



BRIDGEFORT CAPITAL LIMITED
(FORMERLY MEDTECH HOLDINGS LIMITED)

ANNUAL REPORT

2021



DEFINITIONS

BridgeFort or Company	BridgeFort Capital Limited, Formerly MedTech Holdings Limited
EGM	Extraordinary General Meeting
GRI	Global Reporting Initiative
MedTech Distribution	Zvemvura Trading (Private) Limited, trading as MedTech Distribution
ZSE	The Zimbabwe Stock Exchange

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ABOUT THIS REPORT

INTRODUCTION

BridgeFort Capital Limited is a Zimbabwe Stock Exchange listed private equity investment holding company targeting a combination of strategic and controlling stakes in different portfolios of companies in Zimbabwe.

The Board is committed to the quality and standard of our reporting and disclosure each year so that it remains meaningful and measurable for our stakeholders.

BridgeFort currently has two classes of shares trading on the ZSE, each of which is linked to an underlying portfolio. The Company is in the early stages of development having been created by the conversion of MedTech Holdings Limited into a private equity investment holding company at an extraordinary general meeting held on 15 November 2021.

The management team is responsible for sourcing, negotiating, concluding and executing investment opportunities for the Company. All material investment decisions, including but not limited to the acquisition and disposal of investments, require the approval of the Board of Directors of the Company. Depending on the categorization of the transaction in terms of the ZSE Listing Requirements as set out in SI 134 of 2019, approval may also be required from the shareholders of the class of shares related to the transaction.

SCOPE OF THIS REPORT

This report has been prepared with guidance from the GRI Sustainability Reporting Standards and the principles contained in the National Code on Corporate Governance for Zimbabwe. It is also prepared using International Financial Reporting Standards (IFRS), the Companies and Other Business Entities Act and the ZSE Listings Requirements.

This report combines the financial and non-financial performance of BridgeFort and covers the financial year ended 31 December 2021.

The Board has concluded that the report should not cover the activities of BridgeFort's investee companies except insofar as it is relevant to an assessment of the Company's investment interest in those entities. Through representation on the investee boards however, the Company exercises influence over the socio-economic, ethical and environmental policies and practices of investees.

MATERIALITY

BridgeFort acknowledges that it is necessary to determine the importance of matters that are material to the Company and thus warrant inclusion in the integrated annual report.

Those charged with governance are involved in the materiality determination process in order for the Company to determine how best to disclose its performance in a meaningful and transparent manner. Not all information relating to the Company and its activities is considered material for purposes of this integrated annual report. Information of significant importance in terms of its known or potential effect on value creation has been considered relevant for inclusion in this report.

EXTERNAL ASSURANCE

Independent audit assurance on the financial statements as at 31 December 2021 has been provided by AMG Global Chartered Accountants (Zimbabwe). No further third-party assurance in respect of this integrated annual report was obtained.

FORWARD LOOKING STATEMENTS

The integrated annual report may contain statements regarding the future financial performance of the Company and/or its investee companies which may be considered to be forward looking statements. It is important to note that, unless otherwise indicated, forward looking statements indicate the Company's expectations and have not been reviewed or reported on by the auditors. Forward-looking statements are not guarantees of future outcomes outlined therein. Readers are cautioned not to place undue reliance on forward-looking statements.

BUSINESS OVERVIEW

SIGNIFICANT MILESTONES

- 1997 – 2021 The Company built a portfolio of subsidiaries focused primarily on medical supplies and listed on the ZSE. This was then expanded to include Fast Moving Consumer Goods (FMCGs), imaging and pharmaceuticals. The various businesses were gradually wound down or disposed of, leaving the focus on FMCGs through the Zvemvura Trading (Private) Limited, trading as MedTech Distribution, and its manufacturing subsidiary, Chicago Cosmetics (Private) Limited.
- 2021 Name change and conversion of MedTech Holdings Limited into BridgeFort Capital Limited, now focused on private equity and having the MedTech FMCG businesses as its initial portfolio investment linked to the Class A Preferred Shares.

PORTFOLIO INVESTMENTS AND OVERVIEW

Class A Preferred Shares – Consumer Goods



50.1% of Zvemvura Trading (Private) Limited, Trading as MedTech Distribution
The business is primarily a distributor of consumer goods manufactured by Amka Products in South Africa and Chicago Cosmetics. The products include personal and hair care lines such as Satiskin, Clere, Shower to Shower, Easy Waves, Jabu Stone, Sofn'free and Top Society. The main customers are supermarkets and wholesalers.



25.6% of Chicago Cosmetics (Private) Limited (51% owned by MedTech Distribution)
Chicago Cosmetics manufactures several of the higher volume, lower value lines sold by MedTech Distribution.

Class B Preferred Shares

There are currently no portfolio investments under the Class B Preferred Shares. The only asset within this portfolio is a receivable from MedTech Distribution effectively being 50.1% of the value of land in Sunway City owned by MedTech Distribution and valued in its entirety at USD200,000.

INVESTMENT MANAGEMENT AND POLICY

Typical private equity funds have a separate investment manager whereas in BridgeFort's case, this is effectively housed under the ordinary shares of the Company. As part of the creation of BridgeFort out of MedTech, it was agreed that typical private equity management fees would not be payable but rather that MedTech Distribution will share the costs necessarily incurred by BridgeFort. Investment management and incentive fees will be determined in due course when additional investments are concluded. Such additions to the portfolio will also share in the costs incurred by BridgeFort thereby reducing the cost to MedTech Distribution.

There have been no changes to the investment management policy as published in the circular to shareholders for the EGM held on 15 November 2021. The policy is available on our website, www.bridgefortcapital.com.

RISK MANAGEMENT POLICY

There have been no changes to the risk management policy as published in the circular to shareholders for the EGM held on 15 November 2021. The policy is available on our website, www.bridgefortcapital.com.

CHAIRMAN'S STATEMENT

INTRODUCTION

It is my pleasure to present to you my statement for the year ended 31 December 2021. The results largely reflect the performance of MedTech prior to the conversion into a private equity investment holding company, apart from fair value adjustments. I look forward to announcing private equity transactions, currently being pursued, in due course.

SUSTAINABILITY

We all know that we face big challenges in today's world: poverty, hunger, inequality and climate change are just some of the issues we need to address urgently. Big challenges need bold action to overcome them, and that is where the Global Goals/Sustainable Development Goals come in and we all have a role in achieving them. Sustainability reporting is a legal requirement in terms of SI 134 of 2019 and the Company has adopted the GRI Standards in this regard. This is the first annual report of the Company to include a section on Sustainability and our strategy for addressing sustainability issues.

OPERATING ENVIRONMENT

The year-on-year official inflation rate closed at 349% in December 2020 before receding to the 50% range from July 2021 and ending the 2021 year at 61%. The official auction exchange rate to the US Dollar was 81.8 on 31 December 2020 and devalued to 108.7 at the end of 2021, a devaluation of 33%. Typically, one would expect inflation and devaluation to be similar. The discrepancy may reflect the extent to which the exchange rate was managed during the year. The management of exchange rates has seen a widening gap between the official rate and the parallel market rate, resulting in increased demand for currency from the auction. This disparity has effectively been a tax on exporters and remitters of US Dollars to other local companies through the 40% and 20% surrender requirement, whilst also effectively being a subsidy to importers. The result has been a disincentive to the country's exporters and local manufacturers – contrary to what we would ordinarily expect to see.

The operating environment was difficult and unpredictable during the year, and this has worsened since the year end.

UPDATE OF CHANGES FROM MEDTECH TO BRIDGEFORT

The various changes required at the Registrar of Companies and Other Business Entities resulting from the EGM held on 15 November 2021 are now largely complete. At the time of writing this report, notices to shareholders are being released dealing with the name change and capital structure changes.

2021 FINANCIAL REVIEW

The turnover and profit before other comprehensive income for the year under review largely comprise of the performance of MedTech Distribution and Chicago Cosmetics (Private) Limited. In inflation adjusted terms turnover increased by 68% from ZWL567 million to ZWL953 million whilst the profit before tax increased by 107% from ZWL107 million to ZWL222 million.

DIVIDEND

The Directors resolved not to declare a final dividend as no distributable dividend was received by the Company.

DIRECTORATE AND COMPANY SECRETARY

After the EGM held on 15 November 2021, Rose Mazula, Tarik Sheikh, Farouq Sheikh and Afzal Motiwala stepped down from the board to pave the way for new directors to lead the change to a private equity investment holding company. This change ushered in a new board where Dr Christian Beddies, Pride Masamba, William Marere and Oliver Lutz were appointed as directors at the EGM.

Subsequent to the year end, Michael Nicholson was appointed as Chief Financial Officer and Sithulisiwe Ncube was appointed to the role of Company Secretary.

OUTLOOK

The operating environment has deteriorated and become more unpredictable since the year-end with doing business becoming more difficult. Considerable management time is spent in reacting to and dealing with various issues which businesses in most of the rest of the world do not have to invest precious time in. The competitiveness of the informal sector is largely unhindered by policy pronouncements resulting in the informal players becoming an increasing threat to the formal economy. Unfortunately, we envisage this trend continuing, resulting in a smaller tax net, and increasing pressure on formal businesses through direct taxation and effective indirect taxation through increases in money supply.

Inflation has accelerated rapidly during the year, most recently reported at 132% in May, and will probably continue to do so with a lack of positive policy pronouncements having been witnessed thus far apart from a zero percent money supply growth target. Should the various recommendations by organisations such as the Zimbabwe National Chamber of Commerce or the Confederation of Zimbabwean Industries be implemented then we anticipate positive developments thereafter.

We will continue to focus on looking for good opportunities, concluding private equity transactions and assisting underlying portfolio companies in achieving their goals.

APPRECIATION

I wish to extend our appreciation to my fellow board members, shareholders, management, staff and other stakeholders for their continued support and look forwards to working with them in the coming year.



Dr C. Beddies

Chairman

9 June 2022

CHIEF EXECUTIVE OFFICER'S REPORT

INTRODUCTION

During most of the year under review Afzal Motiwala was the Chief Executive with me having taken over from him after the EGM held on 15 November 2021. Afzal continues to run MedTech Distribution and Chicago Cosmetics. The conversion of MedTech into BridgeFort as a private equity investment holding company is a first for Zimbabwe and marks the beginning of a new chapter for the Company and shareholders. I look forward to serving as CEO and being at the helm at the start of this new and exciting journey for the Company.

FINANCIAL HIGHLIGHTS

Class A Portfolio – Consumer Goods

The Class A portfolio primarily includes 50.1% of Zvemvura Trading (Private) Limited, trading as MedTech Distribution, and Chicago Cosmetics (Private) Limited, a 51% subsidiary of MedTech Distribution. These businesses primarily sell goods to retailers and wholesalers. Credit demanded by supermarkets is generally 30 days from statement for slower moving products, which is onerous in Zimbabwe's unpredictable and inflationary environment. Typically, these businesses aim to hedge the debtors' book and unlock the working capital tied up in debtors through bank borrowings. Inflation continually erodes the real value of the facilities in place necessitating regular facility increases with the associated costs being incurred and delays at times.

The businesses managed well on hedging mechanisms and this, along with a reduction in the real selling price of goods, less stockouts and a reduction in competition from grey imports and smuggled goods drove an increase in the volume of sales by 110% (198% in distribution and 20% in manufacturing).

Worsening delays in the payment of successful auction bids have hampered operations and resulted in increased working capital demands. At the year-end successful auction bids to the value of USD465,000 were unpaid.

The validated legacy debts amount to ZAR 23.4 million, with ZAR 5.9 million of this having been settled leaving a validated balance payable of ZAR 17.5 million (which has been provided for in the accounts at the auction rate). This legacy debt continues to hamper relationships with suppliers and timeous supply of goods.

