

HULISANI LIMITED

Registration number 2015/363903/06

(Incorporated in the Republic of South Africa)

("the Group" or "the Company")

Share code: HUL

ISIN: ZAE000212072

Condensed Consolidated Results for the Six Months Ended
31 August 2017

INTRODUCTION

In the six months under review Hulisani Limited ("Hulisani") concluded its first investment, the viable acquisition in the form of a 6.67% interest in the Kouga Wind Farm, on 22 March 2017. The transaction resulted in Hulisani ceasing to operate as a Special Acquisition Company ("SPAC"). Since then Hulisani has concluded two additional investments; Rustmol Solar Farm in June 2017 and GRI Wind Steel in July 2017. The Rustmol Solar Farm transaction is an acquisition of a controlling stake, which results in a business combination from a financial reporting perspective.

Hulisani is listed on the JSE and trades as an investment holding company.

RESULTS

Hulisani's performance for the six months is a consolidated view of the acquired investments. Revenue for the period under review is reported at R13m, an incremental revenue of R12m arose from the business combination transaction.

The operating expenses of R27.6m increased significantly when compared to the prior half-year unaudited amount of R9.9m. Once-off costs of R3.8m in success fees were incurred, these are investment acquisition related costs. Additional expenses included are legal costs of R3m and consulting fees of R3.2m, these relate to due diligence on investments. In comparison to the prior half-year unaudited results the indication is that the increase in costs is driven by an increase in investment activities.

Finance Income of R11.6m earned consists of R6m interest on cash balances and R4.9m interest earned on the loan receivable. Interest expense of R4m results from acquired long term borrowings.

Hulisani earned a share of profits of R0.9m from associates during the six months.

The following table reflects the operating financial results for the six months ended 31 August 2017 compared to the corresponding previous financial period:

Summary of Results	Unaudited period ended 31- Aug-2017 R' 000	Unaudited period ended 31- Aug-2016 R' 000	Variance R' 000	Variance %
Revenue	12,863	-	12,863	100
Operating expenses	(27,670)	(9,977)	(17,693)	(>100)
Finance income	11,618	11,487	131	1
Finance costs	(3,983)	-	(3,983)	(100)
Share of profits from associates	857	-	857	100

PROJECTIONS

The outlook for the South African energy space still presents some delays and uncertainty. However, Hulisani's projected pipeline is approximately R4bn, with the initial focus on R2bn in priority projects. Hulisani is assessing various forms of funding to enable the conclusion of the focus projects in the pipeline.

GOING CONCERN

The unaudited condensed consolidated interim results for the period ended 31 August 2017, have been prepared on a going concern basis. This basis presumes that funds will be available to finance future operations and that the realization of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

DIRECTORS

The following changes to the board of directors took effect during the period under review:

MH Zilimbola	Terminated as CEO	01 July 2017
ME Raphulu	Appointed as CEO	01 July 2017
M Booysen	Terminated as CFO	01 August 2017
MP Dem	Appointed as CFO	01 July 2017
ME Raphulu	Terminated as CIO	01 July 2017
MF Modau	Appointed as CIO	01 July 2017
MH Zilimbola*	Appointed	01 July 2017

B Marx*

Appointed

01 July 2017

* Independent Non-executive

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS
AT 31 AUGUST 2017

		Unaudited period ended 31-Aug- 2017 R' 000	Unaudited period ended 31-Aug- 2016 R' 000	Audited period ended 28-Feb- 2017 R' 000
	Notes			
ASSETS				
Non-current assets		596,065	463	3,106
Property, plant and equipment	6	137,027	463	2,756
Intangible assets	7	134,336	-	-
Investments in associates	4	177,941	-	-
Loan receivable	5	104,932	-	-
Other financial Instruments	5	41,479	-	-
Deposits held against bank guarantee	5	350	-	350
Current assets		80,779	501,408	498,551
Cash and cash equivalents		51,724	500,158	498,551
Trade and other receivables	5	29,055	1,250	-
TOTAL ASSETS		676,844	501,871	501,657
EQUITY AND LIABILITIES				
Equity		503,759	501,087	493,991
Stated capital		500,000	500,000	500,000
Retained Income/(Loss)		(11,714)	1,086	(6,010)
Non-controlling interest		15,473	-	-
Non-current liabilities		159,277	-	-
Long term borrowings	8	127,749	-	-
Deferred tax liability		31,528	-	-

Current liabilities		13,808	784	7,666
Trade and other payables		6,605	784	7,657
Current portion of borrowings	8	7,203	-	-
Other accruals		-	-	9
TOTAL EQUITY AND LIABILITIES		676,844	501,871	501,657

