PME African Infrastructure Opportunities plc

Annual Report

Year ended 31 December 2014

Contents

Directors and Advisers

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

Chairman's Statement

On behalf of the Board, I am pleased to present the final results for PME African Infrastructure Opportunities plc ("PME" or the "Company" and together with its subsidiaries the "Group") for the year ended 31 December 2014.

The Company's investing policy is to seek to realise the remaining assets of the Company and to return both existing cash reserves and the proceeds of realisation of the remaining assets to shareholders.

The Company held an extraordinary general meeting on 11 August 2014 to consider an alternative to the above investing policy. The resolutions put to the meeting were not passed. Accordingly, the Directors of the Company again focused on the task of selling the Company's remaining assets and returning the net proceeds to shareholders.

As reported on 29 April 2015, the Group agreed the sale of seven locomotives and 100% of the Company's interests in PME RSACO (Mauritius) Limited ("RSACO"), the Group entity which holds the Group's 50% interest in Sheltam Holdings (Pty) Limited ("Sheltam Holdings"), for an aggregate cash consideration of US$11.5 million (the "Sale Transaction"). The Group has also entered into an option agreement in respect of the remaining three locomotives that it continues to own (together with the Sale Transaction, the "Transaction"). The Sale Transaction completed on 5 May 2015.

Investments

Following the completion of the Sale Transaction after the year end, disposing of the majority of its rail assets, the Company's remaining assets are three locomotives and the benefit of the remaining 23 years of a 30 year lease of commercial premises in Dar-es-Salaam, Tanzania (the "Dar-es-Salaam property"). The cash consideration from the Transaction has been used to determine the fair value of the Company's investments in rail assets but the transaction costs are not reflected in the financial statements, as IFRS does not permit transaction costs to be included in the fair value of the financial assets at fair value through profit or loss.

The Group, through its wholly owned subsidiary PME Locomotives (Mauritius) Limited ("PME Locomotives") continues to own three C30 locomotives. PME Locomotives has a put option (the "Option") requiring RSACO, which following the Sale Transaction is no longer part of the Group, to purchase all or any one or more of the three locomotives for a cash consideration of US$1,416,666 per locomotive at any point during a 90 day period commencing 18 months following the completion of the Sale Transaction (the "Option Period").

During the Option Period, RSACO shall use its reasonable endeavours to secure for the Group third party buyers, on a non-exclusive basis, for all or any one or more of the three locomotives still owned by the Group. In consideration for this, PME Locomotives will pay to RSACO a sum equal to 50% of the amount by which any third party cash purchase price exceeds a hurdle of US$1,500,000 per locomotive.

If the Option is exercised by PME Locomotives in respect of all of the locomotives, the aggregate consideration payable to PME and PME Locomotives under the Transaction would be US$15.75 million – being the US$11.5 million paid under the Sale Transaction, already received, and a further US$4.25 million from exercise of the Option.

The Dar-es-Salaam property, which is managed by a local managing agent, is fully let and the investment continues to trade profitably. In March 2013 the current owners of Dovetel (T) Limited ("Dovetel") (the Company's former telecommunication interest in Tanzania) registered a caveat over the property requiring their consent for any sale of the property.

Dovetel partially occupies the Dar-es-Salaam property as a tenant but is in arrears for rent. PME continues to pursue its options regarding the eviction of Dovetel for non-payment of the rent. In addition, PME continues to pursue a process through the courts to wind up Dovetel, although this will only be heard once an appeal against Dovetel being placed into administration has been heard. PME's legal advisers have attended a number of court status hearings in relation to the appeal, but little progress has been made due to changes in court personnel, scheduling of hearing dates and the difficulty in getting all parties to meet on the appointed date.

Chairman's Statement (continued)

PME's legal representatives are reviewing the files from the latest status reports and will then consider the options available to the Company. The options will be discussed with the Directors in the near future. There is a further status hearing scheduled for June 2015. It is anticipated that it will be several months before any clear path forward in the court process is identified.

In addition to reviewing the legal status, the Directors continue to monitor the operational performance and any capital expenditure requirements needed to maintain the building in good condition. A sale of the Dar-es-Salaam property is likely to occur only when the current legal process with Dovetel is resolved.

Financial Results

The basis of preparation of the financial statements now reflects the changes for "investment entities" introduced by IFRS 10. A more detailed explanation is given in note 2.1 to the accounts. The results now reflect the Company's position with all subsidiaries reflected at fair value.

The loss for the year to 31 December 2014 was US$16.6 million (2013: profit of US$2.6 million), representing a loss per ordinary share of US$0.2169 (2013: profit per share US$0.0262).

