ABRIDGED REVIEWED FINANCIAL RESULTS

FOR THE HALF YEAR ENDED 30 JUNE 2017

MedTech HOLDINGS LIMITED

CHAIRMANS REPORT

Highlights:

- Deterioration in loss before taxation from $378,000 in H1 2016 to $683,128 in H1 2017.
- Group revenues increased 16% from $4,404,533 in H1 2016 to $5,109,276 in H1 2017.

Commentary

Group

	2017 $	2016 $
Revenues	5,109,276	4,404,533
Gross Profit %	30%	25%

The challenging operating and economic environment remained depressed during the period under review. One of the main challenges experienced during the first half was delays by banks in remitting foreign payments.

Revenues increased 16% and margins improved due to changes in the sales mix.

The major factor contributing to the dismal performance was the net exchange rate loss included in the finance cost for the half year of $995,851.

Discipline towards cost control remained ongoing and resulted in a reduction of operating costs by 9% as compared to prior period.

FMCG Segment

	2017 $	2016 $
Revenues	3,554,869	2,989,130
Gross Profit %	29%	26%

The FMCG Segment includes MedTech Distribution and Smart Retail. Segment sales increased by 19% and margins improved due to changes in the sales mix and better reordering where fast moving high profit margin lines are concentrated on.

The FMCG segment posted a loss before taxation of $319,784.

Medical Segment

	2017 $	2016 $
Revenues	446,812	660,693
Gross Profit %	29%	31%

The Medical Segment includes MedTech Medical and Scientific (Private) Limited ("MMS") and Education and Laboratory Services Division. Segment sales declined by 32% mainly due to cutting of lines of credit by foreign suppliers caused by delays in foreign payments by banks. Delayed payments to suppliers has significantly affected the ability to restock and hence lowered sales due to lower stock levels. Changes in legislation have also affected the number of products which can be imported hence affecting stock levels.

Margins have slightly deteriorated.

The medical segment posted a loss before taxation of $76,264.

Manufacturing Segment

	2017 $	2016 $
Revenues	1,414,597	969,268
Gross Profit %	24%	11%

The manufacturing segment comprisers of Chicago Cosmetics (Private) Limited. ("CC") . Revenues increased by 46% and margins also increased significantly. This was mainly due to better production planning leading to a more stable supply to our customers. The sales mix also changed, as a result of Government's efforts to support local industry.

Local production of other key lines has not yet begun due to inability by local suppliers to supply quality capital equipment which would be used as part of the production and/or repackaging process. We expect this local production to commence in the second half of the year as we have now had to engage foreign suppliers. Progress might still be delayed if the current inability to remit funds to foreign suppliers continues.

The manufacturing segment posted a loss before taxation of $283,481.

Associate Company: MedTech Food and Beverages (Private) Limited
The associate's results have not been incorporated as it still reflects a cumulative loss position.

Dividend
Given the liquidity challenges and Group's working capital needs and loss position, the directors resolved not to propose an interim dividend.

Auditors' statement
The Group's external auditors, AMG Global Chartered Accountants (Zimbabwe), have reviewed the Group's interim financial statements for the half year ended 30 June 2017 on which this publication is based and an extract of the auditors conclusion has been republished below:

"Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statments does not give a true and fair view of the financial position of the Group and Company as at 30 June 2017, and of the Group's financial performance and cashflows for the six month period then ended in accordance with International Financial Reporting Standards."

The auditors' report and financial statements are available for inspection at the Company's registered office.

Outlook
The trading environment and macro economic situation remains uncertain and is not expected to improve during the second half of the year. Prices of most basic commodities seem to be on a sharp rise and this will see a further reduction in consumer spending and demand which would lead to decrease in revenues.

Continued delays in remitting foreign payments may worsen and this will negatively affect our ability to service existing foreign creditors of $4,113,955. This may possibly lead to a cut in supplies and resultant stock outs.

Nevertheless, we will continue to do our best to try and maintain sales and strict cost control.

The Board would like to draw your attention to note 13 Update and status on implementation of measures pertaining to Going Concern.

