PME African Infrastructure Opportunities plc

Annual Report

Year ended 31 December 2021

Contents

Directors and Advisers

Directors	Paul Macdonald (Executive Chairman) Lawrence Kearns (Executive Director) of the registered office below
Registered Office	Exchange House 54-62 Athol Street Douglas Isle of Man IM1 1JD
Administrator and Registrar	Apex Corporate Services (IOM) Limited (formerly Mainstream Fund Services (IOM) Limited) Exchange House 54-62 Athol Street Douglas Isle of Man IM1 1JD
Independent Auditor	PricewaterhouseCoopers LLC Sixty Circular Road Douglas Isle of Man IM1 1SA

Chairman's Statement

On behalf of the Board of Directors (the "Board"), I present the annual results for PME African Infrastructure Opportunities plc ("PME" or the "Company" and together with its subsidiaries the "Group") for the year ended 31 December 2021.

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

Investments

The Company has one remaining asset, namely a leasehold building in Dar-es-Salaam, Tanzania (the ''Dar-es-Salaam Property"). The Dar-es-Salaam Property, which is managed by a local managing agent and to which PME has the benefit of the remaining 17 year lease, is currently 69% let. The investment continues to trade profitably and generate cash.

In previous reports we advised shareholders of the police enquiry arising from the complaint by a representative from First Seal Ltd, the company who had acquired the Dovetel (T) Limited. Both our property manager and lawyer went to the police station in September 2021 to assist the police with their enquiries. Our lawyer also presented the facts of the case to the office of the Director of Public Prosecutions. We have still not been advised if the case has been closed. Unfortunately, this enquiry takes up valuable time and costs money in supporting our property manager and our lawyer.

The Dar-es-Salaam Property has three tenants. Trading conditions are slightly improving over last year. No new tenants have been found for the empty space and rents are only marginal increased.

The Directors have concluded that the fair value of the Dar-es-Salaam Property is US$2.38m. This valuation is in line with the value assessed by the local expert as at 31 December 2021 as tenants' circumstances, vacancy levels and local market conditions are relatively unchanged since that date.

The economic position of Tanzania has improved but is still weak. The market for high-end office accommodation is still depressed. The prospect of selling the building in the short term for a reasonable price remains uncertain.

The caveat on the land register had not been removed. The formal process to remove the caveat started with an application submitted to the High Court in Tanzania. This process continues to be postponed due to the potential ongoing police enquiries.

PME worked with its local bank to have the inter group loan between PME Properties Limited and PME TZ Property (Mauritius) Limited re-registered with the Bank of Tanzania. Funds can now be transferred up the Group to provide much needed cash at the parent level.

PME Properties Limited applied to renew its business licence as part of the normal annual procedures in Q4 2021. Part of this procedure is obtaining a tax clearance certificate from the Tanzanian Revenue Authority (TRA) showing the company taxes are up to date. There was no issue with the 2020 renewal however, due to an issue with the TRA system in 2021 previously closed tax payments for the last 10 years are now showing as outstanding. The company's advisers have provided significant supporting documentation to the TRA to resolve the matter and we are hoping for a positive outcome in the next few weeks.

PME Properties Limited was notified in June 2021 that the TRA wished to carry out the tax audit for the years of assessment 2016 to 2020. All requested documentation was provided in a timely manner however there were numerous areas in the initial findings where the company did not agree with the TRA assessment. Over the last 12 months there have been numerous meetings with the TRA and the administrator, property manager and tax adviser have tried to ensure that all necessary supporting documentation has been provided to support the company's position in order to minimize any assessment. The TRA are expecting to raise their assessments by the end of June 2022 at which time the company will decide whether to settle or to appeal.

Chairman's Statement (continued)

Optas GmbH ("Optas"), a company of which I am a 50% shareholder, has assisted the Company with its cash flow requirements over the last three years. The loan facility remains at €720,000 as reported last year. The loan is secured on the Company's cash receivables, attracts interest at a rate of 6% per annum on the utilised facility and 1% on the remaining unutilised facility. The loan has been fully drawn down. On 28 May 2022 a further amendment agreement with Optas extended the maturity date of the loan by twelve months to 28 May 2023.

