

ABRIDGED REVIEWED FINANCIAL RESULTS

FOR THE HALF YEAR ENDED 30 JUNE 2020

CHAIRPERSON'S REPORT

Introduction

It is my pleasure to present the abridged reviewed financial statements for MedTech Holdings Limited for the half year ended 30 June 2020.

Operating Environment

The trading, operating and economic environment remained challenging during the period under review. There was no improvement to the trading environment and factors as previously mentioned in our quarter 1 report of year 2020 still existed. These factors included liquidity constraints, subdued demand, fuel shortages, constant increases in the cost of electricity, foreign currency shortages and continued devaluation of the Zimbabwe Dollar ("ZWL") leading to increased costs of key imports and a sharp rise in inflation (cost push inflation). These factors continued to hamper productivity and depress economic growth. The hyperinflationary environment had reduced consumers disposable income, and this resulted in decreased demand, decreased real sales values and decreased sales volumes. Several changes were witnessed in the operating environment and in our view the most notable included;

- COVID-19
Governments within the region implemented lock downs to contain the spread of corona virus. This disrupted business and led to time lags in restocking of raw materials and finished goods. Orders were unable to be fulfilled in time and this led to a reduction in sales. The Covid-19 pandemic is likely to have a significant adverse financial impact on businesses and the economy in general for the year 2020.

- Foreign exchange interventions and inflation
The Reserve Bank of Zimbabwe introduced the Foreign Exchange Auction System to promote both financial and price stability through an efficient and transparent process. As anticipated, the price discovery process resulted in the local currency depreciating from a fixed rate of USD1:ZWL25 to USD1:ZWL63.74 as of 30 June 2020. This caused rampant price increases resulting in subdued demand. Year on year inflation for the month of June closed at 73.3%. A second foreign currency auction system was subsequently introduced to cater for the foreign currency needs of small and medium enterprises.

Financial Highlights

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

- Group revenues decreased by 22% from \$96,992,719 in 2019 to \$75,156,388 in 2020.
- Deterioration in operating performance from an operating profit of \$19,020,929 in 2019 to an operating loss of \$7,136,029 in 2020.

Group	June 2020	June 2019
Revenues	\$75,156,388	\$96,992,719
Gross Profit %	20%	45%

Group revenue decreased 22% compared to the comparative prior period.

The causes of the revenue decrease include;

- A stance by management to restrict sales in the FMCG segment due to the continual devaluation of the debtors book with the aim of preserving shareholder value,
- Decreased consumer spending as income levels have not kept up with rising general price levels and this has caused aggregate demand to remain subdued,
- Stockouts because of challenges in sourcing replacement stock of raw materials and goods in the manufacturing segment due to stop supply from foreign creditors because of overdue balances and key local suppliers demanding prepayment, and
- Delays in restocking directly resulting from Covid-19 lock downs.

There has been a significant sales volume decrease of 28% as compared to the comparative prior period.

Margins were reduced mainly due to the reduction in real selling prices to boost sales and focus was placed on ordering and selling lines with a fast stock turnover. One should also note that the margins in the prior year were artificially high. Previously there was slow moving stock recorded at historical cost but due to inflation selling prices were regularly increased to cover real replacement cost resulting in artificially high margins.

The inflation adjusted net exchange rate loss included in the net financing costs for the half year of \$58,406,062 was mainly due to the translation of monetary liabilities (mainly foreign creditors) during the period. However, there is a possibility that these losses may reverse if the legacy debts are dealt with by the Reserve Bank of Zimbabwe as promised.

The Group posted an inflation adjusted loss before tax for the year of \$4,022,197.

FMCG Segment	June 2020	June 2019
Revenues	\$45,097,017	\$80,440,428
Gross Profit %	17%	41%

The FMCG Segment includes MedTech Distribution, Smart Retail and Choice Brands. Segment revenue decreased by 44% compared to the comparative prior period. Margins decreased due to reduced real selling prices as well as promotions entered into so as to try and increase sales volumes which had significantly decreased compared to the prior period. The FMCG segment posted an inflation adjusted loss before tax of \$10,290,262. There has been a sales volume decrease of 56% as compared to the comparative prior period.

The loss before tax is largely attributable to the loss on exchange on amounts owing to foreign creditors.

