PME African Infrastructure Opportunities plc

Annual Report

Year ended 31 December 2013

Contents

Directors and Advisers

Directors * independent	Paul Macdonald (Executive Chairman) Lawrence Kearns (Executive Director) Graca Machel (Non-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	Oriel Securities 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, I am pleased to present the final results for PME African Infrastructure Opportunities plc ("PME" or the "Company") for the year ended 31 December 2013.

Investments

The Company currently owns rail assets in South Africa (10 mainline locomotives and 50% of Sheltam Holdings (Pty) Limited ("Sheltam Holdings") and its subsidiaries, being the group to which these locomotives are leased) (the "Rail Assets") and commercial premises in Dar-es-Salaam, Tanzania (the "Dar-es-Salaam property"). As previously reported, the Company ran a sale process to sell its Rail Assets in 2013. However, it was not possible to reach agreement with any of the potential bidders at a value for the Rail Assets which the Directors considered acceptable. In order to address some of the issues that arose during the sale negotiations, the Board has investigated a reorganisation of the Rail Assets resulting in the proposed acquisition referred to below.

The Dar-es-Salaam property, which is managed by a local managing agent, is fully let and the investment is trading profitably. In 2010 a subsidiary of PME acquired the Dar-es-Salaam property from Dovetel (T) Limited ("Dovetel"), the Company's former telecommunication interest in Tanzania, and Dovetel is also a tenant of part of the Dar-es-Salaam property.

Dovetel owes PME approximately US$245,000 in respect of outstanding shareholder loans made by PME and Dovetel is also in arrears on its rental payments in respect of its tenancy of part of the Dar-es-Salaam property. PME accordingly served a winding-up petition on Dovetel in January 2013. However, as a result of a separate third party application, Dovetel was placed into administration in late April 2013. On 15 May 2013, PME's winding up petition was stayed pending appeals against the administration order. PME is also in the process of applying for leave of the court to evict Dovetel as tenant from the Dar-es-Salaam property. PME will continue to press for a repayment of its debts through the winding-up petition alongside the eviction process set out above. The Directors do not anticipate that there will be any financial implications for the Company other than the necessary legal and court costs to protect PME's interest.

In March 2013 the current owners of Dovetel registered a caveat over the Dar-es-Salaam property requiring their consent for any sale of the Dar-es-Salaam property. The Directors intend to realise a sale of the Dar-es-Salaam property but such a sale is likely to occur only when the current legal process with Dovetel is resolved.

Sheltam Holdings continues to trade profitably and we expect the Rail Assets to continue to provide cash flow to PME. There has been a steady demand for locomotives and at the same time there are a number of enquiries that bode well for the future.

On 26 June 2014, PME announced that it is in negotiations to acquire the remaining 50% of the issued share capital in and shareholder loans to Sheltam Holdings not currently owned or made by the Company in consideration for the issue of new ordinary shares in PME (the "Proposed Acquisition"). Trading in the Company's ordinary shares has, since the date of the announcement of the Proposed Acquisition, been suspended.

If the Proposed Acquisition completes, the Company will become a trading company and, therefore, the Proposed Acquisition will be considered a reverse takeover pursuant to Rule 14 of the AIM Rules for Companies. Completion of the Proposed Acquisition will be subject to, *inter alia*, the approval of shareholders in a general meeting and the publication of an admission document in respect of the proposed enlarged entity following the Proposed Acquisition (the "Admission Document"). The Proposed Acquisition will also be subject to the approval of the South African merger control authorities.

Further details regarding the Proposed Acquisition will be set out in the Admission Document.

The Proposed Acquisition remains under negotiation and is subject to certain conditions (including those mentioned above), and there is no certainty that a transaction will be completed on the terms currently proposed or at all. A further announcement regarding progress of the Proposed Acquisition will be made by the Company in due course.

Chairman's Statement (continued)

Financial Results

The profit attributable to ordinary shareholders for the year ended 31 December 2013 was US$2.9 million (2012: loss US$6.7m million), representing US$0.0285 per Ordinary Share (2012: loss per share US$0.0493).

The Directors have considered the valuation of assets and, based on recent negotiations, are of the opinion that the Rail Assets and the Dar-es-Salaam property are reflected in the balance sheet at realistic values. Accordingly there was a reversal of the impairment of US$1.9m (2012: loss from impairment of US$7.1m).

As at 31 December 2013, PME's Net Asset Value attributable to ordinary shareholders in accordance with IFRS was US$35.0 million (US$0.46 per share), compared to the US$39.5 million (US$0.39 per share) that was reported as at 31 December 2012.

Return of Cash and Outlook

Last year the Company made an offer to acquire 26% of its issued ordinary share capital at a price of US$0.28 per share. 25,706,863 ordinary shares, comprising 25.2% of the Company's issued ordinary share capital, were tendered and redeemed on 11 December 2013. The Company returned US$7.2 million to shareholders through this share buyback.

The remaining investments are performing profitably. The Group's cash balances decreased to US$2m as at 31 December 2013.

Paul Macdonald
Chairman
25 June 2014

Report of the Directors

The Directors hereby submit their annual report together with the audited consolidated and company financial statements of PME African Infrastructure Opportunities plc (the "Company") and its subsidiaries (the "Group") for the year ended 31 December 2013.

The Company and its Revised 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."

On 26 June 2014, PME announced that it is in negotiations to acquire the remaining 50 per cent. of the issued share capital in and shareholder loans to Sheltam Holdings not currently owned or made by the Company in consideration for the issue of new ordinary shares in PME (the "Proposed Acquisition"). Trading in the Company's ordinary shares has, since the date of the announcement of the Proposed Acquisition, been suspended.

The Proposed Acquisition, if approved by the shareholders, and related proposals to be set out in an admission document proposed to be published by the Company in connection with the Proposed Acquisition and readmission of the Company's shares to trading on the AIM market of the London Stock Exchange (the "**Admission Document**") will result in the cessation of the Company's current investing policy described above. Instead, from readmission, the Company will continue as a trading company carrying on, through its subsidiaries, an African-focussed transportation services business.

Results and Dividends

The results of the Group and position of the Group and the Company at the year-end are set out on pages 10 to 17 of the financial statements. The comparatives have been represented, where necessary, for items that are related to discontinued operations or assets/liabilities held for sale. See note 15 for further information.

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 2013 the Directors declared and paid dividends of US$nil (2012: US$nil). A tender offer took place in December 2013. 26,639,797 shares were offered at a price of US$0.28 per share (October 2012: 43,123,426 shares were offered at a price of US$0.30 per share). A total of 25,706,863 shares were validly tendered and were cancelled upon acquisition (2012: 41,283,992 shares).

Directors

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

Paul Macdonald (Chairman)
Lawrence Kearns
Graca Machel

Directors and Other Interests

Lawrence Kearns holds 74,000 Ordinary Shares in the Company. The Estate of the former Executive Chairman David von Simson holds 70,000 Ordinary Shares in the Company.

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

Report of the Directors (continued)

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 good Corporate Governance and intends that best practice is adopted and applied in so far as it is appropriate for a company of its size and stage of development. As an AIM traded company, the UK Corporate Governance Code does not apply, however, the Board complies with the requirements of the Corporate Governance Guidelines for Smaller Quoted Companies.

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

The Board

The Board comprised three Directors as at 31 December 2013, one Non-Executive and two Executive Directors. The role of the directors is to challenge constructively, contribute to the development of strategy, to scrutinise the performance of the Investment Manager, PME Infrastructure Managers Limited, in meeting agreed goals and objectives and monitor its performance, and through the various committees to satisfy themselves that financial information is accurate and that financial controls and systems of risk management are robust and defensible. At the time of termination of the Investment Manager the Executive Directors 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, reviewed the performance of the Investment Manager (up to date of termination), 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 four standing committees.

Audit Committee

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.

Report of the Directors (continued)

Nomination Committee

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

Remuneration Committee

The Remuneration Committee is chaired by Mr Kearns with Mr Macdonald as the other member. The Remuneration Committee is responsible for any required framework for the remuneration of the non-executive directors. The fees payable to the Chairman and the fees payable to the other directors have been set.