As I hold 50% of Optas's issued share capital, Optas is deemed to be a related party of the Company and the loan is classified as a related party transaction.

Financial Results

The loss for the year to 31 December 2021 was US$0.3 million (2020: loss of US$1.3 million), representing a US$0.0132 loss per Ordinary Share (2020: loss per Ordinary Share US$0.0545). The loss for the year was made up of the net loss in the fair value of assets plus ongoing operating and administrative costs.

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

As at 31 December 2021, PME's Net Asset Value attributable to ordinary shareholders in accordance with IFRS was US$1.2 million (US$0.05 per share), compared to the US$1.5 million (US$0.06 per share) that was reported as at 31 December 2020.

Return of Cash and Outlook

The police enquiries may not have been closed. The removal of the caveat cannot be followed through until the police enquiries are concluded. As a result of these ongoing issues, the Company entered into an agreement with a partnership specialising in dispute resolution and political risk. The final stage is a meeting with all parties in Tanzania but this meeting has been postponed due to Covid and the company's effort to manage cash.

The new President, Samia Suluhu Hassan, continues to promote investments and trade with international companies which would improve the economic position of Tanzania and the property market. There are slight indications that her efforts are being successful.

The cash position is adversely affected by the cost of dealing with the authorities in respect of tax audits, business licence renewal and supporting our advisers during the police investigation. However, the Company still has access to sufficient cash funds generated in its operating subsidiary to support the Company's activities for the foreseeable future.

Paul Macdonald
Chairman
28 June 2022

Report of the Directors

The Directors hereby submit their annual report together with the audited financial statements of the Company for the year ended 31 December 2021.

The Company and its Investing Policy

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

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

Results and Dividends

The results of the Company for the year and position of the Company as at the year-end are set out on pages 9 to 12 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 2021 the Directors declared and paid dividends of US$nil (2020: US$nil).

Directors

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

Paul Macdonald (Chairman)
Lawrence Kearns

Directors and Other Interests

Lawrence Kearns holds 22,200 Ordinary Shares in the Company.

The Company entered into a secured loan agreement with Optas GmbH ("Optas") in May 2019, see note 4. On 7 June 2022 the repayment date of the loan was extended by twelve months to 28 May 2023. Paul Macdonald is interested in 50% of Optas'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.

On behalf of the Board

Paul Macdonald
Chairman
28 June 2022

Statement of Directors' responsibilities in respect of the financial statements

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 the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting 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 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.

On behalf of the Board

Paul Macdonald
Chairman
28 June 2022

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

Report on the audit of the financial statements

Our opinion

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

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its loss and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union; and
- have been properly prepared in accordance with the requirements of the Isle of Man Companies Acts 1931 to 2004.

What we have audited

PME African Infrastructure Opportunities plc's financial statements comprise:

- the balance sheet as at 31 December 2021;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the cash flow statement for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

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

Independence

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

Other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

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

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

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

Responsibilities of the directors for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

This report, including the opinion, has been prepared for and only for the Company's members 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.

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

Report on other legal and regulatory requirements

Adequacy of accounting records and information and explanations received

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

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

We have no exceptions to report arising from this responsibility.

PricewaterhouseCoopers LLC
Chartered Accountants
Douglas, Isle of Man
30 June 2022

Statement of Comprehensive Income

	Note	Year ended 31 December 2021 US$'000	Year ended 31 December 2020 US$'000
Net losses on financial assets at fair value through profit or loss	3	(142)	(750)
Dividend income		60	-
Operating and administration expenses	10	(262)	(466)
Foreign exchange gain/(loss)		69	(81)
Operating loss		**(275)**	**(1,297)**
Finance costs	4	(50)	(44)
Loss before income tax		(325)	(1,341)
Income tax	14	-	-
Total comprehensive loss for the year		**(325)**	**(1,341)**
Basic and diluted loss per share (cents) attributable to the equity holders of the Company during the year	6	**(1.32)**	**(5.45)**

The accompanying notes on pages 13 to 25 form an integral part of these financial statements