Class A Portfolio – Consumer Goods Financial Highlights	Inflation adjusted			Historical		
	2021	2020	%	2021	2020	%
	\$'000	\$'000	Change	\$'000	\$'000	Change
Turnover	953 382	567 161	68%	777 195	255 866	204%
Profit before tax	221 970	107 183	107%	205 016	(5 516)	(3 817%)
Comprehensive profit after tax attributable to Class A shareholders	160 769	54 281	196%	338 813	821	44 164%
Basic earnings per share (cents)	1 340	452	196%	2 823	7	41 164%
Headline earnings per share (cents)	193	452	(57%)	522	7	7 524%

Class B Portfolio

Whilst a transaction is pursued, the Class B portfolio continues to only reflect a receivable of USD100,200 relating to 50.1% of the land owned by MedTech Distribution and based on the USD200,000 valuation of this land.

Class B Portfolio Financial Highlights	Inflation adjusted			Historical		
	2021	2020	%	2021	2020	%
	\$'000	\$'000	Change	\$'000	\$'000	Change
Turnover	-	-	-	-	-	-
Profit before tax	-	-	-	-	-	-
Comprehensive profit after tax attributable to Class A shareholders	24 847	-	-	24 847	-	-
Basic earnings per share (cents)	1 851	-	-	1 851	-	-
Headline earnings per share (cents)	-	-	-	-	-	-

FOCUS FOR 2022

The start of 2022 has been focused on identifying and pursuing possible transactions whilst also completing the changes required at the Registrar of Companies and Other Business Entities emanating from the EGM. With a new Board time has also been spent in laying the right governance foundations and reporting structures for the future. The year-end audit, the changes emanating from the conversion to a private equity investment holding company and the annual report have also consumed time to date. I am delighted that Mike Nicholson has accepted the appointment as CFO and the additional bandwidth this will create.

The focus for the rest of the year will primarily be on further pursuing and concluding transactions identified so far, as well as seeking out additional merger, acquisition, and investment opportunities. Oversight of and input into the existing portfolio will also be a priority. I look forward to reporting on further developments in due course and moving the company towards our vision.



Vernon Lapham
Chief Executive Officer
9 June 2022

SUSTAINABILITY REPORT

THE ORGANISATION AND ITS REPORTING PRACTICES

BridgeFort Capital Limited is a public company incorporated in Zimbabwe in accordance with the Companies and Other Business Entities Act. The Company has the following classes of shares in issue:

Share class	Ordinary Shares	Class A and B Preferred Shares	Class C and D Preferred Shares
Ownership	Privately held	Publicly held and listed on the ZSE	Publicly held unlisted shares

Shareholders with more than 2.5% shareholding:

Shareholder	Ordinary		Class A		Class B		Class C & D	
	Shares	%	Shares	%	Shares	%	Shares	%
Vesticor Invesments (Pvt) Ltd	35,000	35.0%						
The Private Equity Growth Trust	65,000	65.0%						
Westminster Holdings (Africa) Limited			3,850,461	32.1%	430,607	32.1%	105,887	32.1%
Titanium Marketing and Distribution (Pvt) Ltd			3,533,020	29.4%	395,107	29.4%	97,157	29.4%
GPC Trust			1,265,965	10.5%	141,575	10.5%	34,813	10.5%
Patel, Mahesh			402,883	3.4%	45,055	3.4%	11,079	3.4%
African Medallion (Pvt) Ltd			370,901	3.1%	41,479	3.1%	10,199	3.1%
Other shareholders			2,576,770	21.5%	288,177	21.5%	70,865	21.5%
Total	100,000		12,000,000		1,342,000		330,000	

The Company operates from 7 Bernard Avenue, Rolf Valley, Harare and its operations are entirely based in Zimbabwe.

This sustainability report covers BridgeFort Capital Limited and not the consolidated subsidiaries. The reason for this being the conversion of the Company to a private equity investment holding company at the end of 2021 and that these subsidiaries will no longer be consolidated in future. Portfolio investments held by the Company with outside shareholders require buy-in from such shareholders to report on sustainability and such reporting will be presented separately by these companies. BridgeFort will make reference to available investee company sustainability reports and will use its position on the boards of the portfolio investments and as shareholders to advocate sustainability reporting.

Sustainability reporting is aligned to the financial year of 1 January to 31 December of each year and shall be reported on annually. For any questions regarding the report, please contact thuli@bridgefortcapital.com. No external assurance has been obtained in the preparation of the sustainability report for the current year. Sustainability is a key to the sustainable growth of the Company and is under the purview of the board of directors.

ACTIVITIES AND WORKERS

The Company operates as a private equity investment holding company. The acquisition value chain involves scanning the market for suitable opportunities, assessing potential acquisitions, negotiating suitable acquisitions and concluding these. On an ongoing basis, the Company is then involved in overseeing the investment, reporting, and hands on support in driving the strategy and its execution. The activities of the company changed significantly at the end of the 2021 year with the conversion to a private equity investment holding company.

During the year under review, the Company had no employees as it was simply a holding company. The limited work required on the company was performed by staff of the subsidiary companies.

GOVERNANCE

For the 2021 year the Company’s governance was dealt with by the board of directors and the audit and risk committee, being the only committee of the board during the year. Since the year end, additional committees have been formed as required by the National Code on Corporate Governance. During the 2021 year the following were the directors:

Director	Date appointed or resigned	Classification
R. Mazula	resigned 15 November 2021	Independent non-executive (chairman)
F. Sheikh	resigned 15 November 2021	Non-executive
T. Sheikh	resigned 15 November 2021	Non-executive
A. Motiwala	resigned 15 November 2021	Chief Executive Officer
V. Lapham	Change in classification on 15 November 2021	Independent non-executive (audit committee chairman) Chief Executive Officer
Dr C. Beddies	appointed 15 November 2021	Independent non-executive (chairman)
W. Marere	appointed 15 November 2021	Independent non-executive (audit committee chairman)
P. Masamba	appointed 15 November 2021	Independent non-executive (risk committee chairman)
O. Lutz	appointed 15 November 2021	Independent non-executive (remuneration committee chairman)

Profiles of the current board of directors is available on our website, www.bridgefortcapital.com.

The Directors declare on an ongoing basis all conflicts and potential conflicts of interest to the Board, a register of which is considered at all Board and Committee meetings. Declaration of Directors’ interests is a standing Board agenda item at the outset of each meeting. A conflicted Director is not allowed to take part in the relevant discussion or decision and is not counted when determining whether a meeting is quorate.

The nomination and selection of Directors is done by the nominations committee of the Board who will consider input from stakeholders as well as diversity, independence, standing, integrity, experience and requisite skills.

The Board are mostly recently appointed, and a process of board evaluation has not yet been adopted.

The executive team is responsible for developing and proposing the Company’s vision, mission, purpose, values, strategies, policies and goals in relation to all aspects of the business and its sustainability whilst the role of the board is to consider, modify and adopt these and hence is ultimately responsible.

DIRECTORS’ INTERESTS

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% in Classes A, B, C and D Preferred Shares (2020: 32.09% of the ordinary shares) of the Company as at 31 December 2021.

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% in Classes A, B, C and D Preferred Shares (2020: 29.44% of the ordinary shares) of the Company as at 31 December 2021.

R. Mazula held 908 Class A, 101 Class B, 25 Class C and D Preferred Shares (2020: 230,000 ordinary shares) of the Company as at 31 December 2021.

V. Lapham held 7,983 Class A, 894 Class B, 220 Class C and D Preferred Shares (2020: 2,026,142 ordinary shares) of the Company as at 31 December 2021. In addition, V. Lapham is a beneficiary of his family trust which owns Vesticor Investments (Private) Limited which holds 35% of the ordinary shares and is also a beneficiary of The Private Equity Growth Trust which owns 65% of the ordinary shares as at 31 December 2021.

STRATEGY, POLICIES AND PRACTICES

Vision

To be the leading private equity company, and a catalyst of economic growth, in Zimbabwe.

Mission

To be the bridge between attractive businesses requiring capital or liquidity and investors looking to access previously inaccessible investments with ease through the ZSE.

Principles

We value sustainable profitable growth, highly motivated teams with aligned interests and professional governance. We believe in companies that are focussed and ambitious with founders or hired guns that want to scale up a firm of national or regional capabilities and credentials. We know from experience, as fellow entrepreneurs, the discipline it requires to start a business, scale a business, and build depth of management for continuity.

VALUE ADDITION

BridgeFort works closely with investee company management teams to formulate strategy and pursue growth opportunities to drive superior investment returns. Whilst we generally will not participate in day-to-day portfolio company operations, we provide Board-level advice, informally and at board meetings, and governance expertise to management teams. BridgeFort seeks control of, or significant influence over, all major business decisions that may significantly impact a company's value.

Our efforts to assist management include, among other things, developing and refining strategic objectives, providing a third-party perspective on company performance, designing incentive structures, and ensuring required financial and other information is provided and analysed in a timely fashion. BridgeFort aims to structure management incentives with the aim of ensuring our alignment of interests and retention of key executives.

SUSTAINABILITY

BridgeFort believes in being a good corporate citizen and balancing an otherwise purely profit motive with people, planet and prosperity. The conversion of the Company into a private equity investment holding company has seen the introduction of a new executive team and board of directors. With this recent change, the management team are still working through the enhancement of sustainability reporting, sector standards, the identification of material topics and resultant topic standards, as well as tracking and measurement. This process is leading to the building of inhouse skills which will serve the Company well in future reporting, sharing this acquired knowledge with the Board and also in assisting and guiding investee companies. An effective corporate social responsibility program is also required when resources permit. Stakeholder engagement will also be a key determinant in guiding the Board on sustainability.

MATERIAL RISKS

Risk and impact

Money supply growth – inflation and devaluation

Increasing money supply results in inflation and devaluation of the local currency. The formal economy transacts in both foreign and local currencies. The risk of holding any net local currency monetary assets is significant due to rapid loss of value. The local currency has little to no use as a store of value and accelerating inflation makes the transactional use more difficult.

Response

The Company aims to hold minimal net monetary assets in local currency and for investee companies, this will also be a key reporting matter and the board appointees will advocate for the same approach.

The value of bank facilities devalues rapidly resulting in continual applications to increase these facilities along with security registration with the associated costs, delays and working capital implications.

The Company is listed on the ZSE which trades in local currency - raising capital in inflationary times is risky for businesses due to the length of time of the processes involved and loss of real value through inflation during this timeframe. Acquisitions will be largely, if not entirely, settled in shares under the current inflationary environment although vendors may find this unattractive thereby limiting the acquisitive growth of the Company.

Financial statements are reported in both historic cost and inflation adjusted terms. The primary purpose of financial statements is to convey the financial performance and position of a company to the users. Added to this are distorted exchange rates and financial statement preparers, auditors, and users with different views on the appropriate exchange rates and even real inflation. As a result of the above, the financial statements are extremely difficult to understand and may even be viewed by users as misleading despite the technical compliance with standards. Analysts typically only cover larger listed companies and the additional time spent by them trying to analyse the larger companies makes the smaller listed companies even less likely to receive any coverage. Local investors deal with inflation daily and are therefore somewhat accustomed to it. Foreign investors struggle even more to understand published financial information and have the choice of investing in almost any country in the world making Zimbabwe an unattractive investment destination.

Regulatory and policy changes

Policies and regulatory changes are common and this unpredictability and inconsistency negatively effects business sentiment and makes doing business in Zimbabwe complex and more difficult than it could otherwise be.

The Company has no bank facilities. Portfolio companies must nurture and maintain strong banking relationships to aid in facility renewal processes.

The Company has considered the possibility of listing one or more classes of shares on the Victoria Falls Stock Exchange although this is currently seen as premature considering the size of the business and the small amounts of institutional US Dollar funds seeking investment opportunities. This illiquidity is evidenced by the lack of US Dollar funds held by asset managers. People, companies and institutions are fully aware of the risks associated with holding local currency which drives demand for shares on the ZSE as a hedge against inflation. This partly offsets the negative perception to vendors of holding ZSE listed shares.

