



**Inala Capital Limited**

**(Incorporated in Eswatini - Registration number 2364 of 2017)**

**Financial statements**

**for the period ended 31 December 2020**

# General information

Inala Capital Limited

---

|                                                    |                                                                                                                                       |
|----------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------|
| <b>Country of incorporation and domicile</b>       | Kingdom of Eswatini                                                                                                                   |
| <b>Company registration number</b>                 | 2364 of 2017                                                                                                                          |
| <b>Nature of business and principal activities</b> | Investment holding                                                                                                                    |
| <b>Business address and Registered office</b>      | 2nd Floor Nedbank Centre<br>Corner Sishayi and Sozisa Roads<br>Mbabane<br>Eswatini                                                    |
| <b>Fund Manager</b>                                | African Alliance Eswatini Limited                                                                                                     |
| <b>Auditors</b>                                    | PricewaterhouseCoopers (Eswatini)<br>Chartered Accountants<br>Rhus Office Park<br>Kal Grant Street<br>Mbabane, Eswatini<br>PO Box 569 |
| <b>Bankers</b>                                     | Nedbank (Eswatini) Limited<br>Swazi Plaza<br>Mbabane, Eswatini<br>PO Box 70                                                           |
| <b>Functional Currency</b>                         | The financial statements are expressed in Emalengeni the currency of Kingdom of Eswatini                                              |



# Index

Inala Capital Limited

---

The reports and statements set out below comprise the financial statements presented to the shareholder:

|                                                                                                          | <b>Page</b> |
|----------------------------------------------------------------------------------------------------------|-------------|
| Directors' responsibilities and approval                                                                 | 3           |
| Directors' report                                                                                        | 4 - 5       |
| Independent Auditors' Report                                                                             | 6 - 11      |
| Statement of financial position                                                                          | 12          |
| Statement of profit or loss and other comprehensive income                                               | 13          |
| Statement of changes in equity                                                                           | 14          |
| Statement of cash flows                                                                                  | 15          |
| Accounting Policies                                                                                      | 16 - 24     |
| Notes to the financial statements                                                                        | 25 - 37     |
| The following supplementary information does not form part of the financial statements and is unaudited: |             |
| Detailed Income Statement                                                                                | 38          |
| Annexure A - Prime Interest Rates and Currencies                                                         | 39          |



# Directors' responsibilities and approval

Inala Capital Limited

The Directors are responsible for preparing the Directors' report and the Company's financial statements in accordance with International Financial Reporting Standards and in the manner required by the Eswatini Companies Act of 2009 and Eswatini Stock Exchange Listing Rules. Company law requires the Directors to prepare the Company's financial statements for each financial year, which meet the requirements of the Eswatini Companies Act of 2009. In addition, the directors have elected to prepare the Company's financial statements in accordance with International Financial Reporting Standards.

The Company's financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss for the year. In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether they have been prepared in accordance with International Financial Reporting Standards; and
- Prepare the Company's financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.


The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Eswatini Companies Act no. 8 of 2009, International Financial Reporting Standards and the Eswatini Stock Exchange Listing Requirements. They have general responsibilities for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The external auditors are responsible for independently reviewing and reporting on the Company's financial statements for the period ended 31 December 2020. The financial statements for the period ended 31 December 2020 have been examined by the Company's external auditors and their report is presented on pages 6 to 11.

The financial statements for the period ended 31 December 2020 set out on pages 12 to 37, which have been prepared on the going concern basis, were approved by the board of directors on 18 August 2021 and were signed on its behalf by:



Director



Director

# Directors' report

Inala Capital Limited

---

The directors submit their report on the financial statements of Inala Capital Limited (the "Company") for the period ended 31 December 2020.

## **Incorporation**

The Company was incorporated on 1 November 2017 and obtained its certificate to commence business on the same day.

## **Review of activities**

### **Main business and operations**

The main business of the Company is investment holding.

On 31 May 2019, the Company has been listed on the Eswatini Stock Exchange and has raised additional capital through share issues.

During the period there were no major changes in the activities of the business.

Loss for the period of the Company was E 8 761 789 (2019: profit E 320 064), after taxation of E 1 441 533 (2019: E 414 183).

## **Post reporting date events**

Starting at the end of June 2021, Eswatini went through severe protests for democracy which led to political unrest and riots. These resulted in an outlet of one of the subsidiaries being destroyed due to arson while no other stores or restaurants were impacted. The Board of Directors assessed the situation and it was noted that an insurance claim had been lodged and management will aim to have the outlet up and running within two months. Additionally, retail sales have recovered strongly and all lost sales due to forced closure were covered in the first week of July 2021. Management of the various businesses are monitoring the situation closely but it is noted that the series of recent events would not materially impact the financial position of the Group and the Company at this time.

The Directors are not aware of any other matter or circumstance arising since the end of the financial period that would have materially altered the results reported.

## **Change in reporting period**

During the period ended 31 December 2020, the Company changed its year-end from September to December in line with its holding company. The current period figures are for 15 months where as the comparative figures are for 9 months.

## **Authorised and issued share capital**

There were no changes in the authorised and issued share capital of the Company during the period under review (Refer note 5).

## **Dividends**

No dividend was declared during the period.

## **Corporate governance**

Sound corporate governance structures and processes are in the process of being established at Inala and are considered by the board to be pivotal to delivering sustainable growth in the interest of all stakeholders. Governance structures and processes will be regularly reviewed and adapted to accommodate internal corporate developments and to reflect national and international best practice to the extent considered in the best interest of the Company.



# Directors' report

Inala Capital Limited

## Corporate governance (Continued)

The board meets regularly, retains control over the Company and monitors executive management. The board reserves to itself a range of key decisions to ensure that it retains proper direction and control of the company. The roles of the Chairperson and the Chief Executive Officer do not vest in the same person and the Chairperson is a non-executive director. The Chairperson provides leadership and guidance to the company's board, encourages proper deliberation of all matters requiring the board's attention, obtains optimum input from the other directors and ensures all decisions of the board are clearly worded and are likely to advance the Company's interests.

The board retains control over its operations and has established an Investment Committee. The board will review an Audit Committee charter for implementation subsequent to this report. The Investment Committee is an advisory committee and not an executive committee and as such will not perform any management functions or assume any management responsibilities, but will rather primarily make investment recommendations to the board for its approval and final decision.

## Directors

The directors of the Company during the period and to the date of this report are as follows:

| Name                  | Nationality | Changes                   |
|-----------------------|-------------|---------------------------|
| A M B de Castro       | LiSwati     | -                         |
| M Dlamini             | LiSwati     | -                         |
| N K Mabuza            | LiSwati     | -                         |
| T M Dlamini           | LiSwati     | -                         |
| SS Msibi              | LiSwati     | Appointed 01 October 2019 |
| AT Dlamini (Chairman) | LiSwati     | Appointed 01 October 2019 |

## Audit Committee Composition

Composition of Audit Committee of the Company during the period and to the date of this report are as follows:

| Name        | Position               | Nationality | Changes                    |
|-------------|------------------------|-------------|----------------------------|
| S.S Msibi   | Non-executive chairman | LiSwati     | Appointed on 01 June 2021  |
| M.M Nyoni   | Non-executive member   | LiSwati     | Appointed on 01 April 2021 |
| H.S Dlamini | Non-executive member   | LiSwati     | Appointed on 01 May 2021   |

## Investment Committee Composition

Composition of Investment Committee of the Company during the period and to the date of this report are as follows:

| Name                     | Nationality | Changes                   |
|--------------------------|-------------|---------------------------|
| LP Mahlalela             | LiSwati     | Appointed 1 November 2019 |
| TB Dlamini               | LiSwati     | Appointed 1 November 2019 |
| MN Simelane              | LiSwati     | Appointed 1 November 2019 |
| ZS Dlamini (Chairperson) | LiSwati     | Appointed 1 November 2019 |

## Secretary

The secretary of the Company is Bongiwe Dlamini, African Alliance Eswatini Limited at 2nd Floor, Nedbank Centre, Cnr Sishayi and Sozisa Roads, P.O. Box 5727, Mbabane H100, Kingdom of Eswatini.

## Auditors

PriceWaterhouseCoopers (Eswatini) have indicated their willingness to continue in office as auditors of the Company in accordance with the Companies Act 2009.





## *Independent auditor's report*

To the Shareholders of Inala Capital Limited

---

### *Our opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Inala Capital Limited (the Company) as at 31 December 2020, and its financial performance and cash flows for the period then ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act of Eswatini.

