

**INQO INVESTMENTS LIMITED
INTERIM STATEMENT FOR THE SIX MONTHS ENDED
31 AUGUST 2015**



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

Inqo announces its financial results for the six – month period ended 31 August 2015. While the results are unaudited, our auditors KPMG have performed a review of the financial information disclosed in this announcement.

CHAIRMAN AND CHIEF EXECUTIVE’S STATEMENT

We are pleased to present the interim results for the half year ended 31 August 2015. Revenues for the half year period were R3 223 177 (R11 249 300 for the 12 months ended 28 February 2015). Trading in the six months being reported on is primarily from Inqo’s main subsidiary, the Kuzuko Lodge for the low season winter months. Revenues in the second half of the year are expected to be substantially better.

Tourism to Africa has been adversely affected by the Ebola crisis. There are however signs of recovery as this crisis has subsided. The results for the six months reported on at Kuzuko Lodge were further affected by the decision of the South African Government to require all children travelling to and from South Africa to be in possession of unabridged birth certificates. The impact of this change in legislation was to reduce tourist inflows into South Africa by 12%. We are pleased to report that this legislation was revised effective 1 November 2015 and while the new legislation remains demanding it is proving to be more acceptable to tourists visiting South Africa as is evidenced by the very strong forward occupancies that we have at the lodge for the second half of the year.

In preparation for its ISDX Growth Market listing, Inqo has re-negotiated its financial arrangements with its banking sector funders, loan note and convertible loan note holders. We are pleased to report that as a result Inqo has further strengthened its financial position. In the six months ended 31 August 2015 write backs of R1.02 million were secured and in the year ended 28 February 2015 write backs to the value of R14.97 million. These recoveries are reported as “Other Income” in the interim results below.

Through its subsidiary company, Spekboom Trading (Pty) Ltd, the Company is in negotiation with the Department of Environmental Affairs to obtain a re-forestation grant to extend the planting of spekboom on the Kuzuko Game Reserve beyond the current 500 acres and in the process create around 100 new jobs in the local community.

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 aims.

KS Tan
Chairman

C J Bertie
Chief Financial Officer

Statements of comprehensive income

for the six months ended 31 August 2015

	Group		Company	
	Six months ended 31 Aug 2015 R	Year ended 28 February 2015 R	Six months ended 31 Aug 2015 R	Year ended 28 February 2015 R
Revenue	3 228 177	11 249 300	234 890	688 417
Cost of Sales	(603 995)	(1 798 790)	-	(133 000)
Gross profit	2 624 182	9 450 510	234 890	555 417
Other income	2 058 205	14 976 888	1 034 288	14 976 888
Selling and administrative expenses	(8 107 915)	(15 808 808)	(2 327 341)	(6 371 601)
Operating (loss) / profit	(3 425 528)	8 618 590	(1 058 163)	9 160 704
Net financing income / (costs)	389 762	355 680	(458 147)	533 040
Finance income	1 242 660	1 386 403	394 751	1 382 515
Finance expense	(852 898)	(1 030 723)	(852 898)	(849 475)
(Loss) / profit before taxation	(3 035 766)	8 974 270	(1 516 310)	9 693 744
Taxation	-	-	-	-
(Loss) / profit for the period	(3 035 766)	8 974 270	(1 516 310)	9 693 744
Other comprehensive income				
Revaluation of land and buildings	-	4 580 877	-	4 580 877
Total comprehensive income for the period	(3 035 766)	13 825 147	(1 516 310)	14 544 621