Users of the financial statements often rely more heavily on volume information than financial information in times of inflation – enhancement of reporting in this regard is being prioritised.

The reality on the ground is that most businesses, users of financial statements and investors have however become accustomed to thinking in US Dollars. We will look into the presentation of supplementary financial information in US Dollars.

The Company and portfolio investments react to changes as they are pronounced to deal with the changes in the best interests of the businesses.

Informalisation of the economy

The negative effects of regulation, policies, inflation, devaluation, and undue control over the economy has resulted in a challenging business environment. Formal businesses spend inordinate time on dealing with these challenges and reacting to changes, and as a result is less competitive than it would otherwise be. Largely because of the aforementioned factors, formal businesses have not created the employment necessary to absorb the growing population which has seen the burgeoning of the informal sector – which is even expanding into manufacturing in some sectors. The informal sector operates largely outside of regulations governing formal businesses and mostly transacts in foreign currency. This uneven playing field is a threat to the competitiveness and viability of many formal businesses whilst in the short to medium terms will also increase their tax burden.

The Company will consider competition from the informal sector in its selection of acquisition targets and highlight risks in this regard.

DIRECTORS STATEMENT OF RESPONSIBILITY

The Group's independent auditors, AMG Global Chartered Accountants (Zimbabwe), have audited the financial statements and their report is set out on pages 14 to 17.

The Directors of the Group are responsible for maintaining adequate accounting records and for the preparation of financial statements that present fair and accurate information.

In discharging this responsibility, the Group maintains a system of internal controls designed to provide reasonable assurance that the assets are safeguarded and that transactions are executed and recorded following Group policies.

The Directors have assessed the ability of the Company and its material portfolio investments to continue operating as going concerns and believe that the preparation of these financial statements on a going concern basis is appropriate.



Dr C. Beddies

Chairman

9 June 2022

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REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF BRIDGEFORT CAPITAL LIMITED AND ITS SUBSIDIARIES

Adverse opinion

We have audited the consolidated financial statements of BridgeFort Capital Limited [formerly MedTech Holdings Limited] and its subsidiaries (“the Group”), set out on pages 18 to 63, 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 2021;
- Group and company’s statements of financial position as at 31 December 2021;
- A summary of the significant accounting policies applied by the Group and company during the year ended 31 December 2021; and
- Related financial statements notes.

Because of the significance of the matters described in the basis for the adverse opinion paragraph below, the Group and Company financial statements are not true and fair.

Basis for adverse opinion

International Accounting Standard (IAS) 21- *The Effects of Changes in Foreign Exchange Rates* in prior period and inappropriate application of IAS 8- *Accounting Policies, Changes in Accounting Estimates and Errors Impact* of prior year modification on current period (Group and Company). In the prior year, and in the current year, the Group’s subsidiary companies transacted a significant amount of business in foreign currencies (especially in the procurement of raw materials and goods for resale). The Group used exchange rates which did not meet IAS21 requirements for a spot rate. The misstatements could however not be quantified as an appropriate exchange rate had not been identified. As a result of the issues discussed above, and the significance thereof, we were unable to determine the adjustments that might have been necessary in respect of transactions entered into during the current financial year to satisfy ourselves concerning the fair presentation of these financial statements. Also, the audit report for the year ended 31 December 2020 was modified due to the impact of non-compliance with IAS 21.

With respect to prior year figures, management has not made retrospective adjustments in terms of IAS 8 to correct these matters. As a result, corresponding amounts on the Consolidated Statement of Profit or Loss and Other Comprehensive Income, the Consolidated Statement of Cashflows, Accumulated Profit, Non-controlling interest and Deferred Tax liability on the consolidated Statement of Financial Position remain impacted.

Our opinion on the current period’s consolidated financial statements is therefore modified because of the effects of the above matters on the current year figures on the Consolidated Statement of Profit or Loss and Other Comprehensive Income, the Consolidated Statement of Cashflows and on the comparative figures.

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.

Key audit matter	How our audit addressed the key audit matter
<p>Cost of sales</p> <p>The costing of imported inventories requires the translation of foreign currency denominated cost components into Zimbabwe Dollars, the Group's functional currency, at varying exchange rates throughout the year. The Group's inventories are predominantly acquired from South Africa.</p> <p>As such, we considered the costing of goods sold as a key audit matter.</p>	<p>Our audit approach was focused on the valuation of inventories and the determination of amounts recognized as cost of sales during the year. We performed the following procedures, amongst others:</p> <ul style="list-style-type: none"> • 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; and • We verified the inventories' valuation reports prepared by management as at 31 December 2021 for the subsidiary companies being the effective date of the conversion. <p>Except for the effect of exchange rates as described in the basis of adverse opinion paragraph above, we were satisfied with the results of our audit procedures</p>

<i>Changes from holding investments in subsidiaries at cost to holding investments at fair value</i>	
<p>During the year under review, the Company changed its business model from being a parent company holding investments in its subsidiaries at cost and consolidating same in terms of IFRS 3, to being an investment entity which now hold its investments at fair value with changes being recognised in the statement of profit or loss in terms IFRS 9.</p>	<p>Our audit approach was focused on checking the approval processes related to the changes in the Company’s model and assessing the appropriateness of the attendant accounting policies and financial presentation and disclosure requirements. Our audit procedures included the following:</p> <ul style="list-style-type: none"> • Reviewing the Detailed and Abridged Circular prepared and circulated to the stakeholders explaining the changes; • Reviewing the Board and Shareholders approvals of the changes; • Reviewing reports and opinions prepared by various experts in respect of the proposed changes; • Assessing the impact of the change of the Company and Group’s financial reporting and disclosure obligations, especially IFRS 3, IFRS 9, IFRS 10 and IFRS 13; and • Reviewing appropriateness and reasonableness of fair values determined for reporting purposes. <p>Based on the work performed, we were satisfied with the results of our audit procedures.</p>

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 and Other Business Entities Act (Chapter 24:31) 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 Vernon Lapham, a member of the Institute of Chartered Accountant of Zimbabwe, membership number M2531.

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 scepticism 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 and Other Businesses Act (Chapter 24:31) and related legislation.

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

AMG Global

AMG Global
Harare

31 May 2022

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
year ended 31 December 2021

GROUP

	Note	Inflation adjusted		Historical	
		2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Turnover		953 382	567 161	777 195	255 866
Cost of sales	3	(696 435)	(382 607)	(476 280)	(106 500)
Gross profit		256 947	184 554	300 915	149 366
Other operating income	4	2 054	810	1 795	439
Selling and distribution expenses	5	(93 442)	(43 546)	(80 024)	(19 126)
Administrative expenses	6	(165 740)	(95 249)	(121 763)	(33 019)
Operating (loss)/profit		(181)	46 569	100 923	97 660
Net financing income/(costs)	7	131 852	(258 662)	104 093	(103 176)
Monetary gain		90 299	319 276	-	-
Profit/(loss) before taxation		221 970	107 183	205 016	(5 516)
Taxation	8	(120 374)	4 274	(53 120)	1 300
Profit/(loss) for the year after taxation		101 596	111 457	151 896	(4 216)
Other comprehensive income					
Revaluation gain		5 707	1 547	15 642	19 731
Fair value gain		185 912	-	324 372	-
Taxation		(32 188)	(382)	(27 178)	(4 878)
		159 431	1 165	312 837	14 853
Total comprehensive profit for the year		261 027	112 622	464 733	10 637
Attributable to:					
Owners of the parent company		185 616	54 281	363 660	821
Non-controlling interests		75 411	58 341	101 073	9 816
Total		261 027	112 622	464 733	10 637
Basic earnings per share	9.1	Cents	Cents	Cents	Cents
Ordinary shareholders		-	-	-	-
Class A shareholders		1 340	452	2 823	7
Class B shareholders		1 851	-	1 851	-
Headline earnings per share	9.2				
Ordinary shareholders		-	-	-	-
Class A shareholders		193	452	522	7
Class B shareholders		-	-	-	-

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
year ended 31 December 2021

	Note	COMPANY			
		Inflation adjusted		Historical	
		2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Turnover		-	-	-	-
Cost of sales		(8 606)	-	(146)	-
Gross profit		(8 606)	-	(146)	-
Other operating income	4	8 032	-	8 032	-
Selling and distribution expenses		-	-	-	-
Administrative expenses	6	(267)	153	(128)	(17)
Operating /(loss)/profit		(841)	153	7 758	(17)
Net financing costs	7	(2)	-	(2)	-
Monetary gain		102	3 153	-	-
(Loss)/profit before taxation		(741)	3 306	7 756	(17)
Taxation	8	88	14	68	4
Profit/(loss) for the year after taxation		(653)	3 320	7 824	(13)
Other comprehensive income					
Revaluation gain		-	152	-	1 319
Fair value gain		445 810	-	467 371	-
Taxation		(30 777)	(38)	(23 311)	(326)
		415 032	114	444 060	993
Total comprehensive profit for the year		414 379	3 434	451 884	980

STATEMENT OF FINANCIAL POSITION
31 December 2021

		GROUP			
		Inflation adjusted		Historical	
		2021	2020	2021	2020
		\$'000	\$'000	\$'000	\$'000
ASSETS	Note				
Non-current assets					
Property, plant and equipment	11	2 109	140 745	1 312	40 054
Intangible assets	12	-	4 028	-	634
Investments held at fair value	14	466 905	-	467 702	-
Deferred taxation	15	-	78 642	-	10 578
		<u>469 014</u>	<u>223 415</u>	<u>469 014</u>	<u>51 266</u>
Current assets					
Inventories	16	-	175 140	-	65 945
Accounts receivable	17	-	119 712	-	74 477
Amount owed by related parties	18.1	8 982	12 639	8 982	7 863
Cash and bank balances	21	9	80 832	9	50 288
		<u>8 991</u>	<u>388 323</u>	<u>8 991</u>	<u>198 573</u>
Total assets		<u><u>478 005</u></u>	<u><u>611 738</u></u>	<u><u>478 005</u></u>	<u><u>249 839</u></u>
EQUITY AND LIABILITIES					
Equity					
Issued share capital and reserves per statement of changes in equity		263 229	77 612	356 425	(7 235)
Non-controlling interests		189 659	122 248	96 463	3 389
Total equity		<u>452 888</u>	<u>199 860</u>	<u>452 888</u>	<u>(3 846)</u>
Non-current liabilities					
Deferred taxation	14	23 450	13 147	23 450	5 620
Current liabilities					
Short-term loans payable	19	-	111 294	-	69 240
Accounts payable	20	-	278 624	-	173 341
Amounts owed to related parties	18.3	1 667	6 618	1 667	4 118
Taxation		-	2 178	-	1 355
Bank overdraft	21	-	17	-	11
		<u>1 667</u>	<u>398 731</u>	<u>1 667</u>	<u>248 065</u>
Total equity and liabilities		<u><u>478 005</u></u>	<u><u>611 738</u></u>	<u><u>478 005</u></u>	<u><u>249 839</u></u>


Audit Committee Chairman


Chief Executive Officer


31 May 2022

STATEMENT OF FINANCIAL POSITION
31 December 2021

	Note	COMPANY			
		2021 \$'000	Inflation adjusted 2020 \$'000	2021 \$'000	Historical 2020 \$'000
ASSETS					
Non-current assets					
Property, plant and equipment	11	2 109	2 591	1 312	1 370
Investment in subsidiaries	13	-	21 095	-	332
Investments held at fair value	14	466 905	-	467 702	-
Deferred taxation	15	-	7 251	-	-
		<u>469 014</u>	<u>30 937</u>	<u>469 014</u>	<u>1 702</u>
Current assets					
Inventories	16	-	8 606	-	146
Accounts receivable	17	-	277	-	172
Loan receivable from subsidiary		-	196	-	122
Amount owed by related parties	18.2	8 982	1 413	8 982	879
Cash and bank balances	21	9	8	9	5
		<u>8 991</u>	<u>10 500</u>	<u>8 991</u>	<u>1 324</u>
Total assets		<u><u>478 005</u></u>	<u><u>41 437</u></u>	<u><u>478 005</u></u>	<u><u>3 026</u></u>
EQUITY AND LIABILITIES					
Equity					
Issued share capital and reserves per statement of changes in equity		452 888	38 508	452 888	1 003
Non-current liabilities					
Deferred taxation	15	23 450	13	23 450	208
Current liabilities					
Accounts payable	20	-	464	-	289
Amounts owed to related parties	18.4	1 667	2 435	1 667	1 515
Taxation		-	-	-	-
Bank overdraft	21	-	17	-	11
		<u>1 667</u>	<u>2 916</u>	<u>1 667</u>	<u>1 815</u>
Total equity and liabilities		<u><u>478 005</u></u>	<u><u>41 437</u></u>	<u><u>478 005</u></u>	<u><u>3 026</u></u>



