MedTech HOLDINGS LIMITED

ANNUAL REPORT 2019

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BOARD OF DIRECTORS
R. Mazula (Mrs) (Chairperson)
F. Sheikh
A. Motiwala (Chief Executive Officer) *
T. Sheikh
V. Lapham
* Executive

AUDITORS
AMG Global Chartered Accountants (Zimbabwe)
3 Elcombe Avenue, Belgravia
Harare, Zimbabwe

COMPANY SECRETARY
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Registered office
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Ruwa, Zimbabwe

TRANSFER SECRETARIES
First Transfer Secretaries
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Harare, Zimbabwe

BANKERS
NMB Bank
Joina City Branch
Harare, Zimbabwe

LEGAL ADVISORS
Muvingi and Mugadza Legal Practitioners
7th Floor Pegasus House
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Harare, Zimbabwe

CHAIRMAN'S STATEMENT

INTRODUCTION
It is with great pleasure that I present to you the Chairman's report for the year 2019.

OPERATING ENVIRONMENT
The operating and economic environment remained challenging during the period under review. There has been no improvement to the trading environment since year 2018. Challenges faced include liquidity constraints, subdued demand, power outages, foreign currency shortages and rapid devaluation of the Zimbabwe Dollar ("ZWL") leading to increased costs of key imports and a sharp rise in inflation (cost push inflation).These factors continue to hamper productivity and depress economic growth. Other challenges include increased competition from unregistered operators and smuggled competing products as the economy became highly informal.

There were several legislative amendments and changes during the year 2019. Most notable legislative amendments include;
- The introduction of RTGS Dollars on 22 February 2019 (SI 33 of 2019) where in an interbank market was created and the RTGS Dollar and United States Dollar where no longer at parity;
- Abolishment of the multi-currency regime and introduction of Zimbabwe Dollar (SI 142 of 2019); and
- Revised listing requirements (SI 134 of 2019)

As a result of the legislative amendments noted there was a change in the functional and reporting currency.
The functional and reporting currency changed from United States Dollar ("US$") to RTGS Dollar.

GROUP FINANCIAL ANALYSIS
The year 2019 was challenging for the Group. Group revenues decreased 31% and the decrease is mainly attributed to the hyperinflationary environment which reduced consumers disposable income resulting in decreased demand and decreased real sales values. Revenue decreases were noted for the FMCG Segment (38%) and the medical segment. The medical segment did not trade during the year 2019. Revenue increase was noted for the manufacturing segment (18%). The Group recorded an inflation adjusted loss before tax of $41,339,987 (2018 profit $11,545,397).

The summarised group figures for 2019 were as follows:

	Inflation adjusted		Historical	
	2019	2018	2019	2018
	$	$	$	$
Turnover	70 481 356	101 468 485	28 280 402	12 341 786
Gross Profit	40 769 303	60 492 590	18 164 475	7 489 521
Operating profit	20 887 957	37 824 976	10 172 224	4 618 560
(Loss) / profit before taxation	(41 339 987)	11 545 397	(19 701 800)	1 422 129
Basic profit / (loss) per share (Cents)	0.272	0.219	(0.0263)	0.015

SUSTAINABILITY REPORT
There is no sustainability report for year 2019. The new Zimbabwe Stock Exchange regulations, which prescribes need for sustainability reporting, was gazetted halfway through the financial year (14th of June 2019). Sustainability reporting has not been previously applied in Zimbabwe.

The company has not been able to complete the process to full compliance due to constraints in time, resources and systems as fully explained below:

- We are in the process of understanding the framework of GRI Standards as applicable to the Group. In as much as external consultants may be engaged, they require management's input and innate knowledge of the business.
- There is limited expertise available in the local market to assist with this issue. Importing the expertise from other countries is subject to the availability of scarce foreign currency.
- The company previously did not have systems in place to reliably track sustainability data nor established controls to ensure its accuracy and reliability.

Considering the reasons highlighted above, it is our view that any attempt to publish performance data and other information to satisfy the requirement of the statutory instrument may be inaccurate and thus grossly misleading to the market.

CORPORATE SOCIAL RESPONSIBILITY

The Group continues to give back to the community and assist where it can. During the period under review, we participated in a few community beneficial projects. These were mainly donations of personal hygiene products to vulnerable women and children at prisons, hospitals, orphanages, and cancer associations. We also donated personal hygiene products towards victims of cyclone Idai.

OUTLOOK

The trading environment and macro-economic conditions remain volatile. The full impact of COVID 19 is yet to be felt but will undoubtedly have a significant adverse impact on the Zimbabwean economy.

Uncertainty related to payment of legacy debt affects our foreign credit lines, and with no definitive position, this may result in serious challenges and our ability to continue in the future.

We will continue to do our best to maintain market share and sales and keep up strict cost control.

DIVIDEND

Given the liquidity challenges and the Group's working capital needs and loss position, the Directors resolved not to declare a dividend.

APPRECIATION

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

R Mazula (Mrs)
Chairperson
08 May 2020

CHIEF EXECUTIVE OFFICER'S REPORT

HIGHLIGHTS FOR 2019

Financial highlights and commentary on the financials are based on the inflation adjusted numbers.

- Group revenues decreased by 31% from $101,468,485 in 2018 to $70,481,356 in 2019.
- Deterioration in operating profit by 45% from $37,824,976 in 2018 to $20,887,957 in 2019;
- Deterioration in profit before tax from a profit of $11,545,397 in 2018 to a loss before tax of $41,339,987 in 2019

GROUP OVERVIEW

	2019	2018
Revenues	$70,481,356	$101,468,485
Gross Profit %	58%	60%

Group revenue decreased by 31% compared to comparative prior period.

The causes of the revenue decrease include;

- A stance by management to restrict sales due to the continual devaluation of the debtors book with the aim of preserving shareholder value,
- Decreased consumer spending as income levels have not kept up with rising general price levels and this has caused aggregate demand to remain subdued; and
- Stockouts because of challenges in sourcing replacement stock of raw materials and goods due to stop supply from foreign creditors because of overdue balances.

There was a significant sales volume decrease of approximately 70% as compared to the corresponding prior period.

One should note that the margins are artificially high. For several years, there has been a decrease in volumes resulting in slower stock turn over. Such stocks are recorded at historical costs. However, due to inflation, selling prices are regularly increased to be able to cover real replacement cost. This disparity has caused artificially high margins.

The inflation adjusted net exchange rate loss included in the net finance costs for the year of $62,227,944 was mainly due to the translation of monetary liabilities (mainly foreign creditors) during the period. However, there is a possibility that these losses may reverse if the legacy debts are dealt with by the Reserve Bank of Zimbabwe as promised.

FMCG SEGMENT

	2019	2018
Revenues	$51,613,095	$82,622,032
Gross Profit %	49%	56%

The FMCG Segment includes MedTech Distribution, Smart Retail and Choice Brands. Segment revenue decreased by 38% compared to comparative prior period. Reasons for sales decrease are the same as those mentioned in the Group commentary above. Another factor contributing to reduced sales was grey market imports. Margins decreased due to reduced real selling prices as well as promotions entered to try and increase sales volumes which had significantly decreased compared to the prior period. The FMCG segment posted an inflation adjusted loss before tax of $22,377,232. The loss is attributable to loss on exchange on amounts owing to foreign creditors.

MEDICAL SEGMENT

	2019	2018
Revenues	-	$2,297,442
Gross Profit %	-	28%

Medical Segment includes MedTech Medical and Scientific (Private) Limited and Education and Laboratory Services Division including Laboratory Services. This segment did not trade during the period under review since there were working capital challenges and inadequate stock as foreign suppliers maintained their stance of cutting lines of credit. The medical segment posted an inflation adjusted profit before tax of $5,232,510. The profit is attributable to holding of fixed assets which resulted in a net monetary gain.

MANUFACTURING SEGMENT

	2019	2018
Revenues	$27,468,615	$23,319,703
Gross Profit %	57%	58%

The manufacturing segment comprises of Chicago Cosmetics (Private) Limited. Revenues increased by 18% compared to comparative prior period. The revenue increase was because of increased product offering. Margins remained stagnant. The manufacturing segment posted an inflation adjusted profit before tax of $7,924,412. The profit is attributable to holding of fixed assets which resulted in a net monetary gain.

ASSOCIATE COMPANY: MEDTECH FOOD AND BEVERAGE

The associate's results have not been incorporated as it still reflects a cumulative loss position.
For more information on investment in associate company refer to note 13.3 to the financial statements.

LEGACY DEBT

The Group owes legacy debts amounting to ZAR 27,8 million to foreign creditors. Some of the debts have been validated by the Reserve Bank of Zimbabwe while appeals have been put in for others. At this stage, the Group is unsure when payments will be made for the debts validated and when a response will be received for appeals lodged. Delays in the payment of legacy debt has resulted in cuts in supply and stock outs which is one of the contributing factors to the decreased sales volumes. For prudence, these foreign creditors have been restated to the interbank rate of 16.77 at end of the reporting period. The extent of liabilities owing to the foreign creditors leaves the Group in a precarious position.

COVID 19

COVID 19 has been declared as a pandemic by the World Health Organization and a national disaster by the Government of Zimbabwe. Zimbabwe implemented a lockdown of the country to mitigate and contain the spread and transmission of the virus. Relevant statutory instruments were put in place to ensure compliance with the lockdown. The initial lockdown was for a period of 21 days, thereafter there was an extension by a further 14 days to end 03 May 2020. Subsequently a further extension of 14 days was declared which we are currently in. The full impact of COVID 19 is yet to be felt but will undoubtedly have a significant adverse impact on the Zimbabwean economy. During the period of lock down the Group was permitted to operate. The FMCG segment markets and distributes sanitizers and personal care products and the manufacturing segment manufactures sanitizers and personal care products. The Group operated at reduced levels during the lock down period. Sales volumes have been depressed as most chain stores and wholesales were restocking basic commodities and not restocking products supplied by us.

However, sales volumes to informal traders increased due to the unavailability of grey market imports. Overall, the lock down will result in decreased volumes in quarter 2 of year 2020. The Group has implemented various mitigation measures to minimize the effects of COVID 19 in as much as this is possible. In terms of business continuity, the Group measures in place are sufficient to ensure continuity and business risks are being continually monitored. The solvency of the Group remains poor but with the continued support of major suppliers, solvency is not expected to be an issue. There are many uncertainties that make it difficult to fully estimate the full impact of the COVID 19 pandemic on the financial health of the Group.

APPRECIATION

I record my appreciation to all our management and staff for their continued hard work and dedication throughout the financial year. I also add my appreciation to our Board of Directors, customers and suppliers and other stakeholders for their continued loyalty and support. The MedTech Group remains focused on performance and committed to stakeholders who share similar values.

A. Motiwala
Chief Executive Officer
08 May 2020

CORPORATE GOVERNANCE

MedTech Holdings Limited (the Group and its companies) is committed to effective corporate governance and subscribe to the principles of integrity, transparency, accountability, fairness and high ethical standards in the conduct of its business.The Group is constantly evolving and looking forward to aligning the existing code with the new National Code of Corporate Governance in Zimbabwe and other such recognised international best practices in corporate governance.

FINANCIAL STATEMENTS

The directors of MedTech Holdings Limited are responsible for the preparation of the annual financial statements and the related financial information in a manner that fairly presents the state of affairs and the results of the Group. The external auditors are responsible for independently auditing and reporting on these annual financial statements in conformity with the International Standards on Auditing.

The annual financial statements set out in this report have been prepared by management in accordance with the International Financial Reporting Standards. They incorporate appropriate and reasonable disclosure and are based on appropriate accounting policies which have been consistently applied and which are supported by reasonable and prudent judgements and estimates. The financial statements were approved by the directors on 08 May 2020. The directors have no reason to believe that the Group's operations will not continue as a going concern in the year ahead. (Also refer to note 26 to the financial statements “Going Concern.”)

BOARD OF DIRECTORS

The Board comprises executive and non-executive directors. These directors are chosen for their business acumen, skills, and experience. Board meetings are held quarterly to monitor the performance of the executive management. The Board retains full responsibility for the direction and control of the group.

AUDIT COMMITTEE

The committee comprises two non-executive directors. The Chief Executive Officer and Head of finance attend all meetings by invitation. The external auditors also attend the meetings and have free access to this committee. This committee reports to the Board.

INTERNAL CONTROL

The Group maintains internal controls and systems designed to provide reasonable, but not absolute, assurance as to the integrity and reliability of the financial statements and to adequately safeguard, verify and maintain accountability for its assets and to detect and minimize significant fraud, loss and material misstatement while complying with applicable laws and regulations. Such controls are based on established policies and procedures and are implemented by trained personnel with appropriate segregation of duties.

There are, however, inherent limitations in any control system and the cost of maintaining a control system should not exceed the benefits to be derived from it. The Group’s external auditors independently review, test and report on various aspects of internal financial control systems to the extent they consider necessary for the purposes of the statutory audit. Nothing has come to the attention of the directors, to indicate that any material breakdown in the function of the Group's key internal controls and systems has occurred during the year under review.

MANAGEMENT REPORTING

There are management reporting disciplines in place which include the preparation of annual budgets by all operating units. Individual operating budgets are prepared by senior management of each operating unit and performance is reviewed at monthly executive meetings.

The Group's budget is reviewed and approved by the Board. Monthly results and financial status of operating units are reported against approved budgets. Profit projections and cash flow forecasts are updated regularly, while working capital and borrowing levels are monitored on an ongoing basis.

CODE OF ETHICS

All of the Group's employees are required to maintain the highest ethical standards in ensuring that the business practices are conducted in a manner which in all reasonable circumstances is above reproach.

EMPLOYEE PARTICIPATION

The Group employs a variety of participative structures to deal with issues which affect employees directly and materially. These include collective bargaining, regular Works Council meetings, active Workers' Committees in each operating unit and regular briefing to the workers by the Chief Executive Officer. These structures are designed to achieve good employer / employee relations through effective sharing of relevant information, consultation and the identification and resolution of conflict.

EQUAL OPPORTUNITY

The Group is committed to providing equal opportunities for its employees regardless of race, tribe, place of origin, political opinion, colour, creed, or sex.