### **What we have audited**

Inala Capital Limited's financial statements set out on pages 12 to 37 comprise:

- the statement of financial position as at 31 December 2020;
- the statement of profit or loss and other comprehensive income for the period then ended;
- the statement of changes in equity for the period then ended;
- the statement of cash flows for the period then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

---

### *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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Independence**

We are independent of the Company in accordance with the *International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)* issued by the International Ethics Standards Board for Accountants and other independence requirements applicable to performing audits of financial statements in Eswatini. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and other ethical requirements applicable to performing audits of financial statements in Eswatini.

## Our audit approach

### Overview

|                                                                                   |                                                                                                                                                                                                                                                                                                                                      |
|-----------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  | <b>Overall materiality</b> <ul style="list-style-type: none"> <li>Overall materiality: E 655 356, which represents 1% of total assets.</li> </ul>                                                                                                                                                                                    |
|                                                                                   | <b>Audit scope</b> <ul style="list-style-type: none"> <li>The Company consists of two components, being the Company and the associate. A full scope audit was performed on the Company based on financial significance, audit risks and statutory audit requirements. We performed specified procedures on the associate.</li> </ul> |
|                                                                                   | <b>Key audit matters</b> <ul style="list-style-type: none"> <li>Fair value measurement of investments.</li> </ul>                                                                                                                                                                                                                    |

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

### Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

|                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|--------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>Overall materiality</i>                             | E 655 356.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <i>How we determined it</i>                            | 1% of total assets.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <i>Rationale for the materiality benchmark applied</i> | <p>We chose total assets as the benchmark because, in our view, it is the benchmark against which the performance of the Company is most commonly measured by users. Total assets represent a key driver of the Company's business, with its investments in shares and debt forming a significant balance of its total assets.</p> <p>We chose 1% based on our professional judgement, after consideration of the range of quantitative materiality thresholds that we would typically apply when using total assets as a benchmark in calculating materiality.</p> |





### How we tailored our audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

The Company consists of two components: the Company and an associate, Alliance Foods (Pty) Ltd. A full scope audit was performed on the Company based on financial significance, audit risks and statutory audit requirements. The associate was out of scope for audit purposes and we performed specified procedures on the measurement of the associate's fair value.

### Key audit matters

Key audit matters are those matters that, in our professional judgment, 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.

| Key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | How our audit addressed the key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Fair value measurement of investments</b></p> <p>Refer to the following accounting policies and notes to the financial statements:</p> <ul style="list-style-type: none"> <li>• Accounting policy 1.4 – Financial instruments;</li> <li>• Accounting policy 1.6 – Associates;</li> <li>• Note 11 – Fair value measurement;</li> <li>• Note 17 - Investments in associates; and</li> <li>• Note 19 – Investments at fair value through profit or loss.</li> </ul> <p>The Company has determined the fair value for the unquoted investments of Alliance Foods (Pty) Ltd and General Africa Foods Eswatini (Pty) Ltd utilising the income approach (discounted cash flow method).</p> <p>The key estimates, assumptions and judgements applied in this valuation model includes the following:</p> <ul style="list-style-type: none"> <li>• cash flow projections including growth rates applied;</li> <li>• determination of discount rate (weighted average cost of capital) and terminal growth rate; and</li> <li>• determination of discounts such as minority discounts and liquidity discounts.</li> </ul> <p>The fair value measurement of unquoted investments was considered to be of most</p> | <p>We inspected the Company's accounting policy to gain an understanding of management's policies and processes, methods and assumptions used to determine fair values of unquoted investments.</p> <p>Utilising our valuation expertise, we performed the following procedures:</p> <ul style="list-style-type: none"> <li>• We assessed whether generally accepted valuation methodology was applied by benchmarking the valuation methodology with industry practice and requirements of IFRS 13 - Fair value measurement;</li> <li>• We calculated an independent range of discount rates by taking into account the Company's cost of debt and independent data such as risk-free rates in the market, country risk premium, market risk premium, beta of comparable companies, capital structure of the industry's comparable companies and other macro economic inputs. We also calculated the terminal growth rate based on the long term macroeconomic consensus Consumer Price Index forecast for Eswatini. We compared our range of rates to the rates applied by management. We found management's rates to be within our independently computed range of rates;</li> <li>• For each of the assumptions used to calculate the fair value of the investments, such as the minority discounts and liquidity discounts, we independently determined a</li> </ul> |



significance to the current period audit due to the following:

- The degree of judgement involved in determining the fair values; and
- The magnitude of the unquoted investments in relation to the total assets of the Company.

range of the assumptions from independently sourced data. We found management's assumptions to be within our determined range of assumptions;

- We recalculated a range of fair values for each of the investments using our independently determined range of assumptions and compared our results to the fair values determined by management. We found management's fair values to be within our range of independently computed fair values; and
- We compared the lower end fair value and higher end fair values of the investments, obtained from our independently determined range of values, to the fair value estimation sensitivities computed by management. We noted that management's sensitivity-adjusted fair values, as disclosed in the financial statements, remained within the range of our independently computed fair values.

We compared prior year valuation models, for those investments that existed in the prior year, to the current period valuation models for consistency. We noted that the valuation models used were the same as that of the prior year.

We tested management's cash flow forecast by comparing the inputs in the forecast such as revenue and operating expenses to management's budgets. Management's inputs agreed to the budgets.

We assessed the reasonableness of the other growth rates applied by management in the cash flow projections such the revenue growth rate in line with our knowledge of the entity.

We compared prior year projected cash flows to current period actual cash flows to assess the reasonableness of management's budgeting process. Only immaterial differences were noted.

We traced the fair values per investment from the valuation models as determined by management to the fair values of the investments recorded in the financial statements. No exceptions were noted.



---

### *Other information*

The directors are responsible for the other information. The other information comprises the information included in the document titled “Inala Capital Limited Financial statements for the period ended 31 December 2020”, which includes the Directors’ Report as required by the Companies Act of Eswatini. The other information does not include 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 an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above 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.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

---

### *Responsibilities of the directors 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 the requirements of the Companies Act of Eswatini, and for such internal control as the directors determine is necessary to enable the preparation of 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 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 Company or to cease operations, or have no realistic alternative but to do so.

---

### *Auditor’s 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.

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 Company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.



- Conclude on the appropriateness of the 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 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 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.

We communicate with the directors 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 the directors 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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, 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.

  
PricewaterhouseCoopers

Partner: Makhosazana Mhlanga

Registered Auditor

P.O. Box 569

Mbabane

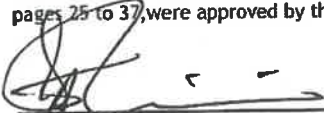
Date: 9 September 2021

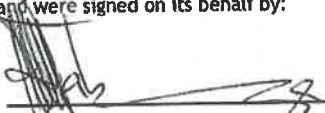
# Statement of financial position as at 31 December 2020

Inala Capital Limited

| Figures in Emalangeni                            | Note(s) | 31 December<br>2020 | 30 September<br>2019 |
|--------------------------------------------------|---------|---------------------|----------------------|
| <b>Assets</b>                                    |         |                     |                      |
| <b>Non-current asset</b>                         |         |                     |                      |
| Investments in associates                        | 17      | 21 722 000          | 22 184 000           |
| Deferred tax asset                               | 12      | 1 855 716           | 414 183              |
| Investments at fair value through profit or loss | 19      | 14 756 000          | 21 728 000           |
|                                                  |         | <u>38 333 716</u>   | <u>44 326 183</u>    |
| <b>Current assets</b>                            |         |                     |                      |
| Other financial assets                           | 18      | 20 394 931          | 20 499 726           |
| Cash and cash equivalents                        | 4       | 6 806 981           | 9 250 623            |
|                                                  |         | <u>27 201 912</u>   | <u>29 750 349</u>    |
|                                                  |         | <u>65 535 628</u>   | <u>74 076 532</u>    |
| <b>Total assets</b>                              |         |                     |                      |
| <b>Equity and liabilities</b>                    |         |                     |                      |
| <b>Equity</b>                                    |         |                     |                      |
| Share capital                                    | 5       | 73 373 123          | 73 373 123           |
| Retained income                                  |         | (8 451 766)         | 310 023              |
|                                                  |         | <u>64 921 357</u>   | <u>73 683 146</u>    |
| <b>Liabilities</b>                               |         |                     |                      |
| <b>Current liabilities</b>                       |         |                     |                      |
| Amounts owing to related parties                 | 2       | -                   | 8 000                |
| Other payables                                   | 6       | 614 271             | 385 386              |
|                                                  |         | <u>614 271</u>      | <u>393 386</u>       |
|                                                  |         | <u>65 535 628</u>   | <u>74 076 532</u>    |
| <b>Total equity and liabilities</b>              |         |                     |                      |

The financial statements for the period ended 31 December 2020, the accounting policies on pages 16 to 24 and the notes on pages 25 to 37, were approved by the board on 18 August 2021 and were signed on its behalf by:

  
Director

  
Director

The accounting policies on pages 16 to 24 and the notes on pages 25 to 37 form an integral part of the financial statements for the period ended 31 December 2020.

