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

Abridged Consolidated Summarised Annual Financial Statements
for the year ended 30 June 2019

Commentary

1. Basis of presentation

The abridged consolidated summarised annual financial statements have been prepared on a historical cost basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these abridged consolidated summarised annual financial statements and the Listings Requirements of the JSE Limited ("JSE").

The accounting policies are consistent with those applied in the consolidated annual financial statements and are in terms of IFRS.

The abridged consolidated summarised annual financial statements comply with the requirements of the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and contain as a minimum the information of IAS 34: Interim Financial Reporting.

The abridged consolidated summarised annual financial statements are extracted from audited information, although they are themselves not audited.

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

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

The underlying financial statements, which were audited by Deloitte & Touche, include an unmodified audit opinion in terms of International Standards on Auditing ("ISA"). The opinion includes an emphasis of matter due to the directors concluding that it is not appropriate to use the going concern basis of preparation. Attention is drawn to section 5 below for further details on the going concern status of the Company and its subsidiary ("the Group") and the impact on the basis of preparation. Attention is also drawn to section 8 below, which contains information on a reportable irregularity and how it was resolved.

The abridged consolidated summarised annual financial statements have been prepared by the AEP finance staff member Mr Jabulani Nyoni, Professional Accountant (SA) under the supervision of Mr ECMB Kikonyogo (BA, MBA Finance) in his capacity as the acting Chief Financial Officer.

2. Nature of business

AEP was incorporated on 24 January 2017 and successfully listed as a Special Purpose Acquisition Company (SPAC) on the Alternative Exchange Board (AltX) of the JSE Limited (JSE) on 30 June 2017. The primary purpose of a SPAC is to pursue the acquisition of viable assets, which for AEP comprises investments in commercial enterprises in the energy sector which have high growth potential. Unless and until such viable assets are acquired, the only material asset of a SPAC is the cash which it holds pursuant to a capital raise through the issue of shares. The cash is held in escrow and invested conservatively for the protection of the Company's shareholders. If the acquisition of a viable asset is not completed within a 24 month period from the date on which the SPAC was listed or such later date as the JSE may permit, the SPAC is required to return the subscription funds initially invested to shareholders, plus accrued interest, less permissible expenses and taxation.

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

AEP's business model is to acquire energy infrastructure or businesses that are operating and cash generative, or assets under construction that are not more than 12 months from commercial operations.

Typically these assets provide clear revenue visibility and a mix of annuity income e.g. long-term electricity supply and short-term contracts for the supply of fuel, etc.

There have been no material changes to the nature of the Company's business from the prior year.

Commentary

3. Review of financial results and activities

The contents of the abridged consolidated summarised annual financial statements adequately reflect the financial performance of the Group for the financial year ended 30 June 2019.

The main focus of AEP's activities during the year was progressing towards the completion of the acquisition of a viable asset. On 25 October 2018 shareholders approved an agreement which provided that AEP acquire 100% of the issued share capital of, and all shareholders' claims against, IberAfrica Power (East Africa) Limited from First Independent Power (Kenya) Limited and Global Power Generation Sociedad Anónima ("the Viable Acquisition").

Ongoing implementation of the Viable Acquisition resulted in the Group incurring costs, as would ordinarily be the case for a company undertaking such a transaction. The cost of implementing the Viable Acquisition remained in line with expectations and although due to the time taken to implement the transactions, were higher than originally estimated.

On 27 March 2019 AEP announced the receipt of a termination notice from First Independent Power (Kenya) Limited and Global Power Generation Sociedad Anónima (collectively, the "Sellers") in respect of the Acquisition owing to delays in achieving completion ("the Notice").

The Board was of the view that, despite the Notice, the Group still had a reasonable prospect of concluding the acquisition of a viable asset. The Company subsequently continued to engage with relevant stakeholders for the possible conclusion of the Viable Acquisition. This included the entering into of a letter agreement between AEP and the Sellers on the potential re-instatement of the Sale and Purchase on 26 June 2019.

On 28 June 2019 the JSE granted the Company an initial extension to AEP's listing as a SPAC, which was due to end on 30 June 2019, until 31 July 2019, in order to allow for such engagement to take place.

As AEP remained a SPAC throughout the 2019 financial year, it did not have any operating income. The Company received total interest income of R1,231,810 for the financial year ended 30 June 2019 (30 June 2018: R2,263,978).

The Group recorded a net loss after tax for the year ended 30 June 2019 of R20,078,652. This represented an increase of 62.88% from the net loss after tax of the prior year of R12,326,798.

Accordingly, AEP had a loss per share ("LPS") and headline loss per share ("HLPS") of 382 cents per share. This represents an increased loss of 147 cents per share compared to LPS and HLPS of 235 cents per share reported for the year ended 30 June 2018.

