PME African Infrastructure Opportunities plc

Annual Report

Year ended 31 December 2016

Contents

Directors and Advisers

Directors	Paul Macdonald (Executive Chairman) Lawrence Kearns (Executive Director) of the registered office below
Registered Office	Millennium House 46 Athol Street Douglas Isle of Man IM1 1JB
Nominated Adviser	Smith & Williamson Corporate Finance Limited 25 Moorgate London EC2R 6AY
Broker	Stifel Nicolaus Europe Limited 150 Cheapside London EC2V 6ET
Administrator and Registrar	Galileo Fund Services Limited Millennium House 46 Athol Street Douglas Isle of Man IM1 1JB
Auditor	PricewaterhouseCoopers LLC Sixty Circular Road Douglas Isle of Man IM1 1SA
Offshore Registrar	Capita Registrars (Jersey) Limited PO Box 532 St Helier Jersey JE2 3RT

Chairman's Statement

On behalf of the Board of Directors (the "Board"), I am pleased to present the annual results for PME African Infrastructure Opportunities plc ("PME" or the "Company" and together with its subsidiaries the "Group") for the year ended 31 December 2016.

The remit of the Company's directors (the "Directors") under the Company's investing policy is to seek to realise the remaining assets of the Company and to return both existing cash reserves and the proceeds of realisation of the remaining assets to shareholders.

Investments

The Company currently has two assets, namely, three C30 locomotives and a building in Dar-es-Salaam, Tanzania (the ''Dar-es-Salaam Property"). A subsidiary of the Company, PME Locomotives (Mauritius) Limited ("PME Locomotives") has a put option requiring Sheltam (Mauritius) Limited ("Sheltam") (formerly known as "PME RSACO (Mauritius) Limited") to purchase any one or more of the three C30 locomotives that it owns at exercise of the option for US$1,416,666 per locomotive (the "Option"). The Option was exercisable at any point during a 90 day period commencing on 6 November 2016 (the "Option Period").

Under the Option, completion and settlement of the sale of any one or more C30 locomotives which is or was the subject of an exercise notice by PME ("Completion") was required to occur within five business days of the exercise notice.

Subsequent to the year end, on 2 February 2017, the Company confirmed that it had exercised the Option in respect of all three C30 locomotives (the "Option Exercise").

The Company announced that alongside the Option Exercise, and following discussions with the Sheltam group, PME Locomotives had entered into a deed of variation to the Option agreement with Sheltam (the "Deed of Variation") pursuant to which Completion will now occur on the earlier of: (a) the fifth business day after completion of a Sheltam corporate fundraising currently in progress; (b) 15 June 2017; and (c) the date specified in writing by PME Locomotives on the occurrence of any of: (i) a change of control of Sheltam; (ii) the Sheltam corporate fundraising currently in progress not proceeding; (iii) the sale, divestment or transfer to a third party of a material part of the Sheltam group's business; (iv) the insolvency of the Sheltam group or the Sheltam group entering into any arrangement with creditors; or (v) any event of default under the Sheltam group's existing debt facilities.

Interest is accruing on the US$4.25 million cash consideration payable to PME in accordance with the Deed of Variation at a rate of 10% per annum from and including the fifth business day following the Option Exercise and up to Completion. The three C30 locomotives are currently being used in South Africa on short term contracts and this will produce additional rental income for the Group prior to Completion.

The Company continues to expect that Completion will occur by 15 June 2017.

The Dar-es-Salaam Property, which is managed by a local Tanzanian managing agent, was 54% let as at 31 December 2016 (increasing to 63% from 15 February 2017) and continues to trade profitably – notwithstanding that further renovations to the building have been carried out during the period.

In 2010 PME Properties Limited acquired the Dar-es-Salaam Property from Dovetel (T) Limited ("Dovetel"), the Company's former telecommunication investment in Tanzania. Dovetel were also a tenant of part of the Dar-es-Salaam Property but were in default on the payment of rent. As previously reported to shareholders, the Company has followed various legal steps to correct the situation and recover the unpaid rent. On 24 May 2016 Dovetel's lease on the property expired and the Directors have appointed an experienced operator to carry out the eviction process. This process is ongoing.

Chairman's Statement (continued)

The Dar-es-Salaam Property currently has three tenants (not including Dovetel). One tenant reduced the space occupied in November 2016 from 1,702 square meters to 809 square meters, but extended its lease on the remaining part of the building at a higher rate for a further three years. The lease with the second tenant to rent 628 square meters has been extended for five years with rental increases built into the agreement. The third tenant had originally rented 310 square meters but has since the year end increased this to 603 square meters and has also extended the duration of the lease for a further three years, but at rents lower than had previously been achieved.

