CEF Group 2021/2022 Annual Business Performance Results

presented to

The Portfolio Committee: Mineral Resources & Energy

13 October 2022

CEF Group of Companies

Group Reset

Purpose

Synopsis of the CEF Group Annual Performance for the 2021/22

Outline prevailing key drivers in our operating environment and impact to strategy

Provide a summary of CEF Group Performance against predetermined objectives

Unpack the Group financial performance highlighting areas of progress and regress

Engage on Group progress towards Governance and Risk Management

Group strategic outlook amid the global environment uncertainty and volatility

Solicit guidance from the Committee on strengthening Group Performance

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CEF (SOC) Ltd

CEF Group Overview

Mandate

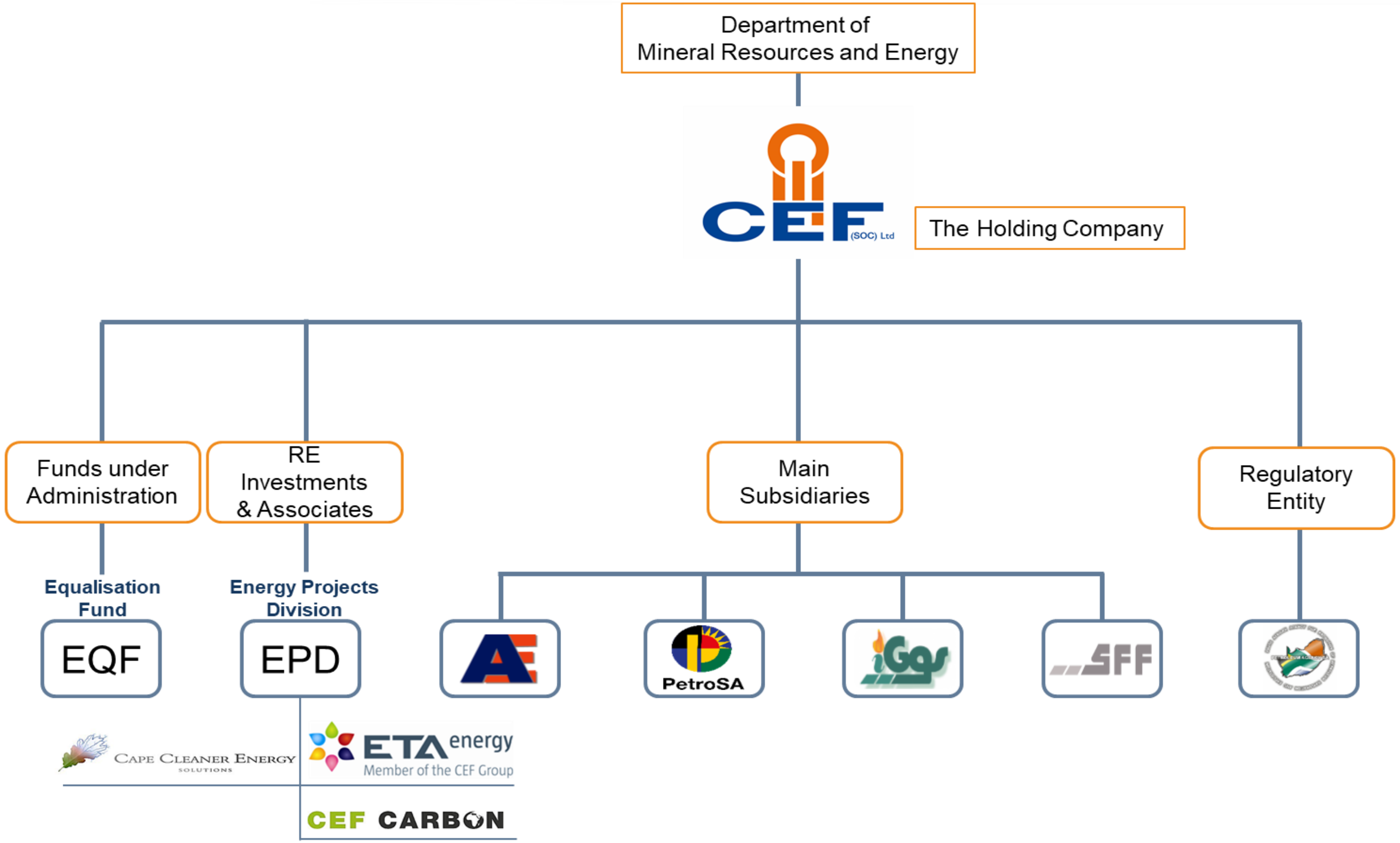
The Mandate of CEF is derived from the CEF Act (No 38 of 1977) and the Ministerial directives issued thereafter. The mandate is in essence to contribute to the security of energy supply for the country (Schedule 2 SOE).

Vision

To be a leading diversified investment energy company that creates value and provides sustainable energy solutions for Southern Africa. This way CEF contributes to national energy security

Mission

To grow our footprint in the energy sector, to be the catalyst for economic growth and energy poverty alleviation through security of supply, and access to acceptable affordable energy in South Africa



Group Value Chain Participation	Upstream	Midstream	Downstream	Renewable Energy	Coal Mining

Group Activities: Exploration & Production, Regulate exploration & production activities, Refining, Storage, Gas transmission pipelines, Sales and Marketing, Trading, Though leadership, Mineral resource beneficiation, Project Development.

2021/2022 FY Audit Outcome Subsidiaries

Entity	2021-22	2020-21	2019-20
CEF Group			
CEF SOC Ltd			
PetroSA SOC Ltd			
SFF Association NPC			
PASA SOC Ltd			
AEMFC SOC Ltd			
iGas SOC Ltd			
ETA SOC Ltd			
CCE SOC Ltd			

Types of audit outcomes

- Unqualified with no findings
- Unqualified with findings
- Qualified with findings
- Adverse with findings
- Disclaimer with findings

AEMFC obtained an unqualified audit in the FY21/22 compared to the prior year qualification – uncorrected misstatements on commitments.

CEF Group Audit Results

The Group audit opinion is unqualified with findings following key findings:

Audit finding	2022/23 Outlook	2021/22 Outcome	2020/21 Outcome	2019/20 Outcome
An annual shareholder's compact was not concluded in consultation with the executive authority as required by treasury regulation 29.2.1(across the Group);	Closed	Repeat	Repeat	Repeat
Failure to prevent irregular expenditure	Depends on the condonation of irregular	Carry through effect of prior year matters	Repeat- New cases	Repeat – new cases
Procurement and contract management - Not all goods, works or services were procured through a procurement process that is fair, equitable, transparent and competitive	N/A	No finding	Repeat- New cases	Repeat - new cases
No consequence management for Irregular, fruitless and wasteful expenditure	Closed	No finding	Repeat	Repeat
Audit committee term ended during the year	Closed	New	No finding	No finding
2020-21 Annual return not filed based on approved 2020-21 audited financial statements, the 2019-20 AFS were used	In progress (the requirements are impractical)	New (assessed for the first time)	No finding	No finding
There were material adjustments /misstatements on the financial statements; and	In progress	Repeat – substantial improvement	Repeat	Repeat
There were material adjustments/misstatements on the annual performance report.	In progress	Repeat	Repeat	Repeat
Performance indicators not useful/reliable	In progress	Repeat	New (assessed for the first time)	Not assessed

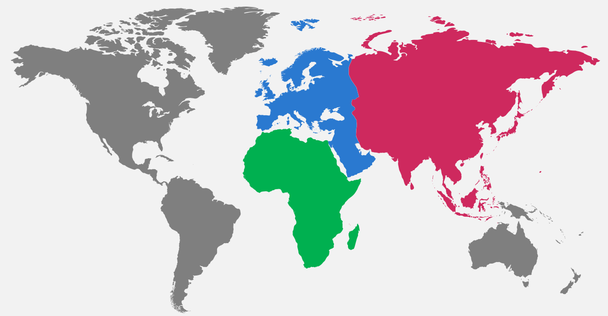
Summary of Group Performance

R 63 M
NET Profit
Less than prior year

R 29.3 BN
Group Total Assets
Due to ACWA loan advanced

R 14 .1 BN
Group Cash Balances
3% from prior year

Group Footprint & Growth



15% share increase in ROMPCO holding & Additional investments in Ghana

Social & People Investments

15794	**R6.2M**
Solar Geysers	Skills Development
R103M	**163**
Cumulative Spend	Talent Pipeline

0% Production from GTL Refinery-In state of Care and Maintenance

Liquidity & Solvency:	Sufficient cash to meet obligations however work continues on PetroSA 13BN Rehabilitation which is currently under funded
Gearing:	**100% Equity**

Key CEF Board Priority Matters during 2021/2022

On an annual basis the CEF Board contracts with the Hounorable Minister via the ***Shareholder's Compact*** and commit to ***preserve and create value*** for the state through ***effective oversight*** mechanisms. Over the past Financial Year we have had to deal with a number of key challenges as the CEF Board in fulfilling our oversight fiduciary responsibilities. These emanated from the external and internal environment complexities.

Governance & Oversight

1. PetroSA financial crisis & slow progress from PetroSA Board.
2. Dissolution of the PetroSA Board and interim structure in place to stabilise the business
3. Established WAR-Room to drive turnaround initiatives
4. Stabilisation of Management structures & instituted consequence management
5. Strengthened governance structures across the Group and Parenting Strategy

Group Growth Agenda

1. In response to potential ***diminishing*** cash balances, ***customer*** risk concentration and archaic business models.
2. Embarked on ***aggressive Group growth agenda*** through acquisitions of operating assets.
3. This has been to support ***Portfolio and Revenue*** diversification.
4. Focus on key targets across the value chain.

