ANNUAL REPORT 2019

Africa Clean Energy Solutions Limited
Level 3, Alexander House
35 Cybercity
Ebene 72201
Mauritius
www.acesrenewables.com

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OUR MISSION

The Group develops, owns and operates clean energy power plants throughout Africa.

We strive to become a significant independent provider of clean energy; and at the same time make a positive impact on people's lives.

In pursuance of our mission, we endeavour to create a cleaner environment, while offering a sustainable return to our investors.

CHAIRMAN'S MESSAGE

Africa Clean Energy Solutions Limited ("the Company" or "ACES" or "the Group") has successfully completed its first full year of operation. The Group continues its successful strategy of developing, owning and operating renewable energy projects in Africa.

The shares of ACES were listed on the Official Market of the Stock Exchange of Mauritius Ltd ("SEM") on 31 May 2019.

The SEM imposed a restriction on all the initial shareholders of the Company (i.e. shareholders appearing on the share register dated 28 May 2019) that they may only dispose of up to 10% of their shares in the first two years following the listing.

In the first few days the shares traded on the SEM at US$1.00 per share and a total of 66,000 shares have traded thus far. However, being a small cap company the share trading activity is not likely to increase until the Power Purchase Agreements in Kenya and Uganda are completed, thereby giving increasing shareholders' confidence in the Company.

Although projects in Kenya and Uganda have not yet achieved financial close, progress has been made to achieve this goal. In the Company's business plan, it had indicated that the Kenyan and Ugandan first projects would achieve financial close in the second quarter of 2019, it is very clear now that financial close will only be reached in the first half of 2020. As a result of the delays in the implementation of the first projects in Kenya and Uganda the second projects which were expected to reach financial close in the first half of 2020, will now only reach financial close in the financial year of 2021. This development will have a direct impact on the projected profitability of the Group for the financial year ending 30 June 2020.

Group Strategy

The Group continues to implement its strategy to develop, construct and own renewable projects of between 5 MW to 50 MW throughout Africa.

Although the existing projects are taking longer than originally anticipated to bring to financial close, the Group has begun to investigate acquisition possibilities in the renewable energy sector in Africa. These opportunities have expanded the horizon of the Company in that the scope of technologies have increased from solar, biomass and biogas to include hydro and wind projects. These projects include African countries that ACES has not investigated before. These opportunities provide an exciting development for the Group in that it allows the Group to bring forward its long term strategy of achieving 500 MW of energy by 2025.

All these prospects are in the due diligence stage and until the due diligence is completed no emphasis should be placed on their success. Any project under investigation must meet the investment and risk policies of the Group.

Outlook of the Group

As mentioned above the delays of the projects in Kenya and Uganda will have an impact on the projected profitability of the Group for 2020 but the additional development of potential acquisitions provides a very good opportunity for the Group to expand its footprint in Africa in the short to medium term. My colleague Dave Kruger has set out in detail the current state of the Company, its projects and the Group's outlook.

Acknowledgements

I would like to thank my fellow Board members, our investors and stakeholders for their continued support during this first year of ACES operations. I look forward to seizing many great opportunities to create sustainable above average returns for our investors.

Gaetan Michel Siew Hew Sam
Chairman

CHIEF EXECUTIVE OFFICER'S REPORT AND BUSINESS OVERVIEW

A year of great achievements and overcoming challenges

It is with great pleasure to present to you the 2019 Financial Statements for the year ended 30 June 2019. It is a year that yet again symbolizes progress and growth for Africa Clean Energy Solutions Limited ("ACES" or "the Company").

ACES has been operating on the African continent since 2007 through its associate and subsidiary companies. ACES boasts a track record as an Independent Power Producer, dedicated to providing high quality proven technology projects and services that deliver clean energy to Africa.

ACES listed on the Official Market of the Stock Exchange of Mauritius Ltd on 31 May 2019.

The Group has embarked on an operating strategy to develop, finance, build and own clean energy projects. The current project details and country are expanded below.

Tana Biomass Generation Limited ("Tana") – Kenya:

- Kenya Power and Light Company ("KPLC") and Tana are in final discussions regarding the Power Purchase Agreement ("PPA");
- Tana is finalizing the land lease registration in terms of Kenyan law;
- All the necessary licenses are in the process of being obtained including the Nema license. This license is the Environmental Impact Assessment ("EIA"). The grid study, and topographical study have been completed;
- Application will be made for the appropriate generating license soon after the signing of the PPA;
- Feed stock for the biogas plant will be Napier grass and sweet sorghum, which have been tested for suitability and are currently being grown to meet the needs of the biogas plant;
- Final engineering, procurement and construction providers are being secured; and
- Final funding (debt and equity) is being secured.

Unergy Limited ("Unergy") - Uganda:

- Application has been submitted to the Electrical Regulatory Authority by Unergy for permit to commence the feasibility study;
- Once the feasibility study is complete, Unergy will progress to the signature of a PPA.

It would be remiss of me not to discuss the challenges that come with operating in various African countries and the challenges have certainly demonstrated itself to ACES during the past year. We have experienced and overcome:

- Delays resulting from administrative and legal constraints;
- Limited legal access in the country concerned;
- Instituting Group Corporate Governance policies;
- Government delays of issuing permits and signing agreements; and
- Changing tariff and terminology by government.

Renewable power plants are by nature capital-intensive, which will require continued fund raising until such time that the company has developed a number of projects resulting in a free cash flow. Until the company has developed, built and operated renewable plants of at least 100 MW, which have been operating for between 3 to 5 years, the company will not be able to utilize its internal cash flow for further development and working capital without the need for new equity funding. Therefore, ACES is required to raise substantial funding to meet the immediate and future equity needs to develop its projects and ability to demonstrate its financial capacity. It is important, whenever a company raises capital, to provide investors with all the details as to why the funds are being raised and how this will lead to increased shareholder value in the future.

The funds needed by the Company can be divided up into:

- The ability to develop up to financial close its renewable projects, which entails funding of working capital, feasibility studies, technical and environmental reports, land leases or acquisition, legal and accounting advice up to the Power Purchase Agreement stage;
- Funding after financial close includes legal fees, fund raising fees for debt and equity and development fees;
- Funding is then needed for capital expenditure to build the projects, which normally requires a combination of equity and debt;
- Each project requires the company to raise capital in form of debt and equity, normally in the ratio of 25% equity and 75% debt;
- Funding its ongoing operations, administration and listing obligations;
- Funding the expansion into Africa, developing new projects in countries requiring urgent solutions.

As mentioned by the Chairman, the Group has begun to investigate acquisition possibilities in the renewable energy sector in Africa. These opportunities have expanded the horizon of the Company in that the scope of technologies have increased from solar, biomass and biogas to also include hydro and wind projects.

The coming year promises to be just as eventful as the previous one.

Dave Kruger
Chief Executive Officer

ACQUISITIONS

Acquisition of the Business of South Africa Clean Energy Solutions Limited

The South Africa Exchange Authorities has granted permission to ACES to acquire the business of South Africa Clean Energy Solutions Limited ("SACE") in exchange for new shares. A circular to the respective shareholders is being prepared together with the underlying value for SACE. The acquisition must be completed by 31 December 2019. The major assets of SACE are:

- **72% of Africa Renewable Clean Power (Pty) Limited ("ARCP") - Namibia**:
  - ARCP holds 15% in two 5 MW Solar plants in Namibia. The plants are completely constructed and Commercial Operating Date for both projects have now been achieved. Energy is being supplied to Nampower.

- **49% of SACE Projects (Pty) Limited - South Africa:**
  - Application for a generating license has been submitted for the two projects under way in SACE Projects namely the 2.4 MW solar plant in Uitenhage and 4.2 MW Biogas plant in Mpumalanga;
  - SACE Projects has a conditional debt term sheet for the Solar project.

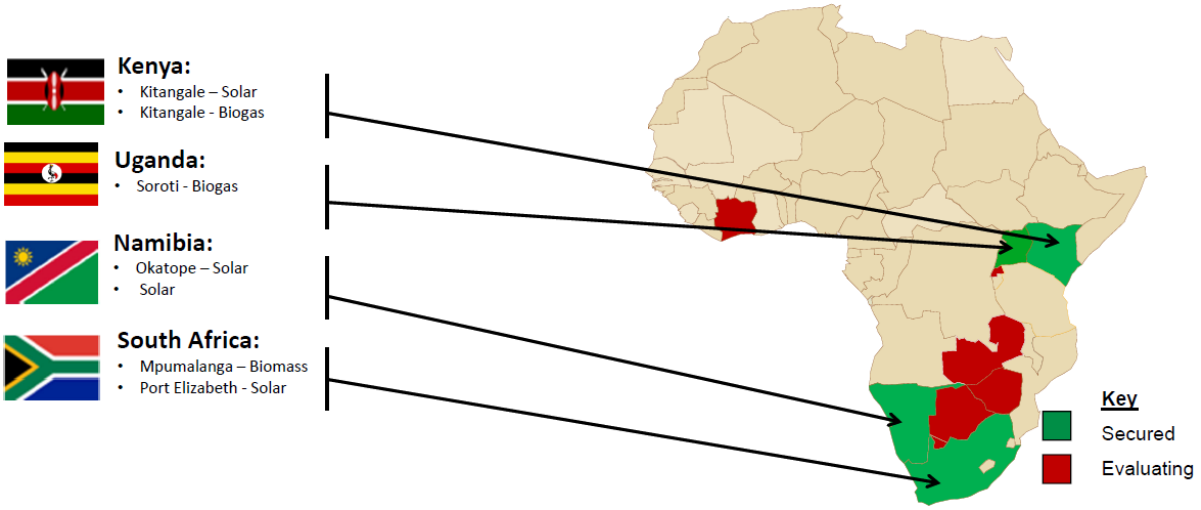
The terms and conditions of the PPA have been finalized and will be signed in the near future.

All this progress to date would not have been made possible without the strong support of our existing shareholders and are grateful to the management team, the company's employees, and the Board for all their efforts, advice and availability.

CURRENT PROJECTS

Projects in South Africa, Kenya and Uganda are being developed with a view to financial close in 2020 to 2021.

Operations secured and developed in Namibia, two solar PV projects are in full production.



FUND RAISING

ACES is currently raising US$5 million by the issue of new shares at US$1.00, which will close on 28 November 2019. The full details of the capital raise are on the company's web page www.acesrenewables.com/documents.

When the company listed on the SEM on 31 May 2019, the shares on the first day of trading was at US$1 each and it has maintained this level. As the Company is still a small cap company, the share trading is intermittent. This situation is likely to continue until the company finalizes the PPA's in Kenya and Uganda.

HUMAN RESOURCES

As the company is developing further projects it will need to increase its administrative, legal and technical expertise in the form of:

- Selection of the staff compliment for the various professions
- Finding the correct qualified candidates that can deliver and travel in Africa
- A capability to monitor and administer its completed projects to ensure the collection of cash flow

REVIEW OF RESULTS

The results for the period under review are the first set of audited results since the Company's listing on the SEM.

These results are in line with the expectations of Management in that during the period the Company continued to develop the projects in Kenya and Uganda. As these projects are in the development stage the need to utilize cash will continue. Set out earlier is a brief report on the status of the projects in Kenya and Uganda.

The company has embarked on a fund raising exercise to raise US$5 million by the issue of 5,000,000 new shares at US$1.00 per share. The fund raise closes on 28 November 2019.

These funds are required to meet the working capital needs and development capital of the Group for the forthcoming financial year.

The Group has been in discussions with funders to provide debt funding to the projects and has received positive responses. However, the funders will only commit once the relevant Power Purchase Agreements are completed for signature.

The Company's profitability will increase once each of the projects reach financial close. It is expected that financial close for two of the projects will be reached prior to the 2020 year end, which will result in the Company earning its development and management fees.

Management continues to investigate other opportunities in Africa including projects in early development stage to projects that have reached financial close and require equity partners.

The strategy of the company remains a developer, builder and owner of renewable projects in Africa and this strategy includes the investment into projects that have reached financial close and meet the minimum Internal Rate of Returns required by the Board and are located in those countries that ACES considers suitable for long terms investment.

FINANCIAL STATEMENTS

AFRICA CLEAN ENERGY SOLUTIONS LIMITED AND ITS SUBSIDIARIES
MANAGEMENT AND ADMINISTRATION FOR THE YEAR ENDED 30 JUNE 2019

		Appointed on	Resigned on
Directors:	Smitha Algoo-Bissonauth	8 December 2017	-
	Melvyn Joseph Antonie	8 December 2017	-
	Johan David Kruger	8 December 2017	-
	Toorisha Nakey-Kurnauth	8 December 2017	-
	James Stuart Friedlander	19 February 2018	-
	Gaetan Michel Siew Hew Sam	6 November 2018	-
	Antoine Kon-Kam King	28 August 2019	-

Company secretary:
Intercontinental Trust Limited
Level 3
Alexander House
35 Cybercity
Ebène, 72201
Mauritius

Registered office:
Level 3, Alexander House
35 Cybercity
Ebène, 72201
Mauritius

Auditors:
BDO & Co
Chartered Accountants
10, Frère Félix de Valois Street
Port Louis
Mauritius

Banker:
AfrAsia Bank Limited
Bowen Square
10, Dr Ferriere Street
Port-Louis
Mauritius

SEM authorised representative and SEM sponsor:
Perigeum Capital Ltd
Level 3, Alexander House
35 Cybercity
Ebène 72201
Mauritius

DIRECTORS' COMMENTARY

AFRICA CLEAN ENERGY SOLUTIONS LIMITED AND ITS SUBSIDIARIES
COMMENTARY OF THE DIRECTORS FOR THE YEAR ENDED 30 JUNE 2019

The directors are pleased to present their report together with the audited financial statements of Africa Clean Energy Solutions Limited ("the Company") and its subsidiaries (collectively "the Group") for the year ended 30 June 2019.

INCORPORATION

Africa Clean Energy Solutions Limited, referred to as the "Company", was incorporated in the Republic of Mauritius on 8 December 2017 under the Companies Act 2001 as a private company limited by shares. The Company has, by special resolution, converted itself into a public company on 7 March 2018. The Company holds a Category 1 Global Business Licence issued by the Financial Services Commission. On 31 May 2019, the Company was listed on the Stock Exchange of Mauritius Limited.

PRINCIPAL ACTIVITY

The principal activity of the Company is to provide clean energy solutions through its subsidiaries.

The subsidiaries are namely:

	% Holding		Country of incorporation and
Name	**Direct**	**Indirect**	**operation**
Africa Clean Energy Solutions (ACES) Limited	100%	-	England
Tana Biomass Generation Limited	-	70%	Kenya
Tana Solar Limited	-	70%	Kenya
Unergy Limited	-	75%	Uganda
VFU - Clean Energy Limited	-	70%	Zambia

On 28 January 2018, the Company has acquired 100% of the share capital of Africa Clean Energy Solutions (ACES) Limited. At the acquisition date, ACES held investments in four subsidiaries namely Tana Biomass Generation Limited, Tana Solar Limited, Unergy Limited and VFU - Clean Energy Limited.

REVIEW AND DIVIDEND

The results of the Company for the year ended 30 June 2019 are as shown in the statement of profit or loss and other comprehensive income.

The directors did not recommend any payment of dividend for the year under review.

AUDITORS

The auditors, BDO & Co, have indicated their willingness to continue in office and their re-appointment will be tabled for consideration at the next annual meeting of the shareholders.

