**PME African Infrastructure Opportunities plc**

**Interim Report**

Period ended 30 June 2018

# Contents

# Directors and Advisers

| | |
|---|---|
| **Directors** | Paul Macdonald (Executive Chairman)<br>Lawrence Kearns (Executive Director)<br>all of the registered office below |
| **Registered Office** | Millennium House<br>46 Athol Street<br>Douglas<br>Isle of Man<br>IM1 1JB |
| **Nominated Adviser** | Smith & Williamson Corporate Finance Limited<br>25 Moorgate<br>London<br>EC2R 6AY |
| **Broker** | Stifel Nicolaus Europe Limited<br>150 Cheapside<br>London<br>EC2V 6ET |
| **Administrator and Registrar** | Galileo Fund Services Limited<br>Millennium House<br>46 Athol Street<br>Douglas<br>Isle of Man<br>IM1 1JB |
| **Auditor** | PricewaterhouseCoopers LLC<br>Sixty Circular Road<br>Douglas<br>Isle of Man<br>IM1 1SA |

# Chairman’s Statement

On behalf of the Board of Directors (the “Board”), I am pleased to present the unaudited interim results for PME African Infrastructure Opportunities plc (“PME” or the “Company” and together with its subsidiaries the “Group”) for the six months ended 30 June 2018.

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

**Investments**

The Company has one asset, a building in Dar-es-Salaam, Tanzania (the ‘’Dar-es-Salaam Property”).

The Dar-es-Salaam Property, which is managed by a local managing agent, is currently 80% let. The investment continues to trade profitably. In 2010 PME Properties Limited acquired the property from Dovetel (T) Limited (“Dovetel”), the Company’s former telecommunication investee company in Tanzania.

Dovetel was also a tenant of part of the Dar-es-Salaam Property but was in default on the payment of rent. On 3 December 2017 Dovetel was evicted from the premises. First Seal Ltd, Dovetel’s parent company raised complaints with local authorities that the eviction was incorrectly carried out. The local police’s enquiries are continuing at the time of writing with the Group having responded to local police in respect of these allegations through the lawyers appointed by the Group to execute the eviction. In its response, the Group highlighted the background to the Dovetel eviction, confirmed that the eviction was conducted by the landlord through the Court Broker who is legally authorised and provided the police with documentation providing the Group’s ownership of the Dar-es-Salaam building and that Dovetel were merely a tenant of the Dar-es-Salaam property. As previously stated, the Company considers the allegations to have no foundation and will continue to strongly defend itself and its ownership of the building. No provision has been made for the Dovetel action. The directors consider it without merit.

A planned visit to Tanzania has been postponed until the police enquiries are concluded. This is unfortunately delaying the sale of the building.

The Dar-es-Salaam Property has three tenants. One tenant has a five year lease agreement for 628 square metres ending in May 2021. The second tenant rents 809 square metres and the contract runs to October 2019. The third tenant leases 1,206 square metres and has a contract ending in February 2020. The managing agent is attempting to let two areas that remain empty.

The Directors have maintained the value of the Dar-es-Salaam Property at US$4.66m. This valuation is in line with the value assessed by the local expert and takes into account both current vacancy levels and the current economic climate.

There is still uncertainty about the economic position of Tanzania and the market for high end office accommodation has not improved. The prospect of selling the building in the short term for a reasonable price remains uncertain.

In 2016 the Tanzanian Revenue Authority (“TRA”) performed a tax audit for the years 2013 to 2015. The Board accepted their assessment for withholding tax and VAT but is appealing the income tax assessment of approximately $320k. The Tanzanian subsidiary applied to use tax credits for the payment of the withholding tax and VAT liabilities and for the cost of the appeal which equates to 30% of the assessed amount. The TRA have still not confirmed their acceptance of tax credits for settling the agreed assessment and for the cost of the appeal. The appeal on the income tax assessments has also not yet been concluded. The Board discussed with its local advisers the likely outcome of the appeal and concluded that no provision was required. The Board continues to work with its local advisers to finalise the tax position of the Tanzanian company with the local tax authorities.

# Chairman's Statement (continued)

**Financial Results**

The loss for the six months ended 30 June 2018 was US$0.26 million (2017: loss of US$0.33 million), representing US$0.0104 loss per Ordinary Share (2017: loss per Ordinary Share US$0.0081). The loss for the period was made up of the net gain in the fair value of assets less ongoing operating and administrative costs. The Directors are working on reducing the operational costs which for the six months to June 2018 were US$0.29 million compared to US$0.49 million for the same period last year.