Merger Project

1. Under this directive Cabinet on the 10th June 2020, approved the merger of 3 subsidiaries of the CEF Group to establish a South African National Petroleum Company.
2. Progress made on additional legal & commercial work by Cabinet Committee.
3. Working with DMRE to progress final approval.

CEF SOC Repositioning

1. Strategic response to the future role of CEF after merger as requested by Portfolio Committee.
2. Board approved the ***repositioning*** of CEF SOC to play a key role along ***three*** specific areas.
3. These are to support government broader economic and developmental objectives.

There were other matters but these were the key main issues that kept the CEF Board awake and engaged.

Part A

CEF Group Business Performance against predetermined objectives

CEF Group CEO : Dr I Poolo

Operating Environment forces and key drivers overview

The 2021/22 period was driven by many global trends that influenced our planning assumptions. Among the ***global forces*** shaping the future operating environment CEF identified 6 that were generating particularly significant strategic uncertainty. All of this on the back of a ***fragile economy*** groaning under the energy crisis burden.

Geo-political transition
The fragile transition to an intensely competitive, multipolar international order and balance of forces & influence by China, Russia and the US.

Geo-economic" disruption
The increasingly pervasive use of economic instruments for geostrategic purposes such as sanctions.

Socio-demographic shift
The changing structure of the global population & labour force and the evolution of social norms as well social migration in search of better opportunities

Technological revolution
The transformative impact of the accelerating advance & diffusion of technology. Includes cars, trains, computers, and energy, e-mobility, AI.

Environmental & resource system disruption
The disruptive cross-domain impact of climate change, including intensifying strains on the global resource nexus.

COVID-19 pandemic
The impacts of COVID 19 on global economies, supply chains and energy demand which influences investments as well as global vaccination programs to stem the Covid tide

Internally, the financial PetroSA crisis, governance challenges, Group commercial sustainability, Value proposition and Group capabilities emerged as ***key drivers*** of the desired strategic direction.

2021/2022 Macro-economic assumptions

Macro-economic variable (average per annum)	Actual 2020	Forecast 2021	Forecast 2022	Forecast 2023
Money Market NACM rate	4.36	3.50	3.93	4.42
Prime rate	7.86	7.00	7.43	7.92
Inflation-CPI	3.30	4.40	**4.50**	4.50
R/$	16.46	14.62	**15.34**	15.90
R/€ average*	21.09	20.23	21.17	22.00
Oil price: US$/barrel	*43.40*	69.10	**70.00**	66.40
Real GDP	-6.40	5.00	2.50	2.00

Best on available information at the time of planning for the 2021/22 financial year, the above macroeconomic mic assumptions were generated from external leading industry bodies and formed the core of our business planning.

CEF (SOC) Ltd

CEF Group Strategic Trajectory & Corporate Plan

It is thus that based on the ***external*** and i***nternal*** analysis that was undertaken, the CEF Group ***strategic response*** had identified ***four key focus areas*** or pillars to the CEF Group strategic and Corporate Plan for the 2020/21-2024/25 planning horizon

Key Strategic Pillars

1. ***Stabilising the CEF Group*** and improve long term commercial sustainability and strategic relevance
2. ***Drive growth and increase Market Share*** through diversification of Income streams & product portfolio
3. ***Development of key Energy Infrastructure*** programs in support of economic development & growth
4. ***Group Consolidation to exploit synergies*** and improve scale for strategic relevance turning around struggling entities.

This process supported the development of ***the Group Key Objectives*** that would underpin the Group Score Card and overall alignment within the Group

Key Objectives

1. Consolidation & Turnaround
2. Commercial sustainability
3. Strategy & Long-Term Growth
4. Operational Efficiency
5. Human Capital & Organisational Alignment

Key Results

- ***5% market share***
- ***R4B return by 2025***
- ***ROA OF 12% by 2025***
- ***75% Brand Reputation Score***
- ***Integrated National Oil Company (SANPC)***
- ***R2.7B income from new business***
- ***Creation of a High-Performance Culture***
- ***Strategic acquisitions***
- ***Downstream presence***

However during Q3 and Q4 of the period under review, there were a number of events that had significant impact on the delivery against pre-determined objectives

Impact of Geopolitical Dynamics to Group Plan

External Developments

- The Russia Ukraine Conflict had major impact on the global economy with disruptions to supply chains.
- Global energy and agricultural resources commodities price surged and rampant global inflation emerged
- To curb inflation Central Banks increased Repo rate
- Foreign exchange volatility
- Traders exercise their options and start moving their stored oil to take advantage in pricing arbitrage.
- Increase in damage to key economic infrastructure making local economic recovery difficult (Transnet and Eskom)
- Impact of the KZN social unrest on local GDP and increase in unemployment
- Cushioning of SA motorists by National Treasury through the leveraging of the SFF Strategic stocks

Impact to the Group

1. **High Interest Rates:** The high interest rates have increased our cost of borrowing whilst at the same time increasing interest income.
2. **Supply Chain Disruptions**: Have resulted in product outages and inability to fulfil customer obligations and further increasing shipping costs.
3. **High Energy Commodity Prices**: Have made trading highly competitive and attracting a hefty premium for finished products.
4. **High Commodity Prices:** Have further fuelled inflation and resulting in an increase in input costs making products more expensive impacting competitive.
5. ***Less revenue generation from storage*** due to traders having taken their product.
6. ***Sale of strategic stock*** will impact Group balance sheet
7. ***Sanctions*** have an impact on potential strategic partnerships
8. Infrastructure damage ***delayed movement of products*** via rail.
9. Impact on ***growth objectives*** and other planned ***strategic acquisitions***

The overall there has been significant impact on the CEF Group across the value chain. The rate of uncertainty still remains very due unknown duration and scale of the Russia and Ukraine conflict

Key Highlights & Lowlights

There were a number of notable key highlights and lowlights during the period under review

PetroSA Financial Crisis and financial support given in aid of working capital commitments for three months	15% Acquisition of 15% Sasol shares in ROMPCO making CEF through iGas and the CMG the majority shareholders.	By the conclusion of the 4th Quarter, SFF had concluded the Acquisition of the Avedia LPG Storage facility as well as the BP Montague Gardens Terminal.	The 100 MW ACWA Redstone Project renewable energy project that will use CSP technology to supply clean baseload power to Eskom reached construction phase
South Africa's Central Energy Fund (CEF) is considers buying into Renergen's Virginia gas project, paying 1 billion rand ($69 million) for a 10% stake subject to a DD	CEF SOC Concludes independent legal and commercial validation of merger project as directed by Cabinet Committee	Establishment of PetroSA War-Room to fast track key stabilisation and growth initiatives.	Appointment of Women in Senior Roles across the Group

CEF Group SCORE CARD

Strategic Theme	Weighting	Goal / Objective	Measure / KPI	Status	Comments
Consolidation & Turnaround	**20%**	Optimisation of Group synergies and sustained shareholder value creation for improved strategic relevance &and turnaround PetroSA	- Revenue Growth Rate - Monitoring and evaluation of the PetroSA Turnaround Plan - Operating Cost reduction - Market Share		• Driven by achievement of Merger milestone deliverables • Incremental progress on PetroSA stabilisation via War-Room.
Commercial Sustainability	**30%**	Improve Profitability to achieve a return equivalent to the cost of capital	- ROA - Margins - Organic Growth		• Achievement of margin targets. • Production and utilisation targets not met
Strategy & Long-term Growth	**30%**	Integrated strategy & Growth to drive long-term commercial sustainability	- ROI - New Business Development conversation rate - Market share - Brand Reputation		• Focused Business Development and Growth initiatives. • Brand strategy development
Human Performance & Organisational Alignment	**10%**	Sustained superior business performance in the market place and the achievement of competitive advantage	- Cultural entropy - Values alignment - Organisational Health Index - Shared Services Implementation		• Delays in Shared Services implementation. • Various initiatives tied to Merger
Operational Efficiency	**10%**	Increase in organisational efficiency and productivity	- Overheads / Gross Profit - Automation Rate - Support services cost/ GP - Digital Proficiency		• Various projects held in abeyance due awaiting merger approval

Part B

CEF Group Financial Position and Cash flow

CEF Group CFO : Ms Morabe

CEF Group Income Statement By Business Segment as the 31st March 2022

Profit/(loss) for the year by business segment
Figures in Rand thousand

	Group	PetroSA	AEMFC	SFF	iGas	CEF	Renewable Energy	OPC	PASA	Intercompany transactions
Revenue	13,891,250	12,159,103	696,240	909,232		18,225	48		124,504	(16,102)
Cost of sales	(11,558,081)	(11,046,821)	(509,634)				-			(1,626)
Gross profit	**2,333,169**	**1,112,282**	**186,606**	**909,232**	**-**	**18,225**	**48**	**-**	**124,504**	**(17,728)**
Gross profit/(loss) margin	**17%**	**9%**	**27%**	**100%**	**0%**	**100%**	**100%**	**0%**	**100%**	**110%**
Other operating income	751,317	574,931	28,283	110,531		21,261			19,896	(3,585)
Other operating gains/(losses)										-
Other operating expenses	(3,187,633)	-2,109,761	(163,695)	(463,497)	(63,925)	(454,851)	(1,647)	(752)	(151,279)	221,774
Operating profit (loss)	**(103,147)**	**(422,548)**	**51,194**	**556,266**	**(63,925)**	**(415,365)**	**(1,599)**	**(752)**	**(6,879)**	**200,461**
Operating profit (loss) margin	**-1%**	**-3%**	**7%**	**61%**	**0%**	**-2279%**	**-3331%**	**0%**	**-6%**	**-1245%**
Investment Income	593,496	180,497	8,719	203,976	58,446	415,142	-	1,525	19,177	(293,986)
Income from equity accounted investments	451,985		127,100		429,075					(104,190)
Finance costs	(614,447)	(572,027)	(22,042)	(23,305)	(9)	(100,081)	(16,654)		(696)	120,367
Profit (loss) before taxation	**327,887**	**(814,078)**	**164,971**	**736,937**	**423,587**	**(100,304)**	**(18,253)**	**773**	**11,602**	**(77,348)**
Taxation	(265,330)	(202,012)	(37,840)		(15,232)	(10,245)				(1)
Profit (loss) for the year	**62,557**	**(1,016,090)**	**127,131**	**736,937**	**408,355**	**(110,549)**	**(18,253)**	**773**	**11,602**	**(77,349)**