CORPORATE GOVERNANCE REPORT

AFRICA CLEAN ENERGY SOLUTIONS LIMITED AND ITS SUBSIDIARIES
CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 30 JUNE 2019

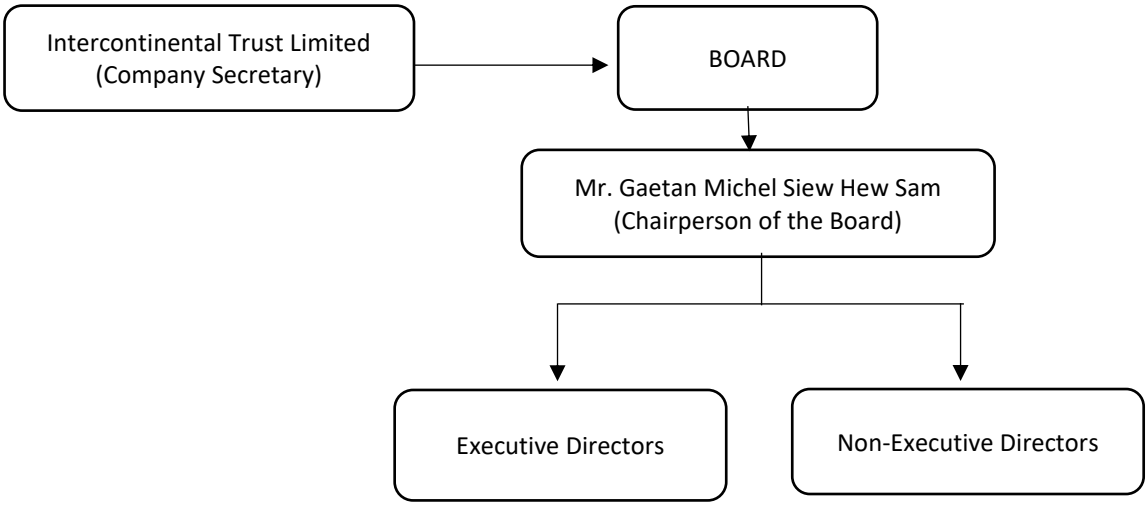
1. GENERAL INFORMATION

Africa Clean Energy Solutions Limited (the "Company" or "ACES") is a company established and incorporated under the laws of Mauritius and holds a Category 1 Global Business Licence issued by the Financial Services Commission (the "FSC"). The Company is listed on the Official Market of the Stock Exchange of Mauritius Limited since 31 May 2019.

Africa Clean Energy Solutions Limited, through its subsidiary companies, is a clean energy solutions provider across Africa. ACES is a Renewable Energy Group and Independent Power Producer which focuses on the African continent where there is a compelling case for power generation. ACES focuses on developing, financing, building and owning projects for long term cash flow in USD. The Company is currently targeting growth in Ethiopia, Ivory Coast and other business friendly jurisdictions. The goal of ACES is to become a utility, operating renewable energy plants in Africa. ACES has an objective to own and operate the projects in various countries and generate cash flow.

2. GOVERNANCE STRUCTURE

The Board is committed to the promotion and outcomes of good governance through the exercise of ethical and effective leadership. The Board is ultimately accountable and responsible for leading and controlling the Company and it assumes responsibility for the performance and affairs of the Company. The Board ensures that the Company complies with the legal and regulatory framework in Mauritius. The directors are apprised of their legal duties by the Company Secretary. The Board adheres to the code of corporate practices and conduct provided in the National Code of Corporate Governance for Mauritius 2016 (the "Code").



2. GOVERNANCE STRUCTURE (CONTINUED)

Shareholding of more than 5% of the Company at 30 June 2019 were as follows:

Shareholder	Shareholding (%)
ITL Trustees Ltd as trustee of the Cum Laude Trust	5.16%
ITL Trustees Ltd as trustee of the Nemesis Trust	20.54%
ITL Trustees Ltd as trustee of the Topolino Trust	22.48%
ITL Trustees Ltd as trustee of the Wenda Trust	16.60%
Klaus Alfred Muller	6.03%

Role of the Chairperson

The Board is headed by the Chairperson, Mr. Gaetan Michel Siew Hew Sam, an independent non-executive director. The role and function of the Chairperson is to preside over meetings of directors, to ensure that appropriate time is spent on the key issues facing the Company and the Board members receive all information necessary for them to perform their duties.

The Chairperson ensures that:

- The Board meetings are chaired in an effective manner;
- Minutes of Board and Committee meetings are kept;
- The Committees function properly;
- The performance of the Board members is evaluated every year and they address any problems;
- Internal disputes and conflicts of interest concerning individual Board members and the possible resignation of such members as a result thereof are addressed;
- The Board has proper contact with the executive members;

Role of the Non-executive and Independent directors

Non-executive and independent directors play a vital role in facilitating the exercise of independent and objective judgement on corporate affairs and to ensure that constructive discussion takes place on key issues. All directors are bound by fiduciary duties and duties of care and skill.

Code of Ethics

The company is in the process of developing a Code of ethics, which will apply to all directors and the subsidiary companies. The board is committed to the high integrity and ethical conduct in dealing with all its stakeholders and the Board bases itself on the Code of Corporate Governance as Guideline in the meantime.

Board Charter

The Board is governed by its constitution which sets out the powers and duties of the directors, proceedings, operation and governance of the Board. It has adopted a board charter which sets out the composition, responsibilities, duties, procedures, powers, authority and accountability of the Board of Directors of ACES ensuring that the company's governance processes and structures comply with the Mauritius Code of Corporate Governance and international best practice. The board charter was approved on 10 July 2019.

3. THE BOARD AND ITS COMMITTEES

Board Composition

The Board structure of ACES is unitary and comprises three independent non-executive directors, two non-executive directors and two executive directors. The determination of whether a director is independent or not, and non-executive or not, is based on the criteria set out in the Code. The Directors do not have a relationship with the majority shareholders of the Company. Mr. David Kruger is the CEO of the Company. Given the current geographical spread of the markets, the size and activity of the Company, the Board is of the view that it is of sufficient size and balanced.

The Board of Directors

Name	Gender	Country of Residence	Designation	Date of appointment	Directorship in other listed companies
MELVYN JOSEPH ANTONIE	M	South Africa	Executive Director and Chief Operating Officer	8th December 2017	None
JOHAN DAVID KRUGER	M	South Africa	Executive Director and Chief Executive Officer	8th December 2017	None
JAMES STUART FRIEDLANDER	M	United Kingdom	Independent Non-executive Director	19th February 2018	None
ANTOINE KON-KAM KING	M	Mauritius	Independent Non-executive Director	28th August 2019	None
GAETAN MICHEL SIEW HEW SAM	M	Mauritius	Independent Non-executive Director	6th November 2018	None
SMITHA ALGOO-BISSONAUTH	F	Mauritius	Non-Executive Director	8th December 2017	2
TOORISHA NAKEY-KURNAUTH	F	Mauritius	Non-Executive Director	8th December 2017	None

MELVYN JOSEPH ANTONIE
BA, LLB Diploma from Manchester University (Finance)
(South African, Executive Director)

Mr. Antonie is an admitted attorney. He joined the Board on formation of SACE in 2007 as an Executive Director. In 1973, he joined Barclays National Merchant Bank where he became senior general manager, responsible for mergers, acquisitions, listings, bank syndicated positions and project financing. Mr. Antonie became a director of Hill Samuel SA in 1986 and he was responsible for the Corporate Finance Department. He formed The Janus Corporation as a shareholder and director in 1987 and between 1996 and 1998, as part of a joint venture, he was a director of SG Corporate Finance (SA) (Pty) Limited. Mr. Antonie has an extensive experience in the financial field and he is part of the SACE/ARCP finance team.

3. THE BOARD AND ITS COMMITTEES (CONTINUED)

The Board of Directors (continued)

JOHAN DAVID KRUGER
(South African, Executive Director)

Mr. Kruger joined the Board on formation in 2007 and became the Chief Executive Officer in 2011, having previously managed a successful property development company in South Africa. Mr. Kruger is responsible for the negotiations of the Group business partners in Africa and they are involved with negotiations with government and mining houses in Namibia, Kenya, Uganda and South Africa. Mr. Kruger is actively involved with fund raising for the group. He has more than 10 years' experience in the renewable energy space and he has concluded numerous projects in Africa.

JAMES STUART FRIEDLANDER
BA, JD
(American, Independent Non-Executive Director)

Mr. Friedlander received his J.D. from Harvard Law School in 1996. He is an international lawyer and he has worked in 25 countries in Africa, as a World Bank lawyer, as a private banker at Citibank and as a private lawyer for large and small law firms. Over the years, Mr. Friedlander has been on the board of NMB Bank in Zimbabwe and a Canadian mining company listed on the TSE.

Mr. Friedlander has advised Governments in Africa and in Eastern Europe for 33 years on their investment laws as a consultant to the World Bank/IFC. Mr. Friedlander is a marketing manager of ENS Africa, a law firm and he is also a partner in a law firm in Moscow, Russia.

ANTOINE KON-KAM KING
BA, FCA, MBA, FMIOD
(Mauritian, Independent Non-executive director)

For the last 30 years, Mr. King has been working as a Senior Manager and Advisor internationally in Kenya, USA, China and UK on projects, Finance, Administration, Strategic planning and organisational development. Mr. King has worked as a supervisor at Deloitte, London and as a consultant to listed companies on Strategy and Finance at the London Business School. Mr. King has been a manager of Assets Control and Trust Funds Unit at the UNDP Division of Finance. He has also worked as a senior finance officer at the UNDP Regional Bureau for Asia and the Pacific. From 1993-1998, Mr. King has been the deputy representative at the UNDP China office and he has been a senior planning advisor of the UNDP Bureau of Management. Mr. King has also worked at the UNDP New York and at the UN-Habitat, Nairobi. He is currently an independent board member and chairperson of the Audit and Risk Committee of Metropolitan (Life) Mauritius Ltd, director of Antela Consulting, board member, president of Chinese Business Chamber, vice-president of We-Recycle and president of 'conseil syndical', le Bout du Monde. He is currently a member of the Audit Committee Forum of the Mauritius Institute of Directors (MIOD).

GAETAN MICHEL SIEW HEW SAM
(Mauritian, Non-executive Independent Director)

Mr. Siew has been a director/partner of Lampotang & Siew Architects Ltd since 1981 in Mauritius. He has worked in Mauritius, France, India, Madagascar, Mayotte, Seychelles, Swaziland and Tunisia on projects such as Airports, Hotels, Commercial and Leisure, urban planning and heritage projects. Mr Siew was initially trained as an architect. Throughout his career he has learnt that being an architect means to translate imagination into reality and has applied the same methodology to find concrete solutions for complex problems. Mr. Siew has been a president of the International Union of Architects. He travels the world to make presentations on global issues and globalisation.

3. THE BOARD AND ITS COMMITTEES (CONTINUED)

The Board of Directors (continued)

SMITHA ALGOO-BISSONAUTH
B.Sc (Hons), ICSA, MBA
(Mauritian, Non-executive Director)

Mrs. Algoo joined the Corporate Services Department of Intercontinental Trust Limited ("ITL") in 2006 and she is currently a Senior Manager in the Listing Department. She completed her MBA in Innovation and Leadership with distinction, from the University of Mauritius in partnership Ducere Business School and is presently an Associate Member of the Institute of Chartered Secretaries and Administrators.

Prior to her appointment as manager in the Listing Department, she headed various teams in the Corporate Services Department for nearly 10 years and is currently overseeing companies that are listed on the SEM, NSX, JSE and LSE. She has been overseeing the operations division such as incorporation of companies, advising on company structures and regulatory matters and corporate administration of global business companies, both under the private and public structures in the global business sector and the domestic sector.

Additionally, Mrs. Algoo sits as director on the boards of several global business companies that are under the administration of ITL, as well as boards of Listed Companies and Special Licensed Companies by the FSC.

TOORISHA NAKEY-KURNAUTH
B.Sc (Hons)
(Mauritian, Non-executive Director)

Mrs. Nakey-Kurnauth joined ITL in 2008 and is currently a manager in the Listing Department. She has been overseeing the operations of the listing team and advises clients on incorporation of companies, compliance with ongoing obligations in relation to regulatory matters and she is the direct point of contact for clients. Mrs. Nakey-Kurnauth has also worked in the Fund administration department for five years where she has gained extensive experience by administering fund structures. She has advised clients on the fund structures, reviewed fund documents and was also involved in fund accounting. Over the years, Mrs. Nakey-Kurnauth has gained experience in managing people and servicing clients.

Mrs. Nakey-Kurnauth has attended several seminars, conferences and workshops in relation to leadership, presentation skills, company secretarial matters and compliance with ongoing SEM obligations.

Mrs Nakey-Kurnauth has graduated from the University of Mauritius with a Bsc (Hons) in Finance with Law and she is currently taking the final paper for the ACCA.

Directors Attendance

There was no board meeting during the financial year ended 30 June 2019. The board decisions were taken by way of written resolutions. After the listing in May 2019 and the year ended 30 June 2019, a meeting was convened in July 2019 whereby all the matters post listing were considered. The directors are able to allocate sufficient time and focus to the Company's affairs in order to discharge their responsibilities effectively.

3. THE BOARD AND ITS COMMITTEES (CONITNUED)

Audit Committee

The Audit Committee is a committee of the Board of Directors of the Company established to assist the Board in discharging its responsibilities as follows:

- The Committee shall review the quality and integrity of the financial statements of the Company, including its annual and interim reports and any formal announcement relating to the Company's financial performance;
- The Committee shall report to the Board on significant financial reporting issues and judgements which these financial statements contain having regard to matters communicated to the Committee by the auditor;
- The Committee shall review and challenge where necessary:
    - any changes to significant accounting or significant adjustments resulting from the audit;
    - compliance with accounting standards, local and international, compliance with stock exchange and legal requirements;
    - methods used to account for significant or unusual transactions where different approaches are possible;
    - whether the Company has followed appropriate accounting standards and made appropriate estimates and judgements taking into account the views of the external auditor;
    - the basis on which the Company has been determined a going concern;
    - capital adequacy and internal controls;
    - compliance with the financial conditions of any loan covenants.

The Committee consists of two independent non-executive directors (Antoine Kon-Kam King and James Stuart Friedlander) and one non-executive director (Smitha Algoo-Bissonauth). Mr King is the Chairperson of the Audit Committee. The Committee shall meet at least four times a year. The Committee was constituted on 10 July 2019. The Committee's responsibilities and duties are governed by the Audit Committee charter that was approved by the Board and which will be reviewed at least each year. The Committee shall provide feedback to the Board following all meetings.

Investment Committee

The Investment Committee is a committee of the Board of Directors of the Company established to assist the Board in discharging its responsibilities as follows:

- The Committee shall set investment policies, subject to approval of the Board and guidelines;
- The Committee shall review and make recommendations to the Board regarding:
    - the investment policies and guidelines, their implementation, and compliance with those policies and guidelines;
    - advising the Operations team, who manage the day to day operations, on debt and/or loan structures;
    - risk management with regard to investment activities;
- The Committee shall review the performance of the local Project Managers, and shall in appropriate circumstances recommend to the Board the termination of the services of the Project Managers, and the appointment of any other external managers, in conjunction with the Operations team.
- The Committee shall help the Board to ensure that responsible investment is practiced by the Company to promote good governance and creation of value by the projects and countries in which the Company invests.
- The Committee will set the direction for how responsible investing will be approached and conducted by the Company. The Committee shall therefore assist the Board in approving a policy that articulates the Company's direction on responsible investment. This policy should provide for the adoption of a recognised responsible Investment code, principles and practices.
- The Committee shall assist the Board in holding any outsourced service providers accountable for complying with the responsible investment principles incorporated in the Company's Investment Principles. To give effect to this, the Committee will from time to time consider reports from the outsourced providers regarding their compliance with the responsible Investment Principles.