CODE ADOPTION

As of 31 March 2020, in compliance with section 73(1) of the listing rules Statutory Instrument 173 of 2019, the Board has adopted the "National Code On Corporate Governance Zimbabwe" and full compliance with the code adopted is expected gradually during year 2020.

R Mazula (Mrs)
Chairperson
08 May 2020

DIRECTORS’ REPORT

The Directors have pleasure in presenting their Annual Report and the Audited Financial Statements for the year ended 31 December 2019.

SHARE CAPITAL

The authorised share capital was 4,000,000,000 ordinary shares of inflation adjusted $0.009 cents each and the issued share capital was 3,039,764,872 ordinary shares of inflation adjusted ZWL0.009 cents each.
No shares were issued during the year.

OPERATIONS RESULT

The Group recorded a loss before tax of $41,339,987 (2018: profit of $11,545,397).

DIRECTORS AND SECRETARY

The names of directors in office at the date of this report are set out on page 2 as well as the name and business address of the Group Company Secretary.

DIRECTORS' INTEREST

In accordance with the Articles of Association, Mrs R Mazula and Mr A Motiwala retire by rotation and being eligible offers themselves for re-election.

The directors' interest in the ordinary share capital of the company as at 31 December 2019 was as follows:

	2019	2018
	'000	'000
Directly held		
R. Mazula	230	230
V.W. Lapham	2,026	2,026

F. Sheikh and T. Sheikh hold an unquantifiable interest by virtue of their association with Westminster Holdings (Africa) Limited which held an interest of 32.09% (2018: 32.09%) in the issued ordinary share capital of the company as at 31 December 2019.

A. Motiwala holds an unquantifiable interest by virtue of his association with Titanium Marketing and Distribution (Private) Limited which held an interest of 29.44% (2018: 29.44%) in the issued ordinary share capital of the company as at 31 December 2019.

DIRECTORS' FEES

The Board sets the remuneration of directors and approves the guidelines for the Group's annual pay reviews. Shareholders will be asked to fix the directors' fees at the forthcoming Annual General Meeting.

DIVIDEND

Given the liquidity challenge and the Group's working capital needs, the Board decided that there will be no dividend declared for 2019 (2018: ZWL nil).

RESERVES

The movement in the reserves of the Group is shown in the Group statement of changes in equity and in the relevant notes to the financial statements.

AUDITORS
At the forthcoming Annual General Meeting, shareholders will be asked to authorise the directors to fix the remuneration of the auditors and to appoint auditors for the ensuing year. AMG Global Chartered Accountants (Zimbabwe) being eligible offer themselves for re-appointment.

ANNUAL GENERAL MEETING
The Twenty first Annual General Meeting of Shareholders of MedTech Holdings Limited will be held in the boardroom at MedTech Holdings Limited, Stand 619 Corner Shumba and Hacha Roads, Ruwa on Tuesday 30 June 2020 at 2:00pm.

By order of the Board

M Y Patel
Company Secretary
08 May 2020

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The Directors of MedTech Holdings Limited are required by the Zimbabwe Companies and Other Business Entities Act (Chapter 24:31) to maintain adequate accounting records and to prepare financial statements that present a true and fair view of the state of affairs of the Group and the Company at the end of each financial year and of the profit and cashflows for the period.

The Holding Company's directors are responsible for the preparation and fair presentation of the Group's consolidated financial statements as per pages 19 to 70. These financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS"), IFRS Interpretations Committee ("IFRSIC") interpretations applicable and in a manner required by the Zimbabwe Companies and Other Business Entities Act (Chapter 24:31). The financial statements are based on statutory records that are maintained under the historical cost convention and adjusted to take into account the effect of inflation in accordance with the provisions of International Accounting Standard ("IAS 29") "Financial Reporting In Hyperinflationary Economies." The Group has not been able to comply with International Accounting Standard ("IAS 21") "The Effects of Changes in Foreign Exchange Rates," due to compliance with laws and regulations stemming from Statutory Instrument 33 of 2019.

For the purposes of fair presentation in accordance with International Accounting Standard ("IAS 29") "Financial Reporting In Hyperinflationary Economies," the historical cost information has been restated for changes in general purchasing power of Zimbabwean dollar ("ZWL") and appropriate adjustments and reclassifications have been made. The restatement has been calculated by means of adjusting factors derived from the consumer price index("CPI") prepared by Zimbabwe National Statistics Agency ("ZimStat"). Accordingly, the inflation adjusted financial statements represents the primary financial statements of the Group. The historical cost financial statements have been provided by way of supplementary information and have been audited.

The accounting policies applied in the preparation of these consolidated financial statements are consistent with those of the previous year. Applicable new standards and interpretations did not materially either quantitatively or qualitatively affect the Groups consolidated financial statements. Reasonable and prudent judgements and estimates have been made.

The Directors are satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors are satisfied that it is appropriate to adopt the going concern basis in preparing the financial statements (also refer to note 26 to the financial statement "Going Concern".)

The Company's external auditors, AMG Global Chartered Accountants (Zimbabwe), have audited the financial statements and their report appears on page 14 to 18.

The Board recognises and acknowledges its responsibility for the Group's systems of internal financial control. The Group maintains internal controls and systems that are designed to safeguard its assets, prevent, and detect errors and fraud and ensure the completeness and accuracy of its records.

The Group's Audit Committee has met the external auditors to discuss their reports on the results of their work, which include assessments of relative strengths and weaknesses of key control areas. There are, however, inherent limitations in any control system and it may be expected that occasional breakdowns in established control processes may occur.

No breakdowns involving material loss have been reported to the Directors in respect of the period under review. The financial statements for the year ended 31 December 2019, which appear on pages 19 to 70 have been approved by the Board of Directors and are signed on its behalf by the Audit Committee Chairman and the Chief Executive Officer:

V Lapham
Audit Committee Chairman
08 May 2020

A Motiwala
Chief Executive Officer

PREPARER OF THE CONSOLIDATED FINANCIAL STATEMENTS
The consolidated financial statements were prepared under the supervision of Mr. Muhammad Y Patel, ACCA member number 1182437.

M Patel
Group Finance Manager
08 May 2020

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Chartered Accountants
(Zimbabwe)
A member firm of AMG Global, as Swiss Verein

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF MEDTECH HOLDINGS LIMITED

Disclaimer of opinion

We have audited the consolidated financial statements of MedTech Holdings Limited and its subsidiaries ("the Group"), set out on pages 19 to 70, and comprising the following:

- Consolidated and company statements of profit or loss and other comprehensive income, statements of changes in equity, and statements of cash flows, for the year ended 31 December 2019;
- Group and company's statements of financial position as at 31 December 2019;
- A summary of the significant accounting policies applied by the Group and company during the year ended 31 December 2019; and
- Related financial statements notes.

Because of the significance of the matters described in the basis for disclaimer of opinion paragraph below, we were not able to obtain sufficient and appropriate audit evidence to provide a basis for an audit opinion, and accordingly we do not express an opinion on the Group's financial statements.

Basis for disclaimer of opinion

Functional and presentation currencies of comparative information

During the financial year ended 31 December 2018, and for the period from I January 2019 to 20 February 2019, there was no official/legal local currency in Zimbabwe. The United States dollar was deemed by the directors to be the functional and presentation currency of the Group. According to the Reserve Bank of Zimbabwe ("RBZ") Act, the balances between the Bond note, RTGS System and the US$ notes were legally exchangeable at I: I during this period. However, there was constrained exchangeability (the Group was not readily able to exchange currencies through a legal exchange mechanism within a relatively short perioq of time) of the RTGS balances with foreign currencies in Zimbabwe as there was no legal foreign exchange mechanism. Furthermore, there was a differential between the value of pricing of goods and services depending on the mode of settlement, albeit through the RTGS system, with the bond notes and US dollars.

The Group transacts a significant amount of business in foreign currencies (especially in the procurement of raw materials and goods for resale), and had significant foreign currency denominated assets and liabilities in its statement of financial position as at 31 December 2018 and 20 February 2019. During this period, the Group was unable to comply with the requirements of !AS 21 The Effects of Changes in Foreign Exchange Rates in the recognition and measurement of foreign currency denominated transactions and balances in its accounting records, as well as, the presentation and disclosure of same in its financial statements.

During this period, there was evidence of a three tier pricing system in Zimbabwe, namely for the US dollar, for the funds in the electronic transfer system ("RTGS") and the bond notes. According to the conceptual framework for financial reporting, financial reports represent economic phenomena in words and numbers. To be useful, financial information must not only represent relevant phenomena, but it must also faithfully represent the substance of the phenomena that it purports to represent. In many circumstances, the substance of an economic phenomenon and its legal form are the same. If they are not the same, providing information only about the legal form would not faithfully represent the economic phenomenon. [March 2019 Conceptual Framework paragraph 2.12].

A list of the partners is available at the office address

On 20 February 2019, the Reserve Bank of Zimbabwe issued a Monetary Policy Statement in which the bond notes and coins were redenominatecl as RTGS Dollars. At the same time, the RBZ established an interbank foreign exchange market in Zimbabwe to formalize the exchange of RTGS Dollars with United States Dollars. The opening exchange rate for the United States Dollar to the RTGS Dollar as at 23 February 2019 was l :2.5.

The Directors had to apply judgement in determining the rates at which the historical comparative information for the year ended 31 December 2018 would be restated. The currency conversion challenge emanates from the existence of a 3-tier pricing structure during the comparative period depending on mode of settlement and the challenge was compounded by the fact that the official exchange rate between US$ and the bond note/electronic balances was pegged at I: I and there was neither an orderly, nor functional market where foreign currency transactions were being concluded in order to establish credible foreign currency conversion rates. On that basis, the Directors have restated the historical comparative information at the official rate of USD/ZW$1 :2.5 as the cost and effort of restating the comparative information using any other rate outweighs the benefits that may arise from the exercise and would contravene the country's laws and regulations.

However, even subsequent to the introduction of the RTGS Dollar on 20 February 2019, there was evidence of a three tier pricing system in Zimbabwe, namely for the US dollar, for the funds in the electronic transfer system ("RTGS Dollars") and the bond notes cash, which again presented challenges in terms of complying with the requirements of IAS 21 and provisions of the conceptual framework for financial reporting as explained above.

As a result of the issues discussed above and the significance thereof, we were unable to determine the adjustments that might have been necessary in respect of comparative information to the financial statements, and to transactions entered into during the beginning of the current financial year to satisfy ourselves concerning the fair presentation of these financial statements.

Material uncertainty related to going concern

We also draw attention note 26 on the financial statements reiating lo going concern. As at 31 December 2019, the Group was in a net current liability position of $13 454 700 (2018 net current asset position: $170 870). These matters, along with other matters as set forth in note 26, indicate that a material uncertainty exists that may cast doubt on the Group's ability to continue operating as a going concern. Our opinion is not modified in respect of this matter.

Subsequent events-Covid-19

We draw your attention to note 27 on the financial statements, which states that, towards the end of the year, a health hazard, COVID-19, that was later declared as a world-wide pandemic by the World Health Organisation in March 2020 affected many parts of the world, including Zimbabwe. The Covid I 9 pandemic has led to widespread economic uncertainty and voiatility in financial market as the measures taken across the globe to try and slow clown the spread of the pandemic is impacting both the supply and demand for many goods and services. Although fiscal and monetary policy measures are also being implemented lo prop up the economy, many still believe there is a possibility of a global recession.

As at the date of the approval of the financial statements, management was in the process of assessing the full impact or COVID-19 on its operations. However, management, do not anticipate the COVID-19 to have a significant impact on its operations, and as result the going concern assumption adopted in the preparation of these financial statements has not been revised.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the current period. Key audit matters are selected fom the matters communicated with the Directors, but are not intended to represent all matters that were discussed with them. Our audit procedures relating to these matters were designed in the context of our audit of the consolidated financial statements as a whole and we do nol provide a separate opinion on these matters. In addition to the matter described in the ***Material uncertainty related to going concern*** section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Valuation of accounts receivables	
The Group's gross trade receivables amounted to $7 645 169 (2018: $13 447 739) at year end and trade receivables amounting to $ I 531 552 (2018:$6 076 107) were past due but nol impaired at year end. An allowance for credit losses of $611 832 (2018: $3 830 491) was provided for at year end. The Zimbabwean economy is currently facing liquidity challenges and the recoverability of trade receivables could be doubtful. The valuation of accounts receivables was therefore considered a key audit matter.	We focused our attention on assessing the recoverability of trade receivables and our procedures included the following: • We circularised trade receivables balances as at 31 December 2019; • We assessed the adequacy and appropriateness of the Group's policies and procedures on providing for credit losses and writing off bad debts; • We assessed the adequacy of the allowance for credit losses; • We verified bad debts written off during the year; • We assessed the trade receivables performance post year end and up to the date of our report; and • We verified the adequacy of disclosures relating to accounts receivable made in note 16 to the financial statements. We were satisfied with the results of our audit procedures.

Inventories and cost of sales	
The Group's inventories comprise mostly of numerous imported product lines and are stored at different locations where the Group's business units operate from. In addition, the costing of imported inventories requires the translation of foreign currency denominated cost components into United States Dollars, the Group's fimctional currency, at varying exchange rates throughout the year. The Group's inventories are predominantly acquired from South Africa. As such, we considered the existence and valuation of inventories a key audit matter.	Our audit approach was focused on verifying the existence and condition of the Group's inventories, the valuation of inventories and the determination of amounts recognized as cost of sales during the year. We performed the following procedures, amongst others: • We attended and observed the Group's year end stock counts. We also conducted our own test counts and inspected the physical condition of the inventories during those stock count exercises; • We considered the control environment over the procurement, custody and costing and valuation or inventories; • We re-performed the costing of inventories on a test basis paying particular attention to the exchange rates used to cost imported inventories; • We also re-computed the amounts recognised as cost of sales by the Group companies; • We performed cut off tests for inventories' receipts and dispatches; • We assessed the procedures for identifying and writing off and/or providing for damaged and obsolete stocks and the adequacy of stock provisions and stock write offs done during the year; • We verified the inventories' valuation reports prepared by management as at 31 December 2019; and • We verified the disclosures relating to inventories presented in note 15. Except for the effect or exchange rates as described in the basis of disclaimer of opinion paragraph above, we were satisfied with the results of our audit procedures.