- PetroSA's net loss is attributed to ***high fixed cost*** of maintaining the GTL refinery that has stopped operating as it is still under care and maintenance. ***PetroSA losses*** were reduced ***by CEF SOC's financial support of R189.9 million*** in the 2021/22 finial year
- Included in the ***CEF SOC loss of R 110.5 million is impairment of the PetroSA loan, the CCE loan*** and impairment of trade receivables with subsidiaries totaling to R199 million, excluding this impairment the entity would have made a profit of R88.7 million.
- The net loss recorded under Renewable Energy is attributed ***to interest expense on the intercompany loan from CEF SOC to CEF Carbon for ACWA and the storage costs for the CCE equipment.***

CEF Group Financial performance

Statement of Profit or Loss and Other Comprehensive Income

Figures in Rand thousand

	2022	**2021**	**Variance**	**Variance %**
Revenue	13 891 250	10 338 944	3 552 306	34%
Cost of sales	-11 558 081	-9 797 940	-1 760 141	18%
Gross profit	**2 333 169**	**541 004**	**1 792 165**	**331%**
Other operating income	751 317	1 660 614	-909 297	-55%
Other operating expense	-3 187 633	-2 271 818	-915 815	40%
Operating profit (loss)	**-103 147**	**-70 200**	**-32 947**	**47%**
Investment revenue	593 496	813 408	-219 912	-27%
Income from equity accounted investments	451 985	348 132	103 853	30%
Finance costs	-614 447	-627 809	13 362	-2%
Profit (loss) before taxation	**327 887**	**463 531**	**-135 644**	**-29%**
Taxation	-265 330	76 699	-342 029	-446%
Profit (loss) for the year	**62 557**	**540 230**	**-477 673**	**-88%**

- **The Group has reported a *net profit of R63 million compared to the net profit of R540 million reported in the prior period.***
- ***The decrease in profits*** *is mainly due to the decrease in impairment reversals from the 1.4billion reported in prior year to R375m in the current year*

This was however countered by the following:

- Favourable revenue performance mainly attributable to our purchased petroleum products trading unit at PetroSA and the coal mining businesses at AEMFC.
- ***Impairment reversals*** due to the increase in the oil price and the decrease in the R/US$ exchange rate
- ***Cost containment*** and cash preservation initiatives implemented during the year particularly at PetroSA through the tripartite war room.

CEF Group Financial Position and Cash flow

Capital Asset Allocation & Poor performance

Capital allocation in R'000			Returns in R'000		
Asset class	**Assets**	**Allocation**	**Net Returns**	**Allocation**	**Blended return**
Cash	14 091 678	48%	590 205	4%	2.0%
Operating assets	**9 069 689**	**31%**	**- 1 061 602**	**-12%**	**-3.6%**
Associates	1 612 374	6%	454 334	28%	1.6%
Non-operating assets	4 480 950	15%	79 620	2%	0.3%
Total	**29 254 691**	**100%**	**62 557**	**0.2%**	**0.2%**

- ***48% of the assets are cash mostly invested in the money market.*** Cash is expected to generate a return equivalent to the money market return. The average return on cash held was 4%

- ***31% of the assets are operating assets*** with the bulk invested in the oil and gas cluster and the remainder in coal mining. The oil and gas operating business segment consist of the PetroSA GTL refinery and trading, oil blocks in Ghana, and crude oil terminals. The oil and gas cluster is confronted with daunting challenges emanating from dwindling gas reserves thus generating a return far less than the cost of capital..

- ***6% of the assets are invested in associate companies*** with the bulk invested in gas infrastructure and the remainder in coal mining and renewable.
  - The investment in the gas infrastructure is comprised of the shareholding in ROMPCO and the investment is currently generating a return that is above the cost of capital. ROMPCO is currently making profits and has paid dividends of R301.2 million in the financial year under review.

  - At the beginning of the financial year the investment in coal mining comprised of the shareholdings African Royalty Mining "ARM" and Mzimkhulu Mining. ARM is currently making profits and paid a dividend of R20 million in the current year. The investment in Mzimkhulu was making losses and was subsequently sold in the current year at a loss of R5 million at Group level, however at company level a R107 million profit was recognised.

  - The investment in the renewable energy is made up of the shareholding in and loans to Ener-G Joburg and ACWA Redstone. Ener-G is currently generating losses due to the suboptimal performance of the plant but has managed to pay some of the interest on the loan in the financial year under review, while ACWA has not reached financial close yet.

- ***The non-operating assets constitute 15% of the total Group assets*.** Non-operating assets mainly comprise the Strategic stock, linefill in the New-Multi-Product-Pipeline of Transnet and exploration costs. Currently, these assets are not generating any income and are unlikely to generate income in the foreseeable future; therefore, this will suppress the Group returns. The return of R79.6 million relates to the fair value adjustments for the linefil due to the changes in the oil price.

CEF Group Balance Sheet as at 31 March 2022 - Assets

Statement of Financial Position as at 31 March 2022				
Figures in Rand thousand	**2022**	**2021**	**Variance**	**Variance %**
Assets				
Non-Current Assets				
Property, plant and equipment	5,855,430	6,432,365	-576,935	-9%
Intangible assets	1,276,310	1,274,419	1,891	0%
Investments in associates	1,219,687	1,200,345	19,342	2%
Loans to group companies	392,687	47,516	345,171	726%
Trade and other receivables	216,371	295,048	-78,677	-27%
Other financial assets	191,907	180,401	11,506	6%
Investments at fair value	871	844	27	3%
Deferred tax	376,014	571,672	-195,658	-34%
Prepayments	311	414	-103	-25%
Strategic inventory	1,821,926	2,769,164	-947,238	-34%
	11,351,514	**12,772,188**	**-1,420,674**	**-11%**
Current Assets				
Inventories	761,238	626,091	135,147	22%
Loans to group companies	0	153	-153	-100%
Trade and other receivables	1,788,269	1,746,615	41,654	2%
Prepayments	77,591	178,540	-100,949	-57%
Current tax receivable	18,130	18,123	7	0%
Strategic inventory	1,006,700		1,006,700	0%
Cash and cash equivalents	14,091,678	13,691,048	400,630	3%
	17,743,606	**16,260,570**	**1,483,036**	**9%**
Non-current assets held for sale and as	159,571		**159,571**	**0%**
Total Assets	**29,254,691**	**29,032,758**	**221,933**	**1%**

- The Group reported ***total assets of R29.3 billion which is a 1% increase from the R29.0 billion*** reported in the prior year.
- The increase is mainly due to the ***ACWA loan advanced during the year and interest earned on funds invested.***

CEF Group Balance Sheet as at 31 March 2022 – Equity and Liabilities

Statement of Financial Position as at 31 March 2022				
Figures in Rand thousand	**2022**	**2021**	**Variance**	**Variance %**
Equity and Liabilities				
Equity				
Reserves	792,604	982,584	-189,980	-19%
Retained income	9,636,718	9,604,570	32,148	0%
Equity Attributable to Equity Holders of I	**10,429,322**	**10,587,154**	**-157,832**	**-1%**
Non-controlling interest	-7,166	-7,021	-145	2%
Total Equity	**10,422,156**	**10,580,133**	**-157,977**	**-1%**
Liabilities				
Non-Current Liabilities				
Other financial liabilities	-	-	-	0%
Finance lease liability	942,312	1,045,389	-103,077	-10%
Retirement benefit obligation	212,516	203,123	9,393	5%
Deferred tax	994,323	1,105,096	-110,773	-10%
Provisions	13,418,369	13,252,486	165,883	1%
Other non-current liabilities	13,418	24,037	-10,619	-44%
	15,580,938	**15,630,131**	**-49,193**	**0%**
Current Liabilities			**0**	**0%**
Trade and other payables	2,736,734	2,105,695	631,039	30%
Other financial liabilities	114,813	389,931	-275,118	-71%
Finance lease liabilities	102,295	115,849	-13,554	-12%
Retirement benefit obligation	4,743	4,194	549	13%
Current tax payable	7,488	1,981	5,507	278%
Provisions	181,285	194,181	-12,896	-7%
Deferred income	104,239	10,663	93,576	878%
	3,251,597	**2,822,494**	**429,103**	**15%**
Total Liabilities	**18,832,535**	**18,452,625**	**379,910**	**2%**
Total Equity and Liabilities	**29,254,691**	**29,032,758**	**221,933**	**1%**

- As at 31 March 2022 the Group was ***liquid and solvent , however this is threatened by the PetroSA rehabilitation provision valued at R13 billion*** which is currently under funded by R9.6 billion at year end. In terms of the National Environmental Management Act, 1998 (Act No. 107 of 1998) (NEMA) as amended, PetroSA is required to have the rehabilitation liability fully funded by February 2024.
- CEF Group recorded ***Net Asset Value of R10.4 billion*** at the end of March 2022.