3. THE BOARD AND ITS COMMITTEES (CONTINUED)

Investment Committee (continued)

The Committee consists of two independent non-executive directors (James Stuart Friedlander and Gaetan Michel Siew Hew Sam), 2 executive directors (Melvyn Joseph Antonie and Johan David Kruger) and one non-executive director (Smitha Algoo-Bissonauth). Mr Kruger is the Chairperson of the Investment Committee. The Committee shall meet on a quarterly basis. The Committee was constituted on 10 July 2019. The Committee's responsibilities and duties are governed by the Investment Committee charter that was approved by the Board and which will be reviewed at least each year. The Committee shall provide feedback to the Board following all meetings.

Corporate Governance Committee

The Corporate Governance committee is a committee of the Board of Directors of the Company established to assist the Board in discharging its responsibilities as follows:

- To determine, develop and recommend to the Board the company's general policy on Corporate Governance in accordance with the Code of Corporate Governance of Mauritius;
- To ensure that the reporting requirements on Corporate Governance, on an ongoing basis, are in accordance with the principles of the Code;
- To ensure that an adequate process is in place for the Board;
- To monitor the ethical conduct of the Company, its executives and senior officials;
- To review and recommend the implementation of structures and procedures to facilitate the Board's independence from management;
- To give recommendations on any potential conflict of interest or questionable situation of a material nature;
- To develop Charters for any new Committees established by the Board and review the Charters of each existing Committee and recommend any amendments or elimination to the Charters or Committees;
- To review all related party transactions and situations involving Board members and refer where appropriate to the Board or the shareholders general meeting;
- To regularly review the structure, size and composition (including skills, knowledge, experience and diversity) of the Board and make recommendations to the Board with regard to any changes;
- To give consideration to succession planning for directors and senior executives, taking into account the challenges and opportunities facing the Company, and future expertise needed;
- To make recommendations for membership of the Audit and Risk Committee and Investment Committee, and any other Board Committees as appropriate in consultation with the Chairperson of those Committees to the Board;
- To make recommendations for the re-election, by shareholders, of directors or the retirement by rotation, having due regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required and the need for progressive refreshing of the Board;
- To within the terms of the agreed Remuneration Policy and in consultation with the Chairperson and or/the CEO, determine specific remuneration packages of the Board and senior management, including bonuses, incentive payments and share options or other share awards;
- To ensure the objective of the Remuneration Policy shall be to attract, retain and motivate executive management of the quality required to run the Company successfully without paying more than is necessary, having regard to views of shareholders and other stakeholders. The Remuneration Policy should have regard to the risk appetite of the Company and alignment to the Company's long term strategic goals;
- To review the on-going appropriateness and relevance of the Remuneration Policy;

3. THE BOARD AND ITS COMMITTEES (CONTINUED)

Corporate Governance Committee (continued)

The Committee consists of two independent non-executive directors (James Stuart Friedlander and Antoine Kon-Kam King) and one executive director (Melvyn Joseph Antonie). Mr Friedlander is the Chairperson of the Corporate Governance Committee. The Committee shall meet at least once a year. The Committee was constituted on 10 July 2019. The Committee's responsibilities and duties are governed by Corporate Governance Committee charter that was approved by the Board and which will be reviewed at least each year.

The Committee shall provide feedback to the Board following all meetings.

Company Secretary

Intercontinental Trust Limited acts as the Company Secretary and performs secretarial duties for the Audit Committee and for the Board. In its capacity as Company Secretary, ITL guides the Board and individual members so that they discharge their responsibilities properly and in the best interest of the Company. In order to perform its duties, ITL has unrestricted access to the Board. The experience, qualifications and competence of the Company as well as the individuals who perform secretarial duties are considered annually. The Board has taken into consideration the service quality and the nature of advice provided by ITL as well as the latter's ability to provide updates and advise on matters regarding the Mauritian Companies Act, the Mauritian Report on Corporate Governance and relevant regulations and legislation. The Board has taken into consideration these aspects and is satisfied that ITL has the necessary skills and experience to carry out its duties as Company Secretary.

4. DIRECTOR APPOINTMENT

Directors' selection

Shareholders are ultimately responsible for electing or removing Board members upon recommendation of the Corporate Governance Committee. The directors have been appointed by the Board and submitted themselves for re-appointment at the first Annual Meeting. Board members are selected to achieve a mix of skills and knowledge appropriate to the Company's business. The Chairperson arranges for a meeting with any new director to brief on the company's activities and governance requirements and expectations. All new directors participate in an induction and orientation process. The Corporate Governance Committee assumes the responsibilities for succession planning and shall make recommendation to the Board accordingly. The Board shall review the professional development and ongoing education of directors as from the next financial year.

5. DIRECTOR DUTIES AND REMUNERATION AND PERFORMANCE

Directors' interests

Directors shall act in the best interest of the Company and its business, taking into consideration the interests of the stakeholders. The directors shall consider addressing any conflicts of interest issues between the Company and members of the Board. Any conflict of interest or potential conflict of interest shall be reported to the Chairperson of the Board and all relevant information shall be provided**.** A register of directors' interests is maintained by the Company Secretary. The interests register is available to shareholders upon written request to the Company Secretary.

5. DIRECTOR DUTIES AND REMUNERATION AND PERFORMANCE (CONTINUED)

Directors' interests (continued)

The direct and indirect interest of the Directors in the securities of the Company as at 30 June 2019 were:

Name of Director	Direct holding (shares)	Indirect holding (shares)	Amount of shares held in the Company
Melvyn Joseph Antonie	5	5,340,031	5,340,036
Johan David Kruger	5	5,867,047	5,867,052
James Stuart Friedlander	37,505	-	37,505
Gaetan Michel Siew Hew Sam	-	-	-
Smitha Algoo Bissonauth	-	-	-
Toorisha Nakey-Kurnauth	-	-	-

Related party transactions

The Company has entered into loan agreements with South Africa Clean Energy Solutions Limited, Africa Clean Energy Solutions (ACES) Limited, Tana Biomass Generation Limited, Robert Muchiri and Unergy Limited.

All related-party transactions have been conducted in accordance with the related-party transactions policy.

The related party transactions have been set out in note 21 of these financial statements.

Dealing in the shares of the Company

Should a director wish to deal in the shares of the Company, such director would follow the principles and rules set out in the Stock Exchange of Mauritius listings rules dealing with the matter. As per the SEM approval letter, the shareholders of ACES whose names appear in the share register as at 28 May 2019 are not allowed to dispose during the first two years of listing, of more than 10% of their initial shareholding in the Company.

Information Policy

The Board is ultimately responsible for information and technology ("IT") governance. The Board relies on the IT framework of the different service providers.

Remuneration

In relation to Remuneration the Corporate Governance Committee shall**;**

- Within the terms of the agreed Remuneration Policy and in consultation with the Chairperson and or/the CEO, determine specific remuneration packages of the Board and senior management, including bonuses, incentive payments and share options or other share awards.
- Ensure the objective of the Remuneration Policy shall be to attract, retain and motivate executive management of the quality required to run the Group successfully without paying more than is necessary, having regard to views of shareholders and other stakeholders. The Remuneration Policy should have regard to the risk appetite of the Group and alignment to the Group's long term strategic goals.
- Review the on-going appropriateness and relevance of the Remuneration Policy.
- Oversee any major changes in employee benefits structures throughout the Group.
- Agree the policy for authorising claims for expenses from the directors.

5. DIRECTOR DUTIES AND REMUNERATION AND PERFORMANCE (CONTINUED)

Remuneration (continued)

The director fees during the year are as follows;

Non-Executive directors (ITL)	Independent Non-Executive director (Chairperson)
USD2,580	USD1,000

The directors have not received remuneration in the form of share options or bonuses associated with the Company's performance.

Please refer to note 21 of the Financial Statements with respect to the directors' fees.

Evaluation

As the Company is newly incorporated and listed, no evaluation of its committee and Board has been carried out so far. The Company shall conduct an evaluation of its committee and Board during the course of the next financial year.

6. RISK GOVERNANCE AND INTERNAL CONTROL

The risk management policy of ACES outlines the risk management process and sets out the responsibilities of the Board, the Audit & Risk Committee, senior management and others in relation to risk management.

The risks applicable to ACES are typical of those that are associated with investing in Africa and in the renewable energy space. The Board of ACES understands these inherent risks and takes all reasonable and where possible, appropriate steps to mitigate such risks such as those described below. A robust risk management framework has been implemented, based on best practice enterprise risk management. The Board, Audit and Risk Management Committee and Management review the Risk Register on a regular basis and update risk movements and mitigation plans accordingly.

In relation to Internal Control, the Audit and Risk Committee will:

- Review the adequacy of the Company's systems of internal control, including internal financial control and business risk management and maintaining effective internal control systems;
- Review the adequacy and security of the Company's arrangements for its employees and contractors to raise concerns about possible wrongdoing in financial reporting or other matters;
- Review the Company's procedures and controls for detecting fraud and the prevention of bribery;
- Review significant transactions not directly related to the Company's normal business as the Committee might deem appropriate;
- Review and investigate cases of employee conflicts of interest, misconduct, fraud, bribery or any other unethical activity by employees or the Company;
- Safeguard Company's assets against unauthorised use or disposal.

The Company will engage in the above mentioned internal controls during the financial year ending 30 June 2020.

The financial risks to which the Company is exposed to are disclosed in Note 5.

6. RISK GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

Risk Category	Risk Description	Risk Mitigation
Energy, technology, location and infrastructure risks	In regard to the Biogas Project, the major risks are the quality and certainty of the feedstock.	In this regard, management has adopted a "ring fenced" strategy in terms of which the operating company will control the production of the feedstock and ensure that the project has enough buffer feedstock for a period of not less than six months. By providing the land to the farmer, the feedstock is exclusively provided to the project.
	With regard to the infrastructure, the major risks are transmission, connection and infrastructure equipment.	All transmission, connection and infrastructure requirements are addressed prior to the commencement of the project. This is identified in the feasibility study of the project. A transmission agreement is then signed with all the responsibilities and financial commitments allocated and accepted by the parties.
	Irradiation of the sun whose yield fluctuates from country to country and is also location specific in term of the best yield generated from the sun.	In reducing this risk, equipment is used to determine the best yield and location for the solar project.
Capital and Investment Risk	The development of renewable projects through its subsidiary companies carries the investment risk of a loss of capital and there can be no assurance that the Company will not incur losses. Returns generated from the investments may not adequately compensate shareholders for the business and financial risks assumed. Many unforeseeable events, including actions by various government agencies and domestic and international economic and political developments may cause sharp market fluctuations which could adversely affect the Group's portfolios and performance both in the short and longer terms.	A comprehensive due diligence is conducted prior to investment in order to identify and potentially reduce the risk factor.
Currency risk	The Company invests in other jurisdictions other than Mauritius. For those investors whose base or home currency is not the same as the relevant foreign currency, there is a risk of currency loss if the USD depreciates against the investors' base currency.	The investments will be denominated predominantly in USD, and each project predominantly generates income in USD, thereby reducing currency risk.
Stock market risk	ACES share price/market capitalisation value is subject to market changes and could decrease or increase in price based on the movement in global and local stock markets.	

6. RISK GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

Risk Category	Risk Description	Risk Mitigation
Liquidity risk	The nature of the business of the Company is to invest and own a project until maturity of the contract. Although a market exists for such assets, it is dependent on the investors' appetite for a project of clean energy in a particular market. The cash flow from its projects (although in USD) tends to become positive some three to five years after final commencement date of the project. A value of a project increases significantly from the commencement date of operation, which should flow through to the share price of the Company. However the subsidiary company may not be able to sell a project if it is required to do so or to realize what it perceives to be fair value in the event of a sale.	The Company identifies the cash flow needs of a project in advance and provides a facility to meet future cash flow shortages. In addition the Company takes out MIGA and appropriate insurance policies to cover political and commercial risk to prevent a project cash flow shortage.
Leverage and financing risk	Although it is the intention not to leverage the Company above the 25% level, the underlying projects could have the effect that the Company may pledge its shares held in a particular SPV in order to raise funds for investment purposes. While leverage presents opportunities for increasing the total return of the Company, it has the effect of potentially increasing losses as well. Based on the debt to equity of 75:25% at the project level and 25:75% at the Company level, the consolidated level of gearing will not exceed 81.25%.	Based on the debt to equity of 75:25% at the project level and 25:75% at the Company level, the consolidated level of gearing will not exceed 81.25%.
Global Political, Economic and Financial Risk	As the Company invests in African countries, it could be exposed to adverse political, economic, environmental, social and financial events. The value of the investments could decline as a result of economic developments such as poor or negative economic growth, poor balance of payments data, high interest rates or rising consumer price inflation. A similar situation would prevail due to political instability in certain jurisdictions.	The Company will take reasonable steps to mitigate these risks, including political risk and other insurance cover.
Operational risk	As the Company's strategy is to own and operate its clean energy operations, operational risk needs to be aggressively managed. Operational failures could result in financial loss for the Company.	The Company takes out appropriate insurance cover and relies on the guarantees of the EPC and O&M providers.
Stakeholder risk	As the Company's main investment focus is in African countries, its stakeholder relationships need to be carefully managed in order to create the required value for all participants in projects and to manage contracts efficiently. Stakeholder relations could severely impact the viability and profitability of a project, if not managed appropriately.	The Company has created a detailed stakeholder risk assessment which is incorporated in its risk register.

6. RISK GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

Failure to integrate new acquisitions	Part of the Company's strategy is to make selective investments into renewable energy service providers. Successful integration of these businesses is affected by factors including the ability to integrate these acquisitions and to leverage off the existing human resource capital in the Company.	Prior to an acquisition a detailed due diligence is undertaken, including but not limited to the integration process.

Whistleblowing procedure

Having due regards to its size, the Board does not consider the need to have a whistleblowing procedure. It shall consider the merits of implementing a whistleblowing policy if the circumstances of the Company changes.

7. REPORTING WITH INTEGRITY

The Board is responsible for the fair preparation and presentation of the accounts and ensures that the Company's accounts are prepared in accordance with the requirements of International Financial Reporting Standards (IFRS) and all relevant legislation.

The Company has a high standard for environmental and social risk management and as such, invests only where environmental and social risks are considered and appropriately mitigated.

8. AUDIT

BDO has been appointed as auditors of the Company since incorporation in 2017. The auditors presented their report and the audit process to the Audit Committee. The audit committee has discussed the accounting principles with the auditors. The auditors provide audit services to the Company. They have also provided services for the review of the business plan of the Company for listing on the Stock Exchange of Mauritius Limited. BDO will be considered for re-appointment at the annual meeting of shareholders.