Management Engagement Committee

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

On behalf of the Board

Paul Macdonald
Chairman
25 June 2014

Statement of Directors' Responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. The Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial statements are required by law to give a true and fair view of the state of affairs of the Company and the Group and the profit or loss of the Group for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and the Group will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

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

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

On behalf of the Board

Paul Macdonald
Chairman
25 June 2014

Report of the Independent Auditor

Report on the Consolidated and Parent Company Financial Statements

We have audited the accompanying consolidated and parent company financial statements ('the financial statements') of PME African Infrastructure Opportunities plc and its subsidiaries (the 'Group') which comprise the consolidated and parent company balance sheets as of 31 December 2013 and the consolidated income statement, consolidated statement of comprehensive income, consolidated and parent company statements of changes in equity and consolidated and parent company cash flow statements for the year then ended and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with applicable Isle of Man law and International Financial Reporting Standards as adopted by the European Union, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 15 of the Isle of Man Companies Act 1982 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion:

- the consolidated financial statements give a true and fair view of the financial position of the Group as of 31 December 2013 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union;
- the parent company financial statements give a true and fair view of the financial position of the parent company as of 31 December 2013 and of its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union as applied in accordance with the provisions of the Isle of Man Companies Act 1982; and
- the financial statements have been properly prepared in accordance with the Isle of Man Companies Acts 1931 to 2004.

Report of the Independent Auditor (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Isle of Man Companies Acts 1931-2004 require us to report to you if, in our opinion:

- proper books of account have not been kept by the parent company or, proper returns adequate for our audit have not been received from branches not visited by us; or
- the parent company's balance sheet is not in agreement with the books of account and returns; or
- we have not received all the information and explanations necessary for the purposes of our audit; and
- certain disclosures of directors' loans and remuneration specified by law have been complied with.

PricewaterhouseCoopers LLC
Douglas, Isle of Man
Chartered Accountants

25 June 2014

Consolidated Income Statement

	Note	Year ended 31 December 2013 US$'000	(Represented) Year ended 31 December 2012 US$'000
Continuing operations			
Revenue – rental income		783	766
Realised gain on sale of property, plant & equipment		116	-
Investment Manager's fees refunded/(payable)	5	193	(367)
Operating and administration expenses	6	(2,472)	(2,297)
Foreign exchange loss		(1,600)	(368)
Operating loss		**(2,980)**	**(2,266)**
Finance income	7	4,021	4,819
Finance expense		-	(286)
Reversal of impairment/(impairment) of associate loan	10.2	1,865	(7,064)
Profit/(loss) before income tax		**2,906**	**(4,797)**
Income tax	8	(38)	(8)
Profit/(loss) for the year from continuing operations		**2,868**	**(4,805)**
Discontinued operations			
Profit/(loss) for the year from discontinued operations	15.3	-	(1,885)
Profit/(loss) for the year		**2,868**	**(6,690)**
Profit/(loss) attributable to:			
- Owners of the parent		2,868	(6,745)
- Non-controlling interests		-	55
		2,868	**(6,690)**
Basic and diluted profit/(loss) per share (cents) from continuing and discontinued operations attributable to the equity holders of the Company during the year	9		
From continuing operations		2.85	(3.51)
From discontinued operations		-	(1.38)
From profit/(loss) for the year		**2.85**	**(4.89)**

The accompanying notes on pages 18 to 46 form an integral part of these financial statements

Consolidated Statement of Comprehensive Income

	Year ended 31 December 2013 US$'000	(Represented) Year ended 31 December 2012 US$'000
Profit/(loss) for the year	**2,868**	**(6,690)**
Other comprehensive income/(expense)		
Items that may be subsequently reclassified to profit or loss:		
Foreign currency translation differences – continuing operations	(233)	(468)
Foreign currency translation differences – discontinued operations	-	2,332
	(233)	**1,864**
Items that will not be reclassified to profit or loss:		
Net loss from fair value adjustment of property, plant and equipment – continuing operations	-	(678)
Other comprehensive (expense)/income for the year	**(233)**	**1,186**
Total comprehensive income/(expense) for the year	**2,635**	**(5,504)**
Total comprehensive income/(expense) attributable to:		
- Owners of the parent	2,635	(5,559)
- Non-controlling interests	-	55
	2,635	**(5,504)**
Total comprehensive income/(expense) attributable to equity shareholders arises from:		
- Continuing operations	2,635	(6,007)
- Discontinued operations	-	448
	2,635	**(5,559)**

The accompanying notes on pages 18 to 46 form an integral part of these financial statements

Consolidated Balance Sheet

	Note	As at 31 December 2013	As at 31 December 2012
		US$'000	US$'000
Assets			
Non-current assets			
Investment in associate	10.2	-	-
Investment property	11	4,226	-
Finance lease receivables	12	15,490	-
Total non-current assets		**19,716**	**-**
Current assets			
Finance lease receivables	12	2,670	-
Loans due from associate	10.2	11,063	-
Trade and other receivables	13	570	221
Cash and cash equivalents	14	2,005	3,695
		16,308	**3,916**
Assets of disposal group classified as held for sale	15.1	-	36,624
Total current assets		**16,308**	**40,540**
Total assets		**36,024**	**40,540**
Equity and liabilities			
Equity attributable to owners of the parent:			
Issued share capital	16	768	1,025
Foreign currency translation reserve		(1,654)	(1,421)
Capital redemption reserve		1,037	780
Retained earnings		34,828	39,158
Total equity		**34,979**	**39,542**
Non-current liabilities			
Deferred tax liability	18	553	-
Total non-current liabilities		**553**	**-**
Current liabilities			
Deferred income		161	-
Trade and other payables	19	331	287
		492	**287**
Liabilities of disposal group classified as held for sale	15.2	-	711
Total current liabilities		**492**	**998**
Total liabilities		**1,045**	**998**
Total equity and liabilities		**36,024**	**40,540**

The financial statements on pages 10 to 46 were approved and authorised for issue by the Board of Directors on 25 June 2014 and signed on its behalf by:

Paul Macdonald
Director

Lawrence Kearns
Director

Company Balance Sheet

	Note	As at 31 December 2013	As at 31 December 2012
		US$'000	US$'000
Assets			
Non-current assets			
Investments in subsidiaries	10.1	32,328	34,707
Total non-current assets		**32,328**	**34,707**
Current assets			
Loans and receivables due from subsidiaries	13	-	75
Loans and receivables due from associate	13	371	85
Trade and other receivables	13	78	104
Cash and cash equivalents	14	1,587	1,929
Total current assets		**2,036**	**2,193**
Total assets		**34,364**	**36,900**
Equity and liabilities			
Equity			
Issued share capital	16	768	1,025
Capital redemption reserve		1,037	780
Retained earnings		32,103	34,917
Total equity		**33,908**	**36,722**
Current liabilities			
Loans and payables due to subsidiaries	13	205	-
Trade and other payables	19	251	178
Total liabilities		**456**	**178**
Total equity & liabilities		**34,364**	**36,900**

The financial statements on pages 10 to 46 were approved and authorised for issue by the Board of Directors on25 June 2014 and signed on its behalf by:

Paul Macdonald
Director

Lawrence Kearns
Director

Consolidated Statement of Changes in Equity

	Attributable to owners of the parent						
	Share capital	Foreign currency translation reserve	Capital redemption reserve	Retained earnings	Total	Non-controlling interests	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Balance at 1 January 2012	1,438	(3,285)	367	58,966	57,486	-	57,486
Comprehensive income							
Profit/(loss) for the year	-	-	-	(6,745)	(6,745)	55	(6,690)
Other comprehensive income/(expense)							
Items that will not be reclassified to profit or loss:							
Net loss from fair value adjustment of property, plant and equipment	-	-	-	(678)	(678)	-	(678)
Items that may be subsequently reclassified to profit or loss:							
Foreign exchange translation differences	-	1,864	-	-	1,864	-	1,864
Total comprehensive income/(expense) for the year	**-**	**1,864**	**-**	**(7,423)**	**(5,559)**	**55**	**(5,504)**
Transactions with owners							
Non-controlling interest settled on disposal	-	-	-	-	-	(55)	(55)
Tender offer	(413)	-	413	(12,385)	(12,385)	-	(12,385)
Total transactions with owners	**(413)**	**-**	**413**	**(12,385)**	**(12,385)**	**(55)**	**(12,440)**
Balance at 31 December 2012	**1,025**	**(1,421)**	**780**	**39,158**	**39,542**	**-**	**39,542**
Balance at 1 January 2013	1,025	(1,421)	780	39,158	39,542	-	39,542
Comprehensive income							
Profit for the year	-	-	-	2,868	2,868	-	2,868
Other comprehensive income/(expense)							
Items that may be subsequently reclassified to profit or loss:							
Foreign exchange translation differences	-	(233)	-	-	(233)	-	(233)
Total comprehensive income/(expense) for the year	**-**	**(233)**	**-**	**2,868**	**2,635**	**-**	**2,635**
Transactions with owners							
Tender offer	(257)	-	257	(7,198)	(7,198)	-	(7,198)
Total transactions with owners	**(257)**	**-**	**257**	**(7,198)**	**(7,198)**	**-**	**(7,198)**
Balance at 31 December 2013	**768**	**(1,654)**	**1,037**	**34,828**	**34,979**	**-**	**34,979**

