

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 a period of consolidation and over this period the group has negotiated loan settlements with our two institutional lenders that have resulted in a R30 million interest saving. The final DBSA transaction was settled in April 2016 and as a result, an interest write-back of R14 million was processed to the income statement. The loan with ECDC was settled in September 2016.

The results for the six month period reflected a profit after tax for the six month period of R6,989,880 (August 2015 six month period: Loss of R3,035,766) equating to R0.60 per share with revenues of R5,324,300 (2015: R3,228,177), a rise of 65%. The improved group results reflected in this six month period to 31 August 2016 have come about as a result of the improved trading at Kuzuko Lodge and the finalisation of the loan restructuring package entered into.

INVESTEE COMPANIES

Kuzuko Lodge

The Lodge traded at a loss for the six months to date reflecting a loss of R1,862,500 (August 2015 six month period: R2,497,774). Trading in the six month period to date has improved year on year. The first six months of our business cycle are the quieter ones and we expect to see substantially improved trading results in the second half of the financial year through the improved occupancies and rates trends that we have experienced and that we see in current advance bookings. Annual occupancy to date at 31 August 2016 shows a 30% improvement compared to 2015.

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 an 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

Inqo invested US\$ 60 000 in Bee Sweet Honey Limited, a Zambian exporter of honey. Bee Sweet currently have 66 000 bee hives in the field managed by 13 000 farmers. The farmers earned US\$ 108 438 in the May/June season of 2016. Inqo expects to earn its first revenue from the sale of honey in the 2017/8 year. In the period under review 110 tons of honey was sold internationally and 33 tons sold locally.

Medical Diagnostech

The company manufactures rapid point-of-care (POC) tests for HIV/AIDS, malaria, drugs of abuse and pregnancy. The company produced 450 000 test kits in the six months to 31 August 2016.

OUTLOOK

Inqo expects to continue to benefit from the improved trading at Kuzuko Lodge while first revenues from its Bee Sweet Honey investment will accrue in the 2017/8 year.

The improved room rates that have been achieved and the increased occupancies experienced at Kuzuko Lodge in the first six months of the current year and the balance of 2016/7 are continuing on the back of the fact that the Rand remains weak against other currencies, making South Africa an attractive destination for tourists.

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 employee 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.
- 450,000 low cost medical diagnostic tests for infectious diseases manufactured and supplied in the six months ended 31 August 2016.
- 66,000 beehives in the field providing 13,000 farmers with increased income. Farmers earned an average of US\$55 in the six month trading period to date.

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

The financial information set out in this announcement does not constitute statutory financial statements. This financial information has been extracted from Inqo's unaudited group financial statements for the six month period ended 31 August 2016. KPMG has performed a review of the condensed consolidated interim financial statements for the six months ended 31 August 2016. A copy of these condensed consolidated interim financial statements and KPMG's review report will be available at the company's registered office by 30 November 2016.

DIVIDEND

The company has not declared a dividend for the period ended 31 August 2016.

K.S Tan
Chairman

C.J Bertie
Chief Financial Office

23 November 2016

Inqo Investments Limited Group

Unaudited interim financial information for the six months ended 31 August 2016

Basis of preparation

The interim financial statements are prepared in accordance with International Financial Reporting Standards, IAS 34 Interim Financial Reporting, the SAICA Financial Reporting Guides issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act of South Africa.

The accounting policies applied in the preparation of these interim financial statements are in terms of International Financial Reporting Standards and are consistent with those applied in the previous annual financial statements.

The condensed financial information has been presented on the historical cost basis, except for financial instruments carried at fair value, and are presented in Rands which is Inqo Investment Ltd's functional and presentation currency. This financial information was prepared under the supervision of Mr C Bertie CA(SA), in his capacity as group financial director.

Inqo Investments Limited Group
Statement of comprehensive income
for the six months ended 31 August 2016

