



IPSA

INDEPENDENT POWER SOUTHERN AFRICA



IPSA GROUP PLC

UNAUDITED INTERIM RESULTS
FOR THE SIX MONTH PERIOD ENDED
30 SEPTEMBER 2013

Stock code: IPSA

CHAIRMAN'S STATEMENT

I am pleased to present to the shareholders of IPSA Group PLC (the "Group") the results for the half year ending 30 September 2013, and include the recognition of the sale of the two remaining 701 DU turbines (the "Turbines").

In operating terms the Group has performed satisfactorily. Group turnover at £2.1 million is almost the same as in the same period last year. In ZAR terms, total sales increased from ZAR 32.0m to ZAR 32.5m, with the increase in the sales of steam (up from ZAR 5.0m to ZAR 9.2m) offset by a reduction in the amount of electricity sold (down from ZAR 26.9m to ZAR 23.2m) due to essential maintenance work on one of the turbines.

The Group recorded a profit of £1.96m (2012 – loss of £1.32m) in the period as a result of booking a profit of £3.2m following the sale in June of the remaining 2 turbines.

The balance of the purchase price owing on the sale of the Turbines (US\$6.5 million/£4.2 million) at the balance sheet date is expected to be paid in the first half of 2014, well before the June 2015 longstop date in the contract. Following the decision to acquire 3.5 MW of generating equipment from one of Rurelec's subsidiaries announced in November, the amount due from Rurelec has now been reduced by £1 million. We continue to hold further balance of plant, valued at £4 million, which will be sold in due course.

The Group's only significant liability, with the exception of the £1.3m owing to the directors in respect of salaries accrued but unpaid, remains an amount owing to Turbocare SpA part of which is under dispute but which has been fully provided for in the accounts at £4.3 million.

Effective 1 April 2013, the electricity price increased by 8 per cent. per annum, in accordance with the MTPPP contract. In April 2014 NewCogen will experience an 8 per cent fall in the price it receives for the electricity it generates as a result of the pricing structure built into the contract. NewCogen selected a termination date of March 2015 in order to avoid a further phased reduction in contract prices offered under the MTPPP tender terms.

CHAIRMAN'S STATEMENT

In order to mitigate the reduced electricity price under the existing contract NewCogen has implemented plans to expand its generating capacity through the installation of new gas engines. The new capacity, which will operate at a significantly higher efficiency than that of the current plant without requiring an increase in fixed costs, will enable NewCogen to maximise the commercial potential of its existing MTPPP contract with Eskom. It will also allow us to supply increased generating capacity under the Department of Energy's new PPA programme which will come into effect ahead of the expiry of the current contract.

We will continue to examine and develop more efficient generation solutions going forward to leverage our generating licence, grid connection and gas availability at the site where we have been operating now for over 6 years. I am also confident that there are a number of similar opportunities in South Africa which can also be developed along similar lines.

Richard Linnell

Chairman

20 December 2013

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the 6 month period ended 30 September 2013 (unaudited)

| | Notes | 6 months 30.9.13 unaudited £'000 | 6 months 30.9.12 unaudited £'000 | 12 months 31.3.13 audited £'000 |
|--|-------|---|---|--|
| Revenue | | 2,165 | 2,474 | 4,327 |
| Cost of sales | | (2,254) | (2,485) | (5,247) |
| Gross loss | | (89) | (11) | (920) |
| Administrative expenses | | (736) | (783) | (1,037) |
| Operating loss | | (825) | (794) | (1,957) |
| Profit on sale of non-current asset held for sale | 3 | 3,187 | – | – |
| Other (expense)/income | 4 | (285) | (274) | 566 |
| Finance expense | | (122) | (252) | (485) |
| Profit/(loss) before tax | | 1,955 | (1,320) | (1,876) |
| Tax expense | | – | – | – |
| Profit/(loss) after tax | | 1,955 | (1,320) | (1,876) |
| Other comprehensive income: | | | | |
| Exchange differences on translation of foreign operation | | (961) | (718) | (977) |
| Total comprehensive profit/(loss) attributable to equity Shareholders | | 994 | (2,038) | (2,853) |
| Profit/(loss) per ordinary share (basic and headline) | 5 | 1.82p | (1.23p) | (1.74p) |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 30 September 2013 (unaudited)

