

### CHAIRMAN'S REPORT

#### Highlights:

- Deterioration in loss before tax from \$78,156 in H1 2015 to \$378,000 in H1 2016.
- Group revenues decreased 32% from \$6,508,665 in H1 2015 to \$4,404,533 in H1 2016.

#### Commentary

Group	2016 \$	2015 \$
Revenues	4,404,533	6,508,665
Gross Profit %	25%	27%

During the period under review, the operating environment deteriorated further. As a result demand remained subdued. This resulted in a 32% decrease in revenue compared to prior period. Challenges experienced during the first half included delays by banks in remitting foreign payments, increased competition from unregistered operators and smuggled competing products, changes in legislation resulting in delays in reorders thus leading to an increased level in lost sales.

Another factor contributing to the dismal performance was the strengthening of the Rand resulting in a net exchange rate loss included in the finance cost for the half year of \$164,073. Previously the Group had benefited from translation of foreign denominated balances into United States Dollars due to a weak Rand.

Significant stock returns were also noted during the first few months. Margins reduced slightly due to reduction in prices at start of year so as to stimulate demand.

A positive though has been our discipline with costs and the ongoing cost cutting initiatives which resulted in lower expenses as compared to prior period.

#### FMCG Segment

Group	2016 \$	2015 \$
Revenues	2,989,130	5,299,341
Gross Profit %	26%	25%

The FMCG Segment includes MedTech Distribution and Smart Retail. Segment sales declined 44% due to temporary suspension of trading at Smart Retail effected from end of February 2016. MedTech Distribution sales also declined due to factors as described in the Group commentary above.

Sales at MedTech Distribution declined 38% compared to H1 2015.

MedTech Distribution posted a loss before tax of \$194,402 while Smart Retail posted a loss before tax of \$63,644.

#### Medical Segment

Group	2016 \$	2015 \$
Revenues	660,693	677,601
Gross Profit %	31%	27%

The Medical Segment includes MedTech Medical and Scientific (Private) Limited ("MMS") and Education and Laboratory Services Division including Laboratory Services. Segment sales declined 2% and margins improved due to changes in the sales mix. The medical segment posted a loss before tax of \$25,188.

#### Manufacturing Segment

Group	2016 \$	2015 \$
Revenues	969,268	1,212,770
Gross Profit %	11%	21%

The manufacturing segment comprises of Chicago Cosmetics (Private) Limited ("CC"). The first half of the year proved to be difficult and revenue decreased 20%. Decrease in revenue is attributable to factors as discussed in the Group commentary above. Gross margins have decreased as discounts and price reductions had been put in place so as to stimulate demand and remain competitive. CC posted a loss before tax of \$91,097.

Local production of key lines which were being imported by MedTech Distribution are now on course and will be produced by CC in H1 2017. The resultant benefits in increased sales and margins will be realised at that stage.

#### Associate Company: MedTech Food and Beverages (Private) Limited

The associate's results have not been incorporated as it still reflects a cumulative loss position.

#### Dividend

Given the liquidity challenge, Group's working capital needs and loss position, the directors resolved not to propose an interim dividend.

#### Auditors' statement

The Group's external auditors, AMG Global Chartered Accountants (Zimbabwe), have reviewed the Group's interim financial statements for the half year ended 30 June 2016 on which this publication is based and an extract of the auditors conclusion has been republished below:

"Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not give a true and fair view of the financial position of the Group and Company as at 30 June 2016, and of the Group's financial performance and cashflows for the six month period then ended in accordance with International Financial Reporting Standards."

#### Outlook

The trading environment and macro economic situation is not expected to improve in the second half of 2016. Therefore, focus will be placed on maintaining sales, and strict cost control.

In terms of segments, we do foresee that the manufacturing segment will improve due to Governments effort to support local industry. Also the second half of the year is traditionally better for the FMCG segment due to seasonal factors.

In addition, the Board will continue to look at performance improvement internally by implementing measures as had been described in note 12 Going Concern in the supplementary information section of the 2014 year end publication and note 14 in the 2015 year end publication. The Board would like to draw your attention to note 12 Update and status on implementation of measures pertaining to Going Concern.

#### Appreciation

I wish to express my appreciation to all stakeholders, strategic partners, customers, management and staff for their support. I also wish to thank the non-executive directors and fellow board members for their considerable guidance.

