HULISANI LIMITED
Registration number 2015/363903/06
(Incorporated in the Republic of South Africa)
Share code: HUL
ISIN: ZAE000212072
("**the Group**" or "**the Company**")

CONDENSED CONSOLIDATED RESULTS FOR THE SIX MONTHS ENDED 31 AUGUST 2018

INTRODUCTION

Hulisani is presenting the group results for the six months period ended in 31 August 2018.

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

RESULTS

Revenue for the period under review is reported at R23.6m, an increase of R10.7m from the prior half-year period. Revenue arose from the sale of electricity to Eskom, backed by the PPA contract.

Operating expenses increased by 24% compared to the prior half-year unaudited results to R34.4m. Contributing to the increase in operating expenses is the increase in staff compliment since Hulisani ceased to operate as a Special Vehicle Purpose (SPAC), as well as the incorporation of the full six months of the subsidiary investee operations relative to three months in the prior period (the subsidiary was acquired in June 2017). Hulisani's evolution from operating as a SPAC necessitated additional resources and building of capacity during the period under review. The additional resources and capacity are necessary for the proper and sustainable operation of the company in the long term.

Finance income of R2.4m earned consists of R0.9m interest in cash balances and R1.5m interest earned on financial investments. The group incurred interest expenses of R7.6m on long term borrowings.

Hulisani's share of loss from associates for the six months period under review is R7.4m. This relates to Hulisani's share of losses from GRI Wind Steel South Africa ("GRI"'), the only operational manufacturer of Wind Towers in South Africa, in which the Company holds 25%. GRI has made losses as a result of the two year delay in the recently signed 27 Power Purchase Agreements (PPAs). The previous reporting period included losses for two months (the acquisition was made in July 2017) whereas the current reporting period includes six months of losses. In addition, Hulisani's full shareholding of 25% is accounted for in the current period, whereas only a 12,5% share of losses was accounted for in the previous comparative period. This holding is made up of a 12.5% equity investment (accounted for as a loss in the previous period) as well as a further 12.5% holding through a preference share, which was reclassified as an investment in associates at year end. While accounting for a much larger holding has resulted in a greater loss reported for the six months under review, GRI Wind Steel has secured significant orders to manufacture wind towers with the potential for an increase in orders since the recent signing of 27 PPAs by ESKOM. The income from the signed contracts will only reflect in subsequent periods.

In the prior half year period Hulisani Limited issued a loan to the value of R100m to Legend Power Solution Pty) Ltd ("LPS") which was classified as a loan receivable. At the end of the prior year period the loan was classified as a financial asset at fair value through profit and loss and carried as such in the period under review.

The following table reflects the operating financial results for the six months ended 31 August 2018 compared to the corresponding previous financial period:

Summary of Results	Unaudited period ended 31 Aug 2018	Unaudited period ended 31 Aug 2017	Variance	Variance
	R'000	R'000	R'000	%
Revenue	23,593	12,863	10,730	83
Operating expenses	(34,369)	(27,670)	(6,699)	(24)
Finance income	2,430	11,618	(9,188)	(79)
Finance cost	(7,552)	(3,983)	(3,569)	(90)
Profit/(loss) from associates	(7,444)	857	(8,301)	(>100)
Fair value adjustment	2,456	-	2,456	100
Loss before tax	(19,997)	(5,067)	(14,930)	(>100)
NAV per share (R)	7.13	9.77	(2.64)	(27)

PROJECTIONS

The recent signing of 27 PPAs by ESKOM and the release of the IRP update, presents a significant break from a long period of delays and uncertainty in the South African energy market and provides momentum to the energy sector. Hulisani maintains a positive outlook on the energy sector and our pipeline stands at R4bn, with an initial focus on R2bn in completed projects. We continue to assess various forms of funding to enable the conclusion of the pipeline.

GOING CONCERN

The unaudited condensed consolidated interim results for the period ended 31 August 2018, have been prepared on a going concern basis.