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 31 AUGUST 2017

	Notes	Unaudited period ended 31-Aug- 2017 R'000	Unaudited period ended 31-Aug- 2016 R'000	Audited period ended 28-Feb- 2017 R'000
Revenue	9	12,863	-	-
Other income		1,249	-	-
Operating expenses		(27,670)	(9,977)	(31,734)
Operating profits/(Loss)		(13,558)	(9,977)	(31,734)
Finance income		11,618	11,487	25,724
Finance costs		(3,983)	-	(2)
Share of profits from associates	4	857	-	-
Net Income/(Loss) before tax		(5,067)	1,510	(6,010)
Tax		-	(423)	-
Net Income/(Loss) after tax		(5,067)	1,087	(6,010)
Other comprehensive income		-	-	-
Total comprehensive income/(loss) for the year		(5,067)	1,087	(6,010)
Total comprehensive income/(loss) for the half-year is attributable to:				
Owners of Hulisani Limited		(5,704)	1,087	(6,010)
Non-controlling interest		637	-	-
		(5,067)	1,087	(6,010)
Earnings per share:				
Basic earnings per share (cents)	10	(11)	05	(13)
Diluted earnings per share (cents)	10	(11)	05	(13)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE
SIX MONTHS ENDED 31 AUGUST 2017

	Notes	Unaudited period ended 31-Aug- 2017 R' 000	Unaudited period ended 31-Aug- 2016 R' 000	Audited period ended 28-Feb- 2017 R' 000
Cash flows from operating activities				
Cash generated from operations		(31,887)	(10,831)	(23,557)
Interest received		6,686	11,487	25,724
Interest paid		(1)	-	-
Income tax paid				
Net Cash inflow/(outflow) from operating activities		(25,202)	656	2,167
Cash flows from investing activities				
Acquisition of subsidiary, net of cash acquired		(100,462)	-	-
Acquisition of investments		(323,950)	-	-
Acquisition of property, plant and equipment	6	(538)	(498)	(3,267)
Dividends received	4	5,616		
Deposit lodged against bank guarantee				(350)
Net cash inflow/(outflow) from investing activities		(419,335)	(498)	(3,616)
Cash flows from financing activities				
Proceeds from the issue of shares			500,000	500,000
Dividends paid to non-controlling		(2,289)	-	-

interests in subsidiaries			
Net cash inflow/(outflow) from financing activities	(2,289)	500,000	500,000
Net increase/(decrease) in cash and cash equivalents	(446,827)	500,158	498,550
Opening cash and cash equivalents	498,551	-	-
Cash and cash equivalents	51,724	500,158	498,551

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 31 AUGUST 2017

	Notes	Stated capital R' 000	Retained earnings R' 000	Total R' 000	Non-controlling interests R' 000	Total R' 000
Balance at 29 February 2016		-	-	-	-	-
Profit/(Loss) for the year			(6,010)	(6,010)	-	(6,010)
Issue of shares		500,000	-	500,000	-	500,000
Balance at 28 February 2017		500,000	(6,010)	493,990	-	493,990
Acquisition of subsidiary	3	-	-	-	17,125	17,125
Profit/(Loss) for the year			(5,704)	(5,704)	637	(5,067)
Dividends paid					(2,289)	(2,289)
Balance at 31 August 2017		500,000	(11,714)	488,286	15,473	503,759

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. SIGNIFICANT CHANGES IN THE CURRENT REPORTING PERIOD

The purpose of Hulisani Ltd ("the Company") is to pursue the acquisition of, and investment in, companies focused on, and operating in, the energy sector and which evidence good potential for growth. The financial position and performance of the Company was affected by the following events and transactions during the six months to 31 August 2017:

-The Company ceased to operate as a SPAC on 22 March 2017 when it successfully made a viable acquisition in the form of a 6.67% interest in the Kouga Wind Farm (Pty)Ltd, situated in the Eastern Cape. (See Note 4)

-Hulisani Limited acquired 100% of the issued ordinary shares in Momentous Technologies (Pty) Ltd, a holding company that owns a 66% majority stake in RustMol Solar Farm (Pty) Ltd "Rustmol", a solar PV farm in the North-West province for a net consideration of R120m. (See Note 3)

-The Company acquired 50% of the issued share capital of Pele SPV13 (Pty) Ltd, for a cash consideration of R41.25m. The transaction resulted in an acquisition of a 12.25% stake in GRI Wind Steel South Africa (Pty) Ltd. (See Note 4)

-Subscription for Pele SPV198 (Pty) Ltd cumulative preference shares to the value of R41.25m. (See Note 5)

