

PORTFOLIO REVIEW

For the 6 months ended 30 June 2022, Inala Capital's investment portfolio has remained intact, with the portfolio companies of Alliance Foods performing strongly and General Africa Foods Eswatini ("GAFF") operations showing positive momentum in the early stage of its lifecycle. The fixed income investments continue to generate a healthy yield for Inala. However, there are economic headwinds (disruption to trade of goods and services, the rising fuel and food prices and general inflation) propagated by the Russian invasion of Ukraine in February 2022, that will permeate the economy.

The current portfolio valuations remain stable from 31 December 2021. Inala Capital's investment portfolio is valued at E 57.2 million, up E 0.9 million or 1.6% on the results of 31 December 2021 due to interest accrued on the fixed income assets. Mazars Corporate Finance (Pty) Ltd ("Mazars") was engaged, from 2021 financial year, to perform the independent valuation of the Company's unlisted equity investments and will undertake updated valuations in Q4 of 2022.

FINANCIAL REVIEW

Fair value gains on financial instruments held at fair value will reflect no change from 31 December 2021, as the equity investments are only revalued annually by an independent professional valuator. Interest income for the period relates to interest received on the fixed income investments and money market returns of the cash and cash equivalents of Inala Capital to the value of E 1.1 million. No dividend income was received during the reporting period, as a result of the underlying portfolio companies prioritizing investment into growing their asset base.

Operating expenses amounted to E 1.6 million and comprises day-to-day operational expenses incurred to run Inala Capital, audit fees, independent valuation fees, and the management fee. In summary, Inala Capital made a loss before tax of E 542 thousand.

Overall, the Net Asset Value was stable at E 62.0 million resulting in a Net Asset Value per share of E 0.86, a decrease of E 0.01 from E 0.87 from 31 December 2021.

OUTLOOK

As the Russia-Ukraine war continues to cause major disruption in trade of goods and services, Eswatini is not exempt from the adverse effects of this war. Eswatini has already shown signs of a rise in fuel and food prices, inflation and interest rates, that will slow Eswatini's momentum in recovering from the post COVID-19 pandemic and make economic growth even more challenging. As Inala Capital holds assets in the real economy, these assets will not be exempt from the prevailing economic headwinds. However, the businesses are built on a strong foundation and will be resilient to the difficult trading conditions, ensuring stable operations and where possible, capitalizing on opportunities for growth and improvement.

Inala Capital will also continue to look for complementary investment opportunities that will bolster shareholder value. The Board's focus, as always, is to ensure that the Company is able to generate sustainable and market-leading returns for its shareholders in the long run.

EVENTS AFTER THE REPORTING PERIOD

The directors are not aware of any other matter or circumstance arising since the end of the financial period that would materially alter the results reported for the period ended 30 June 2022.

FINANCIAL STATEMENTS

The financial statements for the period ended 30 June 2022 have been reviewed by SNG Grant Thornton Chartered Accountants.

CORPORATE GOVERNANCE

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

By order of the Board

AT Dlamini

16 December 2022

HIGHLIGHTS

Nav per Share
E 0.9

Equity Investments Valued at
E 36 m

E 1.1 m Interest Income

Figures in Emalangeni	Reviewed for the 6 months ended 30 June 2022	Audited for the 12 months ended 31 December 2021	Reviewed for the 6 months ended 30 June 2021
STATEMENT OF COMPREHENSIVE INCOME			
Interest income	1 053 810	2 310 493	1 179 642
Operating expenses	(1 595 413)	(2 244 051)	(1 179 926)
Operating (loss) / profit	(541 603)	66 442	(284)
Unrealised loss on revaluation of investments	-	(578 000)	-
Loss before taxation	(541 603)	(511 558)	(284)
Income tax	-	(1 855 716)	-
Total comprehensive loss	(541 603)	(2 367 274)	(284)
Loss per share	(0,01)	(0,03)	(0,00)