| | Notes | 30.9.13 unaudited £'000 | 30.9.12 unaudited £'000 | 31.3.13 audited £'000 |
|--|-------|-------------------------------|-------------------------------|-----------------------------|
| Assets | | | | |
| Non-current assets | | | | |
| Property, plant and equipment | | 7,480 | 9,741 | 8,376 |
| Current assets | | | | |
| Trade and other receivables | | 4,663 | 704 | 582 |
| Investments | 6 | 1,063 | – | – |
| Cash and cash equivalents | | 57 | 147 | 100 |
| | | 5,783 | 851 | 682 |
| Non-current assets classified as assets held for sale | 7 | 4,000 | 15,712 | 15,712 |
| Total assets | | 17,263 | 26,304 | 24,770 |
| Equity and liabilities | | | | |
| Equity attributable to equity holders of the parent: | | | | |
| Share capital | | 2,150 | 2,150 | 2,150 |
| Share premium account | | 26,767 | 26,767 | 26,767 |
| Foreign currency reserve | | (4,972) | (3,752) | (4,011) |
| Profit and loss reserve | | (13,311) | (14,710) | (15,266) |
| Total equity | | 10,634 | 10,455 | 9,640 |
| Current liabilities | | | | |
| Trade and other payables | 8 | 6,571 | 7,492 | 7,336 |
| Borrowings | | 58 | 8,357 | 7,794 |
| | | 6,629 | 15,849 | 15,130 |
| Total equity and liabilities | | 17,263 | 26,304 | 24,770 |

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
for the 6 month period ended 30 September 2013 (unaudited)

| Notes | 6 months 30.9.13 unaudited £'000 | 6 months 30.9.12 unaudited £'000 | 12 months 31.3.13 audited £'000 |
|---|---|---|--|
| Profit/(loss) for the period | 1,955 | (1,320) | (1,876) |
| Add back: net finance expense | 122 | 252 | 485 |
| Add back: profit on sale of asset held for re-sale | (3,187) | – | – |
| Add back: deposit on sale of asset held for sale | – | – | (1,935) |
| Adjustments for: | | | |
| Depreciation and impairment | 305 | 368 | 1,675 |
| Unrealised exchange losses | 537 | 243 | 427 |
| Change in trade and other receivables | 113 | 112 | 233 |
| Change in trade and other payables | (1,084) | (322) | (515) |
| Cash used in operations | (1,239) | (667) | (1,506) |
| Interest paid | (122) | – | (3,243) |
| Interest received | – | – | 34 |
| Net cash used in operations | (1,361) | (667) | (4,715) |
| Cash flows from investing Activities | | | |
| Purchase of plant and Equipment | (575) | – | (384) |
| Cash from sale of asset held for sale | 3 10,872 | – | – |
| Deposit on assets held for resale | – | – | 1,935 |
| | 10,297 | – | 1,551 |
| Cash flow from financing Activities | | | |
| Loans received | – | 779 | 4,799 |
| Loans repaid | (8,979) | – | (1,570) |
| | (8,979) | 779 | 3,229 |
| (Decrease)/increase in cash and cash equivalents | (43) | 112 | 65 |
| Cash and cash equivalents at start of period | 100 | 35 | 35 |
| Cash and cash equivalents at end of period | 57 | 147 | 100 |

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the 6 month period ended 30 September 2013 (unaudited)

| | Share Capital £'000 | Share Premium Account £'000 | Foreign Currency Reserve £'000 | Profit and Loss Reserve £'000 | Total Equity £'000 |
|--|---------------------------|--------------------------------------|---|--|--------------------------|
| At 1.4.12 | 2,150 | 26,767 | (3,034) | (13,390) | 12,493 |
| Loss for the period | – | – | – | (1,320) | (1,320) |
| Exchange differences | – | – | (718) | – | (718) |
| Total recognised expense for the period | – | – | (718) | (1,320) | (2,038) |
| At 30.9.12 | 2,150 | 26,767 | (3,752) | (14,710) | 10,455 |
| Loss for the period | – | – | – | (556) | (556) |
| Exchange differences | – | – | (259) | – | (259) |
| Total recognised expense for the period | – | – | (259) | (556) | (815) |
| At 31.3.13 | 2,150 | 26,767 | (4,011) | (15,266) | 9,640 |
| Profit for the period | – | – | – | 1,955 | 1,955 |
| Exchange differences | – | – | (961) | – | (961) |
| Total recognised expense for the period | – | – | (961) | 1,955 | 994 |
| At 30.9.13 | 2,150 | 26,767 | (4,972) | (13,311) | 10,634 |

NOTES TO THE UNAUDITED INTERIM STATEMENT

for the 6 month period ended 30 September 2013

1. Basis of preparation

These condensed consolidated interim financial statements do not constitute statutory accounts within the meaning of Section 435 of the Companies Act 2006. The comparative figures for the year ended 31 March 2013 were derived from the statutory accounts for that period which have been delivered to the Registrar of Companies. Those accounts, which contained an unqualified audit report, did not contain any statements under Sections 489(2) or (3) of the Companies Act 2006. The financial information contained in this interim statement has been prepared in accordance with all relevant International Financial Reporting Standards (“IFRS”) as adopted by the European Union in force and expected to apply to the Group’s results for the year ending 31 March 2014 and on interpretations of those Standards released to date.

