

AEP Energy Africa Limited  
Incorporated in the Republic of South Africa  
(Registration number 2017/024904/06)  
JSE Share code: AEY  
ISIN: ZAE000241741  
("AEP" or "the Company")

Provisional Summarised Annual Financial Results  
for the year ended 30 June 2018

# AEP Energy Africa Limited

(Registration number 2017/024904/06)

Provisional Summarised Annual Financial Results for the year ended 30 June 2018

## Introduction

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### 1. Basis of presentation

The provisional summarised annual financial results have been prepared on a historical cost basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these provisional summarised annual financial statements and the Companies Act 71 of 2008 of South Africa, as amended and the Johannesburg Stock Exchange ("JSE") Listings Requirements.

The provisional summarised annual financial results have been prepared on the going concern basis. The accounting policies are consistent with those applied in the annual financial statements and are in terms of IFRS.

These provisional summarised annual results comply with the requirements of the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and contain the disclosure requirements of IAS 34: Interim Financial Reporting.

This provisional summarised report is extracted from audited information, but is not itself audited.

The audited annual financial statements and the audit report is available for inspection at the issuer's registered office.

The directors take full responsibility for the preparation of the provisional summarised report and the financial information has been correctly extracted from the underlying annual financial statements.

The underlying financial statements included an unmodified audit opinion.

The provisional summarised annual results have been prepared under the supervision of Mr KG Simons CA (SA), in his capacity as the Chief Financial Officer.

### 2. Nature of business

AEP's vision is to play a significant role in advancing energy in Africa so that it becomes safe, cost effective and reliably accessible. AEP aims to own, operate and maintain a portfolio of energy assets; power plants generating electricity for utilities and industries; specialist fuel storage terminals; and cogeneration plants generating electricity, located close to consumption points.

AEP's business model is to acquire energy infrastructure or service providers that are operating and cash generative or not more than 12 months from commercial operations. Typically these assets provide clear revenue visibility and a mix of annuity income e.g long term electricity supply and short-term contracts for the supply of fuel etc.

### 3. Commentary

On 25 June 2018, AEP entered into a specific and binding sale and purchase agreement (the "transaction") with First Independent Power Kenya Limited ("FIPK") to acquire all the shares and shareholder claims against IberAfrica Power (East Africa) Limited ("IberAfrica").

Further information in respect of the transaction was included in the announcement issued to shareholders on 26 June 2018.

The income generated has solely been from interest received on cash balances. AEP made a loss after tax for the period of R12,326,798 (30 June 2017: R6,136,894). Basic and headline loss per share based on 5 255 680 shares, being the weighted average of outstanding shares in issue over the period to 30 June 2018, amounts to a loss of 235 cents (30 June 2017: 18 224 cents) per share and is a result of interest received from funds in escrow and current accounts, less permissible and operating expenses.

The current tax for the year ended 30 June 2018 amounts to R640,280 (30 June 2017: R9,849).

### 4. Comparatives

Comparative provisional summarised financial information for the Company and Group for the 2017 financial year has been presented by way of Statements of Financial Position, Statements of Profit or Loss and Other Comprehensive Income, Statements of Changes in Equity, Statements of Cash Flows and Notes.

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The prior year comparatives for the Group are the same as the comparatives for the Company. This is only shown for comparative purposes as the subsidiary was only incorporated in the current financial year.

### 5. Subsequent events

There were no significant events subsequent to year-end up until the date of this report, that require adjustments to or disclosure to the provisional summarised annual financial statements.

### 6. Changes to the Board

Three new non-executive directors Mr ONW Petersen, Mr SM Moloko and Mr TP Leeuw were appointed to the AEP Board on 05 July 2017.

On 04 September 2017, Ms EL Johnson resigned as an independent non-executive director.

### 7. Going concern

The provisional summarised annual results for the year ended 30 June 2018, have been prepared on a going concern basis.

This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

### 8. Dividend

There were no dividends declared for the period.

### 9. Details of the Board

The directors in office at the date of this report are as follows:

#### Executive directors

ECMB Kikonyogo (Chief Executive Officer)

N Gugushe (Chief Operations Officer)

KG Simons (Chief Financial Officer)

#### Non-executive directors

DW Wright\* (Chairman)

SM David\*

CJ Dooling (nee Cloete)\*

SS Sibiya\*

MM Kekana\*

SM Moloko

TP Leeuw

ONW Petersen

\* Independent non-executive

### 10. Registered office

The registered address of the company is:

Second Floor  
28 Fricker Road  
Illovo  
Sandton  
2196

# **AEP Energy Africa Limited**

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## **Introduction**

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### **11. Company secretary**

The company secretary of AEP is Imbokodvo Bethany Governance and Statutory Compliance Proprietary Limited who is represented by Ms Siphwe Ngwenya.

Business address:

First Floor, Yellowwood House  
Ballywoods Office Park  
33 Ballyclare Drive  
Bryanston  
2196

### **12. Designated sponsor**

Questco Corporate Advisory Proprietary Limited is the designated sponsor to AEP.