CEF Group Cash flow for the year ended 31 March 2022

Statement of Cash Flows Figures in Rand thousand	2022	2021	Variance	Variance %
Cash flows from operating activities				
Cash generated from operations	822 477	- 4 954 417	5 776 894	-117%
Interest income	576 845	749 342	- 172 497	-23%
Dividends received	321 255	294 886	26 369	9%
Finance costs	(80 359)	- 130 187	49 828	-38%
Tax paid	(174 945)	- 223 203	48 258	-22%
Net cash from operating activities	**1 465 273**	**- 4 263 579**	**5 728 852**	**-134%**
Cash flows from investing activities				
Purchase of property, plant and equipment	(238 437)	- 211 379	- 27 058	13%
Proceeds on disposal of property, plant and equipment	1 695	2 241	- 546	-24%
Purchase of intangible assets	(31 099)	- 54 360	23 261	-43%
Assets held for sale		-	-	0%
Proceeds on disposal of intangible assets	1	11	- 10	-91%
investment in associates/joint ventures		-	-	0%
Loans advanced to group companies	(458 921)		- 458 921	0%
Sale/(Purchase) of other financial assets	78 485	- 96 446	174 931	-181%
Proceeds from the sale of an associate	111 000		111 000	0%
Net movement from investing activities	**- 537 276**	**- 359 933**	**- 177 343**	**49%**
Cash flows from financing activities				
(Repayments)/Additions of other financial liabilities	(326 480)	- 697 464	370 984	-53%
Increase in other non-current liabilities	-	- 11 194	11 194	-100%
Loans from Group companies	2 608	34 680	- 32 072	-92%
Finance lease receipts/(payments)	(107 980)	- 101 797	- 6 183	6%
Net cash from financing activities	**- 431 852**	**- 775 775**	**343 923**	**-44%**
Total cash movement for the year	**496 145**	**- 5 399 287**	**5 895 432**	**-109%**
Cash at the beginning of the year	13 691 049	20 822 759	- 7 131 710	-34%
Effect of exchange rate movement on cash balances	- 19 658	- 1 248 420	1 228 762	-98%
Effect of translation of foreign entities	- 75 858	- 484 004	408 146	-84%
Total cash at end of the year	**14 091 678**	**13 691 048**	**400 630**	**3%**

- ***The Group's cash balance increased by 3% from R13.7 billion in the prior year to R14.1 billion in the current year, mainly due to cash generated from operations.***
- In the financial year under review the Group generated a total of R 1.5 billion from operating activities compared to the R4.3 billion utilized in the prior year (mainly repayment of Traders). This was made up of ***cash generated from the core operations of R822 million, interest income of R577 million and dividends received from associates of R321 million,*** which was reduced by the finance costs paid of R80.3 million and tax paid of R 175 million.
- The capital investment mainly relates to the investment in ***ACWA Redstone of R459 million***, which was countered by the ***proceeds of R111 million from the sale of uMzimkhulu Mining***
- PetroSA fully paid its RBL facility (R328 million)

CEF Group Financial Governance

Financial governance

CEF Group
Figures in Rand thousands

Irregular expenditure	**PetroSA**	**AEMFC**	**SFF**	**iGAS**	**CEF**	**PASA**	**CCE**	**ETA**	**OPC**	**Total**
Opening	273 601	315 442	192 875	9 278	50 487	10 361	1 788	31	1 538	855 402
Identified during the year	3 848	170 200	8 257	24 744	2 699	-	-	-	-	209 748
Discovered during the current year but relating to prior year	-	10 827	-	-	3 414	-	-	-	-	14 240
Condoned by the relevant authority	-	-	-	-	-7 886	-10 361	-	-	-	-18 247
Recovered	-	50 082	3 371	-	-	-	-	-	-	53 453
Irregular Expenditure awaiting condonation	**277 449**	**546 551**	**204 503**	**34 022**	**48 714**	**-**	**1 788**	**31**	**1 538**	**1 114 596**

CEF Group
Figures in Rand thousands

Fruitless and wasteful expenditure	**PetroSA**	**AEMFC**	**SFF**	**iGas**	**CEF**	**PASA**	**OPC**	**CCE**	**ETA**	**Group**
Opening balance	-	2 936	5 010	79	10 229	-	30	1 270	-	19 554
Add: Fruitless and wasteful expenditure – current year	1	921	11	2	297	-	-	-	-	1 232
Less: Amounts not recoverable (not condoned)		-14	-3	-	-29	-	-	-	-	-46
Less: Amounts condoned/written-off	-1	-392	-	-	-	-	-	-	-	-393
Fruitless and Wasteful Expenditure awaiting condonation	**-**	**3 451**	**5 017**	**81**	**10 497**	**-**	**30**	**1 270**	**-**	**20 346**

- As part of corrective measures, we will continue investigating and taking appropriate action to recover any losses and address areas of weaknesses in our systems.

- The ***Group has also established loss control functions/committees across its subsidiaries*** to prevent irregular, fruitless and wasteful expenditure, conduct investigations, recover losses suffered by the Group related to such expenditure, as well as enforcing consequence management.

- ***Some disciplinary processes were undertaken during the year*** and consequence management was implemented, it must be noted that the process of consequence management is lengthy and management and the Board are committed to ensuring compliance.

CEF Group Governance & Risk Management

Strengthening Governance & Oversight

As part of the ***CEF Group integrated Enterprise Governance and Risk Framework*** that looks to continuously strengthen the various lines of defence which ultimately result in ***improved business performance*** and organisational reputation some of the initiatives executed during the period under and those planed are as follows:

- **Creation of a Finance Investment Procurement & Project Committee**
- **Instituting the Chairperson’s Forum for Group alignment and oversight**
- **Instituting Loss Control Forums across the Group and follow through.**
- **Consequence Management**
- **Vetting of Officials**
- **Consolidation of key roles and activities and capacitation.**
- **Planned Process Mapping for 2022/23 FY**
- **Automation of key business processes**

Group Risk Register & Tracker

Type of Risk	Description of Risk	Probability			Impact			Risk Response Strategy	Risk Owner	Status
		H	M	L	Strategy	Operations	Time & Costs			
Financial	Financial sustainability	●			H	H	M	• Support delivery of the strategic projects; • Obtain external funding with low risks Implement Group wide portfolio optimization model. • Divestment from non-core business.	CFO	On going
Strategy	Strategy definition and execution		●		H	H	H	• Revision of Group Parenting Strategy • Centralized and coordinated Group Strategy Planning in line with Parenting Strategy • Develop the CEF Group acquisition and growth strategy • Centralize business development. • Develop Group integrated funding and investment model	COO	In progress
Governance	Corporate Governance and regulatory		●		M	H	M	• Review and Enforcement implementation of MOIs and shareholder compacts./ Parenting Strategy • Develop, review and implement Group wide application policies. • Conduct training and awareness on the policies and ethics. • Develop Board resolution tracking list to follow up on decision taken or outstanding.	Chief Legal & COSEC	In progress
Strategy & Growth	Security of Energy Supply	●			H	H	L	• Implement Fuel import strategy linked to IVT plan. • Maintain strategic stock of crude using OKINAWA model • Develop strategic stock funding for refined product • Develop LPG import strategy in line with new LPG import parity pricing. • Acquisition of Coal mines to increase supply Eskom including strategic partnerships • Development Trading House business establishment to import fuels and supplement production volume. • Target high value Products/markets to maximize profits.	COO	In progress

Group Risk Register & Tracker (continued)

Type of Risk	Description of Risk	Probability			Impact			Risk Response Strategy	Risk Owner	Status
		H	M	L	Strategy	Operations	Time & Costs			
Financial	Decommissioning	●			H	H	H	• Maintain existing decommissioning guarantees and funds in compliance with NEMA and PFMA • Review of existing Decommission process to align with national realities	CFO	On going
Governance	Health & Safety		●		M	M	L	• Strategic risk workshop and risk register review • Internal audit review and closing findings • Group integrated Health Response Team activation	Chief Legal	In progress
Strategy	Operating Model	●			M	H	H	• CEF reposition and merger implementation. • Cascading strategic risks to operational risks. • AEMFC Operating model review • PetroSA operating model execution • Diversification approach	COO	Pending approval
Strategic	Human Capital	●			M	M	M	• Implementation and adoption of shared service model. • Develop and anchor culture of high performance and reward schemes. • Reduce and mitigate non – compliance Laws and Policies. • Improve statistic on imbalance in gender employment. • Leadership development &	GM Corporate Services	In progress
Strategic	Stakeholder & Shareholder Management		●		H	M	L	• Brand activation programme and showcasing of CEF achievements in the public domain. • Monitor, respond and contain negative media reporting. • Manage and maintain relations with external stakeholders. • Stakeholder/Shareholder framework	COO	In progress

AEMFC Key Highlights and Lowlights

Highlights	Lowlights
• Revenue generated R696 million • Net profit R127 million • Profit in sale he sale in the disposal of the associates, Mzimkhulu R107 million • Trade Earnings R20 million • Cash on hand R331.5 million • Positive ratios (Current ratio is at 3.58, total assets R1.1 billion, net asset value R530 million) • No. of people employed: 373 • Improvement in the Audit Opinion from Qualification to Unqualified with findings • No fatalities	• Coal quality challenges • Poor business culture and no consequence management • High headcount, high cost, low volumes (tonnes), inefficiency • Security challenges