STATEMENT OF FINANCIAL POSITION			
ASSETS			
NON-CURRENT ASSETS			
Investments in associate	22 100 000	22 100 000	21 722 000
Investments at fair value	13 800 000	13 800 000	14 756 000
Deferred tax asset	-	-	1 855 716
	35 900 000	35 900 000	38 333 716
CURRENT ASSETS			
Other financial assets	21 321 402	20 405 548	20 941 198
Cash and cash equivalents	5 337 888	6 800 672	6 222 331
Trade and other receivables	-	-	12 151
Current tax receivable	-	-	34 626
	26 659 290	27 206 220	27 210 306
TOTAL ASSETS	62 559 290	63 106 220	65 544 022
EQUITY AND LIABILITIES			
EQUITY			
Share capital	73 373 123	73 373 123	73 373 123
Accumulated loss	(11 360 644)	(10 819 040)	(8 452 050)
TOTAL EQUITY	62 012 479	62 554 083	64 921 073
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	546 811	552 137	622 949
TOTAL LIABILITIES	546 811	552 137	622 949
TOTAL EQUITY AND LIABILITIES	62 559 290	63 106 220	65 544 022

STATEMENT OF CHANGES IN EQUITY			
SHARE CAPITAL	73 373 123	73 373 123	73 373 123
ACCUMULATED LOSS	(11 360 644)	(10 819 040)	(8 452 050)
Balance at the beginning of the period	(10 819 041)	(8 451 766)	(8 451 766)
Loss for the year	(541 603)	(2 367 274)	(284)
TOTAL EQUITY	62 012 479	62 554 083	64 921 073

STATEMENT OF CASH FLOWS			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	(2 516 594)	(2 316 802)	(1 764 292)
Interest received	1 053 810	2 310 493	1 179 642
NET CASH USED IN OPERATING ACTIVITIES	(1 462 784)	(6 309)	(584 650)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(1 462 784)	(6 309)	(584 650)
TOTAL CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD/ YEAR	6 800 672	6 806 981	6 806 981
TOTAL CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD/YEAR	5 337 888	6 800 672	6 222 331

Figures in Emalangeni	Reviewed for the 6 months ended 30 June 2022	Audited for the 12 months ended 31 December 2021	Reviewed for the 6 months ended 30 June 2021
NOTES			
1. STATEMENT OF COMPLIANCE			
The financial results have been prepared in accordance with International Financial Reporting Standards ("IFRS") and in the manner required by the Eswatini Companies' Act of 2009.			
The financial results presented have been reviewed by the auditor of Inala Capital Limited (the "Company" or "Inala").			
2. HEADLINE EARNINGS			
2.1 EARNINGS PER SHARE			
Basic and diluted earnings per share	(0,01)	(0,03)	(0,00)
2.2 NUMBER OF ORDINARY SHARES OF E1 EACH IN ISSUE			
Actual	71 994 000	71 994 000	71 497 844
Weighted average	71 994 000	71 994 000	71 497 844
3. INVESTMENTS			
Unlisted	35 900 000	35 900 000	36 478 000
	35 900 000	35 900 000	36 478 000
4. LOANS AND RECEIVABLES			
Investment in promissory notes	21 321 402	20 405 548	20 941 198
	21 321 402	20 405 548	20 941 198
5. RELATED PARTY TRANSACTIONS			
Management fees paid	963 931	1 943 354	963 931
All related party transactions are made at terms equivalent to those prevailing in arm's length transactions. There have been no guarantee provided or received for any related party receivables or payables. The company has not recorded any impairment of receivables relating to amounts owed by or investments in related parties during the period.			
6. CASH USED IN OPERATIONS			
Loss before tax	(541 603)	(511 558)	(284)
Adjustments for:			
Finance costs	-	-	-
Interest income	(1 053 810)	(2 310 493)	(1 179 642)
Net movement in balance held with related parties	-	-	(546 267)
Change in fair value of investments through profit or loss	-	578 000	-
Increase in other financial assets	(915 854)	(10 617)	(12 151)
(Decrease) / Increase in trade and other payables	(5 327)	(62 134)	8 678
	(2 516 594)	(2 316 802)	(1 729 666)

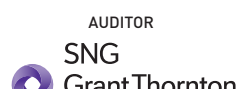
COMMENTARY

INTRODUCTION

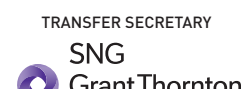
Inala Capital's principal objective is to carry on business as an investment holding company to provide investors with attractive long-term returns. Inala Capital focusses on investing in companies which demonstrate strong fundamentals and good growth prospects, where Inala Capital believes it can add value. The Company's primary investment geography is in the Kingdom of Eswatini. Where opportunities are unavailable, the Company will seek opportunities in the Southern African Development Community ("SADC").



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Inala Capital Limited

(Incorporated in the Kingdom of Eswatini Reg. No. 2364 of 2017)

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