The Directors have considered the implications of the Transaction and other current circumstances in their valuation of assets and are of the opinion that the rail asset investments and the Dar-es-Salaam property investment are reflected in the balance sheet at realistic fair values. The losses in the year to 31 December 2014 include losses of US$17.5 million arising in relation to the realised value of the rail assets.

As at 31 December 2014, PME's Net Asset Value attributable to ordinary shareholders in accordance with IFRS was US$18.3 million (US$0.24 per share), compared to the US$35 million (US$0.46 per share) that was reported as at 31 December 2013.

Return of Cash and Outlook

It is the Directors' intention to carry out a tender offer process to buy back shares from shareholders (the "Tender Offer") once the six month warranty period in respect of the Sale Transaction is completed. It is hoped that proposals will be put to shareholders for their approval to enable the Tender Offer to be effected during the 2015 calendar year.

The Company has repaid the working capital loan with Helvetica Deutschland GmbH from the proceeds of the Sale Transaction and have settled other liabilities. The Directors have also estimated the cash required to be retained for working capital payments. It is estimated that there will be net cash available of approximately US$8 million to fund the Tender Offer proposal.

Dependent on the timing and quantum of the future asset realisations, the Company expects to consider further tender offers in the future. The Option on the three locomotives should produce cash of a minimum of US$4.25 million by the end of 2016. It is difficult to assess when the building in Dar-es-Salaam will be sold but the Board will focus its efforts on disposing of this asset.

Paul Macdonald
Chairman
4 June 2015

Report of the Directors

The Directors hereby submit their annual report together with the audited financial statements of PME for the year ended 31 December 2014.

The Company and its Investing Policy

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

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

Results and Dividends

The results of the Company and position of the Company at the year-end are set out on pages 10 to 13 of the financial statements.

The Directors reserve the right to make dividend distributions to holders of Ordinary Shares if and when it is considered appropriate. In the year to 31 December 2014 the Directors declared and paid dividends of US$nil (2013: US$nil). A tender offer took place in December 2013 with 26,639,797 shares being 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.

Directors

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

Paul Macdonald (Chairman)
Lawrence Kearns
Graca Machel (resigned 17 July 2014)

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.

The Company entered into a secured loan agreement with Helvetica Deutschland GmbH ("Helvetica") in October 2014, see note 16, which was repaid in full after the year end. Paul Macdonald is interested in 40% of Helvetica's issued share capital.

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

Independent Auditor

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

Report of the Directors (continued)

Corporate Governance

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

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

The Board

The Board comprised two Executive Directors as at 31 December 2014. The Directors are responsible for overseeing the effectiveness of the internal controls of the Company. These are designed to ensure that proper accounting records are maintained, that the financial information on which business decisions are made and which is issued for publication is reliable and that the assets of the Company are safeguarded. Following the termination of the Investment Manager the Executive Directors also took on the responsibility of managing the remaining assets of the Company.

Roles and Responsibilities

The Board as a whole is responsible for the Company's objectives and policies and the proper governance of the Company. It normally meets four times a year but also convenes at additional times when required.

The Board monitors the operating and financial results against plans and budgets, assesses the adequacy of risk management systems and monitors their application and ensures that the Company's obligations to its shareholders and others are understood and met.

The Company maintains directors' and officers' liability insurance which is reviewed annually to ensure that cover is held at an appropriate level.

Directors' appointment

All new directors appointed by the Board are required to seek election at the next general meeting of the Company following their appointment and subsequently all directors are required to retire by rotation in accordance with the Articles.

Board Committees

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

<u>Audit Committee</u>

The Audit Committee is chaired by Mr Kearns with Mr Macdonald as the other member. The Audit Committee formally meets at least twice a year and is responsible for ensuring that the financial performance of the Company is properly monitored and reported. This process includes reviews of annual and interim accounts, results announcements, internal control systems, procedures and accounting policies.

<u>Nomination Committee</u>

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.

Report of the Directors (continued)

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 executive directors. The fees payable to the Chairman and the fees payable to other directors have been set. The Board of Directors undertakes, and will ensure, that no payment of value (whether by way of compensation, gift or otherwise) is made or received by the Board of Directors, PME or any other project company or their respective shareholders, officers, employees or affiliates which would improperly induce preferential treatment for these individuals or entities.

