MedTech HOLDINGS LIMITED

ANNUAL REPORT 2017

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DIRECTORATE AND ADMINISTRATION

COMPANY INFORMATION

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
M. Y. Patel
Registered office
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Corner Shumba/Hacha Road
Ruwa, Zimbabwe

TRANSFER SECRETARIES
First Transfer Secretaries
1 Armagh Road, Eastlea
Harare, Zimbabwe

BANKERS
NMB Bank
Joina City Branch
Harare, Zimbabwe

LEGAL ADVISORS
Muvingi and Mugadza Legal Practitioners
7th Floor Pegasus House
52 – 54 Samora Machel Avenue
Harare, Zimbabwe

CHAIRMAN'S STATEMENT

Introduction

The year 2017 was mixed and challenging for the Group. Though revenues increased 13% the Group incurred a loss before tax of $459,279. The increased revenue was attributable to changes in the sales mix and focus placed on fast moving items. We also evidenced an improvement in operational performance with an operating profit of $179,552. The operating and economic environment remained depressed causing demand to remain subdued. The main challenge experienced during the year included inadequate foreign currency reserves necessary to settle international obligations while other challenges were increased competition from unregistered operators and smuggled competing products. The major factor contributing to the dismal performance was the net exchange rate loss included in the finance cost for the year of $638,831. Commendable though has been discipline towards cost control resulting in a reduction of operating costs by 3% as compared to prior period. This has been in the wake of increases in the general price levels.

Group Financial Performance

Deterioration in profitability as the Group recorded a loss before tax of $459,279 in 2017 compared to loss before tax in 2016 of $275,486.

Group revenues increased by 13% with revenue increases in the FMCG segment (17%) and manufacturing (32%).
The medical segment recorded a revenue decrease of 39%.

The summarised group figures for 2017 were as follows:

	2017	2016
	$	$
Turnover	11,100,418	9,851,157
Gross Profit	2,850,192	2,370,813
Operating profit / (loss)	179,552	(216,778)
Loss before taxation	(459,279)	(275,486)
Total assets	5,419,748	6,796,379
Basic loss per share (US Cents)	(0.016)	(0.002)

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 number of community beneficial projects. These were mainly donations of personal hygiene products to vulnerable women and children at prisons, hospitals, orphanages and cancer associations.

Outlook

The trading environment and the macro-economic situation remains uncertain. The new political dispensation has ushered in renewed hope and we look forward to a positive impact on the economy.

In the short term we foresee continued delays in remitting foreign payments and this will negatively affect our ability to service existing foreign creditors amounting to ZAR35,7million. This may lead to cuts in supply and resultant stock outs.

The sharp rise in general price levels is expected to persist resulting in reduction in consumer spending and this may lead to a decrease in revenue in the first half of 2018.

Nevertheless, we will continue to do our best to maintain market share and sales and keep up the strict cost control.

We are pursuing various initiatives including a potential partnership with a technology company.

Dividend

Given the liquidity challenge, 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, customers, management and staff for their support. I also wish to thank my fellow Board members for their considerable guidance.

R Mazula (Mrs)
Chairperson
20 MARCH 2018

CHIEF EXECUTIVE OFFICER'S REPORT

HIGHLIGHTS FOR 2017

- Deterioration in performance with a loss before tax of $459,279 in 2017 as compared to a loss before tax of $275,486 in 2016.

- Group revenues increased by 13% from $9,851,157 in 2016 to $11,100,418 in 2017.

- Significant improvement in operational performance with an operating profit of $179,552 in 2017 as compared to an operational loss of $216,778 in 2016.

GROUP OVERVIEW

	2017	2016
Revenues	$11,100,418	$9,851,157
Gross Profit %	26%	24%

The economic environment remained challenging during the year 2017. Revenues increased 13%, but this was not enough as the Group recorded a loss before tax of $459,279 compared to a prior year loss before tax of $275,486. All business segments recorded a loss before tax.
Factors attributable to the revenue increase have been mentioned in the Chairman's statement.
The major factor contributing to the dismal performance was the significant net exchange rate loss included in the finance cost for the year of $638,831.

Stringent credit control management was maintained during the year and as at year end there were no new significant debtors provided for. Gross margins have marginally improved.

Ongoing cost cutting initiatives resulted in lower expenses as compared to prior period. Overall operating expenses decreased 3% and major contributors to this decrease were staff costs (by 21%), consulting fees (by 39%) legal fees (by 71%), motor vehicle expenses (by 27%), directors remuneration (by 44%) and bank charges (by 21%).

FMCG SEGMENT

	2017	2016
Revenues	$7,992,463	$6,859,712
Gross Profit %	24%	25%

The FMCG Segment includes MedTech Distribution and Smart Retail. Segment sales increased by 17%. Margins declined due to changes in sales mix and provisions for inventory write offs for damaged, expired and slow moving inventory.

The FMCG segment posted a loss before tax of $91,973.

MEDICAL SEGMENT

	2017	2016
Revenues	$726,457	$1,182,358
Gross Profit %	23%	28%

The Medical Segment includes MedTech Medical and Scientific (Private) Limited ("MMS") and Education and Laboratory Services Division. Segment sales declined 39% as stock levels remained low due to foreign suppliers maintaining their stance of cutting lines of credit as a result of inability by banks to remit foreign payments. Import legislation has also affected the reduced inventory level.
Margins decreased as slow moving stock nearing expiry had been placed on promotion.
The medical segment posted a loss before tax of $333,862.

MANUFACTURING SEGMENT

	2017	2016
Revenues	$3,210,592	$2,440,820
Gross Profit %	24%	13%

The manufacturing segment comprisers of Chicago Cosmetics (Private) Limited ("CC"). Revenues increased by 32%. This was mainly due to more consistent supply to customers as a result of improved production processes. Government's efforts to support local industry also contributed to increased revenues.
Margins improved due to changes in the sales mix. The manufacturing segment posted a loss before tax of $49,732.

Local production of other key lines has not begun due to inability by local suppliers to supply capital equipment which would be used as part of the production and / or repackaging process. Foreign suppliers have been engaged but progress has been slow due to banks inability to remit foreign payments. We expect local production to commence during the second half of 2018 provided test runs which have been scheduled for quarter 2 of 2018 go according to plan.

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 19.2 to the financial statements.