Manufacturing Segment	June 2020	June 2019
Revenues	\$33,856,953	\$23,329,922
Gross Profit %	22%	47%

The manufacturing segment comprises of Chicago Cosmetics (Private) Limited. Revenues increased by 45% compared to the comparative prior period. The revenue increase was due to increased product offering and reduced selling prices of key lines to maintain market share against grey market imports. Margins decreased due to quick stock turn over and reduced selling prices. There has been a sales volume increase of 12% as compared to the comparative prior period.

The Manufacturing segment posted an inflation adjusted profit before tax of \$4,392,499.

Medical Segment

There has been no activity in this segment and this segment did not trade during year 2019. Factors contributing to the failure to trade in this segment include working capital challenges, inadequate inventory and no lines of credit.

Associate Company: MedTech Food and Beverages (Private) Limited

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

Legacy debt

The Group owes legacy debts amounting to ZAR27.9 million to foreign creditors. Of the debts, ZAR25.8 million had been validated while appeals have been lodged for ZAR2.1 million. At this stage, the Group is unsure when payments will be made for the debts validated and when a response will be received for appeals lodged. Delays in the payment of legacy debts has resulted in cuts in supply and stock outs which is one of the contributing factors to the decreased sales volumes.

For prudence, these foreign creditors have been restated using the interbank rate of ZWL 57.35 at the end of the reporting period. The restatement of the foreign creditors leaves the Group in a precarious position.

Dividend

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

Reminder on cautionary statement

Shareholders are reminded of the cautionary statements published in the press on 05 August 2020, 31 August 2020 and 21 September 2020 and are advised to exercise caution when dealing in the Company's securities until a full announcement is made.

Outlook

The trading environment and macro-economic conditions remain volatile. The full impact of Covid-19 is yet to be felt but will undoubtedly have a significant adverse impact on the Zimbabwean economy. Government support towards the mitigation of the Covid-19 pandemic is expected to provide relief and reduce the impact of the pandemic on businesses.

Uncertainty related to the payment of legacy debts affects our foreign credit and with no definitive position this will result in serious challenges. The Group is hopeful that the current economic policies and measures being implemented which have brought some price stability over the past few weeks will improve the economic environment going forward. The hope is that increased participation in the foreign currency auction system will boost economic confidence.

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

Appreciation

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

R. Mazula

Chairperson

24 September 2020

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

(*Executive)

Company Secretary M.Y. Patel

AUDITORS STATEMENT

The Group's external auditors, AMG Global Chartered Accountants (Zimbabwe), have reviewed the Group's interim financial statements for the half year ended 30 June 2020 on which this publication is based and have issued a modified review conclusion. The basis of modified conclusion was mainly due to the Group's inability to comply with International Accounting Standard 21 (The effects of changes in foreign exchange rates). The auditors have also reported on a material uncertainty related to going concern. (see note 16). The engagement partner on the audit resulting in this review report is Clayton Kazembe, a registered Public Auditor with the Public Accountants and Auditors Board, Registration Number 0226.

The auditor's report is available for inspection at the Company's registered office and on the Company's website www.medtechholdings.co.zw

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Half Year Ended 30 June 2020

	Inflation adjusted		Historical	
	June 2020 \$	June 2019 \$	June 2020 \$	June 2019 \$
Turnover	75,156,388	96,992,719	50,461,093	8,080,716
Cost of sales	(60,020,103)	(52,930,876)	(15,953,794)	(3,455,435)
Gross profit	15,136,285	44,061,843	34,507,299	4,625,281
Operating (loss) / profit	(7,136,029)	19,020,929	22,188,738	2,382,626
Net financing costs	(58,406,062)	(69,063,461)	(54,583,754)	(10,350,844)
Net monetary gain / (loss)	61,519,894	(10,210,230)	-	-
(Loss) before taxation	(4,022,197)	(60,252,762)	(32,395,016)	(7,968,218)
Taxation	5,537,468	14,921,130	7,980,650	2,023,032
Profit / (loss) from continuing operations	1,515,271	(45,331,632)	(24,414,366)	(5,945,186)
Other comprehensive income	-	-	-	-
Foreign currency translation gain / (loss)	-	4,912,520	-	(281,009)
Total comprehensive profit / (loss) for the year	1,515,271	(40,419,112)	(24,414,366)	(6,226,195)