-Hulisani Limited issued a loan to the value of R100m to Legend Power Solution Pty) Ltd ("LPS"). (see Note 5)

2. BASIS OF PRESENTATION

The condensed consolidated interim financial statements are prepared in accordance with International Financial Reporting Standard, (IAS) 34 Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by Financial Reporting Accountants Council and the requirements of the Companies Act of South Africa. The accounting policies applied in the preparation of these interim financial statements are in terms of International Financial Reporting Standards and are consistent with those applied in the previous annual financial statements, except for the adoption of new accounting policies as set out below:

-Subsidiaries are all entities (including structured entities) over which the group has control. Subsidiaries are fully consolidated from the date on which control is

transferred to the group. The acquisition method of accounting is used to account for business combinations by the group.

-Associates are all entities over which the group has significant influence but not control or joint control.

-Investments in associates are accounted for using the equity method of accounting, after initially being recognized at cost. The group's share of post-acquisition profits is recognized in profit or loss.

-Revenue is measured at the fair value of the consideration received or receivable. The group recognizes revenue when the amount of revenue can be reliably measured.

-At initial recognition, the group measures a financial asset at its fair value. Loans and receivables and held-to-maturity investments are subsequently carried at amortised cost using the effective interest method.

-Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period.

-Customer contracts acquired in the business combination are recognized at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation.

-Development costs acquired in the business combination relate to the development phase of a project in the subsidiary. The costs are recognized as intangible assets on the basis that the recognition criteria are met. The development costs intangible asset is recognized at fair value at the acquisition date. The asset is subsequently carried at cost less accumulated amortisation.

-Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost.

The condensed consolidated interim financial results for the six months ended 31 August 2017 have not been audited or reviewed. The condensed consolidated interim financial results have been prepared under the supervision of MP Dem (CA)SA, in his capacity as Chief Financial Officer.

3. ACQUISITION OF SUBSIDIARY

On 1 June 2017, Hulisani Ltd acquired 100% of the issued ordinary shares in Momentous Technologies (Pty) Ltd, a holding company that owns a 66% majority stake in RustMol Solar Farm (Pty) Ltd, a solar PV farm in the North-West province for a net consideration of R120m. Rustmol is

engaged in the development, construction and operation of large scale photovoltaic power generation for electricity in South Africa. The acquisition is part of Hulisani Limited's strategy to invest in energy projects.

Management determined that the acquisition meets the definition of a business combination as opposed to an assets acquisition.

The acquired business contributed an incremental revenue of R12m and net profit of R1.9m, before non-controlling interest allocation. Details of the purchase consideration, net identifiable assets acquired, and goodwill are as follows:

	31 August 2017
Purchase consideration	R'000
Net Cash paid	119,752
Total net purchase consideration	119,752

The assets and liabilities recognized as a result of the acquisition are:

	31 August 2017
	R'000
Property, plant and equipment (note 6)	136,062
Derivatives financial instruments (note 5)	229
Intangible assets: Development costs (note 7)	25,029
Intangible assets: Customer contract (note 7)	87,528
Cash and cash equivalents	19,264
Other current assets	8,938
Long term borrowings (note 8)	(127,749)
Deferred tax liability	(31,528)
Other current liabilities	(4,382)
Net identifiable assets acquired	113,392
Less: Non-controlling interest	(17,125)
Add: Goodwill (note 11)	23,485
Net Cash consideration to acquire Rustmol	119,752

The goodwill is considered as the portion of the purchase price which is attributable to benefits beyond the identifiable net assets.

The customer contract is attributable to the Purchase Power Agreement between Rustmol and Eskom. The fair value of the acquired customer contract of R87m is provisional,

pending the final valuation of the asset; deferred tax of R24m has been provided for.

(a) Transaction costs

Transaction costs are immaterial.

(b) Acquired receivables

The fair value of trade and other receivables is R8.9m, consisting of gross contractual trade receivables of R8.7m.

(c) Non-controlling interest

The group has chosen to recognize the non-controlling interest at its proportionate share of the identifiable net assets acquired.

4. INVESTMENTS IN ASSOCIATES

On 22 March 2017 Hulisani Ltd acquired the entire share capital of both Red Cap Investments (Pty)Ltd ("Red Cap") and Eurocape Renewables (Pty) Ltd ("Eurocape") for a cash consideration of R116m and R26m respectively. The acquisition effectively results in a 6.67% interest in the Kouga Wind Farm (Pty) Ltd ("Kouga"), as Red Cap and Eurocape are investment holding companies.