R. Mazula  
Chairman  
29th September 2016

Directors: R. Mazula (Chairman), A. Motiwala\* (CEO); F. Sheikh; T. Sheikh; V. Lapham. (\*Executive)

### ABRIDGED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

#### Six months ended 30 June 2016

	June 2016 \$	June 2015 \$
Turnover	4,404,533	6,508,665
Cost of sales	(3,304,562)	(4,752,405)
Gross profit	1,099,971	1,756,260
Operating loss	(213,927)	(138,855)
Net financing (cost) / income	(164,073)	60,699
Loss before taxation	(378,000)	(78,156)
Taxation	72,592	(11,999)
Loss after taxation	(305,408)	(90,155)
Other comprehensive income	-	-
Total Comprehensive loss	(305,408)	(90,155)

#### Attributable to:

Owners of the Parent	(164,991)	(51,053)
Non Controlling Interests	(140,417)	(39,102)
	(305,408)	(90,155)

#### Loss per share cents

	Cents	Cents
Loss per Share	(0.005)	(0.002)
Headline loss per Share	(0.005)	(0.002)

Ordinary Shares in issue during the year 3,039,764,872 2,799,634,872

### GROUP STATEMENT OF FINANCIAL POSITION

	30 June 2016 \$	31 December 2015 \$
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#### TOTAL ASSETS

<b>Non current assets</b>		
Property, plant and equipment	1,066,672	1,096,992
Deferred taxation	364,092	323,171
	1,430,764	1,420,163

#### Current assets

Inventories	2,132,014	3,057,673
Accounts receivable	3,587,347	3,133,743
Amounts owed by related parties	69,421	98,505
Cash and bank balances	99,143	50,304
	5,887,925	6,340,225

#### Total assets

7,318,689 7,760,388

#### EQUITY AND LIABILITIES

##### Equity

Issued share capital and reserves	(116,749)	48,242
Non Controlling Interests	386,979	527,396
Total equity	270,230	575,638

##### Non-current liabilities

Deferred taxation	28,370	239,716
Finance Leases	46,611	78,503
	74,981	318,219

##### Current liabilities

Accounts payable	3,794,255	4,305,998
Short term loans payable	1,836,323	1,219,987
Finance Leases	72,506	51,076
Amounts owed to related parties	337,760	276,159
Taxation	710,322	567,763
Bank overdraft	222,312	445,548
	6,973,478	6,866,531

#### Total equity and liabilities

7,318,689 7,760,388

### CONSOLIDATED STATEMENT OF CASH FLOWS

#### Six months ended 30 June 2016

	June 2016 \$	June 2015 \$
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#### Net cash flows from operating activities

Net cash flows from operations	(28,119)	29,700
Returns on investments and servicing of finance		
Net financing (cost) / income	(164,073)	60,699
Taxes paid		
Income tax paid	(37,117)	(39,801)
Net cash flows from operating activities	(229,309)	50,598

#### Net cashflows from investing activities

Acquisition of plant and equipment	(105,390)	(284,636)
Proceeds from disposal of equipment	900	11,166
Net cash flows from investing activities	(104,490)	(273,470)

#### Net cash flows from financing activities

Net movement in finance leases	(10,462)	-
Net movement in loans payable	616,336	121,118
Net cash flows from financing activities	605,874	121,118

#### Increase / (decrease) in cash and cash equivalents

272,075 (101,754)

### GROUP STATEMENT OF CHANGES IN EQUITY

#### Six months ended 30 June 2016

	Share capital \$	Share premium \$	Non distributable reserve \$	Retained earnings \$	Total \$	Non controlling interest \$	Total \$
<b>Balances as at 31 December 2014</b>	27,996	1,562,694	1,011,253	(2,612,502)	(10,559)	352,589	342,030
Issue of shares	2,401	189,703	-	-	192,104	-	192,104
Change in ownership interest on acquisition of additional equity interest in subsidiary	-	-	-	(187,624)	(187,624)	(2,240)	(189,864)
Total comprehensive income for the year	-	-	-	54,321	54,321	177,047	231,368
<b>Balances as at 31 December 2015</b>	30,397	1,752,397	1,011,253	(2,745,805)	48,242	527,396	575,638
Total comprehensive loss for half year	-	-	-	(164,991)	(164,991)	(140,417)	(305,408)
<b>Balances as at 30 June 2016</b>	30,397	1,752,397	1,011,253	(2,910,796)	(116,749)	386,979	270,230

### SUPPLEMENTARY INFORMATION

#### Six months ended 30 June 2016

#### 1 Directors' responsibility and statement of compliance

The Holding Company's directors are responsible for the preparation and fair presentation of the Group's half year abridged financial statements. These have been prepared in accordance with International Financial Reporting Standards and in the manner as required by the Companies Act (Chapter 24:03).

#### 2 Accounting policies and reporting currency

There have been no changes in the Group's accounting policies since the date of the last audited financial statements. The half year abridged financial statements are presented in United States Dollars, which is the functional currency of the Company.

#### 3 Contingent liabilities

The Company had no material contingent liabilities as at 30 June 2016.