Management Engagement Committee

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

On behalf of the Board

Paul Macdonald
Chairman
4 June 2015

Statement of Directors' Responsibilities

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

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

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

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

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

On behalf of the Board

Paul Macdonald
Chairman
4 June 2015

Report of the Independent Auditor

Report on the Company Financial Statements

We have audited the accompanying financial statements ('the financial statements') of PME African Infrastructure Opportunities plc which comprise the balance sheet as of 31 December 2014 and the statement of comprehensive income, statement of changes in equity and cash flow statement 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 financial statements give a true and fair view of the financial position of the Company as of 31 December 2014 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; 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 to 2004 require us to report to you if, in our opinion:

- proper books of account have not been kept by the Company or, proper returns adequate for our audit have not been received from branches not visited by us; or
- the Company's balance sheet and statement of comprehensive income are 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

4 June 2015

Statement of Comprehensive Income

	Note	Year ended 31 December 2014 US$'000	Year ended 31 December 2013 (restated) US$'000
Net (losses)/gains on financial assets at fair value through profit or loss	11	(13,553)	2,358
Dividend income		904	1,860
Investment Manager's fees refunded	5	-	193
Operating and administration expenses	6	(1,192)	(1,774)
Project related expenses	7	(2,873)	-
Foreign exchange gain/(loss)		84	(5)
Operating (loss)/profit		**(16,630)**	**2,632**
Finance income	8	-	3
Finance costs	8	(16)	-
(Loss)/profit before income tax		**(16,646)**	**2,635**
Income tax	9	-	-
(Loss)/profit and total comprehensive (expense)/income for the year		**(16,646)**	**2,635**
Basic and diluted (loss)/profit per share (cents) attributable to the equity holders of the Company during the year	**10**	**(21.69)**	**2.62**

The accompanying notes on pages 14 to 30 form an integral part of these financial statements

Balance Sheet

	Note	As at 31 December 2014	As at 31 December 2013 (restated)	As at 1 January 2013 (restated)
		US$'000	US$'000	US$'000
Assets				
Current assets				
Financial assets at fair value through profit or loss	11	19,560	33,565	37,687
Trade and other receivables	12	41	78	104
Cash and cash equivalents	13	144	1,587	1,929
Total current assets		**19,745**	**35,230**	**39,720**
Total assets		**19,745**	**35,230**	**39,720**
Equity and liabilities				
Equity				
Issued share capital	14	768	768	1,025
Capital redemption reserve		1,037	1,037	780
Retained earnings		16,528	33,174	37,737
Total equity		**18,333**	**34,979**	**39,542**
Current liabilities				
Secured loan	16	744	-	-
Trade and other payables	17	668	251	178
Total current liabilities		**1,412**	**251**	**178**
Total liabilities		**1,412**	**251**	**178**
Total equity and liabilities		**19,745**	**35,230**	**39,720**

The financial statements on pages 10 to 30 were approved and authorised for issue by the Board of Directors on 4 June 2015 and signed on its behalf by:

Paul Macdonald
Director

Lawrence Kearns
Director

Statement of Changes in Equity

	Share capital	Capital redemption reserve	Retained earnings	Total
	US$'000	US$'000	US$'000	US$'000
Balance at 1 January 2013 (as previously reported)	1,025	780	34,917	36,722
Effect of change in accounting policy (note 20)	-	-	2,820	2,820
Balance at 1 January 2013 (restated)	**1,025**	**780**	**37,737**	**39,542**
Comprehensive income				
Profit for the year	-	-	2,635	2,635
Total comprehensive income for the year	**-**	**-**	**2,635**	**2,635**
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 (restated)	**768**	**1,037**	**33,174**	**34,979**
Balance at 1 January 2014 (restated)	768	1,037	33,174	34,979
Comprehensive expense				
Loss for the year	-	-	(16,646)	(16,646)
Total comprehensive expense for the year	**-**	**-**	**(16,646)**	**(16,646)**
Balance at 31 December 2014	**768**	**1,037**	**16,528**	**18,333**

The accompanying notes on pages 14 to 30 form an integral part of these financial statements

Cash Flow Statement

	Note	Year ended 31 December 2014	Year ended 31 December 2013 (Restated)
		US$'000	US$'000
Cash flows from operating activities			
Purchase of financial assets – loans to investee companies	11	-	(20)
Proceeds from sale of financial assets – return of capital	11	-	6,500
Proceeds from sale of financial assets – repayment of loans to investee companies	11	452	-
Interest received		-	3
Dividends received		904	1,860
Operating expenses paid		(3,601)	(1,490)
Net cash (used in)/generated from operating activities		**(2,245)**	**6,853**
Financing activities			
Tender offer		-	(7,198)
Loan from third party	16	809	-
Net cash generated from/(used in) financing activities		**809**	**(7,198)**
Net decrease in cash and cash equivalents		**(1,436)**	**(345)**
Cash and cash equivalents at beginning of year		1,587	1,929
Foreign exchange (losses)/gains on cash and cash equivalents		(7)	3
Cash and cash equivalents at end of year	13	**144**	**1,587**

The accompanying notes on pages 14 to 30 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.