Commentary

4. Subsequent events

In the intervening period between the end of the financial year and the publication of the annual financial statements, the Group was engaged in efforts to conclude the Viable Acquisition, including entering into a second letter agreement with the Sellers on 16 August 2019, as well as securing the USD61,569,066 in capital required to pay for the Viable Acquisition. In particular, the JSE required that AEP raise some of this capital in equity from public shareholders, such that after the anticipated specific equity capital raise, at least 10% of AEP's shares would be publicly held.

The JSE granted further extensions to AEP's listing:

- On 31 July 2019, the listing was extended to 30 September 2019; and
- On 3 October 2019, the listing was extended to 25 October 2019.

On 3 October 2019 shareholders were also advised that AEP had entered into binding facility agreements with a leading domestic bank, as well as binding equity subscription agreements with domestic and international investors, which agreements, upon implementation, would provide financial resources in excess of those required to settle the Viable Acquisition consideration.

On 30 October 2019, the Company announced that:

- The period which the JSE had allowed for concluding the Viable Acquisition had elapsed with effect from 29 October 2019, since the Company had not succeeded in concluding this transaction within the allowed period.
- Under these circumstances, AEP being a SPAC, is required to comply with the JSE's Listing Requirement 4.37, which states that, following the end of the initial period, the SPAC must:
- i. complete a distribution to shareholders equal to the aggregate amount held in escrow, net of applicable taxes and expenses related to the distribution and voluntary winding-up of the Company ("Distribution"); and
- ii. propose a special resolution to shareholders for the voluntary winding-up of the Company.

The effect of the above events is to introduce significant uncertainly regarding the future of AEP, the impact of which is discussed in next section of this report (section 5 below).

5. Going concern

There is material uncertainty as to the future of AEP owing to the fact that, as required by the JSE Listings Requirements, AEP will be proceeding to make a distribution to shareholders and will propose a voluntary winding-up for consideration by shareholders.

However, the directors have options under consideration, taking account of the fact that:

- The cost base of the Group is highly flexible and capable of reduction to the extent that the available financial resources are matched to the costs of operation.
- AEP has no material financial commitments that impact future periods.
- There are commercial opportunities that the Group is best positioned to take advantage of.
- The Group has established potentially valuable name-recognition in the African energy sector.
- Under certain scenarios the Group would have adequate resources to continue in existence and have sufficient funds to meet its obligations as and when they fall due.

In the light of above, the directors are of the opinion that given the material uncertainly, it is not appropriate to use the going concern basis of preparation for the annual financial statements.

Commentary

6. Directorate

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

Directors	Office	Designation	Nationality	Changes
ECMB Kikonyogo+	Chief Executive Officer	Executive	Ugandan	
N Gugushe	Chief Operating Officer	Executive	South African	
KG Simons*	Finance Director	Executive	South African	Resigned 03 October 2018
DW Wright	Chairperson	Non-executive Independent	South African	
SM David		Non-executive Independent	South African	
CJ Dooling		Non-executive Independent	South African	
SS Sibiya		Non-executive Independent	South African	
MM Kekana^		Non-executive Independent	South African	Resigned 30 April 2019
ONW Petersen*^		Non-executive	South African	Resigned 08 April 2019
SM Moloko*^		Non-executive	South African	Resigned 08 April 2019
TP Leeuw*^		Non-executive	South African	Resigned 08 April 2019

+ The JSE granted AEP a dispensation to allow ECMB Kikonyogo to occupy the dual role of Chief Executive Officer and acting interim Financial Director until a permanent appointment of a new Financial Director after the successful acquisition of a viable asset.

* KG Simons resigned from the Board effective 03 October 2018

^ MM Kekana resigned from the Board effective 30 April 2019

*^ ONW Petersen, SM Moloko and TP Leeuw resigned from the Board effective 08 April 2019

The Board has considered the composition of the board of directors and its various sub-committees after the aforementioned resignations and is satisfied that these remain appropriately constituted in accordance with the principles of King IV.

7. Dividends

No dividend was declared or paid during the year under review.

8. Regulatory Reporting Requirements

On 13 June 2019, the external auditor issued AEP Directors with a letter, informing them that there was reason for the auditor to believe that a reportable irregularity was or had taken place at AEP. In accordance with the Listings Requirements, a Special Purpose Acquisition Company ("SPAC") may not exceed the Permissible Expenses unless a shareholders' resolution is passed by achieving a 75% majority of the votes cast to that effect. The Company exceeded the Permissible Expenses for the 2019 financial year and only obtained the 75% shareholder resolution after exceeding the approved amount.

On 06 June 2019, shareholders approved a resolution permitting an increase in AEP`s Permissible Expenses. The resolution was adopted in terms of section 60 of the Companies Act. As at 06 June 2019, there were 97.52% of total possible votes in favour and none against. When voting closed on 24 June 2019, there were 99.48% votes in favour and none against. The passing of the resolution resolved the reportable irregularity concern by the auditor. At the time of the publishing of this report there was no ongoing reportable irregularity in the Company.