DIRECTORS

No changes to the board of directors took effect during the period under review.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 AUGUST 2018

	Notes	Unaudited 31 Aug 2018 R'000	Restated Unaudited 31 Aug 2017 R'000	Audited 28 Feb 2018 R'000
ASSETS				
Non-current assets		510,471	596,065	519,658
Property, plant and equipment	5	129,519	137,027	133,914
Intangible assets		149,397	134,336	152,830
Investments in associates	2,3	131,445	219,190	148,810
Financial asset at amortised cost		6,050	-	-
Financial asset at fair value through other comprehensive income		16,461	-	8,961
Financial asset at fair value through profit and loss	3,4	77,599	105,161	75,143
Deposits held against bank guarantee		-	350	-
Current assets		48,379	80,779	64,657
Trade and other receivables		22,139	51,724	29,140

Cash and cash equivalents		26,240	29,055	35,517
TOTAL ASSETS		558,850	676,844	584,315
EQUITY AND LIABILITIES				
Equity		389,453	503,759	412,524
Stated capital		500,000	500,000	500,000
Accumulated loss		(144,379)	(11,714)	(122,874)
Non-distributable reserves		773	-	773
Non-controlling interest		33,059	15,473	34,625
Non-current liabilities		156,758	159,277	157,506
Long term borrowings	7	121,692	127,749	121,692
Deferred tax liability		35,066	31,528	35,814
Current liabilities		12,639	13,808	14,285
Trade and other payables		9,160	6,605	3,722
Current portion of borrowings		3,479	7,203	10,563
TOTAL EQUITY AND LIABILITIES		558,850	676,844	584,315

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 31 AUGUST 2018

	Notes	Unaudited 31 Aug 2018 R'000	Unaudited 31 Aug 2017 R'000	Audited 28 Feb 2018 R'000
Revenue	8	23,593	12,863	37,378
Other income		136	1,248	977
Operating expenses		(34,369)	(27,670)	(57,699)
Finance income		2,430	11,618	10,107
Finance costs		(7,552)	(3,983)	(12,298)
Share of losses from associates	2	(7,444)	857	(6,492)
Impairment loss		-	-	(60,299)
Loss before fair value adjustments		(23,206)	(5,067)	(88,326)
Fair value gain/(loss)	4	2,456	-	(25,055)
Net loss before tax		(20,750)	(5,067)	(113,381)
Tax		753	-	(2,463)
Net loss after tax		(19,997)	(5,067)	(115,844)
Other comprehensive income				
Items that may be reclassified to profit or loss:				
Changes in the fair value of available-for-sale financial assets		-	-	773
Total other comprehensive income		-	-	773
Total comprehensive loss for the year		(19,997)	(5,067)	(115,071)
Loss for the period is attributable to:				
Owners of Hulisani Limited		(21,505)	(5,704)	(116,864)
Non-controlling interest		1,508	637	1,020
		(19,997)	(5,067)	(115,844)

Total comprehensive income/(loss) for the half-

year is attributable to:				
Owners of Hulisani Limited		(21,505)	(5,704)	(116,091)
Non-controlling interest		1,508	637	1,020
		(19,997)	(5,067)	(115,071)
Basic and diluted earnings per share (cents)	9	(43)	(11)	(234)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 31 AUGUST 2018

31 August 2018

	Notes	Stated capital R'000	Accumulated loss R'000	Non-distributable Reserves R'000	Total R'000	Non-controlling interests R'000	Total R'000
Balance at 01 March 2017		500,000	(6,010)	-	493,990	-	493,990
Arising from Acquisition of subsidiary		-	-	-	-	38,632	38,632
Loss for the year		-	(116,864)	-	(116,864)	1,020	(115,844)
Other comprehensive income		-	-	773	773	-	773
Dividends paid						(5,027)	(5,027)
Balance at 28 February 2018		500,000	(122,874)	773	377,899	34,625	412,524
Profit/(Loss)for the year		-	(21,505)	-	(21,505)	1,508	(19,997)
Disposal of subsidiary						272	272
Dividends paid		-	-	-	-	(3,346)	(3,346)
Balance at 31 August 2018		500,000	(144,379)	773	356,394	33,059	389,453

28 February 2018

	Notes	Stated capital R'000	Accumulated loss R'000	Non-distributable Reserves R'000	Total R'000	Non-controlling interests R'000	Total R'000
Balance at 01 March 2016		-	-	-	-	-	-
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
Arising from Acquisition of subsidiary		-	-	-	-	38,632	38,632
Profit/(Loss)for the year		-	(116,864)	-	(116,864)	1,020	(115,844)
Other comprehensive income		-	-	773	773	-	773

Dividends paid	-	-	-	-	(5,027)	(5,027)
Balance at 28 February 2018	500,000	(122,874)	773	377,899	34,625	412,524

