Inala Capital Limited

(Incorporated in Eswatini - Registration number 2364 of 2017)

Financial statements

for the period ended 30 September 2019

General information

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

Index

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

Directors' responsibilities and approval

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 30 September 2019. The financial statements for the year ended 30 September 2019 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 30 September 2019 set out on pages 12 to 39, which have been prepared on the going concern basis, were approved by the board of directors on 7 July 2020 and were signed on its behalf by:

Director	**Director**

INALA CAPITAL

Directors' report

The directors submit their report on the financial statements of Inala Capital Limited (the "Company") for the period ended 30 September 2019.

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.

The Company has also changed its financial year end from 31 December to 30 September to align to other entities under the investment manager. Consequently the Company has presented 9 months financial statements representing period from 1 January 2019 to 30 September 2019 and the comparative figures represent 12 months to 31 December 2018.

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

Profit for the period of the Company was E 320 064 (2018: Loss E 10 141), after taxation of E -. (2018: E -).

Post reporting date events

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

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

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

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

Authorised and issued share capital

During the period, the Company issued an additional 71,993,900 shares at E1 (2018: 100 shares at par value of E1 each) (Refer note 5).

Dividends

No dividend was declared during the period.

Directors' report

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 deliveringsustainable 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.

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	Appointed 1 November 2017
S M Ginindza	LiSwati	Resigned 19 December 2018
M Dlamini	LiSwati	Appointed 1 July 2018
N K Mabuza	LiSwati	Appointed 1 November 2017
T M Dlamini	LiSwati	Appointed 1 July 2018
SS Msibi	LiSwati	Appointed 01 October 2019
AT Dlamini (Chairman)	LiSwati	Appointed 01 October 2019

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 30 September 2019, and its financial performance and its 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 39 comprise:

- the statement of financial position as at 30 September 2019;
- 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;
- the accounting policies; and
- the notes to the financial statements.

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.

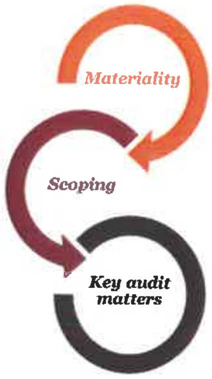
Independence

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.

Partner in charge T Mason
Resident partner M Mhlanga
PricewaterhouseCoopers, Rhus Office Park, Kal Grant Street, Mbabane, Eswatini
P O Box 569, Mbabane H100, Eswatini Telephone +268 2404 2861/2, Facsimile +268 2404 5015, www.pwc.com

Our audit approach

Overview



Overall materiality

- Overall materiality: E 740 765, which represents 1% of total assets.

Audit scope

- 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.

Key audit matters

- Fair value measurement of investments.

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.

Overall materiality	E 740 765.
How we determined it	1% of total assets.
Rationale for the materiality benchmark applied	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. 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.

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***
Fair value measurement of investments *Refer to the following accounting policies and notes to the financial statements:* • *Accounting policy 1.5 – Financial instruments: IFRS 9, Investments at fair value through profit or loss;* • *Accounting policy 1.7 – Associates;* • *Note 12 – Fair value measurement;* • *Note 18 - Investments in associates; and* • *Note 20 – Investments at fair value through profit or loss.* 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). The key estimates, assumptions and judgements applied in this valuation model includes the following: • cash flow projections including growth rates applied; • determination of discount rates (weighted average cost of capital) and terminal growth rates; and	We inspected the entity's policy to gain an understanding of management's policies and processes, methods and assumptions used to determine fair values of unquoted investments. Utilising our valuation expertise, we performed the following procedures: • We assessed whether generally accepted valuation methodology was applied by benchmarking the valuation methodology with industry practice and requirements of IFRS 13; • We independently determined a range of discount rates and terminal growth rates included in the discounted cash flow models and compared our range of rates to those applied by management. We found management's rates to be within our independently computed range of rates; • 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 range of the assumptions from independently sourced data. We found management's assumptions to be within our determined range of assumptions;

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Key audit matter	*How our audit addressed the key audit matter*
• determination of discounts such as minority discounts and liquidity discounts. The fair value measurement of unquoted investments was considered to be of most 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.	• 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 low 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. The sensitivities were 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. No exceptions were noted. 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. Management's growth rates were in line with our understanding 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 30 September 2019", 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, related safeguards.