The Audit and Risk committee will oversee the relationship with the external auditor including:

- Assessing annually their independence and objectivity taking into account relevant professional and regulatory requirements, including the provision of any non-audit services;
- Satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the auditor and the organisation, other than in the ordinary course of business, which could adversely affect the auditor's independence and objectivity.

The Board does not consider that the Company needs to have an internal audit function given the size and nature of its business. Internal audit work will be outsourced to external audit firms on an ad hoc basis should the Audit Committee deem it necessary.

9. RELATIONSHIP WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS

The net asset value per share of the Company as at 30 June 2019 was USD 0.0039. The Company will regularly engage with its shareholders through the publication of its announcements, roadshows, at the annual general meeting and by holding meetings.

The annual meeting of the shareholders of the Company will be held by 31 December 2019 to adopt the annual report including the financial statements.

The policies and documents required by the Code will be made available on the website.

STATEMENT OF COMPLIANCE

AFRICA CLEAN ENERGY SOLUTIONS LIMITED AND ITS SUBSIDIARIES
STATEMENT OF COMPLIANCE FOR THE YEAR ENDED 30 JUNE 2019

(Section 75 (3) of the Financial Reporting Act)

Name of Company: Africa Clean Energy Solutions Limited

Reporting Period: Financial year ended 30 June 2019

We, the undersigned being the directors of Africa Clean Energy Solutions Limited, the "Company", confirm that, to the best of our knowledge, the Company has not complied with the hereunder sections of the Code of Corporate Governance (the "Code"), and reasons for the non-compliance are given below:

	Areas of non-application of the Code	**Explanation for non-application**
Principle 7	Internal audit	The Board does not consider that the Company needs to have an internal audit function given the size and nature of its business. Internal audit work will be outsourced to external audit firms on an ad hoc basis should the Audit Committee deem it necessary.
Principle 5	Whistleblowing procedure	Having due regards to its size, the Board does not consider the need to have a whistleblowing procedure. It shall consider the merits of implementing a whistleblowing policy if the circumstances of the Company changes.

Smitha Algoo-Bissonauth

30 September 2019

Toorisha Nakey-Kurnauth

30 September 2019

STATEMENT OF DIRECTORS' RESPONSIBILITIES

AFRICA CLEAN ENERGY SOLUTIONS LIMITED AND ITS SUBSIDIARIES
STATEMENT OF COMPLIANCE FOR THE YEAR ENDED 30 JUNE 2019

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors acknowledge their responsibilities for:

1. Adequate reporting records and maintenance of effective internal control systems;

2. The preparation of the consolidated annual financial statements which fairly present the state of affairs of the Company as at the end of the financial year and the results of its operations and cash flows for that year, and comply with International Financial Reporting Standards ("IFRS"); and

3. The selection of appropriate accounting policies supported by reasonable and prudent judgements.

The external auditors are responsible for reporting on whether the financial statements are fairly presented.

The Directors report that:

1. Adequate accounting records and an effective system of internal controls and risk management have been maintained;

2. Appropriate accounting policies supported by reasonable and prudent judgements and estimates have been used consistently;

3. International Financial Reporting Standards have been adhered to;

4. The Code of Corporate Governance has been adhered to. Reasons have been provided in the corporate governance report in case of non-compliance with any requirement; and

5. The Directors have reviewed the Company's cash flow forecast for the 12 month period from the date of signature and, in the light of this view and the current financial position, they are satisfied that the Company has access to adequate resources to continue in operational existence and as a going concern for the foreseeable future.

Signed on behalf of the Board

Smitha Algoo-Bissonauth	Toorisha Nakey-Kurnauth
30 September 2019	30 September 2019

SECRETARY'S CERTIFICATE

AFRICA CLEAN ENERGY SOLUTIONS LIMITED AND ITS SUBSIDIARIES
SECRETARY'S CERTIFICATE UNDER SECTION 166(D) OF THE MAURITIUS COMPANIES ACT 2001 FOR THE YEAR ENDED 30 JUNE 2019

We confirm that, based on records and information made available to us by the directors and members of the Company, the Company has filed with the Registrar of Companies, for the year ended 30 June 2019, all such returns as are required of the Company under the Mauritius Companies Act 2001.

Intercontinental Trust Limited 30 September 2019
Company secretary

INDEPENDENT AUDITORS' REPORT

AFRICA CLEAN ENERGY SOLUTIONS LIMITED AND ITS SUBSIDIARIES
INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Africa Clean Energy Solutions Limited

Report on the audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Africa Clean Energy Solutions Limited and its subsidiaries (the Group), and the Company's separate financial statements on pages 34 to 76 which comprise the statements of financial position as at 30 June 2019, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements 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 on pages 34 to 76 give a true and fair view of the financial position of the Group and of the Company as at 30 June 2019, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001.

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 Group and of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)* together with the ethical requirements that are relevant to our audit of the financial statements in Mauritius, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, in relation to these matters.

To the Shareholders of Africa Clean Energy Solutions Limited

Key audit matter for the Group

Recoverability of amounts receivable from related parties

At June 30, 2019, amounts receivable from related parties amounted to USD 481,574 and USD 810,344 for the Group and the Company respectively.

The Group and the Company exercise significant judgement using subjective assumptions over both when and how much to record as impairment and estimation of the amount of impairment loss relating to group receivables. Because group receivables form a major portion of the Company's assets and due to the significance of the judgements used in determining the related impairment loss requirements, this audit area is considered as a significant key audit matter.

Related disclosures

Refer to note 8 of the accompanying financial statements.

Audit response

Our audit procedures included, amongst others:

- Obtained confirmations for amounts owed by related parties at the end of the reporting period;
- Ensured that the impairment methodology for the Group and the Company is consistent with the requirements of IFRS 9;
- Checked appropriateness of the Group's and the Company's determination of credit risk and expected credit loss

Other information

The Directors are responsible for the other information. The other information comprises the information in the Annual Report (but does not include the Corporate Governance Report, 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 any form of assurance conclusion thereon.

To the Shareholders of Africa Clean Energy Solutions Limited

Other information (cont'd)

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.

When we read the other information, which will be made available to us after the date of our auditors' report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Corporate governance report

Our responsibility under the Financial Services Act Circular Letter CL280218 is to report on the compliance with the Code of Corporate Governance disclosed in the annual report and assess the explanations given for non-compliance with any requirement of the Code. From our assessment of the disclosures made on corporate governance in the annual report, the Company has complied with the requirements of the Code.

Responsibilities of Directors and Those Charged with Governance 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 in compliance with the requirements of the Companies Act 2001, and for such internal control as the directors determine is necessary to enable the preparation of the 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 Group and 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 Group and the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group and the Company's financial reporting process.

Auditors' 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.

To the Shareholders of Africa Clean Energy Solutions Limited

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

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 Group and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by directors.
- Conclude on the appropriateness of 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 Group and 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 Group and 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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 those charged with governance 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.

To the Shareholders of Africa Clean Energy Solutions Limited

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

From the matters communicated with those charged with governance, 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

Companies Act 2001

We have no relationship with, or interests in, the Company or any of its subsidiaries, other than in our capacity as auditors, business advisers and dealings in the ordinary course of business.

We have obtained all information and explanations we have required.

In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

Other matter

This report is made solely to the members of Africa Clean Energy Solutions Limited (the "Company"), as a body, in accordance with Section 205 of the Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO & CO

BDO & CO
Chartered Accountants

Licensed by FRC

Port Louis,
Republic of Mauritius

30 September 2019

STATEMENTS OF FINANCIAL POSITION

AFRICA CLEAN ENERGY SOLUTIONS LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2019

		Group		Company	
		2019	2018	**2019**	2018
	Notes	**USD**	USD	**USD**	USD
ASSETS					
Non-current assets					
Investments in subsidiary companies	**7**	**-**	-	**-**	-
Current assets					
Amounts receivable from related parties	**8**	**481,574**	154,735	**810,344**	130,707
Other receivables	**9**	**14,937**	12,595	**9,862**	8,863
Cash and cash equivalents	**10**	**4,549**	55,423	**1,398**	52,530
Total current assets		**501,060**	222,753	**821,604**	192,100
Total assets		**501,060**	222,753	**821,604**	192,100
EQUITY AND LIABILITIES					
Equity					
Stated capital	**11**	**938,635**	180,423	**938,635**	180,423
Equity component of convertible loan	**12**	**32,083**	32,390	**32,083**	32,390
Foreign currency translation reserve		**1,288**	(5,828)	**-**	-
Accumulated losses		**(871,198)**	(408,368)	**(288,216)**	(53,016)
Equity attributable to owners of the Parent		**100,808**	(201,383)	**682,502**	159,797
Non-controlling interests		**(168,384)**	(77,991)	**-**	-
Total		**(67,576)**	(279,374)	**682,502**	159,797
Liabilities					
Non-current liabilities					
Borrowings	**13**	**1,329**	4,098	**1,329**	4,098
Current liabilities					
Borrowings	**13**	**6,588**	3,512	**6,588**	3,512
Accruals and payables	**14**	**197,969**	78,600	**129,888**	24,275
Amounts payable to related parties	**15**	**362,750**	415,499	**1,297**	-
Subscription monies received in advance	**16**	**-**	418	**-**	418
		567,307	498,029	**137,773**	28,205
Total liabilities		**568,636**	502,127	**139,102**	32,303
Total equity and liabilities		**501,060**	222,753	**821,604**	192,100

AFRICA CLEAN ENERGY SOLUTIONS LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2019 (CONTINUED)

		Group		Company	
		2019	2018	**2019**	2018
	Notes	**USD**	USD	**USD**	USD
Number of shares in issue		**26,099,042**	435,613,209[1]	**26,099,042**	435,613,209[1]
Net asset value per share		**0.0039**	(0.0005)	**0.0262**	0.0004

[1]*At the general meeting held on 31 October 2018, the shareholders of the company approved a consolidation of shares on a 1 for 20 basis.*

The net asset value as at 30 June 2018 would have been USD (0.0092) and USD 0.0073 for the Group and Company respectively should the number of shares have been consolidated at date of issue. The consolidated number of shares for the period ended 30 June 2018 is 21,780,660.

Approved by the Board of Directors and authorised for issue on 30 September 2019.

Smitha Algoo-Bissonauth

Toorisha Nakey-Kurnauth

The notes on pages 41 to 76 form part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

AFRICA CLEAN ENERGY SOLUTIONS LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2019

		Group		Company	
		Year ended 30 June 2019	Period from 8 December 2017 (Date of incorporation) to 30 June 2018	**Year ended 30 June 2019**	Period from 8 December 2017(Date of incorporation) to 30 June 2018
	Notes	**USD**	USD	**USD**	USD
INCOME					
Interest on loan		**16,350**	514	**19,688**	962
Management fees		**-**	-	**43,420**	-
		16,350	514	**63,108**	962
EXPENDITURE					
Professional fees		**(242,897)**	(74,678)	**(233,117)**	(32,434)
Audit fees		**(24,686)**	(17,750)	**(18,000)**	(11,500)
Directors' fees		**(13,580)**	(1,453)	**(3,580)**	(1,453)
Licence fees		**(19,556)**	(2,700)	**(2,630)**	(2,700)
Accounting fees		**(4,507)**	(5,487)	**(2,100)**	(1,400)
Legal fees		**(97,094)**	(37,192)	**-**	(920)
Interest expenses	**19**	**(36,716)**	(16,582)	**(3,013)**	(819)
Bank charges		**(4,377)**	(1,790)	**(3,534)**	(1,308)
Consulting fees		**(67,766)**	(22,067)	**(23,454)**	-
Exchange losses		**(5,688)**	(273)	**-**	-
Goodwill impaired		**-**	(228,186)	**-**	-
Other operating expenses		**(52,965)**	(28,295)	**(8,880)**	(1,444)
		(569,832)	(436,453)	**(298,308)**	(53,978)
Loss before taxation		**(553,482)**	(435,939)	**(235,200)**	(53,016)
Taxation	**6**	**-**	-	**-**	-
Loss for the year/period		**(553,482)**	(435,939)	**(235,200)**	(53,016)
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss					
Currency translation differences		**7,375**	(7,826)	**-**	-
Total comprehensive loss for the year/ period		**(546,107)**	(443,765)	**(235,200)**	(53,016)

AFRICA CLEAN ENERGY SOLUTIONS LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

		Group		Company	
		Year ended 30 June 2019	Period from 8 December 2017 (Date of incorporation) to 30 June 2018	**Year ended 30 June 2019**	Period from 8 December 2017(Date of incorporation) to 30 June 2018
	Notes	**USD**	USD	**USD**	USD
Loss attributable to:					
Non-controlling interests		**(90,652)**	(27,571)	**-**	-
Owners of the Company		**(462,830)**	(408,368)	**(235,200)**	(53,016)
		(553,482)	(435,939)	**(235,200)**	(53,016)
Total comprehensive loss					
Non-controlling interests		**(90,393)**	(29,569)	**-**	-
Owners of the Company		**(455,714)**	(414,196)	**(235,200)**	(53,016)
		(546,107)	(443,765)	**(235,200)**	(53,016)
Weighted average number of shares		**24,947,759**	346,530,318	**24,947,759**	346,530,318
Basic loss per share	**20**	**(0.0186)**	(0.0012)	**(0.0094)**	(0.0002)

The basic loss per share for the period ended 2018 would have been USD (0.0236) and USD (0.0136) for the Group and the Company respectively should the number of shares have been consolidated at date of issue. The consolidated weighted average number of shares for the period ended 30 June 2018 is 17,326,516.

The notes on pages 41 to 76 form part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

AFRICA CLEAN ENERGY SOLUTIONS LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2019

(a) GROUP

	Stated capital	Equity component of convertible loan	Foreign currency reserves	Accumulated losses	Equity attributable to owners of the company	Non-controlling interest	Total Equity
	USD	USD	USD	USD	USD	USD	USD
Balance at 08 December 2017	-	-	-	-	-	-	-
Loss for the period	-	-	-	(408,368)	(408,368)	(27,571)	(435,939)
Other comprehensive loss for the period	-	-	(5,828)	-	(5,828)	(1,998)	(7,826)
Non-controlling interest arising on business combination	-	-	-	-	-	(48,422)	(48,422)
Issue of shares (Note 11)	180,423	-	-	-	180,423	-	180,423
Equity component of convertible loan (Note 12)	-	32,390	-	-	32,390	-	32,390
Balance at 30 June 2018	180,423	32,390	(5,828)	(408,368)	(201,383)	(77,991)	(279,374)
Loss for the year	**-**	-	**-**	**(462,830)**	**(462,830)**	**(90,652)**	**(553,482)**
Other comprehensive loss for the year	**-**	**-**	**7,116**	**-**	**7,116**	**259**	**7,375**
Issue of shares (Note 11)	**758,212**	**-**	**-**	**-**	**758,212**	**-**	**758,212**
Equity component of convertible loan (Note 12)	**-**	**(307)**	**-**	**-**	**(307)**	**-**	**(307)**
Balance at 30 June 2019	**938,635**	**32,083**	**1,288**	**(871,198)**	**100,808**	**(168,384)**	**(67,576)**

The notes on pages 41 to 76 form part of these financial statements.

