

HIGHLIGHTS

Nav per share
E 1.03

Equity Investments
valued at
E 43.9 m

E 62.5
invested in
2019

COMMENTARY (CONT.)

E20 million Promissory Note investment. The revaluation of the underlying equity investments was E1.4 million.

Operating expenses amounted to E2.0 million and comprise of day-to-day operational expenses incurred to run Inala, audit fees, professional fees, listing fees and the managers management fee.

INVESTMENT REVIEW

As at 30 September, Inala had invested E62.5 million in various equity and debt investments. Inala acquired 27.2% of Alliance Foods (Pty) Limited, 8.7% of General Africa Foods Eswatini (Pty) Limited and invested E20 million in a short term debt instrument.

KPMG was engaged to perform the independent valuation of Inala's unlisted investments.

For Alliance Foods and General Africa Foods the primary valuation technique applied by KPMG was the discounted cash flow methodology. In addition, as a reasonableness test, KPMG used the capitalisation of maintainable earnings methodology, using the EV/EBITDA multiple of comparable companies.

The respective applied multiples and the discounts to the observed peers is as follows:

Investment	Multiple Applied / Discount Rate
General Africa Foods (Pty) Limited	23.8%
Alliance Foods (Pty) Limited	17.0%

The investment portfolio ("Investment") comprises of:

Investment	Ownership	2019 Value	XIRR
General Africa Foods (Pty) Limited	8.7%	21 728	-1,8%
Alliance Foods (Pty) Limited	27.2%	22 184	32,3%
Equity Investments		43 912	
Promissory Note		20 450	
Total Investments		64 362	

The underlying Investment portfolio is relatively new and thus it is premature to measure returns. However, the portfolio is currently valued at E 64.4 million which is in total E1.9 million above the cost of these investments.

OUTLOOK

The 2019 calendar year has been a productive year for Inala with the company listing and raising close to E75 million, of which over 80% has already been deployed. Inala will continue to look for new investment opportunities and aims to conclude further transactions in 2020.

POST BALANCE SHEET

As at 31 December 2019, a limited number of cases of an unknown virus had been reported to the World Health Organisation. Following the subsequent spread of the virus, on 11 March 2020, the World Health Organisation declared the COVID-19 outbreak to be a pandemic. The identification of the virus post 30 September 2019 as a new coronavirus, and its subsequent spread, is considered as a non-adjusting subsequent event.

Inala is continuing to operate as it is considered an essential service, and the Board of Directors do not believe the impact on Inala due to Covid-19 will materially impact the financial position of the Company. The Board of Directors and management will continue to monitor the impact COVID-19 on the business. It is anticipated that the business will return to normal in the medium term.

In light of the above, management has assessed the appropriateness of the use of the going concern assumption in the preparation of these financial statements. Based on the assessment performed, management is of the view that the doubt associated with the current uncertainties related to the COVID-19 virus does not result in a material uncertainty related to such events or conditions that may cast significant doubt on the entity's ability to continue as a going concern.

There are no other significant events that have occurred in respect of the Company, subsequent to the year end, that may be relevant to the accuracy of these financial statements.

FINANCIAL STATEMENTS

The audited financial statements for the year ended 30 September 2019 have been prepared in accordance with International Financial Reporting Standards and have been audited by PricewaterhouseCoopers.

ANNUAL GENERAL MEETING

The annual general meeting of the shareholders of Inala Capital Limited will be held on or before 31 August 2020. Adequate notice will be given to all shareholders prior to the meeting.

CORPORATE GOVERNANCE

The directors and management of Inala Capital Limited confirm their commitment to the principles of openness, integrity and accountability as advocated by sound principles of Corporate Governance contained in the King Reports.