AEMFC Income Statement

STATEMENT OF COMPREHENSIVE INCOME

	ACTUAL 31-Mar-22 R'000	BUDGET 31-Mar-22 R'000	ACTUAL 31-Mar-21 R'000	A vs B R'000	A vs PY R'000	A vs B %	A vs PY %
Revenue	696 241	1 070 874	302 499	(374 633)	393 742	-35.0%	130.2%
Cost of goods sold	(509 634)	(782 033)	(230 755)	272 400	(278 879)	-35%	121%
Gross Profit	186 607	288 840	71 744	(102 234)	114 863	302.6%	-61.6%
Gross Margin (%)	27%	27%	46%	0%	-19%	-1%	-41%
Other income	11 364	71 886	32 461	(60 523)	(21 097)	-84.2%	-65.0%
Operating Expenses	(163 696)	(328 005)	(198 878)	164 309	35 182	-50.1%	-17.7%
Operating Profit	34 274	32 722	(94 673)	1 553	128 947	-134.6%	-376.2%
Operating Profit Margin	5%	3%	21%	21%	21%	385%	-289%
Net interest received/(paid)	(13 322)	- 17 051	(14 528)	3 729	1 206	17.4%	9.1%
Interest income	8 719	3 180	9 291	5 539	- 572	174.2%	-6.2%
Interest expense	(22 041)	(20 231)	(23 819)	(1 811)	1 778	8.9%	-7.5%
Dividends received	20 000	-	42 880	20 000	- 22 880	0.0%	-53.4%
Profit/(loss) on sale of equity investments	107 100	-			-	0.0%	-100.0%
Gains on IFRS16 adjustment	16 919	-			-	0.0%	-100.0%
Net Profit Before Tax	164 972	15 671	(66 321)	25 281	107 274	-123.6%	-140.2%
Tax	(37 840)	-4 458	27 667	(33 382)	-65 507	748.8%	-236.8%
Net Profit/(Loss) After Tax	127 132	11 213	(38 654)	(8 101)	41 766	6	(4)
Net Profit Margin (%)	18%	1%	-13%	2%	11%	-1787%	-290%

- ***Revenue is at R696 million***, 34% behind the R1.1 billion target.
- The ***Gross profit is at 27%,*** met the budget target of 20%.
- ***Net profit is at 18%,*** way beyond 1% budgeted.
- The ***sale in the disposal of the associates, Mzimkhulu shares*** contributed positively..
- ***Cash is at R331.5 million***, an increase of 264.6% from the prior year (R125 million).
- ***Current ratio is at 3.58*** The total assets are at R1.1 billion with the net asset value at R529.8 million

CEF (SOC) Ltd

AEMFC Key Audit Findings

Audit Findings	Management Intervention
Irregular Expenditure - Inaccurate disclosure of the irregular expenditure	Management noted the findings, and its recommendation. A register of irregular expenditure will be developed and accordingly application for condonation will be made in cases where the cost could not be avoided. Management will also establish the Loss Control Committee as part of the measures.
Control deficiencies - Limitation of scope on planning information not submitted for audit purposes as agreed.	- Management will embark on improved IT system which will automate audit trail. - Management will ensure there is skill enhancement and training on employees.
Non-compliance with the Board Charter in inducting Board members	- Management would ensure that new directors would be inducted to the mine and the business timeously. - Management to ensure that there is a skills enhancement.
Year end minutes of meetings not submitted for audit purposes as agreed	- Management will ensure that minutes are compiled, provided and reported timeously. - Management to ensure that there is a skills enhancement.

AEMFC Strategic Outlook

Looking ahead, AEMFC as part of portfolio and revenue diversification strategy will focus on the following strategic objectives:

- ***An efficient, reliable and financially sustainable business***
- ***Strategic growth through partnership***
- ***Operational excellence as a differentiator & strategy enabler***
- ***A responsible corporate citizen actively contributing to socioeconomic development***
- ***Human Capital development and retention***

The core strategic elements that will drive AEMFC's strategy

1. Improve coal quality
2. Improve operational efficiency
3. Strengthen balance sheet effectiveness
4. Expand coal operations, investments and contracts
5. Drive growth into the rest of Africa
6. Diversify into transition commodities

CEF SOC Highlights & Lowlights

Highlights	Lowlights
• Approval of additional 10% of investment in ACWA Redstone project • Merger of PetroSA ,SFF and iGas at an advanced stage, the validation exercise for the preferred merger archetype was concluded and the entity has been registered as a legal entity (SA NPC). • Acquisition of SAPREF at an advanced stage. • Improved loss from previous financial year • Received a dividend of R173m from iGas	• Decrease in Investment income due to lower interest rate during 2022 financial year. • Continued operating losses due to low recovery of the head office operational costs

CEF SOC Income Statement

Statement of Profit or Loss and Other Comprehensive Income Figures in Rand thousand	2022	2021	Variance	Variance %
Revenue	18 225	18 654	-429	-2%
Other operating income	21 116	11 161	9 955	89%
Other operating gains	145	7	138	1971%
Movement in credit loss allowances	-200 099	-632 994	432 895	-68%
Other operating expense	-254 752	-276 046	21 294	-8%
Operating profit (loss)	**-415 365**	**-879 218**	**463 853**	**-53%**
Investment revenue	415 142	307 681	107 461	35%
Finance costs	-100 081	-114 212	14 131	-12%
Profit (loss) before taxation	**-100 304**	**-685 749**	**585 445**	**-85%**
Taxation	-10 245	-22 869	12 624	-55%
Profit (loss) for the year	**-110 549**	**-708 618**	**598 069**	**-84%**

For the period ended 31 March 2022, CEF SOC reported a loss of R110 million.

Included in the CEF SOC loss of R 110.5 million is ***impairment of the PetroSA loan, the CCE loan*** and impairment of trade receivables with subsidiaries totaling to R199 million, excluding this impairment the entity ***would have made a profit of R88.7 million.***

The decrease in losses is due to less impairments, and the R173 million dividend from iGas

CEF Key Audit findings- And management response

Category	Audit Findings	Action Plan Description
Laws and Regulations	An annual shareholder's compact was not concluded in consultation with the executive authority - Shareholders compact not approved by Executive Authority (across the group).	CEF to expedite the process of finalising the shareholder's compact with the Minister.
Laws and Regulations	Non-compliance with Irregular expenditure - Failure to take reasonable steps to prevent irregular (carry-through effect of historical cases)	- All cases of irregular expenditure that are concluded will be taken through the condonation process. Those that are not concluded will be taken to Loss Control Committee to determine the disciplinary/corrective actions to be taken. - Continue raising awareness around prevention of irregular expenditure
Laws and Regulations	An Audit Committee was not established by the accounting authority, as required by section 51(1)(a)(ii) of the PFMA. The audit committee was not constituted in accordance with PFMA as the minimum number of persons were not in place fourth quarter of the financial year.	The required team members have been appointed with approval from the Minister of DMRE.
Laws and Regulations	Approved audited financial statements were not filed with the Annual Return, as required by section 33(1)(a) of the Co Act and 30(2) of the Companies Regulation.	Management will seek guidance from AGSA and agree on the acceptable approach.

CEF Key Audit findings- And management response

Category	Audit Findings	Action Plan Description
Financial Statements	Material misstatements in the Annual financial statements	- Detailed scope of the IFRS training offered to finance department - Complete review check lists - Updated more robust IFRS disclosure checklists - Management will enhance information sharing across different business units - External independent review of the AFS prior to submission for audit
Annual Performance Report	Material misstatements in the Performance information reported (AOPO)	Management will ensure that there is consistency between the Corporate Plan and Annual results. This will be done during the cascading of performance objectives and contracting at the start of each financial year Internal audit review prior to submission for audit
Laws and Regulations	Indicators not useful – As they do not meet the FMPPI criteria	At the time of setting the target, management had the intention to collect and recognized the need to collect but had budget figures that were being impacted by a need to re-allocate budget, mostly as a result of a needed turnaround of a subsidiary. Management will ensure that reported indicators are well-defined and useful.

CEF Strategic Outlook

Looking ahead, CEF SOC will continue with the execution of key strategic initiatives with a view of progressing the following focus areas:

- ***The Turnaround of PetroSA***: Provide oversight and support on the critical initiatives planned for the new financial period for continuities turnaround of PetroSA and bringing the refinery back into production.
- ***Phase2 of the merger project:*** Advance the merger of iGas, PetroSA and SFF to form the SANPC to pursue R95BN Market opportunities identifies and R3.5BN in synergy optimisation. Phase 2 will entail the incorporation of the SANPC and a number critical transitional initiatives.
- ***Legacy Entity Oversight:*** As an outcome of the merger archetype, some components of the merging entities will not move across immediately and such will need to be managed as legacy entities to enable certain legal processes to unfold.
- ***Growth Projects***: Continue to drive the Group growth agenda and progress and number of key investments being considered or undergoing a due diligence process.
- ***CEF SOC Repositioning:*** Finalisation of the CEF SOC Repositioning to achieve the execution outcomes of the CEF SOC parenting strategy in respect of the three identified new roles of CEF SOC.

EQF 2021/22 Audited results

(Not consolidated in CEF Group)

- **Annual financial statements**
  - Clean audit opinion.
- **Predetermined objectives**
  - Not scoped in for audit purposes
- **Compliance**
  - No findings

Equalization Fund – Statement of Financial Performance

Equalization Fund
Annual Financial Statements for the year ended 31 March 2022

Statement of Financial Performance

	Note(s)	2022 R '000	2021 R '000
Revenue			
Revenue from exchange transactions			
Interest received - investment	10	17,492	38,364
Revenue from non-exchange transactions			
Transfer revenue			
Levies	9&11	4,659,595	80,454
Other income (SFF)	9	10,221	61,520
Total revenue from non-exchange transactions		**4,669,816**	**141,974**
Total revenue	9	**4,687,308**	**180,338**
Expenditure			
Levies payments	12	(3,689,611)	(719,967)
General Expenses	13	(4,795)	(5,232)
Total expenditure		**(3,694,406)**	**(725,199)**
Surplus (deficit) for the year		**992,902**	**(544,861)**

- The ***surplus for the year*** amounted to ***R992.9 million*** compared to a deficit of R544.8 million.
- ***Total revenue*** from non-exchange transactions amounted to R4.7 billion compared to a prior year amount of R142 million and Levies payments of R3.7 billion was incurred compared to the prior year of R720 million. ***The variance is due to a slate levy implemented in the price structures*** of petrol and diesel

Key Challenges

- The ***IP Tracer Dye Levy*** collected continues to be insufficient to pay for the IP Tracer Dye claims.