2. Accounting policies

These condensed consolidated interim financial statements have been prepared in accordance with the Group’s IFRS accounting policies. These policies are set out in the Group’s financial statements for the year ended 31 March 2013.

3. Profit on sale of non-current asset

On 10 June 2013, the Company sold the Turbines to Rurelec PLC for a total consideration of \$25m (£16.1 million) of which £10.9 million was paid in cash, £1m paid in shares and £4.2 million is deferred but due no later than 10 June 2015. Rurelec PLC is a company controlled by Sterling Trust Ltd, a significant shareholder in the Company. P Earl and E Shaw are directors of Rurelec PLC. The transaction was done at market value.

NOTES TO THE UNAUDITED INTERIM STATEMENT

for the 6 month period ended 30 September 2013

4. Other (expense)/income

| | 6 months 30.9.13 £'000 | 6 months 30.9.12 £'000 | 12 months 31.3.13 £'000 |
|--|------------------------------|------------------------------|-------------------------------|
| Exchange (losses)/gains ¹ | (131) | 59 | (459) |
| Storage, legal and insurance costs ² | (154) | (149) | (410) |
| Costs associated re loan for turbines ³ | – | (184) | (500) |
| Deposit received on turbine ⁴ | – | – | 1,935 |
| Total | (285) | (274) | 566 |

¹ Exchange (losses)/gains arising on the € denominated unpaid balance owing to Turbocare in respect of the refurbishment costs of the Turbines;

² Storage, legal and insurance costs in respect of the Turbines and balance of plant;

³ Charges, including legal fees, levied by Standard Bank PLC in connection with their loan;

⁴ During the year to 31 March 2013, a conditional contract under English Law was entered into for the sale of the Turbines under which the prospective purchaser, Iris Eco Power Sdn Berhad (“Iris”), paid a non-refundable deposit of \$3.1m (£1.9m). The contract was terminated in February 2013 after Iris failed to perform in accordance with its terms in a reasonable timeframe. Iris has issued a claim in the Malaysian courts against the Company for the recovery of the deposit (\$3.1m) and consequential losses (\$9.8m). Based on the legal advice previously obtained, the Board considers the claim to be entirely without merit.

NOTES TO THE UNAUDITED INTERIM STATEMENT
for the 6 month period ended 30 September 2013

5. Loss per share

| | 6 months 30.9.13 | 6 months 30.9.12 | 12 months 31.3.13 |
|--|---------------------|---------------------|----------------------|
| Average number of shares in issue during the period | 107.5m | 107.5m | 107.5m |
| Profit/(loss) for the period | £1.955m | £(1.320m) | £(1.876m) |
| Profit/(loss) per ordinary share – basic and headline | 1.82p | (1.23p) | (1.74p) |
| Profit/(loss) per ordinary share – diluted | 1.79p | (1.23p) | (1.74p) |

6. Investments

8.5m ordinary shares in Rurelec PLC which formed part of the consideration received in exchange for the sale of the Turbines.

7. Assets held for sale

This comprises directors' valuation of the balance of plant which was not sold to Rurelec PLC and is currently available for sale.

8. Trade and other payables

Trade and other payables include:

a) An amount of £4.3 million claimed by Turbocare in respect of the balance due for refurbishment work completed in 2008, plus storage charges and interest. Included within the £4.3 million is an amount of £2.0 million of VAT which the directors regard as erroneously charged. The Company is in discussions with Turbocare with the objective of reaching a negotiated settlement of the amounts claimed.

b) An accrual of £1.3 million in respect of remuneration due to the directors and which is subject to agreements which anticipate payment in full by the end of June 2014.

NOTES TO THE UNAUDITED INTERIM STATEMENT
for the 6 month period ended 30 September 2013

The Board of Directors approved this interim statement on 20 December 2013. This interim statement has not been audited.

Copies of this announcement are being sent to all shareholders on the register at today's date. Copies may be obtained from the Company's registered office, 5th Floor, Prince Consort House, 27-29 Albert Embankment, London SE1 7TJ.

About IPSA:

IPSA Group PLC is a British company established to develop power generation projects in southern Africa. It is managed by a team with a strong track record in developing power projects worldwide and with considerable experience in southern Africa.

IPSA floated on the AIM market of the London Stock Exchange in September 2005 and obtained a dual listing on the AltX market of the Johannesburg Stock Exchange in October 2006.





IPSA
INDEPENDENT POWER SOUTHERN AFRICA

IPSA Group PLC
5th Floor, Prince Consort House
27-29 Albert Embankment
London SE1 7TJ
United Kingdom

Tel: +44 (0) 20 7793 5615
Fax: +44 (0) 20 7793 7654

www.ipsagroup.co.uk