The Tanzanian government in place since November 2015 continues to make significant changes in the country and there remains uncertainty as to the direction of further change. As a result investors are delaying investment decisions which has in turn curtailed the demand for high end offices. Some progress has been made in replacing tenants but at lower rents, as described above. The prospect of selling the building in the short term for a reasonable price has not improved since my last report on 13 September 2016.

The Directors have increased the carrying value of the Dar-es-Salaam Property from US$3.8 million as at 31 December 2015 (reflecting the legal uncertainty regarding Dovetel's occupation) to US$5.0 million as at 31 December 2016. Whilst demand for Tanzanian high end offices is currently subdued, this valuation is in line with the Dar-es-Salaam Property value assessed by the local expert as at 31 December 2016 accounting for both current vacancy levels and the current economic climate, of US$5.0 million (31 December 2015 appraised unencumbered market value of US$6.5 million).

Financial Results

The profit for the year to 31 December 2016 was US$0.4 million (2015: loss of US$2.1 million), representing a US$0.0100 profit per ordinary share (2015: loss per ordinary share of US$0.0284). The profit for the year was made up of a net gain in the fair value of assets less ongoing operating and administrative costs.

The Directors, having considered the value of the Option and the latest valuation of the Dar-es-Salaam Property are of the opinion that the rail assets and the Dar-es-Salaam Property are reflected in the balance sheet at fair value.

As at 31 December 2016, PME's Net Asset Value attributable to ordinary shareholders in accordance with IFRS was US$9.5 million (US$0.23 per ordinary share), compared to the US$9.1 million (US$0.22 per ordinary share) that was reported as at 31 December 2015.

As at 31 December 2016, PME had cash balances of US$261,333.

Return of Cash and Outlook

The Directors expect to receive the proceeds from Completion of the Option for the three remaining C30 locomotives by 15 June 2017.

In addition, the Directors will start the marketing process for the sale of the Dar-es-Salaam Property in the second half of 2017, provided prevailing local economic uncertainty has receded and the vacant space has been relet. The sale will incur costs which cannot currently be reflected in the fair value of the investment in accordance with IFRS.

Based on the results of these actions, the Directors continue to anticipate that another tender offer will be proposed to shareholders immediately following the receipt of the proceeds from the Option for the three remaining C30 locomotives. A further and final tender will be proposed thereafter once the building has been sold.

Paul Macdonald
Chairman
4 May 2017

Report of the Directors

The Directors hereby submit their annual report together with the audited financial statements of PME for the year ended 31 December 2016.

The Company and its Investing Policy

The Company is incorporated in the Isle of Man and was established to invest in sub-Saharan African infrastructure and infrastructure related industries with a view to generating attractive returns, principally through capital growth. On 19 October 2012 the shareholders approved the revision of the Company's Investing Policy, which is now:

"The Directors of the Company will seek to realise the remaining assets of the Company at a time and under such conditions as the Directors may determine in order to maximise value on behalf of the shareholders of the Company and to return both existing cash reserves and the proceeds of realisation of the remaining assets to shareholders."

Results and Dividends

The results of the Company for the year and position of the Company as at the year-end are set out on pages 12 to 15 of the financial statements.

The Directors reserve the right to make dividend distributions to holders of Ordinary Shares if and when it is considered appropriate. In the year to 31 December 2016 the Directors declared and paid dividends of US$nil (2015: US$nil).

Directors

The Directors during the year and up to the date of this Report were as follows:

Paul Macdonald (Chairman)
Lawrence Kearns

Directors and Other Interests

Lawrence Kearns holds 37,000 Ordinary Shares in the Company. The Estate of the former Executive Chairman David von Simson holds 70,000 Ordinary Shares in the Company.

The Company entered into a secured loan agreement with Helvetica Deutschland GmbH ("Helvetica") in October 2014 which was repaid in full in May 2015. Paul Macdonald holds 40% of Helvetica's issued share capital.

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

Independent Auditor

PricewaterhouseCoopers LLC, being eligible, has indicated its willingness to continue in office in accordance with Section 12(2) of the Isle of Man Companies Act 1982.

Corporate Governance

The Board of Directors recognises the importance of sound Corporate Governance and complies with the Quoted Companies Alliance's Corporate Governance Guidelines for Small and Mid-Size Quoted Companies.