The accompanying notes on pages 18 to 46 form an integral part of these financial statements

Company 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 2012	1,438	367	51,225	53,030
Comprehensive income				
Loss for the year	-	-	(3,923)	(3,923)
Total comprehensive expense for the year	**-**	**-**	**(3,923)**	**(3,923)**
Transactions with owners				
Tender offer	(413)	413	(12,385)	(12,385)
Total transactions with owners	**(413)**	**413**	**(12,385)**	**(12,385)**
Balance at 31 December 2012	**1,025**	**780**	**34,917**	**36,722**
Balance at 1 January 2013	1,025	780	34,917	36,722
Comprehensive income				
Profit for the year	-	-	4,385	4,385
Total comprehensive income for the year	**-**	**-**	**4,385**	**4,385**
Transactions with owners				
Tender offer	(257)	257	(7,198)	(7,198)
Total transactions with owners	**(257)**	**257**	**(7,198)**	**(7,198)**
Balance at 31 December 2013	**768**	**1,037**	**32,104**	**33,909**

The accompanying notes on pages 18 to 46 form an integral part of these financial statements

Consolidated Cash Flow Statement

	Note	Year ended 31 December 2013	Year ended 31 December 2012
		US$'000	US$'000
Operating activities			
Profit/(loss) for the year before income tax including discontinued operations		2,906	(6,683)
Adjustments for:			
Finance income		(4,021)	(4,819)
Depreciation and amortisation		-	1,182
(Reversal of impairment)/impairment of loan to associate		(1,865)	7,065
Loss on disposal of subsidiary		-	103
Foreign exchange loss		1,600	2,469
Operating loss before changes in working capital		**(1,380)**	**(683)**
Decrease in inventory		-	47
Decrease/(increase) in trade and other receivables		36	(1,742)
Increase in trade and other payables		133	903
Cash used in operations		**(1,211)**	**(1,475)**
Income tax paid		(156)	(134)
Net cash generated by operating activities		**(1,367)**	**(1,609)**
Investing activities			
Net cash movement on disposal of subsidiary	21	-	(32)
Interest received		318	373
Lease rental income received		3,391	4,099
Loans to associate advanced	10.2	(298)	(11)
Settlement on finance lease termination	12	3,250	-
Net cash generated by/(used in) investing activities		**6,641**	**4,429**
Financing activities			
Tender offer		(7,198)	(12,385)
Net cash used in financing activities		**(7,198)**	**(12,385)**
Net decrease in cash and cash equivalents		**(1,924)**	**(9,565)**
Cash and cash equivalents at beginning of year		3,695	13,180
Foreign exchange gains on cash and cash equivalents		234	80
Cash and cash equivalents at end of year	14	**2,005**	**3,695**

The accompanying notes on pages 18 to 46 form an integral part of these financial statements

Company Cash Flow Statement

	Note	Year ended 31 December 2013 US$'000	Year ended 31 December 2012 US$'000
Operating activities			
Profit/(loss) for the year		4,384	(3,923)
Adjustments for:			
Finance income		(1,863)	(5,229)
Foreign exchange losses		26	18
(Reversal of impairment/impairment of investments in subsidiaries		(4,121)	6,766
Impairment of intercompany balances		-	333
Operating loss before changes in working capital		**(1,574)**	**(2,035)**
Decrease/(increase) in trade and other receivables		26	(11)
Increase/(decrease) in trade and other payables		65	(113)
Net cash generated from operating activities		**(1,483)**	**(2,159)**
Investing activities			
Dividends received		1,860	4,968
Interest received		3	12
Loans to subsidiaries advanced		(77)	(103)
Loans to subsidiaries repaid		101	32
Loans received from subsidiaries		255	-
Loans to associate advanced		(298)	(23)
Share buyback proceeds from underlying subsidiary	10.1	6,500	12
Net cash generated from/(used in) investing activities		**8,343**	**(4,898)**
Financing activities			
Tender offer		(7,198)	(12,385)
Net cash used in financing activities		**(7,198)**	**(12,385)**
Net decrease in cash and cash equivalents		**(338)**	**(9,646)**
Cash and cash equivalents at beginning of year		1,929	11,575
Foreign exchange gains on cash and cash equivalents		(4)	-
Cash and cash equivalents at end of year	14	**1,587**	**1,929**

The accompanying notes on pages 18 to 46 form an integral part of these financial statements

Notes to the Financial Statements

1 General Information

PME African Infrastructure Opportunities plc (the “Company”) was incorporated and 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.

Subsequent to the year end, on 26 June 2014, PME announced that it is in negotiations to acquire the remaining 50 per cent. of the issued share capital in and shareholder loans to Sheltam Holdings not currently owned or made by the Company in consideration for the issue of new ordinary shares in PME (the “Proposed Acquisition”). Trading in the Company’s ordinary shares has, since the date of the announcement of the Proposed Acquisition, been suspended. The Proposed Acquisition, if approved by the shareholders, and related proposals expected to be set out in the Admission Document will result in the cessation of the Company’s current investing policy described above. Instead, from readmission, the Company will continue as a trading company carrying on, through its subsidiaries, an African-focussed transportation services business.

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

Company Profit
In accordance with the provisions of Section 3 of the Isle of Man Companies Act 1982, no separate income statement has been presented for the Company. The amount of the Company’s profit for the year recognised in the Consolidated Income Statement is US$4,384,247 (31 December 2012: loss US$3,922,792) after impairment of inter-company balances amounting to US$nil (31 December 2012: US$332,833) and reversal of impairment of its investments in subsidiaries amounting to US$4,120,673 (31 December 2012: impairment of US$6,766,129).

Dividends
In the year to 31 December 2013 the Company declared and paid dividends of US$nil (2012: US$nil). A tender offer took place in December 2013. Up to 26,639,797 shares were offered at a price of US$0.28 per share. A total of 25,706,863 shares were validly tendered and were cancelled upon acquisition. (October 2012: 43,123,426 shares were offered at a price of US$0.30 per share. A total of 41,283,992 shares were validly tendered and were cancelled upon acquisition)

Going concern
In assessing the going concern basis of preparation of the financial statements for the year ended 31 December 2013, the Directors have taken into account the Proposed Acquisition and have assessed working capital requirements of the enlarged Group together with the realisation of the remaining assets. The Directors consider that the Group has sufficient facilities for its ongoing operations and therefore have continued to adopt the going concern basis in preparing these financial statements.

Notes to the Financial Statements (continued)

2 Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

2.1 Basis of preparation

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

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

There were no new or amended standards or interpretations that are applicable for the first time in these financial statements that would have had a material impact on these financial statements.

The Group has adopted IFRS 13 'Fair value measurement', issued in May 2011. This standard is to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards with IFRSs.

The Group has also adopted IAS 1 'Presentation of Financial Statements, issued in June 2011. The amendment has required items recognised outside profit or loss in other comprehensive income to be grouped according to whether or not they may subsequently become reclassified to profit or loss.

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

IFRS 9, 'Financial instruments', issued November 2009 and October 2010. This standard is the first step in the process to replace 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 Group is yet to assess IFRS 9's full impact.

IFRS 10, 'Consolidated financial statements', issued in May 2011. This standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements. The standard provides additional guidance to assist in determining control where this is difficult to assess. This standard is applicable for periods beginning on or after 1 January 2014. It is not expected to have a significant impact on the Group or Company.

IFRS 12, 'Disclosure of interests in other entities', issued in May 2011. This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. This standard will be applicable for periods beginning or after 1 January 2014. The Group will adopt this standard from 1 January 2014. It is not expected to have a significant impact on the Group or Company.

Notes to the Financial Statements (continued)

2 Summary of Significant Accounting Policies (continued)

2.2 Critical accounting estimates

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

Loans to Associate
The Group tests semi-annually whether the investment and loans to its associate have suffered any impairment. In assessing this, the Group determines the recoverable amount of the CGU determined based on discounted cash flows. The Group has also taken into account the cash equivalent of the consideration to acquire the remaining 50% of the associate's share capital and shareholder loans (per the Proposed Acquisition), less the costs of the transaction. At 31 December 2013 the Group has reversed part of a previously recognised impairment amounting to US$1,865,312 (31 December 2012: impairment of US$7,064,424) with respect to its loans to associate (see note 10.2).

2.3 Foreign currency translation

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

(c) *Group companies*
The results and financial position of all the Group entities that have a functional currency different from the presentational currency are translated into the presentational currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) income and expenses for each income statement are translated at average exchange rates; and

(iii) all resulting exchange differences are recognised as a separate component of equity.

