

SHORT FORM ANNOUNCEMENT FOR THE HALF YEAR ENDED 30 JUNE 2022

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

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

	INFLATION ADJUSTED		HISTORIC COST	
	REVIEWED 30 June 2022 ZW\$ 000	REVIEWED 30 June 2021 ZW\$ 000	UNAUDITED 30 June 2022 ZW\$ 000	UNAUDITED 30 June 2021 ZW\$ 000
Fair value changes through profit and loss	(759 119)	-	(201 411)	-
Operating (loss)	(761 795)	(596)	(203 569)	(197)
Basic and headline earnings per share - cents				
Class A	(5 614)	(1)	(1 500)	(1)
Class B	(3 190)	-	150	-
Ordinary	(3 051)	-	(3 041)	-
	30 June	31 December	30 June	31 December
Net asset value	271 874	991 450	271 874	452 888

Dividend

The Directors resolved not to declare an interim dividend.

Auditors Statement

This short-form financial announcement should be read in conjunction with the complete announcement for the half year ended 30 June 2022. The Company's condensed interim financial statements have been independently reviewed by PKF Chartered Accountants (Zimbabwe) who have issued a report on their review which is qualified as a result of the adverse opinion expressed on the 31 December 2021 financial statements. The review report is attached to the aforementioned full announcement.


S. Ncube
Company Secretary
29 September 2022



(Formerly MedTech Holdings Limited, Incorporated in Zimbabwe on 10 February 1997, Registration number 897/97)

CONDENSED REVIEWED INTERIM FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

BOARD LETTER TO SHAREHOLDERS

Introduction

It is our pleasure to present the condensed reviewed interim financial results for BridgeFort Capital Limited for the six months ended 30 June 2022.

Operating environment

The year-on-year official inflation rate started the six-month period under review at 61% in December 2021 and accelerated to 192% in June 2022 whilst year to date inflation stood at 119% in June 2022. Month-on-month inflation moved from 6% in December 2022 to 31% in June 2022. The official auction exchange rate to the US Dollar was 109 on 31 December 2021 and devalued to 366 on 30 June 2022 – a year to date increase of 237%.

On 7 May government announced a raft of measures including the suspension of lending, an increase in Capital Gains Tax (“CGT”) on ZSE shares to 20% or 40% depending on whether the shares were held for 270 days or less and an increase in the foreign currency intermediated money transfer tax (“IMTT”) to 4%. The CGT rates were then enacted into law on 13 May 2022 at 2% and 4% through SI 96 of 2022. On 27 June the Reserve Bank announced an increase in the bank policy rate from 80% to 200% effective 1 July. Borrowing is now totally prohibitive as the compounded annual interest rate of the 200% policy rate is 536% whilst some banks have added a margin of 30% resulting in a compounded rate of 720% - both compounded rates being significantly higher than inflation. These dramatic announcements and policy changes were apparently made to combat speculation in the market blamed for driving the parallel market exchange rate. Subsequently the authorities have placed more emphasis on their own procurement practices and prices they pay for goods whilst leaving the higher CGT and interest rates in place.

As a result of the changes highlighted above, the Zimbabwe Stock Exchange (“ZSE”) has seen significant loss of market value making it unattractive for any capital raising or other transactions. The ZSE is an important source of expansion or refinancing capital for local businesses whilst debt finance from banks is also of critical importance for the growth of the economy. Interest rates significantly higher than inflation and high IMTT transaction costs, amongst many other factors, make the economy less competitive and less attractive versus other regional countries.

The operating environment remained difficult and unpredictable during the period.

Update of changes from MedTech to BridgeFort

All required changes emanating from the extraordinary general meeting in November 2021 have been concluded.

Financial highlights

BridgeFort

The total inflation adjusted comprehensive loss for the six-months amounted to ZWL720 million, mostly made up of fair value losses due to the reduction in the real values of the class A and B shares on the ZSE.

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. For the period under review, the business made a profit after tax of ZWL92 million of which ZWL22 million is attributable to the Class B portfolio. The business incurred a significant foreign exchange loss of ZWL456 million largely due to legacy creditors but also from credit extended by foreign suppliers – which is hedged with stock. Sales volumes increased by 24% for the six months as compared with the first half of 2021 resulting in inflation adjusted sales of ZWL1.36 billion – an increase of 74%.