Key audit matter	How our audit addressed the key audit matter
Accounts payable	
As stated previously, the Group imports a significant component of its inventories fom South African based suppliers. Exchange rate differences arose because of the movements in the exchange rate between the South African Rand ("ZAR") and the United States Dollar ("US$") during the year as well as when translating the ZAR creditors to USD at year end. The Group owed a total of ZAR27 899 267 to its foreign suppliers at year end. The ZAR - US$ exchange rate has been volatile throughout the financial year ended 31 December 2019. As such, the determination of amounts recognized in the financial statements as accounts payable and exchange rate gains/(losses) were considered a key audit matter.	Our approach focused on verifying the completeness and valuation of foreign creditors and the exchange rate differences recognised in the financial statements. • We inspected and re-performed the foreign creditors' reconciliations and satisfied ourselves as to the amounts due to those creditors as 31 December 2019; • We considered the internal controls over the reconciliation of creditors; • We performed cut off tests for inventories, receipts and dispatches; • We verified the exchange rates used to translate the foreign currency denominated creditors to USD at year end; • We recomputed the exchange rate gains and losses recognized in the financial statements during the year; and • We verified the disclosures in respect of accounts payable in the financial statements. Except for the effect of exchange rates as described in the basis of disclaimer of opinion paragraph above, we were satisfied with the results of our audit procedures.

Directors' responsibility for the financial statements

The Directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs and the presentation and disclosure requirements of the Companies Act (Chapte1· 24:03) as well as for such internal control the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Group financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related lo going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for overseeing the Group's financial reporting process.

The financial statements were prepared under the supervision or Muhammad Y Patel, ACCA member, number 1182437.

Auditor's responsibilities for the audit of the group financial statements

The objectives of our audit are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risk of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We are required to communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We are required to provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on other legal and regulatory requirements

In our opinion, the financial statements have been properly drawn up so as to comply, in all material respects, with the financial disclosure and presentation requirements of the Companies Act (Chapter 24:03) and related legislation.

The engagement partner responsible for the audit resulting in this independent auditor's report is Clyton Kazembe, Registered Public Auditor - PAAB Number 0372.

AMG Global

AMG Global
Harare
08 May 2020

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
year ended 31 December 2019

		GROUP			
		Inflation adjusted		Historical	
	Note	2019	2018	2019	2018
		$	$	$	$
Turnover		70 481 356	101 468 485	28 280 402	12 341 786
Cost of sales	3	(29 802 053)	(40 975 895)	(10 115 927)	(4 852 265)
Gross profit		40 679 303	60 492 590	18 164 475	7 489 521
Other operating income	4	49 701	521 912	26 896	63 481
Selling and distribution expenses	5	(8 196 185)	(10 375 167)	(2 610 005)	(1 261 949)
Administrative expenses	6	(11 644 862)	(12 814 359)	(5 409 142)	(1 672 493)
Operating profit		20 887 957	37 824 976	10 172 224	4 618 560
Net financing costs	7	(62 227 944)	(26 279 579)	(29 874 024)	(3 196 431)
(Loss) / profit before taxation		(41 339 987)	11 545 397	(19 701 800)	1 422 129
Monetary gain	8	33 100 208	4 155 438	-	-
Taxation		1 424 448	(3 164 645)	4 694 571	(384 919)
Profit/(loss) for the year after taxation		(6 815 331)	12 536 190	(15 007 229)	1 037 210
Other comprehensive income					
Foreign currency translation gain / (loss)		7 684 238	-	(378 464)	-
Total comprehensive profit/(loss) for the year		868 907	12 536 190	(15 385 693)	1 037 210
Attributable to					
Owners of the parent		8 260 481	6 657 900	(7 994 119)	450 573
Non - controlling interests		(7 391 574)	5 878 290	(7 391 574)	586 637
Total		868 907	12 536 190	(15 385 693)	1 037 210
Profit/(loss) per share		Cents	Cents	Cents	Cents
Basic Profit/(loss) per share	9.1	0.272	0.219	(0.263)	0.015
Headline profit/(loss) per share	9.2	0.272	0.219	(0.263)	0.015

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
year ended 31 December 2019

		COMPANY			
		Inflation adjusted		Historical	
	Note	2019	2018	2019	2018
		$	$	$	$
Turnover		-	1 421 340	-	172 880
Cost of sales	3	-	(976 505)	-	(111 415)
Gross profit		-	444 835	-	61 465
Other operating income	4	-	262 259	-	31 899
Selling and distribution expenses	5	-	(119 615)	-	(14 550)
Administrative expenses	6	213 196	(779 081)	(9 529)	(111 799)
Operating profit / (loss)		213 196	(191 602)	(9 529)	(32 985)
Net financing income	7	40	263	19	32
Profit / (loss) before taxation		213 236	(191 339)	(9 510)	(32 953)
Monetary gain	8	2 978 961	1 434 894	-	-
Taxation		(1 189)	68 767	(1 189)	8 365
Profit/(loss) for the year after taxation		3 190 308	1 312 322	(10 699)	(24 588)
Other comprehensive income					
Foreign currency translation		204 248	-	36 736	-
Total comprehensive profit/(loss) for the year		3 394 556	1 312 322	26 037	(24 588)

STATEMENT OF FINANCIAL POSITION
As at 31 December 2019

		GROUP			
		Inflation adjusted		Historical	
	Note	2019	2018	2019	2018
		$	$	$	$
ASSETS					
Non - current assets					
Property, plant and equipment	11	17 184 455	10 385 316	3 016 840	1 191 917
Intangible assets	12	428 871	168 760	94 123	18 971
Investment in subsidiaries	13	-	-	-	-
Deferred taxation	14	8 036 983	1 233 845	7 282 640	142 479
		25 650 309	11 787 921	10 393 603	1 353 367
Current assets					
Inventories	15	19 415 246	10 259 191	7 991 851	1 247 843
Accounts receivable	16	7 541 458	16 593 954	7 541 458	2 634 175
Loan receivable from subsidiary	17	-	-	-	-
Amount owed by related parties	18.1	4 056 410	2 203 838	4 056 410	352 012
Cash and bank balances	22	1 217 503	1 320 111	1 217 503	210 857
		32 230 617	30 377 094	20 807 222	4 444 887
Total assets		57 880 926	42 165 015	31 200 825	5 798 254
EQUITY AND LIABILITIES					
Equity					
Issued share capital and reserve per statement of changes in equity		10 360 076	2 099 595	(8 055 965)	(61 846)
Non-controlling interests		1 834 731	9 226 305	(6 428 572)	963 002
Total equity		12 194 807	11 325 900	(14 484 537)	901 156
Non-current liabilities					
Deferred taxation	14	802	387 196	45	49 390
Finance leases	19	-	245 695	-	39 244
		802	632 891	45	88 635
Current liabilities					
Finance leases	19	40 635	307 725	40 635	49 152
Short-term loans payable	20	5 336 668	2 395 747	5 336 668	382 664
Accounts payable	21	35 880 647	18 982 329	35 880 647	3 015 706
Amounts owed to related parties	18.2	1 682 439	6 228 135	1 682 439	994 800
Taxation		2 744 928	2 052 554	2 744 928	327 850
Bank overdraft	22	-	239 734	-	38 292
		45 685 317	30 206 224	45 685 317	4 808 464
Total equity and liabilities		57 880 926	42 165 015	31 200 825	5 798 254

Audit Committee Chairman

Chief Executive Officer

08 May 2020

STATEMENT OF FINANCIAL POSITION
As at 31 December 2019

		COMPANY			
		Inflation adjusted		Historical	
	Note	2019	2018	2019	2018
		$	$	$	$
ASSETS					
Non - current assets					
Property, plant and equipment	11	357 791	225 636	53 998	25 369
Intangible assets	12	-	-	-	-
Investment in subsidiaries	13	2 948 929	2 948 929	331 502	331 502
Deferred taxation	14	1 015 108	1 016 297	113 691	114 881
		4 321 828	4 190 862	499 191	471 752
Current assets					
Inventories	15	1 202 967	1 202 967	146 319	146 319
Accounts receivable	16	110 524	691 959	110 524	110 524
Loan receivable from subsidiary	17	121 740	762 177	121 740	121 740
Amount owed by related parties	18.1	878 878	5 502 358	878 878	878 878
Cash and bank balances		6 832	55 826	6 832	8 917
		2 230 941	8 215 287	1 264 293	1 266 378
Total assets		6 642 769	12 406 149	1 763 484	1 738 130
EQUITY AND LIABILITIES					
Equity					
Issued share capital and reserve per statement of changes in equity		4 902 787	1 508 231	23 472	(2 565)
Current liabilities					
Accounts payable	21	400 911	2 514 408	400 941	401 624
Amounts owed to related parties	18.2	1 338 948	8 382 740	1 338 948	1 338 948
Taxation		123	770	123	123
Bank overdraft		-	-	-	-
		1 739 982	10 897 918	1 740 012	1 740 691
Total equity and liabilities		6 642 769	12 406 149	1 763 484	1 738 130

Audit Committee Chairman

Chief Executive Officer

08 May 2020

STATEMENTS OF CHANGES IN EQUITY
year ended 31 December 2019

	Share capital $	Share premium $	Non-distributable reserve $	Foreign currency translation reserve $	Retained earnings $	Total $	Non-controlling interests $	Total $
GROUP								
Inflation Adjusted								
Balances as at 31 December 2017	270 401	15 588 729	8 995 763	-	(29 413 199)	(4 558 305)	3 348 015	(1 210 290)
Total comprehensive loss for the year	-	-	-	-	6 657 900	6 657 900	5 878 290	12 536 190
Balances as at 31 December 2018	270 401	15 588 729	8 995 763	-	(22 755 299)	2 099 595	9 226 305	11 325 900
Total comprehensive loss for the year	-	-	-	7 719 657	540 824	8 260 481	(7 391 574)	868 907
Balances as at 31 December 2019	270 401	15 588 729	8 995 763	7 719 657	(22 214 474)	10 360 076	1 834 731	12 194 807
Historical								
Balances as at 31 December 2017	30 397	1 752 397	1 011 253	-	(3 306 466)	(512 419)	376 365	(136 054)
Total comprehensive loss for the year	-	-	-	-	450 573	450 573	586 637	1 037 210
Balances as at 31 December 2018	30 397	1 752 397	1 011 253	-	(2 855 893)	(61 846)	963 002	901 156
Total comprehensive loss for the year	-	-	-	(343 044)	(7 651 075)	(7 994 119)	(7 391 574)	(15 385 693)
Balances as at 31 December 2019	30 397	1 752 397	1 011 253	(343 044)	(10 506 968)	(8 055 965)	(6 428 572)	(14 484 537)

STATEMENTS OF CHANGES IN EQUITY
year ended 31 December 2019

	Share capital $	Share premium $	Non-distributable reserve $	Foreign currency translation reserve $	Retained earnings $	Total $	Non-controlling interests $	Total $
GROUP								
Inflation Adjusted								
Balances as at 31 December 2017	270 401	15 588 729	4 997 360	-	(20 660 581)	195 909	-	195 909
Total comprehensive loss for the year	-	-	-	-	1 312 322	1 312 322	-	1 312 322
Balances as at 31 December 2018	270 401	15 588 729	4 997 360	-	(19 348 259)	1 508 231	-	1 508 231
Total comprehensive loss for the year	-	-	-	204 248	3 190 308	3 394 556	-	3 394 556
Balances as at 31 December 2019	270 401	15 588 729	4 997 360	204 248	(16 157 951)	4 902 787	-	4 902 787
Historical								
Balances as at 31 December 2017	30 397	1 752 397	561 775	-	(2 322 546)	22 023	-	22 023
Total comprehensive loss for the year	-	-	-	-	(24 588)	(24 588)	-	(24 588)
Balances as at 31 December 2018	30 397	1 752 397	561 775	-	(2 347 134)	(2 565)	-	(2 565)
Total comprehensive loss for the year	-	-	-	36 736	(10 699)	26 037	-	26 037
Balances as at 31 December 2019	30 397	1 752 397	561 775	36 736	(2 357 833)	23 472	-	23 472

STATEMENTS OF CASH FLOWS
year ended 31 December 2019

		GROUP			
		Inflation adjusted		Historical	
		2019	2018	2019	2018
	Note	$	$	$	$
NET CASH FLOWS FROM OPERATING ACTIVITIES					
Operating cash flows					
Operating profit/(loss)		20 887 957	37 824 976	10 172 224	4 618 560
Adjustments for items not affecting cash flows:					
Depreciation on property, plant and equipment	11	4 345 672	1 946 583	551 891	221 463
Loss on disposal of equipment		-	-	-	-
Monetary gain or loss		33 100 208	4 155 438	-	-
Foreign currency translation		(2 146 626)	-	(2 146 626)	-
Net operating cash flows before reinvestment in working capital		56 187 211	43 926 997	8 577 489	4 840 023
(Increase)/decrease in inventories		(9 156 055)	4 029 206	(6 744 008)	358 378
Decrease/(increase) in accounts receivable		9 052 496	1 465 251	(4 907 283)	(604 061)
(Increase)/decrease in accounts payable		16 898 318	(15 723 494)	32 864 965	(885 727)
Net movement in related parties' balances		(6 398 268)	(796 644)	(3 016 759)	100 845
Net cash flows from operations		66 583 702	32 901 316	26 774 404	3 809 458
Returns on investments and servicing of finance					
Net financing costs		(62 227 944)	(26 279 579)	(29 874 024)	(3 196 431)
Taxes paid					
Movement in taxes paid		(5 072 710)	(4 221 156)	(77 883)	(404 486)
Net cash flows from operating activities		(716 952)	2 400 581	(3 177 503)	208 541
NET CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of equipment	11	(1 472 160)	(2 939 754)	(637 108)	(357 568)
Proceeds from disposal of equipment		-	-	-	-
Acquisition of intangible asset		(101 898)	-	(46 694)	-
Net cash utilised in investing activities		(1 574 058)	(2 939 754)	(683 803)	(357 568)
Net cash flows before financing activities		(2 291 010)	(539 173)	(3 861 306)	(149 027)
NET CASH FLOWS FROM FINANCING ACTIVITIES					
Net movement in short-term loans payable		2 940 921	(1 446 778)	4 954 004	(49 291)
Net movement in finance leases		(512 785)	100 408	(47 761)	37 471
		2 428 136	(1 346 370)	4 906 243	(11 820)
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS					
Cash and cash equivalents at the beginning of the year		137 126	(1 885 543)	1 044 937	(160 847)
Cash and cash equivalents at the end of the year		1 080 377	2 965 920	172 566	333 412
	22	1 217 503	1 080 377	1 217 503	172 565