On 27 July 2017 the Company acquired 50% of the share capital in Pele SPV13 (Pty) Ltd for a cash consideration of R41.25m. The transaction resulted in an acquisition of a 12.5% stake in GRI Wind Steel South Africa (Pty) Ltd ("GRI").

Hulisani has a directorship representation in both acquired interests, therefore management has determined that in both transactions Hulisani Limited has significant influence.

A portion of the consideration paid is attributable to the fair value of the Purchase Price Agreement ("PPA") between Kouga and Eskom, and the GRI customer list respectively. No other intangible assets were identified.

The equity method has been used to determine Hulisani Limited's share of the associates:

KOUGA WIND FARM (PTY) LTD

31 August
2017
R'000

Balance at the beginning of the period	-
Addition	141,450
Profit attributable to Hulisani Limited	1,045
Dividends received	(5,616)
Balance at the end of the period	136,879

31 August
2017

GRI WIND STEEL SA(PTY) LTD	R'000
Balance at the beginning of the period	-
Addition	41,250
Profit attributable to Hulisani Limited	(188)
Dividends received	-
Balance at the end of the period	41,062

5. FINANCIAL INSTRUMENTS

Financial instruments include cumulative redeemable preference shares to the value of R41.25m, issued to Hulisani Ltd by Pele SPV198 (Pty) Ltd. The preference shares earn dividends at 2% above the prime lending rate, maturing 9 years from the issue date. Management's view is to classify the investment as an available-for-sale financial asset. The fair value is determined using discounted cash flow analysis.

Hulisani Limited issued a loan to the value of R100m to Legend Power Solution Pty) Ltd ("LPS"). The loan has been classified as a held-to-maturity asset.

Derivatives at fair value through profit or loss of R229k relates to an Interest rate swap. Hulisani Ltd acquired the assets as part of the Rustmol Solar Farm (Pty) Ltd acquisition. Rustmol Solar Farm (Pty) Ltd is paying a fixed rate of 6.95% and receiving a monthly variable JIBAR rate.

(a) Fair value Hierarchy

The following table presents the group's financial assets measured and recognized at fair value at 31 August 2017:

At 31 August 2017	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
Derivatives at FVPL				
- Interest Rate	-	-	-	

SWAP			229	229
Available-for-sale financial assets	-	-	-	-
- Cumulative preference shares	-	-	41,250	41,250
Total assets	-	229	41,479	41,479

(b) Fair value of other financial instruments

Hulisani Limited group also has the following financial instruments which are not measured at fair value in the balance sheet. The fair value for these instruments is not considered to be materially different to their carrying amounts.

At 31 August 2017	Carrying amount R'000	Fair value R'000
Loan receivable	104,932	104,932
Trade and other receivables	29,055	29,055
Deposit held against a bank guarantee	350	350
Total assets	134,337	134,337

6. PROPERTY, PLANT AND EQUIPMENT

The property, plant and equipment assets held by Hulisani Ltd increased because of the acquisition of Rustmol Solar Farm (Pty) Ltd. (See note 3)

	Land & Buildings	Office Equipment	Fixtures and Fittings	Computer Equipment & Software	Motor Vehicles	Plant & Machinery	Total
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Balance at 28 February 2017							
Cost							

	-	323	2,310	170	-	-	2,803
Accumulated depreciation	-	-	(18)	(29)	-	-	(47)
Carrying amount at 28 February 2017	-	323	2,291	141	-	-	2,756
Half-year ended 31 August 2017							
Opening carrying amount	-	323	2,291	141	-	-	2,756
Additions	-	26	463	49	-	-	538
Acquisition of subsidiary (Note 3)	2,212	-	2	-	248	133,600	136,062
Depreciation	-	(29)	(207)	(31)	(17)	(2,044)	(2,329)
Balance at 31 August 2017	2,212	320	2,549	159	231	131,556	137,027
Cost	2,212	349	2,778	219	359	162,167	168,084
Accumulated depreciation	-	(29)	(229)	(60)	(128)	(30,611)	(31,057)
Carrying Amount at 31 August 2017	2,212	320	2,549	159	231	131,556	137,027

7. INTANGIBLE ASSETS

The intangible assets held by Hulisani Ltd increased because of the acquisition of Rusmol Solar Farm (Pty) Ltd. The intangible assets consist of the development costs, customer contract, and goodwill. (See note 3)

	Goodwill R'000	Development costs R'000	Customer contract R'000	Total R'000
Balance at 28 February 2017				
Cost	-	-	-	-
Accumulated depreciation	-	-	-	-
Carrying amount at 28 February 2017	-	-	-	-
Half-year ended 31 August 2017				
Opening carrying amount	-	-	-	-
Additions				
Acquisition of subsidiary (Note 3)	23,485			23,485
Amortisation	-	25,029	87,528	112,557
Balance at 31 August 2017	23,485	(380)	(1,326)	(1,706)
	23,485	24,649	86,202	136,042
Cost	23,485	30,413	87,528	141,426
Accumulated amortisation	-	(5,764)	(1,326)	(7,090)
Carrying Amount at 31 August 2017	23,485	24,649	86,202	134,336

8. BORROWINGS

Interest bearing liabilities held by Hulisani Ltd increased primarily because of the acquisition of Rustmol Solar Farm (Pty) Ltd.