Attributable to:

Owners of the parent	12,770,031	(18,219,323)	(13,159,606)	(3,220,513)
Non controlling interests	(11,254,760)	(22,199,789)	(11,254,760)	(3,005,682)

Total profit / (loss) for the year

	Cents	Cents	Cents	Cents
Earnings / (loss) per share	0.42	(0.59)	(0.43)	(0.1)
Basic earnings / (loss) per share	0.42	(0.59)	(0.43)	(0.1)
Headline earnings / (loss) per share	0.42	(0.59)	(0.43)	(0.1)

Ordinary shares in issue during the year	3,039,764,872	3,039,764,872	3,039,764,872	3,039,764,872
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Inflation adjusted		Historical	
	Reviewed June 2020 \$	Audited December 2019 \$	Reviewed June 2020 \$	Audited December 2019 \$
TOTAL ASSETS				
Non current assets				
Property, plant and equipment	39,912,759	44,668,020	2,919,463	3,016,840
Intangible asset	1,114,778	1,114,778	94,123	94,123
Deferred taxation	30,733,472	20,890,809	17,127,367	7,282,640
	71,761,009	66,673,607	20,140,953	10,393,603
Current assets				
Inventories	50,683,298	50,466,638	30,190,850	7,991,851
Accounts receivable	20,740,755	19,602,737	20,740,755	7,541,458
Amounts owed by related parties	8,482,551	10,543,948	8,482,551	4,056,410
Cash and bank balances	11,582,764	3,164,692	11,582,764	1,217,503
	91,489,368	83,778,015	70,996,920	20,807,222
Total assets	163,250,377	150,451,622	91,137,873	31,200,825
EQUITY AND LIABILITIES				
Equity				
Issued share capital and reserves	39,699,289	26,929,258	(21,215,571)	(8,055,965)
Non controlling Interests	(6,485,688)	4,769,072	(17,683,332)	(6,428,572)
Total equity	33,213,601	31,698,330	(38,898,903)	(14,484,537)
Non-current liabilities				
Deferred taxation	-	2,085	-	21
	-	2,085	-	21
Current liabilities				
Accounts payable	101,705,935	93,265,634	101,705,935	35,880,671
Short term loans payable	20,473,807	13,871,761	20,473,807	5,336,668
Finance leases	9,662	105,624	9,662	40,635
Amounts owed to related parties	3,244,785	4,373,214	3,244,785	1,682,439
Taxation	4,602,587	7,134,374	4,602,587	2,744,928
	130,036,776	118,751,207	130,036,776	45,685,341
Total equity and liabilities	163,250,377	150,451,622	91,137,873	31,200,825

CONSOLIDATED STATEMENT OF CASHFLOWS

Half Year Ended 30 June 2020

	Inflation adjusted		Historical	
	June 2020 \$	June 2019 \$	June 2020 \$	June 2019 \$
NET CASH FLOWS FROM OPERATING ACTIVITIES				
Net cash flows from operations	67,509,942	61,847,877	50,082,832	8,640,152
Returns on investments and servicing of finance				
Net financing costs	(58,406,062)	(69,063,461)	(54,583,754)	(10,350,845)
Taxes paid				
Income tax paid	(6,839,667)	(5,274,547)	(6,439)	(79,709)
Net cash flows from operating activities	2,264,213	(12,490,131)	(4,507,361)	(1,790,401)
NET CASHFLOWS FROM INVESTING ACTIVITIES				
Acquisition of plant and equipment	(352,225)	(222,118)	(233,544)	(18,170)
Acquisition of intangible assets	-	(227,610)	-	(18,622)
Net cash flows from investing activities	(352,225)	(449,728)	(233,544)	(36,792)
NET CASH FLOWS FROM FINANCING ACTIVITIES				
Net movement in short term loans payable	6,602,046	23,164,199	15,137,139	3,127,789
Net movement in finance leases	(95,962)	(874,774)	(30,973)	(21,063)
Net cash flows from financing activities	6,506,084	22,289,425	15,106,166	3,106,726
INCREASE IN CASH AND CASH EQUIVALENTS	8,418,072	9,349,565	10,365,261	1,279,533