Balance Sheet

	Note	As at 31 December 2021	As at 31 December 2020
		US$'000	US$'000
Assets			
Current assets			
Financial assets at fair value through profit or loss	3	2,366	2,681
Prepayments		14	14
Cash and cash equivalents		20	33
Total current assets		**2,400**	**2,728**
Total assets		**2,400**	**2,728**
Equity and liabilities			
Equity			
Issued share capital	7	246	246
Capital redemption reserve	8	1,559	1,559
Retained losses		(622)	(297)
Total equity		**1,183**	**1,508**
Current liabilities			
Secured loan	4	921	942
Trade and other payables	9	296	278
Total current liabilities		**1,217**	**1,220**
Total liabilities		**1,217**	**1,220**
Total equity and liabilities		**2,400**	**2,728**

The financial statements on pages 9 to 25 were approved and authorised for issue by the Board of Directors on 28 June 2022 and signed by:

Paul Macdonald
Director

Lawrence Kearns
Director

Statement of Changes in Equity

	Issued Share capital	Capital redemption reserve	Retained losses	Total
	US$'000	US$'000	US$'000	US$'000
Balance at 1 January 2020	246	1,559	1,044	2,849
Comprehensive loss				
Loss for the year	-	-	(1,341)	(1,341)
Total comprehensive loss for the year	**-**	**-**	**(1,341)**	**(1,341)**
Balance at 31 December 2020	**246**	**1,559**	**(297)**	**1,508**
Balance at 1 January 2021	246	1,559	(297)	1,508
Comprehensive loss				
Loss for the year	-	-	(325)	(325)
Total comprehensive loss for the year	**-**	**-**	**(325)**	**(325)**
Balance at 31 December 2021	**246**	**1,559**	**(622)**	**1,183**

The accompanying notes on pages 13 to 25 form an integral part of these financial statements

Cash Flow Statement

	Note	Year ended 31 December 2021 US$'000	Year ended 31 December 2020 US$'000
Cash flows from operating activities			
Purchase of financial assets – loans to investee companies	3	(33)	(39)
Proceeds from sale of financial assets – return of capital	3	145	-
Proceeds from sale of financial assets – repayment of loans	3	55	-
Dividend income		60	-
Operating and administration expenses paid		(239)	(318)
Net cash used in operating activities		**(12)**	**(357)**
Financing activities			
Proceeds from drawdown of secured loan from related party	4	-	349
Net cash generated from financing activities		**-**	**349**
Net decrease in cash and cash equivalents		**(12)**	**(8)**
Cash and cash equivalents at beginning of year		33	46
Foreign exchange losses on cash and cash equivalents		(1)	(5)
Cash and cash equivalents at end of year		**20**	**33**

The accompanying notes on pages 13 to 25 form an integral part of these financial statements

Notes to the Financial Statements

1 General Information

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

The Company's investment activities were managed by PME Infrastructure Managers Limited (the "Investment Manager") to 6 July 2012. No alternate has been appointed and the Board of Directors has assumed responsibility for the management of the Company's remaining assets. The Company's administration is delegated to Apex Corporate Services (IOM) Limited (the "Administrator"). The registered office of the Company is Exchange House, 54-62 Athol Street, Douglas, Isle of Man, IM1 1JD.

Pursuant to its AIM admission document dated 6 July 2007, 180,450,000 Ordinary Shares with 36,090,000 Warrants were issued on 12 July 2007. The Warrants lapsed in July 2012.

At the EGM of the Company held on 7 April 2020, the resolution put to Shareholders in respect of the proposed delisting from AIM described in a circular sent to Shareholders on 5 March 2020 was duly passed by the requisite majority. As a result, the delisting became effective at 7.00 a.m. on 17 April 2020.

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

Dividends
In the year to 31 December 2021 the Company declared and paid dividends of US$nil (2020: US$nil).

Going concern
In assessing the going concern basis of preparation of the financial statements for the year ended 31 December 2021, the Directors have taken into account the status of current negotiations on the realisation of the remaining assets and the extension of the maturity date of the loan by twelve months to 28 May 2023. The Directors consider that the Company has access to sufficient cash funds in its operating subsidiary, which generates sufficient funds from its ongoing operations to support the Company's activities for the foreseeable future. The Directors have therefore continued to adopt the going concern basis in preparing these financial statements.