9. Registered office

The registered address of the company is:

Second Floor
Illovo Boulevard
28 Fricker Road
Illovo
Sandton
2196

Commentary

10. Company secretary

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

Business address:	Suite 19, Block 4 Albury Office Park Cnr Jan Smuts Drive Hyde Park 2191

11. Designated advisor

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

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

Date of issue: 07 November 2019

Abridged Consolidated Summarised Statements of Financial Position as at 30 June 2019

Figures in Rand	Note(s)	2019	2018
Assets			
Non-Current Assets			
Property, plant and equipment		4,604	10,744
Current Assets			
Other receivables		620,718	544,909
Current tax receivable		8,632	2,978
Cash and cash equivalents		11,862,458	31,481,472
		12,491,808	**32,029,359**
Total Assets		**12,496,412**	**32,040,103**
Equity and Liabilities			
Equity			
Share capital		48,741,085	48,741,085
Retained loss		(38,542,345)	(18,463,693)
		10,198,740	**30,277,392**
Liabilities			
Current Liabilities			
Trade and other payables		2,297,672	1,762,711
Total Liabilities		**2,297,672**	**1,762,711**
Total Equity and Liabilities		**12,496,412**	**32,040,103**

Abridged Consolidated Summarised Statements of Profit or Loss and Other Comprehensive Income

Figures in Rand	Note(s)	2019	2018
Foreign exchange (losses)/gains		(1,748)	22,736
Other operating expenses		(20,962,756)	(13,973,232)
Operating loss	3	**(20,964,504)**	**(13,950,496)**
Interest income		1,231,810	2,263,978
Loss before taxation		**(19,732,694)**	**(11,686,518)**
Taxation		(345,958)	(640,280)
Loss for the year		**(20,078,652)**	**(12,326,798)**
Other comprehensive income		-	-
Total comprehensive loss for the year		**(20,078,652)**	**(12,326,798)**
Earnings per share			
Per share information			
Basic loss per share (cents)	4	(382)	(235)
Diluted loss per share (cents)	4	(382)	(235)

Abridged Consolidated Summarised Statements of Changes in Equity

Figures in Rand	Share capital	Retained loss	Total equity
Balance at 01 July 2017	**48,741,085**	**(6,136,895)**	**42,604,190**
Loss for the year	-	(12,326,798)	(12,326,798)
Other comprehensive income	-	-	-
Total comprehensive Loss for the year	**-**	**(12,326,798)**	**(12,326,798)**
Balance at 30 June 2018	**48,741,085**	**(18,463,693)**	**30,277,392**
Loss for the year	-	(20,078,652)	(20,078,652)
Other comprehensive income	-	-	-
Total comprehensive Loss for the year	**-**	**(20,078,652)**	**(20,078,652)**
Balance at 30 June 2019	**48,741,085**	**(38,542,345)**	**10,198,740**

Abridged Consolidated Summarised Statements of Cash Flows

Figures in Rand	Note(s)	2019	2018
Cash flows from operating activities			
Cash used in operations		(20,499,212)	(21,397,992)
Interest received		1,231,810	2,263,978
Tax paid	5	(351,612)	(653,107)
Net cash from operating activities		**(19,619,014)**	**(19,787,121)**
Cash flows from financing activities			
Repayment of related party loan		-	(1,323,435)
Net cash from financing activities		**-**	**(1,323,435)**
Net decrease in cash and cash equivalents		**(19,619,014)**	**(21,110,556)**
Cash and cash equivalents at the beginning of the year		31,481,472	52,592,028
Cash and cash equivalents at end of the year		**11,862,458**	**31,481,472**

Notes to the Abridged Consolidated Summarised Annual Financial Statements

1. New Standards and Interpretations

1.1 Standards and interpretations effective and adopted in the current year

In the current year, the company has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• IFRS 9 Financial Instruments	01 January 2018	The impact of the standard is not material.

1.2 Standards and interpretations not yet effective

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after 01 July 2019 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Uncertainty over Income Tax Treatments	01 January 2019	The impact of the standard is not material.

Notes to the Abridged Consolidated Summarised Annual Financial Statements

Figures in Rand	2019	2018

2. Related parties

Relationships

Trodera Proprietary Limited

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

Destiny Corporation Management Services Proprietary Limited

DCMS is the appointed management company of AEP and therefore has significant influence. The executive directors of DCMS are also the executive directors of AEP.

Kaemelon Proprietary Limited

Kaemelon has a 67% shareholding in DCMS.

Thesele Group Proprietary Limited

Thesele has a 49% shareholding in Kaemelon. Thesele had three non-executive directors on the AEP Board who all resigned from the Board on 08 April 2019.