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

As at 30 June 2018, PME's Net Asset Value attributable to ordinary shareholders in accordance with IFRS was US$4.9 million (US$0.20 per share), compared to the US$5.2 million (US$0.21 per share) that was reported as at 31 December 2017.

**Return of Cash and Outlook**

The marketing process for the sale of the Dar-es-Salaam Property has been postponed due to the ongoing police investigation and the tax negotiations. The sale process will begin once the police investigation is concluded and the tax position is clarified, the local economic uncertainty has receded and the vacant space has been let.

A further and final tender will be proposed once the building has been sold.

**Paul Macdonald**
Chairman
17 September 2018

# Statement of Comprehensive Income

| | Note | (Unaudited) Period from 1 January 2018 to 30 June 2018 US$'000 | (Unaudited) Period from 1 January 2017 to 30 June 2017 US$'000 |
|---|---|---|---|
| Net gains/(losses) on financial assets at fair value through profit or loss | 3 | 43 | (68) |
| Dividend income | | - | 226 |
| Operating and administration expenses | 9 | (290) | (490) |
| Foreign exchange (loss)/gain | | (8) | 2 |
| **Loss before income tax** | | **(255)** | **(330)** |
| Income tax | 14 | - | - |
| **Loss and total comprehensive expense for the period** | | **(255)** | **(330)** |
| **Basic and diluted loss per share (cents) attributable to the equity holders of the Company during the period** | **5** | **(1.04)** | **(0.81)** |

The accompanying notes on pages 8 to 15 form an integral part of these interim financial statements

# Balance Sheet

| | Note | (Unaudited) As at 30 June 2018 US$'000 | (Audited) As at 31 December 2017 US$'000 |
|---|---|---|---|
| **Assets** | | | |
| **Current assets** | | | |
| Financial assets at fair value through profit or loss | 3 | 4,758 | 4,687 |
| Trade and other receivables | | 19 | 26 |
| Cash and cash equivalents | | 218 | 554 |
| **Total current assets** | | **4,995** | **5,267** |
| **Total assets** | | **4,995** | **5,267** |
| | | | |
| **Equity and liabilities** | | | |
| **Equity** | | | |
| Issued share capital | 6 | 246 | 246 |
| Capital redemption reserve | 7 | 1,559 | 1,559 |
| Retained earnings | | 3,110 | 3,365 |
| **Total equity** | | **4,915** | **5,170** |
| | | | |
| **Current liabilities** | | | |
| Trade and other payables | 8 | 80 | 97 |
| **Total current liabilities** | | **80** | **97** |
| **Total liabilities** | | **80** | **97** |
| **Total equity and liabilities** | | **4,995** | **5,267** |

The interim financial statements on pages 4 to 15 were approved and authorised for issue by the Board of Directors on 17 September 2018 and signed on its behalf by:

**Paul Macdonald**
Director

**Lawrence Kearns**
Director

The accompanying notes on pages 8 to 15 form an integral part of these interim financial statements

# Statement of Changes in Equity

| | Share capital | Capital redemption reserve | Retained earnings | Total |
|---|---|---|---|---|
| | US$'000 | US$'000 | US$'000 | US$'000 |
| Balance at 1 January 2017 | 410 | 1,395 | 7,682 | 9,487 |
| **Comprehensive expense** | | | | |
| Loss for the period | - | - | (330) | (330) |
| **Total comprehensive expense for the period** | **-** | **-** | **(330)** | **(330)** |
| **Balance at 30 June 2017** | **410** | **1,395** | **7,352** | **9,157** |
| | | | | |
| Balance at 1 January 2018 | 246 | 1,559 | 3,365 | 5,170 |
| **Comprehensive expense** | | | | |
| Loss for the period | - | - | (255) | (255) |
| **Total comprehensive expense for the period** | **-** | **-** | **(255)** | **(255)** |
| **Balance at 30 June 2018** | **246** | **1,559** | **3,110** | **4,915** |

The accompanying notes on pages 8 to 15 form an integral part of these interim financial statements

# Cash Flow Statement

| | Note | (Unaudited) Period from 1 January 2018 to 30 June 2018 US$'000 | (Unaudited) Period from 1 January 2017 to 30 June 2017 US$'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Purchase of financial assets – loans to investee companies | 3 | (26) | (47) |
| Dividends received | | - | 226 |
| Operating and administrative expenses paid | | (310) | (413) |
| **Net cash used in operating activities** | | **(336)** | **(234)** |
| | | | |
| **Net decrease in cash and cash equivalents** | | **(336)** | **(234)** |
| Cash and cash equivalents at beginning of period | | 554 | 261 |
| Foreign exchange gains on cash and cash equivalents | | - | 1 |
| **Cash and cash equivalents at end of period** | | **218** | **28** |

