

Hulisani Limited

Registration number 2015/363903/06

Annual Financial Statements

for the year ended 28 February 2017

Audited

Prepared by: Mark Booysen
Financial Director CA (SA)

These financial statements have been audited in
compliance with the Companies Act of South Africa

Hulisani Limited

(Reg. No 2015/363903/06.)

Annual Financial Statements for the year ended 28 February 2017

General information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Investment in companies operating in the energy sector
Directors	PC Mdoda (Chairman) *^ MH Zilimbola (Chief Executive Officer) ME Raphulu (Chief Investment Officer) MA Booysen (Financial Director) NP Gosa *^ DR Hlatshwayo *^ H Schaaf *^ MF Modau * AV Notshe #^
Registered office	4 th Floor North Tower 90 Rivonia Road Sandton 2196
Postal address	PO Box 784583, Sandton, 2146
Bankers	RMB Corporate Banking
Auditors	KPMG Inc.
Company registration number	2015/363903/06

* Independent

Non-independent

^ Non-executive

Hulisani Limited

Annual Financial Statements

for the year ended 28 February 2017

The reports and statements below comprise the financial statements presented to the shareholders:

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Hulisani Limited

Directors' responsibility statement

The directors are responsible for the preparation and fair presentation of the annual financial statements of Hulisani Limited, comprising the statements of financial position at 28 February 2017, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and the directors' report.

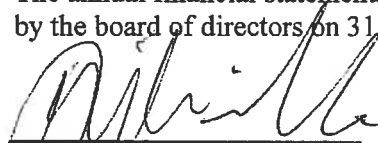
The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The directors have made an assessment of the ability of the company and its subsidiaries to continue as going concerns and have no reason to believe that the businesses will not be going concerns in the year ahead.

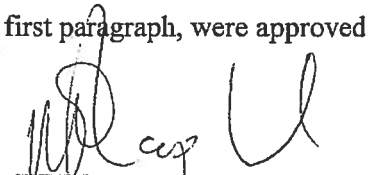
The auditor is responsible for reporting on whether the financial statements are fairly presented in accordance with the applicable financial reporting framework.

Approval of the annual financial statements

The annual financial statements of Hulisani Limited, as identified in the first paragraph, were approved by the board of directors on 31 May 2017 and signed by:



MH Zilimbola
Authorised Director



M.E Raphulu
Authorised Director

Statement of Company Secretary

In my capacity as Company Secretary, I hereby certify that for the year ended 28 February 2017, the Company has filed all such returns and notices as are required by the Companies Act 71 of 2008 and that all such returns and notices appear to be true, correct and up to date.



Yolandi Van Zweel
ER Goodman
Company Secretary
31 May 2017

Hulisani Limited

Directors' report

for the year ended 28 February 2017

Nature and status of the business

Hulisani Ltd. ("the Company") was incorporated on 13 October 2015 as an investment holding company focused on energy projects ranging from Coal and Gas to Solar PV, Concentrated Solar, Wind and Hydro, in South Africa and in Sub-Saharan Africa.

On 7 April 2016, the Company successfully listed on the Main Board of the JSE as a Special Acquisition Company (SPAC) when it privately placed 50,000,000 shares at R10 a share, raising R500 million.

Hulisani lost its SPAC status on 22 March 2017 when it successfully acquired a viable acquisition in the form of a 6.67% interest in the Kouga Wind Farm, situated in the Eastern Cape. The company is listed and trades as an investment holding company on the Main Board of the JSE.

Share capital and shareholders

As at the 29 February 2016, Hulisani had issued share capital of 20 shares. In anticipation of the listing, the company passed a resolution with authority to issue up to 250 000 000 shares at an issue price of R10 per share.

The initial shareholders of Hulisani, also the promoters of the company, are ME Raphulu and MH Zilimbola. The shares are held through two companies, Pentomore Proprietary Limited and Zelmaro Proprietary Limited, each holding ten shares.

At the listing date, the company undertook a private placement of 50 million shares at an issue price of R10 each. Shareholders holding more than 5% were:

SAMWU National Provident Fund	6%
27 Four Investment Managers	6%
Government Employees Pension Fund	15%
Eskom Pension and Provident Fund	33%

Additional shares will be issued only when viable assets have been identified and whose acquisition price will exceed the cash reserves that have been acquired through the initial issue of shares.