AEP Energy Africa International Limited

AEP International is a 100% subsidiary of AEP. It was incorporated in Mauritius on 08 May 2018.

Related party balances and transactions

DCMS

	2019	2018
Management fees	1,800,000	1,800,000
Recoveries	209,851	534,131

- The recovered costs are for office lease rentals for the financial period. The outstanding balance on the recoveries was R209,851 at 30 June 2019.

Trodera

	2019	2018
Shareholder hosting fees	27,600	59,364

- These are bank charges incurred by Trodera for holding its shares in AEP in custody with Rand Merchant Bank ("RMB"), as part of the JSE Listings Requirements of a SPAC. These bank charges were on-charged to AEP during the 2019 financial year.

Thesele Group

	2019	2018
Office lease rental expense	353,048	182,733

- The Company entered into a 12 month lease rental agreement with Thesele Group Proprietary Limited ("Thesele") on 01 August 2017. The lease agreement came to an end on 31 July 2018. The Company has been on a month-to-month lease arrangement thereafter.

Kaemelon

	2019	2018
Recovered costs	-	262,848

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

AEP International

	2019	2018
Subscription of shares	12,534	-

Notes to the Abridged Consolidated Summarised Annual Financial Statements

Figures in Rand	2019	2018

2. Related parties (continued)

At year-end AEP had not yet fully paid for the subscription of shares in AEP International.

Compensation to directors and other key management		
Short-term employee benefits	5,770,268	5,663,256

3. Operating loss

Operating loss includes the following:

Auditors remuneration	334,995	200,000
Consulting and professional fees	3,082,591	135,712
Costs associated with acquisitions	7,301,495	4,028,393
Non-executive directors fees	1,060,000	698,000
Depreciation	6,140	6,140
Employee costs	4,710,268	4,965,256
Lease rental expense - premises*	211,829	182,733
Management fees	1,800,000	1,800,000

*This amount is net of recoveries from DCMS.

4. Loss per share

Basic loss per share

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

Basic loss per share		
From continuing operations (cents per share)	(382)	(235)

Basic loss per share was based on loss of R20,078,652 (2018: R12,326,798) and a weighted average number of ordinary shares of 5,255,680 (2018: 5,255,680).

Reconciliation of profit or loss for the year to basic loss		
Loss for the year attributable to equity holders of the parent	(20,078,652)	(12,326,798)

Diluted loss per share		
From continuing operations (cents per share)	(382)	(235)

Diluted loss per share is equal to loss per share because there are no dilutive potential ordinary shares in issue.

Headline loss and diluted headline loss per share

Headline loss per share (cents)	(382)	(235)

Reconciliation between loss and headline loss		
Basic loss	(20,078,652)	(12,326,798)

Reconciliation between diluted loss and diluted headline loss		
Diluted loss	(20,078,652)	(12,326,798)

Notes to the Abridged Consolidated Summarised Annual Financial Statements

Figures in Rand	2019	2018

5. Tax paid

Balance at beginning of the year	2,978	(9,849)
Current tax for the year recognised in profit or loss	(345,958)	(640,280)
Balance at end of the year	(8,632)	(2,978)
	(351,612)	**(653,107)**

6. Subsequent events

In the intervening period between the end of the financial year and the publication of the annual financial statements, the Group was engaged in efforts to conclude the Viable Acquisition, including entering into a second letter agreement with the Sellers on 16 August 2019, as well as securing the USD61,569,066 in capital required to pay for the Viable Acquisition. In particular, the JSE required that AEP raise some of this capital in equity from public shareholders, such that after the anticipated specific equity capital raise, at least 10% of AEP's shares would be publicly held.

The JSE granted further extensions to AEP's listing:

On 30 October 2019, the Company announced that:

1. The period which the JSE had allowed for concluding the Viable Acquisition had elapsed with effect from 29 October 2019, since the Company had not succeeded in concluding this transaction within the allowed period

2. Under these circumstances, AEP being a SPAC, is required to comply with the JSE's Listing Requirement 4.37, which states that, following the end of the initial period, the SPAC must:
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7. Going concern

There is material uncertainty as to the future of AEP owing to the fact that, as required by the JSE Listings Requirements, AEP will be proceeding to make a distribution to shareholders and will propose a voluntary winding-up for consideration by shareholders.

However, the directors have options under consideration, taking account of the fact that:
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- The Group has established potentially valuable name-recognition in the African energy sector.
- Under certain scenarios the Group would have adequate resources to continue in existence and have sufficient funds to meet its obligations as and when they fall due.

Notes to the Abridged Consolidated Summarised Annual Financial Statements

Figures in Rand	2019	2018

7. Going concern (continued)

In the light of above, the directors are of the opinion that given the material uncertainly, it is not appropriate to use the going concern basis of preparation for the annual financial statements.