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

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Notes to the Financial Statements (continued)

2 Summary of Significant Accounting Policies (continued)

2.4 Revenue and expense recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

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

Rental income from property is recognised in profit or loss on a straight line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

The main categories of telecommunications revenue included within discontinued operations and the bases of recognition are:

(i) Post Paid Products

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

(ii) Prepaid Products

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

Interest income is recognised in the financial statements on a time-proportionate basis using the effective interest method. Interest expense for borrowings is recognised in the financial statements using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the year.

Expenses are accounted for on an accruals basis.

2.5 Basis of consolidation

Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The Group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control. De-facto control may arise in circumstances where the size of the Group's voting rights relative to the size and dispersion of holdings of other shareholders give the Group the power to govern the financial and operating policies, etc.

Notes to the Financial Statements (continued)

2 Summary of Significant Accounting Policies (continued)

2.5 Basis of consolidation (continued)

Subsidiaries (continued)
Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

Transactions and non-controlling interests
The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group.

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

Associates
Associates are those entities in which the Group has a significant influence, but no control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss. The consolidated income statement includes the Group's share of its associates' profits or losses, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest (including any long-term investment) is reduced to US$nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.6 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. Until July 2012, the chief operating decision-makers were identified as the Board of Directors and the Investment Manager. After this time, the Board of Directors assumed the responsibilities of the Investment Manager and the Board has undertaken all operating decisions since then.

Notes to the Financial Statements (continued)

2 Summary of Significant Accounting Policies (continued)

2.7 Intangible assets

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.

Computer software licences
Computer software licences are capitalised on the basis of the cost incurred to acquire and bring the specific software into use. The cost is amortised over the useful life of the software of three to five years.

2.8 Assets held for sale

Groups of non-current assets (or disposal groups) are reclassified as held for sale when a sale within one year is highly probable and the assets are available for immediate sale in their present condition. Property plant and equipment and intangible assets held for sale are remeasured at the lower of fair value less cost to sell or the carrying amounts at the date they meet the held for sale criteria. Any resulting impairment loss is recognised in the consolidated income statement.

If the criteria for classification as held for sale are no longer met, the non-current assets (or disposal groups) are reclassified and measured at the lower of:

- the carrying amount before the asset (or disposal group) was classified as held for sale, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the asset (or disposal group) not been classified as held for sale; and
- the recoverable amount at the date of subsequent decision not to sell.

2.9 Financial assets and financial liabilities

The Group classifies its financial assets in the following categories: at fair value through profit or loss, and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

At 31 December 2013 and 2012 the Group did not have any financial assets at fair value through profit or loss. 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 Group's loans and receivables comprise 'loan due from associate', 'finance lease receivables', 'trade and other receivables' and 'cash at bank' in the balance sheet (notes 10.2, 12, 13, 14 and 15).

The Group classifies its financial liabilities in the following categories: at fair value through profit or loss and other liabilities. At 31 December 2013 and 2012 the Group did not have any financial liabilities at fair value through profit or loss. Other liabilities are loans and trade creditors which are included in 'trade and other payables' in the balance sheet (note 19).

2.10 Impairment of non-financial assets

Assets that have an indefinite useful life – for example, goodwill or intangible assets not ready to use – are not subject to amortisation and are tested semi-annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Notes to the Financial Statements (continued)

2 Summary of Significant Accounting Policies (continued)

2.11 Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the companies in the Group, is classified as investment property.

Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs.

After initial recognition, investment property is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for differences in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods, such as recent prices on less active markets or discounted cash flow projections. Valuations are performed as of the financial position date by professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. These valuations form the basis for the carrying amounts in the financial statements. Investment property that is being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value.

The fair value of investment property reflects, among other things, rental income from current leases and other assumptions market participants would make when pricing the property under current market conditions.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Changes in fair values are recognised in the income statement. Investment properties are derecognised when they have been disposed.

Where the Group disposes of a property at fair value in an arm's length transaction, the carrying value immediately prior to the sale is adjusted to the transaction price, and the adjustment is recorded in the income statement within net gain from fair value adjustment of investment property.

If an item of owner-occupied property becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is treated in the same way as a revaluation under IAS 16. Any resulting increase in the carrying amount of the property is recognised in income statement to the extent that it reverses a previous impairment loss, with any remaining increase recognised in other comprehensive income and increase directly to equity in revaluation surplus within equity. Any resulting decrease in the carrying amount of the property is initially charged in other comprehensive income against any previously recognised revaluation surplus, with any remaining decrease charged to income statement.

2.12 Property, plant and equipment

Owner-occupied properties are shown at fair value, based on valuations by external independent valuers, less subsequent depreciation. Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

All other categories of property, plant and equipment are initially recorded at historical cost. Subsequently, the assets are stated at historical cost, less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of

Notes to the Financial Statements (continued)

2 Summary of Significant Accounting Policies (continued)

2.12 Property, plant and equipment (continued)

the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated income statement during the financial year in which they occurred.

Depreciation is calculated on the straight-line basis to allocate their costs to their residual values over their estimated useful lives as follows:

Owner-occupied properties	25 years
Locomotives	15 years
Network infrastructure and equipment	3 to 15 years
Other	3 to 6 years

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

When the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains or losses on disposals are determined by comparing the disposal proceeds with the carrying amount and are included in the consolidated income statement.

2.13 Finance lease receivables

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

2.14 Inventory

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

2.15 Loans and receivables

Loans and receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

2.16 Trade and other receivables

Trade and other receivables are initially stated at fair value and subsequently measured at amortised cost using the effective interest method, less impairment.

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

Notes to the Financial Statements (continued)

2 Summary of Significant Accounting Policies (continued)

2.17 Cash and cash equivalents

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

2.18 Investments in subsidiaries

Investments in subsidiaries are accounted for in the Company balance sheet at cost less impairment. Cost also includes directly attributable costs of investments.

2.19 Trade and other payables

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

2.20 Taxation

The Company is resident for taxation purposes in the Isle of Man and is subject to income tax at a rate of zero per cent. The Group is liable to tax on the activities of its subsidiaries and associates in accordance with the applicable tax laws in the countries in which they are incorporated.

The tax expense represents the sum of the tax currently payable, which is based on taxable profits for the year. The Group's liability is calculated using the tax rates enacted or substantially enacted at the balance sheet date.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

2.21 Retirement benefit obligations

The Group's former subsidiary, Dovetel (T) Limited ("Dovetel"), contributed to the National Social Security Fund, "Fund", in Tanzania. This was a defined contribution plan. A defined contribution plan is a pension plan under which the Group's former subsidiary paid fixed contributions into a separate entity. The Group had no legal or constructive obligations to pay further contributions if the Fund did not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions by the Group's former subsidiary were recognised as an employee benefit expense when they were due.

2.22 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.

Notes to the Financial Statements (continued)

2 Summary of Significant Accounting Policies (continued)

2.23 Dividends

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

3 Risk Management

The Company's activities expose it to a variety of financial risks: market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The financial risks relate to the following financial instruments: loans and receivables, cash and cash equivalents and trade and other payables. The accounting policies with respect to these financial instruments are described in Note 2.

Risk management was carried out by the Investment Manager until the date of its termination under policies approved by the Board of Directors. The risk management is now being carried out by the executive Directors.

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 Group's operations are conducted in jurisdictions which generate revenue, expenses, assets and liabilities in currencies other than US Dollars. As a result, the Group is subject to the effects of exchange rate fluctuations with respect to these currencies. The currencies giving rise to this risk are South African Rand, Tanzanian Shilling and Pound Sterling.

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

Foreign currency risk (continued)
The table below summarises the Group's exposure to foreign currency risk:

31 December 2013	Monetary Assets	Monetary Liabilities	Total
	US$'000	US$'000	US$'000
South African Rand	3,481	(28)	3,453
Tanzanian Shilling	168	(178)	(10)
Pound Sterling	-	-	-
	3,649	**(206)**	**3,443**

31 December 2012	Monetary Assets	Monetary Liabilities	Total
	US$'000	US$'000	US$'000
South African Rand	8,068	(6)	8,062
Tanzanian Shilling	37	(43)	(6)
Pound Sterling	-	(185)	(185)
	8,105	**(234)**	**7,871**

Within the 2013 balances, US$161,000 (2012: US$7,967,000) relates to disposal groups held for sale.

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

Notes to the Financial Statements (continued)

3 Risk Management (continued)

At 31 December 2013, had the US Dollar strengthened by 7% (2012: strengthened by 7%) in relation to South African Rand, Tanzanian Shilling and Pound Sterling, with all other variables held constant, the shareholders' equity would have (decreased)/ increased by the amounts shown below:

	2013	2012
	US$'000	US$'000
South African Rand	(68)	(528)
Tanzanian Shilling	(74)	(243)
Pound Sterling	-	12
Effect on net assets	**(142)**	**(759)**

The direct and indirect subsidiaries do not have US Dollar as their functional currency and therefore on the Group level any effects of changes in foreign exchange rates will be included in the foreign currency translation reserve on consolidation.