At the reporting date, the shareholders holding more than 5% were:

Government Employees Pension Fund	44%
Eskom Pension and Provident Fund	15%

Company secretary

The company appointed ER Goodman cc as the Company Secretary as at 15 October 2015.

Auditors

The Auditors, KPMG Inc., were re-appointed as the Auditors for the 2017 financial year at the Annual General Meeting held on the 14 September 2016 and will remain as Auditors until the next AGM.

Hulisani Limited

Directors' report

for the year ended 28 February 2017 (continued)

The first trading year

From the date of listing to our year end, 28 February 2017, we began upgrading our systems in preparation for operating as a listed company and not as a SPAC.

We began building a pipeline of quality investments enabling us to invest the cash we had in escrow as soon as possible. To achieve this, we increased our team and employed external advisors, enabling us to conduct legal, technical and financial due diligence on all projects in the pipeline, ensuring the quality and sustainability of all these prospective investments.

We have also established a governance regime to ensure compliance with JSE listing requirements, the Companies Act and King IV requirements.

To assist the Board of Directors, various sub-committees have been formed, tasked with oversight responsibilities and operating in accordance with the various charters approved by the Board. They are the Audit and Risk committee, the Remuneration and Nomination committee and the Social and Ethics committee.

The Committees are working on the further alignment of the Board and committees, with current governance best practice, and identifying more Non-Executive Directors with the experience and track record to further strengthen the Board. This will assist Hulisani in becoming a major player in the energy space in Sub-Saharan Africa.

We are in the process of constituting an Investment Committee to assist the Audit and Risk Committee in assessing and approving transactions. We anticipate that this Committee will be fully constituted by the next Annual General Meeting. The Investment Committee will report directly to the Board and will be mainly responsible for implementing Hulisani's Investment Policy.

We are further amending the Hulisani Investment Policy. This will reflect that our main business is the buying and selling of energy companies and it is anticipated that this work will also be finalised by the next Annual General Meeting.

During the past financial year, two extraordinary general meetings of shareholders were held. The first meeting, amongst other business, approved the additional issue of shares to raise an additional R4 billion of capital, to be used in pursuing the investment pipeline built during the previous financial year.

The second meeting was to approve the viable acquisition of the Kouga Wind Farm investment. This transaction was the acquisition of a 6.67% stake in the Kouga Wind Farm in the Eastern Cape. The effective date of this acquisition was in March 2017 which meant that Hulisani relinquished its SPAC status and traded as a fully-fledged Investment Holding Company on the Main Board of the JSE.

Further announcements can be expected during the 2018 financial year regarding the raising of additional capital and further acquisitions. This will add to our balance sheet as well as creating diversification.

On 1 March 2017, Hulisani moved offices from 126 West Street, Sandton, to 4th Floor, North Tower, 90 Rivonia Road, Sandton. The rationale behind the move was; more affordable rental costs, accessibility for clients and the long-term nature of the lease.

It is expected that our initial investment will yield its first dividend flow during this financial year. Further investments and acquisitions will likely yield a dividend before the end of the current financial year. At present, our strategy is to reinvest the income we receive, into new projects, further increasing the dividend flows without the dilution of shares.

Hulisani Limited

Directors' report

for the year ended 28 February 2017 (continued)

The first trading year (continued)

It is envisaged that, post the current fund-raising closing, further acquisitions will be undertaken utilising new and existing cash resources. We will then consider gearing the balance sheet and thereafter a further capital-raise in the market, should it be required.

The company made a loss, which is partly due to some once-off expenses that were incurred. These expenses included the listing fee of R2.4 million and escrow safe custody fees of R2.6 million. In addition, the returns on the acquisition made, incurred costs of R1.2 million, which were expensed in the current year, while income from the acquisition will only be realised in the 2018 financial year.

Future prospects

The prospects for Hulisani remain positive. We continue to identify and assess opportunities in the South African market, as well as in Sub-Saharan Africa.

Despite the delays and current impasse in the South African market, we believe that there are enough opportunities to be realised in the secondary market, with a potential pipeline greater than R4 billion per annum.

We believe that the South African situation will soon be resolved and opportunities in our pipeline will be realised. In addition to the opportunities in South Africa, there are other programmes being run in various countries in Sub-Saharan Africa, further increasing the pipeline of available projects.

The Directors believe that the prospects for Hulisani remain positive and will improve during this current financial year.

