

PME African Infrastructure Opportunities plc

Interim Report

Period ended 30 June 2017

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Directors and Advisers

Directors	Paul Macdonald (Executive Chairman) Lawrence Kearns (Executive Director) all 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 interim results for PME African Infrastructure Opportunities plc ("PME" or the "Company" and together with its subsidiaries the "Group") for the six months ended 30 June 2017.

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

On 29 June 2017 the Company announced that its wholly-owned subsidiary PME Locomotives (Mauritius) Limited had completed and settled a put option with Sheltam (Mauritius) Limited for three C30 locomotives (the "Put Option") and that cash consideration of US\$4.25 million, together with interest of US\$163,000, had been received by the Group.

On 1 August 2017 the Company notified shareholders that an Extraordinary General Meeting ("EGM") was to be held at 10.00a.m. (UK time) on 6 September 2017. Accompanying the notice of EGM was a circular (the "Tender Offer Document") which set out the Company's proposal to renew shareholder authority for the Company to return capital to shareholders via a series of Tender Offers and set out details of a current tender offer (the "Current Tender Offer"). On 6 September 2017 the resolution put to Shareholders was approved and the Current Tender Offer closed on 13 September 2017. Under the Current Tender Offer, a total of 16,389,294 Ordinary Shares were purchased at a price of US\$0.21 per Ordinary Share, representing approximately 40.0 per cent of the Ordinary Shares in issue.

The completion and settlement of the Put Option took longer than had originally been anticipated but following discussions with the counterparty the Board of Directors was able to ensure that the Put Option consideration, together with additional interest, was received. In turn, this has allowed the Board of Directors to propose the return of up to US\$3.4 million to Ordinary Shareholders in accordance with the Company's investing policy.

The Company now has one remaining investment asset, the benefit of the remaining 21 years of a leasehold interest in a building in Dar-es-Salaam, Tanzania (the "Dar-es-Salaam Property"). The Dar-es-Salaam Property was acquired by the Company's Tanzanian subsidiary, PME Properties Limited, in 2010 from Dovetel (T) Limited ("Dovetel"), the Company's former telecommunication investee company in Tanzania. The Dar-es-Salaam Property, which is managed by a local managing agent, is currently 63% let. The investment continues to trade profitably.

Dovetel was also a tenant of part of the Dar-es-Salaam Property but has been in default on the payment of rent. As previously reported to shareholders, the Company has followed various legal steps to correct the situation. The process of evicting Dovetel from the premises continues.

The Dar-es-Salaam Property has three tenants other than Dovetel. One tenant has a lease agreement for 809 square metres with approximately 2 years to run on the lease. The second tenant rents 628 square metres on a five year lease ending in May 2021 with rental increases built into the agreement. The third tenant leases 603 square metres under a three year lease ending in August 2019. The managing agent is attempting to let the remaining empty space in the building other than the premises occupied by Dovetel. Once the eviction is complete this part of the building will also be offered for rent.

The Directors have maintained the value of the Dar-es-Salaam Property at US\$5.0 million. This valuation is in line with the value assessed by a local expert at 31 December 2016 and takes into account both current vacancy levels and the current economic climate in Tanzania.

The Board of Directors intends to work towards the sale of the Dar-es-Salaam Property and is working with the Company's local advisers to finalise the tax position of the Tanzanian subsidiary with the local tax authorities. The Board believes it is in the interests of the Company to have a clear determination of the tax position of the Tanzanian subsidiary before the Dar-es-Salaam Property is sold.

Chairman's Statement (continued)

Financial Results

The loss for the six months to 30 June 2017 was US\$0.33 million (2016: loss of US\$0.39 million), representing US\$0.0081 loss per ordinary share (2016: loss per ordinary share US\$0.0095). The loss for the period was made up of dividend income from subsidiary companies, the net loss in the fair value of assets and ongoing operating and administrative costs.

The Directors, having considered the latest valuation of the Dar-es-Salaam Property, are of the opinion that the Dar-es-Salaam Property is reflected in the balance sheet at realistic fair values.