The accompanying notes on pages 8 to 15 form an integral part of these interim financial statements

# Notes to the Interim Financial Statements

## 1 General Information

PME African Infrastructure Opportunities plc (the "Company") was incorporated and is registered and domiciled in the Isle of Man under the Isle of Man Companies Acts 1931 to 2004 on 19 June 2007 as a public limited company with registered number 120060C. The investment objective of PME African Infrastructure Opportunities plc and its subsidiaries (the "Group") was to achieve significant total return to investors through investing in various infrastructure projects and related opportunities across a range of countries in sub-Saharan Africa. On 19 October 2012 the shareholders approved the revision of the Company's Investing Policy which is now to realise the remaining assets of the Company and to return both existing cash reserves and the proceeds of realisation of the remaining assets to shareholders.

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

Pursuant to its AIM admission document dated 6 July 2007, there was an original placing of up to 180,450,000 Ordinary Shares with Warrants attached on the basis of 1 Warrant for every 5 Ordinary Shares. Following the close of the placing on 12 July 2007, 180,450,000 Shares and 36,090,000 Warrants were issued. The Warrants lapsed in July 2012. The Shares of the Company were admitted to trading on AIM, a market of the London Stock Exchange, on 12 July 2007 when dealings also commenced.

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

*Going concern*
In assessing the going concern basis of preparation of the interim financial statements for the period ended 30 June 2018, the Directors have taken into account the status of current negotiations on the realisation of the remaining assets. The Directors consider that the Group has sufficient funds for its ongoing operations and therefore have continued to adopt the going concern basis in preparing these interim financial statements.

## 2 Summary of Significant Accounting Policies

### 2.1 Basis of preparation

The accounting policies applied by the Company in the preparation of these condensed financial statements are the same as those applied by the Company in its financial statements for the year ended 31 December 2017, except for the adoption of new and amended standards and interpretations as set out below.

These interim financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union. They do not include all of the information required for full annual financial statements and should be read in conjunction with the financial statements of the Company as at and for the year ended 31 December 2017, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

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

The interim financial statements for the six months ended 30 June 2018 are unaudited. The comparative interim figures for the six months ended 30 June 2017 are also unaudited.

# Notes to the Interim Financial Statements (continued)

## 2 Summary of Significant Accounting Policies (continued)

### 2.1 Basis of preparation (continued)

*New and amended standards and interpretations adopted by the Company*

IFRS 9, 'Financial instruments', final version issued July 2014. This standard replaces the guidance in IAS 39, 'Financial instruments: recognition and measurement' that relate to the recognition, derecognition, classification, measurement and impairment of financial assets and financial liabilities.

The standard became applicable and was adopted by the Company from 1 January 2018. The adoption of the revised standard resulted in changes in accounting policies, but these had no material impact on the amounts recognised in the financial statements and did not require any retrospective adjustment.

The Company classifies its financial assets in the following categories: at fair value through profit or loss, and at amortised cost. The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

Assets that are debt instruments held for collection of contractual cash flows where those cash flows represent solely payment of principal and interest are measured at amortised cost. The Company's financial assets at amortised cost comprise 'trade and other receivables' and 'cash at bank' in the balance sheet.

The Company designates its equity investments as at fair value through profit or loss. Related loans and similar debt instruments are also measured at fair value through profit or loss if they do not meet the criteria for amortised cost and the business model for holding the financial assets does not include the collection of contractual cash flows. The business model is for selling the financial assets in accordance with the Company's investing policy.

There has been no change to the Company's measurement policies for financial assets or financial liabilities. However from 1 January 2018, a provision for impairment is established by the Company assessing, on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

## 3 Financial Assets at Fair Value through Profit or Loss

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

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

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

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

# Notes to the Interim Financial Statements (continued)

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

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

| | 30 June 2018 US$'000 | 31 December 2017 US$'000 |
|---|---|---|
| Start of the period/year | 4,687 | 9,260 |
| Increase in loans to investee companies | 26 | 14 |
| Subsidiary expenses to be paid by the Company* | 2 | 17 |
| Return of capital** | - | (4,400) |
| Movement in fair value of financial assets | 43 | (204) |
| **End of the period/year** | **4,758** | **4,687** |

*The bank account for PME Locomotives (Mauritius) Limited was closed during 2017 and all money transferred to the Company's bank account. The Company is therefore responsible for its subsidiary's creditors at the period end (note 8).