	(Reviewed) Six Months ended 31 August 2016	Group (Reviewed) Six Months ended 31 August 2015	<i>(Audited)</i> <i>Year ended</i> <i>29 February</i> <i>2016</i>
	(6 months) R	(6 months) R	<i>(12 months)</i> <i>R</i>
Revenue	5 324 300	3 228 177	<i>10 650 195</i>
Cost of sales	(909 201)	<u>(603 995)</u>	<u><i>(1 649 670)</i></u>
Gross profit	4 415 099	2 624 182	<i>9 000 525</i>
Other income	13 976 887	2 058 205	<i>867 241</i>
Selling and administrative expenses	(8 250 713)	<u>(8 107 915)</u>	<u><i>(14 795 348)</i></u>
Operating profit / (loss)	10 141 273	(3 425 528)	<i>(4 927 582)</i>
Fair value adjustment	-	-	<i>267 200</i>
Net financing income / (costs)	468 675	389 762	<i>(57 889)</i>
Finance income	495 125	1 242 660	<i>996 893</i>
Finance costs	(26 450)	<u>(852 898)</u>	<u><i>(1 054 782)</i></u>
Profit / (loss) before taxation	10 609 948	(3 035 766)	<i>(4 718 271)</i>
Taxation	(3 620 068)	-	<i>259 385</i>
Profit / (loss) for the year	6 989 880	(3 035 766)	<i>(4 458 886)</i>
Other comprehensive income	-	-	<i>(2 896 203)</i>
Revaluation of land	-	-	<i>-</i>
Deferred tax on revaluation	-	-	<i>(2 896 203)</i>
Total comprehensive income for the period	6 989 880	<u>(3 035 766)</u>	<u><i>(7 355 089)</i></u>
Earnings/(loss) per share (cents)	0.60	(0.53)	<i>(0.62)</i>
Diluted earnings/(loss) per share (cents)	0.60	(0.39)	<i>(0.59)</i>

Inqo Investments Limited Group
Statement of financial position

at 31 August 2016

	(Reviewed) 31 August 2016 R	Group (Reviewed) 31 August 2015 R	(Audited) 29 February 2016 R
Assets			
Non-current assets	120 064 534	118 007 481	<i>119 109 761</i>
Property, plant and equipment	119 088 580	117 975 185	<i>119 081 602</i>
Intangible assets	21 660	32 296	<i>28 159</i>
Investment	954 294	-	-
Current assets	11 305 982	17 974 452	<i>31 803 519</i>
Inventories	583 599	725 038	<i>389 211</i>
Trade and other receivables	2 377 775	2 109 548	<i>4 806 513</i>
Biological assets	3 023 500	2 683 000	<i>2 950 200</i>
Cash and cash equivalents	5 321 108	12 456 866	<i>23 657 595</i>
Total assets	131 370 516	135 981 933	<i>150 913 280</i>
Equity and liabilities			
Capital and reserves			
Ordinary share capital	58 198 075	28 813 042	<i>58 198 075</i>
Share premium	58 227 703	13 265 727	<i>58 227 703</i>
Revaluation reserve	60 199 652	63 095 855	<i>60 199 652</i>
Accumulated loss	(58 881 154)	(64 581 006)	<i>(65 871 034)</i>
Equity attributable to equity holders of Inqo Investments Limited	117 744 276	40 593 618	<i>110 754 396</i>
Non-controlling interest	(132 561)	531	<i>(132 561)</i>
Total equity	117 611 715	40 594 149	<i>110 621 835</i>
Non-current liabilities	7 416 089	81 076 217	<i>17 759 198</i>
Loans from related parties	413 779	27 960 525	<i>413 779</i>
Other long term loans - convertible	551 967	33 945 348	<i>538 257</i>
Interest bearing loans and borrowings	-	18 976 887	<i>13 976 887</i>
Deferred taxation	6 256 886	-	<i>2 636 818</i>
Debentures	193 457	193 457	<i>193 457</i>
Current liabilities	6 342 712	14 311 567	<i>22 532 247</i>
Trade and other payables	5 087 579	2 956 799	<i>6 277 114</i>
Provision	251 796	352 543	<i>251 796</i>
Interest bearing loans and borrowings – current portion	1 003 337	11 002 225	<i>16 003 337</i>
Total liabilities	13 758 801	95 387 784	<i>40 291 445</i>
Total equity and liabilities	131 370 516	135 981 933	<i>150 913 280</i>

Inqo Investments Limited Group
Summarised financial information
For the six months ended 31 August 2016

	(Reviewed) Six Months ended 31 August 2016 (6 months)	(Reviewed) Six Months ended 31 August 2015 (6 months)	<i>(Audited)</i> <i>Year ended</i> <i>29 February</i> <i>2016</i> <i>(12 months)</i>
Earnings/(loss) per share			
Earnings/(loss) per share (cents)	0.60	(0.53)	<i>(0.62)</i>
Diluted earnings/(loss) per share (cents)	0.60	(0.39)	<i>(0.59)</i>
Profit/(loss) attributable to equity shareholders	6 989 880	(3 035 766)	<i>(7 221 997)</i>
Weighted average number of shares in issue for normalised EPS calculation	11 639 615	5 762 606	<i>11 555 340</i>
Weighted average number of shares in issue for diluted normalised EPS calculation	11 677 473	7 873 156	<i>12 093 580</i>