Statements of financial position

at 31 August 2015

	Group		Company	
	31 August 2015 R	28 February 2015 R	31 August 2015 R	28 February 2015 R
Assets				
Non-current assets	118 007	118 714	119 837 177	117 675 782
	481	105		
Property, plant and equipment	117 975 185	118 687 393	116 923 903	117 675 213
Intangible assets	32 296	26 712	-	-
Loan to subsidiary	-	-	2 912 705	-
Investments in subsidiaries	-	-	569	569
Current assets	17 974 452	23 078 208	16 501 687	20 793 967
Trade and other receivables	2 109 548	2 828 475	1 223 671	1 357 383
Biological assets	2 683 000	2 683 000	2 683 000	2 683 000
Cash and cash equivalents	12 456 866	16 824 672	12 253 520	16 412 088
Inventories	725 038	742 061	341 496	341 496
Total assets	135 981 933	141 792 313	136 338 864	138 469 749
Equity and liabilities				
Capital and reserves				
Ordinary share capital	28 813 042	28 813 042	28 813 042	28 813 042
Share premium	13 265 727	13 265 727	13 265 727	13 265 727
Revaluation reserve	77 576 871	77 576 871	77 576 871	77 576 871
Accumulated loss	(79 062 022)	(76 026 256)	(74 942 993)	(73 426 683)
Non-controlling interest	531	531	-	-
Capital and reserves	40 594 149	43 629 915	44 712 647	46 228 957
Non-current liabilities	81 076 217	82 950 688	80 829 014	81 548 838
Loans from related parties	27 960 525	28 153 221	27 713 322	27 761 233
Other long term loans	33 945 348	34 617 261	33 945 348	34 617 261
Interest bearing loans and borrowings	18 976 887	19 986 749	18 976 887	18 976 887
Debentures	193 457	193 457	193 457	193 457
Current liabilities	14 311 567	15 211 710	10 797 203	10 691 954
Trade and other payables	2 956 799	3 849 305	444 660	339 411
Provisions	352 543	352 543	352 543	352 543
Interest bearing loans and borrowings – current portion	11 002 225	11 009 862	10 000 000	10 000 000
Total equity and liabilities	135 981 933	141 792 313	136 338 864	138 469 749

Summarised Statements of cash flows

for the six months ended 31 August 2015

	Group		Company	
	Six months ended 31 Aug 2015 R	Year ended 28 February 2015 R	Six months ended 31 Aug 2015 R	Year ended 28 February 2015 R
Cash (utilised)/generated by operations	(2 603 515)	9 388 341	111 465	10 570 655
Interest income	1 242 660	1 386 403	394 751	1 382 515
Interest expense	(852 898)	(1 030 723)	(852 898)	(849 475)
Net cash (outflow)/inflow from operating activities	(2 213 753)	9 744 021	(346 682)	11 103 695
Cash flows from investing activities				
Increase in loans to subsidiary	-	-	(2 912 705)	(1 496 881)
Acquisition of biological assets	-	(107 000)	-	(107 000)
Acquisition of property, plant and equipment and intangible asset	(271 945)	(1 423 902)	(179 357)	(879 613)
Net cash outflow from investing activities	(271 945)	(1 530 902)	(3 092 062)	(2 843 494)
Cash flows from financing activities				
Loans and borrowings repaid	(1 689 412)	(19 916 243)	(671 913)	(20 092 945)
Loans from related parties repaid	(192 696)	(2 738 015)	(47 911)	(3 079 503)
Net cash outflow from financing activities	(1 882 108)	(22 654 258)	(719 824)	(23 172 448)
Net movement in cash and cash equivalents	(4 367 806)	(14 441 139)	(4 158 568)	(14 552 247)
Cash and cash equivalents at beginning of period	16 824 672	31 265 811	16 412 088	30 964 335
Cash and cash equivalents at end of period	12 456 866	16 824 672	12 253 520	16 412 088

BASIS OF PREPARATION

The condensed consolidated interim financial statements are prepared in accordance with International Financial Reporting Standard, IAS 34. The accounting policies applied in the preparation of these financial statements are in terms of International Financial Reporting Standards and are consistent with those applied in previous financial statements.

These condensed financial statements were prepared under the supervision of Mr C.J Bertie in his capacity as chief financial officer.

ISSUED BY

These unaudited financial statements were issued on behalf of the board of Inqo Investments Limited on 27 November 2015.

Kim Tan
Chairman

Chris Bertie
Chief Financial officer

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Transfer Secretaries: Capita Registrars (Guernsey) Limited, Mont Crevelt House., Bulver Avenue, St Sampson, Guernsey, GY24LH

Directors: Dr KS Tan (Chairman), C J Bertie (Chief financial officer) & D a Louw (Non-executive)

Company Secretaries: Kilgetty Statutory Services (Proprietary) limited, 6th Floor, 119 Hertzog Boulevard, Foreshore, Cape Town, 8001