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Half Year Ended 30 June 2020

	Inflation Adjusted						
	Share capital \$	Share premium \$	Non Distributable Reserve \$	Currency Translation Reserve \$	Accumulated Losses \$	Total \$	Non controlling interest \$
Balances as at 31 December 2018	702,862	40,520,257	23,382,960	-	(59,148,540)	5,457,539	23,982,215
Total comprehensive profit for the year	-	-	-	20,065,939	1,405,780	21,471,719	(19,213,143)
Balances as at 31 December 2019	702,862	40,520,257	23,382,960	20,065,939	(57,742,760)	26,929,258	4,769,072
Total comprehensive loss for the year	-	-	-	-	12,770,031	12,770,031	(11,254,760)
Balances as at 30 June 2020	702,862	40,520,257	23,382,960	20,065,939	(44,972,729)	39,699,289	(6,485,688)

	Historical						
	Share capital \$	Share premium \$	Non Distributable Reserve \$	Currency Translation Reserve \$	Accumulated Losses \$	Total \$	Non controlling interest \$
Balances as at 31 December 2018	30,397	1,752,397	1,011,253	-	(2,855,893)	(61,846)	963,002
Total comprehensive profit for the year	-	-	-	-	(7,651,075)	(7,994,119)	(7,391,574)
Balances as at 31 December 2019	30,397	1,752,397	1,011,253	-	(10,506,968)	(8,055,965)	(6,428,572)
Total comprehensive loss for the year	-	-	-	(343,044)	(13,159,606)	(13,159,606)	(11,254,760)
Balances as at 30 June 2020	30,397	1,752,397	1,011,253	(343,044)	(23,666,574)	(21,215,571)	(17,683,332)

SUPPLEMENTARY INFORMATION

Half Year Ended 30 June 2020

1 Directors' responsibility and statement of compliance

The Holding Company's directors are responsible for the preparation and fair presentation of the Group's half year financial statements of which this press release represents an extract. These financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS") and IFRS Interpretations Committee ("IFRSIC") interpretations applicable under IFRS, IAS 34 "Interim Financial Reporting" and in the manner required by The Companies and Other Business Entities Act (Chapter 24:31). The financial statements are based on statutory records that are maintained under the historical cost convention and adjusted to take into account the effect of inflation in accordance with the provisions of International Accounting Standard ("IAS 29") "Financial Reporting In Hyperinflationary Economies." The Group has not been able to comply with International Accounting Standard ("IAS 21") "The Effects Of Changes In Foreign Exchange Rates," due to compliance with laws and regulations stemming from Statutory Instrument 33 of 2019. Refer to note 4 below.

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

2 Functional and presentation currency

These financial statements are presented in Zimbabwe Dollars (ZWL) being the functional and reporting currency of the primary economic environment in which the Group operates.

3 Accounting policies

The accounting policies applied in the preparation of these interim consolidated financial statements are consistent with those of the previous year. Applicable new standards and interpretations did not materially either quantitatively and qualitatively affect the Groups consolidated financial statements.

4 ("IAS 21") "The Effects Of Changes In Foreign Exchange Rates"

As noted in the Group's 2019 financial statements, Government promulgated Statutory Instrument ("SI") 33 on 22 February 2019, giving legal effect to the reintroduction of the Zimbabwe Dollar (ZWL) as the legal tender and prescribed for accounting and other purposes, certain assets and liabilities on the effective date would be deemed to be in Zimbabwean Dollars at the rate which was at par with the United States Dollar (USD).

Guidance issued by the Public Accountants and Auditors Board (PAAB) note the requirements of SI 33 were contrary to the provisions of IAS 21. The Directors have always ensured compliance with IFRS but were unable to do so due to the conflict between IAS 21 and local statutory instruments. In respect of the previous financial year 2019 financial information and as a result of the absence of an observable foreign exchange market during that year, the Group was unable to meet the requirements of IAS 21 in 2019 and before. The Directors would like to advise users to exercise caution in their use of this comparative inflation adjusted financial information.