Business address:

First Floor, Yellowwood House  
Ballywoods Office Park  
33 Ballyclare Drive  
Bryanston  
2196

**Date of issue:** 28 September 2018

# AEP Energy Africa Limited

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## Provisional Summarised Statements of Financial Position as at 30 June 2018

Figures in Rand	Note(s)	Group		Company	
		2018 Audited	2017 Audited	2018 Audited	2017 Audited
<b>Assets</b>					
<b>Non-Current Assets</b>					
Property, plant and equipment		10,744	16,884	10,744	16,884
Investment in subsidiary		-	-	12,534	-
		<b>10,744</b>	<b>16,884</b>	<b>23,278</b>	<b>16,884</b>
<b>Current Assets</b>					
Other receivables		544,909	1,093,600	544,909	1,093,600
Current tax receivable		2,978	-	2,978	-
Cash and cash equivalents		31,481,472	52,592,028	31,468,938	52,592,028
		<b>32,029,359</b>	<b>53,685,628</b>	<b>32,016,825</b>	<b>53,685,628</b>
<b>Total Assets</b>		<b>32,040,103</b>	<b>53,702,512</b>	<b>32,040,103</b>	<b>53,702,512</b>
<b>Equity and Liabilities</b>					
<b>Equity</b>					
Share capital		48,741,085	48,741,085	48,741,085	48,741,085
Accumulated loss		(18,463,692)	(6,136,894)	(18,463,692)	(6,136,894)
		<b>30,277,393</b>	<b>42,604,191</b>	<b>30,277,393</b>	<b>42,604,191</b>
<b>Liabilities</b>					
<b>Current Liabilities</b>					
Trade and other payables		1,762,710	9,765,037	1,762,710	9,765,037
Loan from related party		-	1,323,435	-	1,323,435
Current tax payable		-	9,849	-	9,849
		<b>1,762,710</b>	<b>11,098,321</b>	<b>1,762,710</b>	<b>11,098,321</b>
<b>Total Equity and Liabilities</b>		<b>32,040,103</b>	<b>53,702,512</b>	<b>32,040,103</b>	<b>53,702,512</b>

# AEP Energy Africa Limited

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Provisional Summarised Annual Financial Results for the year ended 30 June 2018

## Provisional Summarised Statements of Profit or Loss and Other Comprehensive Income

Figures in Rand	Note(s)	Group		Company	
		2018 Audited	2017 Audited	2018 Audited	2017 Audited
Foreign exchange gains		22,736	-	22,736	-
Other operating expenses		(13,973,232)	(6,162,221)	(13,973,232)	(6,162,221)
<b>Operating loss</b>		<b>(13,950,496)</b>	<b>(6,162,221)</b>	<b>(13,950,496)</b>	<b>(6,162,221)</b>
Interest income		2,263,978	35,176	2,263,978	35,176
<b>Loss before taxation</b>		<b>(11,686,518)</b>	<b>(6,127,045)</b>	<b>(11,686,518)</b>	<b>(6,127,045)</b>
Taxation		(640,280)	(9,849)	(640,280)	(9,849)
<b>Loss for the year</b>		<b>(12,326,798)</b>	<b>(6,136,894)</b>	<b>(12,326,798)</b>	<b>(6,136,894)</b>
Other comprehensive income		-	-	-	-
<b>Total comprehensive loss for the year</b>		<b>(12,326,798)</b>	<b>(6,136,894)</b>	<b>(12,326,798)</b>	<b>(6,136,894)</b>
<b>Loss per share</b>					
<b>Per share information</b>					
Basic loss per share (cents)	2	(235)	(18,224)	(235)	(18,224)
Diluted loss per share (cents)	2	(235)	(18,224)	(235)	(18,224)

There is no difference between loss per share and headline loss per share.

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## Provisional Summarised Statements of Changes in Equity

Figures in Rand	Share capital	Accumulated loss	Total equity
<b>Group and Company</b>			
Issue of shares	52,555,000	-	52,555,000
Share issue costs	(3,813,915)	-	(3,813,915)
Loss for the year	-	(6,136,894)	(6,136,894)
<b>Balance at 30 June 2017</b>	<b>48,741,085</b>	<b>(6,136,894)</b>	<b>42,604,191</b>
<b>Balance at 01 July 2017</b>	<b>48,741,085</b>	<b>(6,136,894)</b>	<b>42,604,191</b>
Loss for the year	-	(12,326,798)	(12,326,798)
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>(12,326,798)</b>	<b>(12,326,798)</b>
<b>Balance at 30 June 2018</b>	<b>48,741,085</b>	<b>(18,463,692)</b>	<b>30,277,393</b>

# AEP Energy Africa Limited

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## Provisional Summarised Statements of Cash Flows