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

Report of the Directors (continued)

The Board

The Board comprised two Executive Directors as at 31 December 2016. The Executive Directors are responsible for overseeing the effectiveness of the internal controls of the Company. These are designed to ensure that proper accounting records are maintained, that the financial information on which business decisions are made and which is issued for publication is reliable and that the assets of the Company are safeguarded. Following the termination of the investment manager of the Company in July 2012 the Executive Directors also took on the responsibility of managing the remaining assets of the Company.

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, 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.

Board Committees

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

<u>Audit Committee</u>

The Audit Committee is chaired by Mr Kearns with Mr Macdonald as the other member. 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.

<u>Remuneration Committee</u>

The Remuneration Committee is chaired by Mr Kearns with Mr Macdonald as the other member. The Remuneration Committee is responsible for any required framework for the remuneration of the Executive Directors. The fees payable to the Chairman and the fees payable to other Directors have been set. The Board of Directors undertakes, and will ensure, that no payment of value (whether by way of compensation, gift or otherwise) is made or received by the Board, PME or any other project company or their respective shareholders, officers, employees or affiliates which would improperly induce preferential treatment for these individuals or entities.

Report of the Directors (continued)

Management Engagement Committee

The Management Engagement Committee is chaired by Mr Kearns with Mr Macdonald as the other member. The Management Engagement Committee is responsible for reviewing the performance of service providers and to ensure that the Company's contracts with such parties are competitive and reasonable for the Company's shareholders.

On behalf of the Board

Paul Macdonald
Chairman
4 May 2017

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 profit or loss of the Company for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

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

On behalf of the Board

Paul Macdonald
Chairman
4 May 2017

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

Report on the audit of the financial statements

Our opinion

In our opinion, PME African Infrastructure Opportunities plc's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its profit and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union; and
- have been properly prepared in accordance with the requirements of the Isle of Man Companies Acts 1931 to 2004.

What we have audited

PME African Infrastructure Opportunities plc's financial statements comprise:

- the balance sheet as at 31 December 2016;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the cash flow statement for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Our audit approach

Overview

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent auditor's report to the members of PME African Infrastructure Opportunities plc (continued)

Key audit matter	*How our audit addressed the key audit matter*
Valuation of rail assets The valuation of the rail assets is significant to our audit due to the magnitude of the investment and because the valuation is highly dependent on the ability of a third party to fulfil its obligations under the terms of the put option and on the marketability of the assets more widely. The Company entered into a deed of variation to the put option for the three remaining locomotives, which allows for the deferral of payment beyond the date of approval of these financial statements. For more information on the valuation of the rail assets reference is made to note 3.	Our procedures in relation to the Directors' valuation of the rail assets included: • consideration of the status of the option agreement and the expected timing of cash flows; and • reviewing the assumptions used by the Directors in their assessment of the recoverability of the amounts due under the put option and the marketability of the assets for alternative methods of disposal. From the work we performed we did not identify any material misstatements.
Valuation of real estate investment The valuation of the real estate investment is significant to our audit due to its magnitude and because the valuation is complex and highly dependent on a range of estimates made by the Directors as well as the external appraisers. The Directors use external appraisers to support their determination of the individual fair value of the underlying investment property and adjust this valuation to take account of the value of other net assets. For more information on the valuation of the real estate investment reference is made to note 3.	Our procedures in relation to the Directors' valuation of the real estate investment included: • evaluation of the objectivity, independence and expertise of the external appraisers; • assessing the methodologies used and the appropriateness of the key assumptions, based on our knowledge of the status of legal proceedings and the local property market; • assessing the appropriateness of the estimates used in the calculation of the fair value of the underlying investment property; and • checking on a sample basis, the appropriateness of the inputs, by reconciling them with rental contracts. The main inputs consist of the property related data (such as rental income, operating costs, vacancy, discount rate, etc.). We found that property related data and the key valuation assumptions were supported by available evidence, including contracts and external market evidence and did not identify any material misstatements.

Other information

The Directors are responsible for the other information. The other information comprises the Annual Report (but does not include the financial statements and our auditor's report thereon).

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent auditor's report to the members of PME African Infrastructure Opportunities plc (continued)

Responsibilities of the Directors for the financial statements

The Directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and Isle of Man law, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.
The Directors are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Independent auditor's report to the members of PME African Infrastructure Opportunities plc (continued)

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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.

Report on other legal and regulatory requirements

Adequacy of accounting records and information and explanations received

Under the Isle of Man Companies Acts 1931 to 2004 we are required to report to you by exception if, in our opinion:

- we have not received all the information and explanations we require for our audit;
- proper books of account have not been kept, or proper returns adequate for our audit have not been received from branches not visited by us;
- the financial statements are not in agreement with the books of account and returns; and
- certain disclosures of Directors' loans and remuneration specified by law have not been complied with.