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

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

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

| | Fair value as at 30 June 2018 US$'000 | Fair value as at 31 December 2017 US$'000 | Valuation techniques and inputs | Significant unobservable inputs | Sensitivity to significant unobservable inputs |
|---|---|---|---|---|---|
| Rail assets (PME Locomotives (Mauritius) Limited) | 9 | 4 | Value of net assets | N/A | N/A |
| Real estate investments (PME TZ Property (Mauritius) Limited) | 4,749 | 4,683 | Discounted cash flow property valuation (inputs including rental income, operating costs, vacancy and discount rate) plus value of other net assets | Discount rate | If the discount rate were 1% higher/lower the estimated fair value would (decrease)/increase by US$40,000<br>N/A |
| **Total** | **4,758** | **4,687** | | | |

### 4 Net Asset Value per Share

| | As at 30 June 2018 | As at 31 December 2017 |
|---|---|---|
| Net assets attributable to equity holders of the Company (US$'000) | 4,915 | 5,170 |
| Shares in issue (thousands) | 24,584 | 24,584 |
| **NAV per share (US$)** | **0.20** | **0.21** |

# Notes to the Interim Financial Statements (continued)

## 4 Net Asset Value per Share (continued)

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

## 5 Basic and Diluted Loss per Share

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

| | Period ended 30 June 2018 | Period ended 30 June 2017 |
|---|---|---|
| Loss attributable to equity holders of the Company (US$'000) | (255) | (330) |
| Weighted average number of Ordinary Shares in issue (thousands) | 24,584 | 40,973 |
| **Basic loss per share (cents) from loss for the period** | **(1.04)** | **(0.81)** |

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

## 6 Share Capital

| **Ordinary Shares of US$0.01 each** | 31 December 2017 and 30 June 2018 Number | 31 December 2017 and 30 June 2018 US$'000 |
|---|---|---|
| Authorised | 500,000,000 | 5,000 |

| **C Shares of US$1 each** | 31 December 2017 and 30 June 2018 Number | 31 December 2017 and 30 June 2018 US$'000 |
|---|---|---|
| Authorised | 5,000,000 | 5,000 |
| Issued | - | - |

| **Ordinary Shares of US$0.01 each** | 30 June 2018 US$'000 | 31 December 2017 US$'000 |
|---|---|---|
| 24,583,942 (31 December 2017: 24,583,942) Ordinary Shares in issue, with full voting rights | 246 | 246 |

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.

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

## 7 Capital Redemption Reserve

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

# Notes to the Interim Financial Statements (continued)

## 8 Trade and Other Payables

| | 30 June 2018 US$'000 | 31 December 2017 US$'000 |
|---|---|---|
| Administration fees payable | 14 | 19 |
| Audit fee payable | 21 | 42 |
| CREST service provider fee payable | 7 | 6 |
| Directors' fees and expenses payable | 6 | - |
| Subsidiary expenses to be paid by the Company | 19 | 17 |
| Other sundry creditors | 13 | 13 |
| | **80** | **97** |

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

## 9 Operating and Administration Expenses

| | Period ended 30 June 2018 US$'000 | Period ended 30 June 2017 US$'000 |
|---|---|---|
| Administration expenses | 59 | 72 |
| Administrator and Registrar fees | 30 | 41 |
| Audit fees | 21 | 28 |
| Directors' fees | 112 | 115 |
| Professional fees | 48 | 214 |
| Other | 20 | 20 |
| **Operating and administration expenses** | **290** | **490** |

*Administrator and Registrar fees*
The Administrator receives a fee on a time spent basis, subject to a minimum monthly fee of £2,750, payable quarterly in arrears.

Administration fees expensed by the Company for the period ended 30 June 2018 amounted to US$26,160 (30 June 2017: US$37,451).

The Administrator provides general secretarial services to the Company, for which it receives a minimum annual fee of £5,000. Additional fees, based on time and charges, apply where the number of Board meetings exceeds four per annum. For attendance at meetings not held in the Isle of Man, an attendance fee of £1,000 per day or part thereof is charged. The fees payable by the Company for general secretarial services for the period ended 30 June 2018 amounted to US$3,964 (30 June 2017: US$3,901).