EQF Performance Against Objectives – Final Score 2.8 ~93%

Focus Areas	Objectives	Results
Financial Sustainability 10%	Ensuring the Fund is solvent and liquid (10%)	
Fund Administration 45%	• Collection of the imposed levies from the Schedule C Oil Companies with reference to the regulations applicable to the levy collection (10%) • Monitor compliance by the Oil Companies with regards to Volumes submitted per levy (10%) • Payments of claims from the industry with supporting documents as approved by the DMRE (10%) • Investments of the monies received into interest bearing accounts (10%) • Invoicing Oil Companies for late payment of levies received and late submission of audit certificates (5%)	
Petrol Price 15%	Daily updates filed and monthly press release supported with the audit report(15%)	
Governance 25%	EQF receives and unqualified audit opinion (10%) Submission of monthly management report to EXCO and DoE and quarterly report to the CEF BARC and CEF Board for approval (15%)	

iGas Highlights & Lowlights

Highlights	Lowlights
▪ Acquisition of additional 15% shareholding in ROMPCO successful ▪ R301.25 million dividend received from ROMPCO ▪ ROMPCO fully capacitated at Management & ▪ Specialist Levels to Terminate the Sasol MSA. However, ROMPCO insurance remains with Sasol as it is cheaper ▪ Term Sheet signed with ENH for 2 MGJ/a Gas Trading Joint Venture	▪ Economic impact post Covid-19 due to increasing of gas prices ▪ Impact of Russia and Ukraine conflict ▪ Terms of Reference for Transaction Advisors for Ngqura-Coega LNG Terminal completed by not issued to market due to JDA internal challenges ▪ Sasol termination of Gas Pipeline Network sale. ▪ Resources constraints

iGAS Financial Performance

Profit/(loss) for the year Figures in Rand thousand	2022	2021
Other operating expenses	(63,925)	(25,982)
Operating profit (loss)	**(63,925)**	**(25,982)**
Investment Income	58,446	39,293
Income from equity accounted investments	429,075	364,342
Finance costs	(9)	(24)
Profit (loss) before taxation	**423,587**	**377,629**
Taxation	(15,232)	(18,372)
Profit (loss) for the year	**408,355**	**359,257**

Dividends received from ROMPCO (Associate)	**301,250**	**252,000**
Dividends paid to CEF (Shareholder)	**172,799**	**-**

For the period ended 31 March 2022, ***achieved a net profit of R408.4 million***, compared to the prior year of R389.3 million - this is mainly due to the increase in equity accounting of the ROMPCO investments (there was an increase in profits and dividends).

IGas Key Audit findings- And management response

Category	Audit Findings	Action Plan Description
Laws and Regulations	An annual shareholder's compact was not concluded in consultation with the executive authority - Shareholders compact not approved by Executive Authority (across the group).	CEF to expedite the process of finalising the shareholder's compact with the Minister.
Laws and Regulations	Non-compliance with Irregular expenditure - Failure to take reasonable steps to prevent irregular (carry-through effect of historical cases)	All cases of irregular expenditure that are concluded will be taken through the condonation process. Those that are not concluded will be taken to Loss Control Committee to determine the disciplinary/corrective actions to be taken. Continue raising awareness around prevention of irregular expenditure
Financial Statements	Material misstatements in the Annual financial statements	Detailed scope of the IFRS training offered to finance department. Complete review check lists. Updated more robust IFRS disclosure checklists. Management will enhance information sharing across different business units. External independent review of the AFS prior to submission for audit.

IGas Key Audit findings- And management response

Category	Audit Findings	Action Plan Description
Laws and Regulations	An annual shareholder's compact was not concluded in consultation with the executive authority - Shareholders compact not approved by Executive Authority (across the group).	CEF to expedite the process of finalising the shareholder's compact with the Minister.
Laws and Regulations	An Audit Committee was not established by the accounting authority, as required by section 51(1)(a)(ii) of the PFMA. The audit committee was not constituted in accordance with PFMA as the minimum number of persons were not in place fourth quarter of the financial year.	The required team members have been appointed with approval from the Minister of DMRE.
Financial Statements	Material misstatements in the Annual financial statements	Detailed scope of the IFRS training offered to finance department. Complete review check lists. Updated more robust IFRS disclosure checklists. Management will enhance information sharing across different business units. External independent review of the AFS prior to submission for audit.

IGas Strategic Outlook

Key ***strategic themes that*** iGas will focus on are:

- Consolidation & Turnaround: The role of iGas in the merger of the 3 entities, iGas, PetroSA and SFF.
- Commercial Sustainability: Strategic focus on ensuring that maximum benefit is derived from current investments.
- Strategy & Long Term Growth: Capture market opportunities and be the developer of gas supply and infrastructure in the region to diversify income streams.
- Human Performance & Organisational Alignment: Development of the desired human capital performance, organisational structure, culture and systems that will support the delivery of the corporate plan.
- Management of Rompco and the Rompco Dividend, ensuring financial sustainability;
- Additional gas supply from Mozambique, addressing the iGas growth strategy as well as financial sustainability;
- Supporting CEF for the execution of the Joint Development Agreement (JDA) for the Coega LNG Project and Total

PASA Highlights & Lowlights

Highlights	Lowlights
✓ PASA operationalized its new executive structure – COO, Manager Comm. & Stakeholder Management ✓ The geological modelling of the central Karoo was advanced and the sweet spot for shale gas is now well defined ✓ PASA participated in the Upstream Petroleum Resource Development Bill discussions as well as the draft Oil and Gas Tax Regime issued by National Treasury. ✓ Cabinet supported the DMRE in their strategy to request the PICC to designate Block 11B/12B as a Strategic Integrated Project (SIP). ✓ Entity met its corporate objectives for 2020/2021 except for one which relates to the automation of business processes	✓ There are sustained legal challenges against the development of the oil and gas industry, upstream and downstream. ✓ The regulated fees of PASA were not revised to support the Long-term financial sustainability of the regulator