We have no exceptions to report arising from this responsibility.

Nicholas Halsall, Responsible Individual
PricewaterhouseCoopers LLC
Chartered Accountants
Douglas, Isle of Man
4 May 2017

Statement of Comprehensive Income

	Note	Year ended 31 December 2016 US$'000	Year ended 31 December 2015 US$'000
Net gains/(losses) on financial assets at fair value through profit or loss	3	1,230	(441)
Operating and administration expenses	9	(802)	(1,110)
Project related expenses		-	(594)
Foreign exchange (loss)/gain		(17)	65
Operating profit/(loss)		**411**	**(2,080)**
Finance income		-	15
Finance costs	13	-	(36)
Profit/(loss) before income tax		**411**	**(2,101)**
Income tax	14	-	-
Profit/(loss) and total comprehensive income/(expense) for the year		**411**	**(2,101)**
Basic and diluted profit/(loss) per share (cents) attributable to the equity holders of the Company during the year	5	**1.00**	**(2.84)**

The accompanying notes on pages 16 to 26 form an integral part of these financial statements

Balance Sheet

	Note	As at 31 December 2016 US$'000	As at 31 December 2015 US$'000
Assets			
Current assets			
Financial assets at fair value through profit or loss	3	9,260	7,856
Trade and other receivables		69	32
Cash and cash equivalents		261	1,331
Total current assets		**9,590**	**9,219**
Total assets		**9,590**	**9,219**
Equity and liabilities			
Equity			
Issued share capital	6	410	410
Capital redemption reserve	7	1,395	1,395
Retained earnings		7,682	7,271
Total equity		**9,487**	**9,076**
Current liabilities			
Trade and other payables	8	103	143
Total current liabilities		**103**	**143**
Total liabilities		**103**	**143**
Total equity and liabilities		**9,590**	**9,219**

The financial statements on pages 12 to 26 were approved and authorised for issue by the Board of Directors on 4 May 2017 and signed on its behalf by:

Paul Macdonald
Director

Lawrence Kearns
Director

Statement of Changes in Equity

	Share capital	Capital redemption reserve	Retained earnings	Total
	US$'000	US$'000	US$'000	US$'000
Balance at 1 January 2015	768	1,037	16,528	18,333
Comprehensive expense				
Loss for the year	-	-	(2,101)	(2,101)
Total comprehensive expense for the year	**-**	**-**	**(2,101)**	**(2,101)**
Transactions with owners				
Tender offer (note 6)	(358)	358	(7,156)	(7,156)
Total transactions with owners	**(358)**	**358**	**(7,156)**	**(7,156)**
Balance at 31 December 2015	**410**	**1,395**	**7,271**	**9,076**
Balance at 1 January 2016	410	1,395	7,271	9,076
Comprehensive income				
Profit for the year	-	-	411	411
Total comprehensive income for the year	**-**	**-**	**411**	**411**
Balance at 31 December 2016	**410**	**1,395**	**7,682**	**9,487**

The accompanying notes on pages 16 to 26 form an integral part of these financial statements

Cash Flow Statement

	Note	Year ended 31 December 2016 US$'000	Year ended 31 December 2015 US$'000
Cash flows from operating activities			
Purchase of financial assets – loans to investee companies	3	(174)	(237)
Proceeds from sale of financial assets – return of capital	3	-	11,500
Interest received		-	15
Interest paid	13	-	(36)
Dividends received		-	-
Operating, administrative and project related expenses paid		(891)	(2,219)
Net cash (used in)/generated from operating activities		**(1,065)**	**9,023**
Financing activities			
Tender offer	6	-	(7,156)
Loan from third party	13	-	486
Repayment of loan from third party	13	-	(1,137)
Net cash used in financing activities		**-**	**(7,807)**
Net (decrease)/increase in cash and cash equivalents		**(1,065)**	**1,216**
Cash and cash equivalents at beginning of year		1,331	144
Foreign exchange losses on cash and cash equivalents		(5)	(29)
Cash and cash equivalents at end of year		**261**	**1,331**

The accompanying notes on pages 16 to 26 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 is registered and domiciled 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") was 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. On 19 October 2012 the shareholders approved the revision of the Company's investing policy which is now to realise the remaining assets of the Company and to return both existing cash reserves and the proceeds of realisation of the remaining assets to shareholders.