  
INALA CAPITAL

# Statement of profit or loss and other comprehensive Income for the period ended 31 December 2020

Inala Capital Limited

| Figures in Emalangeni                                                 | Note(s) | 15 months<br>ended<br>31 December<br>2020 | 9 months<br>ended<br>30 September<br>2019 |
|-----------------------------------------------------------------------|---------|-------------------------------------------|-------------------------------------------|
| Fair value (losses)/gains on financial instruments held at fair value |         | (9 097 945)                               | 1 412 000                                 |
| Operating expenses                                                    | 13      | (2 899 236)                               | (1 208 585)                               |
| Interest income                                                       | 14      | 1 793 859                                 | 499 726                                   |
| Finance costs                                                         | 15      | -                                         | (797 260)                                 |
| <b>Loss before taxation</b>                                           |         | <b>(10 203 322)</b>                       | <b>(94 119)</b>                           |
| Taxation                                                              | 16      | 1 441 533                                 | 414 183                                   |
| <b>(Loss)/profit for the period</b>                                   |         | <b>(8 761 789)</b>                        | <b>320 064</b>                            |
| Other comprehensive income                                            |         | -                                         | -                                         |
| <b>Total comprehensive (loss)/income</b>                              |         | <b>(8 761 789)</b>                        | <b>320 064</b>                            |
| <br>                                                                  |         |                                           |                                           |
| Earnings per share                                                    |         |                                           |                                           |
| Basic loss per share (c)                                              | 20      | (0.122)                                   | 0.004                                     |

The accounting policies on pages 16 to 24 and the notes on pages 25 to 37 form an integral part of the financial statements for the period ended 31 December 2020.

## Statement of changes in equity for the period ended 31 December 2020

Inala Capital Limited

| Figures in Emalangeni                     | Share capital | Share premium | Total share capital | Retained income / (accumulated loss) | Total equity |
|-------------------------------------------|---------------|---------------|---------------------|--------------------------------------|--------------|
| Balance at 01 January 2019                | 100           | -             | 100                 | (10 041)                             | (9 941)      |
| Total comprehensive income for the period | -             | -             | -                   | 320 064                              | 320 064      |
| Issue of shares                           | 71 993 900    | 1 379 123     | 73 373 023          | -                                    | 73 373 023   |
| Total changes                             | 71 993 900    | 1 379 123     | 73 373 023          | 320 064                              | 73 693 087   |
| Balance at 01 October 2019                | 71 994 000    | 1 379 123     | 73 373 123          | 310 023                              | 73 683 146   |
| Total comprehensive loss for the period   | -             | -             | -                   | (8 761 789)                          | (8 761 789)  |
| Total changes                             | -             | -             | -                   | (8 761 789)                          | (8 761 789)  |
| Balance at 31 December 2020               | 71 994 000    | 1 379 123     | 73 373 123          | (8 451 766)                          | 64 921 357   |
| Notes                                     | 5             | 5             | 5                   |                                      |              |

The accounting policies on pages 16 to 24 and the notes on pages 25 to 37 form an integral part of the financial statements for the period ended 31 December 2020.

## Statement of cash flows for the period ended 31 December 2020

Inala Capital Limited

| Figures in Emalangeni                        | Note(s) | 15 months<br>ended<br>31 December<br>2020 | 9 months<br>ended<br>30 September<br>2019 |
|----------------------------------------------|---------|-------------------------------------------|-------------------------------------------|
| <b>Cash flows from operating activities</b>  |         |                                           |                                           |
| Cash flows used in operations                | 8       | (2 573 556)                               | (1 322 926)                               |
| Interest income                              | 14      | 1 793 859                                 | 499 726                                   |
| Finance costs                                | 15      | -                                         | (797 260)                                 |
| <b>Net cash used in operating activities</b> |         | <u>(779 697)</u>                          | <u>(1 620 460)</u>                        |
| <b>Cash flows from investing activities</b>  |         |                                           |                                           |
| Purchase of investment                       |         | (1 663 944)                               | (40 000 000)                              |
| <b>Net cash used in investing activities</b> |         | <u>(1 663 944)</u>                        | <u>(40 000 000)</u>                       |
| <b>Cash flows from financing activities</b>  |         |                                           |                                           |
| Proceeds on share issue                      | 5       | -                                         | 40 480 023                                |
| <b>Net cash from financing activities</b>    |         | <u>-</u>                                  | <u>40 480 023</u>                         |
| <b>Total cash movement for the period</b>    |         | <b>(2 443 641)</b>                        | <b>(1 140 437)</b>                        |
| Cash at the beginning of the period          |         | <u>9 250 622</u>                          | <u>10 391 059</u>                         |
| <b>Total cash at end of the period</b>       | 4       | <u><b>6 806 981</b></u>                   | <u><b>9 250 622</b></u>                   |

The accounting policies on pages 16 to 24 and the notes on pages 25 to 37 form an integral part of the financial statements for the period ended 31 December 2020.



# Accounting Policies

Inala Capital Limited

## 1. Presentation of financial statements

The financial statements for the period ended 31 December 2020 have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC) as issued by the International Accounting Standards Board (IASB), and the Eswatini Companies Act no. 8 of 2009. The financial statements for the period ended 31 December 2020 have been prepared on a historical cost basis except for investments at fair value through profit or loss which are measured at fair value. The financial statements for the period ended 31 December 2020 are presented in Emalangeni and all values are rounded to the nearest Emalangeni, except when otherwise indicated.

The financial statements for the period ended 31 December 2020 incorporate the principal accounting policies set out below. These accounting policies are consistent with the prior period, except for those which were adopted during the period.

### 1.1 New and amended standards and interpretations

#### Amendments mandatorily effective for the period ended 31 December 2020

During the period, the Company has been in the process of adopting the following standards and interpretations:

- Amendments to IFRS 3 - Definition of a business
- Amendments to IAS 1 and IAS 8 - Definition of material
- Amendments to References to the Conceptual Framework in IFRS Standards
- Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest Benchmark Reform

#### Amendments to IFRS 3 - Definition of a business

The IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They redefine the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. The amendments have no impact on the Company's financial statements.

#### Amendments to IAS 1 and IAS 8 - Definition of material

The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements. The amendments have no impact on the Company's financial statements.

#### Amendments to References to the Conceptual Framework in IFRS Standards

The IASB decided to revise the Conceptual Framework because certain important issues were not covered and certain guidance was unclear or out of date. The revised Conceptual Framework includes a new chapter on measurement, guidance on reporting financial performance, improved definitions of an asset and a liability, and guidance supporting these definitions, and clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting. The IASB also updated references to the Conceptual Framework in IFRS Standards by issuing Amendments to References to the Conceptual Framework in IFRS Standards. This was done to support transition to the revised Conceptual Framework for companies that develop accounting policies using the Conceptual Framework when no IFRS Standard applies to a particular transaction. The standard has no significant impact on the Company's financial statements.

#### Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest Benchmark Reform

The amendments clarify that entities would continue to apply certain hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform. The amendments have no significant impact on the Company's financial statements.

The logo for Inala Capital, featuring the word 'INALA' in a stylized font above the word 'CAPITAL' in a bold, sans-serif font.

# Accounting Policies

Inala Capital Limited

## 1.1 New and amended standards and interpretations (continued)

### Not yet mandatorily effective but early application allowed for the period ended 31 December 2020

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 31 December 2020, and have not been applied in preparing the financial statements. Those which may be relevant to the Company are set out below. The Company does not plan to adopt these standards early. These will be adopted in the period that they become mandatory unless otherwise indicated:

- Amendments to IAS 1 - Presentation of liabilities
- Amendments to IFRS 3 - Reference to the Conceptual Framework
- Amendments to IAS 16 - Property, Plant and Equipment- Proceeds before intended use
- Amendments to IAS 37 - Onerous Contracts- Cost of fulfilling a contract
- IFRS 17 Insurance Contracts
- Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41 - Annual improvements
- Amendments to IFRS 4 - Extension of the Temporary Exemption from Applying IFRS 9
- Amendments to IFRS 16 - Covid-19 related Rent Concessions

#### **Amendments to IAS 1 - Presentation of liabilities**

The amendments affect requirements in IAS 1 for the presentation of liabilities. Specifically, they clarify one of the criteria for classifying a liability as non-current. The amendments are not expected to significantly impact the financial statements. The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

#### **Amendments to IFRS 3 - Reference to the Conceptual Framework**

The amendments add an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date. At the same time, the amendments add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date. The amendments are not expected to significantly impact the financial statements. The amendments are effective for annual reporting periods beginning on or after 1 January 2022.