Audit Committee Chairman



Chief Executive Officer

31 May 2022

STATEMENTS OF CHANGES IN EQUITY
year ended 31 December 2021

	Share capital \$'000	Share premium \$'000	Non-distributable reserve \$'000	Foreign currency translation reserve \$'000	Revaluation reserve \$'000	Retained earnings \$'000	Total \$'000	Non- controlling interests \$'000	Total \$'000
GROUP									
Inflation adjusted									
Balance as at 31 December 2019	1 934	111 518	64 354	20 276	-	(174 751)	23 331	63 908	87 239
Total comprehensive profit for the year	-	-	-	-	564	53 717	54 281	58 340	112 621
Balances as at 31 December 2020	1 934	111 518	64 354	20 276	564	(121 034)	77 612	122 248	199 860
Share allotment and removal of par value	111 519	(111 518)	-	-	-	-	1	-	1
Total comprehensive profit for the year	-	-	-	-	149 254	36 362	185 616	75 411	261 027
Dividends paid	-	-	-	-	-	-	-	(8 000)	(8 000)
Balances as at 31 December 2021	113 453	-	64 354	20 276	149 818	(84 672)	263 229	189 659	452 888
Historical									
Balance as at 31 December 2019	30	1 752	1 011	(343)	-	(10 507)	(8 056)	(6 429)	(14 485)
Total comprehensive profit for the year	-	-	-	-	7 462	(6 641)	821	9 818	10 639
Balances as at 31 December 2020	30	1 752	1 011	(343)	7 462	(17 148)	(7 235)	3 389	(3 846)
Share allotment and removal of par value	1 753	(1 752)	-	-	-	-	1	-	1
Total comprehensive profit for the year	-	-	-	-	306 961	56 699	363 660	101 073	464 733
Dividends paid	-	-	-	-	-	-	-	(8 000)	(8 000)
Balance at 31 December 2021	1 783	-	1 011	(343)	314 423	39 551	356 425	96 463	452 888

STATEMENTS OF CHANGES IN EQUITY
year ended 31 December 2021

COMPANY	Share capital \$'000	Share premium \$'000	Non-distributable reserve \$'000	Foreign currency translation \$'000	Revaluation reserve \$'000	Retained earnings \$'000	Total \$'000	Non- controlling interests \$'000	Total \$'000
Inflation adjusted									
Balance as at 31 December 2019	1 934	111 518	35 750	1 461	-	(115 590)	35 073	-	35 073
Total comprehensive profit for the year	-	-	-	-	115	3 320	3 435	-	3 435
Balances as at 31 December 2020	1 934	111 518	35 750	1 461	115	(112 270)	38 508	-	38 508
Share allotment and removal of par value	111 519	(111 518)	-	-	-	-	1	-	1
Total comprehensive profit for the year	-	-	-	-	415 032	(653)	414 379	-	414 379
Balances as at 31 December 2021	113 453	-	35 750	1 461	415 147	(112 923)	452 888	-	452 888
Historical									
Balance as at 31 December 2019	30	1 752	562	37	-	(2 358)	23	-	23
Total comprehensive profit for the year	-	-	-	-	993	(13)	980	-	980
Balances as at 31 December 2020	30	1 752	562	37	993	(2 371)	1 003	-	1 003
Share allotment and removal of par value	1 753	(1 752)	-	-	-	-	1	-	1
Total comprehensive loss for the year	-	-	-	-	444 060	7 824	451 884	-	451 884
Balance at 31 December 2021	1 783	-	562	37	445 053	5 453	452 888	-	452 888

STATEMENTS OF CASH FLOWS
year ended 31 December 2021

	Note	GROUP			
		Inflation adjusted		Historical	
		2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
NET CASH FLOWS FROM OPERATING ACTIVITIES					
Operating cash flows					
Operating (loss)profit		(181)	46 569	100 923	97 660
Adjustments for items not affecting cash flows:					
Depreciation on property, plant and equipment	11	22 217	23 428	5 390	675
Monetary gain		90 299	319 276	-	-
Assets written off		370	-	28	-
Net operating cash flows before reinvestment in working capital		112 705	389 273	106 341	98 335
Increase in inventories		(116 311)	(36 247)	(163 168)	(57 953)
Increase in accounts receivable		(74 685)	(65 761)	(119 920)	(66 935)
(Decrease)/increase in accounts payable		(23 698)	21 941	81 584	137 461
Net movement in related parties' balances		147	10 962	(2 128)	(1 372)
Net cash flows from operations		(101 842)	320 168	(97 291)	109 536
Returns on investments and servicing of finance					
Net financing income/(costs)		131 852	(258 662)	104 093	(103 176)
Taxes paid					
Movement in taxes paid		(4 735)	(21 575)	(1 258)	(2 642)
Net cash flows from operating activities		25 275	39 931	5 544	3 718
NET CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of equipment	11	(35 820)	(39 692)	(27 956)	(17 981)
Acquisition of intangible asset		(1 224)	(960)	(874)	(540)
Net cash utilised in investing activities		(37 044)	(40 652)	(28 830)	(18 521)
Net cash flows before financing activities		(11 769)	(721)	(23 286)	(14 803)
NET CASH FLOWS FROM FINANCING ACTIVITIES					
Net movement in short-term loans payable		26 399	73 117	68 454	63 903
Net movement in finance leases		-	(291)	-	(41)
Dividend paid		(8 000)	-	(8 000)	-
Allotment of shares		1	-	1	-
Net cash flows from financing activities		18 400	72 826	60 455	63 86
INCREASE IN CASH AND CASH EQUIVALENTS					
Reduction in bank balances due to non-consolidation		6 631	72 105	37 169	49 059
Cash and cash equivalents at the beginning of the year		(87 437)	-	(87 437)	-
Cash and cash equivalents at the end of the year	21	80 815	8 710	50 277	1 218
Cash and cash equivalents at the end of the year	21	9	80 815	9	50 277

STATEMENTS OF CASH-FLOWS
year ended 31 December 2021

	Note	COMPANY			
		Inflation adjusted		Historical	
		2021	2020	2021	2020
		\$'000	\$'000	\$'000	\$'000
NET CASH FLOWS FROM OPERATING ACTIVITIES					
Operating cash flows					
Operating (loss)/profit		(841)	153	7 758	(17)
Adjustments for items not affecting cash flows:					
Depreciation on property, plant and equipment	11	113	121	50	3
Monetary gain		102	3 153	-	-
Assets written off		370	-	9	-
Net operating cash flows before reinvestment in working capital		(256)	3 427	7 816	(14)
Decrease in inventories		8 606	-	146	-
Decrease/(increase) in accounts receivable		277	514	172	(62)
Decrease in accounts payable		(466)	(2 405)	(290)	(112)
Net movement in related parties' balances		(8 338)	(2 269)	(7 951)	175
Net cash flows from operations		(177)	(733)	(106)	(13)
Returns on investments and servicing of finance					
Net financing costs		(2)	-	(2)	-
Taxes paid					
Income taxes paid		-	-	-	-
Net cash flows from operating activities		(179)	(733)	(108)	(13)
NET CASH FLOWS FROM FINANCING ACTIVITIES					
Allotment of shares		1	-	1	-
Net movement in related party loan		196	675	122	-
Net cash flows from operating activities		197	675	123	-
INCREASE IN CASH AND CASH EQUIVALENTS					
		18	(58)	15	(13)
Cash and cash equivalents at the beginning of the year		(9)	49	(6)	7
Cash and cash equivalents at the end of the year	21	9	(9)	9	(6)

ACCOUNTING POLICIES

31 December 2021

ADOPTION OF NEW AND REVISED STANDARDS

Changes in accounting policies and disclosures

STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

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

IFRS 17 *Insurance Contracts*

In May 2019, the IASB issued IFRS 17 *Insurance Contracts* (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 *Insurance Contracts* (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

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

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

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

Amendments to IFRS 3 *Definition of a Business*

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

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

ACCOUNTING POLICIES

31 December 2021

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

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

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

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

The amendments should be applied retrospectively and are effective from 1 January 2021, with early application permitted. Since the Group does not have such long-term interests in its associate and joint venture, the amendments will not have an impact on its consolidated financial statements.

An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after 1 January 2021, with early application permitted. Since the Group’s current practice is in line with these amendments, the Group does not expect any effect on its consolidated financial statements.

ACCOUNTING POLICIES

The principal accounting policies of the Group and Company, which are set out below, are consistently applied in the preparation of the Group and Company’s financial statements in all material respects except as this relates to IFRS 10, Consolidated Financial Statements. An Extraordinary General Meeting of the Company was held on 15 November 2021 which resulted in the conversion of the Company into a private equity company which is treated as an investment holding company for accounting purposes with effect from 31 December 2021, being the most practicable date to make the changes. The Company has applied the investment entity exception as per IFRS 10 and therefore does not consolidate its subsidiaries from this date, with the exception where a subsidiary, which is not itself an investment entity, mainly provides services that relate to the Company’s investment activities. As a result, there has been a change in classification and the formerly consolidated subsidiaries have been deconsolidated from 31 December 2021 and are now treated as investments held at fair value.

FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in Zimbabwe Dollars (\$) which is the Company’s functional and presentation currency.

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 Companies and Other Business Entities Act (Chapter 24:31) and related Statutory Instruments.

ACCOUNTING POLICIES

31 December 2021

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

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

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

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

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

- Monetary assets and liabilities as at the end of the current year being reported on are not adjusted because they are already stated in terms of the measuring unit current at balance sheet date;
- Non-monetary assets and liabilities, and components of shareholders' equity/funds, are adjusted by applying the change in the index from the date/month of the transaction or, if applicable, from the date of their most recent revaluation to the balance sheet date;
- Equipment and intangible assets are adjusted by applying the change in the index from the date of transaction, or if applicable, from the date of their most recent/last revaluation, to the balance sheet date. Depreciation and amortisation amounts are based on the adjusted amounts;
- Statement of comprehensive income items/transactions, except depreciation and amortisation charges as explained above, are adjusted by applying the monthly price indices for the respective months when the income and/or expenses were incurred.
- For comparative Statement of comprehensive income items/transactions, an average index during the period to the balance sheet date was applied;
- Gains and losses arising from the net monetary asset or liability positions are included in the profit and loss statement; and
- All items in the cash flow statement are expressed in terms of the measuring unit current at the balance sheet date.

TURNOVER

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

ACCOUNTING POLICIES

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PRINCIPLES OF CONSOLIDATION AND EQUITY ACCOUNTING

Since being converted into an investment holding company on 31 December 2021, the Company has applied the investment entity exception as per IFRS 10 Consolidated Financial Statements (IFRS 10). The Company therefore does not consolidate its subsidiaries, except where a subsidiary, which is not itself an investment entity, mainly provides services that relate to the Company's investment activities. The adoption of the investment entity exception as per IFRS 10 has not resulted in the restatement of any comparative information with the exception of the segment report as set out therein.