By order of the Board

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Figures in Emalangenzi
Audited for the year ending 30 September 2019

STATEMENT OF COMPREHENSIVE INCOME

Interest Income	499 726
Operating expenses	(2 005 846)
Operating profit / (loss)	(1 506 120)
Unrealised gain/(loss) on revaluation of investments	1 412 000
Loss before taxation	(94 120)
Income tax credit	414 183
Total Comprehensive Income	320 063

STATEMENT OF FINANCIAL POSITION

ASSETS	
NON-CURRENT ASSETS	
Investments in associates	22 184 000
Investments at fair value through profit or loss:	21 728 000
Deferred tax asset	414 183
	44 326 183
CURRENT ASSETS	
Other financial assets	20 499 726
Cash and cash equivalents	9 250 622
	29 750 348
TOTAL ASSETS	74 076 531

EQUITY AND LIABILITIES

EQUITY	
Share capital	73 373 123
Retained profit	310 022
TOTAL EQUITY	73 683 145

LIABILITIES

Current liabilities	
Trade and other payables	381 075
Amounts owing to related parties	12 310
TOTAL LIABILITIES	393 385

TOTAL EQUITY AND LIABILITIES **74 076 531**

STATEMENT OF CHANGES IN EQUITY

SHARE CAPITAL	73 373 123
RETAINED INCOME	310 022
Balance at the beginning of the period	(10 041)
Profit for the year	320 063
TOTAL EQUITY	73 683 145

STATEMENT OF CASH FLOWS

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash used in operations	(2 120 187)
Interest received	499 726
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	(1 620 461)

CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of investments	(40 000 000)
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	(40 000 000)

CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds on issue of shares	40 480 023
Repayment of other financial liabilities	(30 000 000)
NET CASH INFLOW FROM FINANCING ACTIVITIES	40 480 023

NET CHANGE IN CASH AND CASH EQUIVALENTS **(1 140 437)**

TOTAL CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR **10 391 059**

TOTAL CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR **9 250 622**

Figures in Emalangenzi

NOTES

1. STATEMENT OF COMPLIANCE

The financial results have been prepared in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies' Act 2009.

The financial results presented have been reviewed by the auditor of Inala Capital Limited (the Company).

2. HEADLINE EARNINGS

2.1 EARNINGS PER SHARE

Basic and diluted earnings per share **0,004**

2.2. NUMBER OF ORDINARY SHARES OF E1 EACH IN ISSUE

Actual **71 497 844**
Weighted average **71 497 944**

3. INVESTMENTS

Unlisted **43 912 000**
43 912 000

4. LOANS AND RECEIVABLES

Investment in promissory notes **20 499 726**

5. RELATED PARTY TRANSACTIONS

Management and performance fees **381 075**

All related party transactions are made at terms equivalent to those prevailing in arm's length transactions. There have been no guarantees provided or received for any related party receivables or payables. The company has not recorded any impairment of receivables relating to amounts owed by or investments in related parties during the period.

6. CASH USED IN OPERATIONS

Loss before tax	(94 120)
Adjustments for:	
Interest income	(499 726)
Change in fair value of investments through profit or loss	(1 412 000)
Increase in other financial assets	(499 726)
Increase/(decrease) in trade and other payables	385 385
	(2 120 187)

COMMENTARY

INTRODUCTION

The main purpose of Inala Capital Limited ("Inala") is to create a formal investment vehicle, which is listed on the Eswatini Stock Exchange ("ESE") that will provide investors with attractive long term returns. Inala will invest primarily in a diversified portfolio of unlisted privately owned businesses (as opposed to being listed or traded on a stock exchange, i.e. the private equity asset class) in the agriculture, food production and food retailing sectors.

Inala formally started trading on the Eswatini Stock Exchange on 3 June 2019.

Inala performance

Key highlights for the period ending 30 September 2019 have been:

- Inala's reported Net Asset Value ("NAV") per share at 30 September 2019 is E1.03.
- The equity investment portfolios valued at E43.9 million; and
- E62.5 million invested since Inala was incorporated.

FINANCIAL REVIEW

During the period, Total Comprehensive income for the year was E320.063. There was no dividend income in the year ended September 2019 from underlying investments. Interest income from the year was E499.726 which relates to interest from the