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 31 AUGUST 2018

	Notes	Unaudited 31 Aug 2018 R'000	Unaudited 31 Aug 2017 R'000	Audited 28 Feb 2018 R'000
Cash flows from operating activities				
Cash generated from operations		1,293	(31,887)	(30,533)
Net Cash inflow/(outflow) from operating activities		1,293	(31,887)	(30,533)
Cash flows from investing activities				
Acquisition of subsidiary, net of cash acquired		-	(100,464)	(100,464)
Acquisition of investments in associates		-	(223,950)	(223,951)
Acquisition of financial assets	6	(7,500)	(100,000)	(108,188)
Acquisition of property, plant and equipment	5	(167)	(538)	(628)
Dividends received		9,921	5,616	8,350
Interest received		2,176	6,686	8,000
Net cash inflow/(outflow)from investing activities		4,430	(412,650)	(416,881)
Cash flows from financing activities				
Repayment of borrowings	7	(7,084)	-	(2,697)
Interest paid		(4,570)	(1)	(7,896)
Dividends paid to non-controlling interests in subsidiaries		(3,346)	(2,289)	(5,027)
Net cash inflow/(outflow)from financing activities		(15,000)	(2,290)	(15,620)
Net increase/(decrease) in cash and cash		(9,277)	(446,827)	(463,034)
Opening cash and cash equivalents		35,517	498,551	498,551
Cash and cash equivalents		26,240	51,724	35,517

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. 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 Pronouncements as issued by Financial Reporting Standards 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.

The condensed consolidated interim financial results for the six months ended 31 August 2018 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.

2. INVESTMENTS IN ASSOCIATES

	Unaudited 31 Aug 2018 R'000	Unaudited 31 Aug 2017 R'000	Audited 28 Feb 2018 R'000
Summary - Balances			
Kouga	114,639	136,879	122,312
GRI	16,806	82,312	26,498
Total investments in associates	131,445	219,191	148,810
Summary - Movements			
Beginning of the period	148,810	-	-
Additions	-	223,950	223,951
Impairments		-	(60,299)
Share of profits/(loss)	(7,444)	857	(6,492)
Dividends received	(9,921)	(5,616)	(8,350)
End of the period	131,445	219,191	148,810

3. RECLASSIFICATION OF ASSETS

(a) Convertible loan to Legend Power Solution

Hulisani Limited has issued a convertible loan to the value of R100m to Legend Power Solutions (Pty) Ltd ("LPS"), a company with an underlying investment in Avon and Dedisa Peaking Power. The loan participates in 9% of distributable profits available to LPS shareholders and will convert to a 9% equity stake in LPS on maturity. The convertible loan is carried at fair value with gains and loss recognised through profit and loss. In the comparative period this investment was presented as loan receivables on the group's statement of financial position.

The group has updated comparative information and reclassified the convertible loan to financial assets at fair value through profit and loss to reflect the measurement basis.

(b) Investment in GRI Wind Steel (Pty) Ltd associates

The Company acquired 50% of the share capital in Pele SPV13 (Pty) Ltd ("Pele SPV13") for a cash consideration of R41.25m and subscribed for preference shares of R41.25m to Pele SPV198 (Pty) Ltd ("Pele SPV198"). The preference share subscription agreement includes a requirement that Pele SPV198 pledges its shares held in Pele SPV13 to Hulisani until the preference share funding is repaid. Therefore, until such time as the preference shares have been repaid, risks and rewards associated to Pele SPV198 investment in Pele SPV13 remain with Hulisani resulting in a 25% effective stake in GRI Wind Steel South Africa (Pty) Ltd ("GRI") which has been equity accounted.

In the comparative period the subscription to the preference shares in Pele SPV198 (Pty) Ltd was classified as other financial instruments. The company has updated the comparative information and reclassified the subscription to preference shares to Investments in associates to reflect the substance of the transaction.

	Loans Receivables	Other financial instruments	Financial assets at fair value through profit and loss	Investments in associates
	R'000	R'000	R'000	R'000
Balance at 01 March 2017	-	-	-	-
Addition	104,932	41,479	-	-
Reclassification	(104,932)	(41,479)	105,161[1]	41,250
Balance at 31 August 2017	-	-	105,161	41,250

[1] Included in the financial assets at fair value through profit and loss is the reclassification of interest rate SWAP valued at R229k, from other financial instruments.

4. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT AND LOSS

	Unaudited 31 Aug 2018	Unaudited 31 Aug 2017	Audited 28 Feb 2018
	R'000	R'000	R'000
Balance at the beginning of the period	75,143		-
Addition	-	100,229	100,000
Fair value gain/(loss)	2,456	-	(24,857)[1]
Interest accrued	-	4,932	-
Balance at the end of the period	77,599	105,161	75,143

[1] The balance of the fair value loss as disclosed in the statement of comprehensive income includes R198k which relates to fair value movements on the interest rate swap.

5. PROPERTY, PLANT AND EQUIPMENT

31 August 2018	Land & Buildings R'000	Office Equipment R'000	Fixtures and Fittings R'000	Computer Equipment & Software R'000	Motor Vehicles R'000	Plant & Machinery R'000	Total R'000
Balance at 01 March 2017	-	323	2,310	170	-	-	2,803
Cost/additions	-	49	471	108	-	-	628
Acquisition of subsidiary	2,212	-	2	-	248	135,025	137,487
Accumulated depreciation/depreciation	-	(60)	(434)	(98)	(56)	(6,356)	(7,004)
Carrying amount at 28 February 2018	2,212	312	2,349	180	192	128,669	133,914
Half-year ended 31 August 2018							
Opening carrying amount	2,212	312	2,349	180	192	128,669	133,914
Additions	-	-	-	16	-	151	167
Depreciation	-	(31)	(209)	(49)	(36)	(4,237)	(4,562)
Balance at 31 August 2018	2,212	281	2,140	147	156	124,583	129,519
Cost	2,212	372	2,783	294	248	135,176	141,085

Accumulated depreciation	-	(91)	(643)	(147)	(92)	(10,593)	(11,566)
Carrying Amount at 31 August 2018	2,212	281	2,140	147	156	124,583	129,519

28 February 2018	Land & Buildings R'000	Office Equipment R'000	Fixtures and Fittings R'000	Computer Equipment & Software R'000	Motor Vehicles R'000	Plant & Machinery R'000	Total R'000
Balance at 01 March 2016							
Cost/additions	-	323	2,310	170	-	-	2,803
Accumulated depreciation/depreciation	-	-	(18)	(29)	-		(47)
Carrying amount at 28 February 2017	-	323	2,292	141	-	-	2,756
Year ended 28 February 2018							
Opening carrying amount	-	323	2,292	141	-	-	2,756
Additions	-	49	471	108	-	-	628
Acquisition of subsidiary	2,212	-	2	-	248	135,025	137,487
Depreciation	-	(60)	(416)	(69)	(56)	(6,356)	(6,957)
Balance at 28 February 2018	2,212	312	2,349	180	192	128,669	133,914
Cost	2,212	372	2,783	278	248	135,025	140,918
Accumulated depreciation	-	(60)	(434)	(98)	(56)	(6,356)	(7,004)
Carrying Amount at 28 February 2018	2,212	312	2,349	180	192	128,669	133,914

31 August 2017	Land & Buildings R'000	Office Equipment R'000	Fixtures and Fittings R'000	Computer Equipment & Software R'000	Motor Vehicles R'000	Plant & Machinery R'000	Total R'000
Balance at 01 March 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	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

6. FINANCIAL ASSETS AT FAIR VALUE

(i) Fair value hierarchy

The following table presents the group's financial instruments measured and recognised at fair value at 31 August 2018.

The group has classified its financial instruments into the three levels prescribed under the accounting standards.

Financial assets	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
31 August 2018				
Financial assets at fair value through profit and loss:				
Convertible loan	-	-	77,599	77,599
Financial assets at fair value through other comprehensive income:				
Cumulative redeemable preference shares	-	-	16,461	16,461
Total financial assets	-	-	94,060	94,060

Financial assets	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
28 February 2018				
Financial assets at fair value through profit and loss:				
Convertible loan	-	-	75,143	75,143
Financial assets at fair value through other comprehensive income:				
Cumulative redeemable preference shares	-	-	8,961	8,961
Total financial assets	-	-	84,104	84,104

Financial assets	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
31 August 2017				
Financial assets at fair value through profit and loss:				
Convertible loan	-	-	100,000	100,000
Financial assets at fair value through profit and loss:				
Interest rate SWAP	-	229	-	229
Total financial assets	-	229	100,000	100,229

(ii) Fair value measurements using significant unobservable inputs (level 3)