UPDATE AND STATUS ON IMPLEMENTATION OF MEASURES PERTAINING TO GOING CONCERN

- Cost cutting efforts are ongoing and now imbedded in the corporate culture;
- Operating costs lower than 2017 by 3%;
- Financial institutions continue to provide working capital facilities which are continually renewed and there have been no indications of withdrawal of such support;
- Stricter measures over credit control will be maintained and we do not expect significant bad debts;
- The Group’s largest supplier and creditor continues to support many businesses of the Group and there have been no indications of withdrawl of such support;
- Key strategic experienced personnel who have been spearheading the successful cost cutting initiatives are expected to remain at the Group and further steer the ship in the right direction;
- A new plant will be commissioned during the second half of 2018 in order to increase the number of locally produced product lines. This should result in margins increasing in the second half of 2018 once the plant is fully operational; and
- Pursuing various initiatives including a potential partnership with a technology company.

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

20 MARCH 2018

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 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 20 March 2018.

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 22 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. The 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.

R Mazula (Mrs)
Chairperson

20 MARCH 2018

DIRECTORS' REPORT

The Directors have pleasure in presenting their Annual Report and the Audited Financial Statements for the year ended 31 December 2017.

SHARE CAPITAL

The authorised share capital was 4,000,000,000 ordinary shares of US0.001 cents each and the issued share capital was 3,039,764,872 ordinary shares of US0.001 cents each.

No shares were issued during the year.

OPERATIONS RESULT

The Group recorded a loss after tax of $479,216 (2016: loss of $232,476).

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 2017 was as follows:

	2017	**2016**
	'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% (2016: 32.09%) in the issued ordinary share capital of the company as at 31 December 2017.

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% (2016: 29.44%) in the issued ordinary share capital of the company as at 31 December 2017.

DIRECTORS' FEES

The Board sets the remuneration of the 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 2017 (2016: US$ 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.

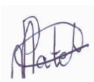
AUDITORS

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 Nineteenth 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 Wednesday, 27 June 2018 at 3:00pm.

By order of the Board



M Y Patel
Company Secretary

20 MARCH 2018

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The Directors of the MedTech Holdings Limited are required by the Companies Act (Chapter 24:03) to maintain adequate accounting records and to prepare financial statements that present a true and fair view of the state of affairs of the Company and the Group at the end of each financial year and of the profit and cashflows for the period. The accompanying financial statements were prepared in compliance with International Financial Reporting Standards. Suitable accounting policies have been used and consistently applied, and reasonable and prudent judgements and estimates have been made.

The financial statements (pages 16 to 49) have been prepared under the historical cost convention, are in agreement with the underlying books and records and have been properly prepared in accordance with the accounting policies set out in accounting policy notes to the financial statements, and comply with International Financial Reporting Standards and the disclosure requirements of the Companies Act (Chapter 24:03) and the relevant regulations made thereunder.

The principal accounting policies of the Group are consistent with those applied in the previous year and conform to International Financial Reporting Standards (IFRS). The Directors have satisfied themselves that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly they are satisfied that it is appropriate to adopt the going concern basis in preparing the financial statements (also refer to note 22 to the financial statement "Going Concern".)

The Company's external auditors, AMG Global Chartered Accountants (Zimbabwe), have audited the financial statement and their report appears on page 12 to 15.

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 it's assets, prevent and detect errors and fraud and ensure the completeness and accuracy of it's 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 2017, which appear on pages 16 to 49 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

A Motiwala
Chief Executive Officer

20 March 2018

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
20 March 2018

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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

Opinion

We have audited the consolidated financial statements of MedTech Holdings Limited and its subsidiaries ("the Group"), set out on pages 16 to 49, 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 2017;
- Group and company's statements of financial position as at 31 December 2017;
- A summary of the significant accounting policies applied by the Group and company during the year ended 31 December 2017; and
- Related financial statements notes.

In our opinion, the consolidated financial statements are properly drawn up in conformity with International Financial Reporting Standards ("IFRSs") and, in all material respects, give a true and fair view of the financial position of the Group and company as at 31 December 2017, and of the results of the Group and company's operations, and cash flows, for the year then ended.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described under the ***Auditor's Responsibilities for the Audit of the Consolidated Financial Statements*** section of our report. We are independent of the Group within the meaning of independence in accordance with the Institute of Chartered Accountants of Zimbabwe ("ICAZ") Code of Professional Conduct, which is consistent with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities under those ethical requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention note 22 on the financial statements relating to going concern. The Group's equity reserves have been significantly depleted due to successive operating losses and amounted to a negative $512 419 (2016:$42 805) as at 31 December 2017 and the Group was also in a net current liability position of $1 331 497 (2016:$1 139 243) as at the same date. These matters, along with other matters as set forth in note 22, 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.

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 from 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 not 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 $2 152 860 (2016:$2 564 050) at year end and trade receivables amounting to $443 402 were past due but not impaired at year end. An allowance for credit losses of $608 839 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 2017; • 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 12 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 functional 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 of 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 2017; and • We verified the disclosures relating to inventories presented in note 11. 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 from 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 $2 877 652 to its foreign suppliers at year end. The ZAR – US$ exchange rate has been volatile throughout the financial year ended 31 December 2017. 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 2017; • 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. 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 (Chapter 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 to 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 of 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 Group Engagement Partner on the audit resulting in this independent auditor's report is Arthur Mubaiwa.

AMG Global

AMG Global
Harare

Arthur Mubaiwa
Group Engagement Partner

Registered Public Auditor – PAAB Practising Certificate number 0434

20 March 2018

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
year ended 31 December 2017

	Note	GROUP 2017 $	GROUP 2016 $	COMPANY 2017 $	COMPANY 2016 $
Turnover	2.1	11 100 418	9 851 157	228 666	242 968
Cost of sales	3	(8 250 226)	(7 480 344)	(125 143)	(161 534)
Gross profit		2 850 192	2 370 813	103 523	81 434
Other operating income	2.2	70 572	224 379	47 863	134 169
Selling and distribution expenses	4.1	(865 016)	(593 242)	(24 927)	(6 267)
Administrative expenses	4.2	(1 876 196)	(2 218 728)	(213 084)	(236 094)
Operating profit/(loss)		179 552	(216 778)	(86 625)	(26 758)
Net financing costs	5	(638 831)	(58 708)	(2 532)	(57 748)
Impairment loss on investment in subsidiary company	19.1	-	-	-	(660 357)
Loss before taxation		(459 279)	(275 486)	(89 157)	(744 863)
Taxation	6	(19 937)	43 010	22 834	47 477
Loss for the year after taxation		(479 216)	(232 476)	(66 323)	(697 386)
Other comprehensive income		-	-	-	-
Total comprehensive loss for the year		(479 216)	(232 476)	(66 323)	(697 386)
Attributable to					
Owners of the parent		(469 614)	(91 047)	-	-
Non - controlling interests		(9 602)	(141 429)	-	-
		(479 216)	(232 476)	-	-
Loss per share		**Cents**	**Cents**		
Basic loss per share	7.1	(0.016)	(0.002)	-	-
Headline loss per share	7.2	(0.015)	(0.002)	-	-