AFRICA CLEAN ENERGY SOLUTIONS LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2019

(b) COMPANY

	Stated capital	Equity component of convertible loan	Accumulated losses	Total Equity
Balance at 08 December 2017	-	-	-	-
Loss and total comprehensive loss for the period	-	-	(53,016)	(53,016)
Issue of shares (Note 11)	180,423	-	-	180,423
Equity component of convertible loan (Note 12)	-	32,390	-	32,390
Balance at 30 June 2018	180,423	32,390	(53,016)	159,797
Loss and total comprehensive loss for the year	-	-	(235,200)	(235,200)
Issue of shares (Note 11)	758,212	-	-	758,212
Equity component of convertible loan (Note 12)	-	(307)	-	(307)
Balance at 30 June 2019	938,635	32,083	(288,216)	682,502

The notes on pages 41 to 76 form part of these financial statements.

STATEMENTS OF CASH FLOWS

AFRICA CLEAN ENERGY SOLUTIONS LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019

		Group		Company	
		2019	2018	**2019**	2018
	Notes	**USD**	USD	**USD**	USD
Cash flows from operating activities					
Loss for the year/ period		**(553,482)**	(435,939)	**(235,200)**	(53,016)
Adjustment:					
Interest income		**(16,350)**	(514)	**(19,688)**	(962)
Interest expense		**36,716**	16,582	**3,013**	819
Exchange differences		**5,688**	273	**-**	-
Goodwill impaired		**-**	228,186	**-**	-
Charges in working capital:					
Increase receivables and prepayments		**(2,342)**	(10,318)	**(999)**	(8,863)
Accruals and payables		**104,478**	74,374	**102,601**	23,456
Interest received		**-**	-	**-**	-
Interest paid		**(32,981)**	(15,763)	**-**	-
Net cash used in operating activities		**(458,273)**	(143,119)	**(150,273)**	(38,566)
Cash flows from investing activities					
Loan granted to related parties		**(301,863)**	(85,082)	**(659,950)**	(129,745)
Net cash acquired on acquisition of subsidiaries		**-**	2,328	**-**	-
Net cash used in investing activities		**(301,863)**	(82,754)	**(659,950)**	(129,745)
Cash flows from financing activities					
Proceeds from issue of ordinary shares		**757,794**	180,423	**757,794**	180,423
Subscription monies received in advance	**16**	**-**	418	**-**	418
Loan (refunded to)/received from related parties		**(48,532)**	60,455	**-**	-
Loans received from directors		**-**	-	**1,297**	-
Proceeds from convertible loan		**-**	40,000	**-**	40,000
Net cash generated from financing activities		**709,262**	281,296	**759,091**	220,841
Net (decrease)/increase in cash and cash equivalents		**(50,874)**	55,423	**(51,132)**	52,530
Movement in cash and cash equivalents					
At start of year/ period		**55,423**	-	**52,530**	-
(Decrease)/increase in cash and cash equivalents		**(50,874)**	55,423	**(51,132)**	52,530
At end of year/ period	**10**	**4,549**	55,423	**1,398**	52,530

The notes on pages 41 to 76 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

AFRICA CLEAN ENERGY SOLUTIONS LIMITED AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

1. GENERAL INFORMATION

Africa Clean Energy Solutions Limited was incorporated in the Republic of Mauritius on 8 December 2017 under the Companies Act 2001 as a private company limited by shares. The Company has, by special resolution, converted itself into a public company on 7 March 2018. The Company holds a Category 1 Global Business Licence issued by the Financial Services Commission.

The Company, through its subsidiary companies, is a clean energy solutions provider. The Company is listed on the Official Market of the Stock Exchange of Mauritius Ltd ("SEM") as from 31 May 2019. The Company is regulated by the Financial Services Commission in Mauritius.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

In the current year, the Group and the Company have applied all of the new and revised relevant Standards and Interpretations issued by the International Accounting Standards Board (“IASB”) and the International Financial Reporting Interpretations Committee (“IFRIC”) of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 July 2018.

2.1 New and amended IFRS Standards that are effective for the current year

Impact of initial application of IFRS 9 Financial Instruments

In the current year, the Group and Company have applied IFRS 9 Financial Instruments and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins on or after 1 July 2018. In accordance with the transition provisions of IFRS 9, the Group and Company have elected not to restate the comparative information, which continues to be reported under IAS 39. The adoption of IFRS 9 did not result in any adjustment in the Group and Company’s financial instruments as at 30 June 2019.

IFRS 9 introduced new requirements for:

1) The classification and measurement of financial assets and financial liabilities;
2) Impairment of financial assets; and
3) General hedge accounting.

Details of these new requirements as well as their impact on the Group and Company’s financial statements are described below.

The Group and Company have applied IFRS 9 in accordance with the transition provisions set out in IFRS 9.

(a) Classification and measurement of financial assets

The date of initial application (i.e. the date on which the Group and Company have assessed its existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is 1 July 2018. Accordingly, the Group and Company have applied the requirements of IFRS 9 to instruments that continue to be recognised as at 1 July 2018 and have not applied the requirements to instruments that have already been derecognised as at 1 July 2018. Comparative amounts in relation to instruments that continue to be recognised as at 1 July 2018 have not been restated.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) (CONTINUED)

2.1 New and amended IFRS Standards that are effective for the current year (continued)

Impact of initial application of IFRS 9 Financial Instruments (continued)

(a) Classification and measurement of financial assets (continued)

All recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, specifically:

- debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortised cost;
- debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at fair value through other comprehensive income (FVTOCI); and
- all other debt investments and equity investments are measured subsequently at fair value through profit or loss (FVTPL).

Despite the aforegoing, the Group and Company may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group and Company may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination in other comprehensive income; and
- the Group and Company may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

In the current year, the Group and Company have not designated any debt investments that meet the amortised cost or FVTOCI criteria as measured at FVTPL.

The directors of the Group and Company reviewed and assessed the Group and Company's existing financial assets as at 1 July 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 has had the following impact on the Group and Company's financial assets as regards their classification and measurement:

- financial assets classified as "loans and receivables" under IAS 39 that were measured at amortised cost continue to be measured at amortised cost under IFRS 9 as they are held within a business model to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) (CONTINUED)

2.1 New and amended IFRS Standards that are effective for the current year (continued)

Impact of initial application of IFRS 9 Financial Instruments (continued)

(b) Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the Group and Company to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

In particular, IFRS 9 requires the Group and Company to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset. However, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the Group and Company are required to measure the loss allowance for that financial instrument at an amount equal to 12-months ECL. IFRS 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables, contract assets and lease receivables in certain circumstances.

The Group and Company have assessed that the impact of using IFRS 9 ECL model to measure loss allowance and there was no material impact in the financial statements.

Items that existed at 01/07/18 that are subject to impairment provisions of IFRS 9	**Credit risk attributes at 01/07/18**
Loans and receivables	The Company applies the simplified approach and recognises lifetime ECL for these assets
Amount due from related companies	The directors have concluded that it would require undue cost and effort to determine the credit risk of these balances on their respective dates of initial recognition. These balances are also assessed to have credit risk other than low. Accordingly, the company recognises lifetime ECL until they are derecognised. The identified impairment loss was immaterial.
Cash and bank balances	All bank balances are assessed to have low credit risk at reporting date since they are held with reputable banking institutions. The identified impairment loss was immaterial.

(c) Classification and measurement of financial liabilities

The application of IFRS 9 has had no impact on the classification and measurement of the Group and the Company's financial liabilities.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) (CONTINUED)

2.1 New and amended IFRS Standards that are effective for the current year (continued)

Impact of initial application of IFRS 15 Revenue from Contracts with Customers

In the current year, the Company has applied IFRS 15 Revenue from Contracts with Customers which is effective for an annual period that begins on or after 1 July 2018. IFRS 15 introduced a 5-step approach to revenue recognition.

The application of IFRS 15 has had no impact on the financial position and/or financial performance of the Group and Company.

IFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

The Group and the Company adopted IFRS 15 using the modified retrospective method of adoption with the date of initial application of 1 July 2018. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Group and the Company elected to apply the standard to all completed contracts that begin and end within the same reporting period.

The cumulative effect of initially applying IFRS 15 is recognised at the date of initial application as an adjustment to the opening balance of retained earnings. Therefore, the comparative information was not restated and continues to be reported under IAS 18 and related Interpretations.

IFRS 15 did not have any impact on the Group's and the Company's accounting policies. There was no impact of transition to IFRS 15 on retained earnings at 1 July 2018 and thus no impact on the Group and Company's statement of financial position as at 30 June 2019 and its statement of profit or loss and other comprehensive income for the year ended.

Presentation and disclosure requirements

The presentation and disclosure requirements in IFRS 15 are more detailed than under IAS 18. The presentation requirements represent a significant change from current practice and significantly increases the volume of disclosures required in the Group's and Company's financial statements.

Many of the disclosure requirements in IFRS 15 are new and the Group and the Company have assessed that the impact of some of these disclosures requirements will not be significant.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) (CONTINUED)

2.2 New and revised IFRS applied with no material effect on the financial statements

The following relevant revised Standards have been applied in these financial statements. Their application has not had any significant impact on the amounts reported for current and prior periods but may affect the accounting for future transactions or arrangements.

IAS 12 Income Taxes - Amendments resulting from Annual Improvements 2015-2017 cycle (income tax consequences of dividends) (effective 1 January 2019)

IFRS 9 Financial Instruments - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities (effective 1 January 2019)

IFRS 10 Consolidated Financial Statements - Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture (deferred indefinitely)

IFRS 16 Leases - Original issue (effective 1 January 2019)

IFRIC 23 Uncertainty over Income Tax Treatments issued (effective 1 January 2019)

2.3 New and revised Standards and interpretations in issue but not yet effective

At the date of authorisation of these financial statements, the following relevant Standards were in issue but effective on annual periods beginning on or after the respective dates as indicated:

IAS 1 Presentation of financial statements: Amendments regarding the definition of material (effective 1 January 2020)

IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Amendments regarding the definition of material (effective 1 January 2020)

IAS 12 Income Taxes - Amendments resulting from Annual Improvements 2015-2017 cycle (income tax consequences of dividends) (effective 1 January 2019)

IFRS 9 Financial Instruments - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities (effective 1 January 2019)

IFRS 10 Consolidated Financial Statements - Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture (deferred indefinitely)

IFRS 16 Leases - Original issue (effective 1 January 2019)

IFRIC 23 Uncertainty over Income Tax Treatments issued (effective 1 January 2019)

IFRS 3 Definition of a business (Amendments to IFRS 3)

The directors anticipate that these above Standards and Interpretations will be applied on their effective dates in future periods. The directors have not yet had an opportunity to consider the potential impact of the adoption of these amendments.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

The financial statements of Africa Clean Energy Solutions Limited comply with the Companies Act 2001 and have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The financial statements have been prepared under the going concern principle using the historical cost basis, except for relevant financial assets and financial liabilities which are carried at amortised cost.

The preparation of financial statements in accordance with IFRS requires the directors to exercise their judgement in the process of applying the Group's accounting policies. Critical accounting estimates and assumptions used that are significant to the financial statements and areas involving a higher degree judgement or complexity are disclosed in Note 4.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

3.1.1 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiary. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of preparation (continued)

3.1.1 Basis of consolidation (continued)

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of the subsidiary to bring its accounting policies into line with the Group's accounting policies. All intra group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in existing subsidiary

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiary are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9, Financial Instruments, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of preparation (continued)

3.1.1 Basis of consolidation (continued)

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of preparation (continued)

3.1.1 Basis of consolidation (continued)

Business combinations (continued)

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is re-measured at subsequent reporting dates in accordance with IFRS 9, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is re-measured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

3.1.2 Investment in subsidiary companies

The subsidiary is the entity over which the group has an interest of more than half of voting rights or otherwise has the power to govern the financial and operating policies of the entity. The existence and effect of potential rights that are presently exercisable or presently convertible are considered when assessing whether the group controls another entity.

Investment in subsidiary was initially recognised at cost and subsequently at fair value. The carrying amount is reduced to recognise any impairment in the value of the individual investments less impairment losses.

On disposal of the investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the consolidated statement of profit or loss and other comprehensive income.

The board of directors of Africa Clean Energy Solutions Limited has reconsidered the accounting policy regarding the accounting treatment of investments. Given the nature of the business, it would be more prudent to account for the fair value movements on investments through profit or loss. Therefore it was resolved that this accounting policy will be changed accordingly with retrospective effect.

The investment in subsidiary is considered as financial assets at fair value through profit or loss. Details of the Company's financial assets at fair value through profit or loss undertaking are shown in note 5.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of preparation (continued)

3.1.2 Investment in subsidiary companies (continued)

Transactions eliminated on consolidation

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment. Accounting policies of the subsidiary have been changed where necessary to ensure consistency with the policies adopted by the Group.

Investment in subsidiary is classified as financial assets at fair value through profit or loss in the separate financial statements of the Company.

3.2 Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL). Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met (see (iii) below); and
- the Group may irrevocably designate a debt investment that meets the amortised cost or fair value through other comprehensive income (FVTOCI) criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (see (iv) below).

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Financial instruments (continued)

Financial assets (continued)

Classification of financial assets (continued)

(i) Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

Financial assets at amortised cost include amounts receivable from related parties, other receivables (excluding prepayments) and cash and cash equivalents.

(ii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost are measured at FVTPL. Specifically Investments in equity instruments are classified as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship (see hedge accounting policy). The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item.

(iii) Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on amounts receivable from related parties and other receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group recognises lifetime ECL for amounts receivable from related parties and other receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Financial instruments (continued)

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered may include the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise. Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

(1) The financial instrument has a low risk of default,
(2) The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
(3) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Financial instruments (continued)

Significant increase in credit risk (continued)

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(iv) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

i. significant financial difficulty of the issuer or the borrower;
ii. a breach of contract, such as a default or past due event;
iii. the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
iv. it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
v. the disappearance of an active market for that financial asset because of financial difficulties.

(v) Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner.

Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

(vi) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Financial instruments (continued)

(vi) Measurement and recognition of expected credit losses (continued)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs. Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Financial instruments (continued)

Financial liabilities

The financial liabilities at amortised cost, including loans and other payables, are initially measured at fair value, net of transaction costs.

The financial liabilities of the Company are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss. When the Group exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification should be recognised in profit or loss as the modification gain or loss within other gains and losses.

3.3 Borrowings

Borrowings are classified as current liabilities unless the Company and Group have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period.

3.4 Convertible loan

The liability component of convertible loan is recognised at fair value. The equity component is recognised initially at the difference between the fair value of the instrument as a whole and the fair value of the liability component. Subsequent to initial recognition, the liability component is measured at amortised cost using the effective interest method. The equity component is not re-measured subsequent to initial recognition except on conversion or expiry.

3.5 Stated capital

Stated capital comprises ordinary shares and are recorded at the proceeds received, net of direct issue costs.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Current and deferred income tax

Tax expense comprises of current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period.

The directors periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised.

3.7 Impairment of assets

The Group assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the Group also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Impairment of assets (continued)

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

3.8 Provisions and contingencies

Provisions are recognised when:

- the Group has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses. If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

Contingent assets and contingent liabilities are not recognised.

3.9 Segmental policies

A segment is a distinguishable component that is engaged in providing services (business segment) or in providing services within a particular economic environment (geographic segment), which is subject to risks and returns that are different from those of other segments. The Group and Company’s primary segment is based on business segments.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the board. The board reviews the Group's and Company’s internal reporting in order to assess performance. Management has determined the operating segments based on these reports.