#### **Amendments to IAS 16 Property, Plant and Equipment – Proceeds before Intended Use**

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss. The amendments are not expected to significantly impact the financial statements. The amendments are effective for annual reporting periods beginning on or after 1 January 2022.

#### **Amendments to IAS 37 Onerous Contracts – Cost of Fulfilling a Contract**

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The amendments are not expected to significantly impact the financial statements. The amendments are effective for annual reporting periods beginning on or after 1 January 2022.

#### **IFRS 17 Insurance Contracts**

IFRS 17 applies to all types of insurance contracts (i.e. life, non life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. The standard has no impact on the Company's financial statements.



# Accounting Policies

Inala Capital Limited

## 1.1 New and amended standards and interpretations (continued)

### Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41 - Annual improvements

**IFRS 1 First-time Adoption of International Financial Reporting Standards** - This amendment simplifies the application of IFRS 1 for a subsidiary that becomes a first-time adopter of IFRS Standards later than its parent.

**IFRS 9 Financial Instruments** - This amendment clarifies that, for the purpose of performing the '10 per cent test' for derecognition of financial liabilities, in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

**IFRS 16 Leases, Illustrative Example 13** - The amendment removes the illustration of payments from the lessor relating to leasehold improvements. As currently drafted, this example is not clear as to why such payments are not a lease incentive.

**IAS 41 Agriculture** - This amendment removes the requirement to exclude cash flows for taxation when measuring fair value, thereby aligning the fair value measurement requirements in IAS 41 with those in IFRS 13 Fair Value Measurement.

These amendments are not expected to have a significant impact on the financial statements.

### Amendments to IFRS 4 - Extension of the Temporary Exemption from Applying IFRS 9

The amendment changes the fixed expiry date for the temporary exemption in IFRS 4 Insurance Contracts from applying IFRS 9 Financial Instruments, so that entities would be required to apply IFRS 9 for annual periods beginning on or after 1 January 2023. The amendment is not expected to have a significant impact on the financial statements.

### Amendment to IFRS 16 - Covid-19 related Rent Concessions

The IASB amended IFRS 16 Leases to provide relief to lessees from applying the IFRS 16 guidance on lease modifications to rent concessions arising as a direct consequence of the covid-19 pandemic. The amendment does not apply to lessors. As a practical expedient, a lessee may elect not to assess whether a covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification. The practical expedient applies only to rent concessions occurring as a direct consequence of the covid-19 pandemic and only if certain conditions are met. The amendments are not expected to significantly impact the financial statements. The amendment has no significant impact on the financial statements.

## 1.2 Significant accounting judgements, estimates and assumptions

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements for the period ended 31 December 2020.

### Significant judgements

In the process of applying the Company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognised in the financial statements :

#### Going concern

The management has made the assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

#### Functional currency

The logo for Inala Capital, featuring the word 'INALA' in a stylized font above the word 'CAPITAL' in a simpler font, with a small graphic element above the 'A' in 'INALA'.

# Accounting Policies

Inala Capital Limited

## 1.2 Significant accounting judgements, estimates and assumptions (continued)

The currency of the primary economic environment in which the entity operates is the Emalangeni. The Company performance is evaluated in Emalangeni. Therefore, management considers the Emalangeni as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

### Fair value estimation

The fair value of investments traded in active markets is based on quoted market prices at the reporting date.

The quoted market price used for financial assets held by the Company is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Wherever possible, models use only observable market data. Where required, these models incorporate assumptions that are not supported by prices from observable current market transactions in the same instrument and are not based on available observable market data. Such assumptions include risk premiums, liquidity discount rates, credit risk, volatilities and correlations. Changes in these assumptions could affect the reported fair values of financial instruments. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

Trade receivables and payables are shown at carrying value less impairment provision as the effect of discounting is immaterial. 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 Company for similar financial instruments.

### 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 Company recognises liabilities 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 Company 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 Company to realise the net deferred tax assets recorded at the reporting date could be impacted.

### Other payables

Other payables are initially measured at fair value and are subsequently measured at amortised cost.

### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

### Other financial liabilities

Borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the company's accounting policy for borrowing costs.

# Accounting Policies

Inala Capital Limited

---

## 1.3 Tax

### Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

### Deferred tax assets and liabilities

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting date.

### Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

## 1.4 Financial instruments

### Classification

The Company classifies financial assets and financial liabilities into the following categories:

Financial instruments held by the Company are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Broadly, the classification possibilities, which are adopted by the Company, as applicable, are as follows:

Financial assets which are equity instruments:

- Mandatorily at fair value through profit or loss; or
- Designated as at fair value through other comprehensive income. (This designation is not available to equity instruments which are held for trading or which are contingent consideration in a business combination).

Financial assets which are debt instruments:

- Amortised cost. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows); or
- Fair value through other comprehensive income. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is achieved by both collecting contractual cash flows and selling the instruments); or



# Accounting Policies

Inala Capital Limited

## 1.4 Financial instruments (continued)

- Mandatorily at fair value through profit or loss. (This classification automatically applies to all debt instruments which do not qualify as at amortised cost or at fair value through other comprehensive income); or
- Designated at fair value through profit or loss. (This classification option can only be applied when it eliminates or significantly reduces an accounting mismatch).

Derivatives which are part of a hedging relationship:

- Mandatorily at fair value through profit or loss.

Financial liabilities:

- Amortised cost; or
- Mandatorily at fair value through profit or loss. (This applies to contingent consideration in a business combination or to liabilities which are held for trading); or
- Designated at fair value through profit or loss. (This classification option can be applied when it eliminates or significantly reduces an accounting mismatch; the liability forms part of a group of financial instruments managed on a fair value basis; or it forms part of a contract containing an embedded derivative and the entire contract is designated as at fair value through profit or loss).

Impairment of financial assets

The company recognises a loss allowance for expected credit losses on all financial assets. The amount of expected credit losses is updated at each reporting date.

Loss allowance for all receivables is determined as lifetime expected credit losses (simplified approach). Loss allowance for receivables is determined in the same manner as prescribed for all financial assets at amortised cost.

The company measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit losses (lifetime ECL), which represents the expected credit losses that will result from all possible default events over the expected life of the receivable.

Measurement and recognition of expected credit losses

The company makes use of a provision matrix as a practical expedient to the determination of expected credit losses on trade and other receivables. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate.

The customer base is widespread and does not show significantly different loss patterns for different customer segments. The loss allowance is calculated on a collective basis for all trade and other receivables in totality.

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account. The impairment loss is shown as a separate line item in the statement of profit or loss and other comprehensive income, the impairment during the period was immaterial.

Amounts owing by/to related parties

These include loans to and from holding companies, fellow subsidiaries and subsidiaries and are recognised initially at fair value plus direct transaction costs.

Loans to group companies are classified as amortised costs.



# Accounting Policies

Inala Capital Limited

## 1.4 Financial instruments (continued)

Loans from group companies are classified as financial liabilities and subsequently measured at amortised cost.

### Other payables

Other payables are initially measured at fair value less any directly attributable transaction costs. Other payables are subsequently measured at amortised cost using the effective interest method.

### Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

### Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if :

- there is a currently enforceable legal right to offset the recognised amounts, and
- there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. They are subsequently measured at amortised cost.

### Other financial liabilities

Bank overdrafts and borrowings are initially and subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Company's accounting policy for borrowing costs.

Other financial liabilities are measured initially at fair value and subsequently at amortised cost, using the effective interest method.

### Write off policy

The company writes off a receivable when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Receivables written off may still be subject to enforcement activities under the company recovery procedures, taking into account legal advice where appropriate and during the period there were no write off. Any recoveries made are recognised in profit or loss.

### Investments at fair value through profit or loss

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

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

## 1.5 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.



# Accounting Policies

Inala Capital Limited

## 1.5 Share capital and equity (continued)

If the Company reacquires its own equity instruments, those instruments are deducted from 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. Consideration paid or received shall be recognised directly in equity.

Incremental costs that are directly attributable to the issue of new shares are deducted from equity.

## 1.6 Associates

Associates are all entities over which the company has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for at fair value through profit or loss ("FVTPL"), after initially being recognised at cost. Management determined the company to be a venture capital organisation ("VCO"), see Note 18. When an investment in an associate is held by an entity that is a VCO, as per IAS 28, the company may elect to measure that investments at FVTPL in accordance with IFRS 9 Financial Instruments.

## 1.7 Employee benefits

### Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

## 1.8 Provisions and contingencies

Provisions are recognised when:

- the Company 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, at pre-tax rate.

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.

## 1.9 Revenue

Revenue is recognised using the 5 step model as defined below:

- identify the contract - this would be a matter of law but collection needs to be probable, has to have commercial substance, rights to goods and services and payment obligations can be identified and that both parties are committed to their obligations.
- identify the performance obligations - where there are multiple performance obligations, an assessment is required whether these can be separately enjoyed and if so need to be recognised as such.
- determine the transaction price - a risk of revenue reversal as well as a significant finance component need to be factored in.



