IPSA GROUP PLC

UNAUDITED INTERIM RESULTS FOR THE SIX MONTH PERIOD ENDED 30 SEPTEMBER 2012

I am pleased to report the Company's interim results for the six month period to 30 September 2012. The results are broadly in line with our expectations. The net loss after tax for the period was £1.3m (2011 – £2.6m loss), giving a basic loss per share of 1.23p (2011 – loss per share 2.43p). The operating loss for the period under review was £0.8m (2011 – £0.8m). Other net expense, comprising legal fees and storage costs associated with the turbines, a final adjustment on the Sasol 'take-or-pay' settlement and unrealised exchange gains was £0.3m (2011 – £1.0m).

Revenues of £2.5m (2011 – £1.9m) during the period comprise sales of electricity amounting to £2.1m (2011 – £1.7m) and sales of steam amounting to £0.4m (2011 – £0.2m).

NewCogen

During the six months to 30 September 2012, 25.2 million kWh of electricity was sold to Eskom under the MTPPP contract, up 22 per cent. compared with 20.7 million kWh for the same period last year. Steam sales totalling 38,174 tonnes were supplied to Karbochem under an interim steam contract, more than double the 16,231 tonnes of steam in same period last year. An additional short term steam contract was agreed with Lanxess for October and this will increase Steam sales in the next period.

In accordance with the terms of the MTPPP contract, electricity pricing remained the same during the period, with the next adjustments due in April 2013. Following a 2.8 per cent increase in the gas price as of 1 October 2012, margins will be slightly eroded. Gas volumes purchased remain within the take or pay obligations under the contract.

In July 2012, we settled our long running dispute with Sasol Gas Ltd for ZAR7.0m, relieving the Company from this obligation. This benefit was reflected in our 31 March 2012 results.

The Turbines

The Company has announced that it has exchanged contracts for the two remaining Siemens Westinghouse 701 DU gas turbines for a consideration of US$31.0m (approximately £19.4m at current exchange rates). The purchaser has already paid a non-refundable deposit of US$3.1m in cash. The Directors anticipate that, following receipt of all the proceeds, the Company will be in a position to settle with all its creditors very shortly after completion of the sale, and that there will be

£2.8m cash remaining after allowing for immediate working capital requirements and repayment of the £5.1m of loan principal and accrued but unpaid interest and legal and other fees due to Standard Bank PLC and approximately £11.0m of other liabilities, including trade payables, loans, accrued interest and amounts due to TurboCare SPA for the refurbishment and storage of the turbines. Once the sale proceeds have been received and completion has occurred, we expect to record a pre-tax book profit on the sale of the last two turbines of approximately £3.6m (based on current exchange rates).

Other Projects

The Directors are maintaining an active interest in developing further generation capacity in southern Africa, where there are increasing opportunities for Independent Power Producers, and each potential project is being assessed on a case by case basis against a background of increasing demand and wholesale electricity prices.

Conclusion

Once the sale of the turbines has completed, allowing settlement of all Company obligations and outstanding debts, we are looking to build upon our presence in the IPP market within South Africa and further afield in southern Africa.

Richard Linnell
Chairman
28 November 2012

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the 6 month period ended 30 September 2012 (unaudited)

	Notes	6 months 30.9.12 unaudited £'000	6 months 30.9.11 unaudited £'000	12 months 31.3.12 audited £'000
Revenue		2,474	1,884	4,371
Cost of sales		(2,485)	(2,128)	(4,438)
Gross loss		**(11)**	**(244)**	**(67)**
Administrative expenses		(783)	(543)	(1,380)
Operating loss		**(794)**	**(787)**	**(1,447)**
Profit on sale of non-current asset		–	–	6,116
Other (expense)/income	3	(274)	(966)	2,200
Finance expense		(252)	(860)	(1,227)
(Loss)/profit before tax		**(1,320)**	**(2,613)**	**5,642**
Tax expense		–	–	–
(Loss)/profit after tax		**(1,320)**	**(2,613)**	**5,642**
Other comprehensive income:				
Exchange differences on translation of foreign operation		(718)	(1,014)	(980)
Total comprehensive (loss)/profit attributable to equity shareholders		**(2,038)**	**(3,627)**	**4,662**
(Loss)/earnings per ordinary share (basic, diluted and headline)	4	(1.23p)	(2.43p)	5.25p