STATEMENT OF FINANCIAL POSITION - GROUP
As at 31 December 2017

	Note	2017 $	2016 $
ASSETS			
Non - current assets			
Property, plant and equipment	9.1	1 055 812	1 129 615
Intangible assets	10.1	18 971	18 971
Deferred taxation	15.1	134 505	396 915
		1 209 288	1 545 501
Current assets			
Inventories	11.1	1 606 221	2 638 295
Accounts receivable	12.1	2 030 114	2 314 321
Amount owed by related parties	13.1	240 713	246 126
Cash and bank balances	14.1	333 412	52 136
		4 210 460	5 250 878
Total assets		5 419 748	6 796 379
EQUITY AND LIABILITIES			
Equity			
Share capital	8	30 397	30 397
Share premium		1 752 397	1 752 397
Non - distributable reserves		1 011 253	1 011 253
Accumulated losses		(3 306 466)	(2 836 852)
		(512 419)	(42 805)
Non-controlling interests		376 365	385 967
Total equity		(136 054)	343 162
Non-current liabilities			
Deferred taxation	15.1	13 844	37 998
Finance leases	17.1	-	25 098
		13 844	63 096
Current liabilities			
Accounts payable	16.1	3 901 433	4 521 603
Short-term loans payable	17.1	431 955	83 702
Finance leases	17.1	50 925	59 673
Amounts owed to related parties	13.3	782 656	645 449
Taxation		374 989	718 172
Bank overdraft	14.1	-	361 522
		5 541 958	6 390 121
Total equity and liabilities		5 419 748	6 796 379

Audit Committee Chairman

Chief Executive Officer

20 March 2018

STATEMENT OF FINANCIAL POSITION - COMPANY
As at 31 December 2017

	Note	2017 $	2016 $
ASSETS			
Non - current assets			
Property, plant and equipment	9.2	31 473	38 506
Investments in subsidiary and associate companies	19.1	331 502	331 502
Deferred Taxation	15.2	106 516	83 682
		469 491	453 690
Current assets			
Inventories	11.2	89 748	84 041
Accounts receivable	12.2	59 265	204 943
Amounts owed by related parties	13.2	981 574	979 974
Loans receivable	13.6	121 740	121 740
Cash and bank balances		23 025	4 031
		1 275 352	1 394 729
Total assets		1 744 843	1 848 419
EQUITY AND LIABILITIES			
Equity	8	30 397	30 397
Share capital		1 752 397	1 752 397
Share premium		561 775	561 775
Non-distributable reserve		(2 322 546)	(2 256 223)
Accumulated losses			
		22 023	88 346
Current liabilities			
Accounts payable	16.2	277 649	222 232
Amounts owed to related parties	13.4	1 445 048	1 537 718
Taxation		123	123
		1 722 820	1 760 073
Total equity and liabilities		1 744 843	1 848 419

Audit Committee Chairman | Chief Executive Officer | **20 March 2018**

STATEMENTS OF CHANGES IN EQUITY
year ended 31 December 2017

	Share capital	Share premium	Non-distributable reserve	Accumulated losses	Total	Non-controlling interests	Total
	$	$	$	$	$	$	$
GROUP							
Balances as at 31 December 2015	30 397	1 752 397	1 011 253	(2 745 805)	48 242	527 396	575 638
Total comprehensive loss for the year	-	-	-	(91 047)	(91 047)	(141 429)	(232 476)
Balances as at 31 December 2016	30 397	1 752 397	1 011 253	(2 836 852)	(42 805)	385 967	343 162
Total comprehensive loss for the year	-	-	-	(469 614)	(469 614)	(9 602)	(479 216)
Balances as at 31 December 2017	30 397	1 752 397	1 011 253	(3 306 466)	(512 419)	376 365	(136 054)
COMPANY							
Balances as at 31 December 2015	30 397	1 752 397	561 775	(1 558 837)	785 732	-	785 732
Total comprehensive loss for the year	-	-	-	(697 386)	(697 386)	-	(697 386)
Balances as at 31 December 2016	30 397	1 752 397	561 775	(2 256 223)	88 346	-	88 346
Total comprehensive loss for the year	-	-	-	(66 323)	(66 323)	-	(66 323)
Balances as at 31 December 2017	30 397	1 752 397	561 775	(2 322 546)	22 023	-	22 023

STATEMENTS OF CASH FLOWS
year ended 31 December 2017

	Note	GROUP 2017 $	GROUP 2016 $	COMPANY 2017 $	COMPANY 2016 $
NET CASH FLOWS FROM OPERATING ACTIVITIES					
Operating cash flows					
Operating profit/(loss)		179 552	(216 778)	(86 625)	(26 758)
Adjustments for items not affecting cash flows:					
Depreciation on property, plant and equipment	9.1	222 970	254 516	9 996	9 316
Loss on disposal of equipment	4.2	7 522	145	130	-
Impairment loss on intangible assets	10.1	-	8 215	-	-
Net operating cash flows before reinvestment in working capital		410 044	46 098	(76 499)	(17 442)
Decrease/(increase) in inventories		1 032 074	419 378	(5 707)	2 267
Decrease/(increase) in accounts receivable		284 207	819 422	145 678	(172 635)
(Decrease)/increase in accounts payable		(620 170)	215 605	55 417	(260 708)
Net movement in related parties' balances		142 620	221 669	(94 270)	510 732
Net cash flows from operations		1 248 775	1 722 172	24 619	62 214
Returns on investments and servicing of finance					
Net financing costs		(638 831)	(58 708)	(2 532)	(57 748)
Taxes paid					
Income taxes paid		(124 864)	(82 043)	-	-
Net cash flows from operating activities		485 080	1 581 421	22 087	4 466
NET CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of equipment	9.1	(239 990)	(305 340)	(4 093)	(11 589)
Proceeds from disposal of equipment		83 301	900	1 000	-
Acquisition of intangible assets	10.1	-	(10 030)	-	-
		(156 689)	(314 470)	(3 093)	(11 589)
Net cash flows before financing activities		328 391	1 266 951	18 994	(7 123)
NET CASH FLOWS FROM FINANCING ACTIVITIES					
Net movement in short-term loans payable		348 253	(1 136 285)	-	-
Net movement in finance leases		(33 846)	(44 808)	-	-
		314 407	(1 181 093)	-	-
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		642 798	85 858	18 994	(7 123)
Cash and cash equivalents at the beginning of the year		(309 386)	(395 244)	4 031	11 154
Cash and cash equivalents at the end of the year	14.1	333 412	(309 386)	23 025	4 031

ACCOUNTING POLICIES
31 December 2017

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.