# Accounting Policies

Inala Capital Limited

---

## 1.9 Revenue (continued)

- Allocate the transaction price - the transaction price needs to be allocated to the performance obligations. This must be done using stand alone selling prices to the extent that they are available. In the absence of these an expected cost plus margin or market assessment approach is to be used.
- Recognise revenue when the entity satisfies a performance obligation. Indicators of this are a present obligation to pay, physical possession, legal title, risk and rewards and acceptance. If these criteria are met over time then allocation can be done using an objective allocation method based on inputs or outputs.

Interest is recognised, in profit or loss, using the effective interest rate method. Dividends are recognised, in profit or loss, when the Company's right to receive payment has been established.

## 1.10 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

# Notes to the financial statements

Inala Capital Limited

Figures in Emalangeni

Note

15 months  
ended 31  
December 2020

9 months ended  
30 September  
2019

## 2. Amounts owing to related parties

African Alliance Eswatini Limited

(8 000)

The loan is current, interest free, unsecured and has no fixed terms of repayment.

## 3. Financial assets by category

The accounting policies for financial instruments have been applied to the line items below:

31 December 2020

|                                                  | At amortised costs | Fair value through profit or loss - held for trading | Total             |
|--------------------------------------------------|--------------------|------------------------------------------------------|-------------------|
| Investments in associates                        | -                  | 21 722 000                                           | 21 722 000        |
| Investments at fair value through profit or loss | -                  | 14 756 000                                           | 14 756 000        |
| Other financial assets                           | 20 394 931         | -                                                    | 20 394 931        |
| Cash and cash equivalents                        | 6 806 981          | -                                                    | 6 806 981         |
|                                                  | <u>27 201 912</u>  | <u>36 478 000</u>                                    | <u>63 679 912</u> |

30 September 2019

|                                                  | At amortised costs | Fair value through profit or loss - held for trading | Total             |
|--------------------------------------------------|--------------------|------------------------------------------------------|-------------------|
| Investments in associates                        | -                  | 22 184 000                                           | 22 184 000        |
| Investments at fair value through profit or loss | -                  | 21 728 000                                           | 21 728 000        |
| Other financial assets                           | 20 499 726         | -                                                    | 20 499 726        |
| Cash and cash equivalents                        | 9 250 623          | -                                                    | 9 250 623         |
|                                                  | <u>29 750 349</u>  | <u>43 912 000</u>                                    | <u>73 662 349</u> |

## 4. Cash and cash equivalents

Cash at bank:

Nedbank (Eswatini) Limited

African Alliance Eswatini Lilangeni Fund

15 358

9 250 623

6 791 623

6 806 981

-

9 250 623

The identified impairment loss on cash and cash equivalent was immaterial for both 2019 and 2020.

# Notes to the financial statements

Inala Capital Limited

| Figures in Emalangeni                                                                                                                                                                                                 | Note | 31 December<br>2020 | 30 September<br>2019 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|---------------------|----------------------|
| <b>5. Share capital</b>                                                                                                                                                                                               |      |                     |                      |
| Authorised<br>250 000 000 Ordinary shares of E1 each                                                                                                                                                                  |      | 250 000 000         | 250 000 000          |
| <b>Reconciliation of number of shares issued:</b>                                                                                                                                                                     |      |                     |                      |
| Opening balance                                                                                                                                                                                                       |      | 71 994 000          | 100                  |
| Issue of shares - ordinary shares                                                                                                                                                                                     |      | -                   | 71 993 900           |
|                                                                                                                                                                                                                       |      | <u>71 994 000</u>   | <u>71 994 000</u>    |
| <b>Reconciliation of share capital issued:</b>                                                                                                                                                                        |      |                     |                      |
| Opening balance                                                                                                                                                                                                       |      | 73 373 123          | 100                  |
| Shares purchases by subsidiaries                                                                                                                                                                                      |      | -                   | 40 480 023           |
| Capitalisation dividends                                                                                                                                                                                              |      | -                   | 2 893 000            |
| Issue of shares to directors - ordinary shares                                                                                                                                                                        |      | -                   | 31 017 821           |
| Conversion of debentures                                                                                                                                                                                              |      | -                   | (1 017 821)          |
|                                                                                                                                                                                                                       |      | <u>73 373 123</u>   | <u>73 373 123</u>    |
| Unissued ordinary shares are under the control of the directors in terms of a resolution of members passed at the last annual general meeting. This authority remains in force until the next annual general meeting. |      |                     |                      |
| Issued<br>71 994 000 Ordinary shares of E1 each                                                                                                                                                                       |      | 71 994 000          | 71 994 000           |
| Share premium                                                                                                                                                                                                         |      | 1 379 123           | 1 379 123            |
|                                                                                                                                                                                                                       |      | <u>73 373 123</u>   | <u>73 373 123</u>    |
| <b>6. Other payables</b>                                                                                                                                                                                              |      |                     |                      |
| Trade payables                                                                                                                                                                                                        |      | 8 000               | -                    |
| Other payables                                                                                                                                                                                                        |      | -                   | 4 311                |
| Management fees payable                                                                                                                                                                                               |      | 606 271             | 381 075              |
|                                                                                                                                                                                                                       |      | <u>614 271</u>      | <u>385 386</u>       |

The Company concluded a Management Agreement ("Agreement") on 21 June 2018 with African Alliance Eswatini Limited ("the Manager") in terms of which the Company appointed the Manager exclusively to manage, administer and control the business and assets of the Company in accordance with its objectives. The Company and Manager agree a management fee payment which is equal to 2% per annum of the market capitalisation of the Company payable quarterly in arrears and a cash performance fee.

#### Performance fees

The Manager is entitled to a cash performance fee in respect of each period of twelve months ending on the last day of the Company's financial year ("the Calculation Period") equal to 20% of the appreciation in the Net Asset Value ("NAV") of the Company during the Calculation Period (in each case after taking into account the effect of any new share issues, and adding back dividends and other distributions made during the Calculation period (the "adjusted NAV"). The performance fee is only payable on the appreciation in the adjusted NAV of the Company in excess of the prior high NAV of the Company.



# Notes to the financial statements

Inala Capital Limited

| Figures in Emalangeni | Note | 31 December<br>2020 | 30 September<br>2019 |
|-----------------------|------|---------------------|----------------------|
|-----------------------|------|---------------------|----------------------|

## 7. Financial liabilities by category

The accounting policies for financial instruments have been applied to the line items below:

### 31 December 2020

|                                  | Financial liabilities at<br>amortised cost | Total          |
|----------------------------------|--------------------------------------------|----------------|
| Trade and other payables         | 614 271                                    | 614 271        |
| <b>30 September 2019</b>         |                                            |                |
| Amounts owing to related parties | 8 000                                      | 8 000          |
| Trade and other payables         | 385 386                                    | 385 386        |
|                                  | <u>393 386</u>                             | <u>393 386</u> |

## 8. Cash flows used in operations

|                                                            |                    |                    |
|------------------------------------------------------------|--------------------|--------------------|
| Loss before taxation                                       | (10 203 322)       | (94 119)           |
| Adjustments for:                                           |                    |                    |
| Interest received                                          | (1 793 859)        | (499 726)          |
| Finance costs                                              | -                  | 797 260            |
| Change in fair value of investments through profit or loss | 9 097 945          | (1 412 000)        |
| Changes in working capital:                                |                    |                    |
| Increase in other financial assets                         | 104 795            | (499 726)          |
| Increase in trade and other payables                       | 228 885            | 385 385            |
| Net movement in balance held with related parties          | (8 000)            | -                  |
|                                                            | <u>(2 573 556)</u> | <u>(1 322 926)</u> |

## 9. Related parties

**Relationships**  
Investment manager:

African Alliance Eswatini Limited, incorporated in Republic of Eswatini

Associates

Refer to note 17

**Related party balances**

Management fees  
African Alliance Eswatini Limited

|           |         |
|-----------|---------|
| 2 201 833 | 497 054 |
|-----------|---------|

Related party balances are set out in note 2 of the financial statements.

All group 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 Group has not recorded any impairment of receivables relating to amounts owed by related parties during the period.