5 Inflation adjustment

The Public Accountants and Auditors Board ("PAAB") issued a pronouncement ("Pronouncement 01/2019") prescribing the application of International Accounting Standard ("IAS 29") "Financial Reporting In Hyperinflationary Economies" had become effective in Zimbabwe. Pronouncement 01/2019 covered the preparation and presentation of financial statements of entities operating in Zimbabwe for the financial periods ending on or after 1 July 2019. The Group determined the effective date of application of the standard as 1 January 2019. International Financial Reporting Interpretations Committee ("IFRIC 7", "Economies Becoming Hyperinflationary", requires that the entity applies IAS 29 as if the economy was always hyperinflationary. IAS 29 requires that financial statements prepared in the currency of a hyperinflationary economy be stated in terms of a measuring unit current at the reporting date, and that the corresponding figures for prior periods be stated in terms of a measuring unit current at the end of the reporting date. The restatement has been calculated by means of adjusting factors derived from the consumer price index (CPI) prepared by Zimbabwe National Statistics Agency ("ZimStat"). The adjustment factors used to restate these interim financial statements are as follows:

Date	Indices	Adjusting factor
CPI as at 30 June 2019	172.6	8.37
CPI as at 31 December 2019	551.7	2.62
CPI as at 30 June 2020	1,445.20	1

The indices and adjusting factors have been applied to the historical cost of transactions and balances as follows: All items in income statements are restated by applying relevant monthly adjusting factors; The net effect of the inflation adjustments on the net monetary position of the Group is included in the income statement as a monetary loss or gain; Comparative information is restated using the inflation indices in terms of the measuring unit current at the reporting date; The application of the IAS 29 restatement procedures has the effect of amending certain accounting policies which are used in the preparation of the financial statements under historical cost convention. The policies affected are:

- Monetary assets and liabilities are not restated as they are already stated in terms of the measuring unit current at the reporting date;
- Non-monetary assets and liabilities are not carried at amounts current at the reporting date and components of shareholders equity are restated by applying the relevant monthly adjusting factor;
- Inventories are carried at the lower of indexed cost and net realizable value;
- Deferred tax is provided in respect of temporary differences arising from the restatement of assets and liabilities; and
- All items of cash statement are expressed in terms of measuring unit current at the reporting date.

6 Contingent liabilities

The Company had no material contingent liabilities as at 30 June 2020.

7 Supplementary information

	Inflation adjusted		Historical	
	June 2020 \$	June 2019 \$	June 2020 \$	June 2019 \$
Capital expenditure	352,225	449,728	233,544	36,792
Depreciation	5,107,486	5,338,870	330,921	235,191
Operating (loss) / profit	(7,136,029)	19,020,929	22,188,738	2,382,626
Operating (loss) / profit is stated after charging items of significance:				
Auditors remuneration	1,276,277	262,269	984,969	20,972
Directors fees	188,775	132,683	124,729	10,455
Foreign currency translation gain / (loss)	-	4,912,520	-	(281,009)

8 Approval and events after the reporting period

The half year abridged financial statements were approved by the Board on 24 September 2020. Subsequent to the reporting period date, there were no material adjusting or non-adjusting events.

9 Property, Plant and Equipment

	Inflation adjusted		Historical	
	June 2020 \$	June 2019 \$	June 2020 \$	June 2019 \$
Capital expenditure incurred to maintain and replace existing non-current assets	352,225	222,118	233,544	18,170
Capital expenditure incurred on software	-	227,610	-	18,622
	352,225	449,728	233,544	36,792

10 Assets pledged as security

Assets pledged as security for borrowings comprise motor vehicles subject to finance leases. The carrying amount of the Group's non current assets pledged as security was \$224,438 (31 December 2019 : \$261,844). In addition the composite credit facility is secured by a notarial general covering bond (NGCB) for \$887,500 over inventories and accounts receivable.

11 Accounts payable

	Inflation adjusted		Historical	
	June 2020 \$	June 2019 \$	June 2020 \$	June 2019 \$
Accounts payable	101,705,935	93,265,634	101,705,935	35,880,671

The Group's major accounts payable are foreign suppliers and the increase is due to depreciation of the Zimbabwe dollar as illustrated by the movement in interbank rates to USD1 : 57,35 ZWL as at 30 June 2020, from USD1 : 16,77 ZWL as at 31 December 2019. Foreign creditors amounted to ZAR 29,3 million.