Adoption of "investment entities" amendment to IFRS 10 'Consolidated financial statements'
The Company's financial statements for the year ended 31 December 2014 reflect the first time adoption of IFRS 10. See note 2.1 and note 20 for further information on the change from consolidated financial statements to separate financial statements, accounting for the subsidiaries as financial assets at fair value through profit or loss and the restatement of the comparatives for the year ended 31 December 2013.

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

Dividends
In the year to 31 December 2014 the Company declared and paid dividends of US$nil (2013: US$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.

Going concern
In assessing the going concern basis of preparation of the financial statements for the year ended 31 December 2014, the Directors have taken into account the status of current negotiations on the realisation of the remaining assets. The Directors consider that following the Sale Transaction (note 21) the Group has sufficient funds for its ongoing operations and therefore have continued to adopt the going concern basis in preparing these financial statements.

2 Summary of Significant Accounting Policies

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

Notes to the Financial Statements (continued)

2 Summary of Significant Accounting Policies (continued)

2.1 Basis of preparation (continued)

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

IFRS 10, 'Consolidated financial statements', and IFRS 12, 'Disclosure of interests in other entities' were issued in May 2011. The subsequent 'Investment entities' amendment to these and other standards provides a limited scope exception from consolidation of investments in subsidiaries for parent companies that qualify as "investment entities". These standards, including their amendments, are applicable for periods beginning on or after 1 January 2014.

In accordance with the above, the Directors have concluded that the Company falls under the definition of an investment entity because the Company has the following characteristics:

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

As a result, the Company no longer consolidates its subsidiaries, instead it is required to account for these subsidiaries at fair value through profit or loss in accordance with IAS 39, 'Financial instruments: recognition and measurement' and prepares separate company financial statements only.

Subsidiaries that were historically recorded at their consolidated net asset value in the consolidated balance sheet (or cost less impairment in the parent company balance sheet) are now being accounted for as financial assets at fair value through profit or loss. Changes in fair value are accounted for through the net changes in fair value of financial assets at fair value through profit or loss. As part of the restatement the translation reserves of those subsidiaries denominated in foreign currencies in the consolidated balance sheet have been released to retained earnings. The adjustments made to each financial statement line item for the comparative period as a result of the change in the accounting policy are shown in note 20.

In accordance with the transitional provisions of the amendments, the Company has applied the new accounting policy retrospectively and restated the comparative information for the year ended 31 December 2013. If an investment entity disposed of, or lost control of an investment in a subsidiary before the date of adoption of IFRS10, the investment entity is not required to make adjustments to the previous accounting policy for that subsidiary. Therefore investments which were disposed of before 1 January 2013, remain as previously stated in the comparatives.

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

IFRS 9, 'Financial instruments', was 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 Company is yet to assess IFRS 9's full impact.

Notes to the Financial Statements (continued)

2 Summary of Significant Accounting Policies (continued)

2.2 Critical accounting estimates

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are in relation to the financial assets at fair value through profit or loss, see notes 2.6 and 11.

2.3 Foreign currency translation

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

b) *Transactions and balances*
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

2.4 Revenue and expense recognition

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

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

Expenses are accounted for on an accruals basis.

2.5 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the person or group that allocates resources to and assesses the performance of the operating segments of an entity. The chief operating decision-makers have been identified as the Board of Directors.

2.6 Financial assets and financial liabilities

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

The Company designates its investments, including equity, related loans and similar instruments (note 11), as at fair value through profit or loss on initial recognition if they are not classified as held for trading but are managed, and their performance is evaluated on a fair value basis in accordance with the Company's Investing Policy. Such investments are initially recorded at fair value, and transaction costs for all financial assets and financial liabilities carried at fair value through profit and loss are expensed as incurred. Gains and losses arising from changes in the fair value of financial assets, including foreign exchange movements, are recognised in the statement of comprehensive income.

Notes to the Financial Statements (continued)

2 Summary of Significant Accounting Policies (continued)

2.6 Financial assets and financial liabilities (continued)

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date which are classified as non-current assets. The Company's loans and receivables comprise 'trade and other receivables' and 'cash at bank' in the balance sheet (notes 12 and 13). Loans and receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

The Company classifies its financial liabilities in the following categories: at fair value through profit or loss and other liabilities. At 31 December 2014 and 2013 the Company did not have any financial liabilities at fair value through profit or loss. Other liabilities are loans and trade creditors which are included in 'secured loan' and 'trade and other payables' in the balance sheet (notes 16 and 17).

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

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

2.7 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 Company 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.