# Notes to the financial statements

Inala Capital Limited

| Figures in Emalangeni | Note | 31 December<br>2020 | 30 September<br>2019 |
|-----------------------|------|---------------------|----------------------|
|-----------------------|------|---------------------|----------------------|

## 9. Related parties (continued)

The below table indicates shareholders who own greater than 5% of the Company.

| Shareholders                              | Shareholding(%) | Shareholding(%) |
|-------------------------------------------|-----------------|-----------------|
| African Alliance Eswatini Ligcebesha Fund | 29.09           | 29.09           |
| African Alliance Eswatini Portfolio Fund  | 23.63           | 23.63           |
| Eswatini Electricity Company Pension Fund | 13.89           | 13.89           |
| Nedbank Eswatini Pension Fund             | 6.95            | 6.95            |
| African Alliance Eswatini Managed Fund    | 6.17            | 6.17            |
| First National Bank Pension Fund          | 3.97            | 3.97            |
| Swazi Investment (Pty) Limited            | 2.78            | 2.78            |
| Other (<5%)                               | 13.52           | 13.52           |
|                                           | <b>100.00</b>   | <b>100.00</b>   |

Compensation to directors and other key management  
Short-term employee benefits

(20 500)

## 10. Risk management

### Capital risk management

The board of directors monitors the return on capital which the Company defines as net operating income divided by total shareholders' equity. The board of directors also monitors the level of dividends to ordinary shareholders.

The board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

There were no changes to the Company's approach to capital management during the period.

There are no externally imposed capital requirements.

### Financial risk management

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

### Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, Company treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The Company's risk to liquidity is a result of the funds available to cover future commitments. The Company manages liquidity risk through an ongoing review of future commitments and credit facilities.



# Notes to the financial statements

Inala Capital Limited

| Figures in Emalangeni | Note | 31 December<br>2020 | 30 September<br>2019 |
|-----------------------|------|---------------------|----------------------|
|-----------------------|------|---------------------|----------------------|

## 10. Risk management (continued)

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

All the amounts reflected are less than one year.

|                                  |                |                |
|----------------------------------|----------------|----------------|
| Amounts owing to related parties | -              | 8 000          |
| Other payables                   | 614 271        | 385 386        |
|                                  | <u>614 271</u> | <u>393 386</u> |

The table shows the maturity analysis of financial assets.

|                                                  | Less than 1 year  | More than 1<br>year | Total             |
|--------------------------------------------------|-------------------|---------------------|-------------------|
| <b>31 December 2020</b>                          |                   |                     |                   |
| Investments in associates                        | -                 | 21 722 000          | 21 722 000        |
| Other financial assets                           | 20 394 931        | -                   | 20 394 931        |
| Cash and cash equivalents                        | 6 806 981         | -                   | 6 806 981         |
| Investments at fair value through profit or loss | -                 | 14 756 000          | 14 756 000        |
|                                                  | <u>27 201 912</u> | <u>36 478 000</u>   | <u>63 679 912</u> |

|                                                  | Less than 1 year  | More than 1<br>year | Total             |
|--------------------------------------------------|-------------------|---------------------|-------------------|
| <b>30 September 2019</b>                         |                   |                     |                   |
| Investments in associates                        | -                 | 22 184 000          | 22 184 000        |
| Other financial assets                           | 20 499 726        | -                   | 20 499 726        |
| Cash and cash equivalents                        | 9 250 623         | -                   | 9 250 623         |
| Investments at fair value through profit or loss | -                 | 21 728 000          | 21 728 000        |
|                                                  | <u>29 750 349</u> | <u>43 912 000</u>   | <u>73 662 349</u> |

### Interest rate risk

The Company's activities exposes it to significant financial risks of changes in interest rate. The Company does not hedge against interest rate risk.

At the reporting date the interest rate profile of the Company's floating interest-bearing financial instruments was:

|                             |                  |                  |
|-----------------------------|------------------|------------------|
| Variable interest rate risk | 6 806 981        | 9 250 623        |
| Cash and cash equivalents   | <u>6 806 981</u> | <u>9 250 623</u> |



# Notes to the financial statements

Inala Capital Limited

| Figures in Emalangeni | Note | 31 December<br>2020 | 30 September<br>2019 |
|-----------------------|------|---------------------|----------------------|
|-----------------------|------|---------------------|----------------------|

## 10. Risk management (continued)

### Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis point in interest rates at the reporting date would have increased/(decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

|                           |     |               |               |
|---------------------------|-----|---------------|---------------|
| 100 bps increase          | +/- | <u>68 070</u> | <u>92 506</u> |
| Variable rate instruments |     |               |               |

### Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Credit risk consists mainly of cash and cash equivalents, loans to group companies and trade and other receivables. The Company only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party. Management evaluates credit risk relating to customers on an ongoing basis by assessing the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored.

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

|                           |                   |                   |
|---------------------------|-------------------|-------------------|
| Financial instrument      | 6 806 981         | 9 250 623         |
| Cash and cash equivalents | <u>20 394 931</u> | <u>20 499 726</u> |
| Other financial assets    | <u>27 201 912</u> | <u>29 750 349</u> |

### Foreign exchange risk

The Company is not exposed to significant foreign exchange risks.

### Market risk

The Company has investments in various collective investment undertakings the value of which are subject to fluctuations in net asset value prices.

The table below summarises the impact of increases of the net asset value price on the Company's post-tax profit for the period. The analysis is based on the assumption that the net asset value price increased by 5% with all other variables held constant.

### Company

| Financial instrument                             | Impact on post tax profit in<br>Lilangeni |           |
|--------------------------------------------------|-------------------------------------------|-----------|
|                                                  | 2020                                      | 2019      |
| Investments at fair value through profit or loss | 737 800                                   | 1 086 400 |
| Investments in associates                        | 1 086 100                                 | 1 109 200 |

Post-tax profit for the period would increase as a result of gains on investments classified as at fair value through profit or loss.



# Notes to the financial statements

Inala Capital Limited

| Figures in Emalangeni | Note | 31 December<br>2020 | 30 September<br>2019 |
|-----------------------|------|---------------------|----------------------|
|-----------------------|------|---------------------|----------------------|

## 11. Fair value measurement

The different levels are based on the extent that quoted prices are used in the calculation of the fair value of the financial instruments and the levels have been defined as follows:

**Level 1** - fair values are based on quoted market prices (unadjusted) in active markets for an identical instrument.

**Level 2** - fair values are calculated using valuation techniques based on observable inputs, either directly (ie as prices) or indirectly (ie derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active or other valuation techniques where all significant inputs are directly or indirectly observable from market data. As at period end, the fair value approximated the carrying amount of the financial assets.

**Level 3** - fair values are based on valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

|                                                  | Level 2           | Level 3           | Total             |
|--------------------------------------------------|-------------------|-------------------|-------------------|
| <b>31 December 2020</b>                          |                   |                   |                   |
| <b>Assets</b>                                    |                   |                   |                   |
| Investments in associates                        | -                 | 21 722 000        | 21 722 000        |
| Investments at fair value through profit or loss | -                 | 14 756 000        | 14 756 000        |
| Other financial assets                           | 20 394 931        | -                 | 20 394 931        |
|                                                  | <u>20 394 931</u> | <u>36 478 000</u> | <u>56 872 931</u> |
| <b>Comprising:</b>                               |                   |                   |                   |
| At fair value through profit or loss             |                   |                   | 36 478 000        |
| At amortised costs                               |                   |                   | 20 394 931        |
|                                                  |                   |                   | <u>56 872 931</u> |
| <b>30 September 2019</b>                         |                   |                   |                   |
| <b>Assets</b>                                    |                   |                   |                   |
| Investments in associates                        | -                 | 22 184 000        | 22 184 000        |
| Investments at fair value through profit or loss | -                 | 21 728 000        | 21 728 000        |
| Other financial assets                           | 20 499 726        | -                 | 20 499 726        |
|                                                  | <u>20 499 726</u> | <u>43 912 000</u> | <u>64 411 726</u> |
| <b>Comprising:</b>                               |                   |                   |                   |
| At fair value through profit or loss             |                   |                   | 43 912 000        |
| At amortised costs                               |                   |                   | 20 499 726        |
|                                                  |                   |                   | <u>64 411 726</u> |