12 Short term loans payable

	Inflation adjusted		Historical	
	June 2020 \$	June 2019 \$	June 2020 \$	June 2019 \$
Short term loans payable	20,473,807	13,871,761	20,473,807	5,336,668

The short term borrowings were incurred to finance capital expenditure and working capital requirements. As at 30 June 2020, short term borrowings amounting to \$5,473,807 (31 December 2019: \$5,164,005) were unsecured, whilst \$15,000,000 (31 December 2019 : \$8,707,756) were secured by an unlimited guarantee issued by the holding company and NGCBs for \$887,500 over inventories and accounts receivable.

13 Amounts owed to related parties

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

14 SEGMENT INFORMATION

Half Year Ended 30 June 2020

	FMCG \$	Medical \$	Inflation adjusted		Total \$
			Manufacturing \$	Eliminations / Unallocated \$	
Revenue - external	45,083,655	-	30,072,733	-	75,156,388
- internal	13,362	-	3,784,220	(3,797,582)	-
Total	45,097,017	-	33,856,953	(3,797,582)	75,156,388
Net financing (costs) / income	(48,460,925)	-	(9,945,139)	2	(58,406,062)
Depreciation	(2,640,905)	(54,314)	(2,413,701)	1,434	(5,107,486)
Net monetary gain	46,665,154	987,399	13,558,297	309,044	61,519,894
Segment (loss) / profit before tax	(10,290,262)	1,568,415	4,392,499	307,150	(4,022,198)
Taxation	9,258,026	-	(3,721,501)	943	5,537,468
Segment (loss) / profit after tax	(1,032,236)	1,568,415	670,998	308,094	1,515,271
Segment total comprehensive (loss) / income	(1,032,236)	1,568,415	670,988	308,094	1,515,271
Segment assets	99,826,560	4,356,292	62,425,936	(3,358,419)	163,250,377
Segment liabilities	107,338,932	1,466,152	27,540,892	(6,309,200)	130,036,776

Half Year Ended 30 June 2019

	FMCG \$	Medical \$	Inflation adjusted		Total \$
			Manufacturing \$	Eliminations / Unallocated \$	
Revenue - external	80,235,300	-	16,757,419	-	96,992,719
- internal	205,128	-	6,572,503	(6,777,631)	-
Total	80,440,428	-	23,329,922	(6,777,631)	96,992,719
Net financing (costs) / income	(60,995,480)	-	(8,068,040)	59	(69,063,461)
Depreciation	(2,940,337)	(138,603)	(2,215,373)	(44,557)	(5,338,870)
Net monetary (loss) / gain	(24,390,447)	4,877,952	7,791,754	1,510,511	(10,210,230)
Segment (loss) / profit before tax	(73,644,923)	7,878,041	4,051,183	1,462,937	(60,252,762)
Taxation	15,489,343	-	(578,570)	10,357	14,921,130
Segment (loss) / profit after tax	(58,155,580)	7,878,041	3,472,613	1,473,294	(45,331,632)
Foreign currency translation (loss) / gain	(3,596,732)	271,970	8,040,656	196,626	4,912,520
Segment total comprehensive (loss) / income	(61,752,312)	8,150,011	11,513,269	1,669,920	(40,419,112)
Segment assets	93,455,879	5,132,739	54,980,378	(3,117,372)	150,451,622
Segment liabilities	99,936,026	3,811,013	20,766,329	(5,760,109)	118,753,259

Half Year Ended 30 June 2020

	FMCG \$	Medical \$	Historical		Total \$
			Manufacturing \$	Eliminations / Unallocated \$	
Revenue - external	30,333,512	-	20,127,581	-	50,461,093
- internal	9,007	-	2,532,766	(2,541,773)	-
Total	30,342,519	-	22,660,347	(2,541,773)	50,461,093
Net financing (costs) / income	(46,736,788)	-	(7,846,967)	1	(54,583,754)
Depreciation	(162,056)	(3,031)	(165,459)	(375)	(330,921)
Segment (loss) / profit before tax	(37,510,569)	(3,031)	5,121,219	(2,635)	(32,395,016)
Taxation	9,258,026	-	(1,278,319)	943	7,980,650
Segment (loss) / profit after tax	(28,252,543)	(3,031)	3,842,900	(1,692)	(24,414,366)
Segment total comprehensive (loss) / income	(28,252,543)	(3,031)	3,842,900	(1,692)	(24,414,366)
Segment assets	64,189,034	641,659	32,668,147	(6,360,967)	91,137,873
Segment liabilities	107,338,932	1,466,152	27,540,892	(6,309,200)	130,036,776

