, for signs of stabilisation and potential opportunities for investment, though we expect these to be unlikely to be seen in the short term.

We are of the opinion that the uncorrelated nature of most of the countries in the region will continue to generate attractive opportunities for PME and are confident that we will secure the necessary financing to support our development of those opportunities.

PME Infrastructure Managers Limited
Investment Manager

26 September 2008

Consolidated Income Statement

	Note	For period 1 January 2008 to 30 June 2008 US\$'000	For period 19 June 2007 (date of incorporation) to 31 December 2007 US\$'000
Revenue		-	-
Investment Manager's fees	3	(1,090)	(1,025)
Other administration fees and expenses	4	(1,809)	(1,075)
Administrative expenses		(2,899)	(2,100)
Operating expenses		(1,536)	-
Operating loss		(4,435)	(2,100)
Finance income		2,872	3,966
Foreign exchange loss		(2,052)	(9)
Finance costs		(6)	(3)
Net finance income		814	3,954
(Loss)/profit before income tax		(3,621)	1,854
Income tax expense		-	-
(Loss)/profit for the period		(3,621)	1,854
Attributable to:			
Equity holders of the Company		(3,621)	1,854
Minority Interest		-	-
		(3,621)	1,854
Earnings per share (cent) for profit attributable to the equity holders of the Company during the period			
Basic	5	(2.007)	1.027
Diluted	5	(2.007)	0.995

All items in the above statement derive from continuing operations.

The accompanying Notes form an integral part of these financial statements

Consolidated Balance Sheet

	Note	As at 30 June 2008 US\$'000	As at 31 December 2007 US\$'000
Assets			
Non-current assets			
Intangible assets	7	2,760	-
Property, plant & equipment		31	-
Total non-current assets		2,791	-
Current assets			
Trade and other receivables	8	701	648
Cash and cash equivalents	9	170,304	174,666
Total current assets		171,005	175,314
Total assets		173,796	175,314
Equity			
Capital and reserves attributable to equity holders of the Company:			
Issued share capital	10	1,805	1,805
Distributable reserve		169,481	173,102
		171,286	174,907
Minority interest		-	-
Total equity		171,286	174,907
Current liabilities			
Trade and other payables	12	2,510	407
Total liabilities		2,510	407
Total equity & liabilities		173,796	175,314

Approved by the Board of Directors on 26 September 2008 and signed on their behalf by:

David von Simson

Director

Paul Macdonald

Director

The accompanying Notes form an integral part of these financial statements

Consolidated Statement of Changes in Shareholders' Equity

GROUP	Attributable to equity holders of the Company			Total US\$'000	Minority interest US\$'000	Total US\$'000
	Share capital	Share premium	Distributable reserve			
	US\$'000	US\$'000	US\$'000			
Balance at 19 June 2007	-	-	-	-	-	-
Shares issued in the period	1,805	178,645	-	180,450	-	180,450
Share issue expenses	-	(7,397)	-	(7,397)	-	(7,397)
Cancellation of share premium	-	(171,248)	171,248	-	-	-
Profit for the period	-	-	1,854	1,854	-	1,854
Balance at 31 December 2007	1,805	-	173,102	174,907	-	174,907
Balance at 1 January 2008	1,805	-	173,102	174,907	-	174,907
Loss for the period	-	-	(3,621)	(3,621)	-	(3,621)
Balance at 30 June 2008	1,805	-	169,481	171,286		171,286