# Notes to the financial statements

Inala Capital Limited

| Figures in Emalangeni                                                                | Note | 31 December<br>2020 | 30 September<br>2019 |
|--------------------------------------------------------------------------------------|------|---------------------|----------------------|
| <b>12. Deferred tax asset</b>                                                        |      |                     |                      |
| <b>Deferred tax asset</b>                                                            |      |                     |                      |
| Fair value gains on financial instruments held at fair value                         |      | 1 855 716           | 414 183              |
| <b>Reconciliation of deferred tax asset</b>                                          |      |                     |                      |
| At beginning of the period                                                           |      | 414 183             | -                    |
| Fair value gains on financial instruments held at fair value                         |      | 1 441 533           | 414 183              |
|                                                                                      |      | <u>1 855 716</u>    | <u>414 183</u>       |
| <b>13. Operating (loss)/profit</b>                                                   |      |                     |                      |
| Operating (loss)/profit for the period is stated after accounting for the following: |      |                     |                      |
| <b>Expenditure</b>                                                                   |      |                     |                      |
| Management fees                                                                      |      | (2 201 833)         | 497 054              |
| Bank charges                                                                         |      | (10 129)            | (5 001)              |
| Auditor remuneration                                                                 |      | 130 805             | -                    |
| Professional fees                                                                    |      | (180 953)           | (317 066)            |
| Office expenses                                                                      |      | (173 318)           | (363 250)            |
| Directors' emoluments                                                                |      | (20 500)            | -                    |
|                                                                                      |      | <u>(2 201 833)</u>  | <u>497 054</u>       |
| <b>14. Interest income</b>                                                           |      |                     |                      |
| <b>Interest revenue</b>                                                              |      |                     |                      |
| Banks                                                                                |      | 879 475             | -                    |
| Promissory notes                                                                     |      | 914 384             | 499 726              |
|                                                                                      |      | <u>1 793 859</u>    | <u>499 726</u>       |
| <b>15. Finance costs</b>                                                             |      |                     |                      |
| Interest on promissory notes                                                         |      | -                   | (797 260)            |
| <b>16. Taxation</b>                                                                  |      |                     |                      |
| <b>Major components of the tax expense</b>                                           |      |                     |                      |
| <b>Deferred</b>                                                                      |      |                     |                      |
| Fair value gains on financial instruments held at fair value                         |      | 1 441 533           | 414 183              |
| No taxation charge has been raised as the Company has no taxable income.             |      |                     |                      |



# Notes to the financial statements

Inala Capital Limited

| Figures in Emalangeni | Note | 31 December<br>2020 | 30 September<br>2019 |
|-----------------------|------|---------------------|----------------------|
|-----------------------|------|---------------------|----------------------|

## 16. Taxation (continued)

### Reconciliation of the tax expense

Reconciliation between applicable tax rate and average effective tax rate

|                     |  |          |           |
|---------------------|--|----------|-----------|
| Applicable tax rate |  | 27.50 %  | 27.50 %   |
| Adjustment in tax   |  | (41.63)% | (467.56)  |
| Effective tax rate  |  | (14.13)% | (440.06)% |

## 17. Investments in associates

| Name of company              | Type of shares | % holding<br>2020 | % holding<br>2019 | Carrying<br>amount 2020 | Carrying<br>amount 2019 |
|------------------------------|----------------|-------------------|-------------------|-------------------------|-------------------------|
| Alliance Foods (Pty) Limited | Ordinary       | 27.27 %           | 27.27 %           | 21 722 000              | 22 184 000              |

### Reconciliation of investment:

#### 2020

|                              | Opening<br>balance | Losses in profit<br>or loss | Purchases | Closing balance |
|------------------------------|--------------------|-----------------------------|-----------|-----------------|
| Alliance Foods (Pty) Limited | 22 184 000         | (2 125 945)                 | 1 663 945 | 21 722 000      |

#### 2019

|                              | Opening<br>balance | Losses in profit<br>or loss | Closing balance |
|------------------------------|--------------------|-----------------------------|-----------------|
| Alliance Foods (Pty) Limited | 22 500 000         | (316 000)                   | 22 184 000      |

Management determined the company to be a Venture Capital Organisation ("VCO") and used the exemption from equity accounting its investment in associates allowed by IAS 28. The company is defined as a VCO by management based on the following criteria:

- 1) The company's investment in associate is held as part of an investment portfolio, where its value is through its marketable value rather than as a medium through which the associate carries out its business;
- 2) The company aims to generate growth in the value of its investments in the medium term and identifies an exit strategy when the investments are made;
- 3) The associates are in businesses unrelated to the company's business; and
- 4) The investments are managed on a fair value basis.
- 5) The company meets all the conditions for membership of a recognised VCO platform which requires the company to:
  - a) Be of good standing in the industry
  - b) Have, as its principal business, the provision of equity finance to unquoted companies and make its returns mainly through short to medium term capital gain. These activities may include start-up and other early stage, expansion, management buy-out or management buy-in investment which includes 'equity-type' return



## Notes to the financial statements

### 17. Investments in associates (continued)

Please refer to note 19 for details on fair value estimation and investment valuation methodology of the associate.

#### Summary of financial information for associate

|                                                     |                   |                   |
|-----------------------------------------------------|-------------------|-------------------|
| <b>Summarised statement of financial position</b>   |                   |                   |
| Non-Current assets                                  | 105 258 990       | 64 099 096        |
| Current assets                                      | 24 583 574        | 28 144 233        |
| Non-Current liabilities                             | (46 414 585)      | (36 527 509)      |
| Current liabilities                                 | (25 318 038)      | (9 357 036)       |
| <b>Net assets</b>                                   | <b>58 109 941</b> | <b>46 358 784</b> |
| <b>Summarised statement of comprehensive income</b> |                   |                   |
| Revenue                                             | 72 439 939        | 72 807 703        |
| Expenses                                            | (63 303 892)      | (67 483 342)      |
| Taxation                                            | (2 490 612)       | (1 465 199)       |
| <b>Profit for the period</b>                        | <b>6 645 435</b>  | <b>3 859 162</b>  |
| Other comprehensive income                          | -                 | -                 |
| <b>Total comprehensive income</b>                   | <b>6 645 435</b>  | <b>3 859 162</b>  |

### 18. Other financial assets

|                                                                                                                                                                                                                                       |                   |                   |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-------------------|
| SBC Limited                                                                                                                                                                                                                           | 5 310 685         | -                 |
| The promissory note bears interest rate at 9% per annum with maturity date on 23 April 2021. The principal amount is E 5 000 000. This promissory note was rolled forward to 22 April 2022 and had an interest rate of 10% per annum. |                   |                   |
| Select Limited                                                                                                                                                                                                                        | 15 084 246        | 20 499 726        |
| The promissory note bears interest rate at 10.25% per annum with maturity date on 12 December 2021. The principal amount is E 15 000 000.                                                                                             |                   |                   |
|                                                                                                                                                                                                                                       | <b>20 394 931</b> | <b>20 499 726</b> |
| <b>Current assets</b>                                                                                                                                                                                                                 | <b>20 394 931</b> | <b>20 499 726</b> |
| At amortised cost                                                                                                                                                                                                                     |                   |                   |

The Company has not reclassified any financial assets from cost or amortised cost to fair value, or from fair value to cost or amortised cost during the current or prior period.

The identified impairment loss on other financial assets was immaterial for both 2019 and 2020.

### 19. Investments at fair value through profit or loss

|                                             |                   |                   |
|---------------------------------------------|-------------------|-------------------|
| At fair value through profit or loss        |                   |                   |
| General Africa Foods Eswatini (Pty) Limited | 14 756 000        | 21 728 000        |
| Non-current assets                          |                   |                   |
| At fair value through profit or loss        | <b>14 756 000</b> | <b>21 728 000</b> |



# Notes to the financial statements

Inala Capital Limited

| Figures in Emalangeni | Note | 31 December<br>2020 | 30 September<br>2019 |
|-----------------------|------|---------------------|----------------------|
|-----------------------|------|---------------------|----------------------|

## 19. Investments at fair value through profit or loss (continued)

Details pertaining to the investments are shown below:

| Name of investee                            | Type of shares | % Holding<br>2020 | % Holding<br>2019 | Number of<br>shares<br>2020 | Number of<br>shares<br>2019 | Cost of Shares<br>2020<br>E | Cost of Shares<br>2019<br>E |
|---------------------------------------------|----------------|-------------------|-------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| General Africa Foods Eswatini (Pty) Limited | Ordinary       | 5.97              | 8.70              | 16                          | 16                          | 20 000 000                  | 20 000 000                  |

### Fair value hierarchy of financial assets at fair value through profit or loss

For financial assets recognised at fair value, disclosure is required of a fair value hierarchy which reflects the significance of the inputs used to make the measurements.

Level 1 represents those assets which are measured using unadjusted quoted prices for identical assets.

Level 2 applies inputs other than quoted prices that are observable for the assets either directly (as prices) or indirectly (derived from prices).