Segment results include revenue and expenses directly attributable to a segment and the relevant portion of the Group's and Company's revenue and expenses that can be allocated on a reasonable basis to a segment. Segmental assets comprise those assets that are directly attributable to the segment or can be allocated to the segment on a reasonable basis.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.10 Related parties

For the purposes of these consolidated financial statements, parties are considered to be related to the Group if they have the ability, directly or indirectly, to control or jointly-control the Group or exercise significant influence over the Group in making financial and operating decisions, or vice-versa, or where the Group is subject to common control or common significant influence or where the party is a member of the key management personnel of the Group. Related parties may be individuals or other entities.

3.11 Cash and cash equivalents

Cash and cash equivalents include cash at bank.

3.12 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Revenue is recognised in profit or loss as follows:

- Dividend income - when the shareholder's right to receive payment is established
- Interest income – is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit impaired. For credit impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance)
- Management fees – are recognised on the basis of time spent by management on obtaining Power Purchase Agreements

3.13 Expense recognition

Expenses are accounted for in the profit or loss on the accrual basis.

3.14 Foreign currencies translation

Functional and presentation currency

The financial statements are presented in USD which is the Group's and the Company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss statement, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the profit or loss statement within 'finance income or costs'. All other foreign exchange gains and losses are presented in the profit or loss statement within 'Other (losses)/gains – net'.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.14 Foreign currencies translation (continued)

Transactions and balances (continued)

Changes in the fair value of monetary financial assets and liabilities are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in other comprehensive income.

Foreign currency translations

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

In the process of applying the Company's accounting policies, the directors have made the following judgements that have the most significant effect on the amounts recognised in the financial statements.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions and judgements concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Fair value estimation

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Impairment of financial assets

The loss allowance for financial assets are based on assumptions about risk of default and expected loss rates. The Group and the Company use judgement in making these assumptions and in selecting inputs to the impairment calculation, based on the Group's and the Company's past history, listing market conditions.

Limitation of sensitivity analysis

Sensitivity analysis in respect of market risk demonstrates the effect of a change in a key assumption while other assumptions remain unchanged. In reality, there is a correlation between the assumptions and the other factors. It should also be noted that these sensitivities are non-linear and larger or smaller impacts should not be interpolated or extrapolated from these results. Sensitivity analysis does not take into consideration that the Group's and the Company's assets and liabilities are managed. Other limitations include the use of hypothetical market movements to demonstrate potential risks that only represent the Group's and Company's view of possible near-term market changes that cannot be predicted with any certainty.

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The Group recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the company to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction.

To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

5. FINANCIAL RISK MANAGEMENT

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk

The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits.

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

(a) Credit risk

Credit risk represents the potential loss that the Group and Company would incur if counter parties fail to perform pursuant to the terms of their obligations to the Group and Company. The Group and Company limit and manage their credit risk on loans and receivables by carrying out transactions with financially sound related companies and by banking with reputable financial institutions. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

Financial assets exposed to credit risk at year end were as follows:

	Group		**Company**	
	2019	2018	**2019**	2018
	USD	USD	**USD**	USD
Amounts receivable from related parties	**481,574**	154,735	**810,344**	130,707
Other receivables	**3,295**	3,591	**537**	833
Cash and cash equivalents	**4,549**	55,423	**1,398**	52,530
	489,418	213,749	**812,279**	184,070

The Group only advances funds to creditworthy counterparties. Financial assets that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. Receivables that are neither past due nor impaired are substantially counterparties with a good collection track records with the Group. Cash and bank balances are held with creditworthy financial institutions.

The Group does not hold collaterals. The maximum exposure to credit risk to each class of financial instruments are the carrying amount of that class of financial instruments presented on the statement of financial position.

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet its financial obligations as they fall due. The Group's and the Company's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when they become due without incurring unacceptable losses or risking damage to the Group's and Company's reputation.

The following are the contractual maturities of non-derivative financial liabilities:

	Group			Company		
	Within one year USD	More than one year USD	Total USD	Within one year USD	More than one year USD	Total USD
At 30 June 2019						
Accruals and payables	**197,969**	**-**	**197,969**	**129,888**	**-**	**129,888**
Amount payable to related parties	**362,750**	**-**	**362,750**	**1,297**	**-**	**1,297**
Borrowings	**6,588**	**1,329**	**7,917**	**6,588**	**1,329**	**7,917**
	567,307	**1,329**	**568,636**	**137,773**	**1,329**	**139,102**
At 30 June 2018						
Accruals and payables	78,600	-	78,600	24,275	-	24,275
Amount payable to related parties	415,499	-	415,499	-	-	-
Borrowings	3,512	4,098	7,610	3,512	4,098	7,610
	497,611	4,098	501,709	27,787	4,098	31,885

(c) Fair value hierarchy

The fair values of those financial assets and liabilities not presented on the Group's and the Group's statements of financial position at their fair values are not materially different from their carrying amounts.

(d) Market risk

Market risk represents the potential loss that can be caused by a change in the market value of financial instruments. The Group's and the Company's exposure to market risk is determined by a number of factors, including interest rates, foreign currency exchange rates and market volatility. The Group and the Company conducts its investment operations in a manner that seeks to exploit the potential gains in the market, while limiting its exposure to market declines.

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Market risk (continued)

(i) Interest rate risk

Cash flow and fair value interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

At 30 June 2019, the Group is exposed to variable interest rate on its loan with related parties and loans payable on convertible loan. At the reporting date the interest rate profile of the Group's interest-bearing financial instruments were:

	Group		Company	
	2019	2018	**2019**	2018
	USD	USD	**USD**	USD
Financial assets				
Non- interest bearing	**7,844**	59,014	**1,935**	53,363
Variable interest rate instruments	**460,628**	150,139	**789,695**	129,746
	468,472	209,153	**791,630**	183,109
Financial liabilities				
Non-interest bearing	**194,136**	77,781	**126,055**	23,456
Variable interest rate instruments	**333,951**	423,109	**9,214**	7,610
	528,087	500,890	**135,269**	31,066

Interest rate risk sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates at the reporting date. A 50 basis point increase or decrease is used when reporting interest rate risk.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's and Company's loss for the year ended 30 June 2019 would have increased by **USD 633** and **USD 3,902** respectively (2018: Group – USD 1,365 and Company – USD 611). This is mainly attributable to the Group's and Company's exposure to interest rates on variable rate of interest instruments.

(ii) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Foreign currency risk, as defined in IFRS 7, arises as the value of recognised monetary assets and monetary liabilities denominated in other currencies fluctuate due to changes in foreign exchange rates. IFRS 7 considers the foreign exchange exposure relating to non-monetary assets and liabilities to be a component of market price risk not foreign exchange risk.

The Group has financial assets and financial liabilities in a currency other than the USD, its reporting currency. The Group is exposed to foreign exchange risk arising due to fluctuations of the USD vis-à-vis the other currency.

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Market risk (continued)

(ii) Currency risk (continued)

Currency profile

2019

	GROUP	
	Financial assets	**Financial liabilities**
	USD	**USD**
Pound Sterling (GBP)	**20,038**	**106,592**
Kenya Shillings (KES)	**60,071**	**282,227**
Uganda Shillings (UShs)	**11,858**	**40,714**
US Dollar (USD)	**397,451**	**139,103**
	489,418	**568,636**

Currency profile

2019

	COMPANY	
	Financial assets	**Financial liabilities**
	USD	**USD**
Pound Sterling (GBP)	-	-
Kenya Shillings (KES)	-	-
Uganda Shillings (UShs)	-	-
US Dollar (USD)	**812,279**	**139,103**
	812,279	**139,103**

Currency profile

2018

	GROUP	
	Financial assets	**Financial liabilities**
	USD	**USD**
Pound Sterling (GBP)	20,457	246,884
Kenya Shillings (KES)	55,657	177,246
Uganda Shillings (UShs)	11,032	45,694
US Dollar (USD)	126,603	32,302
	213,749	502,126

Currency profile

2018

	COMPANY	
	Financial assets	**Financial liabilities**
	USD	**USD**
Pound Sterling (GBP)	-	-
Kenya Shillings (KES)	-	-
Uganda Shillings (UShs)	-	-
US Dollar (USD)	184,070	32,302
	184,070	32,302

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Market risk (continued)

(ii) Currency risk (continued)

At 30 June 2019, had the exchange rate between Pound Sterling and US Dollar, Kenya Shillings and US Dollar and Uganda Shillings and US Dollar increased or decreased by 10% with all other variables held constant, there would have been an equal and opposite impact on profit and in net assets attributable to shareholders as follows:

	GROUP	
	USD	USD
Impact on profit and net assets attributable to shareholders:	**2019**	2018
Pound Sterling	**(8,655)**	(22,643)
Kenya Shillings	**(22,216)**	(12,159)
Uganda Shillings	**(2,886)**	(3,466)

(e) Capital risk management

The Group's and Company's objectives when managing capital are to safeguard the Group's and Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group and Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group and Company monitor capital on the basis of the gearing ratio. This ratio is determined as the proportion of net debt to total capital.

6. TAXATION

The Company is subject to tax at the rate of 15%. Being incorporated post 16 October 2017, the provisions relating to the new tax regime will apply. Under the new tax regime and subject to meeting the necessary substance requirements as required under the Financial Services Act 2007 (as amended by the Finance Act 2018) and such guidelines issued by the FSC, the Company is entitled to either (a) a foreign tax credit equivalent to the actual foreign tax suffered on its foreign income against the Company's tax liability computed at 15% on such income, or (b) a partial exemption of 80% of some of the income derived, including but not limited to foreign source dividends or interest income.

In respect of Africa Clean Energy Solutions (ACES) Limited, incorporated in England, due to changes in the UK Corporation tax rate enacted as part of the Finance Bill 2015 on 24 March 2015, the main rate was reduced to 19% from 1 April 2017 and to 18% from 1 April 2020. A further reduction in the main rate of corporation tax to 17% with effect from 1 April 2020 was substantively enacted on 6 September 2016 as part of the Finance Bill 2016. No deferred tax asset is recognised as currently there are no profits to offset the current estimated tax loss.

In respect of the companies incorporated in Kenya (namely Tana Biomass Generation Limited and Tana Solar Limited) and Uganda (namely Unergy Limited and VFU - Clean Energy Limited) are subject to company tax at 30%. The current estimated tax loss is available for set off against future taxable income. No deferred tax asset is recognised as currently there are no profits to offset the current estimated tax loss.

6. TAXATION (CONTINUED)

As at 30 June 2019, the Group and the Company had a tax loss of **USD 736,724 and USD 263,705** respectively (2018: USD 203,868 and USD 49,131) and therefore has no tax liability.

The tax loss for the Company amounting to USD 263,705 is subject to a five years limitation and will expire in 2024.

Tax losses available for net off against future taxable profit of the Company are as follows:

2019	**Group** USD	**Company** USD
Tax losses	**(736,724)**	**(263,705)**
	(736,724)	**(263,705)**
2018		
Tax losses	(203,868)	(49,131)
	(203,868)	(49,131)

A numerical reconciliation between the operating profit for the year and the actual income tax charge is shown below:

Reconciliation between accounting profit and tax expense

	Group		**Company**	
	2019	2018	**2019**	2018
	USD	USD	**USD**	USD
Loss before taxation	**(553,482)**	(435,939)	**(235,200)**	(53,016)
Net loss before taxation	**(553,482)**	(435,939)	**(235,200)**	(53,016)
Tax calculated (15%)	**(83,022)**	(65,391)	**(35,280)**	(7,952)
Income not subject to tax		-	**-**	-
Expenses not deductible for tax purposes	**3,094**	34,811	**3,094**	583
Unutilised tax losses brought forward	**127,202**	47,764	**32,186**	7,369
Tax rate differentials	**(47,274)**	(17,184)	**-**	-
Tax charge	**-**	-	**-**	-

No deferred tax asset has been recognised in respect of the tax losses due to unpredictability of future profit streams.

7. INVESTMENTS IN SUBSIDIARY COMPANIES

	Company	
	2019	2018
	USD	USD
At start of year/period	**0.03**	-
Additions	**-**	0.03
At end of year/period	**0.03**	0.03

7. INVESTMENTS IN SUBSIDIARY COMPANIES (CONTINUED)

Details of the subsidiary companies are as follows:

Name	Class of shares held	Year End	Nature of business	% Holding Direct	% Holding Indirect	Country of incorporation and operation
Africa Clean Energy Solutions (ACES) Limited	Ordinary	30 June	Investment Holding	100%	-	England
Tana Biomass Generation Limited	Ordinary	30 June	Renewable Energy	-	70%	Kenya
Tana Solar Limited	Ordinary	30 June	Renewable Energy	-	70%	Kenya
Unergy Limited	Ordinary	30 June	Renewable Energy	-	75%	Uganda
VFU - Clean Energy Limited	Ordinary	30 June	Renewable Energy	-	70%	Zambia

8. AMOUNTS RECEIVABLE FROM RELATED PARTIES

	Group		Company	
	2019	2018	**2019**	2018
	USD	USD	**USD**	USD
South Africa Clean Energy Solutions Limited (Note 21 (i))	**361,573**	76,457	**361,573**	76,457
Robert Wanjohi Muchiri (Note 21 (ii))	**58,973**	23,104	**40,775**	5,058
Tana Biomass Generation Limited (Note 21 (iii))	**-**	-	**171,479**	37,190
Unergy Limited (Note 21 (iv))	**-**	-	**74,157**	2,588
Africa Clean Energy Solutions (ACES) Limited (Note 21 (v))	**-**	-	**160,920**	9,414
Africa Renewable Clean Power (Pty) Limited (Note 21 (vi))	**1,440**	-	**1,440**	-
James Mureu (Note 21 (vii))	**19,829**	18,360	**-**	-
Afrinol (Holdings) Limited (Note 21 (viii))	**39,759**	36,814	**-**	-
	481,574	154,735	**810,344**	130,707

Amounts receivable from related parties comprise of loans and interest receivable.

All loans of the Group and Company are unsecured and shall bear interest at 2% above the three month Libor rate, which interest will be repayable quarterly in arrears. The loans of the Group and Company shall be repayable on 30 June 2020. Amount receivable from related parties are denominated in USD and are neither past due nor impaired. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above.

Impairment on loans receivable have been internally calculated by determining the expected credit loss (ECL). The ECL was determined on both the Provision Matrix and Probability of Default. In determining the percentages for the provision matrix, no historical actual figures have been used, as no loans have become due and there are no historical actual figures available. Instead, professional judgement was used. In determining the probability of default, professional judgement has also been used, in addition to assessing the credit risk of the borrowers and the fact that no loans are due. All factors point to a current 100% recoverability rate. However the company has adopted a 99.5% recoverability rate, which translates to a 0.5% probability of default. The directors are of the opinion that any identified impairment loss was immaterial.

The Group and Company does not hold any collateral as security.

9. OTHER RECEIVABLES

	Group		Company	
	2019	2018	**2019**	2018
	USD	USD	**USD**	USD
Other receivables	**3,295**	3,591	**538**	833
Prepayments	**11,642**	9,004	**9,324**	8,030
	14,937	12,595	**9,862**	8,863

The carrying amount of the receivables approximate their fair value. Other receivables are denominated in US Dollar. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above.

As of 30 June 2019, none of the receivables were past due or impaired.