Directors

The Directors at the date of this report are:

Name	Nationality	Appointed
PC Mdoda # ^	South African	Appointed 11 February 2016
MH Zilimbola	South African	Appointed 13 October 2015
ME Raphulu	South African	Appointed 13 October 2015
MA Booysen	South African	Appointed 11 February 2016
NP Gosa *	South African	Appointed 11 February 2016
DR Hlatshwayo # ^	South African	Appointed 11 February 2016
H Schaaf* #	German	Appointed 4 April 2016
MF Modau* ^	South African	Appointed 11 February 2016
AV Notshe*	South African	Appointed 13 October 2015

The director's fees and emoluments are noted under note 7 in the notes to the financial statements.

Hulisani Board of Directors
31 May 2017

Hulisani Limited

Report of the Audit and Risk Committee

for the year ended 28 February 2017

Overview

Hulisani Limited's Audit and Risk Committee is a sub-committee of the Board of Directors and in addition to having specific statutory responsibilities to the shareholders in terms of the Companies Act, it assists the Board through advising and making submissions on financial reporting, oversight of the risk management process and internal financial controls, external and internal audit functions and statutory and regulatory compliance of the company.

In line with the Term of Reference (ToR) with the Hulisani Limited, the Audit and Risk Committee's risk management objectives are to ensure that the Company has adequate cash resources available to execute the Company strategy of investing in power generating entities and grow sustainably to benefit all its Stakeholders, especially shareholders. In addition, the Audit and Risk Committee's risk management objectives have been for the Hulisani Limited to remain true to its core values and business principles in all the activities the Company undertakes. Of higher importance, since Hulisani Limited operates in regulated environments, either it being technical and/or financial, the Audit and Risk Committee's risk management objectives are to maintain good relationships with all its regulators in the industry.

Composition

The committee consists of three independent non-executive directors. The members are MF Modau (Chair), NP Gosa and H Schaaf. During the financial year ended 28 February 2017 the audit committee met three times.

Report for the period under review

The Audit and Risk Committee, as required by Section 94 of the Companies Act, submits its report for the 2017 Financial year. The Committee is satisfied that it has complied with its legal, regulatory and other responsibilities.

The Audit and Risk Committee has discharged the functions in terms of its charter and ascribed to it in terms of the Companies Act as follows:

- Reviewed the 2017 Annual Financial statements, culminating in a recommendation to the Board to adopt them. In the course of its review the Committee:
 - ✓ Took appropriate steps to ensure that the financial statements are prepared in accordance with the Listings Requirements of the Johannesburg Stock Exchange (JSE) Limited, International Financial Reporting Standards and the Companies Act, and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates;
- Reviewed the appropriateness of the going concern basis in preparing the Annual Financial Statements;
- Considered and, where appropriate, made recommendations on internal financial controls;
- Verified the independence of the external auditor, KPMG Inc., as the auditor for the Company;
- Reviewed the external financial audit report on the Annual Financial Statements;
- Evaluated the effectiveness of the risk management process and controls; and
- Determined the nature and extent of allowable non-audit services and approved the contract terms for the provision of non-audit services by the external auditor.

Hulisani Limited

Report of the Audit and Risk Committee

for the year ended 28 February 2017 (continued)

Looking forward

Hulisani Limited will continue to evaluate and improve its risk management techniques and processes to build its reputation with its Stakeholders. The focus for 2017/18 is to enhance risk appetite statements, business continuity plans and further refine risk quantification methods.

The Company will focus its efforts to manage and respond to emerging risks such as:

- Strengthening the committee by appointing new Board members
- Energy Policy Uncertainty
- Regulatory Changes
- Country and Political Uncertainty

Hulisani Limited is committed in building a better future within the energy industry.



MF Medau

Head of Audit and Risk Committee

31 May 2017



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Internet kpmg.co.za

Independent Auditor's Report

To the Shareholders of Hulisani Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Hulisani Limited (the Company) set out on pages 13 to 31, which comprise the statement of financial position as at 28 February 2017, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Hulisani Limited as at 28 February 2017, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

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 are independent of the Company in accordance with the Independent Regulatory Board for Auditors *Code of Professional Conduct for Registered Auditors (IRBA Code)* and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants (Parts A and B)*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Policy Board
Chief Executive: TH Hoole

Executive Directors: M Letsitsi, SL Louw, NKS Malaba,
M Oddy, CAT Smit

Other Directors: ZA Beseti, LP Fourie, N Fubu,
AH Jaffer (Chairman of the Board), ME Magondo,
F Mall, GM Pickering, JN Pierce

KPMG Inc is a company incorporated under the South African Companies Act and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity

KPMG Inc is a Registered Auditor, in public practice, in terms of the Auditing Profession Act, 26 of 2005.