Figures in Rand	Note(s)	Group		Company	
		2018 Audited	2017 Audited	2018 Audited	2017 Audited
<b>Cash flows from operating activities</b>					
Cash (used in) / generated from operations		(21,397,992)	2,510,751	(21,397,992)	2,510,751
Interest received		2,263,978	35,176	2,263,978	35,176
Tax paid		(653,107)	-	(653,107)	-
<b>Net cash from operating activities</b>		<b>(19,787,121)</b>	<b>2,545,927</b>	<b>(19,787,121)</b>	<b>2,545,927</b>
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment		-	(18,419)	-	(18,419)
Investment in subsidiary		-	-	(12,534)	-
<b>Net cash from investing activities</b>		<b>-</b>	<b>(18,419)</b>	<b>(12,534)</b>	<b>(18,419)</b>
<b>Cash flows from financing activities</b>					
Proceeds on share issue		-	52,555,000	-	52,555,000
Repayment of related party loan		(1,323,435)	-	(1,323,435)	-
Loan advanced by related party		-	1,323,435	-	1,323,435
Payment of share issue costs		-	(3,813,915)	-	(3,813,915)
<b>Net cash from financing activities</b>		<b>(1,323,435)</b>	<b>50,064,520</b>	<b>(1,323,435)</b>	<b>50,064,520</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(21,110,556)</b>	<b>52,592,028</b>	<b>(21,123,090)</b>	<b>52,592,028</b>
Cash and cash equivalents at the beginning of the year		52,592,028	-	52,592,028	-
<b>Cash and cash equivalents at end of the year</b>		<b>31,481,472</b>	<b>52,592,028</b>	<b>31,468,938</b>	<b>52,592,028</b>



# AEP Energy Africa Limited

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## Notes to the Provisional Summarised Annual Financial Results

Figures in Rand	Group		Company	
	2018 Audited	2017 Audited	2018 Audited	2017 Audited

### 1. Going concern

The provisional summarised annual financial statements have been prepared on the going concern basis of accounting. The Directors have reviewed the Company's cashflow forecast for the period to 30 September 2019, and in light of this review and the current financial position, coupled with the signature of the IberAfrica acquisition and progress to its completion, they are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future.

### 2. Basic loss per share

Basic loss per share is determined by dividing loss attributable to the ordinary equity holders of the Group by the weighted average number of ordinary shares outstanding during the period.

#### Basic and Headline loss per share

From operations (cents per share)	(235)	(18,224)	(235)	(18,224)
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Basic loss per share was based on losses after tax of R12,326,798 (30 June 2017: R6,136,894) and weighted average number of ordinary shares of 5 255 680 at 30 June 2018 (30 June 2017: 33 676).

During the year ended 30 June 2018, there was no potential share conversions that could result in any additional shares being issued. Therefore, the diluted loss per share and diluted headline loss per share equaled the basic loss per share.

### 3. Related parties

#### Relationships

##### Trodera Proprietary Limited ("Trodera")

Trodera is an investment vehicle through which the founders of AEP, indirectly hold their shares in AEP. The entity's equal shareholders are the directors ECMB Kikonyogo and N Gugushe.

##### Destiny Corporation Management Services Proprietary Limited ("DCMS")

DCMS is the appointed Management Company of AEP and therefore has significant influence. The Executive Directors of DCMS are also the Executive Directors of AEP.

##### Kaemelon Proprietary Limited ("Kaemelon")

Kaemelon has a 67% shareholding in DCMS.

##### Thesele Group Proprietary Limited ("Thesele")

Thesele has a 49% shareholding in Kaemelon. Thesele has three Non-Executive Directors on the AEP Board.

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Figures in Rand	Group		Company	
	2018 Audited	2017 Audited	2018 Audited	2017 Audited

### 3. Related parties (continued)

#### Related party transactions

##### Destiny Corporation Energy Proprietary Limited

Related party loan	-	(1,323,435)	-	(1,323,435)
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- The loan bears no interest and has no fixed payment terms.

##### DCMS

Management fees	1,800,000	-	1,800,000	-
Recovered costs	534,131	-	534,131	-

- The recovered costs include lease rental recoveries and legal fee recoveries on overruns. The outstanding balance on the recoveries was R 419,131 at 30 June 2018.

##### Trodera

Shareholder hosting fees	59,364	-	59,364	-
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- These are bank charges incurred by Trodera for holding its shares in AEP in custody with Rand Merchant Bank ("RMB"), as part of the JSE Listings Requirements of a SPAC. These bank charges were on-charged to AEP during the 2018 financial year.

##### Thesele

Office lease rental expense	182,733	-	182,733	-
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- The Company entered into a 12 month lease rental agreement with Thesele on 01 August 2017. The lease agreement expired on 31 July 2018 and is now on a month to month basis.

##### Kaemelon

Recovered costs	262,848	-	262,848	-
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- The recoveries relate to a Due Diligence done on a potential viable acquisition target. These costs were fully recovered from Kaemelon by 30 June 2018.

The related party transactions are at arm's length.

#### Compensation to directors and other key management

Short-term employee benefits	<u>5,663,256</u>	<u>1,970,519</u>	<u>5,663,256</u>	<u>1,970,519</u>
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