STATEMENTS OF CASH FLOWS
year ended 31 December 2019

		COMPANY			
		Inflation adjusted		Historical	
		2019	2018	2019	2018
	Note	$	$	$	$
NET CASH FLOWS FROM OPERATING ACTIVITIES					
Operating cash flows					
Operating profit/(loss)		213 196	(191 602)	(9 529)	(32 985)
Adjustments for items not affecting cash flows:					
Depreciation on property, plant and equipment	11	72 093	54 919	8 107	6 175
Loss on disposal of equipment		-	-	-	-
Monetary gain		2 978 262	1 434 894	-	-
Net operating cash flows before reinvestment in working capital		3 263 551	1 298 211	(1 422)	(26 810)
Increase in inventories		-	(404 599)	-	(56 571)
Decrease/(increase) in accounts receivable		581 435	(164 758)	-	(51 259)
(Decrease)/increase in accounts payable		(2 113 498)	44 537	(679)	123 975
Net movement in related parties' balances		(2 420 312)	(1 242 526)	(4)	(3 400)
Net cash flows from operations		(688 824)	(469 135)	(2 105)	(14 068)
Returns on investments and servicing of finance					
Net financing income		40	263	19	32
Taxes paid					
Income taxes paid		(647)	(324)	-	-
Net cash flows from operating activities		(689 431)	(469 196)	(2 086)	(14 036)
NET CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of equipment	11	-	(582)	-	(71)
Net movement in related party loan		640 437	320 781	-	-
		640 437	320 199	-	(71)
Net cash flows before financing activities		(48 994)	(148 997)	(2 086)	(14 108)
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(48 994)	(148 997)	(2 086)	(14 107)
Cash and cash equivalents at the beginning of the year		55 826	204 823	8 918	23 025
Cash and cash equivalents at the end of the year	22	6 832	55 826	6 832	8 918

ADOPTION OF NEW AND REVISED STANDARDS

Changes in accounting policies and disclosures

STANDARDS ISSUED BUT NOT YET EFFECTIVE

The standards listed below were issued but not yet effective as at the date of issuance of the Company financial statements but the Company reasonably expects them to be applicable at a future date and, as such, intends to adopt them when they become effective.

The Group expects that the adoption of these standards in most cases will not have a significant impact on the Group's financial position and performance in the period of initial application but additional disclosures will be required. The impact of these standards on the Company's financial statements on adoption in future is not known and cannot be reasonably estimated as of now.

IFRS 17 Insurance Contracts

In May 2018, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach); and
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

IFRS 17 is effective for reporting periods beginning on or after 1 January 2021, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Group.

Amendments to IFRS 3 *Definition of a Business*

The amendments clarify the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test.

Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

Amendments to IAS 1 and IAS 8 *Definition of Material*

The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition.

The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of material or refer to the term 'material' to ensure consistency.

The amendments to the definition of material is not expected to have a significant impact on the Group's consolidated financial statements.

The amendments should be applied retrospectively and are effective from 1 January 2019, with early application permitted. Since the Group does not have such long-term interests in its associate and joint venture, the amendments will not have an impact on its consolidated financial statements.

An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted. Since the Group's current practice is in line with these amendments, the Group does not expect any effect on its consolidated financial statements.

ACCOUNTING POLICIES

The principal accounting policies of the Group and Company, which are set out below, are consistently applied in the preparation of the Group and Company's financial statements in all material respects.

FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in Zimbabwe Dollars ($) which is the Company's functional and presentation currency. In the prior year, the United States Dollar (US$) was the company's functional currency and presentation currency. The comparatives were converted from the US$ to $ at a rate of 1:1 which was the official rate prevailing during the prior year period.

BASIS OF PREPARATION

The financial statements have been prepared in conformity with International Financial Reporting Standards (IFRS) promulgated by the International Accounting Standards Board (IASB), the International Financial Reporting Interpretations Committee (IFRIC) interpretations and the Zimbabwe Companies Act (Chapter 24:03) and related Statutory Instruments.

The financial statements are presented in Zimbabwe dollars. They are based on the historical cost convention and adjusted to take account of the effects of inflation in accordance with International Accounting Standards (IAS) 29 (Financial Reporting in Hyperinflationary Economies). The adjusted amounts are presented side by side with the unadjusted figures from where they are derived. The inflation adjusted financial statements constitute the company's primary financial statements whilst the historical financials are supplementary.

ACCOUNTING POLICIES
31 December 2019

The economy in Zimbabwe is considered to be hyperinflationary. IAS 29 requires that financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the balance sheet date, and that corresponding figures be stated in terms of the same measuring unit.

Accordingly, these financial statements have been adjusted, to take account of the changes in the general purchasing power of the Zimbabwe dollar and, as a result, are stated in terms of the measuring unit current at the balance sheet date. The adjustments are based on conversion factors derived from the Zimbabwe Consumer Price Index (CPI) compiled by the Zimbabwe Central Statistical Office and published on the Reserve Bank of Zimbabwe's website. The indices and conversion factors applied, are disclosed by way of a note.

The inflation adjusted financial statements represent the primary financial statements of the Group. The historical financial statements have been have been provided by way of supplementary information.

The main procedures applied in the adjustments of transactions and balances are as follows:

- Monetary assets and liabilities as at the end of the current year being reported on are not adjusted because they are already stated in terms of the measuring unit current at balance sheet date;

- Non-monetary assets and liabilities, and components of shareholders' equity/funds, are adjusted by applying the change in the index from the date/month of the transaction or, if applicable, from the date of their most recent revaluation to the balance sheet date;

- Equipment and intangible assets are adjusted by applying the change in the index from the date of transaction, or if applicable, from the date of their most recent/last revaluation, to the balance sheet date. Depreciation and amortisation amounts are based on the adjusted amounts;

- Statement of comprehensive income items/transactions, except depreciation and amortisation charges as explained above, are adjusted by applying the monthly price indices for the respective months when the income and/or expenses were incurred.

- For comparative Statement of comprehensive income items/transactions, an average index during the period to the balance sheet date was applied;

- Gains and losses arising from the net monetary asset or liability positions are included in the profit and loss statement; and

- All items in the cash flow statement are expressed in terms of the measuring unit current at the balance sheet date.

TURNOVER

Revenue, which excludes VAT, cash discounts and sales between Group Companies, represents the invoiced value of goods supplied by the Group. Revenue is measured at the fair value of the consideration received or receivable and is recognised when control of the goods is transferred to the buyer.

BUSINESS COMBINATIONS

Recognition

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method.

Applying the acquisition method requires:

(i) Identifying the acquirer;
(ii) Determining the acquisition date;
(iii) Recognising and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree; and
(iii) Recognising and measuring goodwill or a gain from a bargain purchase. Acquisition costs incurred are expensed.

Measurement at acquisition

The consideration transferred for the acquisition of a business is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree.

For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 (revised) are first assessed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date and are recognised and measured at their values at the acquisition date, except:

(i) Non-current assets (or disposal groups) that are classified as held-for-sale which are recognised and measured in accordance with IFRS 5 "Non-current Assets Held-for-Sale and Discontinued Operations"
(ii) Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquire which are measured in accordance with IFRS 2 share based payment transactions;
(iii) Deferred tax assets or liabilities which are recognised and measured in accordance with IAS 12, Income Taxes; and
(iv) Assets and liabilities related to employee benefits which are recognised and measured in accordance with IAS 19 employee benefits.

If the business combination is achieved in stages, the acquisition-date fair value of the acquirer's previously-held equity interest in the acquiree is re-measured to fair value at the acquisition date through profit or loss.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition date fair value and is included as part of the consideration transferred in the business combination.

Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with IAS 39 in profit or loss. If the contingent consideration is classified as equity, it shall not be re-measured until it is finally settled within equity.

Measurement of goodwill at acquisition

Goodwill arising on acquisition is recognised as an asset and initially is measured at cost, being the excess of:

(i) The aggregate of the consideration transferred, excluding directly related expenditure, over
(ii) The Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised less the non-controlling interest in the acquiree (measured at fair value or their proportion of the net asset).

In a business combination achieved in stages (a step acquisition), the previously-held equity interest in the acquiree is re-measured at its acquisition date fair value and the resulting gain or loss, if any, is recognised in profit or loss, or in other comprehensive income, as appropriate.

Measurement period

The measurement period begins on the acquisition date and ends as soon as the information sought about facts and circumstances that existed as of the acquisition date is available or it becomes apparent that more information is not obtainable. However, the measurement period does not exceed one year from the acquisition date.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, then provisional amounts are presented for the items for which the accounting is incomplete.

During the measurement period provisional amounts are retrospectively adjusted to reflect new information about fact and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amount recognised as of that date.

During the measurement period, additional assets or liabilities are recognised and presented if new information is obtained about facts and circumstances that existed at the acquisition date and, if known, would have resulted in the recognition of those assets and liabilities at that date.

Measurement period adjustments

If, after re-assessment and adjustment during the measurement period, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments made against goodwill.

Subsequent measurement of Goodwill

After initial recognition, goodwill is measured at carrying value less any accumulated impairment losses.

Impairment of Goodwill

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the business combination, irrespective of whether other assets or liabilities of the acquirer are assigned to those units.

Cash-generating units to which goodwill has been allocated are tested for impairment annually or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount, then the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. An impairment loss is recognised in profit or loss and is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit and part of the operations within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed of in these circumstances and measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

FOREIGN CURRENCY TRANSLATION

Transactions in foreign currencies are translated to Zimbabwe dollars at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated to Zimbabwe dollars at the exchange rate ruling at the end of the financial year being reported.

Exchange differences arising on translation are recognised in profit or loss during the period in which they arise.

INVESTMENTS IN ASSOCIATES

An associate is an entity in which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those polices.

One associate company is recognised in these financial statements: MedTech Food and Beverages (Private) Limited.

Recognition

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held-for-sale. There are no investments in associates which are held-for-sale in these financial statements.

At acquisition – initial measurement:

On acquisition, the investment in associate is measured at cost. Any excess of the cost of acquisition over the Group's share of the net fair values of the identifiable net assets of the associate at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair values of the identifiable net assets of the associate at the date of acquisition (i.e., discount on acquisition or a bargain purchase) is credited to profit or loss in the period of acquisition.

Subsequent measurement

Investments in associates are carried in the statement of financial position at cost adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments.

The statement of comprehensive income reflects the Group's share of the results of operations of the associates. When there has been a change recognised directly in equity or in other comprehensive income of the associate, the Group recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity or other comprehensive income.

Impairment

Since goodwill that forms part of the carrying amount of an investment in an associate is not separately recognised, it is not tested for impairment separately by applying the requirements for impairment testing for goodwill in IAS 36, Impairment of Assets. Instead, the entire carrying amount of the investment is tested for

Impairment in accordance with IAS 36 as a single asset, by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, whenever there is an indicator that the investment may be impaired. An impairment loss recognised in those circumstances is not allocated to any specific asset, including goodwill, which forms part of the carrying amount of the investment in the associate.

Accordingly, any reversal of that impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

Intra-group transactions

Where a Group company transacts with an associate of the Group, profits or losses are eliminated to the extent of the Group's interest in the relevant associate.

Associate losses

After the entity's interest is reduced to zero, losses of an associate are not recognised. Additional losses are provided for, and a liability is recognised, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the entity resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

De-recognition

Investments in associates are de-recognised when the Group disposes of the investment. Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

FINANCIAL INSTRUMENTS

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets or both.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.
The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:
- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); and
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:
- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables, and loan to an associate and loan to a director included under other non-current financial assets.

Financial assets at fair value through OCI (debt instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Group's debt instruments at fair value through OCI includes investments in quoted debt instruments included under other non-current financial assets.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis. Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its non-listed equity investments under this category.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired Or; and
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Disclosures for significant assumptions;
- Debt instruments at fair value through OCI; and
- Trade receivables, including contract assets.

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments at fair value through OCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group's debt instruments at fair value through OCI comprise solely of quoted bonds that are graded in the top investment category (Very Good and Good) by the Good Credit Rating Agency and, therefore, are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from the Good Credit Rating Agency both to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Derivative financial instruments and hedge accounting Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts, interest rate swaps and forward commodity contracts, to hedge its foreign currency risks, interest rate risks and commodity price risks, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment;
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment; and
- Hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge before 1 January 2019, the documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Group will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Summary of significant accounting policies

Beginning 1 January 2019, the documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness require ments:

- There is 'an economic relationship' between the hedged item and the hedging instrument;
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship; and
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

Fair value hedges

The change in the fair value of a hedging instrument is recognised in the statement of profit or loss as other expense. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the statement of profit or loss as other expense.

For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through profit or loss over the remaining term of the hedge using the EIR method. The EIR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognised, the unamortised fair value is recognised immediately in profit or loss.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The Group uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments, as well as forward commodity contracts for its exposure to volatility in the commodity prices. The ineffective portion relating to foreign currency contracts is recognised as other expense and the ineffective portion relating to commodity contracts is recognised in other operating income or expenses.

Before 1 January 2019, the Group designated all of the forward contracts as hedging instrument. Any gains or losses arising from changes in the fair value of derivatives were taken directly to profit or loss, except for the effective portion of cash flow hedges, which were recognised in OCI and later reclassified to profit or loss when the hedge item affects profit or loss.

Beginning 1 January 2019, the Group designates only the spot element of forward contracts as a hedging instrument. The forward element is recognised in OCI and accumulated in a separate component of equity under cost of hedging reserve.

The amounts accumulated in OCI are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in OCI for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment for which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCI must be accounted for depending on the nature of the underlying transaction as described above.

Hedges of a net investment

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised as OCI while any gains or losses relating to the ineffective portion are recognised in the statement of profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the statement of profit or loss.

