

**CHAIRMAN AND CHIEF EXECUTIVE STATEMENT**

Inqo Investments Limited ('Inqo' or 'the Company') is a South African based social impact company that acquires and invests in businesses that tackle poverty and the social needs of low income earners at the base of the economic pyramid in Sub-Saharan Africa.

COMMENTARY

The period since October 2014 to date has been one of consolidation for Inqo. Between October 2014 and April 2016, we renegotiated loans with institutions which will result in a total saving of R30 million in interest repayments and during this period we listed Inqo on the ISDX Growth Market in London.

The results for this year reflect a loss before tax for the year of R4,718,271 (2015: Profit of R8,974,270) equating to 0.62 cents per share with revenues of R10,650,195 (2015: R11,249,300). The company incurred listing expenses amounting to R1.5 million during the year and these are viewed as once-off costs that will not recur each year. Finance costs during the year amounted to R1.1 million mainly related to the convertible loans which were converted to equity before year end and this is also a non-recurring expense. The loan negotiations and the convertible loan restructuring has resulted in the company being free of any borrowings and loans.

Investee companies**Kuzuko Lodge**

The trading losses at Inqo group level are mainly attributable to losses at Kuzuko Lodge, Inqo's main trading subsidiary of R950,638 (2014:R1,992,798). Whilst the lodge operation has essentially been profitable, conservation and habitat rehabilitation work on the reserve continues to require funding, resulting in losses. Kuzuko Lodge continues to see improvements in its trading position reflecting a reduced loss in comparison to the previous year. Our main thrust with Kuzuko Lodge in the 2015/6 year was to increase the average rate achieved per room to provide a platform to get the operation to profitability. We are pleased to report that while the annual occupancy decreased by 8% due to changes in visitor visa requirements affecting the whole industry, the average room rate achieved increased by 30%. We are pleased to report that this trend has continued in the first quarter of 2016/7. Kuzuko Lodge is now in its 8th season and we expect to see further improvements as we continue to build its reputation.

Spekboom Trading

We continue our interaction with the Department of Environmental Affairs (DEA) to obtain a further reforestation grant to extend the planting of spekboom on the Kuzuko Game Reserve. When agreement is reached with the DEA we will create some 100 new jobs in the local community. To date, the company has re-planted 500 acres of spekboom on degraded land.

Bee Sweet Honey

We concluded negotiations in the first quarter with Bee Sweet Honey Limited a Zambian commercial producer of honey with 60,000 beehives and 12,000 farmers in its programme. Output for 2016 is expected to be 200 tons of honey for export. Inqo invested an initial tranche of US\$60 000 in this venture that will allow Bee Sweet to acquire and supply an additional 5,000 hives and recruit 500 new farmers to the honey production programme. The bee hives are harvested twice a year and Inqo expects to earn its first revenues in the next financial year.

Medical Diagnostech

The company manufactures rapid point-of-care (POC) tests for HIV/AIDS, malaria, drugs of abuse and pregnancy. The company produced 800,000 test kits in 2015/6.

OUTLOOK

In the current year Inqo expects to benefit from the improved trading at Kuzuko Lodge and first revenues from its Bee Sweet Honey investment.

The improved room rates that have been achieved and the increased occupancies experienced at Kuzuko Lodge in the latter part of the 2015/6 year and the first quarter of 2016/7 are expected to continue on the back of the fact that the Rand remains weak against other currencies, making South Africa an attractive destination for tourists.

A factor that must be borne in mind in the current 2016/7 year is that the DBSA long term loan was settled in April 2016, being the final part of the restructuring exercise that the group entered into in 2015. The settlement of R15 million made and the resulting write back of interest historically charged of a further R14 million that will arise as a result of the loan settlement will strengthen the financial position of the company and reflect positively on the groups trading results for the 2016/7 year.

SUMMARY OF SOCIAL & ENVIRONMENTAL METRICS SINCE PROJECT COMMENCEMENT

- 39,000 acres of former farmland restored as a game reserve in a region of endemic poverty in the poorest province in South Africa.
- Increased income tax paid year on year, currently 55 fulltime and 12 part-time and contracted staff employed.
- All staff living at Kuzuko in standard housing with flush toilets, power, water and solar panels.
- Conservation of 3 endangered species.
- Reforestation of 500 acres of degraded land with spekboom providing work for 81 part time staff.
- 800,000 low cost medical diagnostic tests for infectious diseases manufactured and supplied.
- 60,000 beehives in the field providing 12,000 farmers with increased income.

STAFF

The directors would like to take this opportunity to thank all the operating staff in the group for their contribution and commitment to the group's objectives.

FINANCIAL INFORMATION

During the year the group and company identified that the revaluation reserve has always excluded deferred tax relating to the land revaluation, whereas the revaluation reserve should have been reflected net of deferred tax. In prior years, the company and group had been in an overall deferred tax asset position which was not recognised due to the uncertainty of the timing of future taxable income. However, due to the change in the capital gains tax rate notified in the South African February 2016 budget speech, the company and group moved into a deferred tax liability position at 29 February 2016.