Registration number 1999/021543/21

The company's principal place of business is at KPMG Crescent, 85 Empire Road, Parktown, where a list of the directors' names is available for inspection.



Private Placement Transaction

Refer to Note 10 and Note 11 to the financial statements.

Key audit matter	How the matter was addressed in our audit
<p>On 7 April 2016 Hulisani Limited listed as a Special Acquisition Company ("SPAC") on the main board of the JSE.</p> <p>In a private placement, the Company issued 50 million shares, of no par value at an issue price of R10 per share. The company traded under its SPAC status for the entire year, resulting in all cash raised from the listing of R500 million to be placed into an escrow account.</p> <p>Due to the nature of the Company's operations, the private placement was considered a significant event during the current financial year which resulted in significant work effort from the audit team, therefore the private placement transaction was considered a key audit matter.</p>	<p>Our audit work included, the following:</p> <ul style="list-style-type: none">- assessing the bank reconciliation performed by management on the escrow account to determine the mathematical accuracy of the reconciliation and agreeing the relevant information to the bank statements and the general ledger.- obtaining external bank confirmations directly from the relevant banks on the escrow account and agreeing the amount to the general ledger.- assessing the share register to ensure all shares issued are recorded in the share register and confirming the value of the shares issued.- considering the appropriateness of the disclosure of this transaction in these financial statements

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report, the Report of the Audit and Risk Committee and the Statement of the Company Secretary as required by the Companies Act of South Africa and the General information and Directors' responsibility statement which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date. Other information does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information 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 on the other information obtained prior to the date of this auditor's report, 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.



Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, 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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that KPMG Inc has been the auditor of Hulisani Limited for 1 year.

KPMG Inc

Per Safeera Loonat

Chartered Accountant (SA)

Registered Auditor

Director

31 May 2017

Hulisani Limited

Statement of financial position

as at 28 February 2017

	Notes	2017 R	2016 R
Assets			
Non-current assets			
Property, plant and equipment	8	2 755 595	–
Deposit lodged for a bank guarantee		350 028	–
Total non-current assets		3 105 623	–
Current assets			
Cash and cash equivalents	10	498 551 199	200
Total current assets		498 551 199	200
Total assets		501 656 822	200
Equity			
Stated share capital	11	500 000 200	200
Accumulated loss		(6 009 590)	–
Total equity attributable to owners of the company		493 990 610	200
Total equity		493 990 610	200
Liabilities			
Current liabilities			
Current portion of leave pay provision		9 422	–
Trade and other payables	13	7 656 790	–
Total current liabilities		7 666 212	–
Total equity and liabilities		501 656 822	200

Hulisani Limited

Statement of comprehensive income

for the year ended 28 February 2017

	<i>Notes</i>	2017 R	2016 R
Administrative expenses	5.2	(18 972 827)	–
Other Expenses – investment acquisition costs	5.1	(12 760 944)	–
Results from operating activities		(31 733 771)	–
Finance income	6	25 725 932	–
Finance costs		(1 751)	–
Net finance costs		25 724 181	–
Loss before tax		(6 009 590)	–
Income tax expense		–	–
Loss for the year		(6 009 590)	–
Total comprehensive loss for the year		(6 009 590)	–
Earnings per share	<i>12</i>		
Basic earnings per share (Rands)	12.1	(0.13)	
Diluted earnings per share (Rands)		(0.13)	
Headline earnings per share (Rands)	12.2	(0.01)	

Hulisani Limited

Statement of changes in equity

for the year ended 28 February 2017

	Share capital R	Accumulated loss R	Total equity R
Balance at 29 February 2016, as previously reported	200	—	200
<i>Total comprehensive income for the year</i>			
Loss for the year	—	(6 009 590)	(6 009 590)
<i>Transactions with owners of the company, recognised directly in equity</i>			
– issue of ordinary shares	<u>500 000 000</u>	<u>—</u>	<u>500 000 000</u>
Balance at 28 February 2017	<u>500 000 200</u>	<u>(6 009 590)</u>	<u>493 990 610</u>