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

The carrying amounts of financial assets best represent the maximum credit risk exposure at the balance sheet date. This relates also to financial assets carried at amortised cost.

At the reporting date, the Group's financial assets exposed to credit risk amounted to the following:

	31 December 2013	31 December 2012
	US$'000	US$'000
Loan and receivables due from associate	11,063	-
Finance lease receivables	18,160	-
Cash and cash equivalents	2,005	3,695
Assets of disposal group classified as held for sale	-	32,300
	31,228	**35,995**

Credit risk (continued)
The Group manages its credit risk by monitoring the creditworthiness of counterparties regularly. Cash transactions and balances are limited to high-credit-quality financial institutions (at least an Aa2 credit rating).

Liquidity risk
Liquidity risk is the risk that the Group will not be able to meet its obligations as they fall due. The Group currently manages its liquidity risk by maintaining sufficient cash. The Group's liquidity position is monitored by the Investment Manager (up to date of termination) and the Board of Directors.

Notes to the Financial Statements (continued)

3 Risk Management (continued)

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

31 December 2013	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	181	-	150	-	-	-
Liabilities of disposal group classified as held for sale	-	-	-	-	-	-
	181	**-**	**150**	**-**	**-**	**-**

31 December 2012	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	118	-	169	-	-	-
Liabilities of disposal group classified as held for sale	16	8	92	-	-	-
	134	**8**	**261**	**-**	**-**	**-**

Interest rate risk
Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Group is exposed to interest rate risk from the cash held in interest bearing accounts at floating rates or short term deposits of one month or less. The Company's Investment Manager (until the date of its termination) and Board of Directors monitor and review the interest rate fluctuations on a continuous basis and act accordingly.

During the year ended 31 December 2013 should interest rates have decreased by 10 basis points, with all other variables held constant, the shareholders' equity and the result for the year would have been US$3,000 (2012: 10 basis points US$6,000) lower.

Capital risk management
The Group'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.

Group capital comprises share capital and reserves.

No changes were made in respect of the objectives, policies or processes in respect of capital management during the years ended 31 December 2012 and 2013 except for the change in investing policy on 19 October 2012 noted above.

Notes to the Financial Statements (continued)

3 Risk Management (continued)

Capital risk management (continued)
As described in note 1, subsequent to the year end the Proposed Acquisition and other proposals, if approved by shareholders, will result in the cessation of the Company's current policy described above. Instead, from readmission, the Company will seek to maintain an optimal capital structure to continue as a trading company carrying on, through its subsidiaries, an African-focussed transportation services business.

4 Operating Segments

Until July 2012, the chief operating decision-makers were identified as the Board of Directors and the Investment Manager. After this time, the Board of Directors assumed the responsibilities of the Investment Manager and the Board has undertaken all operating decisions since then. The Board reviews the Group's internal reporting in order to assess performance and allocate resources. It has determined the operating segments based on these reports. The Board considers the business on a project by project basis by type of business. The type of business is telecommunications (wireless and broadband services), transport (railway) and leasehold property.

Year ended 31 December 2013	Telecommunications		Transport		Leasehold Property	Other*	Total
	Dovetel	TMP Uganda	Sheltam Holdings	PME Locos	PME Properties		
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Finance income	-	-	645	3,366	-	10	4,021
Profit for the year from continuing operations	-	-	860	1,551	268	189	2,868
Profit for the year from discontinued operations	-	-	-	-	-	-	-
Segment assets	-	-	3,485	25,762	4,272	2,095	36,024
Segment liabilities	-	-	(28)	(10)	(755)	(252)	(1,045)

* Other refers to income and expenses of the Group not specific to any specific sector such as fees of the Investment Manager and income on un-invested funds. Other assets comprise cash and cash equivalents US$1,647,711 and other assets US$447,627.

Year ended 31 December 2012	Telecommunications		Transport		Leasehold Property	Other**	Total
	Dovetel	TMP Uganda	Sheltam Holdings	PME Locos	PME Properties		
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Finance income	-	-	695	4,112	-	12	4,819
Profit/(loss) for the year from continuing operations	(26)	(18)	(6,422)	3,592	333	(2,264)	(4,805)
Profit/(loss) for the year from discontinued operations	(1,885)	-	-	-	-	-	(1,885)
Segment assets	2	4	1,290	32,358	4,768	2,118	40,540
Segment liabilities	(2)	(3)	(20)	(40)	(755)	(178)	(998)

** Other refers to income and expenses of the Group not specific to any specific sector such as fees of the Investment Manager and income on un-invested funds. Other assets comprise cash and cash equivalents US$1,929,227 and other assets US$189,092.

The total of non-current assets other than financial instruments is US$4,226,000 (2012: US$nil).

Notes to the Financial Statements (continued)

5 Investment Manager's Fees

Annual fees
The Investment Manager received 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. On 6 July 2011, the Company served formal notice on the Investment Manager to terminate the Management agreement dated 6 July 2007 between the Company and the Investment Manager, which took effect on 6 July 2012.

The Investment Manager was 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. Annual fees payable to the Investment Manager for the year ended 31 December 2013 amounted to US$nil (31 December 2012: US$367,143). An amount of US$193,339 held on escrow which represented management fees previously incurred were released back to the Company on the basis that any claim for the fees from the former investment manager is remote.

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

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

Performance fees payable for the year ended 31 December 2013 amounted to US$nil (31 December 2012: US$nil).

6 Operating and Administration Expenses

	Year ended 31 December 2013 US$'000	(Represented) Year ended 31 December 2012 US$'000
Administration expenses	289	198
Administrator and Registrar fees	124	110
Audit fees - current year	135	149
Audit fees - prior years	-	3
Directors' fees	324	373
Professional fees	920	745
Bad debts	165	139
Property expenses	140	105
Travel	4	10
Other	371	465
Operating and administration expenses	**2,472**	**2,297**

Notes to the Financial Statements (continued)

6 Operating and Administration Expenses (continued)

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 2013 amounted to US$110,080 (31 December 2012: US$89,578).

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 2013 amounted to US$9,502 (31 December 2012: US$19,304).

From 26 October 2010 the Administrator has been appointed to oversee the administration of the Mauritian subsidiaries. The minimum annual fee for each of these companies is £5,000 per annum. Administration fees of the Mauritian subsidiaries for the year ended 31 December 2013 amounted to US$39,723 (31 December 2012: US$53,338).

From 31 January 2013, the Administrator has been appointed to act as administrator of PME Properties Limited and to provide accounting, valuation and certain other administrative services to that company. The minimum annual administration fee of this company is £2,500 per annum. Administration fees of PME Properties Limited for the year-ended 31 December 2013 amounted to US$51,941 (31 December 2012: US$1,012).

Directors' remuneration
The maximum amount of basic remuneration payable by the Company by way of fees to the Non-executive 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 Non-executive (excluding the Chairman) Directors are entitled to receive an annual fee of £30,000 each and the Chairman £35,000. At the time of termination of the Investment Manager three of the directors became Executive Directors: David von Simson, Paul Macdonald and Lawrence Kearns.

Executive Directors' fees
The Executive Directors are entitled to receive annual basic salaries of £75,000.

All directors' remuneration and fees
Total fees and basic remuneration (including VAT where applicable) and expenses payable by the Company for the year ended 31 December 2013 amounted to US$323,880 (31 December 2012: US$373,459) and was split as below. Directors' insurance cover payable amounted to US$30,000 (31 December 2012: US$31,000).

	Year ended 31 December 2013 US$'000	Year ended 31 December 2012 US$'000
David von Simson*	-	71
Paul Macdonald	116	83
Lawrence Kearns	116	90
Graca Machel	46	48
Expense reimbursement	46	81
	324	**373**

* David von Simson died on 11 November 2012

Notes to the Financial Statements (continued)

7 Finance Income

	Year ended 31 December 2013 US$'000	(Represented) Year ended 31 December 2012 US$'000
Bank interest income	30	12
Interest income on loans to associate	1,098	1,232
Finance lease income	2,893	3,575
Finance income	**4,021**	**4,819**

8 Income Tax Expense

Group	Year ended 31 December 2013 US$'000	Year ended 31 December 2012 US$'000
Current tax	74	132
Deferred tax (note 18)	(36)	(124)
Tax expense	**38**	**8**

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

Group	Year ended 31 December 2013 US$'000	(Represented) Year ended 31 December 2012 US$'000
Profit/(loss) before tax	2,906	(4,798)
Tax calculated at domestic tax rates applicable in the Isle of Man (0%)	-	-
Effect of higher tax rates in Mauritius (15%)	74	131
Effect of higher tax rates in Tanzania (30%)	-	1
Movement in deferred tax liability in Tanzania	(36)	(124)
Tax expense	**38**	**8**

There are no losses carried forward in the underlying subsidiaries (31 December 2012: US$nil). There is no expiry date for the carrying forward of losses. For prudence, tax losses are not carried as deferred tax assets in the balance sheet until the realisation of the related tax benefit through future taxable profits is probable.