As at 30 June 2017, PME's unaudited Net Asset Value attributable to ordinary shareholders in accordance with IFRS was US\$9.2 million (US\$0.22 per ordinary share), compared to the US\$9.5 million (US\$0.23 per ordinary share) that was reported as at 31 December 2016.

Return of Cash and Outlook

Shortly after the period end, the Company received the majority of the proceeds from completion of the Put Option by way of a buyback of shares held by the Company in PME Locomotives (Mauritius) Limited, and US\$3.4 million of such funds has been set aside for the Current Tender Offer with the remainder being retained for working capital purposes.

The marketing process for the sale of the Dar-es-Salaam Property has been postponed due to ongoing negotiations with tax authorities in Tanzania regarding the tax position of the Tanzanian subsidiary holding the asset. The sale process will begin once the tax position is clarified, the local economic uncertainty in Tanzania has receded and the vacant space has been relet to the satisfaction of the Board.

A further and final tender offer for ordinary shares in the Company will be proposed once the Dar-es-Salaam Property has been sold.

Paul Macdonald

Chairman

27 September 2017

Statement of Comprehensive Income

	Note	(Unaudited) Period from 1 January 2017 to 30 June 2017 US\$'000	(Unaudited) Period from 1 January 2016 to 30 June 2016 US\$'000
Net (losses)/gains on financial assets at fair value through profit or loss	3	(68)	75
Dividend income		226	-
Operating and administration expenses	9	(490)	(454)
Foreign exchange gain/(loss)		2	(12)
Operating loss and loss before income tax		(330)	(391)
Income tax	14	-	-
Loss and total comprehensive expense for the period		(330)	(391)
Basic and diluted loss per share (cents) attributable to the equity holders of the Company during the period	5	(0.81)	(0.95)

The accompanying notes on pages 8 to 14 form an integral part of these interim financial statements

Balance Sheet

	Note	(Unaudited) As at 30 June 2017 US\$'000	(Audited) As at 31 December 2016 US\$'000
Assets			
Current assets			
Financial assets at fair value through profit or loss	3	9,239	9,260
Trade and other receivables		51	69
Cash and cash equivalents		28	261
Total current assets		9,318	9,590
Total assets		9,318	9,590
Equity and liabilities			
Equity			
Issued share capital	6	410	410
Capital redemption reserve	7	1,395	1,395
Retained earnings		7,352	7,682
Total equity		9,157	9,487
Current liabilities			
Trade and other payables	8	161	103
Total current liabilities		161	103
Total liabilities		161	103
Total equity and liabilities		9,318	9,590

The interim financial statements on pages 4 to 14 were approved and authorised for issue by the Board of Directors on 27 September 2017 and signed on its behalf by:

Paul Macdonald
Director

Lawrence Kearns
Director

The accompanying notes on pages 8 to 14 form an integral part of these interim financial statements

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 2016	410	1,395	7,271	9,076
Comprehensive expense				
Loss for the period	-	-	(391)	(391)
Total comprehensive expense for the period	-	-	(391)	(391)
Balance at 30 June 2016	410	1,395	6,880	8,685
Balance at 1 January 2017	410	1,395	7,682	9,487
Comprehensive expense				
Loss for the period	-	-	(330)	(330)
Total comprehensive expense for the period	-	-	(330)	(330)
Balance at 30 June 2017	410	1,395	7,352	9,157

The accompanying notes on pages 8 to 14 form an integral part of these interim financial statements

Cash Flow Statement

	Note	(Unaudited) Period from 1 January 2017 to 30 June 2017 US\$'000	(Unaudited) Period from 1 January 2016 to 30 June 2016 US\$'000
Cash flows from operating activities			
Purchase of financial assets – loans to investee companies	3	(47)	(53)
Dividends received		226	-
Operating and administrative expenses paid		(413)	(462)
Net cash used in from operating activities		(234)	(515)
Net decrease in cash and cash equivalents			
Cash and cash equivalents at beginning of period		261	1,331
Foreign exchange gains/(losses) on cash and cash equivalents		1	(3)
Cash and cash equivalents at end of period		28	813

The accompanying notes on pages 8 to 14 form an integral part of these interim financial statements

Notes to the Interim 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 therefore 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.