The Group uses a loan as a hedge of its exposure to foreign exchange risk on its investments in foreign subsidiaries.

Impairment of non-financial assets

Further disclosures relating to impairment of non-financial assets are also provided in the following notes:

- Disclosures for significant assumptions;
- Property, plant and equipment;
- Intangible assets; and
- Goodwill and intangible assets with indefinite lives.

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually as at 31 October and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or Group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually as at 31 October at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

Cash and short-term deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

Under IAS 39, all gains and losses arising from the Group's cash flow hedging relationships were eligible to be subsequently reclassified to profit or loss. However, under IFRS 9, gains and losses arising on cash flow hedges of forecast purchases of non-financial assets need to be incorporated into the initial carrying amounts of the non-financial assets. This change only applies prospectively from the date of initial application of IFRS 9 and has no impact on the statement of financial position as at 1 January 2019.

Other adjustments

In addition to the adjustments described above, other items such as deferred taxes, investment in an associate and a joint venture (arising from the financial instruments held by these entities), and non-controlling interests were adjusted to retained earnings as necessary upon adoption of IFRS 9 as at 1 January 2019.

Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the acGrouping disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

TAXATION

Income tax on profit or loss for the period comprises current and deferred tax. Income tax is recognised in the Statement of profit or loss and other comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised as equity.

Current income tax is tax payable on the taxable income for the period, calculated using the rates enacted or substantially enacted as at the statement of financial position date, and any adjustments to tax payable in respect of previous periods.

Deferred income tax is provided using the statement of financial position liability method, providing for temporary differences between the carrying amounts of the assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax is provided based on the expected manner of recovery or settlement of the carrying amounts of assets and liabilities, using tax rates enacted or substantially enacted as at statement of financial position date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related benefits will be realised.

PROPERTY, PLANT AND EQUIPMENT ("PPE")

Recognition

Items of PPE are recognised as an asset when:
- It is probable that future economic benefits associated with the item will flow to the entity; and
- The cost of the item can be measured reliably.

Measurement

PPE is initially stated at cost. Subsequent to initial recognition PPE is measured at cost less accumulated depreciation and impairment losses.

Depreciation

Items of PPE are depreciated on the straight line basis at annual rates calculated to write off their depreciable amount over their estimated useful lives using the following annual rates:

Buildings	2%
Motor vehicles	20%
Plant and equipment	10 – 20%
Furniture and fittings	20%
Computer equipment	20%
Office equipment	20%

The depreciation expense is charged to profit and loss for the year.

Impairment

The carrying amounts of the Group's assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are charged to profit or loss in the year in which they occur.

Calculation of recoverable amount

The recoverable amount of items of assets is the greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Reversals of impairment

Any impairment losses previously recognised are reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

De-recognition of PPE

PPE is de-recognised when the asset is disposed of or retired from use and/or when no future economic benefits are expected from its use or disposal. The gain or loss on disposal is included in profit or loss at the time the PPE item is de-recognised.

INVENTORIES

Measurement

Inventories are stated at the lower of cost and net realisable value. Cost comprises all costs necessary to bring the inventories to their present location and condition. Net realisable value is determined as the selling price in the ordinary course of business less estimated costs of completion and the related selling expenses.

Cost is determined on the weighted average basis and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

Write-downs to net realisable value and inventory losses are expensed in the period in which they occur. The amount of any reversal or write-down of inventories, arising from an increase in net realisable value, is accounted for as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

EMPLOYEE BENEFITS

Employee benefits are all forms of benefits given in exchange for services rendered by employees. These are classified as:

(i) Short-term employee benefits – benefits due to be settled within 12 months after the end of the period in which the employees rendered related services;
(ii) Post-employment benefits are benefits payable after the completion of employment. Post-employment benefit plans are benefit plans which formal or informal arrangements are providing post-employment benefits for one or more employees. Such plans (or funds) may be either defined contribution funds or defined benefit funds; and
(iii) Termination benefits are employee benefits payable as a result of either the Group's decision to terminate an employee's employment before normal retirement date, or an employee's decision to accept voluntary redundancy in exchange for those benefits.

Recognition

Short-term benefits

The cost of all short-term employee benefits, such as salaries, employee entitlements to leave pay, bonuses, medical aid and other benefit contributions are recognised during the period in which the employee renders the related service.

The Group recognises the expected cost of bonuses when the Group has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

The Group's short-term employee benefits comprise remuneration in the form of salaries, wages, commissions and bonuses.

Post-employment retirement benefit funds

Retirement benefits are provided for Group employees through an independently administered defined contribution fund and by the National Social Security Authority (NSSA). Payments to the defined contribution fund and to the NSSA scheme are recognised as an expense when they fall due, which is when the employee renders the service.

During the year the Group contributed to the Group defined contribution fund and to the NSSA scheme.

Other long-term benefits

Other long-term benefits are recognised as an expense when an obligation arises.

The Group had no other long-term benefit commitments during the year.

Termination benefits

The Group recognises termination benefits as a liability and an expense when, and only when, it is demonstrably committed to either:

(i) Terminate the employment of an employee or group of employees before the normal retirement date; or
(ii) Provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

Termination benefits are recognised as an expense immediately.

Measurement

Short-term employee benefits

All short-term employee benefits are measured at cost.

Post-employment retirement benefit funds

The Group has no liability for post-employment retirement benefit funds once the current contributions have been paid at the time the employees render service.

Termination benefits

Termination benefits are measured according to the terms of termination contract.

BORROWING COSTS

Borrowing costs comprise interest payable on borrowings and other borrowing costs.

Borrowing costs are recognised in profit or loss in the period in which they accrue.

OPERATING SEGMENTS

The Group identifies segments as components of the Group that engage in business activities from which revenues are earned and expenses incurred, (including revenues and expenses relating to transactions with other components within the Group), whose operating results are regularly viewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The chief operating decision-maker has been identified as Group Chief Executive Officer.

Measurement of segment information

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment information has been reconciled to the consolidated annual financial statements to take account of intersegment transactions and transactions and balances that are not allocated to reporting segments.

PROVISIONS

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The expense relating to any provision is presented in the statement of profit or loss and other comprehensive income net of any reimbursement.

ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses and disclosure of contingent assets and liabilities in the financial statements. The estimates, including those related to provision for doubtful debts, inventory obsolescence, investments, PPE and contingent liabilities are reviewed on an ongoing basis and are based on the Directors best knowledge of current events and actions of the group as well as historical experience and other factors that are considered to be relevant. Actual results may ultimately differ from those estimates and assumptions.

Going concern

The Directors assess the ability of the Group to continue operating as a going concern at the end of each financial year. As at 31 December 2019, the Directors have assessed the ability of the Group to continue operating as a going concern and believe that the preparation of these financial statements on a going concern basis is still appropriate. Some of the initiatives implemented to ensure the Group continues as a going concern are discussed under note 26.

Property, plant and equipment

PPE represents a significant proportion of the asset base of the Group, and as such, the estimates and assumptions made to determine their carrying amounts and related depreciation expense are critical to the Group's financial position and performance.

Residual values of PPE

Residual values are reassessed each year and adjustments are made where appropriate. The valuation methods adopted in this process involve significant judgement and estimation.

Useful lives of PPE

The determination of the remaining estimated useful lives of PPE is deemed to be a significant area of judgement.

Provision for doubtful debts

The Group considers changes in the credit quality of the respective accounts receivables from the date on which credit was granted up to the end of the reporting period before determining whether to provide for a debtor as doubtful.

Inventories' provisions

All obsolete, damaged and expired inventories are written off in full. Slow moving inventories and stocks with fast approaching expiry dates are provided for in full where the prospect of realising a sale before their expiry and/or obsolescence is unlikely.

1 INCORPORATION AND ACTIVITIES

The company is incorporated and domiciled in Zimbabwe and its shares are publicly traded on the Zimbabwe Stock Exchange. The Group engages in the manufacturing, marketing and distribution of health, personal care, beauty and pharmaceutical products, as well as, fast moving consumer goods.

2 INFLATION ADJUSTMENT FACTORS

The Consumer Price Indices (CPI's) presented below, as compiled by the Zimbabwe Central Statistics Office (CSO) and the conversion factors derived there from, have been applied in adjusting the historical financial statement figures as required per IAS 29.

Dates	Indices	Conversion factors
31 December 2019	551.74	1.00
31 December 2018	88.81	6.21
31 December 2017	62.50	8.83
2019 Average CPI	320.28	1.72

	Inflation adjusted 2019 $	Inflation adjusted 2018 $	Historical 2019 $	Historical 2018 $
3 COST OF SALES - GROUP				
Included in cost of sales is:				
Net movement in stock write off provision	4 360 368	449 076	182 904	-
4 OTHER OPERATING INCOME				
4.1 Group				
Commission receivable	-	262 119	-	31 882
Drum sales	13 000	130 986	13 000	15 932
Bad debts recovered	-	-	-	-
Sundry	36 701	128 807	13 896	15 667
	49 701	521 912	26 896	63 481
4.2 Company				
Commission receivable	-	253 898	-	30 882
Drum sales	-	-	-	-
Bad debts recovered	-	-	-	-
Sundry	-	8 361	-	1 017
	-	262 259	-	31 899

	Inflation adjusted 2019 $	Inflation adjusted 2018 $	Historical 2019 $	Historical 2018 $
5 SELLING AND DISTRIBUTION EXPENSES				
5.1 Group				
Commissions payable	319 942	2 695 933	127 180	327 911
Warehouse and delivery expenses	3 321 247	5 224 598	1 268 448	635 477
Merchandising costs	1 279 508	1 976 178	492 763	240 366
Other costs and recoveries	3 275 488	478 458	721 614	58 195
	8 196 185	10 375 167	2 610 005	1 261 952
5.2 Company				
Commissions payable	-	(111 459)	-	(13 557)
Warehouse and delivery expenses	-	-	-	-
Merchandising costs	-	-	-	-
Other costs and recoveries	-	(8 156)	-	(992)
	-	(119 615)	-	(14 549)
6 ADMINISTRATIVE EXPENSES				
6.1 Group				
Staff costs (note 6.3)	3 206 684	5 551 257	1 211 574	675 209
Rentals	275 178	489 239	110 453	59 507
Depreciation on property, plant and equipment	4 435 672	1 946 583	551 891	221 463
Consulting fees	482 953	109 092	174 273	13 269
Net movement in provision for doubtful debts	(3 218 659)	(1 037 270)	-	217
Travel	749 765	563 118	326 672	68 493
Bad debts written off	-	40 026	-	7 650
Telephone	424 721	362 849	199 565	44 134
Management fees	-	17948	-	2 183
Audit fees	478 985	420 219	395 204	51 112
Bank charges	1 429 575	656 531	729 532	79 855
Directors remuneration (note 6.1)	172 592	96 439	121 799	11 730
Motor vehicle expenses	552 001	430 069	276 739	52 310
Legal fees	140 787	7 399	73 519	900
Loss on disposal of equipment	-	-	-	-
Cleaning expenses	56 981	14 215	25 848	1 729
Computer expenses	762 075	844 237	409 372	102 686
Other administrative expenses	374 730	714 591	153 138	86 917
Electricity and water	140 703	133 246	68 109	16 207
Insurance	163 163	217 969	47 629	26 512
Printing and stationery	57 878	98 568	26 308	11 989
Repairs and maintenance	814 341	761 693	409 888	92 646
Security	234 737	376 341	97 629	45 750
	11 644 862	12 814 359	5 409 142	1 672 493

	Inflation adjusted 2019 $	Inflation adjusted 2018 $	Historical 2019 $	Historical 2018 $
6.2 Group				
Staff costs (note 6.3)	-	449 570	-	54 682
Rentals	-	49 633	-	6 037
Depreciation on property, plant and equipment	72 093	54 919	8 107	6 175
Consulting fees	-	-	-	-
Net movement in provision for doubtful debts	(287 954)	(144 230)	-	-
Travel	-	56 449	-	6 866
Bad debts written off	-	-	-	-
Telephone	-	9 504	-	1 156
Management fees	-	-	-	-
Audit fees	-	8 633	-	1 050
Bank charges	2 655	40 187	1 422	4 888
Directors remuneration (note 6.1)	-	-	-	-
Motor vehicle expenses	-	63 914	-	7 774
Legal fees	-	-	-	-
Loss on disposal of equipment	-	-	-	-
Cleaning expenses	-	-	-	-
Computer expenses	-	-	-	-
Other administrative expenses	-	137 333	-	16 704
Electricity and water	-	6 125	-	745
Insurance	-	-	-	-
Printing and stationery	-	5 681	-	691
Repairs and maintenance	-	35 180	-	4 279
Security	-	6 183	-	752
	213 196	779 081	9 529	111 799
6.3 Remuneration paid to directors and key management				
Payments to Non-Executive directors	172 592	96 439	121 799	11 730
Salaries to Executive directors and key management	524 326	1 592 545	198 105	193 704
Other benefits to Executive directors and key management	956 142	956 831	361 257	116 381
	1 653 061	2 645 815	681 161	321 815

6.3.1 Salaries and other benefits paid to executive directors and management are included in staff costs.

7 NET FINANCING COSTS

	Inflation adjusted 2019 $	Inflation adjusted 2018 $	Historical 2019 $	Historical 2018 $
7.1 Group				
Interest received	839	11 732	359	1 427
Interest payable	(1 177 068)	(2 278 007)	(556 187)	(277 078)
Net exchange rate gains	(61 051 715)	(24 013 034)	(29 318 196)	(2 920 780)
	(62 227 944)	(26 279 579)	(29 874 024)	(3 196 431)

	Inflation adjusted 2019 $	Inflation adjusted 2018 $	Historical 2019 $	Historical 2018 $
7.2 Company				
Interest received	40	263	19	32

8 TAXATION

8.1 Group

	Inflation adjusted 2019 $	Inflation adjusted 2018 $	Historical 2019 $	Historical 2018 $
8.1.1 Credit/(charge) for the year				
Income tax - current	(5 765 084)	(2 937 935)	(2 494 961)	357 346
- deferred	7 215 526	256 853	7 215 526	31 244
Deferred tax assets written off (note 8.5)	-	(483 563)	-	(58 817)
Change in tax rate	(3 908)	-	(3 908)	-
Prior years over provision	(22 086)	-	(22 086)	-
	1 424 448	(3 164 645)	4 694 571	(384 919)
8.1.2 Reconciliation of tax charge/(credit)				
Notional tax charge/credit based on loss for the year at present tax rates	10 645 047	(2 537 543)	5 070 693	(308 644)
Additional (taxation)/savings resulting from:				
Permanent differences	(8 893 958)	(143 538)	(49 481)	(17 458)
Deferred tax assets written off	-	(483 563)	-	(58 817)
Prior years over provision	(22 086)	-	(22 086)	-
Change in tax rate	(304 555)	-	(304 555)	-
	1 424 448	(3 164 645)	4 694 571	(384 919)

8.2 Company

	Inflation adjusted 2019 $	Inflation adjusted 2018 $	Historical 2019 $	Historical 2018 $
8.2.1 Credit/(charge) for the year				
Income tax - current	-	-	-	-
- deferred	2 351	68 767	2 351	8 364
Change in tax rate	(4 639)	-	(4 639)	-
Prior years over provision	1 099	-	1 099	-
	(1 189)	68 767	(1 189)	8 364
8.2.2 Reconciliation of tax charge/(credit)				
Notional tax charge/credit based on loss for the year at present tax rates	(54 908)	69 753	2 449	8 485
Additional (taxation)/savings resulting from:				
Permanent differences	57 357	(986)	-	(121)
Change in tax rate	(4 737)	-	(4 737)	-
Prior years over provision	1 099	-	1 099	-
	(1 189)	68 767	(1 189)	8 364

	Inflation adjusted 2019 $	Inflation adjusted 2018 $	Historical 2019 $	Historical 2018 $
8.3 Assessed tax losses				
8.3.1 Group				
Assessed tax loss	511 925	2 930 842	511 925	468 134
Income tax relief	126 548	754 692	126 548	120 545
8.3.2 Company				
Assessed tax loss	476 050	2 930 842	476 050	468 134
Income tax relief	117 680	754 692	117 680	120 545

8.3.3 The tax losses will provide income tax relief provided that the respective group companies earns sufficient taxable income to utilise the tax losses within six years of the losses arising.