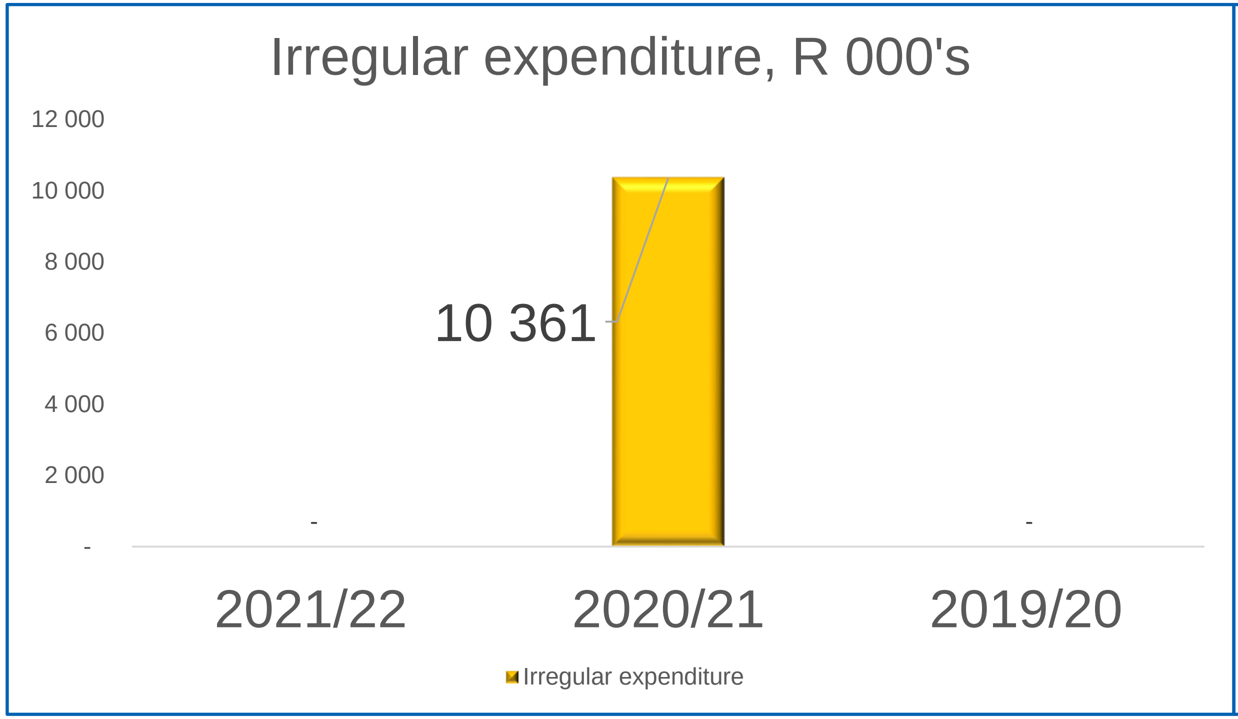
PASA Income Statement FY21/22

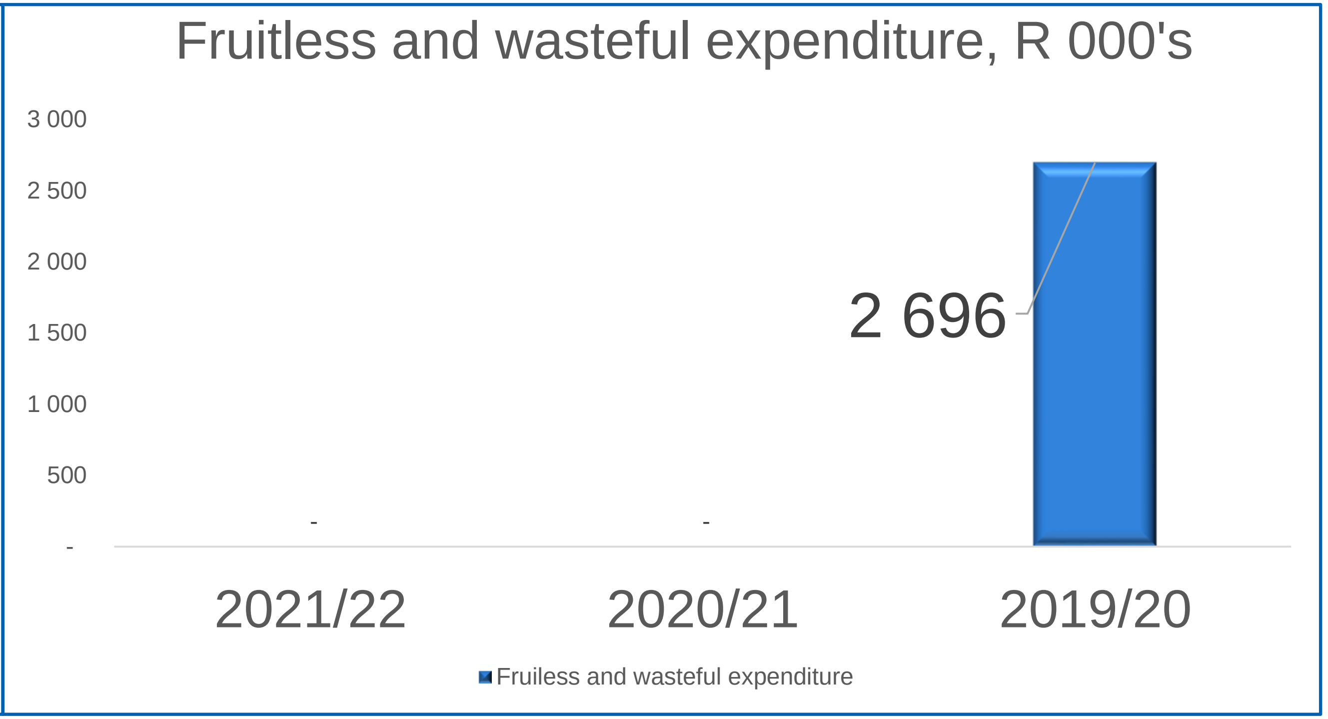
Statement of Profit or Loss and Other Comprehensive Income		
Figures in Rand thousand	**2022**	**2021**
Revenue	19,040	18,470
Allocation received	105,464	117,146
Other income	19,896	1,172
Operating expenses	(151,279)	(145,651)
Operating loss	**(6,879)**	**(8,863)**
Finance income	19,177	16,111
Finance costs	(696)	(518)
Profit for the year	**11,602**	**6,730**

Revenue showed a slight improvement from the previous year as a result of increase of renewals of rights by operators and recovery of bad debt and interest charged thereto.

Liquid and solvency ratios of the company improved due to improved cash flow as a result of profitability. PASA has no gearing, our only creditors are our vendors.

Irregular expenditure, fruitless and wasteful expenditure





Irregular expenditure (R nil million)

- There was no irregular expenditure incurred in the 2021/22 Financial Year

Fruitless and wasteful (R nil million)

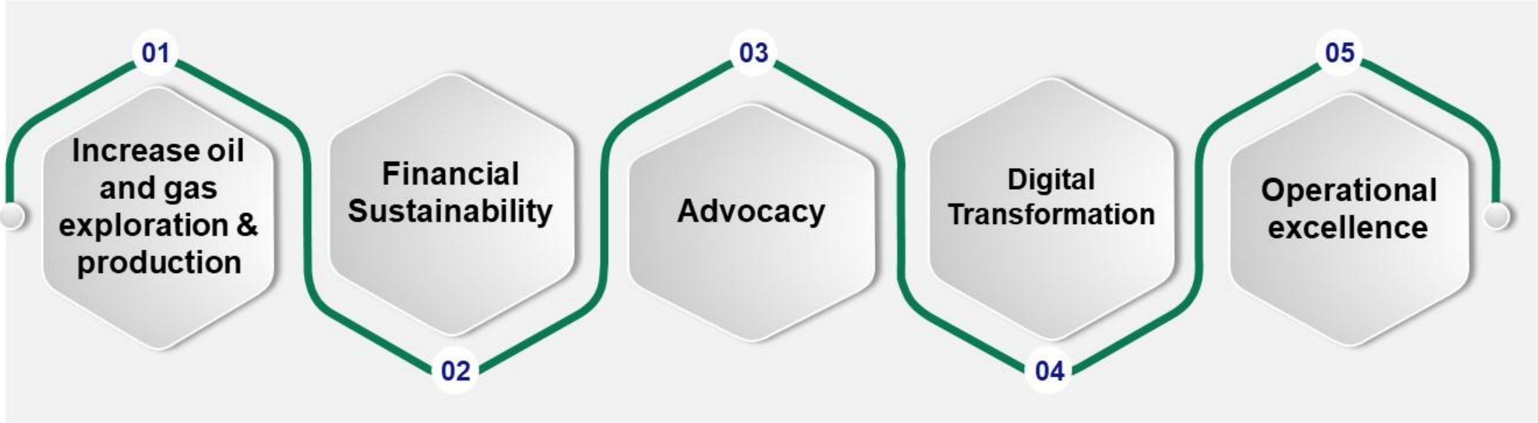
- There was no fruitless and wasteful expenditure incurred in the 2021/22 Financial Year

Key Audit findings - And management response

Key Findings	Management Intervention
Non-compliance: Shareholders' compact not appropriately concluded	Regular follow-up with the shareholder and the DMRE

Strategic Outlook

Strategic Direction



Business of Tomorrow

- The UPRD Bill, once it becomes law, will usher in a new era for PASA. It formalises PASA's as the national authority responsible for 'the regulation of exploration and production of petroleum resources.
- PASA is developing a licensing strategy to align with the provisions of the Bill.
- The long-term financial sustainability, and delivery of strategic projects remains a focal point for the Board.

Stakeholder Interfaces

The engagements remain focused on critical areas of its corporate strategy and operations, improving risk management, enhancing reputation and building sustainable value creation. Examples:

- ✓ Continuous engagements with DMRE, DFFE, DWS & National Treasury on improving regulatory frameworks
- ✓ Quarterly engagement sessions with industry bodies: OPASA, ONPASA & SAOGA
- ✓ Quarterly employee / town-hall discussion to cascade the strategy and discuss progress on the Corporate Plan implementation

PetroSA Highlights & Lowlights

Highlights	Lowlights
• Good progress made on turnaround initiatives • Drilling campaign in Ghana progressed well • Maintained limited open credit terms with suppliers • Dividends received from PetroSA Ghana • All operations remained fatality-free with an overall HSEQ Index of 3.25.	• Company continues to report operating losses. • Ability to source petroleum products was extremely challenging in the last quarter of FY21/22. • No production from GTL refinery. • Imported condensate not secured due to depressed margins. • Liquidity issues impacting Mossel Bay imports. • Delays in implementation of infrastructure projects.

Additional narrative to support some of the abovementioned highlights and lowlights

- Crude oil price volatility
- High fixed costs and diminishing cash flow
- Plant parked since December 2020 and is currently preserved due to lack of funding

PetroSA Group Income Statement

GROUP INCOME STATEMENT	31-Mar-22	31-Mar-21	31-Mar-20	31-Mar-19	31-Mar-18
	R'million	R'million	R'million	R'million	R'million
Revenue	12,159	8,735	13,691	12,139	10,418
Cost of Sales	(11,046)	(9,649)	(13,870)	(11,870)	(10,212)
Gross Margin/(Loss)	**1,113**	**(914)**	**(179)**	**269**	**206**
Other Operating Income	281	174	202	398	323
Other Operating Expenses (incl. Impairment)	(1,816)	(225)	(6,155)	(1,943)	(1,329)
Investment Income	180	222	334	377	382
Finance Costs	(572)	(588)	(551)	(494)	(546)
Profit/(Loss) before taxation	**(814)**	**(1,331)**	**(6,349)**	**(1,393)**	**(964)**
Taxation	(202)	90	701	(689)	572
Profit/(Loss) after taxation	**(1,016)**	**(1,241)**	**(5,648)**	**(2,082)**	**(392)**
Other comprehensive income/(loss)	(86)	(518)	616	507	(284)
Total comprehensive profit/(loss)	**(1,102)**	**(1,759)**	**(5,032)**	**(1,575)**	**(676)**

PetroSA Key Audit findings- And management response

Key Findings	Management Intervention
Overstatement of decommissioning provision	Management has adjusted the financial statements by restating the decommissioning provision to fairly present provisions in accordance with the entity's accounting policy and the financial reporting framework.
Assessment of the going concern assumption and note disclosure	Management has updated the going concern note which includes the corporate plan supported by funding initiative which was approved by the PetroSA Board, CEF and DMRE.
Shareholders Compact not concluded between the Accounting Authority and the Executive Authority	PetroSA will continue to do the necessary follow-ups to request the Shareholder to submit the Shareholder's Compact to the DMRE.
Incorrect classification of dividend income	PetroSA has revised the investment income disclosed in the Statement of Profit and Loss and Other Comprehensive Income.
Incorrect valuation of investment in subsidiary	Management calculated a WACC rate for PetroSA Ghana to be used in the valuation of the subsidiary and adjusted the financial statements to fairly present the value of the investment.