10. CASH AND CASH EQUIVALENTS

	Group		Company	
	2019	2018	**2019**	2018
	USD	USD	**USD**	USD
Bank balances	**4,549**	55,423	**1,398**	52,530
	4,549	55,423	**1,398**	52,530

11. STATED CAPITAL

	Ordinary shares			
	Group and company		Group and company	
	2019	**2019**	2018	2018
	Number	**USD**	Number	USD
At start of year/period	**435,613,209**	**180,423**	-	-
Issue of shares prior consolidation	**51,867,639**	**60,120**	-	-
Total at consolidation date	**487,480,848**	**240,543**	-	-
Total consolidated number of shares/ consideration	**24,374,042**	**240,543**	-	-
Issue of shares	**1,725,000**	**698,092**	435,613,209	180,423
At end of year/period	**26,099,042**	**938,635**	435,613,209	180,423

On 31 October 2018, a special meeting of shareholders of the Company was held and it was agreed to consolidate the issued shares comprising of 487,480,848 ordinary shares of no par value on a 1 to 20 basis, resulting in the number of issued shares of 24,374,042.

All issued ordinary shares are fully paid. Fully paid ordinary shares carry one vote per share and carry a right to dividends.

12. EQUITY COMPONENT OF CONVERTIBLE LOAN

	Group and company	
	2019	2018
	USD	USD
Equity component of convertible loan	**32,083**	32,390
	32,083	32,390

In 2018, the Company issued convertible bond of USD 40,000 in favour of Richard Morrisson and Arch Holdings Inc

The terms are as follows:-

The convertible bond shall be automatically converted in equity shares on 30 June 2021 in terms of the following formula:

- Up to 30 June 2019 at a price of USD1.00 per ordinary share in the Company;
- On 30 June 2020 at a price of USD 1.80 per ordinary share in the Company;
- On 30 June 2021 at a price of USD 2.40 per ordinary share in the Company;
- The convertible bond shall bear an interest rate of 3 Months LIBOR rate plus 5%; and
- The shares do not carry any voting rights until converted into equity shares.

13. BORROWINGS

	Group and Company	
	2019	2018
	USD	USD
Liability component of convertible loan	**7,916**	7,610
Analysed between:		
Current liability	**6,587**	3,512
Non-current liability	**1,329**	4,098
	7,916	7,610

14. ACCRUALS AND PAYABLES

	Group		Company	
	2019	2018	**2019**	2018
	USD	USD	**USD**	USD
Audit fees accrued	**36,186**	17,750	**29,500**	11,500
Interest payable on convertible loans	**3,833**	819	**3,833**	819
Other payables	**157,950**	60,031	**96,555**	11,956
	197,969	78,600	**129,888**	24,275

The carrying amounts of payables and accruals approximate their fair value.

15. AMOUNT PAYABLE TO RELATED PARTIES

	Group		Company	
	2019	2018	**2019**	2018
	USD	USD	**USD**	USD
South Africa Clean Energy Solutions Limited (South Africa) (Note 21 (ix))	**333,119**	262,308	**-**	-
Johan David Kruger (Note 21 (x))	**22,140**	147,349	**777**	-
Melvyn Joseph Antonie (Note 21 (xi))	**7,491**	5,842	**520**	-
	362,750	415,499	**1,297**	-

The loan from South Africa Clean Energy Solutions Limited (South Africa) bears interest at 2% plus 3 month average Libor, repayable on or before 30 June 2020.

Part of the loan from Johan David Kruger of USD nil (2018: USD 130,534) bears interest at 2% plus 3 month average Libor, and was repaid in May 2019. The remaining balance is interest free and repayable on demand.

The loan from Melvyn Joseph Antonie is interest free and repayable on demand.

16. SUBSCRIPTION MONIES RECEIVED IN ADVANCE

These relate to funds received during the last financial period in respect of shares which had not yet been allotted at the end of last year's reporting period. The shares were allotted during the year.

	Group and company	
	2019	2018
	USD	USD
Subscription monies received in advance	-	418

17. CONTINGENT LIABILITIES

The Group and Company had no known contingent liabilities as at 30 June 2019 (2018: Nil).

18. CAPITAL COMMITMENTS

There were no capital commitments as at 30 June 2019 (2018: Nil).

19. INTEREST EXPENSE

	Group		Company	
	2019	2018	**2019**	2018
	USD	USD	**USD**	USD
Interest on convertible loan stock	**3,013**	819	**3,013**	819
Interest on loan	**33,703**	15,763	**-**	-
	36,716	16,582	**3,013**	819

20. BASIC LOSS PER SHARE

The calculation of basic loss per share has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding.

	Group		Company	
	2019	2018	**2019**	2018
	USD	USD	**USD**	USD
Loss for the year/period	**(553,482)**	(435,939)	**(235,200)**	(53,016)
Loss attributable to non-controlling interests	**90,652**	27,571	**-**	-
Net loss attributable to shareholders	**(462,830)**	(408,368)	**(235,200)**	(53,016)
Weighted average number of shares	**24,947,759**	346,530,318	**24,947,759**	346,530,318
Basic loss per share	**(0.0186)**	(0.0012)	**(0.0094)**	(0.0002)

The Company has no dilutionary instruments in issue.

21. RELATED PARTY DISCLOSURES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. During the year ended 30 June 2019, the Group and the Company entered into transaction with related parties. The nature, volume of transactions and the balances with these entities are as follows:

	Group		Company	
Balances at 30 June	**2019**	2018	**2019**	2018
	USD	USD	**USD**	USD
Loan receivable from related parties:				
(i) South Africa Clean Energy Solutions Limited (South Africa) - Enterprise with common directorship				
Opening balance	**76,457**	-	**76,457**	-
Loan given during the year/ period	**274,422**	76,000	**275,775**	76,000
Interest charged during the year/ period	**10,694**	457	**9,341**	457
Balance at end of year/ period	**361,573**	76,457	**361,573**	76,457
(ii) Robert Wanjohi Muchiri - Director of Tana Biomass Generation Limited				
Opening balance	**23,104**	18,047	**5,058**	-
Loan given during the year/ period	**34,627**	5,000	**35,000**	5,000
Interest charged during the year/ period	**1,242**	57	**717**	58
Balance at end of year/ period	**58,973**	23,104	**40,775**	5,058

21. RELATED PARTY DISCLOSURES (CONTINUED)

	Group		Company	
Balances at 30 June (continued)	**2019**	2018	**2019**	2018
	USD	USD	**USD**	USD
Loan receivable from related parties (continued):				
(iii) Tana Biomass Generation Limited (Kenya) - Indirect subsidiary				
Opening balance	**-**	-	**37,190**	-
Loan given during the year/ period	**-**	-	**127,725**	36,846
Interest charged during the year/ period	**-**	-	**6,564**	344
Balance at end of year/ period	**-**	-	**171,479**	37,190
(iv) Unergy Limited (Uganda) - Indirect subsidiary				
Opening balance	**-**	-	**2,588**	-
Loan given during the year/ period	**-**	-	**70,092**	2,581
Interest charged during the year/ period	**-**	-	**1,477**	7
Balance at end of year/ period	**-**	-	**74,157**	2,588
(v) Africa Clean Energy Solutions (ACES) Limited (United Kingdom) - 100% held subsidiary of the Company				
Opening balance	**-**	-	**9,414**	-
Loan given during the year/ period	**-**	-	**149,918**	9,319
Interest charged during the year/ period	**-**	-	**1,588**	95
Balance at end of year/ period	**-**	-	**160,920**	9,414
(vi) Africa Renewable Clean Power (Pty) Limited (Namibia) - Associate company				
Loan given during the year/ period	**1,440**	-	**1,440**	-
Balance at end of year/ period	**1,440**	-	**1,440**	-
(vii) James Mureu - Director of Tana Biomass Generation Limited				
Opening balance	**18,360**	17,000	**-**	-
Loan given during the year/ period	**-**	1,360	**-**	-
Interest charged during the year/ period	**1,469**	-	**-**	-
Balance at end of year/ period	**19,829**	18,360	**-**	-
(viii) Afrinol (Holdings) Limited - Enterprise with common directorship				
Opening balance	**36,814**	34,092	**-**	-
Loan given during the year/ period	**-**	2,722	**-**	-
Interest charged during the year/ period	**2,945**	-	**-**	-
Balance at end of year/ period	**39,759**	36,814	**-**	-
Total loans and interest receivables (Note 8)	**481,574**	154,735	**810,344**	130,707

Terms and conditions of the loans are disclosed in note 8.

21. RELATED PARTY DISCLOSURES (CONTINUED)

	Group		Company	
Balances at 30 June	**2019**	2018	**2019**	2018
	USD	USD	**USD**	USD
Payables to related parties:				
(ix) South Africa Clean Energy Solutions Limited (South Africa) - Associate company				
Opening balance	**262,308**	209,966	**-**	-
Loan received during the year/ period	**37,695**	52,342	**-**	-
Interest charged during the year/ period	**33,116**	-	**-**	-
Balance at end of year/ period	**333,119**	262,308	**-**	-
(x) Johan David Kruger – Company Director				
Opening balance	**147,349**	139,236	**-**	-
Loan received during the year/ period	**(128,807)**	8,113	**777**	-
Interest charged during the year/ period	**3,600**	-	**-**	-
Balance at end of year/ period	**22,140**	147,349	**777**	-
(xi) Melvyn Joseph Antonie– Company Director				
Opening balance	**5,842**	-	**-**	-
Loan received during the year/ period	**1,649**	5,842	**520**	-
Balance at end of year/ period	**7,491**	5,842	**520**	-
Total loans and interest payables (Note 15)	**362,750**	415,499	**1,297**	-

Transactions with key management personnel

Smitha Algoo-Bissonauth and Toorisha Nakey-Kurnauth are directors of the Company. They are also related to Intercontinental Trust Limited, the Company's service provider (Management Company) and Company Secretary. Out of the total Director fees of **USD 3,580** for the year ended 30 June 2019, **USD 2,580** are in relation to services rendered by Smitha Algoo-Bissonauth and Toorisha Nakey-Kurnauth, which are included within fees charged by the Company Secretary and borne by the Company. However, their fees are not paid to them but to the Company Secretary.

Terms and conditions of transactions with related parties

They have no guarantees provided or received for any related party receivables or payables. For the year ended 30 June 2019, the Group has not recorded any impairment of receivables relating to amount owed by the related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

All transactions were entered into the normal course of the business. The Company does not have any employees and the day to day administration of the Company is outsourced to the Administrator as set out in the agreement as to the terms and conditions of business, respectively.

22. SEGMENT REPORTING

The Group operates in Mauritius, United Kingdom, Kenya and Uganda. The Group does not monitor assets by segment.

The Group is organised into one main operating segment, which is clean energy solutions. All significant operating decisions are based upon analysis of the Group as one segment. The financial results from this segment are equivalent to the financial statements of the Group as a whole and is shown below:

2019	Mauritius USD	United Kingdom USD	Kenya USD	Uganda USD	Consolidation adjustment USD	Total USD
INCOME						
Interest on loan	19,688	12,490	4,414	-	(20,242)	16,350
Management fees	43,420	-	-	-	(43,420)	-
	63,108	12,490	4,414	-	(63,662)	16,350
EXPENDITURE						
Professional fees	(233,117)	-	-	(9,780)	-	(242,897)
Audit fees	(18,000)	-	(3,000)	(3,686)	-	(24,686)
Directors' fees	(3,580)	-	(10,000)	-	-	(13,580)
Licence fees	(2,630)	-	(16,926)	-	-	(19,556)
Accounting fees	(2,100)	(2,407)	-	-	-	(4,507)
Legal fees	-	(2,657)	(94,437)	-	-	(97,094)
Interest expenses	(3,013)	(10,810)	(41,658)	(1,477)	20,242	(36,716)
Bank charges	(3,534)	(829)	411	(425)	-	(4,377)
Consulting fees	(23,454)	2,718	(47,030)	-	-	(67,766)
Exchange losses	-	(10,234)	(3,322)	3,717	4,151	(5,688)
Other operating expenses	(8,880)	1,811	(38,924)	(50,393)	43,420	(52,965)
	(298,308)	(22,408)	(254,886)	(62,044)	67,813	(569,833)
Loss before taxation	(235,200)	(9,918)	(250,472)	(62,044)	4,151	(553,483)
Taxation	-	-	-	-	-	-
Loss for the year	(235,200)	(9,918)	(250,472)	(62,044)	4,151	(553,483)

22. SEGMENT REPORTING (CONTINUED)

2018	Mauritius USD	United Kingdom USD	Kenya USD	Uganda USD	Consolidation adjustment USD	Total USD
INCOME						
Interest on loan	**962**	**2,943**	**-**	**-**	**(3,391)**	**514**
EXPENDITURE						
Compliance fees	**(388)**	**-**	**-**	**-**	**-**	**(388)**
Professional fees	**(31,060)**	**-**	**-**	**(42,244)**	**-**	**(73,304)**
Audit fees	**(11,500)**	**-**	**(3,000)**	**(3,250)**	**-**	**(17,750)**
Directors' fees	**(1,453)**	**-**	**-**	**-**	**-**	**(1,453)**
Licence fees	**(2,700)**	**-**	**-**	**-**	**-**	**(2,700)**
Provision of registered office and company secretary fees	**(986)**	**-**	**-**	**-**	**-**	**(986)**
Accounting fees	**(1,400)**	**(4,087)**	**-**	**-**	**-**	**(5,487)**
Legal fees	**(920)**	**(22,939)**	**(13,333)**	**-**	**-**	**(37,192)**
Interest expenses	**(819)**	**(7,255)**	**(11,892)**	**(7)**	**3,391**	**(16,582)**
Bank charges	**(1,308)**	**(551)**	**69**	**-**	**-**	**(1,790)**
Travel expenses	**(1,444)**	**-**	**(3,512)**	**(2,781)**	**-**	**(7,737)**
Consulting fees	**-**	**(2,067)**	**(20,000)**	**-**	**-**	**(22,067)**
Exchange losses	**-**	**(273)**	**-**	**-**	**-**	**(273)**
Goodwill impaired	**-**	**-**	**-**	**-**	**(228,186)**	**(228,186)**
Other operating expenses	**-**	**(20,558)**	**-**	**-**	**-**	**(20,558)**
	(53,978)	**(57,730)**	**(51,668)**	**(48,282)**	**(224,795)**	**(436,453)**
Loss before taxation	**(53,016)**	**(54,787)**	**(51,668)**	**(48,282)**	**(228,186)**	**(435,939)**
Taxation	**-**	**-**	**-**	**-**	**-**	**-**
Loss for the period	**(53,016)**	**(54,787)**	**(51,668)**	**(48,282)**	**(228,186)**	**(435,939)**

23. COMPARATIVES

The current figures are for the year ended 30 June 2019 and the prior period figures are from 8 December 2017 (date of incorporation) to 30 June 2018. Therefore, the figures for the statement of profit or loss and other comprehensive income, statement of cash flows and related notes are not comparable.

24. GOING CONCERN

The Group incurred a net loss of **USD 553,482** (2018: USD 435,939) for the year ended 30 June 2019 and as of that date, the Group has a net current liabilities of **USD 66,247** (2018: USD 275,276). These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. The financial statements have been prepared on a going concern basis. Being a listed entity, the directors are of the opinion that the financial position of the Group will improve through future capital raise on the market. Therefore the directors confirm that it is appropriate for the financial statements to be prepared on a going concern basis.