	Convertible loan	Cumulative preference shares	Total

31 August 2018	R'000	R'000	R'000
Balance at the beginning of the period	75,143	8,961	84,104
Acquisitions/additions	-	7,500	7,500
Income recognised in other comprehensive income	-	-	-
Gains recognised in profit or loss	2,456	-	2,456
Closing balance at the end of the period	77,599	16,461	94,060

	Convertible loan	Cumulative preference shares	Total
28 February 2018	R'000	R'000	R'000
Balance at the beginning of the period	-	-	-
Acquisitions/additions	100,000	8,188	108,188
Income recognised in other comprehensive income	-	773	773
Gains recognised in profit or loss	(24,857)	-	(24,857)
Closing balance at the end of the period	75,143	8,961	84,104

	Interest rate SWAP	Convertible loan	Total
31 August 2017	R'000	R'000	R'000
Balance at the beginning of the period	-	-	-
Acquisitions/additions	229	100,000	100,229
Income recognised in other comprehensive income	-	-	-
Gains recognised in profit or loss	-	-	-
Closing balance at the end of the period	229	100,000	100,229

(iii) Fair value gains and losses

	Unaudited 31 Aug 2018	Audited 28 Feb 2018
	R'000	R'000
Total loss for the period recognised in profit or loss under 'Fair value gain/(loss)'	2,456	(24,857)
Total gains for the period recognised in other comprehensive income under 'Other comprehensive income'	-	773
	2,456	(24,084)

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year.
The group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1.
Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which

maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.
Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

(iv) Valuation techniques used to determine fair values

The fair value of the convertible loan and preference shares is determined using discounted cash flow method.

(v) Valuation inputs and relationships to fair value

31 August 2018

Description	Fair Value R'000	Unobservable inputs	Actual input	Relationship of unobservable inputs to fair value
Convertible loan	77,599[1]	Discount rates	13.20%	The higher the discount rate the lower the fair value
		Base revenue from plant operation	R1.1 billion	The higher the base revenue, the higher the fair value
		Period of operation	30 years	The shorter the period, the lower the fair value

[1] The positive fair value movement for interims is mainly attributable to a change in the cashflow sweeping mechanism that was put in place by the lender, which became no longer applicable during interim reporting, resulting in increased free cashflows.

28 February 2018

Description	Fair Value R'000	Unobservable inputs	Actual input	Relationship of unobservable inputs to fair value
Convertible loan	75,143	Discount rates	13.20%	The higher the discount rate the lower the fair value
		Base revenue from plant operation	R2.3 billion	The higher the base revenue, the higher the fair value

	Period of operation	30 years	The shorter the period, the lower the fair value

(vi) Valuation processes

The finance department of the group obtains input from independent valuation experts in performing valuations of financial assets required for financial reporting purposes, including level 3 fair values. The valuations expert communicates directly with the chief financial officer (CFO).

Cumulative preference shares are valued by using the Discounted Cash Flow Method and the convertible loan uses the Dividend Discount Model. The discount rates used for the valuations are the prevailing market rates at the time of the valuations.

The group conducts valuations twice a year, at the interim financial reporting period and also at the year-end reporting period.

7. BORROWINGS

	Unaudited 31 Aug 2018 R'000	Unaudited 31 Aug 2017 R'000	Audited 28 Feb 2018 R'000
Balance at the beginning of the period	132,255	-	-
Arising from acquisition of subsidiary	-	134,952	134,952
Repayments	(7,084)	-	(2,697)
Balance at the end of the period	125,171	134,952	132,255
Secured			
Non-current			
IDC loan	60,977	64,107	60,977
Nedbank loan	60,715	63,642	60,715
Total non-current interest-bearing debt	121,692	127,749	121,692
Secured			
Current			
IDC loan	1,757	3,586	5,301
Nedbank loan	1,722	3,617	5,262
Total current interest-bearing debt	3,479	7,203	10,563
Total interest-bearing debt	125,171	134,952	10,255

8. REVENUE

Hulisani Limited revenue arises from the sale of electricity by the subsidiary, RustMo1 Solar Farm (Pty) Ltd.