The accompanying Notes form an integral part of these financial statements

Consolidated Cash Flow Statement

	Note	For period 1 January to 30 June 2008 US\$'000	For period 19 June 2007 to 31 December 2007 US\$'000
Operating activities			
(Loss)/profit for the period		(3,621)	1,854
Adjustments for:			
Investment income		(2,872)	(3,966)
Investment expense		6	-
Income tax		-	-
Foreign exchange loss		2,052	9
Operating loss before changes in working capital		(4,435)	(2,103)
Increase in trade and other receivables		(284)	(386)
Increase in trade and other payables		1,031	407
Cash used in operations		(3,688)	(2,082)
Interest paid		(6)	-
Interest received		3,103	3,704
Cash (outflows)/inflows from operating activities		(591)	1,622
Investing activities			
Acquisition of subsidiaries, net of cash acquired		(123)	-
Purchase of property, plant and equipment		(31)	-
Purchase of intangible assets		(1,603)	-
Cash outflows from investing activities		(1,757)	-
Financing activities			
Proceeds from the issue of ordinary share capital (net of issue costs)		-	173,053
Cash inflows from financing activities		-	173,053
Net (decrease)/increase in cash and cash equivalents		(2,348)	174,675
Cash and cash equivalents at beginning of period		174,666	-
Foreign exchange losses on cash and cash equivalents		(2,014)	(9)
Cash and cash equivalents at end of period		170,304	174,666

The accompanying Notes form an integral part of these financial statements

Notes to the Financial Statements

1 General Information

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

The Company's investment activities are managed by PME Infrastructure Managers Limited (the "Manager"). The Company's administration is delegated to Galileo Fund Services Limited (formally Anglo Irish Fund Services Limited) (the "Administrator"). The registered office of the Company is 3rd Floor, Britannia House, St George's Street, Douglas, Isle of Man, IM1 1EJ.

Pursuant to a prospectus dated 6 July 2007 there was an original placing of up to 180,450,000 Ordinary Shares with Warrants attached on the basis of 1 Warrant for every 5 Ordinary Shares. Following the close of the placing on 12 July 2007 180,450,000 Shares and 36,090,000 Warrants were issued.

The Shares of the Company were admitted to trading on the Alternative Investment Market of the London Stock Exchange ("AIM") on 12 July 2007 when dealings also commenced.

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

2 Summary of Significant Accounting Policies

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 period ended 31 December 2007.

2.1 Basis of preparation

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 financial 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 period ended 31 December 2007.

The only significant assumption included in the financial statements is that there has been no impairment of the value of goodwill and telecommunication licences.

2.2 Basis of consolidation

Subsidiaries

Subsidiaries are those enterprises controlled by the Company. Control exists where the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise 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.

Transactions and minority interest

The group applies a policy of treating transactions with minority interest as transactions with parties external to the group.

Transactions eliminated on consolidation

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

Financial statements of foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to US Dollar at the foreign exchange rates ruling at the balance sheet date. Foreign exchange differences arising on translation are recognised directly in equity.

Notes to the Financial Statements (continued)

2 Summary of Significant Accounting Policies (continued)

2.3 Segmental reporting

The Company has one segment focusing on the telecommunications sector in sub-Saharan Africa. No additional disclosure is required in relation to segment reporting, as the Company's activities are limited to one business and geographic segment.

2.4 Intangible assets

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

Goodwill

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

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.

2.5 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 subsidiaries of the Company are taxed in accordance with the applicable tax laws in the countries in which they are incorporated.

2.6 Dividends

Dividends are recognised as a liability in the period in which they are declared and approved. There was no dividend declared as at 30 June 2008.

3 Investment Manager 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 2008 amounted to US\$1,090,171 (31 December 2007: US\$1,025,279).

Notes to the Financial Statements (continued)

4 Other Administration Fees and Expenses

	30 June 2008 US\$'000	31 December 2007 US\$'000
Audit fees	58	30
Directors' remuneration	128	144
Other expenses	1,623	901
Other administration fees and expenses	1,809	1,075

5 Basic and Diluted (Loss)/Earnings per Share

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

	30 June 2008	31 December 2007
(Loss)/profit attributable to equity holders of the Company (US\$'000)	(3,621)	1,854
Weighted average number of ordinary shares in issue (thousands)	180,450	180,450
Basic (loss)/earnings per share (cent per share)	(2.007)	1.027
Diluted (loss)/earnings per share (cent per share)	(2,007)	0.995

For the period ended 30 June 2008 there is no difference between basic and diluted loss per share as the exercise of the warrants would be anti-dilutive.