All subsidiaries classified as portfolio investments are accounted for at fair value through profit or loss (FVTPL) in terms of IFRS 9 Financial Instruments (previously IAS 39 Financial Instruments: Recognition and Measurement) and all associates classified as portfolio investments are accounted for at FVTPL in terms of the exemption from applying the equity method of accounting provided in IAS 28 Investments in Associates and Joint Ventures. The adoption of IFRS 9 has not resulted in the restatement of any comparative information.

Accounting for investments in subsidiaries

Subsidiaries are entities that the Group controls by being exposed to, or having rights to, variable returns from its involvement with that entity and, where the Group has the ability to affect those returns through its power over the entity.

The subsidiaries of the Group are entities that:

- i. comprise portfolio investments; and
- ii. provide investment-related services to third parties and related companies.

Due to the investment entity exception, subsidiaries classified as portfolio investments are not consolidated and are measured at fair value on the date of acquisition in terms of IFRS 9. Changes in fair value subsequent to acquisition, primarily driven by the revaluation of portfolio investments, are recognised in profit and loss in the period of change. Subsidiaries classified as (ii) are not portfolio investments and will be consolidated although there are no such subsidiaries at present.

Accounting for investments in associates

Where the Group does not have control, but has significant influence, these investments are classified as associates. Changes in fair value subsequent to acquisition are recognised in profit or loss in the period of change.

Accounting for consolidated subsidiaries

On acquisition date, the assets and liabilities and contingent liabilities of a Consolidated Subsidiary are measured at their fair values. Any excess of consideration paid over the fair value of the identifiable net assets acquired is recognised as goodwill.

The results of Consolidated Subsidiaries are included in the Group financial statements from the effective date of acquisition to the effective date of disposal.

FOREIGN CURRENCY TRANSLATION

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

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

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FINANCIAL INSTRUMENTS

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

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

Financial instruments – initial recognition and subsequent measurement

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

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

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

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); and
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

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

ACCOUNTING POLICIES

31 December 2021

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

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

Financial assets at fair value through OCI (debt instruments)

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

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

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

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

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

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

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

Financial assets at fair value through profit or loss

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

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

ACCOUNTING POLICIES

31 December 2021

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

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

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

Derecognition

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

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

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

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

Impairment of financial assets

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

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

ACCOUNTING POLICIES

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

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

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

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

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

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

Financial liabilities

Initial recognition and measurement

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

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

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

ACCOUNTING POLICIES

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Subsequent measurement

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

Financial liabilities at fair value through profit or loss

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

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

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

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

Loans and borrowings

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

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

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

Derecognition

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

Offsetting of financial instruments

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

ACCOUNTING POLICIES

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Derivative financial instruments and hedge accounting Initial recognition and subsequent measurement

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

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

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

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge before 1 January 2021, the documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Group will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Summary of significant accounting policies

Beginning 1 January 2021, the documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

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

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

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Fair value hedges

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

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

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

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

Cash flow hedges

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

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

Before 1 January 2021, the Group designated all of the forward contracts as hedging instrument. Any gains or losses arising from changes in the fair value of derivatives were taken directly to profit or loss, except for the effective portion of cash flow hedges, which were recognised in OCI and later reclassified to profit or loss when the hedge item affects profit or loss.

Beginning 1 January 2021, the Group designates only the spot element of forward contracts as a hedging instrument. The forward element is recognised in OCI and accumulated in a separate component of equity under cost of hedging reserve.

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

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

ACCOUNTING POLICIES

31 December 2021

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

Hedges of a net investment

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

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

Impairment of non-financial assets

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

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

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

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

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

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

ACCOUNTING POLICIES

31 December 2021

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

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

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

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

Cash and short-term deposits

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

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

Under IAS 39, all gains and losses arising from the Group's cash flow hedging relationships were eligible to be subsequently reclassified to profit or loss. However, under IFRS 9, gains and losses arising on cash flow hedges of forecast purchases of non-financial assets need to be incorporated into the initial carrying amounts of the non-financial assets. This change only applies prospectively from the date of initial application of IFRS 9 and has no impact on the statement of financial position as at 1 January 2021.

Other adjustments

In addition to the adjustments described above, other items such as deferred taxes, investment in an associate and a joint venture (arising from the financial instruments held by these entities), and non-controlling interests were adjusted to retained earnings as necessary upon adoption of IFRS 9 as at 1 January 2021.

Significant accounting judgements, estimates and assumptions

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

ACCOUNTING POLICIES

31 December 2021

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.

ACCOUNTING POLICIES

31 December 2021

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.

ACCOUNTING POLICIES

31 December 2021

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.

ACCOUNTING POLICIES

31 December 2021

Termination benefits

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

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

Termination benefits are recognised as an expense immediately.

Measurement

Short-term employee benefits

All short-term employee benefits are measured at cost.

Post-employment retirement benefit funds

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

Termination benefits

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

BORROWING COSTS

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

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

OPERATING SEGMENTS

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

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

Measurement of segment information

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

ACCOUNTING POLICIES

31 December 2021

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 2021, the Directors have assessed the ability of the Group to continue operating as a going concern and believe that the preparation of these financial statements on a going concern basis is still appropriate. Some of the initiatives implemented to ensure the Group continues as a going concern are discussed under note 26.

Property, plant and equipment

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

Residual values of PPE

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

Useful lives of PPE

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

Provision for doubtful debts

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

Inventories' provisions

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

NOTES ON THE FINANCIAL STATEMENTS
31 December 2021
1 INCORPORATION AND ACTIVITIES

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

2 INFLATION ADJUSTMENT FACTORS

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

Dates	Indices	Conversion factors
31 December 2021	3 977.50	1.00
31 December 2020	2 474.50	1.61
31 December 2019	551.74	7.21
2021 Average CPI	3 135.2	1.27

	Inflation adjusted		Historical	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
3 COST OF SALES - GROUP				
Included in cost of sales is:				
Net movement in stock write off provision	-	6 771	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
4 OTHER OPERATING INCOME				
4.1 Group				
Drum sales	-	140	-	45
Bad debts recovered	316	-	230	-
Sundry	1 738	670	1 565	394
	<u>2 054</u>	<u>810</u>	<u>1 795</u>	<u>439</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
4.2 Company				
Dividends received	8 032	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

NOTES ON THE FINANCIAL STATEMENTS
 31 December 2021

	Inflation adjusted		Historical	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
5 SELLING AND DISTRIBUTION EXPENSES - GROUP				
Commissions payable	5 182	3 111	4 074	1 447
Warehouse and delivery expenses	41 833	23 221	34 228	10 514
Merchandising costs	15 616	8 846	12 746	4 015
Other costs and recoveries	30 811	8 368	28 976	3 150
	<u>93 442</u>	<u>43 546</u>	<u>80 024</u>	<u>19 126</u>
6 ADMINISTRATIVE EXPENSES				
6.1 Group				
Staff costs (note 6.2)	48 307	19 584	38 796	8 252
Rentals	6 745	4 569	5 383	1 986
Depreciation on property, plant and equipment	22 217	23 428	5 390	675
Consulting fees	8 639	4 006	7 036	1 613
Net movement in provision for doubtful debts	(426)	(3 393)	55	-
Travel	1 956	20	1 680	4
Telephone	5 205	4 393	4 109	1 882
Audit fees	5 748	6 272	4 557	2 608
Bank charges	14 096	9 566	11 266	4 150
Directors' remuneration (note 6.2)	2 982	1 239	2 785	547
Motor vehicle expenses	7 637	2 813	6 103	1 090
Legal fees	1 630	1 738	1 630	1 057
Loss on disposal of equipment	370	-	28	-
Cleaning expenses	1 495	613	1 196	257
Computer expenses	12 568	7 895	10 469	2 913
Other administrative expenses	12 608	3 290	10 100	1 549
Electricity and water	2 010	1 093	1 572	540
Insurance	912	664	731	328
Printing and stationery	383	407	294	171
Repairs and maintenance	7 117	4 727	5 806	2 350
Security	3 541	2 325	2 832	1 047
	<u>165 740</u>	<u>95 249</u>	<u>121 763</u>	<u>33 019</u>

NOTES ON THE FINANCIAL STATEMENTS
31 December 2021

	Inflation adjusted		Historical	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
6.2 Remuneration paid to directors and key management - Group				
Payments to non-executive directors	2 982	1 239	2 785	547
Salaries to executive directors and key management	2 659	517	2 136	218
Other benefits to executive directors and key management	5 035	5 736	4 044	2 417
	<u>10 676</u>	<u>7 492</u>	<u>8 965</u>	<u>3 182</u>
	<u><u>10 676</u></u>	<u><u>7 492</u></u>	<u><u>8 965</u></u>	<u><u>3 182</u></u>
Salaries and other benefits paid to executive directors and management are included in staff costs.				
7 NET FINANCING COSTS				
7.1 Group				
Interest received	2	2	2	1
Interest payable	(57 138)	(16 269)	(45 966)	(6 758)
Net exchange rate losses	188 988	(242 395)	150 057	(96 419)
	<u>131 852</u>	<u>(258 662)</u>	<u>104 093</u>	<u>(103 176)</u>
	<u><u>131 852</u></u>	<u><u>(258 662)</u></u>	<u><u>104 093</u></u>	<u><u>(103 176)</u></u>
7.2 Company				
Interest payable	2	-	2	-
	<u>2</u>	<u>-</u>	<u>2</u>	<u>-</u>
	<u><u>2</u></u>	<u><u>-</u></u>	<u><u>2</u></u>	<u><u>-</u></u>
8 TAXATION				
8.1 Group				
8.1.1 Charge/(credit) for the year				
Income tax - current	11 786	4 116	9 134	1 252
- deferred	108 588	(8 390)	43 986	(2 552)
	<u>120 374</u>	<u>(4 274)</u>	<u>53 120</u>	<u>(1 300)</u>
	<u><u>120 374</u></u>	<u><u>(4 274)</u></u>	<u><u>53 120</u></u>	<u><u>(1 300)</u></u>
8.1.2 Reconciliation of tax charge/(credit)				
Notional tax charge/(credit) based on profit for the year at present tax rates	54 871	26 496	50 680	(1 363)
Additional (taxation)/savings resulting from:				
Permanent differences	65 503	(30 770)	2 440	63
Prior year overprovision	-	-	-	-
Change in tax rate	-	-	-	-
	<u>120 374</u>	<u>(4 274)</u>	<u>53 120</u>	<u>(1 300)</u>
	<u><u>120 374</u></u>	<u><u>(4 274)</u></u>	<u><u>53 120</u></u>	<u><u>(1 300)</u></u>
8.2 Company				
8.2.1 Credit for the year				
Income tax - current	-	-	-	-
- deferred	88	14	68	4
Change in tax rate	-	-	-	-
Prior year overprovision	-	-	-	-
	<u>88</u>	<u>14</u>	<u>68</u>	<u>4</u>
	<u><u>88</u></u>	<u><u>14</u></u>	<u><u>68</u></u>	<u><u>4</u></u>

NOTES ON THE FINANCIAL STATEMENTS
31 December 2021

	Inflation adjusted		Historical	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
8.2.2 Reconciliation of tax credit				
Notional tax (credit)/charge based on loss/profit for the year at present tax rates	(183)	817	1 917	(4)
Additional (taxation)/savings resulting from:				
Permanent differences	271	(803)	(1 849)	8
Change in tax rate	-	-	-	-
Prior year overprovision	-	-	-	-
	<u>88</u>	<u>14</u>	<u>68</u>	<u>4</u>
8.3 Assessed tax losses				
8.3.1 Group				
Assessed tax loss	10 128	2 425	10 128	1 509
Income tax relief	2 504	600	2 504	373
	<u>12 632</u>	<u>3 025</u>	<u>12 632</u>	<u>1 882</u>
8.3.2 Company				
Assessed tax loss	718	790	718	492
Income tax relief	178	195	178	122
	<u>896</u>	<u>985</u>	<u>896</u>	<u>614</u>

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

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

	Inflation adjusted		Historical	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
9 BASIC PROFIT PER SHARE - GROUP				
9.1 Basic profit per share				
Total comprehensive profit attributable to;				
Ordinary shareholders	-	-	-	-
Class A shareholders	160 769	54 281	338 813	821
Class B shareholders	24 847	-	24 847	-
	<u>185 616</u>	<u>54 281</u>	<u>363 660</u>	<u>821</u>

9.1.1 Basic profit per share is calculated based on the following number of shares in issue – adjusted retrospectively for comparability.

