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Independent auditor's report on review of the inflation adjusted consolidated interim financial information to the shareholders of CFI Holdings Limited

Introduction

We have reviewed the accompanying inflation adjusted abridged interim statement of financial position of CFI Holdings Limited as of 31 March 2021 and the interim inflation adjusted statement of profit or loss and other comprehensive income, interim inflation adjusted statement of changes in equity and interim inflation adjusted statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. Directors are responsible for the preparation and fair presentation of these abridged interim financial statements in accordance with International Financial Reporting Standards ("IFRS"). Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with the 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 on these interim financial statements.

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Basis for Adverse Conclusion

(a) Impact of prior year Non-Compliance with International Accounting Standard IAS 21 – The Effect of Changes in Foreign Exchange Rates

The basis for qualification is due to misstatements contained in the opening balances from prior year. The misstatement was due to non-compliance with IAS 21– The effect of changes in Foreign exchange rates. CFI Holdings Limited elected to comply with the requirements of Statutory Instrument 33 of 2019 (SI 33/19) which was issued on 20 February 2019. The entity was guided by Statutory Instrument 41 of 2019 (SI 41/19) which states that in the case of inconsistency between local pronouncement and any international standard, the local pronouncement shall take precedence.

Figures that were previously reported as USD prior to February 2019 were converted to the local reporting currency (ZWL) from the previous reporting currency (USD) at a rate of 1:1. This exchange rate did not represent the true market exchange rate that existed.

Emphasis of Matter

(a) Impact of Covid 19 Pandemic

We draw attention to Note 4.9 to the abridged inflation adjusted interim financial information which relates to the impact of COVID 19 pandemic on CFI Holdings Limited and measures directors have put in place in response to the pandemic. There are uncertainties in relation to further possible effects and impacts of the COVID 19 pandemic to CFI Holdings Limited’s operations in future. Our review conclusion is not modified in respect of this matter.

(b) Interests in unconsolidated subsidiaries

We draw attention to Note 4.8 of the inflation adjusted interim financial information which describes the effects of the interest in unconsolidated subsidiaries. Our review conclusion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

Zimbabwe Stock Exchange (“ZSE”) Listing Requirements

CFI Holdings Limited was suspended indefinitely from the ZSE on the 15th of August 2018 due to non-compliance with listing requirements around free float threshold, appointment of a substantive Board Chair, Chief Executive and Financial Director and the appointment of independent nonexecutive directors. The suspension requires that CFI continues to comply with other listing requirements while addressing areas of non-compliance. As at 31 March 2021, ZSE was yet to lift the suspension of CFI Holdings Limited.

Conclusion

Based on our review, because of the significance of the matter in our basis for adverse conclusion, the accompanying inflation adjusted abridged interim financial information do not present fairly, in all material respects, the financial position of CFI Holdings Limited as at 31 March 2021, and of its inflation adjusted financial performance and cash flows for the six month period then ended in accordance with International

Accounting Standard 34- Interim Financial Reporting and the requirements of the Zimbabwe Stock Exchange Listing Regulations.

The engagement partner on the review engagement resulting in this independent review conclusion is Courage Matsa.



Baker Tilly

Baker Tilly Chartered Accountants
Partner: Courage Matsa
PAAB Practising Number: 0607
Baker Tilly Chartered Accountants (Zimbabwe)
Harare

Date: 25 June 2021

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