



INALA CAPITAL

Inala Capital Limited

Listed on the Eswatini Stock Exchange ("ESE")

Share Code on the ESE: INALA

ISIN code: SZE000331049

REVIEWED FINANCIAL RESULTS FOR THE PERIOD ENDED 30 JUNE 2024

Figures in Emalangi	Reviewed for the 6 months ended 30 June 2024	Audited for the year ended 31 December 2023	Reviewed for the 6 months ended 30 June 2023
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CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME			
Revenue	818 181	1 909 091	1 090 911
Unrealised loss on revaluation of investments	-	1 068 124	-
Operating expenses	(2 340 943)	(2 895 993)	(1 354 883)
Operating (loss)/profit	(1 522 762)	81 222	(263 972)
Interest income	1 467 760	3 152 279	1 483 626
Finance cost	(7 070)	(1 950)	-
(Loss)/Profit before taxation	(62 072)	3 231 551	1 219 654
Taxation	234 231	958 579	-
Total comprehensive income/(loss)	172 159	4 190 130	1 219 654
Earnings/(Loss) per share	0,00	0,06	0,02

CONDENSED STATEMENT OF FINANCIAL POSITION			
ASSETS			
NON-CURRENT ASSETS			
Investments in associate	30 260 923	30 260 923	23 050 000
Investments at fair value	-	-	9 305 000
Deferred Tax asset	1 278 926	1 012 369	-
	31 539 849	31 273 292	32 355 000
CURRENT ASSETS			
Trade and other receivable	-	818 181	-
Other financial assets	16 971 728	25 564 765	24 053 585
Prepayments	36 815	5 290	2 773
Cash and cash equivalents	10 095 902	675 573	3 934 605
Amount owed by related parties	2 012 110	2 012 110	-
	29 116 555	29 075 919	27 990 963
Non-current asset classified as held for sale	3 162 201	3 162 201	-
TOTAL ASSETS	63 818 605	63 511 412	60 345 963
EQUITY AND LIABILITIES			
EQUITY			
Share capital	73 373 123	73 373 123	73 373 123
Accumulated loss	(10 444 766)	(10 616 925)	(13 587 401)
TOTAL EQUITY	62 928 357	62 756 198	59 785 722
LIABILITIES			
Current Liabilities			
Other financial liabilities	257 990	29 698	21 400
Trade and other payables	632 258	725 516	538 841
TOTAL LIABILITIES	890 248	755 214	560 241
TOTAL EQUITY AND LIABILITIES	63 818 605	63 511 412	60 345 963

CONDENSED STATEMENT OF CHANGES IN EQUITY			
SHARE CAPITAL	73 373 123	73 373 123	73 373 123
ACCUMULATED LOSS	(10 444 766)	(10 616 925)	(13 587 401)
Balance at the beginning of the period	(10 616 925)	(14 807 055)	(14 807 055)
Profit for the year	172 159	4 190 130	1 219 654
TOTAL EQUITY	62 928 357	62 756 198	59 785 722

CONDENSED STATEMENT OF CASH FLOWS			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated/(used in) operations	8 573 678	(3 525 034)	(265 338)
Interest income	37 545	298 457	1 483 626
Dividend received	818 181	1 909 091	-
Tax paid	(9 075)	(53 790)	-
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES	9 420 329	(1 371 276)	1 218 288
CASH FLOWS FROM INVESTING ACTIVITIES			
Net movement in other financial assets	-	(2 000 000)	(1 330 532)
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	-	(2 000 000)	(1 330 532)
NET CHANGE IN CASH AND CASH EQUIVALENTS	9 420 329	(3 371 276)	(112 244)
TOTAL CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	675 573	4 046 849	4 046 849
TOTAL CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	10 095 902	675 573	3 934 605

Figures in Emalangi	Reviewed for the 6 months ended 30 June 2024	Audited for the year ended 31 December 2023	Reviewed for the 6 months ended 30 June 2023
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NOTES			
1. STATEMENT OF COMPLIANCE			
The interim financial results have been prepared in accordance with International Financial Reporting Standards (IFRS) and IAS 34, in the manner required by the Companies Act of Eswatini. The accounting policies and methods of compilation applied in these financial results are consistent with those applied in the preparation of the prior year annual financial statements for the year ended 31 December 2023.			
The financial results presented have been reviewed by the auditor of Inala Capital Limited (the "Company" or "Inala").			
2. EARNINGS			
2.1 EARNINGS PER SHARE			
Basic and diluted earnings (loss) per share (cents)	0,00	0,06	0,02
2.2 NUMBER OF ORDINARY SHARES OF E 0.01 EACH IN ISSUE			
Actual	71 994 000	71 994 000	71 994 000
Weighted average	71 994 000	71 994 000	71 994 000
3. INVESTMENTS			
Unlisted	30 260 923	33 423 124	32 355 000
	30 260 923	33 423 124	32 355 000
4. LOANS AND RECEIVABLES			
Other financial assets	16 971 728	25 564 765	24 053 585
	16 971 728	25 564 765	24 053 585
5. RELATED PARTY TRANSACTIONS			
Management fees	1 129 147	2 015 832	999 632
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 GENERATED/(USED IN) OPERATIONS			
(Loss)/Profit before tax	(62 072)	3 231 551	1 219 654
Adjustments for:			
Interest income	(1 467 760)	(3 152 279)	(1 483 626)
Finance cost	7 070	1 950	-
Change in fair value of investments through profit or loss	-	(1 068 124)	-
Decrease/(Increase) in trade and other receivables	818,181	(818 181)	-
(Increase)/Decrease in prepayments	(31,525)	1 642	4 159
Decrease/(Increase) in trade and other payables	(93,258)	181 150	(5 525)
Net movement in other financial asset	10 000 000	-	-
Net movement in balance held with related parties	221 222	6 348	-
Dividend income	(818 181)	(1 909 091)	-
	8 573 678	(3 525 034)	(265 338)