9. EARNINGS PER SHARE

The calculation of earnings per share at 31 August 2018 was based on the loss attributable to ordinary shareholders of Hulisani Limited, and a weighted average number of ordinary shares. Reconciliation between earnings and headline earnings is as follows:

Notes	Unaudited	Unaudited	Audited

	period ended 31 Aug 2018 R'000	period ended 31 Aug 2017 R'000	period ended 28 Feb 2018 R'000
Loss for the year	(21,505)	(5,704)	(116,864)
Adjustments:			
Impairment loss	-	-	60,299
Loss on disposal of a subsidiary	688	-	-
Headline earnings	(20,817)	(5,704)	(56,565)
Number of shares in issue ('000)	50,000	50,000	50,000
Weighted numbers of shares ('000)	50,000	50,000	50,000
Basic and diluted earnings per share (cents)	(43)	(11)	(234)
Basic and diluted headline earnings per share (cents)	(42)	(11)	(113)

10. SEGMENT REPORTING

The group's executive committee, consisting of the chief executive officer, the chief financial officer and the chief investment officer, examines the group's performance both from the nature of investment perspective and has identified the following reportable segments of its business:

a) RustMo1: This is a material subsidiary of Hulisani.
b) Kouga: This is an investment Hulisani has significant influence over.
c) GRI: This is an investment Hulisani has significant influence over.
d) LPS: Hulisani participates in 9% of the distributable profits of the investee.
e) Other: The segment represents activities within the holding company.

The executive committee uses dividends received/receivable to assess the performance of the operating segments. Information about the segments' revenue and assets is received by the executive committee on a monthly basis.

31 August 2018	RustMo1 R'000	Kouga R'000	GRI R'000	LPS R'000	Other R'000	Total R'000
Non-current assets	276,369	114,639	16,806	77,599	25,058	510,417
Current assets	32,053	-	-	-	16,326	48,379
Total assets	308,422	114,639	16,806	77,599	41,384	554,850
Non-current liabilities	156,758	-	-	-	-	156,758
Current liabilities	8,252	-	-	-	4,387	12,639
Total liabilities	165,010	-	-	-	4,387	169,397

	RustMo1 R'000	Kouga R'000	GRI R'000	LPS R'000	Other R'000	Total R'000
Revenue- external	23,593	-	-	-	-	23,593
Net profit	7,049	2,248	(9,692)	3,694	(23,296)	(19,997)
Dividend received	6,496	9,921	-	-	-	16,417
Non-cash items in statement of comprehensive income	-	-	-	-	(688)	(688)
Depreciation and amortisation	(7,709)	-	-	-	(286)	(7,995)
Finance income	746	-	-	1,238	446	2,430
Finance costs	(7,549)	-	-	-	(3)	(7,552)

28 February 2018	RustMo1 R'000	Kouga R'000	GRI R'000	LPS R'000	Other R'000	Total R'000
Non-current assets	283,926	122,312	26,498	75,143	11,779	519,658
Current assets	33,928	-	-	2,107	28,622	64,657
Total assets	317,854	122,312	26,498	77,250	40,401	584,315
Non-current liabilities	157,506	-	-	-	-	157,506
Current liabilities	12,219	-	-	-	2,066	14,285
Total liabilities	169,725	-	-	-	2,066	171,791

	RustMo1 R'000	Kouga R'000	GRI R'000	LPS R'000	Other R'000	Total R'000
Revenue-external	37,378	-	-	-	-	37,378
Net profit	7,415	(10,788	(56,003)	(22,750)	(33,718)	(115,844)
Dividend received	9,758	8,350	-	-	-	18,108
Non-cash items in statement of comprehensive income	-	(14,314)	(45,985)	(24,857)	-	(85,156)
Depreciation and amortisation	(11,563)	-	-	-	(543)	(12,106)
Finance income	1,085	-	-	2,107	6,915	10,107
Finance costs	(12,298)	-	-	-	-	(12,298)

31 August 2017	RustMo1 R'000	Kouga R'000	GRI R'000	LPS R'000	Other R'000	Total R'000
Non-current assets	268,566	136,879	41,062	104,932	44,626	596,065
Current assets	32,304	-	-	-	48,475	80,779
Total assets	300,870	136,879	41,062	104,932	93,101	676,844
Non-current liabilities	159,277	-	-	-	-	159,277
Current liabilities	10,807	-	-	-	3,001	13,808
Total liabilities	170,084	-	-	-	3,001	173,085

	RustMo1 R'000	Kouga R'000	GRI R'000	LPS R'000	Other R'000	Total R'000
Revenue- external	12,863	-	-	-	-	23,593
Net profit	1,968	1,045	(188)	4,932	(12,824)	(5,067)
Dividend received	4,444	8,350	-	-	-	12,794
Non-cash items in statement of comprehensive income	-	-	-	-	(688)	(688)
Depreciation and amortisation	(3,767)	-	-	-	(267)	(4,034)
Finance income	327	-	-	4,932	6,359	11,618
Finance costs	(3,981)	-	-	-	(2)	(3,983)

11. CHANGES IN ACCOUNTING POLICIES

This note explains the impact of the adoption of the following new accounting standards on the group's financial statements, as issued by IASB, which were effective for the group from 01 March 2018:

- IFRS15 *Revenue from Contracts with Customers* (IFRS 15).
- IFRS 9 *Financial Instruments* (IFRS 9).