The financial information set out in this announcement does not constitute statutory financial statements. This financial information has been extracted from Inqo's audited group financial statements for the year ended 29 February 2016. A copy of these audited financial statements will be available on the company website by 31 July 2016.

DIVIDEND

The company has not declared a dividend for the year ended 29 February 2016.

K.S Tan
Chairman

C.J Bertie
Chief Financial Office

Statement of comprehensive income
for the year ended 29 February 2016

	Audited Year ended 29 February 2016 R'000	Restated Audited Year ended 28 February 2015 R'000
Revenue	10 650	11 249
Cost of Sales	(1 650)	(1 799)
Gross profit	9 000	9 450
Other income	1 134	14 977
Selling and administrative expenses	(14 795)	(15 809)
Operating (loss)/profit	(4 661)	8 618
Net financing (costs)/income	(57)	356
(Loss)/profit before taxation	(4 718)	8 974
Taxation	259	905
(Loss)/profit for the year	(4 459)	9 879
Other comprehensive income	(2 896)	3 946
Revaluation of land	-	4 851
Deferred tax on revaluation	(2 896)	(905)
Total comprehensive income for the year	(7 355)	13 825
(Loss)/earnings per share (cents)	(0.62)	0.48
Diluted (loss)/earnings per share (cents)	(0.59)	0.41

Statement of financial position

at 29 February 2016

	Audited 29 February 2016 R'000	Restated Audited 28 February 2015 R'000
Assets		
Non-current assets	119 110	118 714
Property, plant and equipment	119 082	118 687
Intangible assets	28	27
Current assets	31 803	23 078
Inventories	389	742
Trade and other receivables	4 806	2 828
Biological assets	2 950	2 683
Cash and cash equivalents	23 658	16 825
Total assets	150 913	141 792
Equity and liabilities		
Capital and reserves		
Ordinary share capital	58 198	28 813
Share premium	58 228	13 266
Revaluation reserve	60 200	63 096
Accumulated loss	(65 871)	(61 546)
Equity attributable to equity holders of Inqo Investments Limited	110 755	43 629
Non-controlling interest	(133)	1
Total equity	110 622	43 630
Non-current liabilities	17 759	82 950
Loans from related parties	414	28 153
Other long term loans	538	34 617
External loans and borrowings	13 977	19 987
Deferred tax liability	2 637	-
Debentures	193	193
Current liabilities	22 532	15 212
Trade and other payables	6 277	3 849
Provision	252	353
External loans and borrowings – current portion	16 003	11 010
Total liabilities	40 291	98 162
Total equity and liabilities	150 913	141 792

Statement of changes in equity
for the year ended 29 February 2016

	Share capital	Share premium	Revaluation reserve	Accumulated loss	Non-controlling interest	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Restated balance at 28 February 2015	28 813	13 266	63 096	(61 546)	1	43 630
Shares issued	29 385	44 962	-	-	-	74 347
Loss for the year	-	-	(2 896)	(4 325)	(134)	(7 355)
Balance at 29 February 2016	58 198	58 228	60 200	(65 871)	(133)	110 622
Restated balance at 28 February 2014	28 813	13 266	59 150	(71 425)	1	29 805
Opening balance as previously reported			72 726	(85 001)		29 805
Prior year error			(13 576)	13 576		-
Loss for the year	-	-	-	9 879		9 879
Loss as previously reported				8 974		8 974
Prior year error				905		905
Other comprehensive income			3 946	-		3 946
Other comprehensive income as previously reported			4 851	-	-	4 851
Prior year error	-	-	(905)	-	-	(905)
Restated balance at 28 February 2015	28 813	13 266	63 096	(61 546)	1	43 630

Statement of cash flows

for the year ended 29 February 2016

	Audited for the year ended 29 February 2016 R'000	Audited for the year ended 28 February 2015 R'000
Cash (utilised) /generated by operations	(3 938)	9 744
Net cash (outflow)/inflow from operating activities	(3 938)	9 744
Cash flows from investing activities		
Acquisition of biological assets	-	(107)
Acquisition of property, plant and equipment and intangible assets	(1 758)	(1 424)
Net cash outflow from investing activities	(1 758)	(1 531)
Cash flows from financing activities		
Loans and borrowings received/(repaid)	29	(19 916)
Shares issued to new shareholder for cash	12 500	-
Loans from related parties repaid	-	(2 738)
Net cash inflow/(outflow) from financing activities	12 529	(22 654)
Net movement in cash and cash equivalents	6 833	(14 441)
Cash and cash equivalents at beginning of year	16 825	31 266
Cash and cash equivalents at end of year	23 658	16 825