2.8 Cash and cash equivalents

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

2.9 Trade and other payables

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

2.10 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)

2.11 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: financial assets at fair value through profit or loss, loans and receivables, cash and cash equivalents, secured loan and trade and other payables. The accounting policies with respect to these financial instruments are described in Note 2.

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

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

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

31 December 2014	Monetary Assets	Monetary Liabilities	Total
	US$'000	US$'000	US$'000
South African Rand	1	-	1
Euro	-	(744)	(744)
Pound Sterling	83	(605)	(522)
	84	**(1,349)**	**(1,265)**

31 December 2013 (restated)	Monetary Assets	Monetary Liabilities	Total
	US$'000	US$'000	US$'000
South African Rand	3,824	-	3,824
Pound Sterling	-	(241)	(241)
	3,824	**(241)**	**3,583**

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

At 31 December 2014, had the US Dollar strengthened by 6% (2013: strengthened by 1%) in relation to South African Rand, Euro and Pound Sterling, with all other variables held constant, the shareholders' equity would have increased/(decreased) by the amounts shown below:

	2014	2013
	US$'000	(restated)
		US$'000
South African Rand	-	(38)
Euro	42	-
Pound Sterling	30	2
Effect on net assets	**72**	**(36)**

Notes to the Financial Statements (continued)

3 Risk Management (continued)

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

During the year ended 31 December 2014 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$nil (2013: 10 basis points US$3,000) lower.

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

The carrying amounts of financial assets best represent the maximum credit risk exposure at the balance sheet date. This relates also to financial assets carried at amortised cost. Any change in credit quality of financial assets at fair value through profit or loss is reflected in the fair value of the asset.

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

	31 December 2014 US$'000	31 December 2013 (restated) US$'000
Financial assets at fair value through profit or loss	19,560	33,565
Trade and other receivables	11	-
Cash and cash equivalents	144	1,587
	19,715	**35,152**

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

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

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

31 December 2014	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						
Secured loan	-	-	744	-	-	-
Trade and other payables	668	-	-	-	-	-
	668	**-**	**744**	**-**	**-**	**-**

31 December 2013 (restated)	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	251	-	-	-	-	-
	251	**-**	**-**	**-**	**-**	**-**

Notes to the Financial Statements (continued)

3 Risk Management (continued)

Capital risk management

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

Company capital comprises share capital and reserves.

No changes were made in respect of the objectives, policies or processes in respect of capital management during the years ended 31 December 2013 and 2014.

4 Operating Segments

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

Year ended 31 December 2014	Transport		Leasehold Property	Other*	Total
	PME RSACO US$'000	PME Locomotives US$'000	PME TZ Property US$'000	US$'000	US$'000
Net losses on financial assets at fair value through profit or loss	(3,748)	(9,355)	(301)	(16)	(13,420)
Finance income	-	554	350	-	904
Finance costs	-	-	-	(16)	(16)
Loss for the year	(3,882)	(8,801)	49	(4,012)	(16,646)
Segment assets	1	16,079	3,480	185	19,745
Segment liabilities	-	-	-	(1,412)	(1,412)

* Other refers to income and expenses of the Company not specific to any specific sector such as income on un-invested funds. Other assets comprise cash and cash equivalents US$144,400 and other assets US$41,600.

Year ended 31 December 2013 (restated)	Transport		Leasehold Property	Other**	Total
	PME RSACO US$'000	PME Locomotives US$'000	PME TZ Property US$'000	US$'000	US$'000
Net gains on financial assets at fair value through profit or loss	2,971	(94)	(23)	(15)	2,839
Finance income	-	1,645	215	3	1,863
Profit for the year	2,491	1,551	192	(1,599)	2,635
Segment assets	3,824	25,752	3,989	1,665	35,230
Segment liabilities	-	-	-	(251)	(251)

** Other refers to income and expenses of the Company not specific to any specific sector such as income on un-invested funds. Other assets comprise cash and cash equivalents US$1,587,453 and other assets US$78,043.

Notes to the Financial Statements (continued)

5 Investment Manager's Fees Refunded

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.

In the prior year 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.

6 Operating and Administration Expenses

	Year ended 31 December 2014 US$'000	Year ended 31 December 2013 US$'000
Administration expenses	187	228
Administrator and Registrar fees	103	120
Audit fees - current year	85	98
Directors' fees	334	323
Professional fees	377	825
Travel	-	4
Other	106	176
Operating and administration expenses	**1,192**	**1,774**

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 2014 amounted to US$93,701 (31 December 2013: US$110,080).

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 2014 amounted to US$9,761 (31 December 2013: US$9,502).

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 2014 amounted to US$51,066 (31 December 2013: US$39,723).