PetroSA Strategic Outlook

- Improve customer offer by increasing product mix to include Lubricants & Gas products
- Expand market footprint through entry into Retail
- Operationalize fuel supply to SOEs
- Access storage in strategic markets (Durban, Cape Town, Gauteng)
- Pursue various downstream market opportunities through partnerships/acquisitions.
- Increase equity in Ghana asset for higher income
- To pursue feedstock supply with TotalEnergies
- Seek strategic equity partnerships for GTL refinery
- Monetisation of tailgas (i.e. Fast Power)
- Partnerships for upstream E&P assets within CEF Group

SFF Highlights & Lowlights

Highlights	Lowlights
• SFF concluded the acquisition of the BP Montague Gardens Terminal (50% stake) • SFF concluded the acquisition of the Avedia LPG Storage facility (awaiting outcome of the Tribunal) • Concluded the Pre-Feasibility Study for the development of the South Sudan Oil Pipeline and Refinery • Vitol withdrawal of counter appeal confirmed that all 10 million barrels strategic stock belongs to SFF • 63% of new recruits were Female • 6 CSI projects were implemented • Announcement made by Ministers to subsidise the fuel levy for 2 months • Unqualified audit opinion (only two findings)	• The delay of the Section 51 application by National Treasury delayed the implementation of the technical work programme in South Sudan. • Loss of anchor tenant, Astron Energy • The negotiations and legal process to recover 300kbbl still ongoing

The acquisition of the two terminals will ensure the diversification of the SFF revenue streams.

SFF Statement of Financial Position (Balance Sheet) – Total Assets

SFF Association NPC

(Registration number 1964/010277/08)
Financial Statements for the year ended 31 March 2022

Statement of Financial Position as at 31 March 2022

	Note(s)	2022 R '000	2021 Restated * R '000
Assets			
Non-Current Assets			
Property, plant and equipment	3	2,336,556	2,239,271
Intangible assets	5	4,993	7,416
Loans to group companies	7	558	558
Investments at fair value	14	156	129
Strategic inventory	9	1,821,926	2,762,487
Right to receive oil	11	-	-
		4,164,189	**5,009,861**
Current Assets			
Inventories	10	3,100	3,304
Trade and other receivables	12	26,184	272,150
Prepayments		23,942	13,918
Strategic inventory	9	1,006,700	-
Cash and cash equivalents	15	5,940,787	4,962,042
		7,000,713	**5,251,414**
Total Assets		**11,164,902**	**10,261,275**

SFF performed well for the 2021/22 FY maintaining a stable and strong statement of financial position.

Cash & cash equivalents increased by R1 billion due to the revenue generated from storage tank rentals and finance income.

Strategic inventory moved from the non-current assets category to the current assets category as a result of the request to sell off strategic stock reserves.

SFF Key Audit findings- And management response

The findings listed below are those that were reported on in the Audit Report for Financial Year 2021/22

Key Findings	Management Intervention
Annual Shareholders Compact not concluded in consultation with Executive Authority	SFF submitted the shareholders compact to the shareholder and to the holding company (CEF) for inclusion in the group's shareholders compact. However, group did not conclude the shareholders compact with the Executive Authority.
A Social & Ethics (SEC) committee was not in place for the 2021/22 financial year	This committee disbanded due to the resignation of a director. The committee has been re-established and has already convened a meeting for the 2022/23 financial year. This finding has therefore been addressed.

SFF Strategic Outlook

- The SFF business reflected a healthy financial position and in implementing the approved strategy and corporate plan.
- The strategy adopted by SFF, is to diversity the income streams and its customer base.
- In pursuit of this strategy, SFF pursued the acquisitions of two key assets i.e. the BP-Montague Terminal and LPG Terminal in Saldanha.
- The above acquisitions have resulted in SFF becoming a diversified business in line with the strategy, thereby ensuring new income streams for the business. These acquisitions also shields the SFF from the reliance on the fluctuation of the markets when in contango / backwardation.
- Careful planning is required to ensure there is successful and efficient integration of the acquisitions into the SFF business.

As we navigate through rapidly evolving and uncertain global and energy landscape, The CEF Group will continue to establish itself as a leading **diversified energy company in support of our dual** mandate.

The strategic direction and the plays to realise our long term strategic objectives of being a **High Performance and Exponential organisation** are underpinned by our:

- **5 key strategic themes**
- **9 Strategic Plays**, and
- **6 enabling plays**

Vision

To be a leading diversified investment energy company that creates value and provides sustainable energy solutions for Southern Africa. This way CEF contributes to national energy security

Mission

To grow our footprint in the energy sector, to be the catalyst for economic growth and energy poverty alleviation through security of supply, and access to acceptable affordable energy in South Africa

Strategic themes

- Consolidation and turnaround: Reset and Stabilise the Group
- Commercial sustainability: 'Improve profitability
- Strategy & Long-Term Growth: Increase market share
- Human performance & organisational alignment: High-performing / engaged workforce
- Operational excellence: Increase efficiency / productivity

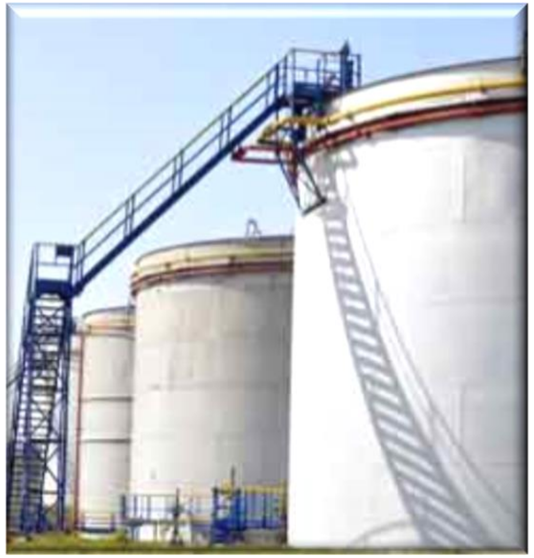
Group Strategic plays

- Reset and Consolidate
- SANPC Enablement
- PetroSA and AEMFC stabilisation
- Improve Group Profitability
- Expand Gas Portfolio
- Drive Upstream E&P development
- Strategic Capital & Portfolio Management
- Market expansion and diversification
- New Energy investment

Enabling plays

- Human capital development & structure optimisation.
- Environmental and social development
- Strategic partnerships & Stakeholder management
- Automation and digital solutions
- Governance and risk management
- Operational process optimisation

The CEF Group strategic trajectory is also influenced by the CEF SOC Strategic direction in relation to its new ***tri-focused*** role as well as the merger of the 3 CEF entities



Empowering Talent and Building a High Performance Organization

1. Performance and results driven
2. Sound Management quality
3. Integrated business systems
4. Culture of innovation and learning
5. Long term orientation
6. Employee Quality
7. Continuous Improvement
8. Growth Mindset
9. Accountability

Over the planning period, guided by the CEF SOC Parenting strategy, the CEF Group will migrate over *three* strategic horizons supporting the delivery of the Group's strategic objectives with the view of value creation and improving our value proposition

1-Reset 2022-2023	2-Scale for growth 2023-2026	3- Sustain 2026 -2030
Group Business stabilisation ❑ Execution of the merger project ❑ Stabilisation & turnaround of legacy entities and ailing subsidiaries ❑ Group Growth agenda through ***acquisitions and strategic partnerships*** ❑ CEF SOC Repositioning & Parenting strategy adoption ❑ Thought Leadership & Strategic relevance **Internal preparation** ❑ Adopting a new mind-set and realigning the operating model and governance structures	**Business growth** ❑ Strategic diversification of the portfolio with emphasis on commercial sustainability ❑ Strategic partnerships and investments across the energy value chain ❑ Implementation of new operating models & 4IR solutions adoption ❑ Developmental approach **Internal operationalisation** ❑ Embedding the new operating model, capabilities and culture ❑ High Performance Organisation	**Business optimization** ❑ Ongoing portfolio optimization and investment for growth ❑ Diversification into future growth opportunities ❑ Strategic relevance through strategic energy infrastructure ❑ Multiple sources of income ❑ Full automation and operational excellence. **Internal ongoing support** ❑ Sustaining and continuous improvement support

	1-Reset 2022-2023	2-Scale for growth 2023-2026	3- Sustain 2026 -2030
Desired Performance/Results	• R0.8bn Operating profit contribution • 5% Group overhead cost reduction • 3-7% net profit margin operating Subs • SANPC Incorporation & Transformation • New Target Operating Model	• 10% Operating Margin (%) • R1.9BN Net profit (bn) • 15% Blended ROIC • R6 BN Revenue from new business • R1.5 -3 BN SANPC synergy optimization	• 10 BN Operating profit contribution • 25% overhead cost reduction 60% Biz Deve conversion Rate • 80% Process Automation • R22 BN SANPC Revenues
Desired Position	• Integrated energy investment company • Stable operating assets • Agile	• Diversified & Integrated • Commercially Viability & Incubator • Energy Developmental Leader	• Sustained Commercial viability • Wealth Generator • Regional Energy Leader
Desired Proposition	• Strategic partner • Thought Pioneer	• Strategic partner and Value Creator • Thought Leader	• Go to Strategic partner • Regional Powerhouse
Critical Enablers	• Sound ***governance structures*** and fit for purpose operating models supported by effective core capabilities • Managing ***strategic partnerships***, communication and synergies/ Parenting Strategy	• ***Change management*** across systems, processes, people, culture and location supported by a capable leadership • ***Enabling Policy*** and other key funding instruments	• ***Programme and risk management*** and digitisation/automation of business systems & processes • ***High Performance*** organizational culture and performance bias

The CEF Group RESET seeks to determine short to medium sustainable adjustments that are necessary to adapt and be effective in the midst of severe shifts by external and internal forces, business operations impact and disrupted systems. It is about control levers to deliver on our vision and drive results. RESET considers organizational strategy, effective operating models and resources as well as enablers to guarantee success.

Thank You

CEF (SOC) Ltd