Ordinary shares	100 000	100 000	100 000	100 000
Class A shares	12 000 000	12 000 000	12 000 000	12 000 000
Class B shares	1 342 000	1 342 000	1 342 000	1 342 000

NOTES ON THE FINANCIAL STATEMENTS
31 December 2021

	Inflation adjusted		Historical	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
9.2				
Headline earnings per share – adjustment				
The total comprehensive profit attributable to shareholders relating to the fair value gain on the change in classification of subsidiaries to portfolio investments held at fair value are as set out below. These amounts have been deducted from total comprehensive income to determine headline earnings per share since these gains arise on initial change in classification;				
Ordinary shareholders	-	-	-	-
Class A shareholders	137 627	-	276 214	-
Class B shareholders	24 847	-	24 847	-
	<u>162 474</u>	<u>-</u>	<u>301 061</u>	<u>-</u>
Headline earnings per share				
The headline earnings per share is based on earnings of;				
Ordinary shareholders	-	-	-	-
Class A shareholders	23 142	-	62 599	-
Class B shareholders	-	-	-	-
	<u>23 142</u>	<u>-</u>	<u>62 599</u>	<u>-</u>
10				
SHARE CAPITAL				
10.1				
Authorised share capital				
The authorised share capital of the Company has no par value.				
3 830 000 000 Ordinary Shares (2020 - 4 000 000 000)				
20 000 000 Class A Preferred Shares				
50 000 000 Class B Preferred Shares				
50 000 000 Class C Preferred Shares				
50 000 000 Class D Preferred Shares				
10.2				
Issued and fully paid share capital				
100 000 Ordinary Shares (2020 - 3 039 764 872)	1	1 934	1	30
12 000 000 Class A Preferred Shares (2020 – Nil)	102 041	-	1 603	-
1 342 000 Class B Preferred Shares (2020 – Nil)	11 411	-	179	-
330 000 Class C Preferred Shares (2020 – Nil)	-	-	-	-
330 000 Class D Preferred Shares (2020 – Nil)	-	-	-	-
	<u>113 453</u>	<u>1 934</u>	<u>1 783</u>	<u>30</u>

During the year the par value of the shares were converted to no par value shares. As a result, the share premium account was added to the share capital account. The ordinary shares were consolidated and split into classes A, B, C and D. The previous total of the share capital and share premium has been apportioned between classes A and B based on the number of shares.

NOTES ON THE FINANCIAL STATEMENTS
31 December 2021
11 PROPERTY, PLANT AND EQUIPMENT
11.1 GROUP - INFLATION ADJUSTED

	Land and buildings \$'000	Leasehold improvements \$'000	Plant and equipment \$'000	Motor vehicles \$'000	Furniture and fittings \$'000	Computer equipment \$'000	Work in progress \$'000	Total \$'000
11.1.1 Gross carrying amount								
At 31 December 2019	27 901	7 275	116 879	104 909	6 016	36 027	-	299 006
Additions	-	-	14 112	23 131	182	1 937	330	39 692
Disposals	-	-	(1 719)	(397)	(679)	(5 292)	-	(8 087)
Revaluation surplus	1 152	482	-	-	-	-	-	1 634
At 31 December 2020	29 053	7 757	129 271	127 643	5 519	32 672	330	332 245
Additions	-	-	13 237	5 566	357	2 691	13 970	35 820
Disposals	-	-	(1 036)	-	(336)	(24)	-	(1 396)
Revaluation surplus	5 707	-	-	-	-	-	-	5 707
Derecognition on deconsolidation(32 000)	-	(7 757)	(141 472)	(133 209)	(5 539)	(35 340)	(14 300)	(369 616)
At 31 December 2021	2 759	-	-	-	-	-	-	2 759
11.1.2 Depreciation								
At 31 December 2019	502	2 722	68 435	73 941	4 804	25 668	-	176 072
Charge for the year	50	700	8 982	10 143	532	3 021	-	23 428
Disposals	-	-	(1 719)	(397)	(679)	(5 292)	-	(8 087)
Revaluation surplus	19	68	-	-	-	-	-	87
At 31 December 2020	571	3 490	75 698	83 687	4 656	23 396	-	191 500
Charge for the year	79	761	8 077	10 613	198	2 490	-	22 217
Disposals	-	-	(719)	-	(283)	(24)	-	(1 026)
Derecognition on deconsolidation	-	(4 251)	(83 056)	(94 300)	(4 571)	(25 862)	-	(212 040)
At 31 December 2021	650	-	-	-	-	-	-	650
11.1.3 Carrying amount								
At 31 December 2021	2 109	-	-	-	-	-	-	2 109
At 31 December 2020	28 481	4 266	53 573	43 956	863	9 276	330	140 745
At 31 December 2019	27 398	4 552	48 444	30 967	1 212	10 359	-	122 934

NOTES ON THE FINANCIAL STATEMENTS
31 December 2021
11 PROPERTY, PLANT AND EQUIPMENT
11.2 GROUP - HISTORICAL

	Land and buildings \$'000	Leasehold improvements \$'000	Plant and equipment \$'000	Motor vehicles \$'000	Furniture and fittings \$'000	Computer equipment \$'000	Work in progress \$'000	Total
11.2.1 Gross carrying amount								
At 31 December 2019	571	147	2 380	2 435	151	838	-	6 523
Additions	-	-	2 155	14 383	107	1 139	197	17 981
Disposals	-	-	(35)	(8)	(14)	(107)	-	(164)
Revaluation surplus	17 503	4 678	-	-	-	-	-	22 181
At 31 December 2020	18 074	4 825	4 500	16 810	244	1 870	197	46 522
Additions	-	-	9 982	4 310	333	2 070	11 262	27 956
Disposals	-	-	(21)	-	(7)	-	-	(28)
Revaluation surplus	15 642	-	-	-	-	-	-	15 642
Derecognition on deconsolidation	(32 000)	(4 825)	(14 461)	(21 120)	(570)	(3 940)	(11 459)	(88 375)
At 31 December 2021	1 717	-	-	-	-	-	-	1 717
11.2.2 Depreciation								
At 31 December 2019	9	52	1 339	1 485	96	526	-	3 506
Charge for the year	1	15	214	300	21	123	-	675
Disposals	-	-	(35)	(8)	(14)	(107)	-	(164)
Revaluation surplus	345	2 105	-	-	-	-	-	2 450
At 31 December 2020	355	2 172	1 518	1 777	103	542	-	6 468
Charge for the year	49	473	863	3 459	37	509	-	5 390
Derecognition on deconsolidation	-	(2 644)	(2 368)	(5 235)	(134)	(1 050)	-	(11 433)
At 31 December 2021	1 312	-	-	-	-	-	-	1 312
11.2.3 Carrying amount								
At 31 December 2021	1 312	-	-	-	-	-	-	1 312
At 31 December 2020	17 719	2 654	2 982	15 033	141	1 328	197	40 054
At 31 December 2019	562	96	1 041	951	55	312	-	3 017

NOTES ON THE FINANCIAL STATEMENTS
31 December 2021
11 PROPERTY, PLANT AND EQUIPMENT (Continued)
11.3 COMPANY –INFLATION ADJUSTED

	Land and buildings \$'000	Plant and equipment \$'000	Motor vehicles \$'000	Furniture and fittings \$'000	Computer equipment \$'000	Total \$'000
11.3.1 Gross carrying amount						
At 31 December 2019	2 588	1 207	397	1 015	6 864	12 071
Disposals	-	(1 207)	(397)	(679)	(5 804)	(8 087)
Revaluation surplus	171	-	-	-	-	171
	<u>2 759</u>	<u>-</u>	<u>-</u>	<u>336</u>	<u>1 060</u>	<u>4 155</u>
At 31 December 2020	2 759	-	-	336	1 060	4 155
Disposals	-	-	-	(336)	(1 060)	(1 396)
	<u>2 759</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2 759</u>
At 31 December 2021	2 759	-	-	-	-	2 759
	<u>2 759</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2 759</u>
11.3.2 Depreciation						
At 31 December 2019	502	1 207	397	893	6 512	9 512
Charge for the year	50	-	-	53	18	121
Disposals	-	(1 207)	(397)	(679)	(5 804)	(8 087)
Revaluation surplus	19	-	-	-	-	19
	<u>571</u>	<u>-</u>	<u>-</u>	<u>267</u>	<u>726</u>	<u>1 564</u>
At 31 December 2020	571	-	-	267	726	1 564
Charge for the year	79	-	-	16	18	113
Disposals	-	-	-	(283)	(743)	(1 027)
	<u>650</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>650</u>
At 31 December 2021	650	-	-	-	-	650
	<u>650</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>650</u>
11.3.3 Carrying amount						
At 31 December 2021	2 109	-	-	-	-	2 109
	<u>2 188</u>	<u>-</u>	<u>-</u>	<u>69</u>	<u>334</u>	<u>2 591</u>
At 31 December 2020	2 188	-	-	69	334	2 591
	<u>2 085</u>	<u>-</u>	<u>-</u>	<u>122</u>	<u>352</u>	<u>2 560</u>
At 31 December 2019	2 085	-	-	122	352	2 560
	<u>2 085</u>	<u>-</u>	<u>-</u>	<u>122</u>	<u>352</u>	<u>2 560</u>

NOTES ON THE FINANCIAL STATEMENTS
31 December 2021

11 PROPERTY, PLANT AND EQUIPMENT (Continued)

11.4 COMPANY -HISTORICAL

	Land and buildings \$'000	Plant and equipment \$'000	Motor vehicles \$'000	Furniture and fittings \$'000	Computer equipment \$'000	Total \$'000
11.4.1 Gross carrying amount						
At 31 December 2019	52	24	8	21	139	245
Disposals	-	(24)	(8)	(14)	(118)	(164)
Revaluation surplus	1 664	-	-	-	-	1 664
At 31 December 2020	1 716	-	-	7	21	1 745
Disposals	-	-	-	(7)	(21)	(28)
At 31 December 2021	1 716	-	-	-	-	1 716
11.4.2 Depreciation						
At 31 December 2019	9	24	8	18	131	191
Charge for the year	2	-	-	1	-	3
Disposals	-	(24)	(8)	(14)	(118)	(164)
Revaluation surplus	345	-	-	-	-	345
At 31 December 2020	355	-	-	5	14	375
Charge for the year	49	-	-	1	-	50
Disposals	-	-	-	(6)	(14)	(20)
At 31 December 2021	404	-	-	-	-	404
11.4.3 Carrying amount						
At 31 December 2021	1 312	-	-	-	-	1 312
At 31 December 2020	1 361	-	-	2	7	1 370
At 31 December 2019	43	-	-	3	8	54

12 INTANGIBLE ASSETS – GROUP AND COMPANY

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

NOTES ON THE FINANCIAL STATEMENTS

31 December 2021

13 INVESTMENTS IN SUBSIDIARIES AND ASSOCIATE COMPANIES

13.1 Investment in subsidiary companies – Company

<i>Company</i>	<i>Principal activity</i>	<i>Effective shareholding</i>	Inflation adjusted	
			2021	2020
			\$'000	\$'000
(i) Zvemvura Trading (Private) Limited	FMCG	50.1%	-	21 095
a. Chicago Cosmetics (Private) Limited	Manufacturing	25.6%	-	-
b. Choice Brands (Private) Limited	Dormant	25.6%	-	-
c. S-Mart Agencies (Private) Limited	Dormant	50.1%	-	-
(ii) Vinpel Trading (Private) Limited	Dormant	100%	-	-
(iii) MedTech Medical and Scientific (Private) Limited	Dormant	100%	-	-
			-	21 095
			-	21 095

13.2 Investment in subsidiary companies - Company

<i>Company</i>	<i>Principal activity</i>	<i>Effective shareholding</i>	Historical	
			2021	2020
			\$'000	\$'000
(i) Zvemvura Trading (Private) Limited	FMCG	50.1%	-	332
a. Chicago Cosmetics (Private) Limited	Manufacturing	25.6%	-	-
b. Choice Brands (Private) Limited	Dormant	25.6%	-	-
c. S-Mart Agencies (Private) Limited	Dormant	50.1%	-	-
(ii) Vinpel Trading (Private) Limited	Dormant	100%	-	-
(iii) MedTech Medical and Scientific (Private) Limited	Dormant	100%	-	-
			-	332
			-	332

Investments in subsidiaries were stated at cost until the conversion of the Company into a private equity company. For accounting purposes, this conversion was treated as having taken place on 31 December 2021 being a practical date for such purposes. After this date, the Company applies the investment entity exception as per IFRS 10, Consolidated Financial Statements. This exception provides that the Company will not consolidate its subsidiaries, except where a subsidiary, which is not itself an investment entity, mainly provides services that relate to the company’s investment activities. As a result, nil amounts are shown for the investments in subsidiaries as at 31 December 2021 as these investments are now shown as investments carried at fair value on the balance sheet as further disclosed in note 14.

