



IPSA
INDEPENDENT POWER SOUTHERN AFRICA



IPSA GROUP PLC
UNAUDITED INTERIM RESULTS
FOR THE SIX MONTH PERIOD ENDED
30 SEPTEMBER 2014

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 2014.

In operating terms the Group has performed in line with expectations with Group turnover at £1.9m million (2013 £2.2m). At Newcastle Cogeneration (Pty) Limited ("NewCogen") in ZAR terms, total sales increased from ZAR 32.5m to ZAR 33.7m. Steam sales fell from ZAR 9.2m to ZAR 3.1m as a result of changes in demand. The value of electricity sold increased from ZAR 23.2m to ZAR 30.6m as a result of the completed maintenance programme and the operations from the newly installed Deutz engine. The plant sold 27.5 GWh and 21.5 thousand tonnes of steam during the period.

The Group recorded a loss of £0.75m (2013 – profit of £1.96m). The devaluation of the Rand continues to impact results as we report in sterling, reducing turnover and cost of sales.

The balance of the purchase price owed by Rurelec PLC in respect of the turbine sale in 2013, amounting to £3.2m, is expected to be paid in the first half of 2015. We continue to hold further balance of plant, valued at £4 million, which we expect to sell in due course.

The Group's only significant liability, with the exception of the £1.2m owing to the directors in respect of salaries accrued but unpaid, remains an amount owing to Ethos energy Italia SpA (formerly Turbocare SpA) of £4.2 million. The dispute with Turbocare was settled pursuant to an agreement announced on 29 October 2014, which required payment of €3m on or before 21 November 2014. This payment has not been made and the Company is working towards a solution involving the bridge funding of the deferred consideration due from Rurelec PLC. The Company is managing the working capital of the Group which will remain tight until the receipt of the deferred consideration and the sale of the balance of plant.

Effective 1 April 2014, the electricity price decreased by 1.73 per cent. per annum, in accordance with the MTPPP contract, including an 8 per cent. reduction in the tariff 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. Recent announcements indicate that the MTPPP contract will be extended in April 2015. However, details of the pricing and term of the extension have not been made public.

NewCogen has implemented plans to expand its generating capacity through the installation of new gas engines, and the first 1.2 MW of additional capacity was successfully commissioned in April 2014. The new capacity, operates at a significantly higher efficiency than that of the current plant in open cycle, without requiring an increase in fixed costs. A further 3 MW of engines have been shipped to the site and are awaiting installation, and will be available under the new PPA arrangements.

I would like to thank Peter Earl for stepping in as acting CEO following the sad death of Phil Metcalf in November. The management is coping well with the challenges of picking up the reins of the business Phil held so ably since 2011.

Richard Linnell

Chairman

30 December 2014

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the 6 month period ended 30 September 2014 (unaudited)

	Notes	6 months 30.9.14 unaudited £'000	6 months 30.9.13 unaudited £'000	12 months 31.3.14 audited £'000
Revenue		1,888	2,165	3,707
Cost of sales		(1,930)	(2,254)	(4,664)
Gross loss		(42)	(89)	(957)
Administrative expenses		(690)	(736)	(1,388)
Operating loss		(732)	(825)	(2,345)
Profit on sale of non-current asset held for sale	3	–	3,187	3,166
Other income/(expense)	4	17	(285)	(282)
Finance expense		(32)	(122)	(171)
(Loss)/profit before tax		(747)	1,955	368
Tax expense		–	–	–
(Loss)/profit after tax		(747)	1,955	368
Other comprehensive income:				
Exchange differences on translation of foreign operation		(348)	(961)	(1,714)
Total comprehensive loss/profit attributable to equity Shareholders		(1,095)	994	(1,346)
(Loss)/profit per ordinary share (basic and headline)	5	(0.69p)	1.82p	0.34p

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 30 September 2014 (unaudited)

	Notes	30.9.14 unaudited £'000	30.9.13 unaudited £'000	31.3.14 audited £'000
Assets				
Non-current assets				
Property, plant and equipment		7,154	7,480	7,738
Current assets				
Trade and other receivables		3,556	4,663	3,575
Investments	6	–	1,063	–
Cash and cash equivalents		64	57	61
		3,620	5,783	3,636
Non-current assets classified as assets held for sale	7	4,000	4,000	4,000
Total assets		14,774	17,263	15,374
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		(6,072)	(4,972)	(5,725)
Profit and loss reserve		(15,644)	(13,311)	(14,898)
Total equity		7,201	10,634	8,294
Current liabilities				
Trade and other payables	8	6,648	6,571	6,842
Borrowings		925	58	238
		7,573	6,629	7,080
Total equity and liabilities		14,774	17,263	15,374