#### 4 Supplementary information

	June 2016 \$	June 2015 \$
Capital expenditure	105,390	284,636
Depreciation expense	134,665	134,466
Operating loss	(213,927)	(138,855)
Operating loss is stated after charging items of significance:		
Directors Fees	11,852	11,040

#### 5 Approval and events after the reporting period

The half year abridged reviewed financial statements were approved by the Board on 29th September 2016. Subsequent to the reporting period date there were no material adjusting or non-adjusting events.

#### 6 Property, Plant and Equipment

Capital expenditure of \$105,390 was incurred to maintain and replace existing non-current assets.

#### 7 Assets pledged as security

Assets pledged as security for borrowings comprise certain properties owned by a related party, land and motor vehicles subject to finance leases. The carrying amount of the Group's assets pledged as security was \$213,166 (31 December 2015: \$368,251). In addition, the overdraft facility is secured by a notarial general covering bond (NGCB) for \$450,000 over inventories and accounts receivable.

### 8 SEGMENT INFORMATION

#### Six months ended 30 June 2016

	FMCG \$	Medical \$	Manufacturing \$	Eliminations/ Unallocated	Total \$
Revenue - external	2,968,747	660,693	775,093	-	4,404,533
- internal	20,383	-	194,175	(214,558)	-
Total revenue	2,989,130	660,693	969,268	(214,558)	4,404,533

Net financing (cost) / income	(146,501)	102	(17,674)	-	(164,073)
Depreciation charge	(103,307)	(4,078)	(23,695)	(3,585)	(134,665)
Segment (loss) before taxation	(258,045)	(25,188)	(91,097)	(3,671)	(378,000)
Taxation	47,781	(18,212)	18,657	24,366	72,592
Segment (loss) after taxation	(210,264)	(43,400)	(72,440)	20,695	(305,409)

Segment assets 5,819,361 2,424,772 2,055,435 (2,980,879) 7,318,689

Segment liabilities 5,024,451 2,667,140 2,216,874 (2,860,006) 7,048,459

#### Six months ended 30 June 2015

	FMCG \$	Medical \$	Manufacturing \$	Eliminations/ Unallocated	Total \$
Revenue - external	5,107,896	677,601	723,168	-	6,508,665
- internal	191,445	-	489,602	(681,047)	-
Total revenue	5,299,341	677,601	1,212,770	(681,047)	6,508,665

Net financing income	28,666	38	31,995	-	60,699
Depreciation charge	(87,727)	(3,902)	(23,462)	(19,375)	(134,466)
Segment (loss) / profit before taxation	(93,148)	11,609	23,065	(19,682)	(78,156)
Taxation	(956)	(1,928)	(11,127)	2,012	(11,999)
Segment (loss) / profit after taxation	(94,104)	9,681	11,938	(17,670)	(90,155)

Segment assets 6,864,294 1,877,888 1,852,759 (2,563,736) 8,031,205

Segment liabilities 6,176,021 1,908,418 2,151,732 (2,456,841) 7,779,330

#### 9 Net finance (costs) / income

	June 2016 \$	June 2015 \$
Interest payable		(134,917)
Net exchange rate (loss) / gains		(29,258)
Interest received	102	142
	(164,073)	60,699

#### 10 Short term loans payable

	June 2016 \$	December 2015 \$
Short term loans payable	1,836,323	1,219,987

The short term borrowings were incurred to finance capital expenditure and working capital requirements. As at 30 June 2016, short term borrowings amounting to \$1,394,656 (31 December 2015: \$1,128,320) were unsecured, whilst \$441,667 (31 December 2015: \$ 91,667) were secured by an unlimited guarantee issued by the holding company. Of the short term borrowing's \$1,387,145 is interest free while \$449,178 bears interest at an average rate of 12% per annum.

#### 11 Amounts owed to related parties

The amounts are owed to Turfgreens Investments (Private) Limited and Grillage Investments (Private) Limited. These companies are under the control of one of the holding company's major shareholders. The amounts owed which are payable in the ordinary course of business, are in respect of rentals payable for various properties leased by the Group.

#### 12 Update and status on implementation of measures pertaining to Going Concern

- Selling and distribution, and administration costs lower than H1 2015 by \$ 544,445 which represents a decrease of 28%;
- Cost cutting efforts are on going and now imbedded in the corporate culture;
- Further to savings mentioned in the previous press release, additional cost savings have been achieved in security costs, computer expenses, salary costs as salaries and benefits have been cut, rentals, directors fees and consultancy expenses;
- Negligible bad debt write off and or provisions as stricter measures in the implementation of credit control have been implemented;
- Further reduction in staff numbers is currently underway and savings in salaries, benefits and other related costs will be noticed in H2 2016 and H1 2017;
- Negotiations with other third party businesses so as to benefit from economies of scale mainly in selling, merchandising, distribution and warehousing are at