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 2014 amounted to US$46,740 (31 December 2013: US$51,941).

Notes to the Financial Statements (continued)

6 Operating and Administration Expenses (continued)

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 Director was entitled to receive an annual fee of £30,000. The Executive Directors are entitled to receive annual basic salaries of £75,000.

Total fees and basic remuneration (including VAT where applicable) and expenses payable by the Company for the year ended 31 December 2014 amounted to US$333,753 (31 December 2013: US$323,198) and was split as below. Directors' insurance cover payable amounted to US$30,000 (31 December 2013: US$30,000).

	Year ended 31 December 2014 US$'000	Year ended 31 December 2013 US$'000
Paul Macdonald	122	117
Lawrence Kearns	137	131
Graca Machel*	28	48
Expense reimbursement	47	27
	334	**323**

* resigned 17 July 2014

7 Project Related Expenses

On 26 June 2014 the Company announced that it was 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 Company received approval from the South African Competition Commission on 25 July 2014 with respect to the acquisition but the resolutions of the Company's shareholders to approve the acquisition considered at the extraordinary general meeting of the Company held on 11 August 2014 were not passed and therefore the acquisition did not proceed.

Transaction costs in relation to this proposed acquisition totalled $2,873,570.

8 Net Finance (Expense)/Income

	Year ended 31 December 2014 US$'000	Year ended 31 December 2013 US$'000
Bank interest income	-	3
Finance income	**-**	**3**
Interest charge (see note 16)	**(16)**	**-**
Finance expense	**(16)**	**-**
Net finance (expense)/income	**(16)**	**3**

9 Income Tax Expense

The Company is resident for taxation purposes in the Isle of Man and is subject to income tax at a rate of zero per cent (2013: zero per cent).

Notes to the Financial Statements (continued)

10 Basic and Diluted (Loss)/Profit per Share

Basic (loss)/profit 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 2014	Year ended 31 December 2013
(Loss)/profit attributable to equity holders of the Company (US$'000)	(16,646)	2,635
Weighted average number of Ordinary Shares in issue (thousands)	76,754	100,700
Basic (loss)/profit per share (cents) from (loss)/profit for the year	**(21.69)**	**2.62**

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

11 Financial Assets at Fair Value through Profit or Loss

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

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

The following companies are indirect investments of the Company and are included within the fair value of the direct investments:

	Country of incorporation	Percentage of shares held	Parent company
PME Properties Limited	Tanzania	100%	PME TZ Property (Mauritius) Limited
Sheltam Holdings	South Africa	50%	PME RSACO (Mauritius) Limited

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

	31 December 2014 US$'000	31 December 2013 (restated) US$'000
Start of the year	33,565	37,687
(Decrease)/increase in loans to investee companies	(452)	20
Return of capital*	-	(6,500)
Movement in fair value of financial assets	(13,553)	2,358
End of the year	**19,560**	**33,565**

* The return of capital relates to a share buyback conducted by PME Locomotives (Mauritius) Limited in October 2013

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

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

Notes to the Financial Statements (continued)

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

	Fair value as at 31 December 2014 US$'000	Fair value as at 31 December 2013 (restated) US$'000	Fair value as at 1 January 2013 (restated) US$'000	Valuation technique	Significant unobservable inputs	Sensitivity to significant unobservable inputs
Rail assets (PME Locomotives (Mauritius) Limited and PME RSACO (Mauritius) Limited)	16,080	29,576	33,674	Proposed transaction terms	Estimated recovery value	N/A
Other	3,480	3,989	4,013	Discounted cash flow property valuation plus value of other net assets	Discount rate	If the discount rate were 13% higher/lower the estimated fair value would (decrease)/increase by US$334,000
					Estimated adjustment for caveat and non rent paying tenant (Dovetel)	N/A
Total	**19,560**	**33,565**	**37,687**			

Contingent liabilities relating to the Company's indirect interest in Sheltam Holdings and commitments under operating leases relating to PME Properties Limited are disclosed in note 18.

12 Trade and Other Receivables

	31 December 2014 US$'000	31 December 2013 US$'000
VAT receivable	11	-
Prepayments	30	78
Trade and other receivables	**41**	**78**

13 Cash and Cash Equivalents

	31 December 2014 US$'000	31 December 2013 US$'000
Bank balances	144	1,587
Cash and cash equivalents	**144**	**1,587**

14 Share Capital

Ordinary Shares of US$0.01 each	31 December 2014 and 2013 Number	31 December 2014 and 2013 US$'000
Authorised	500,000,000	5,000

C Shares of US$1 each	31 December 2014 and 2013 Number	31 December 2014 and 2013 US$'000
Authorised	5,000,000	5,000
Issued	-	-

Notes to the Financial Statements (continued)

14 Share Capital (continued)

Ordinary Shares of US$0.01 each	31 December 2014 US$'000	31 December 2013 US$'000
76,753,897 Ordinary Shares in issue, with full voting rights	768	768
	768	**768**

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.