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

PricewaterhouseCoopers

Partner: Makhosazana Mhlanga

Registered Auditor

P.O. Box 569

Mbabane

9 July 2020

Statement of financial position as at 30 September 2019

Inala Capital Limited

Figures in Emalangeni	Note(s)	30 September 2019	31 December 2018
Assets			
Non-current asset			
Investments in associates	18	22 184 000	22 500 000
Deferred tax asset	13	414 183	-
Investments at fair value through profit or loss	20	21 728 000	-
		44 326 183	**22 500 000**
Current assets			
Other financial assets	19	20 499 726	-
Cash and cash equivalents	4	9 250 623	10 391 059
		29 750 349	**10 391 059**
Total assets		**74 076 532**	**32 891 059**
Equity and liabilities			
Equity			
Share capital	5	73 373 123	100
Retained income/(accumulated loss)		310 023	(10 041)
		73 683 146	**(9 941)**
Liabilities			
Current liabilities			
Amounts owing to related parties	2	8 000	8 000
Other financial liabilities	7	-	30 000 000
Other payables	6	385 386	2 893 000
		393 386	**32 901 000**
Total equity and liabilities		**74 076 532**	**32 891 059**

The accounting policies on pages 16 to 25 and the notes on pages 26 to 39 form an integral part of the financial statements for the period ended 30 September 2019.

The financial statements for the period ended 30 September 2019 and the notes on pagess 12 to 39,were approved by the board of directors on 7 July 2020 and were signed on its behalf by:

Director

Director

Statement of profit or loss and other comprehensive Income for the period ended 30 September 2019

Figures in Emalangeni	Note(s)	9 months ended 30 September 2019	12 months ended 31 December 2018
Fair value gains on financial instruments held at fair value		1 412 000	-
Operating expenses	14	(1 208 585)	(10 041)
Interest income	15	499 726	-
Finance costs	16	(797 260)	-
Loss before taxation		**(94 119)**	**(10 041)**
Taxation	17	414 183	-
Profit/(loss) for the period/year		**320 064**	**(10 041)**
Other comprehensive income		-	-
Total comprehensive income/(loss)		**320 064**	**(10 041)**
Earnings per share			
Basic and diluted	23	0.004	(100.41)

The accounting policies on pages 16 to 25 and the notes on pages 26 to 39 form an integral part of the financial statements for the period ended 30 September 2019.

Statement of changes in equity for the period ended 30 September 2019

Figures in Emalangeni	Share capital	Share premium	Total share capital	Retained income / (accumulated loss)	Total equity
Balance at 01 January 2018	**-**	**-**	**-**	-	-
Total comprehensive loss for the year	-	-	-	(10 041)	(10 041)
Issue of shares	100	-	100	-	100
Total changes	100	-	100	(10 041)	(9 941)
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 30 September 2019	**71 994 000**	**1 379 123**	**73 373 123**	**310 023**	**73 683 146**
Notes	5	5	5		

The accounting policies on pages 16 to 25 and the notes on pages 26 to 39 form an integral part of the financial statements for the period ended 30 September 2019.

INALA CAPITAL

Statement of cash flows for the period ended 30 September 2019

Figures in Emalangeni	Note(s)	9 months ended 30 September 2019	12 months ended 31 December 2018
Cash flows from operating activities			
Cash flows (used in)/generated from operations	9	(1 322 926)	2 890 959
Interest income	15	499 726	-
Finance costs	16	(797 260)	(10 041)
Net cash (used in)/from operating activities		**(1 620 460)**	**2 890 959**
Cash flows from investing activities			
Purchase of investment		(40 000 000)	(22 500 000)
Net cash used in investing activities		**(40 000 000)**	**(22 500 000)**
Cash flows from financing activities			
Proceeds on share issue	5	40 480 023	100
Proceeds from other financial liabilities		-	30 000 000
Net cash from financing activities		**40 480 023**	**30 000 100**
Total cash movement for the period/year		**(1 140 437)**	**10 391 059**
Cash at the beginning of the period/year		10 391 059	-
Total cash at end of the period/year	4	**9 250 622**	**10 391 059**

The accounting policies on pages 16 to 25 and the notes on pages 26 to 39 form an integral part of the financial statements for the period ended 30 September 2019.