Going concern

In assessing the going concern basis of preparation of the interim financial statements for the period ended 30 June 2017, 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 interim financial statements.

2 Summary of Significant Accounting Policies

2.1 Basis of preparation

The accounting policies applied by the Company in the preparation of these condensed financial statements are the same as those applied by the Company in its financial statements for the year ended 31 December 2016.

These interim financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union. They do not include all of the information required for full annual financial statements and should be read in conjunction with the financial statements of the Company as at and for the year ended 31 December 2016, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

In accordance with IFRS 10, 'Consolidated financial statements', the Directors have concluded that the Company meets the definition of an investment entity and therefore no longer consolidates 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.

The interim financial statements for the six months ended 30 June 2017 are unaudited. The comparative interim figures for the six months ended 30 June 2016 are also unaudited.

Notes to the Interim Financial Statements (continued)

3 Financial Assets at Fair Value through Profit or Loss

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 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:

	30 June 2017 US\$'000	31 December 2016 US\$'000
Start of the period/year	9,260	7,856
Increase in loans to investee companies	47	174
Movement in fair value of financial assets	(68)	1,230
End of the period/year	9,239	9,260

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 current period or prior year. The key inputs and most significant unobservable inputs are shown below.

	Fair value as at 30 June 2017 US\$'000	Fair value as at 31 December 2016 US\$'000	Valuation techniques and inputs	Significant unobservable inputs	Sensitivity to significant unobservable inputs
Rail assets (PME Locomotives (Mauritius) Limited)	4,433	4,270	Value of net assets	N/A	N/A
Real estate investments (PME TZ Property (Mauritius) Limited)	4,806	4,990	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 N/A
Total	9,239	9,260			

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

Notes to the Interim Financial Statements (continued)

4 Net Asset Value per Share

	As at 30 June 2017	As at 31 December 2016
Net assets attributable to equity holders of the Company (US\$'000)	9,157	9,487
Shares in issue (thousands)	40,973	40,973
NAV per share (US\$)	0.22	0.23

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 Loss per Share

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

	Period ended 30 June 2017	Period ended 30 June 2016
Loss attributable to equity holders of the Company (US\$'000)	(330)	(391)
Weighted average number of Ordinary Shares in issue (thousands)	40,973	40,973
Basic loss per share (cents) from loss for the period	(0.81)	(0.95)

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

6 Share Capital

Ordinary Shares of US\$0.01 each	31 December 2016 and 30 June 2017 Number	31 December 2016 and 30 June 2017 US\$'000
Authorised	500,000,000	5,000
C Shares of US\$1 each	31 December 2016 and 30 June 2017 Number	31 December 2016 and 30 June 2017 US\$'000
Authorised	5,000,000	5,000
Issued	-	-
Ordinary Shares of US\$0.01 each	30 June 2017 US\$'000	31 December 2016 US\$'000
40,973,236 (31 December 2016: 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.

Notes to the Interim Financial Statements (continued)

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

	30 June 2017 US\$'000	31 December 2016 US\$'000
Administration fees payable	21	20
Audit fee payable	28	53
CREST service provider fee payable	6	5
Directors' fees and expenses payable	26	6
Legal fees payable	38	-
Tender costs payable	20	-
Other sundry creditors	22	19
	161	103

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

9 Operating and Administration Expenses

	Period ended 30 June 2017 US\$'000	Period ended 30 June 2016 US\$'000
Administration expenses	72	77
Administrator and Registrar fees	41	43
Audit fees	28	32
Directors' fees	115	113
Professional fees	214	174
Other	20	15
Operating and administration expenses	490	454

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 million 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 period ended 30 June 2017 amounted to US\$37,451 (30 June 2016: US\$38,573).