9 Basic and Diluted Profit/(Loss) per Share

Basic profit/(loss) per share is calculated by dividing the profit or 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 2013	(Represented) Year ended 31 December 2012
Profit/(loss) from continuing operations attributable to equity holders of the Company (US$'000)	2,868	(4,805)
Profit/(loss) from discontinued operations attributable to equity holders of the Company (US$'000)	-	(1,885)
Total	**2,868**	**(6,690)**
Weighted average number of Ordinary Shares in issue (thousands)	100,700	136,751
Basic profit/(loss) per share (cents) from continuing operations	2.85	(3.51)
Basic profit/(loss) per share (cents) from discontinued operations	-	(1.38)
Basic profit/(loss) per share (cents) from profit/(loss) for the year	**2.85**	**(4.89)**

Notes to the Financial Statements (continued)

9 Basic and Diluted Loss per Share (continued)

There is no difference between basic and diluted Ordinary Shares in issue as the Warrants lapsed in July 2012. From July 2012 there were no potential dilutive Ordinary Shares.

10 Investments in Subsidiaries and Associate

10.1 Investments in Subsidiaries

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

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

The Company's 100% owned subsidiary PME Uganco (Mauritius) Limited was liquidated in October 2013.

In June 2012 the Group disposed of its 65% holding in Dovetel for total consideration of US$1. This resulted in a loss on disposal of US$102,556 (note 22).

The Company invested in its direct subsidiaries as follows:

	31 December 2013 US$'000	31 December 2012 US$'000
Start of the year	34,707	41,473
Return of capital*	(6,500)	-
Reversal of impairment/(impairment)**	4,121	(6,766)
End of the year	**32,328**	**34,707**

* the return of capital relates to a share buyback conducted by PME Locomotives (Mauritius) Limited in October 2013
** this impairment relates to the underlying associate (see note 10.2)

10.2 Investment in Associate

The investment in associate represents ordinary shares in Sheltam Holdings held directly by PME RSACO (Mauritius) Limited (note 10.1).

Group	31 December 2013 US$'000	31 December 2012 US$'000
Start of the year	-	-
End of the year	**-**	**-**

The investment in associate was transferred to assets held for sale in 2012 (note 15). Leading up to the Proposed Acquisition (note 1), the investment in associate was no longer considered by the directors to be held for sale, and has been reclassified. There has been no restatement to account for the investment in associate using the equity method as from the date of its classification as held for sale, as the carrying value of the investment is US$nil.

Sheltam Holdings is incorporated in South Africa, is unlisted and there is no quoted market price available for its shares.

Notes to the Financial Statements (continued)

10 Investments in Subsidiaries and Associate (continued)

10.2 Investment in Associate (continued)

Sheltam Holdings and its subsidiaries operate principally in South Africa and their trading activities are:

- haulage, refurbishment and maintenance services on locomotives predominantly in the mining sector;
- refurbishment and maintenance services for the marine and aircraft industries; and
- providing fuel and charter services for aircraft.

Contingent liabilities relating to the Group's interest in the associate are disclosed in note 20.

The Group's share of results from Sheltam Holdings and its share of the aggregate assets (including goodwill) and liabilities is as follows:

31 December 2013	Percentage of shares held	Assets	Liabilities	Revenues	Loss
		US$'000	US$'000	US$'000	US$'000
Sheltam Holdings	50%	33,540	(26,711)	17,077	(1,906)

31 December 2012	Percentage of shares held	Assets	Liabilities	Revenues	Profit
		US$'000	US$'000	US$'000	US$'000
Sheltam Holdings	50%	40,107	(31,842)	21,249	236

The Group's share of result made by its associate are not recognised in the financial statements as the carrying value of the investment is US$nil, is as follows:

	31 December 2013 US$'000	31 December 2012 US$'000
Start of the year	(372)	(608)
(Losses)/profit for the year	(1,906)	236
End of year	**(2,278)**	**(372)**

The 31 December 2013 recoverable amount of PME RSACO (Mauritius) Limited's investment in associate and related loan has been determined based having given consideration to the Proposed Acquisition (note 1). This calculation is explained more fully in note 2.2 and under "Loans due from associate" below.

Loans due from associate

	31 December 2013 US$'000	31 December 2012 US$'000
Start of the year	15,047	12,947
Increase due to rescheduled debt agreement	-	1,564
Interest income (included in finance income) (note 15(c))	1,098	1,232
Exchange differences	117	(696)
End of the year	**16,262**	**15,047***
Less: provision for impairment	(5,199)	(7,064)*
Loans due from associate - net	**11,063**	**7,983***

Notes to the Financial Statements (continued)

10.2 Investment in Associate (continued)

Movements on the Group provision for impairment of loans due from associate are as follows:

	31 December 2013 US$'000	31 December 2012 US$'000
Start of the year	7,064	-
Impairment provision	-	7,064
Release of impairment provision	(1,865)	-
End of the year	**5,199**	**7,064***

* The loans due from associate were transferred to assets held for sale in 2012 (note 15(a)). Subsequently, as the result of the Proposed Acquisition (note 1), loans due from associate are now no longer considered to be held for sale, therefore they have been reclassified.

The partial release of the prior year impairment provision against the shareholder loan is after giving consideration to the recoverable amount of PME RSACO (Mauritius) Limited's investment in associate and related loan from the Proposed Acquisition (note 1),

The fair value is considered to approximate the carrying amounts.

The fair value of the shareholder loan is based on the expected notional value of shares to be issued by the Company to the vendors as consideration for the remaining 50% of the associate's share capital and shareholder loans, less deal costs to complete the transaction. The expected notional value of the new ordinary shares to be issued by the Company has been estimated using a range of estimation techniques including EBITDA multiples and discounted cash flows. The fair value of the shareholder loan is within level 3 of the fair value hierarchy.

The loans due from Sheltam Holdings are as follows:

31 December 2013 Name	Interest Rate	Gross value US$'000	Impaired value US$'000
Shareholder loan	South African Prime	8,680	3,481
Rescheduled debt agreement	South African Prime	4,992	4,992
Other finance lease arrears receivable	South African Prime	2,590	2,590
		16,262	**11,063**

31 December 2012 Name	Interest Rate	Gross value US$'000	Impaired value US$'000
Shareholder loan	South African Prime	8,350	1,286
Rescheduled debt agreement	South African Prime	6,132	6,132
Other finance lease arrears receivable	South African Prime	565	565
		15,047	**7,983**

The shareholder loan repayable to PME RSACO (Mauritius) Limited is unsecured and has no fixed repayment terms.

The rescheduled debt agreement repayable to PME Locomotives (Mauritius) Limited is in relation to the finance lease arrears amounts to 30 June 2011 plus lease payments outstanding up to 31 March 2012. The rescheduled debt and other finance lease arrears receivable have no fixed repayment terms and are secured on the related leases assets (note 12).

Notes to the Financial Statements (continued)

11 Investment Property

Group	31 December 2013 US$'000	31 December 2012 US$'000
Fair value at start of the year	-	-
Transfer from assets held for sale (note 15)	4,282	-
Revaluations	(56)	-
Fair value at end of the year	**4,226**	**-**
Of which fair value measurements use:		
- Quoted prices in active markets for identical assets (Level 1)	-	-
- Significant other observable inputs (Level 2)	4,226	-
- Significant unobservable inputs (Level 3)	-	-

At 31 December 2013 the investment property represented the Dar-es-Salaam property of PME Properties Limited in Tanzania. At 31 December 2013 the property was fully let although part of the office was let to a tenant (Dovetel) which is currently in administration. The Company is taking action in the Tanzanian Courts with a view to removing this tenant and recovering unpaid rent.

An independent valuation of the property was performed in December 2013 by M&R Agency Limited, Tanzania, which valued the property at US$6,700,000. This was based on the assumption that the building is fully let to rent paying tenants. Using the same valuation metrics and assumptions as those used by the independent valuer, and excluding Dovetel, returns a valuation of approximately US$4,226,000.

This is a non-recurring fair value which has been measured using observable inputs, being the prices of comparable sales of similar properties in Tanzania, and is therefore within level 2 of the fair value hierarchy. Sales prices of comparable properties in Tanzania are adjusted for differences such as property size and annual gross income from rent paying tenants. The most significant input into this valuation approach is price per square foot. The Directors expect that a successful outcome to the action being taken in the Tanzanian Courts will enhance the realisable value of the property.