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 30 September 2012 (unaudited)

	Notes	30.9.12 unaudited £'000	30.9.11 unaudited £'000	31.3.12 audited £'000
Assets				
Non-current assets				
Property, plant and equipment	5	**9,741**	**11,394**	**11,070**
Current assets				
Trade and other receivables		704	957	816
Cash and cash equivalents	6	147	2,690	35
		851	**3,647**	**851**
Non-current assets classified as assets held for sale	7	**15,712**	**34,279**	**15,712**
Total assets		**26,304**	**49,320**	**27,633**
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		(3,752)	(3,068)	(3,034)
Profit and loss reserve		(14,710)	(21,645)	(13,390)
Total equity		**10,455**	**4,204**	**12,493**
Current liabilities				
Trade and other payables		7,492	24,113	7,814
Borrowings	8	8,357	21,003	7,326
		15,849	**45,116**	**15,140**
Total equity and liabilities		**26,304**	**49,320**	**27,633**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
for the 6 month period ended 30 September 2012 (unaudited)

	6 months 30.9.11 unaudited £'000	6 months 30.9.10 unaudited £'000	12 months 31.3.11 audited £'000
(Loss)/profit for the period	(1,320)	(2,613)	5,642
Add back net finance expense	252	860	1,227
Add back profit on sale of asset held for sale	–	–	(6,116)
Adjustments for:			
Depreciation	368	420	809
Write down value of turbine equipment	–	–	780
Translation and unrealised exchange adjustments	243	(156)	464
Change in trade and other receivables	112	7	2,150
Change in trade and other payables	(322)	1,564	(16,400)
Cash generated/(used in) operations	**(667)**	**82**	**(11,444)**
Interest paid	–	(2)	(8)
Net cash (used in)/generated from operations	**(667)**	**80**	**(11,452)**
Cash flows from investing activities			
Sale/(purchase) of plant and equipment	–	6	(1)
Proceeds from sale of asset held for sale	–	–	22,912
Deposit on assets held for resale	–	1,910	1,257
		1,916	**24,168**
Cash flow from financing activities			
Loans received	779	661	1,359
Loans repaid	–	–	(14,073)
	779	**661**	**(12,714)**
Increase/(decrease) in cash and cash equivalents	**112**	**2,657**	**2**
Cash and cash equivalents at start of period	35	33	33
Cash and cash equivalents at end of period	**147**	**2,690**	**35**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the 6 month period ended 30 September 2012 (unaudited)

	Share Capital £'000	Share Premium Account £'000	Foreign Currency Reserve £'000	Profit and Loss Reserve £'000	Total Equity £'000
At 1.4.11	**2,150**	**26,767**	**(2,054)**	**(19,032)**	**7,831**
Loss for the period	–	–	–	(2,613)	(2,613)
Exchange differences	–	–	(1,014)	–	(1,014)
Total recognised expense for the period	**–**	**–**	**(1,014)**	**(2,613)**	**(3,627)**
At 30.9.11	**2,150**	**26,767**	**(3,068)**	**(21,645)**	**4,204**
Profit for the period	–	–	–	8,255	8,255
Exchange differences	–	–	34	–	34
Total recognised expense for the period	**–**	**–**	**34**	**8,255**	**8,289**
At 31.3.12	**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**

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 2012 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, with an emphasis of matter paragraph on going concern, 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 2013 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 2012.