Hulisani Limited

Statement of cash flows

for the year ended 28 February 2017

	<i>Notes</i>	2017 R	2016 R
Cash flows from operating activities			
Loss for the year		(6 009 590)	–
Adjustments for:			
Loss arising on disposal of property, plant and equipment		412 850	–
Depreciation of property, plant and equipment		97 333	–
Finance costs		1 751	–
Finance income		(25 725 932)	–
Increase in leave pay provision		9 422	–
		<u>(31 214 166)</u>	–
Changes in working capital			
– increase in trade and other payables		<u>7 656 790</u>	–
Cash applied to operating activities		<u>(23 557 376)</u>	–
Cash flows from investing activities			
Finance income		25 725 932	
Deposit lodged against a bank guarantee		(350 028)	–
Acquisition of property, plant and equipment	8	<u>(3 265 778)</u>	–
Net cash from investing activities		<u>22 110 126</u>	–
Cash flows from financing activities			
Finance costs		(1 751)	
Proceeds from issue of share capital		<u>500 000 000</u>	200
Net cash from financing activities		<u>499 998 249</u>	200
Net increase in cash and cash equivalents		498 550 999	
Cash and cash equivalents at beginning of year		<u>200</u>	–
Cash and cash equivalents at end of year		<u>498 551 199</u>	200

Hulisani Limited

Notes to the financial statements

for the year ended 28 February 2017

1. Reporting entity

Hulisani Limited (the “company”) is a company domiciled in South Africa. The address of the company’s registered office is 4th Floor, North Tower, 90 Rivonia Road, Sandton, 2196. The financial statements of the company as at and for the year ended 28 February 2017 comprise the company financial information as the company does not have any subsidiary or associate companies. The company primarily involved in Investment activities with a primary focus on energy related investments.

2. Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs), the requirements of the Companies Act of South Africa, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council. Furthermore, these statements have been compiled in terms of the listing requirements as required by the Johannesburg Securities Exchange (“JSE”).

2.2 Incorporation of company

Hulisani Limited (“The company”) was incorporated on 13 October 2015.

2.3 Basis of measurement

The financial statements have been prepared on the historical cost basis.

2.4 Functional and presentation currency

The financial statements are presented in South African Rand, which is the functional currency of the company and are rounded to the nearest Rand.

2.5 Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

2.6 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. These are initially and subsequently measured at fair value.

Hulisani Limited

Notes to the financial statements

for the year ended 28 February 2017 (continued)

2. Basis of preparation (continued)

2.7 Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain and loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line basis over their estimated useful lives. Depreciation is generally recognised in profit or loss, unless the amount is included in the carrying amount of another asset.

The estimated useful lives for the current year of significant items of furniture and equipment are as follows:

Office equipment	3 – 6 years
Fixtures and fittings	5 – 10 years
Computer Equipment and software	2 – 4 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

2.8 Investment policy

Hulisani's investment strategy is to pursue the acquisition of, or investments in, direct or indirect minority stakes in companies operating in the energy sector.

Hulisani's investment policy and guidelines will be managed, and the investment strategy implemented, by the Board as a whole.

The investment criteria which will be used by the Board to assess investment opportunities or potential acquisitions of assets will include, amongst other criteria, the following:

- expected return;
- counterparty risks;
- inflation-beating ability of cash flows;
- quality and experience of management;
- environmental considerations; and
- geographical location primarily in Sub-Saharan Africa.

Hulisani Limited

Notes to the financial statements

for the year ended 28 February 2017 (continued)

2. Basis of preparation (continued)

2.8 Investment policy (continued)

Hulisani aims to be a strategic investment vehicle for retirement funds that are seeking assets with appropriate cash-flow profiles in order to match long term liabilities faced by their members.

Investment opportunities and/or the acquisition of assets will be assessed by the Board, as a whole, or where deemed appropriate, by an ad hoc investment committee (acting as a sub-committee of the Board and Audit and Risk Committee) and presented to the Board for consideration and approval, which will comprise of disinterested, independent directors and the chief investment officer.

The Board does not intend to declare dividends prior to the completion of an acquisition of Viable Assets. Hulisani may thereafter, subject to the requirements of sections 4 and 46 of the Companies Act, declare and pay dividends to Shareholders should the Board consider it appropriate in the circumstances.