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
for the 6 month period ended 30 September 2014 (unaudited)

	Notes	6 months 30.9.13 unaudited £'000	6 months 30.9.13 unaudited £'000	12 months 31.3.14 audited £'000
(Loss)/profit for the period		(746)	1,955	368
Add back: net finance expense		32	122	171
Add back: profit on sale of asset held for re-sale		–	(3,187)	(3,166)
Adjustments for:				
Depreciation and impairment		284	305	1,328
Unrealised exchange losses		(272)	537	133
Change in trade and other receivables		20	113	181
Change in trade and other payables		47	(1,084)	(530)
Cash used in operations		(635)	(1,239)	(1,515)
Interest paid		(5)	(122)	(133)
Net cash used in operations		(640)	(1,361)	(1,648)
Cash flows from investing				
Activities				
Purchase of plant and Equipment		–	(575)	(2,537)
Cash from sale of asset held for sale	3	–	10,872	12,935
Costs associated with assets held for resale		–	–	(1,230)
		–	10,297	9,168
Cash flow from financing				
Activities				
Loans received		694	–	200
Loans repaid		(51)	(8,979)	(7,759)
		643	(8,979)	(7,559)
Increase/(decrease) in cash and cash equivalents		3	(43)	(39)
Cash and cash equivalents at start of period		61	100	100
Cash and cash equivalents at end of period		64	57	61

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the 6 month period ended 30 September 2014 (unaudited)

	Share Capital £'000	Share Premium Account £'000	Foreign Currency Reserve £'000	Profit and Loss Reserve £'000	Total Equity £'000
At 1.4.13	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
Loss for the period	-	-	-	(1,587)	(1,587)
Exchange differences	-	-	(753)	-	(753)
Total recognised expense for the period	-	-	(753)	(1,587)	(2,340)
At 31.3.14	2,150	26,767	(5,725)	(14,898)	8,294
Loss for the period	-	-	-	(746)	(746)
Exchange differences	-	-	(347)	-	(347)
Total recognised expense for the period	-	-	(347)	(746)	(1,093)
At 30.9.14	2,150	26,767	(6,072)	(15,644)	7,201

NOTES TO THE UNAUDITED INTERIM STATEMENT

for the 6 month period ended 30 September 2014

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 2014 were derived from the statutory accounts for that period which have been delivered to the Registrar of Companies. Those accounts, which contained a qualified 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 2015 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 2014.

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 (£16.1m) of which £10.9m was paid in cash, £1m paid in shares and £3.2m of the original £4.2m deferred consideration remains outstanding 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. No provision has been made in respect of the claim Iris is pursuing through the Malaysian Courts in connection with their non-refundable deposit pursuant to the terminated equipment sale agreement in 2012.

4. Other income/(expense)

	6 months	6 months	12 months
	30.9.14	30.9.13	31.3.14
	£'000	£'000	£'000
Exchange gains/(losses) ¹	225	(131)	32
Profit on sale of shares	-	-	44
Storage and insurance costs ²	(208)	(154)	(358)
Total	17	(285)	(282)

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

² Storage and insurance costs in respect of the Turbines and balance of plant.

NOTES TO THE UNAUDITED INTERIM STATEMENT

for the 6 month period ended 30 September 2014

5. Loss per share

	6 months 30.9.14	6 months 30.9.13	12 months 31.3.14
Average number of shares in issue during the period	107.5m	107.5m	107.5m
(Loss)/profit for the period	(£0.746m)	£1.955m	£0.378m
(Loss)/profit per ordinary share – basic and headline	(0.69p)	1.82p	0.34p
(Loss)/ profit per ordinary share – diluted	(0.69p)	1.79p	0.34p

6. Investments

At 30.09.13 there were 8.5m ordinary shares in Rurelec PLC which formed part of the consideration received in exchange for the sale of the Turbines. These were sold between 30.09.13 and 31.3.14.

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 £4.2 million claimed by Turbocare in respect of the balance due for refurbishment work completed in 2008, plus storage charges and interest.
- b) An accrual of £1.2 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 2015.

NOTES TO THE UNAUDITED INTERIM STATEMENT

for the 6 month period ended 30 September 2014

The Board of Directors approved this interim statement on 30 December 2014. 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, 17th Floor, Millbank Tower, 21-24 Millbank, London SW1P 4QP.

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.





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