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, whilst pricing in the cost of finance for the credit period into the selling price of the goods. With extremely tight liquidity in the market and interest rates having been increased to prohibitive levels this is no longer feasible as the finance cost alone increases the price of goods by 44% based on interest rates of 20% per month to fund a two-month collection period. The business is experiencing delays in payments of up to a month past due from major retail chains as sales volumes in the supermarkets have been negatively affected by policy changes.

During the six months under review, there have been no payments received from the Reserve Bank for legacy debts of ZAR 17.5 million which is provided for in the MedTech Distribution accounts at the auction rate. This legacy debt continues to hamper relationships with suppliers and affects the timely supply of goods.

Class B Portfolio

The Class B portfolio comprises an effective 50.1% of the land registered in the name of MedTech Distribution which was last valued at USD200,000.

Dividend

No dividends were received from portfolio investments and hence the Directors resolved not to declare an interim dividend.

Outlook

The extremely tight liquidity prevailing in the market as a result of very high interest rates and government delays in payments to suppliers has resulted in a significant drop in demand for many businesses. The positive effect of these policies has been a reduction in inflation and a strengthening of parallel rates whilst the parallel market premiums have narrowed significantly as the official rate has devalued to more realistic levels. This reduction in arbitrage opportunities is a positive development and we hope to see a truly market driven exchange rate in future. The various requirements for and the frequency of the weekly auction is not supportive of the efficient running of businesses. The recent significant drop in inflation is commendable and for as long as government and the RBZ keep money supply under control, exchange rates are expected to remain relatively stable in the short term.

The policy interventions, apparently to protect the Zimbabwe Dollar, have resulted in such tight liquidity that the use of ZWL has decreased whilst more transactions are taking place in USD making the ZWL less relevant for many businesses, which is leading to further dollarisation of the economy. With the punitive IMTT costs, this increasing dollarisation is more of a cash dollarisation outside of the banking system which will result in less formal funding available to banks for on-lending to clients.

The 20% and 40% CGT on the sale of ZSE shares was included again in the mid-term budget presentation by the Minister of Finance on 27 July. The implementation of this would undermine trading on the capital markets, and we urge the authorities to reconsider and consult the market on the implications of such a measure. Due to the nature of BridgeFort's business, the implementation of such an onerous tax would make the conclusion of any transactions most unlikely until the tax is reversed. The announcements alone have already had a negative impact on our ability to conclude transactions.

Whilst the operating environment remains difficult and highly unpredictable, we shall continue to focus on looking for good opportunities, concluding private equity transactions and assisting underlying portfolio companies in achieving their goals.

Appreciation

We wish to extend our appreciation to all stakeholders for their continued support.

AUDITORS STATEMENT

The Company's external auditors, PKF Chartered Accountants (Zimbabwe), have reviewed the Company's condensed interim financial statements for the six months ended 30 June 2022 set out on pages 4 to 9 and have issued a qualified conclusion thereon, the basis of the qualified conclusion is as a result of a modification of the audit opinion on the December 2021 financial statements, adjustments might be necessary to the opening retained earnings and reserves in the current period interim financial results. The audit modification related to non-compliance with 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. The effects of this modification have not been determined by the directors. The conclusion on the review of the results of the current period are not modified in respect of International Accounting Standard (IAS) 21 - The Effects of Changes in Foreign Exchange Rates.

The financial statements were reviewed by Lewis Hussein, CA(Z), a member of the Institute of Chartered Accountants Zimbabwe (“ICAZ”), and a registered Public Auditor with the Public Accountants and Auditors Board, Public Auditor Registration Number 0347.

The full review report is included on page 11.