The Company's investment activities were managed by PME Infrastructure Managers Limited (the "Investment Manager") to 6 July 2012. No alternate has been appointed and the Board of Directors has assumed responsibility for the management of the Company's remaining assets. The Company's administration is delegated to Galileo Fund Services Limited (the "Administrator"). The registered office of the Company is Millennium House, 46 Athol Street, Douglas, Isle of Man, IM1 1JB.

Pursuant to its AIM admission document 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 Warrants lapsed in July 2012. The Shares of the Company were admitted to trading on AIM, a market of the London Stock Exchange, on 12 July 2007 when dealings also commenced.

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

Dividends
In the year to 31 December 2016 the Company declared and paid dividends of US$nil (2015: US$nil).

Going concern
In assessing the going concern basis of preparation of the financial statements for the year ended 31 December 2016, the Directors have taken into account the status of current negotiations on the realisation of the remaining assets. The Directors consider that the Group has sufficient funds for its ongoing operations and therefore have continued to adopt the going concern basis in preparing these financial statements.

2 Summary of Significant Accounting Policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements to the extent that they have not already been disclosed in the other notes 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's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

Notes to the Financial Statements (continued)

2 Summary of Significant Accounting Policies (continued)

2.1 Basis of preparation (continued)

In accordance with IFRS 10, 'Consolidated financial statements', the Directors have concluded that the Company falls under the definition of an investment entity because the Company has the following characteristics:

- the Company has obtained funds for the purpose of providing investors with investment management services;
- the Company's investing policy, which was communicated directly to investors, is investment solely for returns from capital appreciation and investment income; and
- the performance of investments is measured and evaluated on a fair value basis.

As a result, the Company does not consolidate its subsidiaries, instead it is required to account for these subsidiaries at fair value through profit or loss in accordance with IAS 39, 'Financial instruments: recognition and measurement' and prepares separate company financial statements only.

a) New and amended standards and interpretations adopted by the Company

There are no new international standards, amendments or interpretations that are effective for the first time for the financial year ended 31 December 2016 that have had a significant effect on the financial statements.

b) New standards, amendments and interpretations to existing standards relevant to the Company, that are not yet effective and have not been early adopted by the Company

IFRS 9, 'Financial instruments', final version issued July 2014. This standard replaces the guidance in IAS 39, 'Financial instruments: recognition and measurement'. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary categories for financial assets: amortised cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. For financial liabilities, IFRS 9 retains most of the IAS 39 requirements, but in cases where the fair value option is taken, the part of a fair value change in a financial liability due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement (unless this creates an accounting mismatch). The standard is not applicable until 1 January 2018 but is available for early adoption. However, the standard has not yet been endorsed by the EU. The Company is yet to assess IFRS 9's full impact.

2.2 Foreign currency translation

a) *Functional and presentation currency*
Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). These financial statements are presented in US Dollars, which is the Company's functional and presentation 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 statement of comprehensive income.

2.3 Revenue and expense recognition

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.

Notes to the Financial Statements (continued)

2 Summary of Significant Accounting Policies (continued)

2.3 Revenue and expense recognition (continued)

Dividend income is recognised when the right to receive payment is established.

Expenses are accounted for on an accruals basis.

2.4 Financial assets and financial liabilities

The Company 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.

The Company designates its investments, including equity, related loans and similar instruments (note 3), as at fair value through profit or loss on initial recognition if they are not classified as held for trading but are managed, and their performance is evaluated on a fair value basis in accordance with the Company's investing policy.

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 which are classified as non-current assets. The Company's loans and receivables comprise 'trade and other receivables' and 'cash at bank' in the balance sheet. 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 Company will not be able to collect all amounts due according to the original terms of the receivables.

The Company classifies its financial liabilities as other liabilities. Other liabilities are 'trade and other payables' in the balance sheet (note 8).

2.5 Cash and cash equivalents

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

3 Financial Assets at Fair Value through Profit or Loss

Investments are designated at fair value through profit or loss on initial recognition. Such investments are initially recorded at fair value, and transaction costs for all financial assets and financial liabilities carried at fair value through profit or loss are expensed as incurred. Gains and losses arising from changes in the fair value of financial assets, including foreign exchange movements, are recognised in the statement of comprehensive income.

The Company 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 in relation to the financial assets at fair value through profit or loss.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Valuation techniques used include the use of comparable recent or proposed arm's length transactions, discounted cash flow analysis and other valuation techniques commonly used by market participants.

Notes to the Financial Statements (continued)

3 Financial Assets at Fair Value through Profit or Loss (continued)

Regular purchases and sales of investments are recognised on the trade date, being the date on which the Company commits to purchase or sell the investment. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Company has transferred substantially all risks and rewards of ownership.