2 Summary of Significant Accounting Policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements to the extent that they have not already been disclosed in the other notes below. These policies have been consistently applied to all years presented unless otherwise stated.

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss, and the requirements of the Isle of Man Companies Acts 1931 to 2004. The preparation of financial statements in conformity with IFRS requires the use of accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and accounting estimates are significant to the financial statements are disclosed in note 3.

Notes to the Financial Statements (continued)

2 Summary of Significant Accounting Policies (continued)

2.1 Basis of preparation

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

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

As a result, the Company does not consolidate its subsidiaries, instead it is required to account for these subsidiaries at fair value through profit or loss in accordance with IFRS 9, 'Financial instruments' and prepares separate company financial statements only.

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

There were no standards or amendments that were applied by the Company for the first time for the financial year ended 31 December 2021.

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

Amendment to IAS 1 'Presentation of Financial Statements' on Classification of Liabilities as Current or Non-current

The amendment clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). This amendment will be effective to the Company in the year ended 31 December 2022.

Based on the Company's current business model and accounting policies, management does not expect that the adoption of these standards or interpretations will have a material impact on the financial information of the Company.

2.2 Foreign currency translation

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

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

Dividend income is recognised in profit or loss when the right to receive payment is established.

Expenses are accounted for on an accruals basis.

Notes to the Financial Statements (continued)

2 Summary of Significant Accounting Policies (continued)

2.4 Financial assets and financial liabilities

The Company classifies its financial assets in the following categories: at fair value through profit or loss, and 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. Management determines the classification of its financial assets at initial recognition.

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 'cash and cash equivalents' in the balance sheet.

The Company classifies its equity investments as financial assets at fair value through profit or loss upon initial recognition as it has not taken the option to irrevocably designate any as fair value through other comprehensive income. 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.

Financial assets at amortised cost 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 financial assets at amortised cost comprise 'cash and cash equivalents' in the balance sheet. Financial assets at amortised cost are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. 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.

The Company classifies its financial liabilities as other liabilities. Other liabilities are 'secured loan' and 'trade and other payables' in the balance sheet (notes 4 and 9).

2.5 Cash and cash equivalents

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

3 Financial Assets at Fair Value through Profit or Loss

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

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

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

Notes to the Financial Statements (continued)

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

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

The following subsidiaries of the Company which are classified as financial assets at fair value through profit or loss are held at fair value in accordance with IFRS 10:

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

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

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

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

	31 December 2021 US$'000	31 December 2020 US$'000
Start of the year	2,681	3,391
(Decrease)/increase in loans to investee companies	(22)	39
Return of capital*	(145)	-
Subsidiary expenses to be paid by the Company**	(6)	1
Movement in fair value of financial assets	(142)	(750)
End of the year	**2,366**	**2,681**

* The return of capital relates to a share buyback conducted by PME TZ Property (Mauritius) Limited in May 2021.
** 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 year-end (note 9).

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 which include significant unobservable inputs. The principal asset remaining in the group is the Dar-es-Salaam property. Accordingly, the fair values are classified as level 3. There were no transfers between levels during the year. The valuation techniques and the significant unobservable inputs are shown below.

Notes to the Financial Statements (continued)

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

	Fair value as at 31 December 2021 US$'000	Fair value as at 31 December 2020 US$'000	Valuation techniques and inputs	Significant unobservable inputs	Sensitivity to significant unobservable inputs
Real estate investments (PME TZ Property (Mauritius) Limited)	2,363	2,678	Discounted cash flow property valuation (inputs including rental income, operating costs, vacancy and discount rate) plus fair value of other net assets	Discount rate	If the discount rate were 1% higher/lower the estimated fair value would (decrease)/increase by US$7,000 (2020: 1% US$14,000)
Other (PME Locomotives (Mauritius) Limited)	3	3	Fair value of net assets	N/A	N/A
Total	**2,366**	**2,681**			