The IDC loan is secured, bears interest at 11.60% and is payable in semi-annual instalments over a term of 15 years. The Nedbank loan is secured, bears interest at 10.80% and is payable in semi-annual instalments over a term of 15 years.

	R'000
Non-current	
IDC loan	64,107
Nedbank loan	63,642
Total non-current interest-bearing debt	127,749
Current	
IDC loan	3,586
Nedbank loan	3,617
Total current interest-bearing debt	7,203
Total interest-bearing debt	134,952

9. REVENUE

Hulisani Limited's revenue consists of R12m in sale of electricity by the subsidiary, Rustmol Solar Farm (Pty) Ltd, and a structuring fee of R0.8m.

10. EARNINGS PER SHARE

The calculation of earnings per share at 31 August 2017 was based on the loss attributable to ordinary shareholders of Hulisani Limited, and a weighted average number of ordinary shares. The calculation is as follows:

	Unaudited period ended 31-Aug- 2017 R'000	Unaudited period ended 31-Aug- 2016 R'000	Audited period ended 28-Feb- 2017 R'000
Loss for the year	(5,704)	1,087	(6,010)
Adjustments:	-	-	-
Listing costs	-	-	2,365
Loss on disposal of property, plant and equipment	-	-	413
Safe custody costs	-	-	2,633
Headline earnings	(5,704)	1,087	(599)
Number of shares in issue ('000)	50,000	50,000	50,000
Weighted numbers of shares ('000)	50,000	20,833	44,795
Basic and diluted earnings per share (cents)	(11)	05	(13)
Basic and diluted headline earnings per share (cents)	(11)	05	(01)

11. GOODWILL

31 August

	2017
	R'000
Balance at 28 February 2017	-
Addition	23,485
Impairment	-
Balance at 31 August 2017	23,485

The goodwill relates to the acquisition of a subsidiary disclosed in Note 3. The goodwill is considered as the portion of the purchase price which is attributable to benefits beyond the identifiable net assets.

12. RELATED PARTY TRANSACTIONS AND BALANCES

(a) Transactions

	31 August 2017 R'000
Professional fees	1,611

During the six months period ended 31 August 2017 professional fees of R1.6m were paid for due diligence on investments; R990k was paid to Uniper Energy SA (Pty) Ltd, the CEO of the entity is a Hulisani Limited director. The remaining R621k was paid to Mothee Consulting, the owner of the entity is also a Hulisani Limited director.

(b) Balances

	31 August 2017 R'000
Preference shares	41,250
Other receivables	6,050

A subsidiary of Pele Green (Pty) Ltd, Pele SPV198 (Pty) Ltd entered into an agreement with Hulisani Limited to jointly subscribe for ordinary shares in Pele SPV13 (Pty) Ltd. Hulisani Limited subscribed for cumulative preference shares in Pele SPV198 (Pty) Ltd for the entity's funding of the ordinary shares subscription in Pele SPV13 (Pty) Ltd. Other receivables are due from Pele Green Energy (Pty) Ltd, a parent company to Pele SPV198 (Pty) Ltd.

13. DIVIDENDS

There will be no dividends declared for the interim period.

On behalf of the Board
ME Raphulu
Chief Executive Officer
29 November 2017

Registered Office:
11 Floor, Sandton Eye, 126 West Street (corner Rivonia)
Sandton, Gauteng.

Auditors
PWC

Sponsor
PSG Capital Proprietary Limited

Transfer secretaries:
Computershare Investor Services Proprietary Limited, 70
Marshall Street Johannesburg, 2001

Company secretary
ER Goodman Secretarial Services CC, Houghton Estate
Office Park, 2nd Floor, Palm Grove, 2 Osborn Road,
Houghton, 2198

Directors:

ME Raphulu (Chief Executive Officer), MF Modau (Chief
Investment Officer), MP Dem (Chief Financial Officer), PC
Mdoda* (Chairman), A Notshe*, MH Zilimbola*, NP Gosa*, DR
Hlatshwayo*, HH Schaaf*#, B Marx*.

* Independent Non-executive # German