The following subsidiaries of the Company are held at fair value in accordance with IFRS 10:

	Country of incorporation	Percentage of shares held
PME Locomotives (Mauritius) Limited	Mauritius	100%
PME TZ Property (Mauritius) Limited	Mauritius	100%

The Company's wholly owned subsidiary PME Tanco (Mauritius) Limited appointed a liquidator on 28 June 2016.

The following company is an indirect investment of the Company and is included within the fair value of the direct investments:

	Country of incorporation	Percentage of shares held	Parent company
PME Properties Limited	Tanzania	100%	PME TZ Property (Mauritius) Limited

The following table shows a reconciliation of the opening balances to the closing balances for fair value measurements:

	31 December 2016 US$'000	31 December 2015 US$'000
Start of the year	7,856	19,560
Increase in loans to investee companies	174	237
Return of capital*	-	(11,500)
Movement in fair value of financial assets	1,230	(441)
End of the year	**9,260**	**7,856**

* The return of capital relates to a share buyback conducted by PME Locomotives (Mauritius) Limited in May 2015.

Assets carried at amounts based on fair value are defined as follows:

- 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 fair values of all financial assets at fair value through profit or loss are determined using valuation techniques using significant unobservable inputs. Accordingly, the fair values are classified as level 3. There were no transfers between levels during the year. The valuation techniques and the significant unobservable inputs are shown below.

Notes to the Financial Statements (continued)

3 Financial Assets at Fair Value through Profit or Loss (continued)

	Fair value as at 31 December 2016 US$'000	Fair value as at 31 December 2015 US$'000	Valuation techniques and inputs	Significant unobservable inputs	Sensitivity to significant unobservable inputs
Rail assets (PME Locomotives (Mauritius) Limited	4,270	3,988	Agreed/ proposed transaction terms plus value of other net assets	Estimated recovery value	N/A
Real estate investments (PME TZ Property (Mauritius) Limited)	4,990	3,868	Adjusted discounted cash flow property valuation (inputs including rental income, operating costs, vacancy and discount rate) plus value of other net assets	Discount rate	If the discount rate were 1% higher/lower the estimated fair value would (decrease)/increase by US$38,000
Total	**9,260**	**7,856**			

Commitments under operating leases relating to PME Properties Limited are disclosed in note 12.

4 Net Asset Value per Share

	As at 31 December 2016	As at 31 December 2015
Net assets attributable to equity holders of the Company (US$'000)	9,487	9,076
Shares in issue (thousands)	40,973	40,973
NAV per share (US$)	**0.23**	**0.22**

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.

5 Basic and Diluted Profit/(Loss) per Share

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

	Year ended 31 December 2016	Year ended 31 December 2015
Profit/(loss) attributable to equity holders of the Company (US$'000)	411	(2,101)
Weighted average number of Ordinary Shares in issue (thousands)	40,973	74,009
Basic profit/(loss) per share (cents) for the year	**1.00**	**(2.84)**

There is no difference between basic and diluted Ordinary Shares as there are no potential dilutive Ordinary Shares.

6 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.

Ordinary Shares of US$0.01 each	31 December 2016 and 2015 Number	31 December 2016 and 2015 US$'000
Authorised	500,000,000	5,000

Notes to the Financial Statements (continued)

6 Share Capital (continued)

C Shares of US$1 each	31 December 2016 and 2015 Number	31 December 2016 and 2015 US$'000
Authorised	5,000,000	5,000
Issued	-	-

Ordinary Shares of US$0.01 each	31 December 2016 US$'000	31 December 2015 US$'000
40,973,236 (31 December 2015: 40,973,236) Ordinary Shares in issue, with full voting rights	410	410
	410	**410**

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.

A tender offer took place in November 2015. Up to 38,376,948 Ordinary Shares were available for tender at a price of US$0.20 per share. A total of 35,780,661 Ordinary Shares with an aggregate nominal value of US$357,807 were validly tendered and were cancelled upon completion on 4 December 2015. Retained earnings were reduced by US$7,156,132, being the consideration paid for these shares.

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

7 Capital Redemption Reserve

The capital redemption reserve is created on the cancellation of shares equal to the par value of shares cancelled. This reserve is not distributable.

8 Trade and Other Payables

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

	31 December 2016 US$'000	31 December 2015 US$'000
Administration fees payable	20	24
Audit fee payable	53	69
CREST service provider fee payable	5	10
Legal fees payable	-	15
Other sundry creditors	25	25
	103	**143**

The fair value of the above financial liabilities approximates their carrying amounts.