8.3.4 The deferred tax assets written off relate to assessed losses in loss making subsidiaries that are not likely to provide any tax relief to the Group in the foreseeable future.

	Inflation adjusted 2019 $	Inflation adjusted 2018 $	Historical 2019 $	Historical 2018 $
9 BASIC LOSS PER SHARE - GROUP				
9.1 Basic profit per share				
Profit/(loss) after taxation attributable to parent equity holders	8 260 481	6 657 900	(7 994 119)	450 573

9.1.1 Basic profit per share is calculated based on a weighted average of 3 039 764 872 (2018: 3 039 764 872) ordinary shares in issue during the year.

	Inflation adjusted 2019 $	Inflation adjusted 2018 $	Historical 2019 $	Historical 2018 $
9.2 Headline profit per share				
Headline profit/(loss) after taxation attributable to parent equity holders	8 260 481	6 657 900	(7 994 119)	450 573

9.2.1 Headline profit per share is calculated based on a weighted average of 3 039 764 872 (2018: 3 039 764 872) ordinary shares in issue during the year.

	Inflation adjusted 2019 $	Inflation adjusted 2018 $	Historical 2019 $	Historical 2018 $
10 SHARE CAPITAL				
10.1 Authorised share capital				
4 000 000 000 ordinary shares of ZWL0.009 and ZWL0.001 cents each	355 826	355 826	40 000	40 000
10.2 Issued and fully paid share capital				
3 039 764 872 ordinary shares of ZWL0.009 and ZWL0.001 cents each	270 401	270 401	30 397	30 397

10.3 The unissued shares are under the control of the directors, subject to Section 183 of the Companies Act (Chapter 24:03).

11 PROPERTY, PLANT AND EQUIPMENT

11.1 GROUP - INFLATION ADJUSTED

	Land and buildings $	Leasehold improvements $	Plant and equipment $	Motor vehicles $	Furniture and fittings $	Computer equipment $	Total
11.1.1 Gross carrying amount							
At 31 December 2017	1 464 715	524 844	8 864 463	6 142 000	603 864	2 118 039	19 717 925
Additions	476 060	-	771 078	1 322 722	-	369 894	2 939 754
Disposals	-	-	-	(51 795)	-	-	(51 795)
At 31 December 2018	1 940 775	524 844	9 635 541	7 412 927	603 864	2 487 933	22 605 884
Additions	-	-	4 150	1 016 704	100 508	350 798	1 472 160
Foreign currency translation	1 856 119	492 054	7 984 140	6 656 492	337 170	2 338 807	19 664 782
At 31 December 2019	3 796 894	1 016 898	17 623 831	15 086 123	1 041 542	5 177 538	43 742 826
11.1.2 Depreciation							
At 31 December 2017	24 018	78 727	4 591 548	3 677 777	503 735	1 449 975	10 325 780
Charge for the year	2 667	52 483	593 008	1 005 932	39 061	253 432	1 946 583
Disposals	-	-	-	(51 795)	-	-	(51 795)
At 31 December 2018	26 685	131 210	5 184 556	4 631 914	542 796	1 703 407	12 220 568
Charge for the year	6 004	118 087	1 683 946	2 017 274	72 139	448 222	4 345 672
Foreign currency translation	25 437	131 215	3 881 913	4 112 972	279 966	1 560 628	9 992 131
At 31 December 2019	58126	380 512	10 750 415	10 762 160	894 901	3 712 257	26 558 371
11.1.3 Carrying amount							
At 31 December 2019	3 738 768	636 386	6 873 416	4 323 962	146 642	1 465 281	17 184 455
At 31 December 2018	1 914 090	393 634	4 450 985	2 781 012	61 069	784 526	10 385 316
At 31 December 2017	1 440 697	446 117	4 272 915	2 464 222	100 130	668 064	9 392 145

11.1.4 Motor vehicles with a carrying amount of $261 844 (2018: $134 663) were held as security for finance lease obligations disclosed in note 19.

11.1.5 The term loan disclosed in note 20.2 is secured by a Notarial General Covering Bond of $437 500 over movable assets.

11 PROPERTY, PLANT AND EQUIPMENT

11.2 GROUP - HISTORICAL

	Land and buildings	Leasehold improvements	Plant and equipment	Motor vehicles	Furniture and fittings	Computer equipment	Total
	$	$	$	$	$	$	
11.2.1 Gross carrying amount							
At 31 December 2017	164 655	59 000	996 493	690 449	67 883	238 098	2 216 578
Additions	57 904	-	93 788	160 885	-	44 991	357 568
Disposals	-	-	-	(6 300)	-	-	(6 300)
At 31 December 2018	222 559	59 000	1 090 281	845 034	67 883	283 089	2 567 846
Additions	-	-	1 796	440 000	43 497	151 815	637 108
Foreign currency translation	333 838	88 500	1 436 013	1 197 225	60 643	420 654	3 536 873
At 31 December 2019	556 397	147 500	2 528 090	2 482 259	172 023	855 558	6 741 827
11.2.2 Depreciation							
At 31 December 2017	2 700	8 850	516 156	413 435	56 627	162 998	1 160 766
Charge for the year	300	5 900	67 181	114 854	4 391	28 837	221 463
Disposals	-	-	-	(6 300)	-	-	(6 300)
At 31 December 2018	3 000	14 750	583 337	521 989	61 018	191 835	1 375 929
Charge for the year	675	13 275	191 137	269 695	8 809	68 300	551 891
Foreign currency translation	4 575	23 600	698 194	739 752	50 354	280 692	1 797 167
At 31 December 2019	8 250	51 625	1 472 668	1 531 436	120 181	540 827	3 724 987
11.2.3 Carrying amount							
At 31 December 2019	548 147	95 875	1 055 422	950 823	51 842	314 731	3 016 840
At 31 December 2018	219 559	44 250	506 944	323 045	6 865	91 254	1 191 917
At 31 December 2017	161 955	50 150	480 337	277 014	11 256	75 100	1 055 812

11.2.4 Motor vehicles with a carrying amount of $261 844 (2018: $134 663) were held as security for finance lease obligations disclosed in note 19.

11.2.5 The term loan disclosed in note 20.2 is secured by a Notarial General Covering Bond of $437 500 over movable assets.

11 PROPERTY, PLANT AND EQUIPMENT (continued)

11.3 COMPANY - INFLATION ADJUSTED

	Land and buildings	Plant and equipment	Motor vehicles	Furniture and fittings	Computer equipment	Total
	$	$	$	$	$	$
11.3.1 Gross carrying amount						
At 31 December 2017	133 435	108 314	84 687	106 961	493 175	426 572
Additions	-	582	-	-	-	582
Disposals	-	-	(51 795)	-	-	(51 795)
At 31 December 2018	133 425	108 896	32 892	106 961	493 175	875 359
Foreign currency translation	125 099	236 317	26 854	47 554	380 696	816 520
At 31 December 2019	258 534	345 213	59 746	154 515	873 871	1 691 879
11.3.2 Depreciation						
At 31 December 2017	24 018	28 066	84 687	86 243	423 585	646 599
Charge for the year	2 667	13 699	-	94	38 459	54 919
Disposals	-	-	(51 795)	-	-	(51 795)
At 31 December 2018	26 685	41 765	32 892	86 337	462 044	649 723
Charge for the year	6 004	39 733	-	-	26 356	72 093
Foreign currency translation	25 437	149 322	26 854	47 554	363 105	612 272
At 31 December 2019	58 126	230 820	59 746	133 891	851 505	1 334 088
11.3.3 Carrying amount						
At 31 December 2019	200 408	114 393	-	20 624	22 367	357 791
At 31 December 2018	106 750	67 131	-	20 624	31 132	225 636
At 31 December 2017	109 417	80 248	-	20 718	69 591	279 973

11 PROPERTY, PLANT AND EQUIPMENT (continued)

11.4 COMPANY - HISTORICAL

	Land and buildings $	Plant and equipment $	Motor vehicles $	Furniture and fittings $	Computer equipment $	Total $
11.4.1 Gross carrying amount						
At 31 December 2017	15 000	12 176	9 520	12 024	55 440	104 160
Additions	-	71	-	-	-	71
Disposals	-	-	(6 300)	-	-	(6 300)
At 31 December 2018	15 000	12 247	3 220	12 024	55 440	97 931
Foreign currency translation	22 500	42 504	4 830	8 553	68 471	146 858
At 31 December 2019	37 500	54 751	8 050	20 577	123 911	244 789
11.4.2 Depreciation						
At 31 December 2017	2 700	3 155	9 520	9 695	47 617	72 687
Charge for the year	300	1 541	-	11	4 323	6 175
Disposals	-	-	(6 300)	-	-	(6 300)
At 31 December 2018	3 000	4 696	3 220	9 706	51 940	72 562
Charge for the year	675	4 469	-	-	2 963	8 107
Foreign currency translation	4 575	26 857	4 830	8 553	65 307	110 122
At 31 December 2019	8 250	36 022	8 050	18 259	120 210	190 791
11.4.3 Carrying amount						
At 31 December 2019	29 250	18 729	-	2 318	3 701	53 998
At 31 December 2018	12 000	7 551	-	2 318	3 500	25 369
At 31 December 2017	12 300	9 021	-	2 329	7 823	31 473

12 INTANGIBLE ASSETS - GROUP AND COMPANY

12.1 Licenses that give the licensee the right to use the software for an indefinite period of time provided that they pay annual renewal fees. As such, the intangible assets' useful life was assessed as indefinite. The licensor frequently upgrades the accounting system to ensure that it remains relevant to the licensees.

13 INVESTMENTS IN SUBSIDIARIES AND ASSOCIATE COMPANIES

13.1 Investment in subsidiary companies - Company

Company	*Principal activity*	*Percentage shareholding*	Inflation adjusted 2019 $	2018 $
(i) Zvemvura Trading (Private) Limited	FMCG	50.1%	2 948 929	2 948 929
(ii) Vinpel Trading (Private) Limited	Dormant	100%	-	-
(iii) MedTech Medical and Scientific (Private) Limited	Pharmaceuticals	100%	-	-
(iv) Chicago Cosmetics (Private) Limited	Manufacturing	25.6%	-	-
(v) S-Mart Agencies (Private) Limited	FMCG	50.1%	-	-
(vi) Choice Brands (Private) Limited	FMCG	25.6%	-	-
			2 948 929	2 948 929

13.2 Investment in subsidiary companies - Company

Company	*Principal activity*	*Percentage shareholding*	Historical 2019 $	2018 $
(i) Zvemvura Trading (Private) Limited	FMCG	50.1%	331 502	331 502
(ii) Vinpel Trading (Private) Limited	Dormant	100%	-	-
(iii) MedTech Medical and Scientific (Private) Limited	Pharmaceuticals	100%	-	-
(iv) Chicago Cosmetics (Private) Limited	Manufacturing	25.6%	-	-
(v) S-Mart Agencies (Private) Limited	FMCG	50.1%	-	-
(vi) Choice Brands (Private) Limited	FMCG	25.6%	-	-
			331 502	331 502

Investments in subsidiaries are stated at cost. The investment in MedTech Medical and Scientific (Private) Limited was written down to nil in 2016 as the subsidiary is in a negative equity position.

13.3 Investment is associate company

The company acquired an equity interest of 20% in MedTech Food and Beverages (Private) Limited ("MFB"), a company incorporated in Zimbabwe in 2013. MedTech Holdings has significant influence in MFB as it has two directors on MFB's Board. The Company's Directors also participate in policy making processes, and Group management personnel provides advice to MFB on marketing and credit control issues amongst others.