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.

FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in United States Dollars ("USD") which is the Group and Company's functional currency. The following considerations were made in determining the Group and Company's functional currency.

Determination of the functional currency

The acute shortage of cash and foreign currency in the country saw the emergence of different modes of payment for goods and services such as settlement via Real time Gross Settlement (RTGS), Point of sale (POS) and mobile money. In addition:

- Products and services were being priced differently during the year depending on the mode of payment with the actual USD (cash) being the cheapest alternative and RTGS the most expensive;
- The significant unavailability of the USD in cash and in nostro accounts made processing of payments to foreign suppliers and creditors extremely difficult for businesses during the year;
- New legislation in the form of Statutory Instruments 133 of 2016 and 122a of 2017 which prescribed bond notes and coins as currency was promulgated.

As a result of these and other factors management had to make an assessment of whether the use of the United States dollar as the Group and Company's functional currency was still appropriate. In doing this management considered the following factors:

- The currency that mainly influences sales prices for goods and services;
- The currency of the competitive forces and regulations that mainly determine the sales prices of goods and services;
- The currency that mainly influences labour, material and other costs of providing goods or services;
- The currency in which funds from financing activities are generated; and
- The currency in which receipts from operating activities are usually retained.

The United States dollar remained the primary driver for most of the factors above. Therefore management concluded that it is still the Group and Company's functional currency.

BASIS OF CONSOLIDATION

The consolidated financial statements comprise of the financial statements of the company and its subsidiaries. Subsidiaries are those entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company. Subsidiaries are consolidated from the date on which the Group obtains control and continue to be consolidated until the date when such control ceases. All intra-group transactions, balances, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary without loss of control is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interest;
- Derecognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss; and
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

ADOPTIONS OF NEW AND REVISED STANDARDS

Standards issued but not yet effective as at the reporting date

The standards listed below were issued but not yet effective as at the reporting date but the Group 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 Group's financial statements on adoption in future is not known and cannot be reasonably estimated as of now.

IFRS 9 Financial Instruments

Sets out the principles for the recognition, derecognition, classification and measurement of financial assets and financial liabilities together with requirements relating to the impairment of financial assets and hedge accounting. The standard is applicable for financial periods beginning on or after 1 January 2018.

IFRS 15 Revenue from Contracts with Customers

Establishes when revenue should be recognised, how it should be measured and what disclosures about contracts with customers are needed. The standard is applicable for financial periods beginning on or after 1 January 2018.

Clarifications to IFRS 15: Revenue from contract with Customers

Clarifies some requirements and provides additional transitional relief to reduce cost and complexity for entities applying the standard for the first time. Effective beginning on/or after 1 January 2018.

IFRS 16 Leases

Establishes principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. The standard is applicable for financial periods beginning on or after 1 January 2018.

Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures

Prescribes the accounting treatment for the share of losses of an associate or joint venture after the equity interest has been reduced to nil.

IFRIC 22 Foreign Currency Transactions and Advance Considerations

Clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency. The Interpretation covers foreign currency transactions when an entity recognises a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognises the related asset, expense or income. The interpretation is applicable for financial periods beginning on or after 1 January 2018.

IFRIC 23 Uncertainty over Income Tax Treatments

The interpretation is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. The interpretation is applicable for financial periods beginning on or after 1 January 2019.

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
(iv) 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 United States 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 United States 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.

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 (a) the significant risks and rewards of ownership of the goods are transferred to the buyer, (b) it is probable that economic benefits associated with the transaction will flow to the Group and (c) the amount of revenue can be measured reliably.

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.

FINANCIAL INSTRUMENTS

Classification

Trading instruments are those that the Group principally holds for the purpose of short-term profit taking.

Originated loans and receivables are loans and receivables created by the Group providing money to debtors other than those created with the intention of short-term profit taking.

Held to maturity assets are financial assets with fixed or determinable payments and fixed maturity date that the Group has the positive intent and ability to hold to maturity.

Available for sale assets are financial assets that are not held for trading purposes, originated by the Group, or held to maturity other than loans and receivables originated by the Group

Recognition

The Group recognises financial assets held for trading and available for sale on the date it commits to purchase the assets. From this date any gains and losses arising from changes in fair value of the assets are recognised in profit or loss for the period.

Held to maturity loans and originated loans and receivables are recognised on the day that they are transferred to or originated by the Group.

Measurement

Financial instruments are measured initially at cost, including transaction costs.

Subsequent to initial recognition all trading instruments and all available for sale assets are measured at fair value, except that any instrument that does not have a quoted market price in an active market and whose fair value cannot be reliably measured is stated at cost, including transaction costs, less impairment losses.

All non-trading financial liabilities, originated loans and receivables and held to maturity assets are measured at amortised cost less impairment losses. Amortised cost is calculated on the effective interest rate of the instrument.

Fair value measurement principles

The fair value of financial instruments is based on their quoted market price at the statement of financial position date without any deduction for transaction costs. If a quoted market price is not available, the fair value of the instrument is estimated using pricing models or discounted cash flow techniques.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is a market related rate at the statement of financial position date for an instrument with similar terms and conditions. Where pricing models are used, inputs are based on market related measures at the statement of financial position date.

The fair value of derivatives that are not exchange-traded is estimated at the amount that the Group would receive or pay to terminate the contract at the statement of financial position date taking into account market conditions and the current creditworthiness of the counterparties.

Gains and losses on subsequent measurement

Gains and losses arising from a change in the fair value of available for sale assets are recognised directly in profit or loss.

Gains and losses arising from a change in fair value trading instruments are recognised in profit or loss.

Derecognition

A financial asset is derecognised when the Group loses control over the contractual rights that make up that asset. This occurs when the rights are realised, expire or are surrendered. A financial liability is derecognised when it is extinguished.

Available for sale assets and assets held for trading that are sold are derecognised and corresponding receivables from the buyer for the payment are recognised as of the date the Group commits to sell the assets. The Group uses the specific identification method to determine the gain or loss on derecognition.

Held to maturity instruments and originated loans and receivables are derecognised on the day that they are transferred by the Group.

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 2017, 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 22.

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.

NOTES ON THE FINANCIAL STATEMENTS
31 December 2017

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.