Notes to the Financial Statements (continued)

9 Operating and Administration Expenses

	Year ended 31 December 2016 US$'000	Year ended 31 December 2015 US$'000
Administration expenses	148	183
Administrator and Registrar fees	86	97
Audit fees	56	72
Directors' fees	219	288
Professional fees	255	404
Other	38	66
Operating and administration expenses	**802**	**1,110**

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 expensed by the Company for the year ended 31 December 2016 amounted to US$77,842 (31 December 2015: US$87,929).

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 2016 amounted to US$7,722 (31 December 2015: US$9,159).

Administration fees of the Mauritian subsidiaries for the year ended 31 December 2016 amounted to US$23,845 (31 December 2014: US$42,266).

Administration fees of PME Properties Limited for the year ended 31 December 2016 amounted to US$42,538 (31 December 2015: US$24,010).

Directors' remuneration
The maximum amount of basic remuneration payable by the Company by way of fees 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 Executive Directors are entitled to receive annual basic salaries of £75,000.

Total fees and basic remuneration (including VAT where applicable) and expenses payable by the Company for the year ended 31 December 2016 amounted to US$218,546 (31 December 2015: US$288,282) and was split as below. Directors' insurance cover payable amounted to US$30,028 (31 December 2015: US$29,972).

	Year ended 31 December 2016 US$'000	Year ended 31 December 2015 US$'000
Paul Macdonald	97	114
Lawrence Kearns	108	128
Expense reimbursement	14	46
	219	**288**

Notes to the Financial Statements (continued)

10 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 chief operating decision-makers have been identified as the Board of Directors.

The Board reviews the Company's internal reporting in order to assess performance and allocate resources. It has determined the operating segments based on these reports. The Board considers the business on a project by project basis by type of business. The type of business is transport (railway) and leasehold property.

Year ended 31 December 2016	Transport PME Locomotives US$'000	Leasehold Property PME TZ Property US$'000	Other* US$'000	Total US$'000
Net gains/(losses) on financial assets at fair value through profit or loss	184	1,058	(12)	1,230
Profit/(loss) for the year	184	1,058	(831)	411
Segment assets	4,270	4,990	330	9,590
Segment liabilities	-	-	(103)	(103)

* Other refers to income and expenses of the Company not specific to any specific sector such as income on un-invested funds and corporate expenses. Other assets comprise cash and cash equivalents US$261,333 and other assets US$69,479.

Year ended 31 December 2015	Transport PME RSACO US$'000	 PME Locomotives US$'000	Leasehold Property PME TZ Property US$'000	Other** US$'000	Total US$'000
Net gains/(losses) on financial assets at fair value through profit or loss	(34)	(738)	346	(15)	(441)
Finance income	-	-	-	15	15
Finance costs	-	-	-	(36)	(36)
Profit/(loss) for the year	(34)	(738)	346	(1,675)	(2,101)
Segment assets	-	3,988	3,868	1,363	9,219
Segment liabilities	-	-	-	(143)	(143)

** Other refers to income and expenses of the Company not specific to any specific sector such as income on un-invested funds and corporate expenses. Other assets comprise cash and cash equivalents US$1,330,692 and other assets US$31,655.

11 Risk Management

The Company's activities expose it to a variety of financial risks: market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The financial risks relate to the following financial instruments: financial assets at fair value through profit or loss, trade and other receivables, cash and cash equivalents and trade and other payables. The accounting policies with respect to the significant financial instruments are described in notes 2, 3 and 8.

Risk management is carried out by the Executive Directors

Notes to the Financial Statements (continued)

11 Risk Management (continued)

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

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

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

31 December 2016	Monetary Assets US$'000	Monetary Liabilities US$'000	Total US$'000
Euro	-	(6)	(6)
Pound Sterling	66	(97)	(31)
	66	**(103)**	**(37)**

31 December 2015	Monetary Assets US$'000	Monetary Liabilities US$'000	Total US$'000
Euro	-	(3)	(3)
Pound Sterling	27	(140)	(113)
	27	**(143)**	**(116)**

The Board of Directors monitors and reviews the Company's currency position on a continuous basis and act accordingly.

At 31 December 2016, had the US Dollar weakened by 1% (2015: strengthened by 3%) in relation to Euro and Pound Sterling, with all other variables held constant, the shareholders' equity would have (decreased)/increased by the amounts shown below:

	2016 US$'000	2015 US$'000
Euro	-	-
Pound Sterling	-	3
Effect on net assets	**-**	**3**

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 Company is not exposed to significant interest rate risk from the cash held in interest bearing accounts at floating rates or short term deposits of one month or less. The secured loan was at a fixed rate of interest. The Board of Directors monitor and review the interest rate fluctuations on a continuous basis and act accordingly.