Half Year ended 30 June 2019

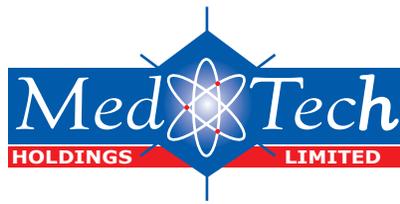
	FMCG \$	Medical \$	Historical		Total \$
			Manufacturing \$	Eliminations / Unallocated \$	
Revenue - external	6,557,073	-	1,523,643	-	8,080,716
- internal	18,214	-	597,595	(615,809)	-
Total	6,575,287	-	2,121,238	(615,809)	8,080,716
Net financing (costs) / income	(9,220,757)	-	(1,130,094)	7	(10,350,844)
Depreciation	(129,916)	(6,442)	(96,794)	(2,039)	(235,191)
Segment (loss) before tax	(7,833,010)	(6,442)	(126,380)	(2,386)	(7,968,218)
Taxation	1,991,985	-	29,810	1,237	2,023,032
Segment (loss) after tax	(5,841,025)	(6,442)	(96,570)	(1,149)	(5,945,186)
Foreign currency translation (loss) / gain	(844,507)	19,375	530,115	14,008	(281,009)
Segment total comprehensive (loss) / income	(6,685,532)	12,933	433,545	12,859	(6,226,195)
Segment assets	23,548,660	644,692	9,273,462	(2,265,989)	31,200,825
Segment liabilities	38,446,054	1,466,153	7,989,107	(2,215,952)	45,685,362

15 Net financing costs

	Inflation adjusted		Historical	
	June 2020 \$	June 2019 \$	June 2020 \$	June 2019 \$
Interest payable	(2,726,653)	(1,674,752)	(1,838,427)	(131,494)
Net exchange rate loss	(55,679,532)	(67,408,669)	(52,745,416)	(10,220,928)
Interest received	123	19,960	89	1,578
	(58,406,062)	(69,063,461)	(54,583,754)	(10,350,844)

16 Going concern

The Group's equity reserves have been significantly depleted over the last few years due to cumulative operating losses. The directors have assessed the ability of the Group to continue as a going concern and are of the view that the preparation of these financial statements on a going concern basis appropriate as for the reasons disclosed in detail in the financial statements.



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

ABRIDGED REVIEWED FINANCIAL RESULTS

FOR THE HALF YEAR ENDED 30 JUNE 2020

Short-Form Financial Announcement

Issued in terms of Practice Note 13 of the Zimbabwe Stock Exchange

This short-form announcement is the responsibility of the Directors and is only a summary of the information contained in the full announcement and does not contain full or complete details. Any investment decisions by investors and or shareholders should be based on consideration of the full announcement.

A copy of the full announcement has been shared with shareholders using the latest email addresses supplied by the shareholder and is available upon request, and for inspection at no charge, at the Company's registered office or via email request to aisha@medtechdistribution.co.zw. The full announcement is also available on the Zimbabwe Stock Exchange website (data portal): www.zse.co.zw and the Company website www.medtechholdings.co.zw.

	Inflation adjusted			Historical		
	June 2020 \$	June 2019 \$	% Change 2020 vs 2019	June 2020 \$	June 2019 \$	% Change 2020 vs 2019
Turnover	75,156,388	96,992,719	(22%)	50,461,093	8,080,716	524%
Operating (loss) / profit	(7,136,029)	19,020,929	(138%)	22,188,738	2,382,626	839%
Basic earnings / (loss) per share (ZWL cents)	0.42	(0.59)	(171%)	(0.43)	(0.10)	330%
Headline earnings / (loss) per share (ZWL cents)	0.42	(0.59)	(171%)	(0.43)	(0.10)	330%

	Inflation adjusted			Historical		
	June 2020 \$	December 2019 \$	% Change 2020 vs 2019	June 2020 \$	December 2019 \$	% Change 2020 vs 2019
Total Assets	163,250,377	150,451,622	9%	91,137,873	31,200,825	192%
Total Liabilities	130,036,776	118,753,292	10%	130,036,776	45,685,362	185%
Total Equity	33,213,601	31,698,330	5%	(38,898,903)	(14,484,537)	169%

Dividend

The Directors resolved not to declare an interim dividend.