Accounting Policies

1. Presentation of financial statements

The financial statements for the period ended 30 September 2019 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 30 September 2019 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 30 September 2019 are presented in Emalangeni and all values are rounded to the nearest Emalangeni, except when otherwise indicated.

The financial statements for the period ended 30 September 2019 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 year.

1.1 New and amended standards and interpretations

Amendments mandatorily effective for the period ending 30 September 2019

The following is a summary of the new and revised IFRSs that are mandatorily effective for the current financial year.

- IFRS 15 Revenue from Contracts with Customers
- Amendments to IFRS 15: Clarifications to IFRS 15 Revenue from Contracts with Customers
- Amendments to IFRS 1: Annual Improvements to IFRS 2014 - 2016 cycle
- IFRIC 22 Foreign Currency Transactions and Advance Consideration
- IFRS 9 Financial Instruments

IFRS 15 Revenue from Contracts with Customers

IFRS 15 Revenue from Contracts with Customers is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The Company has adopted IFRS 15 Revenue from Contracts with Customers from 1 January 2018 which resulted in changes in accounting policies. The new accounting policies are set out in note 1.10. In accordance with the transition provisions in IFRS 15, the Company has not restated comparatives for the 2018 financial year. Management made an impact assessment and concluded that no adjustment was required. Refer to note 32 for more detailed explanation.

Amendments to IFRS 15: Clarifications to IFRS 15 Revenue from Contracts with Customers

The amendments address three of the five topics identified (identifying performance obligations, principal versus agent considerations and licensing) and provide some transition relief for modified contracts and completed contracts. The IASB concluded that it was not necessary to amend IFRS 15 with respect to collectibility or measuring non-cash considerations. The amendments did not have any impact on the Company's financial statements.

Amendments to IFRS 1: Annual Improvements to IFRS 2014 - 2016 cycle

The amendments deleted short-term exemptions covering transition provisions of IFRS 7, IAS 19 and IFRS 10 which are no longer relevant. The amendments did not have any impact on the Company's financial statements.

IFRIC 22 Foreign Currency Transactions and Advance Consideration

The interpretation clarifies how to determine the date of transaction for the exchange rate to be used on initial recognition of a related asset, expense or income where an entity pays or receives consideration in advance for foreign currency-denominated contracts. The amendment did not have any impact on the Company’s financial statements.

1.1 New and amended standards and interpretations (continued)

IFRS 9 Financial Instruments

The Company has adopted IFRS 9 as issued by the IASB in July 2014 with a date of transition of 1 January 2018, which resulted in changes in accounting policies and adjustments to the amounts previously recognized in the financial statements. The Company did not early adopt IFRS 9 in previous periods.

Classification and measurement

The IFRS 9 standard includes changes in the classification and measurement bases of the Company's financial assets to amortised cost, fair value through other comprehensive income or fair value through profit or loss. The Company’s financial assets are held at amortised cost. Refer to note 25 for more details.

IFRS 9 requires financial assets to be classified on the basis of two criteria:
- The business model within which financial assets are managed, and
- Their contractual cash flow characteristics (whether the cash flows represent solely payments of principal and interest).

Financial assets are measured at amortised cost if they are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and their contractual cash flows represent solely payments of principal and interest.

Financial assets are measured at fair value through other comprehensive income if they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and their contractual cash flows represent solely payments of principal and interest.

Other financial assets are required to be measured at fair value through profit and loss if they are held for the purposes of trading, if their contractual cash flows do not meet the ‘solely payments of principal and interest' criterion, or if they are managed on a fair value basis and the Company maximises cash flows through sale. IFRS 9 allows an entity to irrevocably designate a financial asset as at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency (that is, an accounting mismatch).

Impairment calculation

The impairment model has been changed from an “incurred loss” model from IAS 39 to a forward-looking “expected credit loss” (ECL) model under IFRS 9. The new impairment model makes use of historical data related to the financial assets to analyse historical cash flows as they relate to the recoverability of defaulted and non-defaulted assets.

IFRS 9 outlines a “three stage” model for impairment based on credit quality since initial recognition, as summarized below:

A financial asset issued that is not credit impaired on recognition and has not undergone significant deterioration in credit risk (SICR) since initial recognition in classified in “Stage 1”. If a significant increase in credit risk since initial recognition has been identified, the financial asset is classified in “Stage 2” but is not yet deemed to be credit impaired. If the financial asset is credit impaired then it is classified in Stage 3.