2.9 Employee benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

3. Revenue

Revenue is related to interest income and is derived from funds held under the escrow account.

Interest is recognised, in profit or loss, using the effective interest rate method.

Hulisani Limited

Notes to the financial statements

for the year ended 28 February 2017 (continued)

4. Standards, interpretations and amendments to published standards which are not yet effective

The impact of the following new and/or revised accounting standards, amendments to standards and new interpretations are being reviewed by management and will be implemented as appropriate:

Standards, amendments and interpretations	Effective financial year end
<p><i>IFRS 15 – Revenue from Contracts with Customers</i></p> <p>The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time.</p> <p>As the revenue of the company will be earned predominantly through dividend income from investments made and will not be contractual, this new standard will not have a significant impact on the company. The company will perform a more detailed assessment of the impact of this standard and will provide more information in the year ending 28 February 2018 financial statements.</p>	28 February 2019
<p><i>IFRS 9 – Financial Instruments</i></p> <p>This standard includes changes in the measurement bases of the company’s financial assets measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss. Even though these measurement categories are similar to IAS 39, the criteria for classification into these categories are significantly different. In addition, the IFRS 9 impairment model has been changed from an “incurred loss” model from IAS 39 to an “expected credit loss” model. This standard should not have an impact on the Company based on the current year transactions. This standard will be re-assessed on a continuous basis when additional transactions occur.</p>	28 February 2019
<p><i>IFRS 16 Leases</i></p> <p>IFRS 16 was published in January 2016. It sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer (‘lessee’) and the supplier (‘lessor’). IFRS 16 replaces the previous leases Standard, IAS 17 <i>Leases</i>, and related Interpretations. IFRS 16 has one model for lessees which will result in almost all leases being included on the Statement of Financial position. No significant changes have been included for lessors.</p> <p>The standard is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted only if the entity also adopts IFRS 15. The transitional requirements are different for lessees and lessors. The company is assessing the potential impact on the financial statements resulting from the application of IFRS 16.</p>	28 February 2019

Hulisani Limited

Notes to the financial statements

for the year ended 28 February 2017 (continued)

	2017 R	2016 R
5. Expenses		
5.1 Investment acquisition costs	12 760 944	–
– relating to Red Cap and Eurocape	1 244 807	–
– industry consultancy fees	7 539 523	–
– legal fees	3 976 614	–
5.2 Administrative expenses	18 972 827	
– depreciation of property, plant and equipment	97 333	–
– consultancy fees – professional	4 786 165	–
– listing fees	2 364 507	–
– rental of premises	1 055 394	–
– safe custody fees	2 632 997	–
– director’s remuneration	1 853 337	–
– loss on disposal of property, plant and equipment	412 850	–
– directors’ fees	400 000	–
– circular costs	1 475 869	–
– other expenses	3 894 375	–
	31 733 771	–
6. Finance income		
Interest receivable from cash holdings	25 725 932	–

7. Directors and prescribed officer’s remuneration

Director	Services to the company paid by Hulisani R	Services to the company paid by other entities R	Total R
MH Zilimbola *	20 000	154 800	174 800
ME Raphulu	1 833 337	–	1 833 337
MA Booysen #	–	1 150 660	1 150 660
	1 853 337	1 305 460	3 158 797

Hulisani Limited

Notes to the financial statements

for the year ended 28 February 2017 (continued)

7. Directors and prescribed officer's remuneration (continued)

Securities in the company issued to a director, prescribed officer or a person related to them:

Director	Class of securities issued	Number of securities issued	Consideration received for the securities R
MH Zilimbola *	Ordinary shares	66 010	6 600 100
ME Raphulu	Ordinary shares	1 340 010	13 400 100
		<u>2 000 020</u>	<u>20 000 200</u>

* MH Zilimbola is paid by Mazi Capital Proprietary Limited and none of his costs are recoverable from Hulisani.

Consulting fees are paid to TFT Financial Proprietary Limited who in turn remunerate MA Booyesen.