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").

PORTFOLIO REVIEW

For the 6 months ended 30 June 2024, Alliance Foods (Pty) Limited (trading as KFC Eswatini), continued to deliver strong results, with KFC Eswatini cementing its position as the leading quick service restaurant brand in Eswatini. General Africa Foods Eswatini ("GAFFE") (Inala Capital's early growth stage investment) however continues to grapple with lingering consumer pressure arising from persistent market disruptions prevalent since Covid-19. As a result of the abovementioned dynamics, Inala Capital has entered negotiations with Greystone Partners (Pty) Limited to dispose of its 5.97% shareholding in GAFFE and purchase a further 72.73% shareholding in Alliance Foods in a share swap transaction approved as part of a range of corporate actions presented to and approved by Inala Capital's shareholder at its July AGM.

Inala Capital's fixed income investments continue to generate reliable and healthy yields. These instruments are short term in nature, to maximise the return on treasury capital and to allow Inala the flexibility to deploy capital to one or other

HIGHLIGHTS

Nav per share
E 0.9

Equity investments valued at
E 32 m

Investment income
E1.4 m

suitable unlisted equity investments or follow-on investments into the current portfolio.

The current unlisted equity portfolio is valued at E30.3 million, (no change from the results of 31 December 2023), and the fixed income investments are valued at E 17.0 million (a decrease of E8.6 million on the back of Inala Capital converting a portion of this investment to cash during the period under review).

FINANCIAL REVIEW

From a Balance Sheet perspective, Inala Capital remains largely ungeared with liabilities of E890.2 thousand compared to total assets of E63.6 million.

Non-current assets are largely made up of Investments in associates of E30.3 million, reflecting no change from 31 December 2023, as Inala Capital's equity investments are subject to an independent valuation annually by an independent professional valuator and will be undertaken for the 12 months to end 31 December 2024.

From an Income Statement perspective, revenue of E818.2 thousand is derived from dividend income and Investment income of E1.5 million 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.

Operating expenses amounted to E2.3 million and comprises of day-to-day operational expenses incurred to run Inala Capital, audit fees, independent valuation fees, and the management fee and costs associated with corporate action. In summary, Inala Capital made a loss before tax of E62 thousand.

Overall, the Net Asset Value of Inala Capital remained stable at E62.9 million.

OUTLOOK

The short-to-medium-term market forecast for the Eswatini and the SADC region will continue to be challenging as consumer spending remains under pressure. However, there are promising signs of the market rebounding, influenced by a range of factors, including but not limited to stabilising inflation, potential further monetary easing from the Eswatini central bank, and improved investor sentiment associated with Southern African countries. These can all be viewed against a backdrop of easing global financial system pressures.

Inala Capital continues to work towards a strategic repositioning of the entity through the acquisition of material shareholdings in two entities within the secondary-agri and retail sectors along with the disposal of its minority shareholding GAFFE. These are anticipated to be concluded before financial year end and will dramatically improve the growth prospect of Inala.

By order of the Board

Chairman

AT Dlamini


30 September 2024

MANAGER

 **AFRICAN ALLIANCE**


African Alliance Eswatini Capital (Pty) Limited
Matsapha Link, Plot 270, 13th Street,
Police College Road, Matsapha
P.O. Box 5727, Mbabane, H100

AUDITOR

 **SNG Grant Thornton**


SNG Grant Thornton Chartered Accountants
(Eswatini)
Umkhiwa House, 1st Floor
Kal Grant Street, Lot 195
P O Box 331, Mbabane

TRANSFER SECRETARY

 **SNG Grant Thornton**

SNG Grant Thornton (Advisory) (Eswatini)
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Umkhiwa House, 1st Floor
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STOCKBROKER

 **AFRICAN ALLIANCE CAPITAL MARKETS**

African Alliance Eswatini Securities Limited
Matsapha Link, Plot 270, 13th Street,
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Inala Capital Limited (Incorporated in the Kingdom of Eswatini Reg. No. 2364 of 2017)

Directors: AT Dlamini (Chairman), AMB de Castro, S Khumalo*, NK Mabuza, WD Thwala*
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