Within the Group the following definitions exist for the classification of financial assets and identification of SICR:
- Any financial asset which is performing and up to 30 days in arrears is considered Stage 1
- Any financial asset with a maximum arrears level of between 31 and 90 days is considered Stage 2
- Any financial assets with a maximum arrears level of greater than 90 days is considered credit impaired and stage 3

Once the portfolio has been classified into the three given stages, IFRS 9 loss allowances are measured on either of the following bases:
- Stage 1 : 12-month expected loss – A 12-month ECL implies the loss expected in the 12 months following reporting date.
- Stage 2 and Stage 3 : Lifetime ECLs – that is, the loss expected over the lifetime of loans falling within this category.

1.1 New and amended standards and interpretations (continued)

IFRS 9 Financial Instruments (continued)

ECL Methodology

The methodology adopted by the Company to calculate ECL relies on historical cash flow data across all jurisdictions. This data allows for an accurate estimation of historical losses, given certain levels of arrears reached. This data takes into account any recoveries made from accounts which rectify from arrears, as well as written off amounts from accounts which failed to rectify. The historical data is distilled into ECL rates which are applied to individual accounts, based on the level of arrears for that account.

In addition to the historical cash flow modelling, ECL are subjected to forward looking adjustments based on “upside” and “downside” scenarios. That is, the final ECL value is a weighted average of the current impairment number (given current portfolio dynamics), a projected value based on favourable conditions and a projected value based on unfavourable conditions. This is based on the IFRS 9 requirement that ECL estimates are based on multiple future scenarios encompassing with favourable and unfavourable economic conditions.

Refer to note 21 for changes in accounting policies for more detailed explanation.

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 October 2019, 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:

Not yet mandatorily effective but early application allowed for the year ending 30 September 2020

The Company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the Company's accounting periods beginning on or after 1 October 2019 or later periods:

- Amendments to IAS 12 Income Taxes: Annual Improvements to IFRS 2015 - 2017 cycle
- Amendments to IAS 23 Borrowing Costs: Annual Improvements to IFRS 2015 - 2017 cycle
- IFRIC 23 Uncertainty over Income Tax Treatments
- IFRS 16 Leases

Amendments to IAS 12 Income taxes

These amendments clarify that all income tax consequences of dividends (including payments on financial instruments classified as equity are recognised consistently with the transactions that generated the distributable profits. The amendments are not expected to have a significant impact on the Group's financial statements. They apply for annual periods beginning on or after 1 January 2019.

Amendments to IAS 23 Borrowing Costs

These amendments clarify the general borrowings that the general borrowings pool used to calculate eligible borrowing costs excludes only borrowings that specifically finance qualifying assets that are still under development or construction. Borrowings that were intended to specifically finance qualifying assets that are now ready for their intended use or sale – or any non-qualifying assets – are included in that general pool. As the costs of retrospective application might outweigh the benefits, the changes are applied prospectively to borrowing costs incurred on or after the date an entity adopts the amendments.

The amendments are not expected to have a significant impact on the Company's financial statements.

They apply for annual periods beginning on or after 1 January 2019.

1.1 New and amended standards and interpretations (continued)

IFRIC 23 Uncertainty over Income Tax Treatments

IFRIC 23 clarifies the accounting for income tax treatments that have yet to be accepted by tax authorities. Specifically, IFRIC 23 provides clarity on how to incorporate this uncertainty into the measurement of tax as reported in the financial statements.

IFRIC 23 does not introduce any new disclosures but reinforces the need to comply with existing disclosure requirements about:

- judgments made;
- assumptions and other estimates used; and
- the potential impact of uncertainties that are not reflected.

The standards and interpretations are not expected to have a significant impact on the Company's financial statements.

IFRIC 23 applies for annual periods beginning on or after 1 January 2019. Earlier adoption is permitted.

IFRS 16 Leases

IFRS 16 was published in January 2016. It sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). IFRS 16 replaces the previous leases Standard, IAS 17 Leases, and related Interpretations. IFRS 16 includes a single model for lessees which will result in almost all leases being included in the Statement of Financial Position. No significant changes have been included for lessors. IFRS 16 also includes extensive new disclosure requirements for both lessees and lessors.