		GROUP		COMPANY	
		2017	2016	2017	2016
2	**REVENUE**	$	$	$	$
2.1	**Turnover**				
	Sale of goods	11 100 418	9 851 157	228 666	242 968
2.2	**Other operating income**				
	Commission receivable	25 603	14 009	25 603	-
	Drum sales	20 313	37 219	-	-
	Management fees	-	11 000	-	-
	Bad debts recovered	20 400	120 000	20 400	120 000
	Sundry	4 256	42 151	1 860	14 169
		70 572	224 379	47 863	134 169

3 COST OF SALES

	GROUP 2017 $	GROUP 2016 $	COMPANY 2017 $	COMPANY 2016 $
Included in cost of sales is:				
Stock write offs	52 303	147 647	1 761	3 748
Net movement in stock write off provision (note 11.5)	535 322	130 864	-	-

4 OPERATING EXPENSES

4.1 Selling and distribution expenses

	GROUP 2017 $	GROUP 2016 $	COMPANY 2017 $	COMPANY 2016 $
Commissions payable	97 897	69 280	3 361	6 267
Warehouse and delivery expenses	504 754	319 007	-	-
Merchandising costs	199 100	84 289	-	-
Other costs and recoveries	63 265	120 666	21 566	-
	865 016	593 242	24 927	6 267

NOTES ON THE FINANCIAL STATEMENTS
31 December 2017

		GROUP 2017 $	GROUP 2016 $	COMPANY 2017 $	COMPANY 2016 $
4.2	**Administrative expenses**				
	Staff costs (note 4.4)	741 497	935 217	61 714	67 726
	Rentals	176 814	161 827	64 100	15 501
	Depreciation on property, plant and equipment	222 970	254 516	9 996	9 316
	Consulting fees	54 232	89 234	-	-
	Net movement in provision for doubtful debts	(145 112)	26 817	-	(17 324)
	Travel	79 578	61 060	8 077	9 427
	Bad debts written off	146 631	14 871	194	70 051
	Telephone	38 673	42 778	1 605	1 818
	Management fees	13 100	12 008	-	-
	Audit fees	37 700	35 544	3 600	4 022
	Bank charges	18 266	23 204	3 796	4 240
	Directors remuneration (note 4.3)	11 730	20 910	-	-
	Motor vehicle expenses	84 533	116 479	9 517	9 107
	Legal fees	4 556	15 895	20	-
	Loss on disposal of equipment	7 522	145	130	-
	Other	383 507	408 223	50 335	62 210
		1 876 196	2 218 728	213 084	236 094

		GROUP 2017 $	GROUP 2016 $	COMPANY 2017 $	COMPANY 2016 $
4.3	**Remuneration paid to directors and key management**				
	Payments to Non-Executive directors	11 730	20 910	-	-
	Salaries to Executive directors and key management	197 304	212 589	-	-
	Other benefits to Executive directors and key management	80 804	56 225	-	-
		289 838	289 724	-	-

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

5 NET FINANCING COSTS

	GROUP 2017 $	GROUP 2016 $	COMPANY 2017 $	COMPANY 2016 $
Interest payable	(299 905)	(215 808)	-	(57 748)
Net exchange rate gains	(339 074)	156 924	(2 575)	-
Interest received	148	176	43	-
	(638 831)	(58 708)	(2 532)	(57 748)

6 TAXATION

6.1 Charge/(credit) for the year

	GROUP 2017 $	GROUP 2016 $	COMPANY 2017 $	COMPANY 2016 $
Income tax - current	92 383	232 452	-	-
- deferred	(59 206)	(275 462)	(22 834)	(47 477)
Deferred tax assets written off (note 6.5)	297 462	-	-	-
Prior years over provision	(310 702)	-	-	-
	19 937	(43 010)	(22 834)	(47 477)

		GROUP		COMPANY	
		2017	2016	2017	2016
		$	$	$	$
6.2	**Reconciliation of tax charge/(credit)**				
	Notional tax credit based on loss for the year at present tax rates	(118 265)	(70 938)	(22 958)	(191 802)
	Additional taxation resulting from permanent differences	151 442	27 928	124	144 325
	Deferred tax assets written off	297 462	-	-	-
	Prior years over provision	(310 702)	-	-	-
		19 937	(43 010)	(22 834)	(47 477)

6.3 Assessed tax losses - Group

The Group had accumulated tax losses amounting to $1 455 786 (2016: $1 999 662) as at 31 December 2017. The tax losses will provide income tax relief amounting to $374 865 (2016: $514 913) provided that the respective group companies earns sufficient taxable income to utilise the tax losses within six years of the losses arising.

6.4 Assessed tax losses - Company

The Company had accumulated tax losses amounting to $434 220 (2016: $350 201) as at 31 December 2017. The tax losses will provide income tax relief amounting to $111 812 (2016: $90 177) provided that the company earns sufficient taxable income to utilise the tax losses within six years of the losses arising.

6.5 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.

7 BASIC LOSS PER SHARE - GROUP

7.1 Basic loss per share

Basic loss per share is calculated based on a loss of $469 614 (2016: $91 047) and a weighted average of 3 039 764 872 (2016: 3 039 764 872) ordinary shares in issue during the year.

7.2 Headline loss per share

Headline loss per share is calculated based on a loss of $462 092 (2016: $90 902) and 3 039 764 872 (2016: 3 039 764 872) weighted average ordinary shares in issue during the year.

		2017	2016
		$	$
7.3	**Reconciliation of basic and headline loss**		
	Loss after taxation attributable to parent equity holders	(469 614)	(91 047)
	Loss on disposal of equipment	7 522	145
		(462 092)	(90 902)

	2017	2016
	$	$
8 SHARE CAPITAL		
8.1 Authorised share capital		
4 000 000 000 ordinary shares of US0.001 cents each	40 000	40 000
8.2 Issued and fully paid share capital		
3 039 764 872 ordinary shares of US0.001 cents each	30 397	30 397