On behalf of the Board



S. Ncube
Company Secretary
29 September 2022

Statement of Profit or Loss and Other Comprehensive Income

	Notes	INFLATION ADJUSTED		HISTORIC COST	
		REVIEWED 30 June 2022 ZW\$ 000	REVIEWED 30 June 2021 ZW\$ 000	UNAUDITED 30 June 2022 ZW\$ 000	UNAUDITED 30 June 2021 ZW\$ 000
Income					
Fair value changes through profit and loss	2	(759 119)	-	(201 411)	-
Expenses					
Depreciation		(43)	(121)	(12)	(25)
Movement in doubtful debts		-	33	-	-
Bank charges		(42)	(73)	(26)	(23)
Directors fees		(2 506)	-	(2 035)	-
Printing and stationery		(85)	-	(85)	-
Other administrative expenses		-	(435)	-	(149)
Total expenses		(2 676)	(596)	(2 158)	(197)
Operating (loss)		(761 795)	(596)	(203 569)	(197)
Interest payable		(2)	(5)	(1)	(2)
Exchange rate (losses)		(895)	-	(895)	-
Total financing costs		(897)	(5)	(896)	(2)
Monetary (loss)/gain		(8 222)	356	-	-
Loss before taxation		(770 914)	(245)	(204 465)	(199)
Taxation	3	51 338	100	23 451	34
Loss for the period		(719 576)	(145)	(181 014)	(165)
Other comprehensive income		-	-	-	-
Total comprehensive loss for the period		(719 576)	(145)	(181 014)	(165)
Split of total comprehensive loss for the period					
Class A		(673 712)	(145)	(179 985)	(165)
Class B		(42 812)	-	2 013	-
Ordinary		(3 052)	-	(3 042)	-
		(719 576)	(145)	(181 014)	(165)
No of shares - class A		12 000 000	12 000 000	12 000 000	12 000 000
No of shares - class B		1 342 000	1 342 000	1 342 000	1 342 000
No of shares - ordinary		100 000	100 000	100 000	100 000
Basic and headline earnings per share - cents					
Class A		(5 614)	(1)	(1 500)	(1)
Class B		(3 190)	-	150	-
Ordinary		(3 051)	-	(3 041)	-

Statement of Financial Position

	INFLATION ADJUSTED		HISTORIC COST	
	REVIEWED 30 June 2022 ZW\$ 000	REVIEWED 31 December 2021 ZW\$ 000	UNAUDITED 30 June 2022 ZW\$ 000	UNAUDITED 31 December 2021 ZW\$ 000
Assets				
Non-current assets				
Investments held at fair value	2	263 019	266 292	467 703
Property plant and equipment		4 573	1 300	1 312
		267 592	267 592	469 015
Current assets				
Amounts due by related parties		7 300	7 300	8 982
Cash and cash equivalents		-	-	9
		7 300	7 300	8 991
Total assets		274 892	274 892	478 006
Equity and liabilities				
Share capital and reserves		271 874	271 874	452 888
Non-current liabilities				
Deferred tax		-	-	23 451
Current liabilities				
Other		3 016	3 016	-
Amounts due to related parties		-	-	1 667
Bank overdraft		2	2	-
		3 018	3 018	1 667
Total liabilities		3 018	3 018	25 118
Total equity and liabilities		274 892	274 892	478 006

Statement of Cash Flows

	INFLATION ADJUSTED		HISTORIC COST	
	REVIEWED 30 June 2022 ZW\$ 000	REVIEWED 30 June 2021 ZW\$ 000	UNAUDITED 30 June 2022 ZW\$ 000	UNAUDITED 30 June 2021 ZW\$ 000
Cash flows from operating activities				
Operating (loss)	(761 795)	(596)	(203 569)	(197)
Adjustments for:				
Depreciation	43	121	12	25
Fair value losses	759 119	-	201 411	-
Monetary gain or loss	(8 222)	356	-	-
	(10 855)	(119)	(2 146)	(172)
Decrease/(increase) in trade and other receivables	-	17	-	(30)
(Decrease)/increase in trade and other payables	3 016	348	3 016	179
Movement in related party balances	8 715	248	15	192
Net cash generated from/(utilised in) operations	876	494	885	169
Finance costs	(897)	(5)	(896)	(2)
	(21)	489	(11)	167
Cash flows from investing activities				
Acquisition of property, plant and equipment	-	(474)	-	(163)
	-	(474)	-	(163)
Net increase/(decrease) in cash and cash equivalents	(21)	15	(11)	4
Cash and cash equivalents at the beginning of the period	19	(19)	9	(5)
Cash and cash equivalents at the end of the year	(2)	(4)	(2)	(1)