The Company does not have any operating lease in place, and consequently, this standard will have no 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 30 September 2019.

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 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.

1.2 Significant accounting judgements, estimates and assumptions (continued)

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.

1.3 Financial instruments: IAS 39 Comparatives

Initial recognition and measurement

Financial instruments are recognised initially when the Company becomes a party to the contractual provisions of the instruments.

The Company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value. On initial recognition, financial asset is classified as measured at: amortised cost, fair value through other comprehensive income(FVOCI) or fair value through profit and loss(FVPL). The classification is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

Impairment of financial assets

At each reporting date the Company assesses all financial assets, other than those at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

1.3 Financial instruments: IAS 39 Comparatives (continued)

For amounts due to the Company, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

Impairment of financial assets (continued)

Impairment losses are recognised in profit or loss.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in profit or loss within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

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.

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 enforceble 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.

1.4 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.

1.4 Tax (continued)

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.

1.5 Financial instruments: IFRS 9

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

- 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).

1.5 Financial instruments: IFRS 9 (continued)

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 year 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.

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.

1.5 Financial instruments: IFRS 9 (continued)

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 enforceble 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 year 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.

1.6 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.

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.

1.7 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.

1.8 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 amatter 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 recognised as such.

- determine the transaction price – a risk of revenue reversal as well as a significant finance component need to be factored in.

- 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

Figures in Emalangeni	Note	**30 September 2019**	31 December 2018

2. Amounts owing to related parties

African Alliance Eswatini Limited		8 000	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:

30 September 2019

	At amortised costs	**Fair value through profit or loss**	**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
	29 750 349	**43 912 000**	**73 662 349**

31 December 2018

	Financial assets at amortised costs	**Fair value through profit or loss**	**Total**
Investments in associates	-	22 500 000	22 500 000
Cash and cash equivalents	10 391 059	-	10 391 059
	10 391 059	**22 500 000**	**32 891 059**

4. Cash and cash equivalents

Cash at bank:

Nedbank (Eswatini) Limited		9 250 623	10 391 059

5. Share capital

Authorised			
250 000 000 Ordinary shares of E1 each (2018: 100 ordinary shares of E1 each)		250 000 000	100
Reconciliation of number of shares issued:			
Reported as at 01 January 2019		100	-
Issue of shares - ordinary shares		71 993 900	100
		71 994 000	**100**

Figures in Emalangeni	Note	30 September 2019	31 December 2018

5. Share capital (continued)

Reconciliation of share capital issued:		
Reported as at 01 January	100	-
Initial public offering ("IPO")	40 480 023	100
Deposit on shares (Refer to note 6 below)	2 893 000	-
Other financial liabilities	31 017 821	-
Costs directly attributable to IPO	(1 017 821)	-
	73 373 123	**100**

Other financial liabilities were converted into equity. African Alliance purchased shares in the company and instead of making payment for the shares decided to convert their debt into equity as the debt was close to maturity. This was approved by the board on 5 February 2019.

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 and fully paid:		
71 994 000 Ordinary shares (2018: 100 shares) of E1 each	71 994 000	100
Share premium	1 379 123	-
	73 373 123	**100**

6. Other payables

Deposit on shares	-	2 893 000
Other payables	4 311	-
Management fees payable	381 075	-
	385 386	**2 893 000**

The deposit on shares has been converted into equity during the period under review. Please refer to note 5.

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.

Figures in Emalangeni	Note	30 September 2019	31 December 2018

7. Other financial liabilities

Held at amortised cost		
African Alliance Eswatini Ligcebesha Fund	-	15 000 000
Fixed maturity loan repaid on 31 March 2019 with interest rate of 10% p.a.		
African Alliance Eswatini Portfolio Fund	-	10 000 000
Fixed maturity loan repaid on 31 March 2019 with interest rate of 10% p.a.		
African Alliance Eswatini Managed Fund	-	5 000 000
Fixed maturity loan repaid on 31 March 2019 with interest rate of 10% p.a.		
	-	**30 000 000**
Current liabilities		
At amortised cost	-	**30 000 000**

Other financial liabililties has been converted into equity during the period under review. Please refer to note 5.