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

9 PROPERTY, PLANT AND EQUIPMENT

9.1 GROUP

	Land and buildings	Leasehold improvements	Plant and equipment	Motor vehicles	Furniture and fittings	Computer equipment	Total
	$	$	$	$	$	$	$
9.1.1 Cost							
At 31 December 2015	164 655	-	824 349	774 467	48 644	208 770	2 020 885
Additions	-	59 000	150 656	56 479	20 266	18 939	305 340
Disposals	-	-	-	(6 093)	-	-	(6 093)
Reclassification to intangible assets	-	-	-	-	-	(17 156)	(17 156)
At 31 December 2016	164 655	59 000	975 005	824 853	68 910	210 553	2 302 976
Additions	-	-	21 488	187 000	-	31 502	239 990
Disposals	-	-	-	(321 404)	(1 027)	(3 957)	(326 388)
At 31 December 2017	164 655	59 000	996 493	690 449	67 883	238 098	2 216 578
9.1.2 Depreciation							
At 31 December 2015	2 100	-	407 439	390 852	19 955	103 547	923 893
Charge for the year	300	2 950	41 116	145 862	31 670	32 618	254 516
Disposals	-	-	-	(5 048)	-	-	(5 048)
At 31 December 2016	2 400	2 950	448 555	531 666	51 625	136 165	1 173 361
Charge for the year	300	5 900	67 601	114 147	6 029	28 993	222 970
Disposals	-	-	-	(232 378)	(1 027)	(2 160)	(235 565)
At 31 December 2017	2 700	8 850	516 156	413 435	56 627	162 998	1 160 766

9 PROPERTY, PLANT AND EQUIPMENT (Continued)

9.1.3 Net book amounts

At 31 December 2017	161 955	50 150	480 337	277 014	11 256	75 100	1 055 812
At 31 December 2016	162 255	56 050	526 450	293 187	17 285	74 388	1 129 615
At 31 December 2015	162 555	-	416 910	383 615	28 689	105 223	1 096 992

9.1.4 Land with a carrying amount of $149 655 and motor vehicles with a net book amount of $39 235 (2016: $55 403) were held as security for finance lease obligations disclosed in notes 17.4 and 17.5.

9.1.5 The working capital advance disclosed in note 17.7 is secured by a Notarial General Covering Bond of $600 000 over movable assets.

9.2 COMPANY

	Land and buildings	Plant and equipment	Motor vehicles	Furniture and fittings	Computer equipment	Total
	$	$	$	$	$	$
9.2.1 Cost						
At 31 December 2015	15 000	221	12 020	12 024	53 399	92 664
Additions	-	10 079	-	-	1 510	11 589
At 31 December 2016	15 000	10 300	12 020	12 024	54 909	104 253
Additions	-	1 876	-	-	2 217	4 093
Disposals	-	-	(2 500)	-	(1 686)	(4 186)
At 31 December 2017	15 000	12 176	9 520	12 024	55 440	104 160
9.2.2 Depreciation						
At 31 December 2015	2 100	121	9 499	9 228	35 483	56 431
Charge for the year	300	610	1 260	405	6 741	9 316
At 31 December 2016	2 400	731	10 759	9 633	42 224	65 747
Charge for the year	300	2 424	1 261	62	5 949	9 996
Disposals	-	-	(2 500)	-	(556)	(3 056)
As at 31 December 2017	2 700	3 155	9 520	9 695	47 617	72 687
9.2.3 Net book amounts						
At 31 December 2017	12 300	9 021	-	2 329	7 823	31 473
At 31 December 2016	12 600	9 569	1 261	2 391	12 685	38 506
At 31 December 2015	12 900	100	2 521	2 796	17 916	36 233

	2017 $	2016 $
10 INTANGIBLE ASSETS - GROUP		
10.1 Reconciliation of intangible asset		
Opening balances	18 971	-
Reclassification from property, plant and equipment	-	17 156
Additions	-	10 030
Impairment write off	-	(8 215)
	18 971	18 971

10.2 Intangible assets comprise of accounting software 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.

11 INVENTORIES

11.1 Group

	2017 $	2016 $
Merchandise	1 669 580	1 957 209
Raw materials and consumables	602 827	811 950
Provision for stock obsolescence (note 11.5)	(666 186)	(130 864)
	1 606 221	2 638 295

11.2 Company

	2017 $	2016 $
Merchandise	89 748	84 041

11.3 The overdraft facility disclosed in note 14.2 is secured by a Notarial General Covering Bond for $450 000 over accounts receivables and inventories.

11.4 The term loan disclosed in note 17.8 is secured by a Notarial General Covering Bond for $437 500 over accounts receivables and inventories.

11.5 Damaged, expired and slow moving inventories amounting to $535 322 were provided for in full during the year.

12 ACCOUNTS RECEIVABLE

12.1 Group

	2017 $	2016 $
Trade (note 12.3)	2 152 860	2 564 050
Provision for doubtful debts	(608 839)	(753 951)
Prepayments	71 886	278 091
Other	414 207	226 131
	2 030 114	2 314 321

		2017 $	2016 $
12.2	**Company**		
	Trade	90 552	130 874
	Provision for doubtful debts	(54 737)	(54 737)
	Other	23 450	128 806
		59 265	204 943

12.3 There is concentration of credit risk associated with the trade receivables as detailed in note 21.6.

12.4 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 12.5 are past due but have not been impaired as there are agreed payment plans in place.

		Group 2017 $	Group 2016 $	Company 2017 $	Company 2016 $
12.5	**Ageing of trade and other receivables that are past due but not impaired:**				
	61-90 days	103 386	172 830	7 732	5 596
	91-120 days	179 351	134 922	1 862	1 169
	120+days	160 665	333 595	-	53 554
		443 402	641 347	9 594	60 319
12.6	**Impairment losses recognised**				
	Referring to prior year balances	753 951	727 134	54 737	72 061
	Current year impairments	(145 112)	26 817	-	(17 324)
		608 839	753 951	54 737	54 737

The Group and company considers 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.

12.7 The term loan disclosed on note 17.8 is secured by a Notarial General Covering Bond for $437 500 over accounts receivables and inventories, amongst others.

		2017 $	2016 $
13	**RELATED PARTIES' BALANCES**		
13.1	**Amounts owed by related parties – Group**		
	Medtech Food and Beverages (Private) Limited (note 19.2)	63 332	155 036
	Tothmet Investments (Private) Limited (note 13.5)	74 139	71 988
	A Motiwala (note 13.5)	38 742	19 102
	Shaview Investments (Private) Limited (note 13.5)	64 500	-
		240 713	246 126

	2017 $	2016 $
13.2 Amounts owed by related parties – Company		
S-Mart Agencies (Private) Limited (note 19.1)	10 607	10 607
MedTech Medical and Scientific (Private) Limited (note 19.1)	908 486	908 486
Chicago Cosmetics (Private) Limited (note 19.1)	50 899	49 299
Medtech Food and Beverages (Private) Limited (note 19.2)	11 582	11 582
	981 574	979 974
13.3 Amounts owed to related parties - Group		
Grillage Investments (Private) Limited (note 13.5)	33 387	24 993
Turfgreen Investments (Private) Limited (note 13.5)	749 269	620 456
	782 656	645 449
13.4 Amounts owed to related parties - Company		
Zvemvura Trading (Private) Limited (note 19.1)	1 338 948	1 138 228
Turfgreen Investments (Private) Limited (note 13.5)	-	321 709
MedTech Medical and Scientific (Private) Limited (note 19.1)	106 100	77 781
	1 445 048	1 537 718