During the year ended 31 December 2016 should interest rates have decreased by 100 basis points, with all other variables held constant, the shareholders' equity and the result for the year would have been US$nil (2015: 100 basis points US$7,000) lower as a result of the impact on bank balances.

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

The 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. Any change in credit quality of financial assets at fair value through profit or loss is reflected in the fair value of the asset.

Notes to the Financial Statements (continued)

11 Risk Management (continued)

Credit risk (continued)
At the reporting date, the Company's financial assets exposed to credit risk amounted to the following:

	31 December 2016 US$'000	31 December 2015 (restated) US$'000
Financial assets at fair value through profit or loss	649	496
Trade and other receivables	43	-
Cash and cash equivalents	261	1,331
	953	**1,827**

The Company's financial assets at fair value through profit or loss are equity investments of the Company which would not usually be subject to credit risk. Portions of the underlying investments are in the form of loans and receivables, cash and cash equivalents or other instruments that are subject to credit risk, and therefore the value attributable to such instruments is provided in the credit risk table above. The comparative figures in the table above have been restated for consistency with the current year presentation.

The Company 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).

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due. The Company currently manages its liquidity risk by maintaining sufficient cash. The Company and the Group's liquidity positions are monitored by the Board of Directors.

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

31 December 2016	Less than 1 month US$'000	1-3 months US$'000	3 months to 1 year US$'000	1-5 years US$'000	Over 5 years US$'000	No stated maturity US$'000
Financial liabilities						
Trade and other payables	103	-	-	-	-	-
	103	**-**	**-**	**-**	**-**	**-**

31 December 2015	Less than 1 month US$'000	1-3 months US$'000	3 months to 1 year US$'000	1-5 years US$'000	Over 5 years US$'000	No stated maturity US$'000
Financial liabilities						
Trade and other payables	143	-	-	-	-	-
	143	**-**	**-**	**-**	**-**	**-**

Capital risk management
The Company's primary objective when managing its capital base was to safeguard the Company's ability to continue as a going concern in order to realise the remaining assets of the Company at a time and under such conditions as the Directors may determine in order to maximise value on behalf of the shareholders of the Company and to return both existing cash reserves and the proceeds of realisation of the remaining assets to shareholders.

Company 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 2015 and 2016.

Notes to the Financial Statements (continued)

12 Contingent Liabilities and Commitments

PME Properties Limited has entered into a number of operating lease agreements in respect of property. 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' future aggregate minimum lease payments, by virtue of its indirect investment in PME Properties Limited, under operating leases are as follows:

	31 December 2016 US$'000	31 December 2015 US$'000
Amounts payable under operating leases:		
Within one year	25	-
In the second to fifth years inclusive	300	200
Beyond five years	1,220	1,280
	1,545	**1,480**

13 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. Key management is made up of the Board of Directors.

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 9.

Interest payable by the Company for the year ended 31 December 2015 under secured loan agreements with Helvetica Deutschland GmbH ("Helvetica") amounted to US$36,105. Paul Macdonald holds 40% of Helvetica's issued share capital, therefore Helvetica is deemed to be a related party of the Company and the loans were a related party transaction. The loans and all outstanding interest were settled in full on completion of the disposal of rail assets in May 2015.

14 Income Tax Expense

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 (2015: zero per cent).

15 Post Balance Sheet Events

On 2 February 2017 the Company exercised the Option in respect of all three C30 locomotives.

Following discussions with the Sheltam group, PME Locomotives (Mauritius) Limited has entered into a deed of variation to the Option Agreement with Sheltam pursuant to which Completion will now occur on the earlier of: (a) the fifth business day after completion of a Sheltam corporate fundraising currently in progress; (b) 15th June 2017; and (c) the date specified in writing by PME Locomotives (Mauritius) Limited on the occurrence of any of: (i) a change of control of Sheltam; (ii) the Sheltam corporate fundraising currently in progress not proceeding; (iii) the sale, divestment or transfer to a third party of a material part of the Sheltam group's business; (iv) the insolvency of the Sheltam group or the Sheltam group entering into any arrangement with creditors; or (v) any event of default under the Sheltam group's existing debt facilities.

Interest shall accrue on the US$4.25 million cash consideration payable to the Company in accordance with the Deed of Variation at a rate of 10% per annum from and including the fifth business day following the exercise of the Option and up to Completion.