Condensed Statement of Changes in Equity

	INFLATION ADJUSTED		HISTORIC COST	
	REVIEWED 30 June 2022 ZW\$ 000	REVIEWED 31 December 2021 ZW\$ 000	UNAUDITED 30 June 2022 ZW\$ 000	UNAUDITED 31 December 2021 ZW\$ 000
Shareholder' equity at beginning of year	991 450	84 300	452 888	1 003
Total comprehensive (loss)/profit for the period	(719 576)	907 149	(181 014)	451 884
Allotment of ordinary shares	-	1	-	1
Shareholder' equity at end of period	271 874	991 450	271 874	452 888

Notes to the Condensed Interim Financial Statements

4 Basis of preparation and accounting policies

The Company's condensed interim financial statements for the six months ended 30 June 2022 have been prepared in accordance with IAS 34 "Interim financial reporting". The accounting policies used in the current period are consistent with those applied in the previous period unless otherwise stated. These condensed interim financial statements have been prepared on the assumption that the Company will continue to operate on a going concern basis.

4.1 Statement of compliance

These condensed interim financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS") and IFRS Interpretations Committee ("IFRSIC") interpretations applicable and in a manner required by The Companies and Other Business Entities Act (Chapter 24:31).

4.2 Functional and presentation currency

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

4.3 Hyperinflation

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

The adjustment factors used to restate these interim financial statements are as follows:

Dates	Indices	Conversion factors
30 June 2022	8 707.35	1.00
31 December 2021	3 977.50	2.19
30 June 2021	2 986.44	2.92
31 December 2020	2 474.51	3.52
Six Months 2022 Average CPI	5 719.29	1.52

	INFLATION ADJUSTED		HISTORIC COST	
	REVIEWED 30 June 2022 ZW\$ 000	REVIEWED 31 December 2021 ZW\$ 000	UNAUDITED 30 June 2022 ZW\$ 000	UNAUDITED 31 December 2021 ZW\$ 000
2 Fair value gains through profit and loss and Investments held at fair value				
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.				
Fair value at beginning of period	1 022 138		467 703	
At cost at beginning of period		46 183		332
Fair value (losses) through profit and loss	(759 119)		(201 411)	-
Fair value gains through other comprehensive		975 955		467 371
Fair value at end of period	263 019	1 022 138	266 292	467 703
Broken down as follows:				
Class A portfolio	236 159	964 881	239 432	441 548
Class B portfolio	26 860	57 257	26 860	26 155
Total	263 019	1 022 138	266 292	467 703
Class A Portfolio – Consumer Goods				
The Class A Portfolio comprises all of the MedTech companies, made up primarily of Zvemvura Trading P/L (trading as MedTech Distribution) and Chicago Cosmetics P/L. The net asset value attributable to the Class A portfolio is made up as follows;				
Investments held at fair value	236 159	964 881	239 432	441 548
Property plant and equipment	4 573	4 616	1 300	1 312
Deferred tax	-	(48 475)	-	(22 143)
Amounts due to related parties	(732)	(1 569)	(732)	(717)
Total	240 000	919 453	240 000	420 000
Number of shares in issue	12 000 000	12 000 000	12 000 000	12 000 000
Net asset value per share ZWL	20	77	20	35
Class B Portfolio				
The Class B Portfolio comprises a receivable from MedTech Distribution which effectively represents a 50.1% share of the Stand 1178 Ventersburg Township measuring 8 072 m ² (Sunway City - undeveloped land). The net asset value attributable to the Class B portfolio is made up as follows;				
Investments held at fair value	26 860	57 257	26 860	26 155
Deferred tax	-	(2 863)	-	(1 308)
Amounts due by related parties	8 032	17 584	8 032	8 032
Total	34 892	71 978	34 892	32 879
Number of shares in issue	1 342 000	1 342 000	1 342 000	1 342 000
Net asset value per share ZWL	26	54	26	25

	INFLATION ADJUSTED		HISTORIC COST	
	REVIEWED 30 June 2022 ZW\$ 000	REVIEWED 30 June 2021 ZW\$ 000	UNAUDITED 30 June 2022 ZW\$ 000	UNAUDITED 30 June 2021 ZW\$ 000
3 Taxation				
Deferred taxation	51 338	100	23 451	34

5 Contingent liabilities

The Company had no material contingent liabilities as at 30 June 2022.