25. EVENTS AFTER THE REPORTING PERIOD

There have been no material events after the reporting year which would require disclosure to the financial statements for the period ended 30 June 2019 apart from the following:

ACES is currently raising US$5 million by the issue of new shares at US$1.00, which is expected to close on 28 November 2019. When the Company was listed on the Stock Exchange of Mauritius on 31 May 2019, the shares opening trade was at US$1 each and it has maintained this level.

The South Africa Exchange Authorities has granted permission to ACES to acquire the business of South Africa Clean Energy Solutions Limited (SACE) in exchange for new shares. A circular to the respective shareholders is being prepared together with the underlying value for SACE. The acquisition is expected to be completed by 31 December 2019.

NOTICE OF MEETING OF SHAREHOLDER

Africa Clean Energy Solutions Limited
Incorporated in the Republic of Mauritius
Registration number: 152282 C1/GBL
Having its registered office address at
c/o Intercontinental Trust Limited, Level 3, Alexander House
35 Cybercity, Ebene 72201, Mauritius
SEM share code: ACES.N0000
ISIN: MU0620N00008
("**ACES**" or the **"Company**")

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN THAT the Annual Meeting of shareholders of ACES will be held on **Thursday, 12 December 2019** at **11 00 Mauritian Time** at the registered office of the Company at Intercontinental Trust Limited, Level 3, Alexander House, 35 Cybercity, Ebene 72201, Mauritius.

The purpose of the Annual Meeting is to transact the business set out in the agenda below.

1. **ORDINARY RESOLUTION NUMBER 1: CONSIDERATION AND ADOPTION OF THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS, RECEIVING OF THE AUDITORS' REPORT AND CONSIDERATION OF THE ANNUAL REPORT**

After due consideration, **IT IS RESOLVED THAT** the auditors' report, the Annual Report and the audited consolidated financial statements for the financial year ended 30 June 2019 be hereby adopted.

2. **ORDINARY RESOLUTION NUMBERS 2.1-2.5: RE-ELECTION OF DIRECTORS**

IT IS RESOLVED THAT the following directors, who retire and offer themselves for re-election in accordance with section 12.4.2 of the Company's Constitution be re-elected each by way of a separate vote:

2.1 Gaëtan Michel Siew - Independent Non-Executive Director and Chairman
2.2 David Johan Kruger - Executive Director and Chief Executive Officer
2.3 Smitha Algoo-Bissonauth - Non-Executive Director
2.4 Toorisha Nakey-Kurnauth - Non-Executive Director
2.5 Antoine Kon-Kam King - Independent Non-Executive director

3 ORDINARY RESOLUTION NUMBER 4: CONFIRMATION OF APPOINTMENT OF DIRECTORS

IT IS RESOLVED THAT the appointment of Antoine Kon-Kam King as Independent Non-Executive Director of the Company be approved.

4 ORDINARY RESOLUTION NUMBERS 3.1-3.2: RE-ELECTION OF DIRECTORS OVER 70 YEARS OLD

IT IS RESOLVED THAT the following directors, who retire and offer themselves for re-election in accordance with section 138(6)(a) of the Companies Act 2001 of Mauritius be re-elected each by way of a separate vote:

3.1 Melvyn Antonie Joseph – Executive Director and Chief Operating Officer
3.2 James Stuart Friedlander - Independent Non-Executive Director

5 ORDINARY RESOLUTION NUMBER 5: RE-APPOINTMENT OF INDEPENDENT AUDITOR

THAT BDO & Co ("**BDO**"), the independent auditor of the Company with Mrs. Rookaya Ghanty as the designated audit partner, be re-appointed until the conclusion of the Company's next Annual Meeting.

6 ORDINARY RESOLUTION NUMBER 6: REMUNERATION OF INDEPENDENT AUDITOR

THAT the Board of Directors be authorised to determine the remuneration of the independent auditor.

7 ORDINARY RESOLUTION NUMBER 7: REMUNERATION OF NON-EXECUTIVE DIRECTORS

THAT the Board of Directors be authorised to determine the fees of the non-executive directors for their services as directors of the Company.

8 ORDINARY RESOLUTION NUMBER 8: ISSUE OF SHARES

THAT the Board of Directors be authorised, in terms of paragraph 4.1 of the Constitution, to allot and issue up to 35,000,000 ordinary shares of the Company by way of various placings and/or consideration issues at any time to any person and in any number, as it thinks fit pursuant to the Mauritian Companies Act 2001, the Mauritian Securities Act 2005 and the Listing Rules of the Stock Exchange of Mauritius Ltd, and that such authority given to the directors shall be valid for a period of 12 months from the date of this approval. Additional information is included in Annexure 1.

9 ORDINARY RESOLUTION NUMBER 9: AUTHORITY OF DIRECTORS

THAT any director of the Company be and is hereby authorised to do all such things and sign all such documentation as is necessary to give effect to the resolutions set out in this notice, hereby ratifying and confirming all such things already done and documentation already signed.

10 SPECIAL RESOLUTION NUMBER 1: GENERAL AUTHORITY TO ISSUE SHARES ON A NON-PRE-EMPTIVE BASIS

THAT subject to the applicable provisions of the Mauritian Companies Act 2001 and the Constitution, the directors of the Company be and are hereby authorised, by way of a general authority, to allot and issue Shares to such person/s on such terms and conditions and at such times as the directors may, from time to time, in their discretion as deemed fit and that the authority conferred hereby shall include authority to issue options or convertible securities that are to be converted into ordinary shares of the Company, save that the pre-emption rights on issue in the Constitution, the Mauritian Companies Act 2001 or otherwise applicable shall not apply to any such issue.

The reason for Special Resolution Number 1 is to obtain the required approval of shareholders to authorise the directors to allot and issue new shares up to the limits specified in Ordinary Resolution Number 8 as if the pre-emption rights in the Constitution, the Mauritian Companies Act 2001 or otherwise applicable did not apply to any such issue or sale.

The Directors consider that the passing of ordinary resolutions number 1 to 9 and special resolution number 1 are in the best interests of the Company and its shareholders as a whole, and accordingly recommend that the shareholders entitled to vote at the Annual Meeting to exercise their vote in favour of all the resolutions to be proposed at the meeting.

Ordinary resolutions number 1 to 9 will require the support of not less than 50% of the total votes exercisable by members of the Company, present in person or by proxy to pass these resolutions.

Special resolution number 1 will require the support of not less than 75% of the total votes exercisable by members of the Company, present in person or by proxy to pass this resolution.

Key dates and times for the Annual Meeting of Shareholders:

Key events	Date
Notice of Annual Meeting	13 November 2019
Last day to lodge forms of proxy for the Annual Meeting by 11h00 Mauritian time	11 December 2019
Annual Meeting at 11h00 Mauritian time	12 December 2019

Annexure 1

Disclosure of additional information required under the Securities (Preferential Offer) Rules 2017 made by the Financial Services Commission under section 93 of the Financial Services Act 2007 and sections 70 and 155 of the Securities Act 2005

Pursuant to Rule 4(4) of the Securities (Preferential Offer) Rules 2017, the Company hereby provides the following additional information in respect of proposed ordinary resolution number 8 ("**the Resolution**"**)**, if applicable, as set out in the notice of the special meeting:

a) Objectives of the issue

The objective of the issue of shares under the Resolution is to allow the Company to raise funding through the issue of new securities.

b) Total number of securities to be issued

The total number of securities that may be issued under ordinary resolution number 8 is 35,000,000 ordinary shares.

c) The price at which or the price band within which the allotment is proposed

The price to be decided by the Board of directors in due course, which price shall be determined by the directors of the Company at the time any such offer, issue or placement is announced and which shall at any time not be less than the net asset value of the Company.

d) The basis on which the price has been arrived at

See c) above

e) The class or classes of persons to whom the allotment is proposed to be made

The proposed allotments pursuant to the Resolution are to be made to the vendors of assets, to current shareholders, to sophisticated investors and to the general public.

f) The proposed time within which the allotment shall be completed

The allotment of securities shall be made within a 12 month period from the date of approval of the Resolution.

g) The names of the proposed allottees and the percentage of post preferential offer capital that may be held by them, wherever applicable

The proposed allottees and the percentage of securities held by the proposed allottees will only be determined once an allotment is made.

h) Any change in control in the Company subsequent to the preferential offer

Any change of control in the Company will only be determined following the proposed allotments.

i) The number of persons to whom allotment on a preferential offer basis have already been made during the year and the corresponding number of securities as well as the price of each security

Save for 634,000 shares issued under a private placement during December 2018, no allotment of shares has been made on a preferential offer till date.

j) The justification for the allotment to be made for consideration other than cash

An allotment of shares may be issued as consideration for the acquisition of assets.

k) The shareholding pattern prior to and after the issue of securities

The shareholding pattern prior to the issue of shares is as follows:

Percentage of Holdings	Number of shareholders
Less than 5%	55
Between 5% to 20%	3
Greater than 20%	2

The shareholding pattern post to the issue of shares will only be determined once an allotment is made.

Instructions for members holding shares

A form of proxy is attached for the convenience of any member of the Company holding shares who cannot or does not wish to attend the Annual Meeting but who wishes to be represented thereat. Forms of proxy may also be obtained on request from the Company's registered office.

Members of the Company holding may elect to:

- attend and vote at the Annual Meeting; or alternatively

- may appoint an individual as a proxy (who need not also be a member of the Company) to attend, participate in, speak and vote in your stead at the Annual Meeting by completing the attached form of proxy and returning it to the addresses below, to be received by no later than 11h00 Mauritian time on 11 December 2019:

The Company Secretary
Africa Clean Energy Solutions Limited
Intercontinental Trust Limited,
Level 3, Alexander House,
35 Cybercity, Ebene 72201,
Mauritius.
Fax: (230) 403 0801
Email: aces@intercontinentaltrust.com

Alternatively, the form of proxy may be handed to the chairperson of the Annual Meeting at the Annual Meeting or at any time prior to the commencement of the Annual Meeting. Please note that your proxy may delegate his/her authority to act on your behalf to another person, subject to the restrictions set out in the attached form of proxy.

Please note that the completed form of proxy must be delivered to the addresses above or handed to the chairperson of the Annual Meeting prior to the dates and times indicated, before your proxy may exercise any of your rights as a member of the Company at the Annual Meeting.

Please note that any member of the Company that is a company may authorise any person to act as its representative at the Annual Meeting.

Any shareholder who completes and lodges a form of proxy will nevertheless be entitled to attend and vote in person at the Annual Meeting should the shareholder subsequently decide to do so.

Voting at the Annual Meeting

In order to more effectively record the votes and give effect to the intentions of members, voting on all resolutions will be conducted by way of a poll.

By order of the Board
Intercontinental Trust Limited
Company Secretary
Mauritius

Date: 13 November 2019

PROXY FORM

Africa Clean Energy Solutions Limited
(Incorporated in the Republic of Mauritius)
Registration number: 152282 C1/GBL
Having its address at
Intercontinental Trust Limited,
Level 3, Alexander House
35 Cybercity, Ebene 72201, Mauritius
SEM share code: ACES.N0000
ISIN: MU0620N00008
("**ACES**" or "**the Company**")

Form of proxy

Important information regarding the use of this form of proxy

Shareholders are advised to read the instructions for completing this form of proxy contained in the notice of the Annual Meeting to which this form of proxy is attached, in addition to the notes to this form of proxy.

Dear Sir/Madam,

I/We _____

of _____

being shareholder(s) of Africa Clean Energy Solutions Limited and holding _____

ordinary shares in the Company hereby appoint:

1. _____ or failing him/her;

2. _____ or failing him/her;

3. the chairperson of the Annual Meeting

as my/our proxy to vote for me/us at the Annual Meeting of the Company to be held on 12 December 2019 at 11h00 **Mauritius Time** at Intercontinental Trust Limited, Level 3, Alexander House, 35 Cybercity, Ebene 72201, Mauritius, and at any adjournment of the meeting, which will be held for purposes of considering and, if deemed fit, passing, with or without modification, the ordinary resolutions and the special resolution to be proposed thereat as detailed in the notice of Annual Meeting ; and to vote for and/or against such resolutions and/or to abstain from voting for and/or against the resolutions in respect of the shares registered in my/our name in accordance with the following instructions:

Resolution	For	Against	Abstain
Ordinary resolution number 1 (Consideration and adoption of the Audited Consolidated Financial Statements, receiving of the Auditors' report and consideration of the Annual Report)			
Ordinary resolution number 2.1 (Re-election of Gaëtan Michel Siew as director)			
Ordinary resolution number 2.2 (Re-election of David Johan Kruger as director)			
Ordinary resolution number 2.3 (Re-election of Smitha Algoo-Bissonauth as director)			
Ordinary resolution number 2.4 (Re-election of Toorisha Nakey-Kurnauth as director)			
Ordinary resolution number 2.5 (Re-election of Antoine Kon-Kam King as director)			
Ordinary resolution number 3.1 (Re-election of Melvyn Antonie Joseph as director)			
Ordinary resolution number 3.2 (Re-election of James Stuart Friedlander as director)			
Ordinary resolution number 4 (Confirmation of appointment of Antoine Kon-Kam King as director)			
Ordinary resolution number 5 (Re-appointment of independent auditor)			
Ordinary resolution number 6 (Authorising directors to determine the remuneration of independent auditor)			
Ordinary resolution number 7 (Authorising directors to determine the fees of non-executive directors)			
Ordinary resolution number 8 (Issue of shares)			
Ordinary resolution number 9 (Authority of directors)			
Special resolution number 1 (General authority to issue shares on a non-pre-emptive basis)			

Consent in terms of Section 327 of the Mauritian Companies Act 2001

I/we a shareholder of the Company, hereby consents to receive notices, annual reports, statements, reports, accounts, or any other documents pertaining to the Company at the following email address until such authority is revoked:
Email Address: _____

I/we undertake to advise the Company within 5 days at the below addresses of any change in my/our email address.

This consent may be revoked at any time on the provision of 5 days' notice in writing to the Company.

Signed this _____ day of _____ 2019

Signed: _____

Shareholder name: _____

Capacity: _____

Notes:

1. A member entitled to attend and vote at the Annual Meeting is entitled to appoint one or more proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

2. Notwithstanding the appointment of a proxy by a member who is a natural person, such member may attend the Annual Meeting in person and vote thereat, to the exclusion of the appointed proxy.

3. Any alteration or correction made to this form of proxy must be initialled by the signatory(ies);

4. Such proxy (ies) appointed pursuant to this form of proxy may participate in, speak and vote at the Annual Meeting in the place of that member at the Annual Meeting. The person whose name stands first on the form of proxy and who is present at the meeting will be entitled to act as proxy to the exclusion of those whose names follow. If no proxy is named on a lodged form of proxy, the chairperson shall be deemed to be appointed as the proxy;

5. A member or his/her proxy is not obliged to use all the votes exercisable by the member, but the total of the votes cast or abstained may not exceed the total of the votes exercisable in respect of the shares held by the member;

6. Documentary evidence appointing a proxy or establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy, unless previously recorded by the Company or the company secretary or waived by the chairperson of the Annual Meeting.

Africa Clean Energy Solutions Limited
(Incorporated in the Republic of Mauritius)
Registration number: 152282 C1/GBL

Alexander House
35 Cybercity
Ebene 72201
Mauritius
www.acesrenewables.com