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

R. Mazula
Chairman
26 September 2017
Directors: R. Mazula (Chairman), A. Motiwala* (CEO);F. Sheikh; T.Sheikh; V. Lapham. (*Executive)

ABRIDGED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Six months ended 30 June 2017

	June 2017 $	June 2016 $
Turnover	5,109,276	4,404,533
Cost of sales	(3,584,000)	(3,304,562)
Gross profit	1,525,276	1,099,971
Operating profit / (loss)	312,723	(213,927)
Net financing costs	(995,851)	(164,073)
Loss before taxation	(683,128)	(378,000)
Taxation	106,112	72,592
Loss after taxation	(577,016)	(305,408)
Other comprehensive income	-	-
Total comprehensive loss	**(577,016)**	**(305,408)**
Attributable to:		
Owners of the Parent	(294,083)	(164,991)
Non controlling Interests	(282,933)	(140,417)
	(577,016)	**(305,408)**
	Cents	**Cents**
Loss per share cents		
Loss per share	(0.010)	(0.005)
Headline loss per share	(0.009)	(0.005)
Ordinary shares in issue during the year	3,039,764,872	3,039,764,872

GROUP STATEMENT OF FINANCIAL POSITION

	30 June 2017 $	31 December 2016 $
TOTAL ASSETS		
Non current assets		
Property, plant and equipment	1,104,048	1,129,615
Intangible asset	18,971	18,971
Deferred taxation	538,796	396,915
	1,661,815	1,545,501
Current assets		
Inventories	2,452,843	2,638,295
Accounts receivable	2,069,654	2,314,321
Amounts owed by related parties	476,138	246,126
Cash and bank balances	142,138	52,136
	5,140,773	5,250,878
Total assets	**6,802,588**	**6,796,379**
EQUITY AND LIABILITIES		
Equity		
Issued share capital and reserves	(336,888)	(42,805)
Non controlling Interests	103,034	385,967
Total equity	(233,854)	343,162
Non-current liabilities		
Deferred taxation	-	37,998
Finance leases	3,585	25,098
	3,585	63,096
Current liabilities		
Accounts payable	4,895,130	4,521,603
Short term loans payable	531,095	83,702
Finance leases	47,292	59,673
Amounts owed to related parties	741,991	645,449
Taxation	736,797	718,172
Bank overdraft	80,552	361,522
	7,032,857	6,390,121
Total equity and liabilities	**6,802,588**	**6,796,379**

ABRIDGED CONSOLIDATED STATEMENT OF CASH FLOWS

Six months ended 30 June 2017

	June 2017 $	June 2016 $
Net cash flows from operating activities		
Net cash flows from operations	1,097,309	(28,119)
Returns on investments and servicing of finance		
Net financing costs	(995,851)	(164,073)
Taxes paid		
Income tax paid	(55,142)	(37,117)
Net cash flows from operating activities	46,316	(229,309)
Net cashflows from investing activities		
Acquisition of plant and equipment	(145,343)	(105,390)
Proceeds from disposal of equipment	56,500	900
Net cash flows from investing activities	(88,843)	(104,490)
Net cash flows from financing activities		
Net movement in finance leases	(33,894)	(10,462)
Net movement in loans payable	447,393	616,336
Net cash flows from financing activities	413,499	605,874
Increase in cash and cash equivalents	**370,972**	**272,075**

GROUP STATEMENT OF CHANGES IN EQUITY

Half year ended 30 June 2017

	Share capital $	Share premium $	Non distributable reserve $	Retained earnings $	Total $	Non controlling interest $	Total $
Balances as at 31 December 2015	30,397	1,752,397	1,011,253	(2,745,805)	48,242	527,396	575,638
Total comprehensive loss for the year	-	-	-	(91,047)	(91,047)	(141,429)	(232,476)
Balances as at 31 December 2016	30,397	1,752,397	1,011,253	(2,836,852)	(42,805)	385,967	343,162
Total comprehensive loss for the year	-	-	-	(294,083)	(294,083)	(282,933)	(577,016)
Balances as at 30 June 2017	**30,397**	**1,752,397**	**1,011,253**	**(3,130,935)**	**(336,888)**	**103,034**	**(233,854)**

SUPPLEMENTARY INFORMATION

Half year ended 30 June 2017

1 Directors' responsibility and statement of compliance
The holding company's directors are responsible for the preparation and fair presentation of the Group's half year abridged financial statements. These have been prepared in accordance with International Financial Reporting Standards and in the manner as required by the Companies Act (Chapter 24:03).

2 Accounting policies and reporting currency
There have been no changes in the Group's accounting policies since the date of the last audited financial statements. The half year abridged financial statements are presented in United States Dollars, which is the functional currency of the Company.

3 Contingent liabilities
The Company had no material contingent liabilities as at 30 June 2017.

4 Supplementary information

	June 2017 $	June 2016 $
Capital expenditure	145,343	105,390
Depreciation expense	106,558	134,665
Operating profit / (loss)	312,723	(213,927)
Operating loss is stated after charging items of significance:		
Directors Fees	10,455	11,852

5 Approval and events after the reporting period
The half year abridged reviewed financial statements were approved by the Board on 26 September 2017. Subsequent to the reporting period date there were no material adjusting or non-adjusting events.