13.3 Investment is associate company

The investment in associate has been written off although in recent years, this has been carried at nil value due to accumulated losses and had ceased operating.

NOTES ON THE FINANCIAL STATEMENTS
31 December 2021

	Inflation adjusted		Historical	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
14 INVESTMENTS HELD AT FAIR VALUE				
GROUP AND COMPANY				
All subsidiaries and associates have a principal place of business in Zimbabwe. Whilst these companies are not directly listed on the Zimbabwe Stock Exchange, the Company has classes of shares listed which link the economic benefits of the underlying portfolio investments directly to each class of shares. As a result, the valuation of the portfolios is determinable from a listed share price and such valuation is used as the basis for the fair values of the portfolios.				
Class A Portfolio – Consumer Goods				
The Class A Portfolio comprises all of the companies shown under note 13 and is the fair value is made up as follows;				
Property, plant and equipment	2 109	-	1 312	-
Fair value of investment	440 751	-	441 548	-
Amounts owed by related parties	950	-	950	-
Deferred tax	(22 143)	-	(22 143)	-
Amounts owed to related parties	(1 667)	-	(1 667)	-
Fair value of Class A portfolio	420 000	-	420 000	-
Class B Portfolio				
Fair value of investment	26 154	-	26 154	-
Amounts owed by related parties	8 032	-	8 032	-
Deferred tax	(1 307)	-	(1307)	-
Fair value of Class B portfolio	32 879	-	32 879	-
15 DEFERRED TAXATION				
15.1 Analysis - Group				
Deferred tax assets	-	78 642	-	10 578
Deferred tax liabilities	(23 450)	(13 147)	(23 450)	(5 620)
	(23 450)	65 495	(23 450)	4 958
15.2 Reconciliation - Group				
Opening balance	65 495	57 487	4 958	7 283
Movement for the year	(108 588)	8 390	(43 985)	2 553
Arising on revaluation	(32 188)	(382)	(27 178)	(4 878)
Derecognised on deconsolidation	51 831	-	42 755	-
	(23 450)	65 495	(23 450)	4 958

NOTES ON THE FINANCIAL STATEMENTS
31 December 2021

	Inflation adjusted		Historical	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
15.3 Analysis - Company				
Deferred tax assets	-	7 251	-	-
Deferred tax liabilities	(23 450)	(13)	(23 450)	(208)
	<u>(23 450)</u>	<u>7 239</u>	<u>(23 450)</u>	<u>(208)</u>
	=====	=====	=====	=====
15.4 Reconciliation - Company				
Opening balance	7 239	7 262	(208)	114
Movement for the year	88	14	68	4
Arising on revaluation and fair valuation	(30 777)	(38)	(23 311)	(326)
	<u>(23 450)</u>	<u>7 239</u>	<u>(23 450)</u>	<u>(208)</u>
	=====	=====	=====	=====
16 INVENTORIES				
16.1 Group				
16.1.1 Analysis				
Merchandise	-	139 104	-	51 638
Raw materials and consumables	-	37 253	-	14 790
Provision for stock obsolescence	-	(1 217)	-	(483)
	<u>-</u>	<u>175 140</u>	<u>-</u>	<u>65 945</u>
	=====	=====	=====	=====
16.2 Company				
The Company's inventories consist of merchandise.				
17 ACCOUNTS RECEIVABLE				
17.1 Analysis - Group				
Trade	-	83 817	-	52 145
Provision for doubtful debts	-	(983)	-	(612)
Other	-	36 878	-	22 944
	<u>-</u>	<u>119 712</u>	<u>-</u>	<u>74 477</u>
	=====	=====	=====	=====

NOTES ON THE FINANCIAL STATEMENTS
31 December 2021

	Inflation adjusted		Historical	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
17.2 Analysis - Company				
Trade	-	229	-	142
Provision for doubtful debts	-	(88)	-	(54)
Other	-	136	-	84
	<u>-</u>	<u>277</u>	<u>-</u>	<u>172</u>
	<u><u>-</u></u>	<u><u>277</u></u>	<u><u>-</u></u>	<u><u>172</u></u>
17.3	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 17.4 are past due but have not been impaired as there are agreed payment plans in place.			
17.4 Ageing of trade and other receivables that are past due but not impaired - Group:				
61-90 days	-	3 216	-	2 001
91-120 days	-	407	-	253
120+days	-	752	-	468
	<u>-</u>	<u>4 375</u>	<u>-</u>	<u>2 722</u>
	<u><u>-</u></u>	<u><u>4 375</u></u>	<u><u>-</u></u>	<u><u>2 722</u></u>
17.5 Ageing of trade and other receivables that are past due but not impaired - Company:				
61-90 days	-	-	-	-
91-120 days	-	-	-	-
120+days	-	141	-	88
	<u>-</u>	<u>141</u>	<u>-</u>	<u>88</u>
	<u><u>-</u></u>	<u><u>141</u></u>	<u><u>-</u></u>	<u><u>88</u></u>
17.6	The Group and company consider any changes in the credit quality of the respective receivables from the date on which credit was granted up to the end of the reporting period before determining the impairment losses disclosed above.			

NOTES ON THE FINANCIAL STATEMENTS
31 December 2021

	Inflation adjusted		Historical	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
18 RELATED PARTIES' BALANCES				
18.1 Amounts owed by related parties - Group				
Zvemvura Trading (Private) Limited	8 032	-	8 032	-
S-Mart Agencies (Private) Limited	11	-	11	-
MedTech Food and Beverages (Private) Limited (note 18.5)	133	787	133	489
MedTech Medical & Scientific (Private) Limited	806	-	806	-
Tothmet Investments (Private) Limited (note 18.5)	-	112	-	70
A Motiwala (note 18.5)	-	11 227	-	6 985
Grillage Investments (Private) Limited	-	513	-	319
	<u>8 982</u>	<u>12 639</u>	<u>8 982</u>	<u>7 863</u>
18.2 Amounts owed by related parties - Company				
Zvemvura Trading (Private) Limited	8 032	-	8 032	-
S-Mart Agencies (Private) Limited	11	17	11	11
MedTech Medical & Scientific (Private) Limited	806	1 295	806	805
Chicago Cosmetics (Private) Limited	-	82	-	51
MedTech Food and Beverages (Private) Limited (note 18.5)	133	19	133	12
	<u>8 982</u>	<u>1 413</u>	<u>8 982</u>	<u>879</u>
18.3 Amounts owed to related parties - Group				
Tothmet	-	2	-	1
Finance Manager	-	3 087	-	1 921
Chief Executive Officer	-	11	-	7
Chicago Cosmetics (Private) Limited	30	-	30	-
Zvemvura Trading (Private) Limited	1 637	-	1 637	-
Turfgreen Investments (Private) Limited (note 18.5)	-	3 518	-	2 189
	<u>1 667</u>	<u>6 618</u>	<u>1 667</u>	<u>4 118</u>
18.4 Amounts owed to related parties - Company				
Chicago Cosmetics (Private) Limited	30	-	30	-
The amount is owed to Zvemvura Trading (Private) Limited	1 637	2 435	1 637	1 515
	<u>1 667</u>	<u>2 435</u>	<u>1 667</u>	<u>1 515</u>

NOTES ON THE FINANCIAL STATEMENTS
31 December 2021

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

	Entity	Nature of relationship of transactions	Nature and value
(i)	A Motiwala	The Group's Chief Executive Officer ("CEO")	Loan advance.
(ii)	Grillage Investments (Private) Limited	A Company under the control of one of the holding company's major shareholders.	Rentals amounting to \$2 318 481 for various premises and interest amounting to \$26 260 on outstanding rentals.
(iii)	M Patel	The Group's Finance Manager.	Loan advance.
(iv)	Turfgreen Investments (Private) Limited	A company under the control of one of the holding company's major shareholders.	Security for the credit facility disclosed in note 20.4, rentals amounting to \$273 242, and interest amounting to \$224 388 on arrear rentals.
(v)	Medtech Food and Beverages (Private) Limited	An Associate company of BridgeFort Capital Limited.	There were no transactions during the year.
(vi)	Shareview Investments (Private) Limited	A company in which a close member of the Finance Manager has an interest.	There were no transactions during the year
(vii)	Tothmet Investments (Private) Limited	A company in which the Chief Executive Officer has an interest.	There were no transactions during the year.

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

Inflation adjusted		Historical	
2021	2020	2021	2020
\$'000	\$'000	\$'000	\$'000

19 SHORT TERM LOANS PAYABLE - GROUP

19.1 Analysis

Lakhani (note 19.2)	-	2 497	-	1 553
A. Kalla (note 19.3)	-	12 355	-	7 687
Composite credit facility (note 19.4)	-	96 442	-	60 000
	-	111 294	-	69 240

NOTES ON THE FINANCIAL STATEMENTS
31 December 2021

- 19.2 The loan from Lakhani attracts interest at a rate of 3% per month. The loan is not secured and has no fixed repayment terms.
- 19.3 The loan from A. Kalla is interest free, is not secured and has no fixed repayment terms.
- 19.4 The composite credit facility, which was secured in 2021, accrues interest at a rate of 55% per annum compounded monthly and secured by mortgage bonds over some immovable properties belonging to Turfgreen Investments (Private) Limited, unlimited guarantees issued by Turfgreen Investments (Private) Limited, unlimited guarantees issued by the holding Company, cross company guarantees issued by the holding Company's subsidiaries, and a Notarial General Covering Bond for \$887 500 over inventories and accounts receivables. The facility expires on 30 November 2021.

	Inflation adjusted		Historical	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
20	ACCOUNTS PAYABLE			
20.1	Analysis - Group			
Trade	-	260 800	-	162 252
Other	-	17 824	-	11 089
	<u>-</u>	<u>278 624</u>	<u>-</u>	<u>173 341</u>
20.2	Analysis - Company			
Trade	-	381	-	237
Other	-	83	-	52
	<u>-</u>	<u>464</u>	<u>-</u>	<u>289</u>
21	CASH AND CASH EQUIVALENTS			
21.1	Analysis - GROUP			
Cash and bank balances	9	80 832	9	50 288
Bank overdraft	-	(17)	-	(11)
	<u>9</u>	<u>80 815</u>	<u>9</u>	<u>50 277</u>
21.2	Analysis – Company			
Cash and bank balances	9	8	9	5
Overdraft	-	(17)	-	(11)
	<u>9</u>	<u>9</u>	<u>9</u>	<u>(6)</u>

NOTES ON THE FINANCIAL STATEMENTS
31 December 2021

22 SEGMENT INFORMATION

22.1 Segment reporting

Segment information is presented in respect of the Group’s classes of shares whilst for 2020 the previous business segments have been presented. 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.