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

Entity	*Nature of relationship*	*Nature and value of transactions*
(i) Grillage Investments (Private) Limited	A Company under the control of one of the holding company's major shareholders	Rentals amounting to $37 440 for various premises and interest amounting to $8 936 on outstanding rentals .
(ii) 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 $12 000, and interest amounting to $135 173 on arrear rentals.
(iii) A Motiwala	The Group's Chief Executive Officer ("CEO").	Loan advance.
(iv) Tothmet Investments (Private) Limited	A company in which the CEO has an interest.	Sale of goods amounting to $ 2 874
(v) Shaview Investments (Private) Limited	A company in which a memeber of the Finance Manager's family has an interest.	Prepayment for the acquisition of construction materials amounting to $64 500.

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.

13.6 Loan receivable

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

	GROUP		COMPANY	
	2017	2016	2017	2016
	$	$	$	$
14 CASH AND CASH EQUIVALENTS				
14.1 Analysis				
Cash and bank balances (note 14.3)	333 412	52 136	23 025	4 031
Bank overdraft (note 14.2)	-	(361 522)	-	-
	333 412	(309 386)	23 025	4 031

14.2 The Group overdraft facility with a limit of $550 000 expired on 31 December 2017. The facility attracted interest at a rate of 12% per annum. The facility was secured by unlimited guarantees by Turfgreen Investments (Private) Limited, as well as mortgage bonds over some immovable properties belonging to Turfgreen Investments (Private) Limited and a notarial general covering bond (NGCB) for $450 000 over inventories and accounts receivable.

14.3 Included in cash and cash equivalents are balances with banks. These balances are used for transacting on a daily basis. In 2016 the central bank, through Exchange Control Operational Guide 8 (ECOGAD8), introduced a prioritisation criterion which has to be followed when making foreign payments. Any foreign payments which are made from the bank balances referred to above are ranked based on the central bank's prioritisation criteria and paid subject to the Group's bankers having adequate funds with their foreign correspondent banks. In terms of the directive, most of the Group's foreign payments are categorized in Priority Three (Low).

Included in cash and cash equivalents are bond notes and coins which are bearer instruments that are pegged at 1:1 with the United States dollar ("USD"). USD and bond notes and coins transactions are maintained in the same bank account.

	2017	2016
	$	$
15 DEFERRED TAXATION		
15.1 Group		
Opening balances	(358 917)	(83 455)
Movement for the year	(59 206)	(275 462)
Deferred tax assets written off	297 462	-
Closing balances	(120 661)	(358 917)
Represented by:		
Deferred tax assets	(134 505)	(396 915)
Deferred tax liabilities	13 844	37 998
	(120 661)	(358 917)

	2017 $	2016 $
15.2 Company		
Opening balances	(83 682)	(36 205)
Movement for the year	(22 834)	(47 477)
Closing balances	(106 516)	(83 682)

16 ACCOUNTS PAYABLE

16.1 Group

	2017 $	2016 $
Trade (note 16.3)	3 253 283	4 218 983
Other	648 150	302 620
	3 901 433	4 521 603

16.2 Company

	2017 $	2016 $
Provision for terminal benefits (note 16.4)	84 803	207 335
Staff pensions (note 16.4)	147 200	-
Other	45 646	14 897
	277 649	222 232

16.3 The Group owed a total of ZAR 35 654 108 to its foreign suppliers at year end.

16.4 Staff pensions previously provided for under provision for terminal benefits were reclassified during the year after the amount of the liability became certain. The remaining provision relates to uncertain amounts relating to terminal benefits for former employees.

17 LOANS PAYABLE - GROUP

17.1 Analysis

	2017 $	2016 $
Lakhani (note 17.2)	12 407	8 702
Finance lease 1 (note 17.3)	-	12 119
Finance lease 2 (note 17.4)	25 098	72 652
Finance Lease 3 (note 17.5)	25 827	-
Fashira International HK Limited (note 17.6)	39 992	66 000
Working capital advances (note 17.7)	183 892	-
Term loan (note 17.8)	195 664	-
A Kalla (note 17.9)	-	9 000
	482 880	168 473
Less current portion of finance leases	(50 925)	(59 673)
Less long term portion of finance leases	-	(25 098)
Short term loans payable	431 955	83 702

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

	2017 $	2016 $
17.3 Finance lease 1		
Amounts payable between twelve and thirty six months		
Minimum lease payments	-	11 784
Unrealised finance charges	-	(327)
Lease arrears/ (prepayments)	-	662
	-	12 119
17.4 Finance lease 2		
Amounts payable between twelve and thirty six months		
Minimum lease payments	-	26 353
Unrealised finance charges	-	(1 255)
	-	25 098
Amounts payable within twelve months		
Minimum lease payments	26 353	54 815
Unrealised finance charges	(1 255)	(7 261)
	25 098	47 554
	25 098	72 652
17.5 Finance lease 3		
Amounts payable within twelve months		
Minimum lease payments	26 341	-
Unrealised finance charges	(1 814)	-
Lease repayments	(600)	-
Residual value	1 900	-
	25 827	-

17.6 The loan from Fashira International HK Limited, a supplier, is interest free, is not secured and has no fixed repayment terms.

17.7 The working capital facility, which was secured in 2017, accrues interest at a rate of 14.5% per annum and is secured by unlimited guarantees issued by the holding Company and a Notarial General Covering Bond of $600 000 over movable assets. The amounts advanced through this facility are repayable in monthly instalments and the facility expires on 30 June 2018.

17.8 The term loan which was secured in 2017, accrues interest at a rate of 12% per annum compounded monthly and is secured by unlimited guarantees issued by the holding Company, cross company guarantees issued by the holding Company's subsidiaries, and a Notarial General Covering Bond for $437 500 over inventories and accounts receivables. The amounts advanced through this facility are repayable in monthly instalments and the facility expires on 30 June 2018.

17.9 The loan from A Kalla was interest free, was not secured and had no fixed repayment terms. The loan was repaid in full during the year.

18 SEGMENT INFORMATION

18.1 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.

18.2 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, and S-Mart Agencies (Private) Limited. 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.