6 Property, Plant and Equipment
Capital expenditure of $145,343 was incurred to maintain and replace non-current assets and expand existing manufacturing capacity.

7 Assets pledged as security
Assets pledged as security for borrowings comprise certain properties owned by a related party, and land subject to a finance lease. The carrying amount of the Group's non current assets pledged as security was $149,655. (31 December 2016: $205,058). In addition, the overdraft facility is secured by a notarial general covering bond (NGCB) for $450,000 over inventories and accounts receivable.

8 SEGMENT REPORT
Six months ended 30 June 2017

	FMCG $	Medical $	Manufacturing $	Eliminations/ Unallocated	Total $
Revenue - external	3,551,277	446,812	1,111,187	-	5,109,276
- internal	3,592	-	303,410	(307,002)	-
Total revenue	3,554,869	446,812	1,414,597	(307,002)	5,109,276
Net financing (cost) / income	(607,224)	103	(388,733)	3	(995,851)
Depreciation	(69,257)	(4,463)	(29,456)	(3,382)	(106,558)
Segment loss before taxation	(319,784)	(76,264)	(283,481)	(3,599)	(683,128)
Taxation	68,319	(34,365)	71,991	167	106,112
Segment loss after taxation	(251,465)	(110,629)	(211,490)	(3,432)	(577,016)
Segment assets	**6,034,593**	**844,293**	**2,775,939**	**(2,852,237)**	**6,802,588**
Segment liabilities	**5,468,883**	**1,240,735**	**3,070,337**	**(2,743,513)**	**7,036,442**

Six months ended 30 June 2016

	FMCG $	Medical $	Manufacturing $	Eliminations/ Unallocated	Total $
Revenue - external	2,968,747	660,693	775,093	-	4,404,533
- internal	20,383	-	194,175	(214,558)	-
Total revenue	2,989,130	660,693	969,268	(214,558)	4,404,533
Net financing (costs) / income	(146,501)	102	(17,674)	-	(164,073)
Depreciation charge	(103,307)	(4,078)	(23,695)	(3,585)	(134,665)
Segment (loss) / profit before taxation	(258,045)	(25,188)	(91,097)	(3,670)	(378,000)
Taxation	47,781	(18,212)	18,657	24,366	72,592
Segment (loss) / profit after taxation	(210,264)	(43,400)	(72,440)	20,696	(305,408)
Segment assets	5,819,361	2,424,772	2,055,435	(2,980,879)	7,318,689
Segment liabilities	5,024,451	2,667,140	2,216,874	(2,860,006)	7,048,459

9 Net finance costs

	June 2017 $	June 2016 $
Interest payable	(123,862)	(134,917)
Net exchange rate (loss) / gains	(872,108)	(29,258)
Interest received	119	102
	(995,851)	(164,073)

10 Short term loans payable

	June 2017 $	December 2016 $
Short term loans payable	531,095	83,702

The short term borrowings were incurred to finance capital expenditure and working capital requirements. The average interest rate on short term borrowings was 13% per annum. As at 30 June 2017, short term borrowings amounting to $79,883 (31 December 2016: $83,702) were unsecured, whilst $451,212 (31 December 2016 : $0) were secured by an unlimited guarantee issued by the holding company.

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

12 Going concern
The Group's equity reserves have been depleted over the last few years due to cumulative operating losses. The directors have assessed the ability of the Group to continue as a going concern and are of the view that the preparation of these financial statements on a going concern basis is appropriate for the reasons disclosed in note 22 to the financial statements.

13 Update and status on implementation of measures pertaining to Going Concern
- Cost cutting efforts are on going and now imbedded in the corporate culture;
- Operating costs lower than H1 2016 by $120,865 which represents a 9% decrease;
- Negligible bad debt write off and or provisions as stricter measures in the implementation of credit control have been maintained;
- Cost savings in rentals have been realised as less space is now required for storage as a result of the outsourcing of selling and distribution as previously reported;
- The Group's major supplier continues to support the Group's business units and there are no indications of withdrawal of such support;
- Key strategic and experienced personnel who have been spearheading the successful cost cutting initiatives are expected to remain within the Group and further steer the ship in the right direction;
- A new plant will be commissioned during the second half of 2017 at Chicago Cosmetics in order to increase the number of locally produced product lines. This should result in margins increasing in the second half of 2017 once the plant is fully operational; and
- Consideration of possible closure or disposal of all loss making units.