	Class A \$'000	Class B \$'000	Ordinary Shareholders \$'000	Total \$'000
22.2 Year ended 31 December 2021				
Inflation adjusted				
Segment assets				
Property, plant and equipment	2 109	-	-	2 109
Fair value of investment	440 751	26 154	-	466 905
Amounts owed by related parties	950	8 032	-	8 982
Bank balances and cash	-	-	9	9
Segment liabilities				
Deferred tax	(22 143)	(1 307)	-	(23 450)
Amounts owed to related parties	(1 667)	-	-	(1 667)
Net assets at fair value	<u>420 000</u>	<u>32 879</u>	<u>9</u>	<u>452 888</u>
22.3 Year ended 31 December 2021				
Historic cost				
Segment assets				
Property, plant and equipment	1 312	-	-	1 312
Fair value of investment	441 548	26 154	-	467 702
Amounts owed by related parties	950	8 032	-	8 982
Bank balances and cash	-	-	9	9
Segment liabilities				
Deferred tax	(22 143)	(1 307)	-	(23 450)
Amounts owed to related parties	(1 667)	-	-	(1 667)
Fair value of Class A portfolio	<u>420 000</u>	<u>32 879</u>	<u>9</u>	<u>452 888</u>

For the year ended 31 December 2021, profit after tax was all attributable to the Class A segment, and hence segment information has not been reproduced here.

NOTES ON THE FINANCIAL STATEMENTS
31 December 2021

		FMCG \$'000	Medical \$'000	Manufacturing \$'000	Unallocated items and adjustments \$'000	Total \$'000
22.4	Year ended 31 December 2020					
	Inflation adjusted					
	Revenue - external	385 108	-	182 053	-	567 161
	- internal	600	-	48 974	(49 574)	-
	Total revenue	<u>385 708</u>	<u>-</u>	<u>231 027</u>	<u>(49 574)</u>	<u>567 161</u>
	Net financing (costs)/ income	(220 347)	-	(38 315)	-	(258 662)
	Depreciation expense	(10 624)	(249)	(12 541)	(14)	(23 428)
	Segment profit/(loss) before taxation	59 044	5 378	41 729	1 032	107 183
	MGL	-	-	-	-	-
	Taxation	24 260	-	(20 001)	15	4 274
	Segment profit/(loss) after taxation	83 304	5 378	21 729	1 046	111 457
	Segment assets	<u>413 829</u>	<u>11 523</u>	<u>183 305</u>	<u>3 080</u>	<u>611 733</u>
	Segment liabilities	<u>347 610</u>	<u>2 469</u>	<u>67 102</u>	<u>(5 303)</u>	<u>411 878</u>
22.5	Year ended 31 December 2020					
	Historical					
	Revenue - external	176 614	-	79 252	-	255 866
	- internal	196	-	21 320	(21 516)	-
	Total revenue	<u>176 810</u>	<u>-</u>	<u>100 572</u>	<u>(21 516)</u>	<u>255 866</u>
	Net financing (costs)/ income	(90 691)	-	(12 485)	-	(103 176)
	Depreciation expense	(307)	(6)	(362)	(1)	(675)
	Segment profit/(loss) before taxation	(30 006)	(6)	24 512	(15)	(5 516)
	MGL	-	-	-	-	-
	Taxation	7 381	-	(6 085)	4	1 300
	Segment profit/(loss) after taxation	(22 625)	(6)	18 427	(11)	(4 216)
	Segment assets	<u>190 663</u>	<u>1 116</u>	<u>60 642</u>	<u>(2 582)</u>	<u>249 839</u>
	Segment liabilities	<u>216 255</u>	<u>1 631</u>	<u>38 993</u>	<u>(3 196)</u>	<u>253 685</u>

NOTES ON THE FINANCIAL STATEMENTS
31 December 2021

23 EMPLOYEE BENEFITS

23.1 Defined contribution fund

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

23.2 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.

24 TREASURY AND FINANCIAL RISK MANAGEMENT

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

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

24.3 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.

24.4 Market risk

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

24.5 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.

NOTES ON THE FINANCIAL STATEMENTS
31 December 2021

25 GOING CONCERN

The Company was converted to an investment holding company during 2021 and as at the reporting date had two separately listed share classes. To spread the costs of the Company, additional transactions are required to be concluded as the underlying portfolio companies contribute towards the operating costs of the Company. Various transactions are being pursued and the Directors anticipate that additional portfolio investment transactions will be concluded prior to the 2022 year-end.

The Directors believe that the Company is a going concern and will continue in business for the foreseeable future and are pursuing various transactions to spread the risk associated with having just one significant underlying investment portfolio.

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

26 IMPACT OF COVID 19

Towards the end of 2019, a pneumonia of unknown case, which was named Covid 19, was declared a public health emergency in January 2020, and later a pandemic on 11 March 2020, by the World Health Organisation due to the number of confirmed cases and deaths that were recorded in numerous countries the world over. The Covid 19 pandemic has led to widespread economic uncertainty and volatility in financial market as the measures taken across the globe to try and slow down the spread of the pandemic is impacting both the supply and demand of goods and services.

Directors continues to assess the full impact of Covid 19 on the Group's operations. Directors, however, do not anticipate the Covid 19 to have a significant impact on its operations, and as a result, the going concern assumption adopted in the preparation of these financial statements has not been revised.



NOTICE TO MEMBERS – ANNUAL GENERAL MEETING

Notice is hereby given that the 23rd Annual General Meeting of members of BridgeFort Capital Limited will be held at the BridgeFort Capital Boardroom, 7 Bernard Avenue, Rolf Valley Thursday 30 June 2022 at 11.00am, and through a virtual platform which shall be accessible to shareholders on www.bridgefortcapital.com seven days before the meeting, for the purpose of transacting the following business:

ORDINARY BUSINESS

1. Approval of Financial Statements and Reports

To receive, consider and adopt the Annual Financial Statements for the year ended 31 December 2021, including the Directors' and Independent Auditor's reports thereon.

2. Approval of Directors' Fees

To approve the directors' fees for the year ended 31 December 2021.

3. Appointment of Directors

- 3.1 Mr. Michael Nicholson will retire at the end of his interim appointment and being eligible, offers himself for reappointment.
- 3.2 Mr. Oliver Fried Lutz, retires by rotation in terms of Article 68 of the Company's Articles of Association and being eligible, offers himself for re-election.
- 3.3 Mr. William Marere retires by rotation in terms of Article 68 of the Company's Articles of Association and being eligible, offers himself for re-election.

The directors' re-election and appointments will be by way of individual motions.

4. Auditor

- 4.1 To approve the remuneration of the Auditor for the last year.
- 4.2 To authorise the directors to appoint auditors for the ensuing year. To note that AMG Global Zimbabwe have been the auditors for over ten years and will step down on the appointment of new auditors after a tender process.

5. Any other business

To transact any other business as may be transacted at an Annual General Meeting.

VOTING AND PROXIES

Members who are entitled to attend and vote at the Annual General Meeting of Shareholders may appoint a proxy to attend, speak and on poll, vote in his/her stead. A proxy need not to be a member of the Company. Forms of proxy must be lodged at the Registered Office of the Company or emailed to thuli@bridgefortcapital.com not less than forty-eight (48) hours before the time of holding of the meeting.

By Order of the Board

A handwritten signature in black ink, appearing to be "S Ncube".

S Ncube

Company Secretary
8 June 2022



PROXY FORM
23rd Annual General Meeting

BRIDGEFORT CAPITAL LIMITED
(Formerly MedTech Holdings Limited)
FORM OF PROXY

I/We

Of

Being a member of BridgeFort Capital 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 Annual General Meeting of the members of BridgeFort Capital Limited (“the Company”) to be held both virtually and at the registered offices of BridgeFort Capital Limited, on the 30th of June, at 11.00 AM, 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, consider and adopt the Annual Financial Statements for the year ended 31 December 2021, including the Directors’ and Independent Auditor’s reports thereon.			
2.	To approve the directors’ fees for the year ended 31 December 2021.			
3.	To appoint the following directors:			
3.1	Mr. Michael Nicholson will retire at the end of his interim appointment and being eligible, offers himself for reappointment.			
3.2	Mr. Oliver Fried Lutz, retires by rotation in terms of Article 68 of the Company’s Articles of Association and being eligible, offers himself for re-election.			
3.3	Mr. William Marere retires by rotation in terms of Article 68 of the Company’s Articles of Association and being eligible, offers himself for re-election. The directors’ re-election and appointments will be by way of individual motions			
4.1	To approve the remuneration of the Auditor for the last year.			
4.2	To authorise the directors to appoint auditors for the ensuing year. To note that AMG Global Zimbabwe have been the auditors for over ten years and will step down on the appointment of new auditors after a tender process.			
5	To transact any other business as may be transacted at an Annual General Meeting.			

Signed this day of 2022. Signature of member

Number of Shares

Notes:

1. This proxy form should be sent via email to the Company at thuli@bridgefortcapital.com 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/her stead. A proxy need not be a member of the Company.
3. Members are advised to be cognisant and aware of the rights flowing to the class of shares held. Class A, B, C and D Preferred shareholders are eligible to vote only on matters affecting their respective class of shares. Ordinary Shareholders hold all other voting rights except those specifically reserved for other classes. If in doubt as to how to proceed, please consult your stockbroker/ legal advisor for clarity or direct your questions to the company secretary thuli@bridgefortcapital.com.

SHAREHOLDERS ANALYSIS

As at 31 December 2021

ANALYSIS BY CATEGORY	CLASS A			CLASS B		
	Number of shareholders	Number of shares	%	Number of shareholders	Number of shares	%
Local companies	147	10,173,072	84.78	144	1,139,713	84.93
Deceased Estate	3	82	0.00	2	8	0.00
External companies	1	32,419	0.27	1	3,625	0.27
Insurance companies	2	162,355	1.35	3	18,166	1.35
Investment, trust & property	8	9,841	0.08	9	3,104	0.22
Local resident	2,505	1,480,419	12.34	1,751	143,909	10.72
Nominees Local	28	117,344	0.98	25	16,139	1.20
Non resident individual	18	21,422	0.18	18	16,998	1.27
Pension fund	1	38	0.00	2	91	0.01
Other shareholderings	4	3,008	0.03	2	247	0.02
Total	2,717	12,000,000	100.00	1,957	1,342,000	100.00

ANALYSIS BY HOLDING	CLASS A			CLASS B		
	Number of shareholders	Number of shares	%	Number of shareholders	Number of shares	%
1 - 500	2,451	164,211	1.37	1,775	23,663	1.76
501 - 1000	91	66,117	0.55	142	43,098	3.21
1001 - 10,000	139	424,941	3.54	28	80,699	6.01
10,001 - 50,000	22	532,894	4.44	9	253,292	18.87
50,001 - 100,000	2	130,299	1.09	3	941,248	70.14
100,001 and over	12	10,681,538	89.01	-	-	-
Total	2,717	12,000,000	100.00	1,957	1,342,000	100

DIRECTORATE AND ADMINISTRATION

COMPANY INFORMATION

Board Of Directors

Dr C. Beddies (Chairperson)

W. Marere

O. Lutz

P. Masamba

V. Lapham (Chief Executive Officer) *

M. Nicholson (Chief Financial Officer) *

* Executive

Company Secretary

S. Ncube

Registered office

7 Bernard Avenue

Rolf Valley, Harare

Auditors

AMG Global Chartered Accountants (Zimbabwe)

3 Elcombe Avenue, Belgravia

Harare

Bankers

NMB Bank

Joina City Branch

Harare

Transfer Secretaries

First Transfer Secretaries

1 Armagh Road, Eastlea

Harare

Legal Advisors

Matizanadzo and Warhurst Legal Practitioners

8 Downie Avenue

Alexandra Park

Harare