6 Going concern

The Directors assessed the ability of the Company to continue operating as a going concern and concluded that the use of the going concern assumption is appropriate in the preparation of the condensed interim financial statements. The Directors have considered the impact of the macro-economic conditions on the Company's business and are satisfied that adequate measures have been taken to ensure the viability of the Company beyond the next year.

7 Subsequent events

Subsequent to the reporting period date, there were no material adjusting or non-adjusting events.

The supplementary information presented below was extracted from the six month financial information reviewed by AMG Global Chartered Accountants (Zimbabwe).

Supplementary information - Class A Portfolio

	INFLATION ADJUSTED		HISTORIC COST	
	REVIEWED 30 June 2022 ZW\$ 000	REVIEWED 30 June 2021 ZW\$ 000	UNAUDITED 30 June 2022 ZW\$ 000	UNAUDITED 30 June 2021 ZW\$ 000
Condensed income statement				
Turnover	1 358 735	781 402	918 200	251 677
Gross Profit	527 380	148 733	568 920	99 813
Operating profit	173 439	(69 250)	340 614	34 691
Total financing costs	(498 121)	(1 947)	(377 833)	(1 889)
Monetary gain	403 520	71 439	-	-
Profit/(loss) before taxation	78 838	243	(37 219)	32 803
Taxation	13 350	9 918	8 241	3 776
Total comprehensive profit/(loss) for the period	92 188	10 160	(28 978)	36 578
Attributable to:				
BridgeFort Class A shareholders	21 627	8 450	(35 211)	8 242
Other shareholders	70 561	1 710	6 233	28 336
	92 188	10 160	(28 978)	36 578
No of shares - class A	12 000 000	12 000 000	12 000 000	12 000 000
Class A basic and headline earnings per share - cents	180	70	(293)	69
Additional pertinent information for the period				
Capital expenditure	117 429	51 397	73 909	16 457
Depreciation	28 924	23 102	6 806	2 366
	30 June 2022 ZW\$ 000	31 December 2021 ZW\$ 000	30 June 2022 ZW\$ 000	31 December 2021 ZW\$ 000
Condensed Statement of Financial Position				
Assets				
Non-current assets				
Property plant and equipment	420 777	332 272	144 042	76 940
Intangible assets	11 605	11 499	1 577	1 508
Deferred taxation	93 487	2 052	74 379	917
	525 868	345 823	219 998	79 365
Current assets				
Inventories	845 710	636 211	555 492	229 079
Accounts receivable and related parties	590 031	443 565	590 031	202 619
Cash and cash equivalents	63 500	191 411	63 500	87 436
	1 499 241	1 271 186	1 209 023	519 134
Total assets	2 025 109	1 617 009	1 429 021	598 499
Equity and liabilities				
Class A portfolio share of equity	223 301	201 674	12 289	47 500
Other shareholders interests	470 802	400 241	102 632	96 399
Deferred tax	16 906	115 508	-	43 672
Current liabilities				
Short term loans	163 271	301 434	163 271	137 694
Accounts payable and related parties	1 034 165	577 946	1 034 165	264 004
Taxation	116 664	20 207	116 664	9 230
	1 314 100	899 586	1 314 100	410 928
Total liabilities	1 331 006	1 015 094	1 314 100	454 600
Total equity and liabilities	2 025 109	1 617 009	1 429 021	598 499



chartered accountants
& business advisers

Independent Auditors Report on Review of Interim Financial Information to the Members of BridgeFort Capital Limited for the six months period ended 30 June 2022

Introduction

We have reviewed the accompanying condensed inflation adjusted interim statement of financial position of BridgeFort Capital Limited (the company) as at 30 June 2022, the condensed inflation adjusted interim statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six months period then ended, and notes to the condensed inflation adjusted interim financial results including a summary of significant accounting policies and other explanatory information as set out on pages 4 to 9.