8. Financial liabilities by category

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

30 September 2019

	Financial liabilities at amortised cost	Total
Amounts owing to related parties	8 000	8 000
Trade and other payables	385 386	385 386
	393 386	**393 386**

31 December 2018

	Financial liabilities at amortised cost	Total
Amounts owing to related parties	8 000	8 000
Other financial liabilities	30 000 000	30 000 000
Trade and other payables	2 893 000	2 893 000
	32 901 000	**32 901 000**

Notes to the financial statements

Figures in Emalangeni	Note	30 September 2019	31 December 2018

9. Cash flows (used in)/generated from operations

Loss before taxation	(94 119)	(10 041)
Adjustments for:		
Interest received	(499 726)	-
Finance costs	797 260	-
Change in fair value of investments through profit or loss	(1 412 000)	-
Changes in working capital:		
Increase in other financial assets	(499 726)	-
Increase in trade and other payables	385 385	2 893 000
Net amount received from related party	-	8 000
	(1 322 926)	**2 890 959**

10. Related parties

Relationships

Investment manager:	African Alliance Eswatini Limited, incorporated in Republic of Eswatini
Associates	Refer to note 18

Related party balances

Management fees		
African Alliance Eswatini Limited	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 year.

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

Shareholder	Shareholding(%)
African Alliance Eswatini Ligcebesha Fund	29.09
African Alliance Eswatini Portfolio Fund	23.63
Eswatini Electricity Company Pension Fund	13.89
Nedbank Eswatini Pension Fund	6.95
African Alliance Eswatini Managed Fund	6.17
First National Bank Pension Fund	3.97
Swazi Investment (Pty) Limited	2.78
Other shareholders	13.52
	100.00

Notes to the financial statements

Figures in Emalangeni	Note	30 September 2019	31 December 2018

11. 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.

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	385 386	2 893 000
Other financial liabilities	-	30 000 000
	393 386	32 901 000

The table shows the maturity analysis of financial assets.

	Less than 1 year	More than 1 year	Total
30 September 2019			
Investments in associates	-	22 184 000	43 912 000
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	-

Figures in Emalangeni	Note	30 September 2019	31 December 2018

11. Risk management (continued)

	29 750 349	**43 912 000**	**73 662 349**

	Less than 1 year	More than 1 year	Total
31 December 2018			
Investments in associates	-	22 500 000	22 500 000
Cash and cash equivalents	10 391 059	-	10 391 059
	10 391 059	**22 500 000**	**32 891 059**

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			
Cash and cash equivalents		9 250 623	10 391 059
		9 250 623	10 383 059

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			
Variable rate instruments	+/-	**92 506**	103 831

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:

Figures in Emalangeni	Note	**30 September 2019**	31 December 2018

11. Risk management (continued)

Financial instrument		
Cash and cash equivalents	9 250 623	10 391 059
Other financial assets	20 499 726	-
	29 750 349	10 391 059

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

	Impact on post tax profit in Lilangeni	
Financial instrument	**2019**	**2018**
Investments at fair value through profit or loss	1 086 400	-
Investments in associates	1 109 200	1 125 000

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

12. 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 year 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.

Figures in Emalangeni	Note	**30 September 2019**	31 December 2018

12. Deferred tax asset (continued)

	Level 2	Level 3	Total
30 September 2019			
Assets			
Investments in associates	-	22 184 000	-
Investments at fair value through profit or loss	-	21 728 000	-
Other financial assets	20 499 726	-	64 411 726
	20 499 726	43 912 000	64 411 726
Comprising:			
At fair value through profit or loss			43 912 000
At amortised costs			20 499 726
			64 411 726
31 December 2018			
Assets			
Investments in associates	-	22 500 000	22 500 000
Comprising:			
At fair value through profit or loss			22 500 000

13. Deferred tax asset

Deferred tax asset

	30 September 2019	31 December 2018
Fair value gains on financial instruments held at fair value	414 183	-

Reconciliation of deferred tax asset

	30 September 2019	31 December 2018
Fair value gains on financial instruments held at fair value	414 183	-

14. Operating expenses

Operating expense for the period is stated after accounting for the following:

Expenditure

	30 September 2019	31 December 2018
Management fees	(497 054)	-
Bank charges	(5 001)	(10 041)
Professional fees	(317 066)	-
Listing fees	(363 250)	-

15. Interest income

	30 September 2019	31 December 2018
Promissory notes	499 726	-

Notes to the financial statements

Figures in Emalangeni	Note	**30 September 2019**	31 December 2018

16. Finance costs

Interest on promissory notes		797 260	-

17. Taxation

Major components of the tax expense

Deferred		
Fair value gains on financial instruments held at fair value	(414 183)	-

No taxation charge has been raised as the Company has no taxable income.