(i) Impact on the financial statements

The group did not need to restate prior year financial statements due to changes in accounting policies due to adoption of IFRS 9 and IFRS 15.

(ii) Adoption of IFRS 15

The policy changes came into effect on 01 March 2018 for the group. IFRS 15 replaces IAS 18 *Revenue*, IAS 11 *Construction Contracts* and related interpretations. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity is expected to be entitled for transferring goods or services to a customer. In accordance with the transition provisions in IFRS 15, the group is required to adopt the new rules retrospectively and restate comparatives for the prior financial year.

The group generates revenue from the sale of electricity to Eskom. The adoption of IFRS 15 did not have a significant impact on revenue recognition on the sale of electricity.

(iii) Adoption of IFRS 9

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The adoption of IFRS 9 Financial Instruments has the following impact on the group:

- Change in classification of the measurement categories for financial instruments.
- Change from the IAS39 incurred loss model to the expected credit loss (ECL) model when determining impairment of financial assets.

(a) Classification and measurements

IFRS 9 introduced changes to the measurement categories for financial assets. The group classifies financial assets in each of the IFRS 9 measurements categories based on the group's business model for managing financial assets and the cash flow characteristics of the financial assets. The new financial assets categories are illustrated below:

IAS 39 Categories	IFRS 9 Categories
Financial assets at fair value through profit and loss	Financial assets at fair value through profit and loss (FVTPL)
Loans and receivables	Financial assets at amortised cost
Available for sale assets	Financial assets at fair value through other comprehensive income (FVOCI)

Held to maturity

The reclassification into new measurement categories of IFRS 9 did not have a significant impact on the group. Hulisani has designated investments in preference shares at fair value through other comprehensive income, and convertible loan to LPS at fair value through profit and loss.

Financial liabilities under IFRS 9 continued to be measured at amortised cost except for those designated at fair value through profit and loss, which are measured at fair value.

(b) Impairment of financial assets

The group was required to revise its impairment methodology under IFRS 9 for each of the following classes of assets:

- Trade and other receivables
- Financial assets carried at amortised cost
- Contract asset relating to the Eskom contract
- Preference shares carried at FVOCI

While cash and cash equivalents are subject to the impairment requirement of IFRS 9, the identified impairment loss was immaterial.

Under IFRS 9, credit losses (impairments) are recognised earlier than under IAS 39. Expected credit loss allowances are measured on either one of the following basis:

- 12 – month ECLs; these are ECLs that result from possible default events within the 12 months after the reporting date; and
- Lifetime ECLs; these are ECLs that result from all possible default events over the expected life of the financial instrument.

➢ *Trade and other receivables and contract assets*

The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

The group recognised the expected credit risk as immaterial to provide for restatement of opening balances.

12. RELATED PARTIES

(a) Balances

	31 Aug 2018 R'000
Other receivables (i)	5,201
Loan receivables (ii)	6,050

(i) Sponsor fees refundable to Hulisani by Nibira (Pty) Ltd. The payment was rendered invalid and the amount remains owing to the group at the end of the financial period.

(ii) 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. Loan 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.

UNAUDITED INTERIM CONDENSED RESULTS

This short-form announcement is the responsibility of the directors and is only a summary of the information in the full announcement and does not contain full or complete details. The full announcement was released on SENS on 31 October 2018 and can be found on the Company's website at www.hulisani.co.za and is available free of charge at the registered office of the Company and the sponsor's office, during normal office hours. Copies of the full announcement may be requested by contacting info@hulisani.co.za or calling 0878062425. Any investment decision should be based on the full announcement published on SENS and the Company's website.

On behalf of the Board
ME Raphulu
Chief Executive Officer

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Auditors
PricewaterhouseCoopers Inc.

Johannesburg
31 October 2018

Sponsor
PSG Capital

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

Company secretary
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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 ^ Non-independent Non-executive.