Directors' responsibility for the condensed inflation adjusted interim financial results

The directors are responsible for the preparation and fair presentation of these condensed inflation adjusted interim financial results in accordance with IAS 34, Interim Financial Reporting and in the manner required by the Securities and Exchange (Zimbabwe Stock Exchange Listings Requirements) Rules, 2019.

Auditor's responsibility for the condensed inflation adjusted interim financial results

Our responsibility is to express a conclusion on these condensed inflation adjusted interim financial results based on our review. We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

A review of interim financial results consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Conclusion

As a result of a modification of the audit opinion on the December 2021 financial statements, adjustments might be necessary to the opening retained earnings and reserves in the current period interim financial results. The audit modification related to non-compliance with 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. The effects of this modification have not been determined by the directors. Our conclusion on the review of the results of the current period are not modified in respect of International Accounting Standard (IAS) 21 - The Effects of Changes in Foreign Exchange Rates.

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Qualified Conclusion

Except for the adjustments, if any, to the interim financial information that we might have become aware of had it not been for the situation described above, based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with IAS 34, Interim Financial Reporting and in the manner required by the Securities and Exchange (Zimbabwe Stock Exchange Listings Requirements) Rules, 2019.

Other Information

The Directors are responsible for the other information. The other information comprises the Board letter to Shareholders and the financial information in the condensed inflation adjusted interim financial results titled “historical cost” and “historical cost unaudited” and the supplementary information extracted from the six month financial information reviewed by AMG Global Chartered Accountants (Zimbabwe), but does not include the condensed inflation adjusted interim financial results and the review report thereon.

Our conclusion on the condensed inflation adjusted interim results does not cover the other information and we do not express a conclusion or any form of assurance conclusion thereon.

In connection with our review of the condensed inflation adjusted interim financial results, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the condensed inflation adjusted interim financial results or our knowledge obtained in the review, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact.



PKF Chartered Accountants (Zimbabwe)
Registered Public Auditor (Zimbabwe)
Harare

Per: Lewis Hussein
Registered Public Auditor (Zimbabwe)
PAAB Practicing number of Engagement Partner: 0347

29 September 2022

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REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF ZVEMVURA TRADING (PRIVATE) LIMITED T/A MEDTECH DISTRIBUTION and its subsidiaries

Modified review conclusion on interim financial information

We have reviewed the consolidated financial statements of Zvemvura Trading (Private) Limited t/a Medtech Distribution (“the Group”) comprising:

- Group and Company’s statements of profit or loss and other comprehensive income, Group and Company’s statements of changes in equity and consolidated statements of cash flow for the six months ended 30 June 2022;
- Group and Company’s statements of financial position as at 30 June 2022;
- A summary of the significant accounting policies applied by the Group and Company during the six months ended 30 June 2022; and
- Notes on the financial statements.

Based on our review, with the exception of matter described in the basis of modified review conclusion paragraph below, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not give true and fair view of the financial position of the Group and Company as at 30 June 2022, and of the Group and Company’s financial performance and cash flows for the six month period then ended in accordance with International Financial Reporting standards.

Scope of review

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

Basis of modified review conclusion

The Group transacts a significant amount of business in foreign currencies (especially in the procurement of raw materials and goods for resale), and had significant foreign currency denominated assets and liabilities in its statement of financial position as at 30 June 2022. During this period, the Group was unable to comply with the requirements of IAS 21 The Effects of Changes in Foreign Exchange Rates in the recognition and measurement of foreign currency denominated transactions and balances in its accounting records, as well as the presentation and disclosure of same in its financial statements. Also, the audit report for the year ended 31 December 2021 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 Group Statement of Profit or Loss and Other Comprehensive Income, the Group Statement of Cashflows, Accumulated Profit, Non-controlling interest and Deferred Tax liability on the consolidated Statement of Financial Position remain impacted.



Director's responsibility for the financial statements

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

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

Auditors' responsibility for the financial statements

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

Amr Alsal

AMG GLOBAL
Harare

26 September 2022