The Dar-es-Salaam property was revalued to US$2.38m as at 31 December 2021 by an independent professionally qualified valuer, M&R Agency Limited, who has recent experience in the locations and categories of the respective investment property valued. The details of key assumptions used by the valuer are as follows:

Rental income wherein potential income is US$372,776 per annum (2020: US$362,829), rent reviews are assumed to be after every 3 years at 5% for less than 8 years and after every 3 years at 10% over 8 years (2020: assumed to be after every 3 years at 5% for less than 8 years and after every 3 years at 10% over 8 years) and remaining leasehold term of 17 years (2020: 18 years) from a 30-year lease since 2009 – this is supported by the terms of any existing lease, other contracts or external evidence such as current market rents for similar properties. Decrease in potential income is mainly due to the lower rate of the new rental agreements.

Operating cost at 27% less than 10 years and at xx% over 10 years (2020: 27% less than 8 years and 22% over 8 years) of total revenue from the property – this includes necessary expenditure to maintain the property for its expected useful life. This percentage is comparable to the current level of operating cost.

Vacancy rate at 17% less than 3 years, 15% between 3 and 10 years and at 10% over 10 years (2020: 17% less than 8 years and 10% over 8 years) - based on current and expected future market conditions after expiry of any current lease agreements.

Discount rate at 9.20% (2020: 9.06%) - reflects current market assessments of the uncertainty in the amount and timing of cash flows. Calculation of discount rates includes the following inputs:

- Lending rate at 7.8% (2020: 7.8%) which is annual US$ lending rate by commercial banks;
- Yield: 12.5% (2020: 12.5%); and
- Capital mix of 30% equity and 70% loan (2020: 30% equity and 70% loan).

Notes to the Financial Statements (continued)

4 Secured Loan

On 3 May 2019 the Company entered into a secured loan agreement with Optas GmbH ("Optas") to provide a facility of up to €400,000 to assist with general working capital. The loan was secured on the Company's cash receivables, was repayable within 18 months and attracted interest at a rate of 6% per annum on the utilised facility and 1% on the remaining unutilised facility. On 28 November 2019 the Company entered into an amendment agreement with Optas to increase the amount of the initial loan from €400,000 to €600,000 and extending the date of repayment of the increased loan facility to 28 May 2021. All other terms of the initial loan remain unchanged. On 1 June 2020 the Company entered into an amendment agreement with Optas to increase the loan facility from €600,000 to €670,000. All other terms of the initial loan remain unchanged. On 10 November 2020 the Company entered into an amendment agreement with Optas to increase the loan facility from €670,000 to €720,000. All other terms of the initial loan remain unchanged. On 24 May 2021 a further amendment agreement with Optas extended the maturity date of the loan by twelve months to 28 May 2022. On 7 June 2022 a further amendment agreement with Optas extended the maturity date of the loan by twelve months to 28 May 2023.

Interest payable by the Company for the year ended 31 December 2021 amounted to US$50,153 (31 December 2020: US$ 44,113). As at 31 December 2021 the loan has been fully drawn down.

Paul Macdonald holds 50% of Optas's issued share capital, therefore Optas is deemed to be a related party of the Company and the loan is a related party transaction.

5 Net Asset Value per Share

	As at 31 December 2021	As at 31 December 2020
Net assets attributable to equity holders of the Company (US$'000)	1,183	1,508
Shares in issue (thousands)	24,584	24,584
NAV per share (US$)	**0.05**	**0.06**

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.

6 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 year.

	Year ended 31 December 2021	Year ended 31 December 2020
Loss attributable to equity holders of the Company (US$'000)	(325)	(1,341)
Weighted average number of Ordinary Shares in issue (thousands)	24,584	24,584
Basic loss per share (cents) for the year	**(1.32)**	**(5.45)**

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

Notes to the Financial Statements (continued)

7 Share Capital

Ordinary Shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Ordinary Shares of US$0.01 each	31 December 2021 and 2020 Number	31 December 2021 and 2020 US$'000
Authorised	500,000,000	5,000

Ordinary Shares of US$0.01 each	31 December 2021 US$'000	31 December 2020 US$'000
24,583,942 (31 December 2020: 24,583,942) Ordinary Shares in issue, with full voting rights	246	246

C Shares of US$1 each	31 December 2021 and 2020 Number	31 December 2021 and 2020 US$'000
Authorised	5,000,000	5,000
Issued	-	-

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 year in which they are declared and approved.