12 Finance Lease Receivables

Group	31 December 2013 US$'000	31 December 2012 US$'000
Amounts receivable under finance leases:		
Within one year	5,110	6,132
In the second to fifth years inclusive	20,320	24,545
Beyond five years	1,327	7,257
	26,757	37,934*
Less: unearned finance income	(8,597)	(13,617)
Present value of minimum lease payments receivable	**18,160**	**24,317***

Unearned finance income is the difference between the gross investment (the aggregate of the minimum lease payments receivable plus any unguaranteed residual value accruing to the lessor) in the lease and the net investment (the gross investment in the lease discounted at the lease's implicit interest rate) in the lease.

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

	31 December 2013 US$'000	31 December 2012 US$'000
Within one year	2,670	2,874
After one year	15,490	21,443
	18,160	**24,317***

Notes to the Financial Statements (continued)

12 Finance Lease Receivables (continued)

The Group entered into finance leasing arrangements with Sheltam Holdings, an associated company, for twelve locomotives (six in December 2008 and another six in June 2009).

During the year to 31 December 2012 two of the leased locomotives were damaged in an incident when they collided with each other. During the year to 31 December 2013 the insurers agreed to write off the damaged locomotives and have paid out an amount of ZAR 35.3m (US$ 3.3m) in full and final settlement.

The average term of finance leases entered into is ten years. The interest rate inherent in the leases is fixed at the contract date for the entire lease term. The average effective interest rate contracted approximates to 16.30% (2012: 16.30%). The fair value of the Group's finance lease receivables at 31 December 2013 and 31 December 2012 is estimated to approximate their carrying amount. The lease receivables are secured on the related assets.

*The finance lease receivables were transferred to assets held for sale in 2012 (note 15.1). During 2013, the locomotives on which the finance leases are based are now no longer considered to be held for sale, therefore the related finance lease receivables have been reclassified. There has been no remeasurement impact as a result of the reclassification.

13 Trade and Other Receivables

Group	31 December 2013 US$'000	31 December 2012 US$'000
Receivables due from associate company	371	85
Prepayments	133	117
Sundry debtors	66	19
Trade and other receivables	**570**	**221**

Company	31 December 2013 US$'000	31 December 2012 US$'000
Loans and amounts due (to)/from subsidiaries		
Start of the year	7,966	15,424
Payment of loan and receivables	47	71
Repayment of amounts to Company	(101)	-
Expenses paid by subsidiary on behalf of Company	(255)	-
Interest income	-	248
Expense recharges	29	40
Write-off on liquidation of PME Uganco (Mauritius) Limited	-	(7,459)
Write-off on sale of Dovetel	-	(358)
End of year	**7,687**	**7,966**
Less: provision for impairment	(7,891)	(7,891)
Loans and amounts due (to)/from subsidiaries – net	**(205)**	**75**

Notes to the Financial Statements (continued)

13 Trade and Other Receivables (continued)

Movements on the Company provision for impairment of loans and receivables due from subsidiaries are as follows:

	31 December 2013 US$'000	31 December 2012 US$'000
Start of the year	7,891	15,376
Write-off on liquidation of PME Uganco (Mauritius) Limited	-	(7,459)
Write-off on sale of Dovetel	-	(358)
Impairment provision	-	332
End of the year	**7,891**	**7,891**

A total of US$14,500 (2012: US$22,879) was drawn down by PME Tanco (Mauritius) Limited during the year in respect of its intercompany loan facility provided by the Company. Interest of US$nil was accrued on this facility over the year, after the lender waived interest as at 1 January 2013. The balance continues to be impaired to US$nil. Until 1 January 2013, the loan facility bore interest at the US prime rate. The loan is unsecured and repayable on demand.

A total of US$nil (2012: US$17,080) was drawn down by PME Uganco (Mauritius) Limited during the year in respect of its intercompany loan facility provided by the Company. Interest of US$nil (2012: $nil) was accrued on this facility over the year. This balance was fully written off at 31 December 2012 due to PME Uganco (Mauritius) Limited going into liquidation.

PME TZ Property (Mauritius) Limited and PME RSACO (Mauritius) Limited were lent US$nil and US$62,653 (2012: US$14,680 and US$48,480) respectively to cover operational expenditure and PME TZ Property (Mauritius) Limited repaid US$nil (2012: US$31,950) of its balance and PME RSACO (Mauritius) Limited repaid US$100,526 (2012: US$nil). These balances are interest free, unsecured and repayable on demand.

Company	31 December 2013 US$'000	31 December 2012 US$'000
Receivables due from associate company		
Start of the year	85	77
Expense recharges	298	11
Exchange differences	(12)	(3)
End of year	**371**	**85**
Prepayments	78	104
Trade and other receivables	**78**	**104**

14 Cash and Cash Equivalents

Group	31 December 2013 US$'000	31 December 2012 US$'000
Bank balances	2,005	3,695
Cash and cash equivalents	**2,005**	**3,695**

Notes to the Financial Statements (continued)

14 Cash and Cash Equivalents (continued)

Company	31 December 2013 US$'000	31 December 2012 US$'000
Bank balances	1,587	1,929
Cash and cash equivalents	**1,587**	**1,929**

15 Non-Current Assets Held for Sale and Discontinued Operations

In March 2013 the current owners of Dovetel registered a caveat over the Dar-es-Salaam property requiring their consent for any sale of the Dar-es-Salaam property. The Directors intend to realise a sale of the Dar-es-Salaam property but such a sale is likely to occur only when the current legal process with Dovetel is resolved. Consequently the property and associated liabilities of PME Properties Limited are no longer presented as held for sale. The results associated with this property and assets are no longer included under discontinued operations in the current year consolidated statement of comprehensive income and the prior year consolidated statement of comprehensive income has been represented.

As a result of the Proposed Acquisition (note 1) the Board have commenced a reorganisation of the Group such that the investment in associate and loan to associate of PME RSACO (Mauritius) Limited and the finance lease and loan to associate of PME Locomotives (Mauritius) Limited are no longer considered to be held for sale and have been reclassified in the consolidated balance sheet at 31 December 2013. The results associated with these companies and assets are no longer included under discontinued operations in the current year consolidated statement of comprehensive income and the prior year consolidated statement of comprehensive income has been represented.

The results associated with Dovetel Tanzania Limited up to the date of disposal are also included under discontinued operations for the year ended 31 December 2012. On 25 June 2012 the Company received written approval from the High Court for the sale of PME's shareholding in Dovetel Tanzania Limited for a nominal consideration of US$1 in cash. Following the sale which completed on 28 June 2012, the Company had no further funding requirements or obligations with regard to Dovetel. The disposal resulted in recycling of foreign exchange losses from reserves to the consolidated income statement of US$nil (2012: US$2,102,497) (see note 15.3).

In accordance with IFRS 5, the assets and liabilities held for sale were written down to the fair value less costs to sell of US$nil (2012: US$35,913,000).

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).

There were no transfers between levels during the year.

In the prior year the Directors' valuation of the investment in associate and loan to associate of PME RSACO (Mauritius) Limited and the finance lease and loan to associate of PME Locomotives (Mauritius) Limited was based on consideration of preliminary non-binding expressions of interest. This was a non-recurring fair value using a valuation technique using significant unobservable inputs. Accordingly, the fair value was classified as level 3. The most significant unobservable inputs were the preliminary non-binding expressions of interest, which had a range of US$3.5m to US$4.0m.

The prior year valuation of the property and associated liabilities of PME Properties Limited was classified as level 2, as in the current year (note 11).