Reconciliation of the tax expense

Reconciliation between applicable tax rate and average effective tax rate

Applicable tax rate	27.50 %	27.50 %
Non deductible differences	(467.56)%	(27.50)
Effective tax rate	**(440.06)%**	**- %**

18. Investments in associates

Name of company	Type of shares	% holding 2019	% holding 2018	Carrying amount 2019	Carrying amount 2018
Alliance Foods (Pty) Limited	Ordinary	27.27 %	27.27 %	22 184 000	22 500 000

Reconciliation of investment:

2019

	Opening balance	Gains in profit or loss	Closing balance
Alliance Foods (Pty) Limited	22 500 000	(316 000)	22 184 000

2018

	Opening balance	Purchases	Closing balance
Alliance Foods (Pty) Limited	-	22 500 000	22 500 000

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;

Notes to the financial statements

18. Investments in associates (continued)

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

Please refer to note 20 for details on fair value estimation and investment valuation methodology of the associate.

Summary of financial information for associate

Summarised statement of financial position		
Non-Current assets	64 099 096	-
Current assets	28 144 233	42 499 622
Non-Current liabilities	(36 527 509)	-
Current liabilities	(9 357 036)	-
Net assets	**46 358 784**	**42 499 622**
Summarised statement of comprehensive income		
Revenue	72 807 703	-
Expenses	(67 483 342)	(538)
Taxation	(1 465 199)	-
Profit/(loss) for the period	**3 859 162**	**(538)**
Other comprehensive income	-	-
Total comprehensive income	**3 859 162**	**(538)**

19. Other financial assets

Select Limited The promissory note bears interest rate at 12% per annum with maturity date on 16 July 2020. The principal amount is E 20 000 000.	20 499 726	-
Current assets		
At amortised cost	20 499 726	-

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.

20. Investments at fair value through profit or loss

At fair value through profit or loss		
General Africa Foods Eswatini (Pty) Limited	21 728 000	-
Non-current assets		
At fair value through profit or loss	**21 728 000**	**-**

Figures in Emalangeni	Note	30 September 2019	31 December 2018

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

Details pertaining to the investments are shown below:

Name of investee	Type of shares	% Holding 2019	% Holding 2018	Number of shares 2019	Number of shares 2018	Cost of Shares 2019 E	Cost of Shares 2018 E
General Africa Foods Eswatini (Pty) Limited	Ordinary	8.70	-	16	-	20 000 000	-

Fair value hierarchy of financial asets 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.

	30 September 2019	31 December 2018
Level 3		
General Africa Foods Eswatini (Pty) Limited	21 728 000	-

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

2019

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

Figures in Emalangeni	Note	**30 September 2019**	31 December 2018

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

Fair value estimation

2019

Description	Fair value E000	Valuation technique	Unobservable inputs	Weighted average input	Reasonable possible shift +/- (absolute value)	Change in valuation +/- E 000	Change in valuation +/- E 000
Alliance Foods (Pty) Limited (refer to note 18)	22 184	Discounted cash flow	Weighted average cost of capital	17%	10%	- 3 303	3 947
			Terminal Growth	4.5%	10%	369	-309
			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	5 469
			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 7 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.

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.

21. Changes in accounting policy

The financial statements have been prepared in accordance with International Financial Reporting Standards on a basis consistent with the prior period except for the adoption of the following new or revised standards.

IFRS 9 Financial Instruments

The effect of adopting IFRS 9 on the carrying amounts of financial assets relates mainly to new measurement categories on the Company's financial assets as at 1 January 2018 as detailed in the table below.

Notes to the financial statements

Figures in Emalangeni	**30 September 2019**	31 December 2018

21. Changes in accounting policy (continued)

In the current year, the Company has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRSs. IFRS 9 replaces IAS 39 Financial Instruments and introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) impairment for financial assets and 3) general hedge accounting. Details of these new requirements as well as their impact on the Company's financial statements are described below.

The Company has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9.

Classification of financial assets

The following table presents a summary of the financial assets as at 01 October 2018. The table reconciles the movement of financial assets from their IAS 39 measurement categories and into their new IFRS 9 measurement categories.