	FMCG $	Medical $	Manufacturing $	Unallocated items and adjustments $	Total $
18.3 Year ended 31 December 2017					
Revenue - external	7 977 884	726 457	2 391 134	-	11 095 475
- internal	14 579	-	819 458	(829 094)	4 943
Total revenue	7 992 463	726 457	3 210 592	(829 094)	11 100 418
Net financing (costs)/ income	(339 055)	(2 450)	(297 330)	4	(638 831)
Depreciation expense	(148 074)	(8 556)	(59 861)	(6 479)	(222 970)
Segment loss before taxation	(91 973)	(333 862)	(49 732)	16 288	(459 279)
Taxation	128 699	(183 688)	12 218	22 834	(19 937)
Segment profit/(loss) after taxation	36 726	(517 550)	(37 514)	39 122	(479 216)
Segment assets	5 532 729	599 196	2 183 549	(2 895 726)	5 419 748
Segment liabilities	4 678 827	1 402 559	2 303 971	(2 829 555)	5 555 802
18.4 Year ended 31 December 2016					
Revenue - external	6 785 505	1 182 358	1 883 294	-	9 851 157
- internal	74 207	-	557 526	(631 733)	-
Total revenue	6 859 712	1 182 358	2 440 820	(631 733)	9 851 157
Net financing (costs)/income	(98 244)	168	97 245	(57 877)	(58 708)
Depreciation expense	(192 283)	(8 072)	(47 111)	(7 050)	(254 516)
Segment loss before taxation	(175 347)	(86 846)	(4 441)	(8 852)	(275 486)
Taxation	(12 653)	-	10 533	45 130	43 010
Segment loss after taxation	(188 000)	(86 846)	6 092	36 278	(232 476)
Segment assets	5 660 983	1 154 595	2 728 592	(2 747 791)	6 796 379
Segment liabilities	4 843 911	1 440 408	2 811 500	(2 642 602)	6 453 217

19 INVESTMENTS IN SUBSIDIARIES AND ASSOCIATE COMPANIES

19.1 Investment in subsidiary companies - Company

Company	*Principal activity*	*Percentage shareholding*	2017 $	2016 $
(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%	-	-
			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.

19.2 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:

Share of the associate's statement of financial position:

	2017 $	2016 $
Non-current assets	7 029	8 476
Current assets	85 455	85 371
Current liabilities	(28 919)	(40 380)
Equity	(47 134)	(71 349)
Unrealised share of (profit)/losses	(16 431)	17 882
Carrying amount of investment	-	-

Reconciliation of carrying amount of investment in associate

	2017 $	2016 $
Opening balances	-	-
Share of losses in associate	(38 990)	(55 421)
Cumulative share of unrecognised losses in associate	38 990	55 421
Closing balances	-	-

Share of associate's revenue and losses

	2017 $	2016 $
Revenue	182 085	380 614
Profit/(loss) from continuing operations	16 431	(17 882)
Total comprehensive income/(loss)	16 431	(17 882)

The associate's results have not been incorporated into the Group's financial statements as it still reflects a cumulative loss position.

20 EMPLOYEE BENEFITS

20.1 Defined contribution fund

All eligible employees are contributing members of a defined contribution pension fund (MedTech Holdings Pension Fund). The fund is administered by a Board of Trustees and the contribution levels to the fund are currently as follows:

Employer	5%
Employees	5%

The Group's contributions to the fund during the period relate to current service cost and have been expensed in the statement of profit or loss and other comprehensive income. The pension fund was made paid up in April 2017.

20.2 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.

21 TREASURY AND FINANCIAL RISK MANAGEMENT

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

21.2 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 2017, the Group owed ZAR 35.7 million (2016: ZAR 39.2 million) 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.

21.3 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.

21.4 Market risk

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

21.5 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.

21.6 Concentration risk

As at 31 December 2017, 40% of the Group's gross accounts receivables were due from four major customers who also accounted for 47% of the Group's revenues for the year ended 31 December 2017. In 2016, 20% of the Group's gross accounts receivable were due from the same four major customers who also accounted for 40% of the Group's annual revenues.

22 GOING CONCERN

The Group's equity reserves have been significantly depleted due to successive operating losses and amounted to a negative $512 419 (2016:$42 805) as at 31 December 2017. The Group was also in a current liability position of $1 331 497 (2016: $1 139 243) as at the same date. 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 on a credit basis;
- 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
- A new plant will be commissioned during the second half of 2018 in order to increase the number of locally produced product lines. This should result in margins increasing in the second half of 2018 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.

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

NOTICE TO MEMBERS

NOTICE IS HEREBY GIVEN that the Nineteenth 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 Wednesday 27 June 2018 at 3:00pm, 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 2017.
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 2017.
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.

Voting and Proxies

In terms of the Companies Act (Chapter 24:03), 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.

BY ORDER OF THE BOARD

M Y Patel
Company Secretary

Stand 619
Corner Shumba / Hacha Road
Ruwa
29 May 2018

PROXY FORM
Nineteenth Annual General Meeting

MedTech HOLDINGS LIMITED

(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 Nineteenth 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 Wednesday 27th June 2018, at 3.00pm, 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 2017.	☐	☐	☐
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 2017.	☐	☐	☐
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......................................2018. 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 2017

ANALYSIS BY CATEGORY % OF TOTAL

	Number of shareholders	2017 %	Number of shareholders	2016 %
Local Companies	189	84.14	180	7.74
Employees	13	0.06	13	0.56
Deceased Estate	6	0.00	6	0.26
External Companies	1	0.27	2	0.09
Fund Managers	2	0.02	2	0.09
Insurance Companies	4	0.00	4	0.17
Investment, Trust & Property	33	0.12	35	1.51
Local Resident	2008	13.25	2019	86.82
Nominees Local	31	0.80	37	1.59
Non Residents	1	0.01	2	0.09
Non Resident individual	22	1.30	22	0.95
Pension Fund	2	0.01	2	0.09
Other Shareholdings	1	0.02	1	0.04
Total	**2313**	**100.00**	**2325**	**100.00**

ANALYSIS BY HOLDING

	Number of shareholders	2017 %	Number of shareholders	2016 %
1 - 5,000	1162	50.20	1172	50.41
5,001 - 10,000	262	11.32	262	11.27
10,001 - 50,000	522	22.56	524	22.53
50,001 - 100,000	134	5.79	132	5.68
100,001 - 500,000	148	6.42	151	6.50
500,001 and over	86	3.71	84	3.61
Total	**2313**	**100.00**	**2325**	**100.00**

TOP 5 SHAREHOLDERS

	2017 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
AGRICULTURAL INSURANCE CO	111,205,929	3.66
PATEL JINESH	102,055,250	3.36
Total	**2,345,286,416**	**77.15**

MedTech
HOLDINGS LIMITED

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