15 Net Asset Value per Share

	As at 31 December 2014	As at 31 December 2013
Net assets attributable to equity holders of the Company (US$'000)	18,333	34,979
Shares in issue (thousands)	76,754	76,754
NAV per share (US$)	**0.24**	**0.46**

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.

16 Secured Loan

On 10 October 2014 the Company entered into a secured loan agreement with Helvetica Deutschland GmbH ("Helvetica") for €600,000 to assist with general working capital. The loan was secured on the Company's cash receivables, was repayable at par on 10 October 2015 and attracted interest at a rate of 10% per annum. Interest payable by the Company for the year ended 31 December 2014 amounted to US$15,967.

Notes to the Financial Statements (continued)

16 Secured Loan (continued)

Paul Macdonald is interested in 40% of Helvetica's issued share capital, therefore Helvetica is deemed to be a related party of the Company and the loan is a related party transaction.

On 12 February 2015 the Company entered into a further secured loan agreement with Helvetica for a loan of €400,000 under the same terms as the initial loan.

The loans and all outstanding interest were settled in full on completion of the disposal of rail assets in May 2015.

17 Trade and Other Payables

	31 December 2014 US$'000	31 December 2013 US$'000
Administration fees payable	24	24
Audit fee payable	90	103
CREST service provider fee payable	7	4
Directors' fees payable	177	12
Legal fees payable	183	66
Other sundry creditors	187	42
	668	**251**

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

18 Contingent Liabilities and Commitments

The following guarantees were 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$0.5 million (ZAR 6 million) in connection with a US$1.0 million (ZAR 12 million) working capital facility.

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

Subsequent to the year end the Company sold its indirect interest in Sheltam Holdings. No loss was incurred by the Company in respect of these guarantees.

PME Properties Limited has entered into a number of operating lease agreements in respect of property. The lease terms are between one and ten years and the majority of the lease agreements are renewable at the end of the lease period at market rates.

The Groups' future aggregate minimum lease payments, by virtue of its indirect investment in PME Properties Limited, under operating leases are as follows:

	31 December 2014 US$'000	31 December 2013 US$'000
Amounts payable under operating leases:		
Within one year	68	65
In the second to fifth years inclusive	180	146
Beyond five years	1,340	1,400
	1,588	**1,611**

Notes to the Financial Statements (continued)

19 Related Party Transactions

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

The Directors of the Company are considered to be related parties by virtue of their influence over making operational decisions. Directors' remuneration is disclosed in note 6 and the related party loan is disclosed in note 16.

20 Comparative Balances

In accordance with IFRS 10, 'Consolidated financial statements', the Directors have concluded that the Company meets the definition of an investment entity and therefore no longer consolidates its subsidiaries, instead it is required to account for these subsidiaries at fair value through profit or loss in accordance with IAS 39 and prepares separate financial statements only.

Subsidiaries that were historically recorded at their consolidated net asset value in the consolidated balance sheet (or cost less impairment in the parent company balance sheet) are now being accounted for as financial assets at fair value through profit or loss. Changes in fair value are accounted for through the net changes in fair value of financial assets at fair value through profit or loss. As part of the restatement the translation reserves of those subsidiaries denominated in foreign currencies in the consolidated balance sheet has been released to retained earnings. The US$2,820,000 increase in total equity in the parent company balance sheet at 1 January 2013 reflects the change in accounting policy from accounting for subsidiaries at cost less impairment in the parent company balance sheet to accounting for them as financial assets at fair value through profit or loss. There was no change in total equity from the previously reported consolidated balance sheet at 1 January 2013. The adjustments made to each financial statement line item for the comparative period as a result of this change in the accounting policy are shown below.

Statement of Comprehensive Income

	As at 31 December 2013 (Consolidated)	Adjustments	As at 31 December 2013 (restated)
	US$'000	US$'000	US$'000
Revenue – rental income	783	(783)	-
Net gains on financial assets at fair value through profit or loss	-	2,358	2,358
Dividend income	-	1,860	1,860
Realised gain on sale of property, plant & equipment	116	(116)	-
Investment Manager's fees refunded	193	-	193
Operating and administration expenses	(2,472)	698	(1,774)
Foreign exchange loss	(1,600)	1,595	(5)
Operating (loss)/profit	**(2,980)**	**5,612**	**2,632**
Finance income	4,021	(4,018)	3
Reversal of impairment of associate loan	1,865	(1,865)	-
Profit before income tax	**2,906**	**(271)**	**2,635**
Income tax	(38)	38	-
Profit for the year	**2,868**	**(233)**	**2,635**
Other comprehensive income			
Foreign currency translation differences	(233)	233	-
Total comprehensive income for the year	**2,635**	**-**	**2,635**