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, 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 is charged. The fees payable by the Company for general secretarial services for the period ended 30 June 2017 amounted to US\$3,901 (30 June 2016: US\$4,018).

Administration fees of the Mauritian subsidiaries for the period ended 30 June 2017 amounted to US\$8,625 (30 June 2016: US\$14,432).

Notes to the Interim Financial Statements (continued)

9 Operating and Administration Expenses (continued)

Administration fees of PME Properties Limited for the period ended 30 June 2017 amounted to US\$34,897 (30 June 2016: US\$21,742).

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 period ended 30 June 2017 amounted to US\$114,758 (30 June 2016: US\$112,735) and was split as below. Directors' insurance cover payable amounted to US\$14,877 (30 June 2016: US\$14,918).

	Period ended 30 June 2017 US\$'000	Period ended 30 June 2016 US\$'000
Paul Macdonald	49	50
Lawrence Kearns	54	56
Expense reimbursement	12	7
	115	113

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.

Six months ended 30 June 2017	Transport PME Locomotives US\$'000	Leasehold Property PME TZ Property US\$'000	Other*	Total US\$'000
Net gains/(losses) on financial assets at fair value through profit or loss	128	(196)	-	(68)
Dividend income	-	226	-	226
Profit/(loss) for the period	128	30	(488)	(330)

* 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.

Six months ended 30 June 2016	Transport PME Locomotives US\$'000	Leasehold Property PME TZ Property US\$'000	Other**	Total US\$'000
Net losses on financial assets at fair value through profit or loss	(37)	124	(12)	75
Loss for the period	(37)	124	(478)	(391)

** 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.

Notes to the Interim Financial Statements (continued)

10 Operating segments (continued)

30 June 2017	Transport PME Locomotives US\$'000	Leasehold Property PME TZ Property US\$'000	Other*	Total US\$'000
Segment assets	4,433	4,806	79	9,318
Segment liabilities	-	-	(161)	(161)

* Other assets comprise cash and cash equivalents US\$27,932 and other assets US\$50,849.

31 December 2016	Transport PME Locomotives US\$'000	Leasehold Property PME TZ Property US\$'000	Other**	Total US\$'000
Segment assets	4,270	4,990	330	9,590
Segment liabilities	-	-	(103)	(103)

** Other assets comprise cash and cash equivalents US\$261,333 and other assets US\$69,479.

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, loans and receivables, cash and cash equivalents, secured loan and trade and other payables. There has been no material change in the market, credit or liquidity risk profile since the year ended 31 December 2016.

There have been no changes in risk management policies or responsibilities since the year end. The risk management is carried out by the executive Directors.

These interim financial statements do not include all financial risk management information and disclosures required for full annual financial statements and should be read in conjunction with the financial statements of the Company as at and for the year ended 31 December 2016.

The Company has a number of financial instruments which are not measured at fair value in the balance sheet. The fair values of these instruments are not materially different to their carrying amounts as the interest rates are close to current market rates or the instruments are short-term in nature.

12 Contingent Liabilities and Commitments

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

	30 June 2017 US\$'000	31 December 2016 US\$'000
Amounts payable under operating leases:		
Within one year	65	25
In the second to fifth years inclusive	308	300
Beyond five years	1,160	1,220
	1,533	1,545

Notes to the Interim Financial Statements (continued)

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.

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 (2016: zero per cent).

15 Post Balance Sheet Events

Following the successful conclusion and settlement of the put option, on 12 July 2017, PME Locomotives (Mauritius) Limited carried out a share buyback purchasing 4,400,000 of its own shares from the Company for a consideration of US\$4,400,000 with the cash providing the Company with funds for its tender offer.

In September 2017 the latest tender offer closed. The Company purchased 16,389,294 Ordinary Shares, comprising 40.0 per cent. of the Ordinary Shares at a price of US\$0.21 per Ordinary Share. These shares were cancelled on 19 September 2017, leaving 24,583,942 Ordinary Shares in issue.