The investment in MFB is accounted for using the equity method and the financial statements are drawn up as of the same date as those of the Group. Below we present the summarised financial information on the associate company:

	Inflation adjusted		Historical	
	2019	2018	2019	2018
	$	$	$	$
Share of the associate's statement of financial position:				
Non-current assets	12 586	34 668	1 420	3 897
Current assets	142 016	1 024 144	142 016	163 583
Current liabilities	(165 541)	(793 745)	(165 541)	(126 782)
Equity	35 980	106 315	(7 387)	(36 134)
Unrealised share of (profit)/losses	17 026	(70 336)	56 787	(4 564)
Carrying amount of investment	-	-	-	-
Reconciliation of carrying amount of investment in associate				
Opening balances	-	-	-	-
Share of losses in associate	(293 532)	(276 506)	(91 213)	(34 426)
Cumulative share of unrecognised losses in associate	293 532	276 506	91 213	34 426
Closing balances	-	-	-	-
Share of associate's revenue and losses				
Revenue	11 203	950 380	4 848	115 596
Loss from continuing operations	(17 026)	70 336	(56 787)	4 564
Total comprehensive loss	(17 026)	70 336	(56 787)	4 564

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

	Inflation adjusted		Historical	
	2019	2018	2019	2018
	$	$	$	$
14 DEFERRED TAXATION				
14.1 Analysis - Group				
Deferred tax assets	8 036 983	1 233 845	7 282 640	142 479
Deferred tax liabilities	(802)	(387 196)	(45)	(49 390)
	8 036 181	846 649	7 282 595	93 089
14.2 Reconciliation - Group				
Opening balances	846 649	1 073 359	93 089	120 661
Movement for the year	7 189 532	256 853	7 189 530	31 245
Deferred tax assets written off	-	(483 563)	-	(58 817)
	8 036 181	846 649	7 282 619	93 089

	Inflation adjusted		Historical	
	2019	2018	2019	2018
	$	$	$	$
14.2 Analysis - Company				
Deferred tax assets	1 015 108	1 016 297	113 691	114 881
14.2.1 Reconciliation - Group				
Opening balances	1 016 297	947 530	114 881	106 516
Movement for the year	(1 189)	68 767	(1 190)	8 000
Deferred tax assets written off	-	-	-	-
	1 015 108	1 016 297	113 691	114 881

15 INVENTORIES

15.1 Group

	Inflation adjusted 2019 $	Inflation adjusted 2018 $	Historical 2019 $	Historical 2018 $
Merchandise	16 578 666	14 157 161	6 764 262	1 721 960
Raw materials and consumables	3 953 300	1 579 118	1 710 873	192 071
Provision for stock obsolescence	(1 116 720)	(5 477 088)	(483 284)	(666 188)
	19 415 246	10 259 191	7 991 851	1 247 843

15.1.2 The overdraft facility disclosed in note 22.2 is secured by a Notarial General Covering Bond for $450 000 over accounts receivables and inventories.

15.1.3 The term loan disclosed in note 20.2 is secured by a Notarial General Covering Bond for $450 000 over accounts receivables and inventories.

15.1.4 The composite credit facility disclosed in note 20.5 is secured by a Notarial General Covering Bond for $450 000 over accounts receivables and inventories.

15.1 Company

The Company's inventories consist of merchandise.

	Inflation adjusted 2019 $	Inflation adjusted 2018 $	Historical 2019 $	Historical 2018 $
16 ACCOUNTS RECEIVABLE				
16.1 Analysis - Group				
Trade (note 16.3)	7 645 169	13 447 739	7 645 169	2 148 062
Provision for doubtful debts	(611 832)	(3 830 491)	(611 832)	(655 385)
Other	508 121	6 976 706	508 121	1 141 498
	7 541 458	16 593 954	7 541 458	2 634 175
16.2 Analysis - Company				
Trade (note 16.3)	142 533	892 355	142 533	142 533
Provision for doubtful debts	(54 737)	(342 691)	(54 737)	(54 737)
Other	22 728	142 295	22 728	22 728
	110 524	691 959	110 524	110 524

16.3 There is concentration of credit risk associated with the trade receivables as detailed in note 25.6.

16.4 The average credit period for the Group is sixty days and no interest is charged on overdue accounts. Before accepting any new credit customer, the Group performs a due diligence including conducting trade reference checks on the applicant and their directors. The trade receivables presented in note 16.5 are past due but have not been impaired as there are agreed payment plans in place.

16.5 Ageing of trade and other receivables that are past due but not impaired - Group:

	Inflation adjusted 2019 $	Inflation adjusted 2018 $	Historical 2019 $	Historical 2018 $
61-90 days	1 061 410	134 968	1 061 410	21 558
91-120 days	50 081	44 138	50 081	7 050
120+days	420 061	5 897 001	420 061	941 909
	1 531 552	6 076 107	1 531 552	970 517

16.6 Ageing of trade and other receivables that are past due but not impaired - Company:

	Inflation adjusted 2019 $	Inflation adjusted 2018 $	Historical 2019 $	Historical 2018 $
61-90 days	-	292 831	-	46 773
91-120 days	-	21 330	-	3 407
120+days	87 796	322 037	87 796	51 438
	87 796	636 198	87 796	101 618

16.7 The Group and company consider any changes in the credit quality of the respective receivables from the date on which credit was granted up to the end of the reporting period before determining the impairment losses disclosed above.

16.8 The term loan disclosed on note 20.2 is secured by a Notarial General Covering Bond for $450 000 over accounts receivables and inventories, amongst others.

17 LOAN RECEIVABLE

The loan to Zvemvura Trading (Private) Limited is interest free, is not secured and does not have any fixed repayment terms

	Inflation adjusted		Historical	
	2019	2018	2019	2018
	$	$	$	$
18 RELATED PARTIES' BALANCES				
18.1 Amounts owed by related parties – Group				
Medtech Food and Beverages (Private) Limited (note 18.3)	464 461	1 153 125	464 461	184 185
S-Mart Agencies (Private) Limited	-	-	-	-
Tothmet Investments (Private) Limited (note 18.3)	82 930	452 723	82 930	72 312
A Motiwala (note 18.3)	3 444 519	194 175	3 444 519	31 015
Shaview Investments (Private) Limited (note 18.3)	64 500	403 815	64 500	64 500
	4 056 410	2 203 838	4 056 410	352 012
18.1.1 Amounts owed by related parties – Company				
MedTech Medical & Scientific (Private) Limited	805 790	5 044 802	805 790	805 790
Chicago Cosmetics (Private) Limited	50 899	318 638	50 899	50 899
Medtech Food and Beverages (Private) Limited (note 18.3)	11 582	72 511	11 582	11 582
S-Mart Agencies (Private) Limited	10 607	66 407	10 607	10 607
	878 878	5 502 358	878 878	878 878
18.2 Amounts owed to related parties - Company				
Grillage Investments (Private) Limited (note 18.3)	92 382	339 611	92 382	54 245
Turfgreen Investments (Private) Limited (note 18.3)	1 590 057	1 590 057	940 555	940 555
	1 682 439	6 228 135	1 682 439	994 800

18.2.1 Amounts owed to related parties - Company

The amount is owed to Zvemvura Trading (Private) Limited

18.3 During the year the Group and company transacted with and/or had outstanding balances with the following related parties:

Entity	*Nature of relationship of transactions*	*Nature and value*
(i) A Motiwala	The Group's Chief Executive Officer ("CEO").	Loan advance.
(ii) Grillage Investments (Private) Limited	A Company under the control of one of the holding company's major shareholders	Rentals amounting to $208 427 for various premises and interest amounting to $42 648 on outstanding rentals.
(iii) Medtech Food Beverage (Private) Limited	An associate comapny of Medtech Holdings Limited.	Sales amounting to $22 219 and purchases amounting to $56 129.
(iv) Shaview Investments (Private) Limited	A company in which a memeber of the Finance Manager's family has an interest.	There were no transaction with Sharview Investments (Private) Limited during the year.
(v) Tothmet Investments (Private) Limited	A company in which the CEO has an interest.	Sale of goods amounting to $21 709.
(vi) Turfgreen Investments (Private) Limited	A Company under the control of one of the holding company's major shareholders	Security for the overdraft facility disclosed in note 14.2, rentals amounting to $44 934, and interest amounting to $430 196 on arrear rentals.

Sales to related parties are made at the same prices as those made to third parties. However, the repayment terms are flexible and are negotiated on a case by case basis.

	Inflation adjusted 2019 $	Inflation adjusted 2018 $	Historical 2019 $	Historical 2018 $
19 FINANCE LEASE				
19.1 Analysis				
Long term portion (note 19.2)	-	245 695	-	39 244
Short term portion (note 19.3)	40 635	307 725	40 635	49 152
	40 635	553 420	40 635	88 396
19.2 Amounts payable after twelve months				
Minimum lease payments	-	255 531	-	37 673
Unrealised finance charges	-	(9 836)	-	(1 571)
	-	245 695	-	39 244
19.3 Amounts payable within twelve months				
Minimum lease payments	45 794	361 586	45 974	57 755
Unrealised finance charges	(5 339)	(53 861)	(5 339)	(8 603)
Lease repayments	-	-	-	-
Residual value	-	-	-	-
	40 635	307 725	40 635	49 152

19.4 The finance lease is secured by a motor vehicle with a carrying amount of $261 844.

20 SHORT TERM LOANS PAYABLE

20.1 Analysis				
Term loan (note 20.2)	-	2 284 995	-	364 974
Lakhani (note 20.3)	350 130	110 752	350 130	17 690
Fashira International HIC Limited (note 20.4)	1 636 538	-	1 636 538	-
Composite credit facility (note 20.5)	3 350 000	-	3 350 000	-
	5 336 668	2 395 747	5 336 668	382 664

20.2 The term loan which was secured in 2018, accrued interest at a rate of 12% per annum compounded monthly was secured by unlimited guarantees issued by the holding Company, cross company guarantees issued by the holding Company's subsidiaries, another Notarial General Covering Bond for $450 000 over inventories and accounts receivables, and another Notarial General Covering Bond for $437 500 over movable assets.
The amounts advanced through this facility were repayable in monthly instalments and the facility expired on 31 March 2019.

20.3 The loan from Lakhani attracts interest at a rate of 3% per month. The loan is not secured and has no fixed repayment terms.

20.4 The loan from A. Kalla is interest free, is not secured and has no fixed repayment terms.

20.5 The composite credit facility, which was secured in 2019, accrues interest at a rate of 35% per annum compounded monthly and secured by mortgage bonds over some immovable properties belonging to Turfgreen Investments (Private) Limited, unlimited guarantees issued by Turfgreen Investments (Private) Limited, unlimited guarantees issued by the holding Company, cross company guarantees issued by the holding Company's subsidiaries, a Notarial General Covering Bond for $450 000 over inventories and accounts receivables, and another Notarial General Covering Bond for $437 500 over movable assets. The facility expires on 31 August 2020.

	Inflation adjusted		Historical	
	2019	**2018**	**2019**	**2018**
	$	**$**	**$**	**$**
21 ACCOUNTS PAYABLE				
21.1 Analysis - Group				
Trade (note 21.3)	34 007 297	15 379 200	34 007 297	2 171 658
Other	1 873 350	3 603 129	1 873 350	844 048
	35 880 647	18 982 329	35 880 671	3 015 706
21.1 Analysis - Company				
Trade (note 21.1)	237 240	1 485 280	237 240	237 240
Other	163 671	1 029 128	163 702	164 384
	400 911	2 514 408	400 941	401 624

21.3 The Group owed a total of ZAR 27,9 million (2018: ZAR 27,7 million) to its foreign suppliers at year end.

	Inflation adjusted 2019 $	Inflation adjusted 2018 $	Historical 2019 $	Historical 2018 $
22 CASH AND CASH EQUIVALENTS				
22.1 Analysis				
Cash and bank balances (note 22.3)	1 217 503	1 320 111	1 217 503	210 857
Bank overdraft (note 22.2)	-	(239 734)	-	(38 292)
	1 217 503	1 080 387	1 217 503	172 565

22.2 The Group overdraft facility with a limit of $400 000 expires on 31 August 2020 and was rolled over. The facility attracts interest at a rate of 35% per annum and is secured by unlimited guarantees by Turfgreen Investments (Private) Limited, as well as mortgage bonds over some immovable properties belonging to Turfgreen Investments (Private) Limited, a Notarial General Covering Bond (NGCB) for $450 000 over inventories and accounts receivable, and another Notarial General Covering Bond for $437 500 over movable assets.

23 SEGMENT INFORMATION

23.1 Segment reporting

Segment information is presented in respect of the Group's business segments. The primary format, business segments, is based on the Group's management and internal reporting structure. Inter-segment pricing is determined on an arm's length basis.

Segments results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly interest-bearing loans, borrowings, corporate assets and expenses.

23.2 Business segments

The Group reports on three distinct business segments, Fast Moving Consumer Goods (FMCG), Medical and Manufacturing. The FMCG segment comprises the entire businesses of Zvemvura Trading (Private) Limited, trading as MedTech Distribution, S-Mart Agencies (Private) Limited and Choice Brands (Private) Limted. The FMCG segment distributes products manufactured by the Manufacturing segment as well as trade in other personal care products, toiletries and other fast moving consumer goods. The Medical segment comprised of the entire business of MedTech Medical and Scientific (Private) Limited and the trading division of the holding company namely, MedTech Education & Laboratories. The Medical segment is involved in the wholesale of pharmaceutical products to various retail pharmacies countrywide as well as the provision of laboratory supplies and services to educational and healthcare institutions countrywide.

The manufacturing segment is engaged in the manufacture of personal care and related products and comprises the entire business of Chicago Cosmetics (Private) Limited. Segment information is presented for these three distinct segments.