Financial assets	**Original classification under IAS 39**	**New classification under IFRS 9**	**Original carrying amount under IAS 39**	**New carrying amount under IFRS 9**
			SZL	**SZL**
Cash and cash equivalents	Loans and receivables	Amortised cost	10 391 059	10 391 059

Classification of financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

Impairment of financial assets

- Cash and cash equivalents

The Company only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty.

- Other financial assets at amortised cost

The Company holds promissory note with Select Limited and has short term maturity. There is no indication of impairment as the debtor has the repayment capacity to service this debt as it falls due.

IFRS 15 Revenue from Contracts with Customers

In the current year, the Company has applied IFRS 15 Revenue from Contracts with Customers (as revised in April 2016) and the related consequential amendments to other IFRSs. IFRS 15 replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC-31 Revenue - Barter Transactions Involving Advertising Services.

IFRS 15 introduces a 5-step approach to revenue recognition. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Details of these new requirements as well as their impact on the Company financial statements are described below. Refer to the revenue accounting policy for additional details.

The Company has applied IFRS 15 with an initial date of application of 01 January 2018 in accordance with the cumulative effect method.

Notes to the financial statements

Figures in Emalangeni	**30 September 2019**	31 December 2018

21. Changes in accounting policy (continued)

The Directors have reviewed and assessed the contractual agreements with customers and concluded that there is no change in revenue recognition. Consequently, this standard has no significant impact on the Company.

22. Change in accounting treatment

IFRS 10 - Accounting for a change in investment entity status

When an entity ceases to be an investment entity, it shall apply IFRS 3 to any subsidiary that was previously measured at fair value through profit or loss in accordance with paragraph 31. The date of the change of status shall be the deemed acquisition date. The fair value of the subsidiary at the deemed acquisition date shall represent the transferred deemed consideration when measuring any goodwill or gain from a bargain purchase that arises from the deemed acquisition. All subsidiaries shall be consolidated in accordance with paragraphs 19–24 of this IFRS from the date of change of status. Management determined the company to be a venture capital organisation therefore the investments in Alliance Foods (Pty) Limited, which was initially classified as other financial assets, has been reclassified as investments in associates at fair value through profit or loss. Please refer to note 18.

23. Earnings per share

Company

Basic and diluted earnings per share are based on total comprehensive profit of E 320 064 (loss 2018: E 10 041) and the weighted average number of shares of 71,994,000 (2018:100).

24. Post reporting date events

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

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

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

Detailed Income Statement for the period ended 30 September 2019

Figures in Emalangeni	Note(s)	9 months ended 30 September 2019	12 months ended 31 December 2018
Revenue			
Interest received	15	499 726	-
Fair value gains on financial instruments held at fair value		1 412 000	-
		1 911 726	**-**
Operating expenses			
Management fees		(497 054)	-
Bank charges		(5 001)	(10 041)
Professional fees		(317 066)	-
Brokerage fees		(26 214)	-
Listing fees		(363 250)	-
		(1 208 585)	**(10 041)**
Operating profit/(loss)	14	**703 141**	**(10 041)**
Finance costs	16	(797 260)	-
Loss before taxation		**(94 119)**	**(10 041)**
Taxation	17	414 183	-
Profit/(loss) for the period/year		**320 064**	**(10 041)**

The supplementary information presented does not form part of the financial statements and is unaudited

Annexure A - Prime interest rates and currencies

	30 September **2019**	31 December 2018
Prime Interest rates (as quoted by a reputable local bank)		
Botswana	**4.75 %**	6.50 %
Ghana	**16.00 %**	17.00 %
Isle of Man	**0.75 %**	0.75 %
Kenya	**12.47 %**	12.78 %
Lesotho	**11.25 %**	11.63 %
Malawi	**13.90 %**	24.78 %
Mauritius	**8.35 %**	8.50 %
South African	**10.00 %**	10.00 %
Swaziland	**10.00 %**	10.25 %
Uganda	**19.82 %**	20.03 %
Eswatini Emalangeni equals:		
Botswana Pula (BWP)	**0.759**	0.746
Mauritian Rupees (MUR)	**2.598**	2.381
South African (ZAR)	**1.000**	1.000
United States Dollars (USD)	**0.072**	0.070

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