



INQO INVESTMENTS LIMITED

London: 14th Dec 2015

Inqo Investments Ltd, the ISDX-listed ('INQO') social impact investment company today announced an investment in Medical Diagnostech, a South African-based manufacturer of rapid point-of-care diagnostic tests.

Medical Diagnostech (Pty) Ltd (MD) manufactures rapid point-of-care (POC) tests for HIV/AIDS, malaria, drugs of abuse and pregnancy (www.medi-tech.co.za). MD has built a good reputation as a local manufacturer and supplier of these rapid tests to wholesalers and distributors. The business had a turnover of R5,435,947 and a net profit of R506,158 for the financial year ending 28 February 2015.

The annual global rapid POC diagnostic kit market is estimated to be around \$19 billion (2014) with strong growth in the African markets. The South African Department of Health's contract for HIV/AIDS rapid POC tests is approximately R120 million per year. Rapid POC test kits have become a vital part of the diagnostics industry to enable early detection of infectious diseases. Early detection has substantial cost saving benefits and enables rapid precautionary or preventive actions. However, most of these tests are imported and MD represents an opportunity for import substitution and to grow an African manufacturer.

South Africa has one of the highest HIV/AIDS infections in the world with more than 1,000 new infections and AIDS-related deaths a day. A reported four million people in the country are infected with HIV/AIDS. Substance abuse in South Africa is twice the global average with one in three adults being regular users and one of the main causes of suicides and accidents in the country. The highest users of substance abuse are youths. South Africa has also been plagued by some of the highest teen pregnancies in the world with one in three girls giving birth by the age of 20. Public clinics and hospitals do not have the capacity to test these young girls regularly. Rapid POC test kits bought Over-the-Counter have become a useful solution to reduce the workloads at clinics and hospitals.

Malaria infections on the African continent have decreased over the last decade but children remain the most vulnerable. Rapid POC tests can detect the disease early and reduce fatalities. The World Health Organisation reported mortality of 584,000 people from malaria in 2014 with 90% from Sub-Saharan Africa and 78% being children under the age of five.

Inqo's initial investment of R500,000 will allow MD to file for international accreditation from the World Health Organisation (WHO), European Union CE Mark and Nigeria's National Agency for Food and Drug Administration and Control (NAFDAC) to enable the company to tender for government and donor-funded contracts. Inqo is in discussion with MD to upgrade and expand its production and marketing capacity.

In addition to the status of employees, Inqo will also monitor the number of low cost POC tests manufactured and sold by MD.

Enquiries

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About Inqo Investments Limited

'INQO' (www.inqo.co.za) is a South Africa-based social impact company listed on the London ISDX Growth Market. It makes strategic acquisitions and investments in businesses designed to tackle poverty and provide employment, products and services to the poor in Low Income Countries (LICs).