Inflation adjusted

23.3 Year ended 31 December 2019	**FMCG** $	**Medical** $	**Manufacturing** $	**Unallocated items and adjustments** $	**Total** $
Revenue - external	51 447 839	-	19 033 517	-	70 481 356
- internal	165 256	-	8 435 098	(8 600 354)	-
Total revenue	51 613 095	-	27 468 615	(8 600 354)	70 481 356
Net financing (costs)/income	(52 426 943)	-	(9 801 041)	40	(62 227 944)
Depreciation expense	(2 401 889)	(10 5159)	(1 814 899)	(23 725)	(4 345 672)
Segment profit/(loss) before taxation	(22 377 232)	5 232 510	7 924 412	980 531	(8 239 778)
Taxation	3 786 220	-	(2 360 583)	(1 189)	1 424 448
Segment profit/(loss) after taxation	(18 591 012)	5 232 510	5 563 829	979 342	(6 815 331)
Other comprehensive income	2 802 955	145 079	4 631 317	104 887	7 684 238
Segment total comprehensive income	(15 788 057)	5 377 589	10 195 146	1 084 229	868 907
Segment assets	35 953 839	1 974 639	21 151 747	(1 199 299)	57 880 926
Segment liabilities	38 446 834	1 466 153	7 989 107	(2 215 958)	45 686 137

Historical

23.3 Year ended 31 December 2019	FMCG $	Medical $	Manufacturing $	Unallocated items and adjustments $	Total $
Revenue - external	20 083 066	-	8 197 336	-	28 280 402
- internal	62 706	-	3 603 956	(3 666 662)	-
Total revenue	20 145 772	-	11 801 292	(3 666 662)	28 280 402
Net financing (costs)/income	(24 361 107)	-	(5 512 936)	19	(29 874 024)
Depreciation expense	(290 312)	(11 824)	(297 088)	(2 667)	(551 891)
Segment profit/(loss) before taxation	(20 404 845)	(11 824)	718 938	(4 070)	(19 701 801)
Taxation	4 944 319	-	(248 558)	(1 190)	4 694 571
Segment profit/(loss) after taxation	(15 460 526)	(11 824)	470 380	(5 259)	(15 007 229)
Other comprehensive income	(1 137 383)	26 094	713 960	18 865	(378 464)
Segment total comprehensive income	(16 597 910)	14 270	1 184 340	13 607	(15 385 693)
Segment assets	23 548 660	644 692	9 273 462	(2 265 989)	31 200 825
Segment liabilities	38 446 053	1 466 153	7 989 107	(2 215 952)	45 685 362

Inflation adjusted

23.5 Year ended 31 December 2018	FMCG $	Medical $	Manufacturing $	Unallocated items and adjustments $	Total $
Revenue - external	82 612 454	2 297 442	16 558 590	-	101 468 485
- internal	9 575	-	6 671 113	(6 770 692)	-
Total revenue	82 622 032	2 297 442	23 319 703	(6 770 692)	101 468 485
Net financing (costs)/income	(19 841 375)	282	(6 438 507)	44	(26 279 556)
Depreciation expense	(1 227 463)	(16 296)	(658 611)	(44 213)	(1 946 583)
Segment profit/(loss) before taxation	8 276 230	2 277 368	4 692 235	454 991	15 700 824
Taxation	(2 579 897)	-	(653 516)	68 767	(3 164 646)
Segment profit/(loss) after taxation	5 696 333	2 277 368	4 038 719	523 758	12 536 178
Other comprehensive income	-	-	-	-	-
Segment total comprehensive income	5 696 333	2 277 368	4 038 719	523 758	12 536 178
Segment assets	39 369 813	4 298 340	14 114 413	(15 617 551)	42 165 015
Segment liabilities	26 074 764	9 167 427	11 146 919	(15 549 994)	30 839 115

	FMCG	Medical	Manufacturing	Unallocated items and adjustments	Total
			Historical		
23.6 Year ended 31 December 2018	$	$	$	$	$
Revenue - external	10 048 296	2 279 442	2 014 048	-	12 341 786
- internal	1 166	-	822 367	(823 533)	-
Total revenue	10 049 462	2 279 442	2 836 415	(823 533)	12 341 786
Net financing (costs)/income	(2 413 341)	37	(783 127)	-	(3 196 431)
Depreciation expense	(139 966)	(1 833)	(74 693)	(4 971)	(221 463)
Segment profit/(loss) before taxation	1 160 101	(32 367)	299 923	(5 528)	1 422 129
Taxation	(313 798)	-	(79 487)	8 366	(384 919)
Segment profit/(loss) after taxation	846 303	(32 367)	220 436	2 838	1 037 210
Other comprehensive income	-	-	-	-	-
Segment total comprehensive income	846 303	(32 367)	220 436	2 838	1 037 210
Segment assets	7 213 068	628 554	1 868 056	(3 911 424)	5 798 254
Segment liabilities	5 512 564	1 464 285	1 768 042	(3 847 793)	4 897 098

24 EMPLOYEE BENEFITS

24.1 Defined contribution fund

All eligible employees of the company are members of a defined contribution pension fund, (MedTech Holdings Pension Fund), to which both the employer and the employee contribute. No contributions were made during the year, since a decision was taken in prior year to have the pension fund on a paid up status.

24.2 National Social Security Authority (NSSA)

The Group and its employees contribute to the National Social Security Authority Scheme.
The Group's contributions under the scheme are limited to specific contributions legislated from time to time.

25 TREASURY AND FINANCIAL RISK MANAGEMENT

25.1 The main risks arising from the Group's financial instruments are currency rate risk, market risk, credit risk and liquidity and cash flow risk.

25.2 Currency risk

This is the risk that the Group is exposed to unfavourable exchange rates movements on mismatched spot or forward positions in a foreign currency deal.

The Group incurs foreign currency risk mainly through the acquisition of inventories from foreign suppliers and the currency predominantly giving rise to foreign exchange risk is the South African Rand (ZAR).
As at 31 December 2019, the Group owed ZAR 27.9 million (2018: ZAR 27.7million) to its major foreign based supplier.

The Group's exposure to foreign currency risk is monitored and managed by senior management who sets the parameters within which the group transacts.

25.3 Interest rate risk

This is a risk arising from the adverse movement in the value of future interest receipts or commitments resulting from movements in interest rates.

The Group finances its operations through a mixture of own resources and borrowings at fixed interest rates.

The Group's exposure to interest risk is managed by senior management at head office. Any new borrowings are undertaken after careful consideration of economic conditions and expected movements in interest rates.

25.4 Market risk

The principal amounts of all monetary assets and liabilities are fixed and not subject to market related value adjustments.

25.5 Liquidity and cash flow risk

This is the risk of insufficient liquid funds being available to cover commitments.

The cash resources and facilities available to the Group were considered adequate to meet its short-term liquidity and cash flow requirements as at year end.

25.6 Concentration risk

As at 31 December 2019, 30% of the Group's gross accounts receivables were due from four major customers who also accounted for 64% of the Group's revenues for the year ended 31 December 2019. In 2018, 46% of the Group's gross accounts receivable were due from the same four major customers who also accounted for 56% of the Group's annual revenues.

26 GOING CONCERN

The Group was in a current liability position of $13 454 700 (2018: net current asset position $170 870) as at 31 December 2019. In addition, the prevailing economic environment has continued to negatively affect the Group's operations.

Based on the conditions and events detailed above, the Directors have concluded that there is a material uncertainty related to conditions that may cast significant doubt on the Group's ability to continue operating as a going concern and, therefore, that the Group may be unable to realize its assets and discharge its liabilities in the normal course of business.

The Directors believe that the Group is a going concern and will continue in business for the foreseeable future and, are implementing the following measures to ensure that the Group continue operating as a going concern in the foreseeable future:

- The outsourcing arrangement for selling and distribution activities has had a positive impact on cost cutting as well as on revenue growth which is expected to continue;
- Financial institutions continue to provide working capital facilities and there have been no indications of any intentions to withdraw such support;
- Stricter measures over credit control will be maintained and we do not expect significant bad debts;
- The Group's largest foreign suppliers continues to support the Group and have not called on outstanding amounts;
- Key strategic experienced personnel who have been spearheading the successful cost cutting initiatives are expected to remain at the Group and further steer up the ship in the right direction; and
- The new plant commissioned during the second half of 2018 has increased the number of locally produced product lines. This should result in margins increasing in the coming years once the plant is fully operational.

Based on the aforementioned, the Directors believe that the preparation of these financial statements on a going concern basis is still appropriate.

27 SUBSEQUENT EVENTS

27.1 Subsequent to year end, a pneumonia of unknown cause, which was named the Covid 19, was declared a public health emergency on 31 January 2020, and later a pandemic on 11 March 2020, by the World Health Organization due to the number of confirmed cases and deaths that were recorded in numerous countries the world over. The Covid 19 pandemic has led to widespread economic uncertainty and volatility in financial market as the measures taken across the globe to try and slow down the spread of the pandemic is impacting both the supply and demand for many goods and services. Although fiscal and monetary policy measures are also being implemented to prop up the economy, many still believe there is a possibility of a global recession.

As at the date of the approval of the financial statements, management was in the process of assessing the full impact of COVID-19 on its operations. Management, however, do not anticipate the COVID-19 to have a significant impact on its operations, and as result the going concern assumption adopted in the preparation of these financial statements has not been revised.

(Incorporated in Zimbabwe on 10 February 1997, Registration number 897/97)

NOTICE TO MEMBERS

NOTICE IS HEREBY GIVEN that the Twenty first Annual General Meeting of the members of MedTech Holdings Limited will be held at the **MedTech Holdings Limited Boardroom, Stand 619, Corner Shumba / Hacha Roads, Ruwa, on Tuesday 30 June 2020 at 2:00pm,** at which members will be asked to consider, and if deemed fit, to pass with or without modification, the resolutions as set out hereunder:

ORDINARY BUSINESS

1. To receive, approve and adopt the Annual Financial Statements and Reports of the Directors and Auditors for the year ended 31 December 2019.
2. To elect Directors of the Company. In accordance with the Articles of Association, Mrs R Mazula and Mr A Motiwala retire by rotation and being eligible offers themselves for re-election.
3. To approve the Directors' fees for the year ended 31 December 2019.
4. To authorise the Directors to fix the remuneration of the Auditors' and to appoint auditors for the ensuing year. AMG Global Chartered Accountants (Zimbabwe) have indicated their willingness to continue in office. AMG Global Chartered Accountants (Zimbabwe) have served as auditors for 12 years since the year 2008.
5. To transact all other business as may be transacted at an Annual General Meeting.

Voting and Proxies

In terms of the Companies and Other Business Entities Act (Chapter 24:31), a member entitled to attend and vote at the Annual General Meeting of shareholders may appoint a proxy to attend, speak, and on poll, to vote in his stead. A proxy need not be a member of the Company. Proxy forms must be lodged at the Registered Office of the Company not less than 48 (forty – eight) hours before the commencement of the meeting.

Registration to attend

In conformity with the national lockdown, restrictions on public gatherings, a maximum of 50 people will be allowed to attend the Annual General Meeting. As such members are requested to contact the Company Secretary (details per sign off below) to register their attendance by no later than 9:00am on 19 June 2020. Only those members who have been registered to attend and have been given an acknowledgement to attend the meeting will be allowed at the venue.

BY ORDER OF THE BOARD

M Y Patel
Company Secretary
mpatel@medtechdistribution.com
Stand 619, Corner Shumba / Hacha Road, Ruwa
06 June 2020

PROXY FORM
Twenty first Annual General Meeting

(Incorporated in Zimbabwe on 10 February 1997, Registration number 897/97)

I/We..

of...

Being a member of MedTech Holdings Limited hereby appoint..

....
Or failing him/her

....
the Chairman of the meeting as my/our proxy to attend and speak for me/us on my/our behalf at the Twenty first Annual General Meeting of the members of MedTech Holdings Limited ("the Company") to be held in the MedTech Holdings Boardroom, Stand 619, Corner Shumba/Hacha Roads, Ruwa, on Tuesday 30 June 2020, at 2.00pm, at which members will be asked to consider, and if deemed fit, to pass with or without modification, the resolutions as set out hereunder:

ORDINARY BUSINESS

Please indicate with an 'X' in the spaces provided how you wish your votes to be cast.

	For	Against	Abstain
1. To receive, approve and adopt the Annual Financial Statements and Reports of the Directors and Auditors for the year ended 31 December 2019.	☐	☐	☐
2. To elect Directors of the Company. In accordance with the Articles of Association, Mrs R Mazula and Mr A Motiwala retire by rotation and being eligible offers themselves for re-election.	☐	☐	☐
3. To approve the Directors' fees for the year ended 31 December 2019.	☐	☐	☐
4. To authorise the Directors to fix the remuneration of the Auditors' and to appoint auditors for the ensuing year. AMG Global Chartered Accountants (Zimbabwe) have indicated their willingness to continue in office.	☐	☐	☐
5. To transact all other business as may be transacted at an Annual General Meeting.	☐	☐	☐

Signed this....................................day of......................................2020.   Signature of Member...................................

Number Of Shares...

NOTES:
1. This proxy form should reach the registered office of the company not later than forty eight hours before the time of the meeting.
2. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote and speak in his stead. A proxy need not be a member of the company.

SHAREHOLDERS ANALYSIS
as at 31 December 2019

ANALYSIS BY CATEGORY % OF TOTAL

	Number of shareholders	2019 %	Number of shareholders	2018 %
Local Companies	167	83.85	172	83.82
Employees	11	0.06	11	0.06
Deceased Estate	6	0.00	6	0.00
External Companies	1	0.27	1	0.27
Fund Managers	2	0.02	2	0.02
Insurance Companies	3	0.00	4	0.00
Investment, Trust & Property	33	0.11	33	0.11
Local Resident	2,066	13.57	2,048	13.62
Nominees Local	32	0.75	33	0.75
Non Residents	1	0.01	1	0.01
Non Resident individual	22	1.32	19	1.31
Pension Fund	2	0.01	2	0.01
Other Shareholdings	1	0.02	1	0.02
Total	**2,347**	**100.00**	**2,333**	**100.00**

ANALYSIS BY HOLDING

	Number of shareholders	2019 %	Number of shareholders	2018 %
1 - 5,000	1,172	49.94	1,173	50.28
5,001 - 10,000	265	11.29	266	11.40
10,001 - 50,000	524	22.33	522	22.37
50,001 - 100,000	141	6.00	136	5.83
100,001 - 500,000	158	6.73	149	6.39
500,001 and over	87	3.71	87	3.73
Total	**2,347**	**100.00**	**2,333**	**100.00**

TOP 5 SHAREHOLDERS

	2019 Number of shareholders	% Equity
WESTMINSTER HOLDINGS (AFRICA) LIMITED	975,369,883	32.09
TITANIUM MARKETING & DISTRIBUTION (PVT)LTD,	894,958,000	29.44
GPC TRUST	261,697,354	8.61
EFE SECURITIES (PVT) LTD	103,694,402	3.41
PATEL MAHESH CHHITUBHAI	102,055,250	3.36
Total	**2,337,889**	**76.91**

MedTech HOLDINGS LIMITED

Registered Office:
Stand 619 Corner Shumba/Hacha Road
Ruwa, Zimbabwe