3. Other income/(expense)

	6 months 30.9.12 £'000	6 months 30.9.11 £'000	12 months 31.3.12 £'000
Exchange gains[1]	218	107	326
Storage, legal and insurance costs[2]	(149)	(1,073)	(256)
Costs associated re loan for turbines[3]	(184)	–	(320)
Write down value of turbine equipment[4]		–	(780)
Adjustment on gas take or pay contract[5]	(159)	–	3,230
Total	**(274)**	**(966)**	**2,200**

[1] Exchange gains arising on the ff denominated amount owing to Turbocare in respect of the refurbishment costs of the Siemens gas turbines which were originally acquired for the Coega project and are now held as an 'asset held for sale';

[2]Storage, legal and insurance costs in respect of the storage of the Siemens gas turbines pending their sale (see note 7 below);
[3]These costs represent charges, including legal fees, levied by Standard Bank PLC in connection with their loan
[4]When the turbines were acquired in 2007, the Company also acquired some ancillary equipment at a cost of £1.2m. The equipment is for sale and has written-down to £400k which represents the directors' estimate of the current realisable value.
[5]The adjustment in the current period results from the weakening of the ZAR vs. £ between March 2012 when the provision was released and the rate in August when the claim was actually settled.

4. Loss per share

	6 months 30.9.12	6 months 30.9.11	12 months 31.3.12
Average number of shares in issue during the period	107.5m	107.5m	107.5m
(Loss)/profit for the period	£(1.320m)	£(2.613m)	£5.642m
(Loss)/earnings per ordinary share (basic, diluted and headline)	**(1.23p)**	**(2.43p)**	**5.25p**

5. Property, plant and equipment

Property, plant and equipment comprises the electricity generating plant in South Africa owned by NewCogen. The change in the value since 31 March 2012 comprises depreciation of £0.4m and an exchange adjustment of £1m due to the weakening of the ZAR versus Sterling between 31 March 2012 and 30 September 2012.

6. Cash and cash equivalents

At 30 September 2011, cash and cash equivalents included US$4m (£2.6m) in respect of deposits received on the turbine sales. These funds were transferred to Standard Bank PLC and Turbocare as part repayment of the amounts owing to Standard Bank PLC and Turbocare.

7. Assets held for sale

At 30 September 2012 and 31 March 2012, these assets comprise 2 (30 September 2011 – 4) of the Siemens gas turbines which were acquired in 2007 for the proposed Coega project in South Africa. As previously reported, the Board decided, in view of the delay in that project, that the turbines should be sold. In January 2012, 2 of the turbines were sold. Contracts for the sale of the remaining two turbines were exchanged in November 2012. Deposits totalling US$3.1m have been received and the balance of US$27.9m is due to be paid on completion.

8. Borrowings

Included within borrowings are the following loans:

a) Amount due to Standard Bank of £4.9m, including accrued interest and legal fees (30/9/11 – £18.5m, 31/3/12 – £4.6m). In March 2008, the Company obtained a bank loan of £15.0m from Standard Bank PLC to finance the final instalment payment for the purchase of the 4 Siemens gas turbines. The loan was originally repayable in September 2009 and is now repayable on demand although Standard Bank PLC have agreed not to demand repayment pending completion of the sales contract referred to in 7 above.

b) Loan note of £0.8m, including accrued interest (30/9/11 – £0.7m, 31/3/12 – £0.7m). On 5 March 2010, the Company issued a £0.7m unsecured loan note, with interest payable at 6%. The loan note was originally repayable by 31 January 2011. The repayment date has since been formally extended to 31 July 2013. As repayment is now overdue, interest is accruing at 8%. Holders of the loan notes are entitled to subscribe for a total of 6.5m ordinary shares at a price of 5p per share or such lower price at which any future ordinary shares are issued prior to exercise.

c) Other loans of £2.6m, including interest (30/9/11 – £1.9m, 31/3/12 – £2.0m), comprising unsecured loans, with interest rates of between 5% and 12%. The lenders have informally agreed to extend the repayments dates pending sale of the remaining 2 turbines.

The Board of Directors approved this interim statement on 29 November 2012. 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, 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 Alt^x market of the Johannesburg Stock Exchange in October 2006.

Perivan Financial Print 227235

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