Level 3 applies inputs which are not based on observable market data.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

### Level 3

|                                             |            |            |
|---------------------------------------------|------------|------------|
| General Africa Foods Eswatini (Pty) Limited | 14 756 000 | 21 728 000 |
|---------------------------------------------|------------|------------|

### Reconciliation of financial assets at fair value through profit or loss measured at level 3

#### 2020

|                                             | Opening<br>balance | Losses in profit<br>or loss | Closing balance |
|---------------------------------------------|--------------------|-----------------------------|-----------------|
| General Africa Foods Eswatini (Pty) Limited | 21 728 000         | (6 972 000)                 | 14 756 000      |

#### 2019

|                                             | Opening<br>balance | Gains in profit<br>or loss | Purchases  | Closing balance |
|---------------------------------------------|--------------------|----------------------------|------------|-----------------|
| General Africa Foods Eswatini (Pty) Limited | -                  | 1 728 000                  | 20 000 000 | 21 728 000      |



# Notes to the financial statements

Inala Capital Limited

| Figures in Emalangeni | Note | 31 December 2020 | 30 September 2019 |
|-----------------------|------|------------------|-------------------|
|-----------------------|------|------------------|-------------------|

## 19. Investments at fair value through profit or loss (continued)

### Fair value estimation

| 2020<br>Description                             | Fair value<br>E000 | Valuation<br>technique | Unobservable inputs              | Weighted<br>average input | Reasonable<br>possible shift +/-<br>(absolute value) | Change in<br>valuation +/- E<br>000 | Change in<br>valuation +/- E<br>000 |
|-------------------------------------------------|--------------------|------------------------|----------------------------------|---------------------------|------------------------------------------------------|-------------------------------------|-------------------------------------|
| Alliance Foods (Pty) Limited (refer to note 17) | 21 722             | Discounted Cash Flow   | Weighted Average Cost of Capital | 20.3%                     | 10%                                                  | 429                                 | 6 623                               |
|                                                 |                    |                        | Terminal Growth                  | 4.5%                      | 10%                                                  | 3 509                               | 3 093                               |
|                                                 |                    |                        | Minority Discount                | 10%                       | 10%                                                  | 2 973                               | 3 570                               |
|                                                 |                    |                        | Liquidity Discount               | 10%                       | 10%                                                  | 2 973                               | 3 570                               |
| General Africa Foods Eswatini (Pty) Limited     | 14 756             | Discounted Cash Flow   | Weighted Average Cost of Capital | 26%                       | 10%                                                  | -181                                | 3 552                               |
|                                                 |                    |                        | Terminal Growth                  | 5%                        | 10%                                                  | 3 957                               | 3 761                               |
|                                                 |                    |                        | Minority Discount                | 15%                       | 10%                                                  | 3 619                               | 4 065                               |
|                                                 |                    |                        | Liquidity Discount               | 15%                       | 10%                                                  | 3 619                               | 4 065                               |
| 2019<br>Description                             | Fair value<br>E000 | Valuation<br>technique | Unobservable inputs              | Weighted<br>average input | Reasonable<br>possible shift +/-<br>(absolute value) | Change in<br>valuation +/- E<br>000 | Change in<br>valuation +/- E<br>000 |
| Alliance Foods (Pty) Limited (refer to note 17) | 22 184             | Discounted Cash Flow   | Weighted Average Cost of Capital | 17%                       | 10%                                                  | -3 303                              | 3 947                               |
|                                                 |                    |                        | Terminal Growth                  | 4.5%                      | 10%                                                  | 369                                 | -369                                |
|                                                 |                    |                        | Minority Discount                | 10%                       | 10%                                                  | -274                                | 254                                 |
|                                                 |                    |                        | Liquidity Discount               | 10%                       | 10%                                                  | -274                                | 254                                 |
| General Africa Foods Eswatini (Pty) Limited     | 21 728             | Discounted Cash Flow   | Weighted Average Cost of Capital | 24%                       | 10%                                                  | -3 817                              | 5469                                |
|                                                 |                    |                        | Terminal Growth                  | 5%                        | 10%                                                  | 3 709                               | 3 215                               |
|                                                 |                    |                        | Minority Discount                | 15%                       | 10%                                                  | 3 135                               | 3 726                               |
|                                                 |                    |                        | Liquidity Discount               | 15%                       | 10%                                                  | 3 135                               | 3 726                               |

### Investments valuation methodology

- Alliance Foods (Pty) Limited (refer to note 18)

The Company has an investment in Alliance Foods (Pty) Limited which has 10 Kentucky Fried Chicken ("KFC") stores in Eswatini. Alliance Foods is the sole KFC franchisee in Eswatini.

The Company has used the discounted cash flow methodology to estimate the fair value as at the valuation date. This methodology has been adopted as it reflects the cash flows expected to be received. In addition, this methodology is widely considered as the most accurate valuation methodology and the discount rate applied takes account of the cost of the funds invested.

- General Africa Foods Eswatini Proprietary Limited

General Africa Foods Eswatini Proprietary Limited is an investment holding company having its primary investment is in franchises of the OBC Chicken and Meat ("OBC") butchery and retail concept. OBC has two distribution centres and operates a fleet of trucks, which service the stores daily.



# Notes to the financial statements

Inala Capital Limited

| Figures in Emalangeni | Note | 31 December<br>2020 | 30 September<br>2019 |
|-----------------------|------|---------------------|----------------------|
|-----------------------|------|---------------------|----------------------|

## 19. Investments at fair value through profit or loss (continued)

The Company has used the discounted cash flow methodology to estimate the fair value as at the valuation date. This methodology has been adopted as it reflects the cash flows expected to be received. In addition, this methodology is widely considered as the most accurate valuation methodology and the discount rate applied takes account of the cost of the funds invested.

## 20. Earnings per share

Basic and diluted earnings per share are based on total comprehensive loss of E (8 761 789) (2019: profit E 320 064) and the weighted average number of shares of 71,994,000 (2019:71 994 000).

## 21. Change in reporting period

During the period ended 31 December 2020, the Company changed its year-end from September to December in line with its holding company. The current period figures are for 15 months where as the comparative figures are for 12 months.

## Detailed Income Statement for the period ended 31 December 2020

Inala Capital Limited

| Figures in Emalangeni                                         | Note(s) | 15 months<br>ended<br>31 December<br>2020 | 9 months<br>ended<br>30 September<br>2019 |
|---------------------------------------------------------------|---------|-------------------------------------------|-------------------------------------------|
| <b>Revenue</b>                                                |         |                                           |                                           |
| Interest received                                             | 14      | 1 793 859                                 | 499 726                                   |
| Fair value gains on financial instruments held at fair value  |         | -                                         | 1 412 000                                 |
|                                                               |         | <u>1 793 859</u>                          | <u>1 911 726</u>                          |
| <b>Operating expenses</b>                                     |         |                                           |                                           |
| Subscription fees                                             |         | (20 698)                                  | -                                         |
| Auditors remuneration                                         |         | (130 805)                                 | -                                         |
| Management fees                                               |         | (2 201 833)                               | (497 054)                                 |
| Bank charges                                                  |         | (10 129)                                  | (5 001)                                   |
| Professional fees                                             |         | (180 953)                                 | (317 066)                                 |
| Directors' emoluments                                         |         | (20 500)                                  | -                                         |
| Fair value losses on financial instruments held at fair value |         | (9 097 945)                               | -                                         |
| Brokerage fees                                                |         | (150 000)                                 | (26 214)                                  |
| Office expenses                                               |         | (173 318)                                 | (363 250)                                 |
| Staff training                                                |         | (11 000)                                  | -                                         |
|                                                               |         | <u>(11 997 181)</u>                       | <u>(1 208 585)</u>                        |
| Operating (loss)/profit                                       | 13      | <u>(10 203 322)</u>                       | <u>703 141</u>                            |
| Finance costs                                                 | 15      | -                                         | (797 260)                                 |
| Loss before taxation                                          |         | <u>(10 203 322)</u>                       | <u>(94 119)</u>                           |
| Taxation                                                      | 16      | 1 441 533                                 | 414 183                                   |
| (Loss)/profit for the period                                  |         | <u>(8 761 789)</u>                        | <u>320 064</u>                            |

INALA CAPITAL

## Annexure A - Prime interest rates and currencies

Inala Capital Limited

|                                                            | 30 September<br>2020 | 31 December<br>2019 |
|------------------------------------------------------------|----------------------|---------------------|
| Prime Interest rates (as quoted by a reputable local bank) |                      |                     |
| Botswana                                                   | 5.25 %               | 4.75 %              |
| Ghana                                                      | 14.50 %              | 16.00 %             |
| Isle of Man                                                | 0.10 %               | 0.75 %              |
| Kenya                                                      | 11.92 %              | 12.47 %             |
| Lesotho                                                    | 8.56 %               | 11.25 %             |
| Malawi                                                     | 12.30 %              | 13.90 %             |
| Mauritius                                                  | 6.85 %               | 8.35 %              |
| South African                                              | 7.00 %               | 10.00 %             |
| Eswatini                                                   | 7.25 %               | 10.00 %             |
| Uganda                                                     | 19.30 %              | 19.82 %             |
| Eswatini Emalangeni equals:                                |                      |                     |
| Botswana Pula (BWP)                                        | 0.738                | 0.759               |
| Mauritian Rupees (MUR)                                     | 2.706                | 2.598               |
| South African (ZAR)                                        | 1.000                | 1.000               |
| United States Dollars (USD)                                | 0.068                | 0.072               |

INALA CAPITAL