Auditors Statement

This short-form financial announcement should be read in conjunction with the complete set of the Group's half year financial statements for the half year ended 30 June 2020. The Group's half year financial statements have been independently reviewed by AMG Global Chartered Accountants (Zimbabwe) who have issued a modified review conclusion. The basis of modified conclusion was mainly due to the Group's inability to comply with International Accounting Standard 21 (The effects of changes in foreign exchange rates). The auditors have also reported on a material uncertainty related to going concern. The auditor's report is available for inspection at the Company's registered office and on the Company's website www.medtechholdings.co.zw.

R Mazula
Chairperson
24 September 2020

Registered Office
Stand 619 Comer Shumba / Hacha Road, Ruwa

Directors: R Mazula (Chairperson), A.Motiwala* (CEO), F.Shekh, T.Sheikh, V.Lapham (*Executive)
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Chartered Accountants
(Zimbabwe)

A member firm of AMG Global, a Swiss Verein

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

Modified review conclusion on interim financial information

We have reviewed the consolidated financial statements of MedTech Holdings Limited and its subsidiaries (“the Group”), set out on pages 3 to 50, and comprising:

- Group and Company’s statements of profit or loss and other comprehensive income, Group and Company’s statements of changes in equity and consolidated statement of cash flows for the six months ended 30 June 2020;
- Group and Company’s statements of financial position as at 30 June 2020;
- A summary of significant accounting policies applied by the Group and Company during the six months ended 30 June 2020; and
- Notes on the financial statements.

Based on our review, with the exception of matter described in the basis of modified review conclusion paragraph below, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not give a true and fair view of the financial position of the Group and Company as at 30 June 2020, and of the Group and company’s financial performance and cash flows for the six month period then ended in accordance with International Financial Reporting standards.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of interim financial information performed by the independent auditor of the entity.” A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis of modified review conclusion

During the period under review, the Group and Company changed its functional currency from United States Dollar (“US\$”) to Zimbabwean Dollar (“ZWL\$”). The Company has shown comparative information for the prior periods in ZWL\$ converted from US\$ at 1:1. In addition, the Group transacted a significant amount of business in foreign currencies and according to the Reserve Bank of Zimbabwe (“RBZ”) Act, the balances between Bond note, RTGS System and the US\$ notes were legally exchangeable at 1:1 during the period to 21 February 2019. However, there was constrained exchangeability (The Group was not readily able to exchange currencies through a legal exchange mechanism within a relatively short period of time) of the RTGS balances with foreign currencies in Zimbabwe as there was no legal foreign exchange mechanism. As a result, this conclusion carries an adverse conclusion with respect to non-compliance with International Accounting Standard 21 (“*The Effects of Changes in Foreign Exchange Rates*”).





Material uncertainty related to going concern

Without qualifying our conclusion, we draw attention to note 26 on the financial statements dealing with going concern. The Group was in current liability position of \$38 547 408 (31 December 2019: \$34 973 192) as at 30 June 2020. This and other factors set forth in note 26 cast doubt on the Group's ability to continue operating as a going concern for the foreseeable future. However, as explained in note 26, these financial statements are prepared on a going concern basis.

Directors' responsibility for the financial statements

The Company's directors are responsible for the preparation and fair presentation of these interim financial statements in accordance with International Financial Reporting Standards. This responsibility includes:

- Designing, implementing and maintaining internal control relevant to the preparation and presentation of interim financial statements that are free from material misstatement, whether due to fraud or error;
- Selecting and applying appropriate accounting policies; and
- Making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility for the financial statements

Our responsibility is to express a conclusion on the interim financial statements based on our review. The engagement partner on the review resulting in this review report is Clyton Kazembe, Registered Public Auditor – PAAB Practising Certificate number 0372.

AMG Global

AMG Global
Harare

24 September 2020