8 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 Financial Statements (continued)

9 Trade and Other Payables

	31 December 2021 US$'000	31 December 2020 US$'000
Administration fees payable	10	31
Audit fee payable	32	38
CREST service provider fee payable	6	6
Subsidiary expenses to be paid by the Company (note 3)	8	15
Directors fees payable	235	179
Other sundry creditors	5	9
	296	**278**

Trade and other payables are recognised initially at fair value and subsequently at amortised cost using the effective interest method. These payables are unsecured and are usually paid within 30 days of recognition.

The carrying amounts of trade and other payables are considered to be the same as their fair value due to their short-term nature.

10 Operating and Administration Expenses

	Year ended 31 December 2021 US$'000	Year ended 31 December 2020 US$'000
Administration expenses	46	66
Administrator and Registrar fees	50	65
Audit fees	34	37
Directors' fees	116	207
Professional fees	-	54
Other	16	37
Operating and administration expenses	**262**	**466**

Administrator and Registrar fees
The Administrator receives fees on a time spent basis, subject to a minimum quarterly fee of £8,250 up to 30 June 2021 and a minimum quarterly fee of £4,500 from 1 July 2021, payable quarterly in arrears.

Administration fees expensed by the Company for the year ended 31 December 2021 amounted to US$41,992 (31 December 2020: US$57,432).

The Administrator provides general secretarial services to the Company, for which it receives a minimum annual fee of £5,000. Additional fees for management information can also be charged on a time spent basis. For attendance at meetings not held in the Isle of Man, an attendance fee of £1,000 per day or part thereof will be charged. The fees payable by the Company for general secretarial services for the year ended 31 December 2021 amounted to US$8,205 (31 December 2020: US$7,794).

Administration fees of the Mauritian subsidiaries for the year ended 31 December 2021 amounted to US$14,187 (31 December 2020: US$13,118).

Notes to the Financial Statements (continued)

10 Operating and Administration Expenses (continued)

Administration fees of PME Properties Limited for the year ended 31 December 2021 amounted to US$37,259 (31 December 2020: US$33,448).

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 currently entitled to receive annual basic salaries of £40,000 (£75,000 up to 31 December 2020).

Total fees and basic remuneration (including VAT where applicable) and expenses payable by the Company for the year ended 31 December 2021 amounted to US$115,841 (31 December 2020: US$207,362) and was split as below. Directors' insurance cover payable amounted to US$20,907 (31 December 2020: US$28,551).

	Year ended 31 December 2021 US$'000	Year ended 31 December 2020 US$'000
Paul Macdonald	55	97
Lawrence Kearns	61	109
Expense reimbursement	-	1
	116	**207**

11 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 leasehold property.

Year ended 31 December 2021	Leasehold Property US$'000	Other* US$'000	Total US$'000
Net losses on financial assets at fair value through profit or loss	(142)	-	(142)
Dividend income	60	-	60
Loss for the year	(82)	(243)	(325)
Segment assets	2,366	34	2,400
Segment liabilities	-	(1,217)	(1,217)

* Other refers to income and expenses of the Company not specific to any specific sector such as income on un-invested funds and corporate expenses. Other assets comprise cash and cash equivalents US$19,899 and other assets US$13,611.

Notes to the Financial Statements (continued)

11 Operating Segments (continued)

Year ended 31 December 2020	Leasehold Property US$'000	Other** US$'000	Total US$'000
Net losses on financial assets at fair value through profit or loss	(750)	-	(750)
Loss for the year	(750)	(591)	(1,341)
Segment assets	2,681	47	2,728
Segment liabilities	-	(1,220)	(1,220)

** Other refers to income and expenses of the Company not specific to any specific sector such as income on un-invested funds and corporate expenses. Other assets comprise cash and cash equivalents US$32,767 and other assets US$14,137.