Notes to the Financial Statements (continued)

20 Comparative Balances (continued)

Balance Sheet

	As at 31 December 2013 (Consolidated)	Adjustments	As at 31 December 2013 (restated)
	US$'000	US$'000	US$'000
Non-current assets			
Investment property	4,226	(4,226)	-
Finance lease receivables	15,490	(15,490)	-
Total non-current assets	19,716	(19,716)	-
Current assets			
Financial assets at fair value through profit or loss	-	33,565	33,565
Finance lease receivables	2,670	(2,670)	-
Loans due from associate	11,063	(11,063)	-
Trade and other receivables	570	(492)	78
Cash and cash equivalents	2,005	(418)	1,587
Total current assets	**16,308**	**18,922**	**35,230**
Total assets	**36,024**	**(794)**	**35,230**
Issued share capital	768	-	768
Foreign currency translation reserve	(1,654)	1,654	-
Capital redemption reserve	1,037	-	1,037
Retained earnings	34,828	(1,654)	33,174
Total equity	**34,979**	**-**	**34,979**
Non-current liabilities			
Deferred tax liability	553	(553)	-
Total non-current liabilities	**553**	**(553)**	**-**
Current liabilities			
Deferred income	161	(161)	-
Trade and other payables	331	(80)	251
Total current liabilities	**492**	**(241)**	**251**
Total liabilities	**1,045**	**(794)**	**251**
Total equity and liabilities	**36,024**	**(794)**	**35,230**

Notes to the Financial Statements (continued)

20 Comparative Balances (continued)

Balance Sheet

	As at 31 December 2013 (Company) US$'000	Adjustments US$'000	As at 31 December 2013 (restated) US$'000
Non-current assets			
Investments in subsidiaries	32,328	(32,328)	-
Total non-current assets	32,328	(32,328)	-
Current assets			
Financial assets at fair value through profit or loss	-	33,565	33,565
Loans and receivables due from associate	371	(371)	-
Trade and other receivables	78	-	78
Cash and cash equivalents	1,587	-	1,587
Total current assets	**2,036**	**33,194**	**35,230**
Total assets	**34,364**	**866**	**35,230**
Issued share capital	768	-	768
Capital redemption reserve	1,037	-	1,037
Retained earnings	32,103	1,071	33,174
Total equity	**33,908**	**1,071**	**34,979**
Current liabilities			
Loans and payables to subsidiaries	205	(205)	-
Trade and other payables	251	-	251
Total current liabilities	**456**	**(205)**	**251**
Total equity and liabilities	**34,364**	**866**	**35,230**

21 Post Balance Sheet Events

On 17 April 2015 the Company entered into an agreement to sell the majority of the Group's rail assets for an aggregate cash consideration of US$11.5 million (the "Sale Transaction") and also entered into an option agreement in respect of the Company's remaining rail assets (together with the Sale Transaction, the "Transaction").

The sale includes the Company's interest in the share capital of PME RSACO (Mauritius) Limited, together with certain intercompany loans and seven of the ten C30 locomotives under the finance lease held by PME Locomotives (Mauritius) Limited. The Group will continue to own the remaining three C30 locomotives but has been granted a put option for US$1 requiring the buyer to purchase one or more of the remaining locomotives for US$1,416,666 per locomotive at any point during a 90 day period commencing 18 months following the completion of the disposal.

All conditions of the disposal were met by the end of April 2015 and as a result the Sale Transaction completed on 5 May 2015.

The costs of the disposal are estimated at US$635,000 and were incurred by the Company on completion. They are not reflected in the Company's position at 31 December 2014 as IFRS does not permit the transaction costs to be included in the fair value of the financial assets at fair value through profit or loss.

Notes to the Financial Statements (continued)

21 Post Balance Sheet Events (continued)

The acquirer of the rail assets was PCF Investments (BVI) Limited, a wholly owned subsidiary of Principal Capital Investments Limited and a member of the same group of companies as PUG Investments Limited – the Company's 10.83% shareholder. As a result of PUG Investments Limited's shareholding in the Company, the Transaction was a related party transaction. As stated in the announcement issued by the Company on 17 April 2015, the Directors consider, having consulted with Smith & Williamson Corporate Finance Limited in its capacity as the Company's nominated adviser, that the terms of the Transaction are fair and reasonable insofar as the shareholders of the Company are concerned.