8. Property, plant and equipment

	Office equipment R	Fixtures and fittings R	Computer equipment and software R	Total R
<i>Cost</i>				
Balance at 1 March 2016	–	–	–	–
Additions	529 074	2 566 433	170 271	3 265 778
Disposals	(206 229)	(256 616)	–	(462 845)
Balance at 28 February 2017	<u>322 845</u>	<u>2 309 817</u>	<u>170 271</u>	<u>2 802 933</u>
<i>Depreciation</i>				
Balance at 1 March 2016	–	–	–	–
Depreciation for the year	23 288	45 047	28 998	97 333
Disposals	(23 288)	(26 707)	–	(49 995)
Balance at 28 February 2017	<u>–</u>	<u>18 340</u>	<u>28 998</u>	<u>47 338</u>
<i>Carrying amounts</i>				
At 1 March 2016	–	–	–	–
At 28 February 2017	<u>322 845</u>	<u>2 291 477</u>	<u>141 273</u>	<u>2 755 595</u>

Notes to the financial statements

for the year ended 28 February 2017 (continued)

9. Deferred tax assets and liabilities

Hulisani Limited

Unrecognised deferred tax liabilities

Despite the loss of R6 009 590 for the year ended 28 February 2017, a deferred tax asset was not recognised because there needs to be a taxable income earned, against which an assessed loss can be utilised and the company is satisfied that it will not be earned in the foreseeable future.

10. Cash and cash equivalents

	2017 R	2016 R
Escrow account	498 232 498	–
Bank balances	<u>318 701</u>	<u>200</u>
Cash and cash equivalents shown in the statement of cash flows	<u>498 551 199</u>	<u>200</u>

The company traded under its SPAC status for the entire year. This required that all the cash raised from the listing (R500 million) was placed into an escrow account. These funds under escrow, could only be accessed as either a pre-approved (requiring shareholder approval) permissible expense, or as an acquisition of a viable asset that required both shareholder as well as JSE approval. All other cash deposits have maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the company in the management of its short-term commitments.

11. Stated share capital

	2017 Number	2016 Number
<i>Authorised</i>	<u>1 000 000 000</u>	<u>200</u>
<i>Issued</i>		
In issue at beginning of year	20	–
Issued for cash during the year	<u>50 000 000</u>	<u>20</u>
In issue at end of year	<u>50 000 020</u>	<u>20</u>
	R	R
<i>Value of issued shares</i>	<u>500 000 200</u>	<u>200</u>

Hulisani Limited

Notes to the financial statements

for the year ended 28 February 2017 (continued)

11. Stated share capital (continued)

Issuance of ordinary shares

On the 7 April 2016, Hulisani listed as a Special Acquisition Company (“SPAC”) on the main board of the JSE. In a private placement, the Company issued 50 million shares, of no par value at an issue price of R10 per share.

At 28 February 2017, the authorised share capital comprised 1 billion no par value shares. It was resolved that the Company is authorised to allot and issue any of the Company’s unissued shares for cash as the directors, in their discretion may deem fit. The general issue of shares for cash may not exceed 15% of the Company’s issued share capital. The approval shall be valid until the date of the next AGM of the Company.

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. All shares rank equally with regard to the company’s residual assets.

Dividends

No dividends were declared or paid by the Company during the year under review.

12. Earnings per share

12.1 Basic earnings per share

The calculation of basic earnings per share at 28 February 2017 was based on the loss attributable to ordinary shareholders of (R 6,009,590), and a weighted average number of ordinary shares outstanding of 44,794,523 shares, calculated as follows:

<i>Profit attributable to ordinary shareholders</i>	2017 R	2016 R
Loss for the year	(6 009 590)	–
Loss attributable to ordinary shareholders	(6 009 590)	–
<i>Weighted average number of ordinary shares</i>		
	Number	Number
Issued ordinary shares at beginning of year	20	–
Shares issued during the year	50 000 000	20
Total number of ordinary shares at end of year	50 000 020	20
Weighted average number of the shares for the year	44 794 523	20
Basic earnings per share	(0.13)	–

Hulisani Limited

Notes to the financial statements

for the year ended 28 February 2017 (continued)

12. Earnings per share (continued)

12.1 Basic earnings per share (continued)

During the year ended 28 February 2017, there was no potential share conversions that could result in any additional shares being issued. Therefore, the diluted earnings per share equaled the basic earnings per share.

12.2 Headline earnings per share

The headline earnings per share has been calculated on the loss attributable to ordinary shareholders being adjusted by the following expense items. These expense items have been removed as they are once off expenses and should not be incurred by the company again.