Notes to the Financial Statements (continued)

15 Non-Current Assets Held for Sale and Discontinued Operations (continued)

15.1 Assets of disposal group classified as held for sale

Group	31 December 2013 US$'000	31 December 2012 US$'000
Loans due from associate	-	7,983
Investment property	-	4,270
Property, plant and equipment	-	12
Finance lease receivables	-	24,317
Other current assets	-	42
Total	**-**	**36,624**
Of which fair value measurements use:		
- Quoted prices in active markets for identical assets (Level 1)	-	-
- Significant other observable inputs (Level 2)	-	4,324
- Significant unobservable inputs (Level 3)	-	32,300

15.2 Liabilities of disposal group classified as held for sale

Group	31 December 2013 US$'000	31 December 2012 US$'000
Trade and other payables	-	-
Other current liabilities	-	711
Total	**-**	**711**
Of which fair value measurements use:		
- Quoted prices in active markets for identical assets (Level 1)	-	-
- Significant other observable inputs (Level 2)	-	711
- Significant unobservable inputs (Level 3)	-	-

15.3 Analysis of the result of discontinued operations, and the result recognised on the re-measurement of assets of disposal group

Group	31 December 2013 US$'000	(Represented) 31 December 2012 US$'000
Revenue – rental income	-	-
Revenue – telecommunications	-	924
Operating and administration expenses (see below)	-	(3,661)
Foreign exchange loss	-	(1,900)
Loss on disposal of subsidiary (see note 22)	-	(103)
Impairment of assets to realisable value*	-	2,854
Loss before tax of discontinued operations	-	(1,886)
Tax	-	1
Total	**-**	**(1,885)**

* in relation to disposal of Dovetel

Notes to the Financial Statements (continued)

15 Non-Current Assets Held for Sale and Discontinued Operations (continued)

15.3 Analysis of the result of discontinued operations, and the result recognised on the re-measurement of assets of disposal group (continued)

Group	31 December 2013 US$'000	(Represented) 31 December 2012 US$'000
Profit/(loss) for the year from discontinued operations		
- Owners of the parent	-	(1,939)
- Non-controlling interests	-	55
	-	**(1,884)**

15.4 Operating and administration expenses included within discontinued operations

	Year ended 31 December 2013 US$'000	(Represented) Year ended 31 December 2012 US$'000
Amortisation of intangible assets	-	92
Audit fees - current year	-	6
Depreciation	-	1,073
Employee costs	-	732
Retirement benefits	-	47
Management fees refunded	-	(3)
Marketing costs	-	305
Network and direct costs	-	1,172
Professional fees	-	104
Property and utilities	-	79
Other	-	54
Operating and administration expenses for discontinued operations	**-**	**3,661**

15.5 Analysis of cash flows from discontinued operations

Group	31 December 2013 US$'000	(Represented) 31 December 2012 US$'000
Operating cash flows from discontinued operations	-	(845)
Investing cash flows from discontinued operations	-	(64)
Financing cash flows from discontinued operations	-	-
Total cash flows from discontinued operations	**-**	**(909)**

Notes to the Financial Statements (continued)

16 Share Capital

Ordinary Shares of US$0.01 each	31 December 2013 and 2012 Number	31 December 2013 and 2012 US$'000
Authorised	500,000,000	5,000

C Shares of US$1 each	31 December 2013 and 2012 Number	31 December 2013 and 2012 US$'000
Authorised	5,000,000	5,000
Issued	-	-

Ordinary Shares of US$0.01 each	31 December 2013 US$'000	31 December 2012 US$'000
76,753,897 (31 December 2012: 102,460,760) Ordinary Shares in issue, with full voting rights	768	1,025
nil (31 December 2012: nil) Ordinary Shares held in treasury	-	-
	768	**1,025**

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.

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

A registered holder of a Warrant had the right to subscribe for Ordinary Shares of US$0.01 each in the Company in cash on 30 April in any of the years 2008 to 2012 for a price of US$1.21 each (adjusted from US$1.25 effective from 11.59pm on 23 February 2010, and an additional 1,193,042 Warrants were issued). The subscription price was adjusted from US$1.21 to US$1.00 effective from 11.59pm on 21 September 2010, and an additional 7,829,424 Warrants were issued. The subscription price was further adjusted from US$1.00 to US$0.72 effective from 11.59pm on 22 July 2011, and an additional 17,543,718 Warrants were issued taking the total number of Warrants in issue to 62,656,184. The Warrants lapsed in July 2012. No subscriptions rights were exercised prior to the Warrants lapsing.

An initial tender offer took place in October 2012. 43,123,426 shares were offered at a price of US$0.30 per share. A total of 41,283,992 shares with an aggregate nominal value of US$412,840 were validly tendered and were cancelled upon acquisition. Retained earnings were reduced by US$12,385,198, being the consideration paid for these shares.

A further tender offer took place in December 2013. Up to 26,639,797 Ordinary Shares were offered at a price of US$0.28 per share. A total of 25,706,863 Ordinary Shares with an aggregate nominal value of US$257,069 were validly tendered and were cancelled upon acquisition. Retained earnings were reduced by US$7,197,922, being the consideration paid for these shares.

Notes to the Financial Statements (continued)

17 Net Asset Value per Share

Group	As at 31 December 2013	As at 31 December 2012
Net assets attributable to equity holders of the Company (US$'000)	34,979	39,542
Shares in issue (thousands)	76,754	102,461
NAV per share (US$)	**0.46**	**0.39**

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.

18 Deferred Tax Liability

Group	31 December 2013 US$'000	31 December 2012 US$'000
Start of the year	-	-
Transfer from liabilities held for sale (note 15)	596	-
Exchange differences	(7)	-
Income statement charge (note 8)	(36)	-
End of the year	**553**	**-**
To be recovered:		
- After more than 12 months	**553**	**-**
- Within 12 months	**-**	**-**

19 Trade and Other Payables

Group	31 December 2013 US$'000	31 December 2012 US$'000
Administration fees payable	44	40
Audit fee payable	137	143
CREST service provider fee payable	4	4
Directors' fees payable	12	7
Income tax payable	4	26
Legal fees payable	66	-
Other sundry creditors	64	67
	331	**287**

Company	31 December 2013 US$'000	31 December 2012 US$'000
Loans and receivables due to subsidiary companies		
Start of the year	-	-
Expense recharges	-	125
Payment of loans and receivables	-	(125)
End of year	-	-

PME Locomotives (Mauritius) Limited recharged US$124,841 to the Company during 2012, which was fully repaid by the end of the year. This balance was interest free, unsecured and repayable on demand.

Notes to the Financial Statements (continued)

19 Trade and Other Payables (continued)

Company	31 December 2013 US$'000	31 December 2012 US$'000
Administration fees payable	24	29
Audit fee payable	103	109
CREST service provider fee payable	4	4
Directors' fees payable	12	7
Legal fees payable	66	
Other sundry creditors	42	29
	251	**178**

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

20 Contingent liabilities and commitments

The following guarantees are in place as a result of the acquisition of 50% of the Ordinary Share capital of Sheltam Holdings:

(i) FirstRand Bank suretyship in the amount of US$0.6m (ZAR 6m) in connection with a US$1.1m (ZAR 12m) working capital facility.

(ii) Rand Merchant Bank letter of support in the amount of US$0.5m (ZAR 5.5m) in connection with aircraft finance lease obligations.

The Directors do not expect any of these guarantees to result in significant loss to the Group.

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 under operating leases are as follows:

	31 December 2013 US$'000	31 December 2012 US$'000
Amounts payable under operating leases:		
Within one year	65	65
In the second to fifth years inclusive	146	210
Beyond five years	1,400	1,400
	1,611	**1,675**

Notes to the Financial Statements (continued)

21 Related Party Transactions

Parties are considered to be related if one party has the ability to control the other party or to exercise significant influence over the other party in making financial or operational decisions. Key management is made up of the Board of Directors.

Group

Sheltam Holdings, an associate, had the following positions/transactions with Group companies:

- The outstanding finance lease liability owing to PME Locomotives (Mauritius) Limited as at 31 December 2013 was US$18,160,110 (31 December 2012: US$24,316,796), see notes 12 and 15.
- Net finance lease interest expense due to PME Locomotives (Mauritius) Limited during the year ended 31 December 2013 amounted to US$2,892,951 (31 December 2012: US$3,574,991).
- Finance lease amounts due but not yet paid to PME Locomotives (Mauritius) Limited as at 31 December 2013 amounted to US$2,576,000 (31 December 2012: US$520,800).
- The loans payable to PME RSACO (Mauritius) Limited and PME Locomotives (Mauritius) Limited are disclosed in notes 10.2 and 15.
- The balance in relation to recharged expenses payable to the Company is disclosed in note 13.

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

Company

Intercompany transactions with subsidiaries and associates are disclosed in note 13.

22 Loss on Disposal of Subsidiary

In June 2012 the Group disposed of its 65% holding in Dovetel Tanzania Limited for total consideration of US$1. This resulted in a loss on disposal of US$102,556 as follows:

	US$'000
Intangible assets	950
Property, plant & equipment	6,434
Inventory	276
Trade and other receivables	1,247
Cash	32
Trade and other payables	(1,888)
ZTE loan	(6,789)
Other sundry creditors	(104)
Total identifiable net assets	**158**
Non-controlling interest	(55)
Loss on disposal	**103**

23 Post Balance Sheet Events

As stated in note 1 to these Financial Statements, on 26 June 2014, PME announced that it is in negotiations to acquire the remaining 50 per cent. of the issued share capital in and shareholder loans to Sheltam Holdings not currently owned or made by the Company in consideration for the issue of new ordinary shares in PME. Trading in the Company's ordinary shares has, since the date of the announcement of the Proposed Acquisition, been suspended.