12 Risk Management

The Company's activities expose it to a variety of financial risks: market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The financial risks relate to the following financial instruments: financial assets at fair value through profit or loss, trade and other receivables, cash and cash equivalents and trade and other payables. The accounting policies with respect to the significant financial instruments are described in notes 2, 3 and 9.

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

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

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

31 December 2021	Monetary Assets US$'000	Monetary Liabilities US$'000	Total US$'000
Euro	-	(921)	(921)
Pound Sterling	-	(289)	(289)
	-	**(1,210)**	**(1,210)**

31 December 2020	Monetary Assets US$'000	Monetary Liabilities US$'000	Total US$'000
Euro	-	(942)	(942)
Pound Sterling	33	(265)	(232)
	33	**(1,207)**	**(1,174)**

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

Notes to the Financial Statements (continued)

12 Risk Management (continued)

Foreign currency risk (continued)

At 31 December 2021, had the US Dollar weakened/strengthened by 6% (2020: weakened/strengthened by 2%) in relation to Euro and Pound Sterling, with all other variables held constant, the shareholders' equity would have (decreased)/increased by the amounts shown below:

	2021 US$'000	2020 US$'000
Euro	52	18
Pound Sterling	16	5
Effect on net assets	**68**	**23**

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 Board of Directors monitor and review the interest rate fluctuations on a continuous basis and act accordingly.

During the year ended 31 December 2021 should interest rates have increased by 100 basis points, with all other variables held constant, the shareholders' equity and the result for the year would have been US$nil (2020: increased 100 basis points US$nil) higher as a result of the impact on bank balances.

Credit risk

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

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

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

	31 December 2021 US$'000	31 December 2020 US$'000
Cash and cash equivalents	**20**	**33**

The Company's financial assets at fair value through profit or loss are equity investments of the Company which would not usually be subject to credit risk. Portions of the underlying investments are in the form of loans and receivables, cash and cash equivalents or other instruments that are subject to credit risk, and therefore the value attributable to such instruments is provided in the credit risk table above. None of the financial assets are either past due or impaired. In addition, the Company has indirect credit risk within its financial asset at fair value through profit or loss, whose underlying assets includes cash and cash equivalents of US$126,521 (31 December 2020: US$315,102) and receivables of US$47,251 (31 December 2020: US$131,832).

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 and by using the Optas loan facility which is now fully drawn down. The Company and the Group's liquidity positions are monitored by the Board of Directors.

Notes to the Financial Statements (continued)

12 Risk Management (continued)

Liquidity risk (continued)
The residual undiscounted contractual maturities of financial liabilities are as follows:

31 December 2021	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 *	-	-	921	-	-	-
Trade and other payables	296	-	-	-	-	-
	296	**-**	**921**	**-**	**-**	**-**

31 December 2020	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 **	-	-	942	-	-	-
Trade and other payables	278	-	-	-	-	-
	278	**-**	**942**	**-**	**-**	**-**

* the maturity date was extended by 12 months post year end.
** The prior period has been updated to correct a presentational error on the secured loan. As a result $942k has been moved from 1-5 years to 3 months to 1 year column. The restatement has no effect on the total amount or presentation of Secured loans in the Balance Sheet. The maturity date was extended by 12 months post year end.

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 2020 and 2021.

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. The related party loan is disclosed in note 4 and Directors' remuneration is disclosed in note 10.

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 (2020: zero per cent).

Notes to the Financial Statements (continued)

15 Impact of COVID-19 Pandemic

Since the beginning of the coronavirus (COVID-19) pandemic, financial and commodities markets have seen a significant increase in volatility. This has also impacted the Tanzanian commercial property sector and further global economic volatility is expected as a result of this and other factors such as the war in Ukraine. The specific areas of judgements and accounting estimates detailed in Note 3 did not change.

The Directors of the Company have reviewed management actions and remain satisfied that the steps taken will ensure the sustainability of operations as a going concern.

16 Post Balance Sheet Events

There were no post balance sheet events to note.