	2017 R
Listing costs	2 364 507
Loss arising on disposal of property, plant and equipment	412 850
Safe custody costs	<u>2 632 997</u>
	5 410 354
Total comprehensive loss for the year	<u>(6 009 590)</u>
Adjusted earnings attributable to ordinary shareholders	<u>(599 236)</u>
Weighted average number of the shares for the year	44 794 523
Headline earnings per based on the weighted number of shares in issue	(0.01)

13. Trade and other payables

	2017 R	2016 R
Trade payables	6 646 042	–
Other payables	<u>1 010 748</u>	<u>–</u>
	<u>7 656 790</u>	<u>–</u>

The group's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 14.

Hulisani Limited

Notes to the financial statements

for the year ended 28 February 2017 (continued)

14. Financial instruments

Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

2017	Carrying amount R	Contractual cash flows R
Trade and other payables	7 656 790	7 656 790

Contractual cash flow of maturities of trade and other payables:

	Within 1 year R	Within 1 to 5 years R	Within 2 to 5 years R	Total R
Trade and other payables	7 656 790	–	–	7 656 790

Currency risk

Exposure to currency risk

The Company does not have exposure to foreign currency risk.

Interest rate risk

Profile

At the reporting date the Company did not have interest-bearing financial instruments.

Fair values

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

2017	Carrying amount R	Fair value R
Assets carried at cost		
Deposit lodged for a bank guarantee	350 028	350 028
Cash and cash equivalents	498 551 199	498 551 199
	<u>498 901 227</u>	<u>498 901 227</u>

Hulisani Limited

Notes to the financial statements

for the year ended 28 February 2017 (continued)

14. Financial instruments (continued)

	Carrying amount R	Fair value R
2017		
Liabilities carried at cost		
Trade and other payables	7 656 790	7 656 790
2016		
Assets carried at cost		
Cash and cash equivalents	200	200
Liabilities carried at cost		
Trade and other payables	–	–

15. Related parties

Key management personnel and director transactions

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of these entities.

A number of these entities transacted with the company in the reporting period. The terms and conditions of the transactions with key management personnel and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis.

The aggregate value of transactions and outstanding balances relating to key management personnel and entities over which they have control or significant influence were as follows:

Director	Transaction	Note	2017 R	2016 R
MH Zilimbola	Sub lease	(a)	496 856	–
AV Notshe	Sub lease	(a)	496 856	–
MF Modau	Consulting	(b)	455 816	–

(a) The company sub leased office space for a period of eight months from Mazi Capital. The lease period terminated on 30 November 2016. The amount shown are market related amounts.

(b) The company used the technical services of Mothee Consulting in relation to the Company's investment activities. Amounts were billed based on normal market rates for such services and were due and payable under normal payment terms.

Hulisani Limited

Notes to the financial statements

for the year ended 28 February 2017 (continued)

15. Related parties (continued)

Key management personnel and director transactions (continued)

The Non-Executive Directors were paid the following fees for the year ended:

Directors	R
PC Mdoda*(Chairman)	80 000
NP Gosa*	80 000
DR Hlatshwayo*	80 000
HH Schaaf*	80 000
MF Modau*	80 000
	<hr/>
	400 000
	<hr/>

16. Events after the reporting period

At a general meeting held on the 20 March 2017, the shareholders present and by proxy voted unanimously in favour of the following resolutions:

1. That the Company acquire a 100% shareholding of both Red Cap Investments (Pty) Ltd (“Red Cap”) and Eurocape Renewables (Pty) Ltd (“Eurocape”). Both company’s collectively own 6.67% in the Kouga Wind farm, located in the Eastern Cape. The acquisition as a viable asset, as approved by the JSE, results in Hulisani losing their SPAC status;
2. As a consequence of the acquisition of a viable asset, that the residual capital will be used by the Company to acquire new investments and working capital;
3. That the directors are granted authority to issue up to 15% of the issued share capital for cash in terms of both the Company’s MOI as well as JSE regulations;
4. That the Company’s Investment Policy be approved;
5. A special resolution was unanimously adopted, based on resolutions one and two above, that allows the company, subject to certain requirements, be allowed to repurchase the Company’s shares up to a maximum of 20% of the Company’s issued share capital.

On the 22 March 2017, the company acquired and paid for the shares in Red Cap and Eurocape respectively, giving effect to the resolution as approved above.

17. Going concern

The directors’ have made an assessment of the company’s ability to continue as a going concern and have no reason to believe that the business will not be a going concern in the year ahead.