Administration fees of the Mauritian subsidiaries for the period ended 30 June 2018 amounted to US$7,066 (30 June 2017: US$8,625).

Administration fees of PME Properties Limited for the period ended 30 June 2018 amounted to US$21,525 (30 June 2017: US$34,897).

*Directors' Remuneration*
The maximum amount of basic remuneration payable by the Company by way of fees to the Directors permitted under the Articles of Association is £200,000 per annum. The Directors are each entitled to receive reimbursement of any expenses incurred in relation to their appointment. The Executive Directors are entitled to receive annual basic salaries of £75,000.

# Notes to the Interim Financial Statements (continued)

**9 Operating and Administration Expenses (continued)**

*Directors' Remuneration (continued)*
Total fees and basic remuneration (including VAT where applicable) and expenses payable by the Company for the period ended 30 June 2018 amounted to US$111,633 (30 June 2017: US$114,758) and was split as below. Directors' insurance cover payable amounted to US$14,877 (30 June 2017: US$14,877).

| | Period ended 30 June 2018 US$'000 | Period ended 30 June 2017 US$'000 |
|---|---|---|
| Paul Macdonald | 50 | 49 |
| Lawrence Kearns | 55 | 54 |
| Expense reimbursement | 7 | 12 |
| | **112** | **115** |

**10 Operating Segments**

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

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

| **Six months ended 30 June 2018** | Transport PME Locomotives US$'000 | Leasehold Property PME TZ Property US$'000 | Other* US$'000 | Total US$'000 |
|---|---|---|---|---|
| Net gains/(losses) on financial assets at fair value through profit or loss | (16) | 59 | - | 43 |
| Profit/(loss) for the period | (16) | 59 | (298) | (255) |

* Other refers to income and expenses of the Company not specific to any specific sector such as income on un-invested funds and corporate expenses.

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

** Other refers to income and expenses of the Company not specific to any specific sector such as income on un-invested funds and corporate expenses.

| **30 June 2018** | Transport PME Locomotives US$'000 | Leasehold Property PME TZ Property US$'000 | Other* US$'000 | Total US$'000 |
|---|---|---|---|---|
| Segment assets | 9 | 4,749 | 237 | 4,995 |
| Segment liabilities | - | - | (80) | (80) |

* Other assets comprise cash and cash equivalents US$217,664 and other assets US$19,297.

# Notes to the Interim Financial Statements (continued)

## 10 Operating Segments (continued)

| **31 December 2017** | Transport PME Locomotives US$'000 | Leasehold Property PME TZ Property US$'000 | Other** US$'000 | Total US$'000 |
|---|---|---|---|---|
| Segment assets | 4 | 4,683 | 580 | 5,267 |
| Segment liabilities | - | - | (97) | (97) |

** Other assets comprise cash and cash equivalents US$554,414 and other assets US$26,460.

## 11 Risk Management

The Company's activities expose it to a variety of financial risks: market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The financial risks relate to the following financial instruments: financial assets at fair value through profit or loss, loans and receivables, cash and cash equivalents, secured loan and trade and other payables. There has been no material change in the market, credit or liquidity risk profile since the year ended 31 December 2017.

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

These interim financial statements do not include all financial risk management information and disclosures required for full annual financial statements and should be read in conjunction with the financial statements of the Company as at and for the year ended 31 December 2017.

## 12 Contingent Liabilities and Commitments

The Company has no contingent liability. In relation with its financial asset at fair value through profit or loss, 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 Group's future aggregate minimum lease payments, by virtue of its indirect investment in PME Properties Limited, under operating leases are as follows:

| | 30 June 2018 US$'000 | 31 December 2017 US$'000 |
|---|---|---|
| **Amounts payable under operating leases:** | | |
| Within one year | 85 | 19 |
| In the second to fifth years inclusive | 277 | 277 |
| Beyond five years | 1,100 | 1,160 |
| | **1,462** | **1,456** |

## 13 Related Party Transactions

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

The Directors of the Company are considered to be related parties by virtue of their influence over making operational decisions. Directors' remuneration is disclosed in note 9.

## 14 Income Tax Expense

The Company is resident for taxation purposes in the Isle of Man and is subject to income tax at a rate of zero per cent (2017: zero per cent).

# Notes to the Interim Financial Statements (continued)

**15 Post Balance Sheet Events**

In September 2018, the Company received net cash of US$188,442 from PME Locomotives (Mauritius) Limited by way of a dividend. This was funded by an intercompany loan repayment from PME Properties Limited and surplus cash from PME Locomotives (Mauritius) Limited.