The difference between basic and diluted earnings per share in the period ended 31 December 2007 results from the assumption that dilutive warrants were exercised.

6 Subsidiaries

During the period and for efficient portfolio management purposes, the Company established the following subsidiary companies:-

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

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

On 17 March 2008 PME Tanco (Mauritius) Limited acquired 65% of Dovetel (T) Limited, a telecommunications company based in Tanzania, for a cost of US\$544,220.

Notes to the Financial Statements (continued)

7 Intangible assets

	Goodwill \$000	Telecommunication licences \$000	Total \$000
At 1 January 2008	-	-	-
Acquisitions through business combinations	1,157	1,603	2,760
At 30 June 2008	1,157	1,603	2,760

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

8 Trade and Other Receivables

	30 June 2008 US\$'000	31 December 2007 US\$'000
Receivable bank interest	31	262
Prepayments	250	227
Sundry debtors	420	159
Trade and other receivables	701	648

9 Cash and Cash Equivalents

	30 June 2008 US\$'000	31 December 2007 US\$'000
Bank balances	1,286	46
Deposit balances	169,018	174,620
Cash and cash equivalents	170,304	174,666

The deposit balances include US\$250k as security for a letter of credit issued by Standard Chartered Bank, and US\$2 million as security for a bank guarantee issued by Barclays Bank in Tanzania in favour of the Tanzania Communications Regulatory Authority.

10 Share Capital

Ordinary Shares of 1c each	Number	US\$
Authorised	500,000,000	5,000,000
Issued	180,450,000	1,804,500
C Shares of US\$1 each	Number	US\$
Authorised	5,000,000	5,000,000
Issued	-	-

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

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

Notes to the Financial Statements (continued)

11 Net Asset Value per Share

Group	As at 30 June 2008	As at 31 December 2007
Net assets attributable to equity holders of the Company (US\$'000)	171,286	174,907
Shares in issue (thousands)	180,450	180,450
NAV per share (US\$)	0.95	0.97

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

12 Trade and Other Payables

	30 June 2008 US\$'000	31 December 2007 US\$'000
Administration fees payable	41	41
Audit fee payable	30	30
CREST service provider fee payable	4	4
Custodian fee payable	5	5
Directors fee payable	154	111
Subsidiary management fees payable	617	-
Other sundry creditors	1,659	216
	2,510	407

13 Contingent Liabilities and Commitments

At the balance sheet date, PME Tanco (Mauritius) Limited had a commitment to pay TZS 490 million (US\$ 0.4 million) for the 49,000 new shares that it had subscribed for in Dovetel (T) Limited.

14 Related Party Transactions

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

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

Brian Myerson, a director of the Company, is chief executive officer of Principle Capital Group and is joint chairman of the Investment Manager, PME Infrastructure Managers Limited. Principle Capital Group is the joint owner of the Investment Manager. Fees payable to the Investment Manager are disclosed in Note 3.

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

Notes to the Financial Statements (continued)

15 Post Balance Sheet Events

PME Burco (Mauritius) Limited acquired a 49.5 per cent. stake in Econet Wireless Global Ventures Limited ("EWGVL") for a nominal amount, and has exchanged contracts to subscribe for US\$ 10 million in Loan Notes. The proceeds of the Loan Notes will be used by EWGVL to fund the development of its Burundian subsidiary that is developing a national mobile telecommunications network.

Two additional Mauritian subsidiaries have been formed for the purposes of holding investments that completed in September 2008:

PME RSACO (Mauritius) Limited acquired 50 per cent. of the ordinary share capital of Sheltam Grindrod Holdings (Pty) Limited (to be renamed Sheltam Holdings (Pty) Limited), a South African provider of products and services to the rail, marine and allied industries for a total consideration of R 62 million (US\$ 8 million).

PME Locomotives (Mauritius) Limited acquired 12 General Electric C30 locomotives for a total consideration of R 249 million (US\$ 31 million).