



AFRICAN SUN

L I M I T E D

(Incorporated in Zimbabwe on 2 July 1971 under Company Registration Number 643/71)



Short-Form Financial Announcement

For the half year ended 30 June 2022

Financial highlights

	Inflation adjusted for the half year ended 30 June 2022	Inflation adjusted for the half year ended 30 June 2021
Revenue	ZWL 8.45 billion	ZWL 3.35 billion
Occupancy	41%	24%
Profit for the period	ZWL 5.86 billion	ZWL 18.58 billion
Finance costs	ZWL 68.16 million	ZWL 30.16 million
Average Daily Room Rate	ZWL 36,277	ZWL 23,232
EBITDA	ZWL 7.30 billion	ZWL 19.39 billion
Rooms Revenue Per Available Room	ZWL 15,563	ZWL 5,632
Total Revenue Per Available Room	ZWL 29,002	ZWL 11,685
Basic Earning/(loss) for the Period	413.72 ZWL cents	1,304.26 ZWL cents

The Directors of African Sun Limited (the Company) are responsible for the short-form financial announcement which is issued in terms of Practice Note 13 of the Zimbabwe Stock Exchange.

The short-form financial announcement is only a summary of the information contained in the condensed consolidated financial statements for the half year ended 30 June 2022. Any investment decisions by investors and and/or shareholders should be based on the complete condensed financial statements for the half year ended 30 June 2022 published on the ZSE website: www.zse.co.zw and Company's website: www.africansunhotels.com/investorrelations. The condensed financial statements for the half year ended 30 June 2022 are also available on request, at no charge, from the registered office of the Company during working hours or via email on venon.musimbe@africansunhotels.com.

Financial performance

Revenue

The inflation adjusted revenue at ZWL8.45 billion, was 153% up compared with the same period last year ("SPLY"). The improved performance was driven by higher business volumes and firmer average daily rates ("ADR") at the back of increased demand. Hotel occupancy, at 41%, increased by 17 percentage points compared to the SPLY. This was, however, 4 percentage points lower than the occupancy levels achieved over the same period in 2019.

The Group's business continue to be predominantly domestic driven. However, we have also started to witness signs of recovery on the regional and international market front. Foreign business contributed 15% towards hospitality revenue, representing a 7 percentage point increase from the SPLY. The hospitality segment, which is the key driver of the Group's revenues and profitability, contributed 95% of the total revenue whilst the real estate segment contributed 5%. Key contributors to the real estate segment revenues were residential stand sales at Marlborough Sunset Views as well as property consultancy revenue.

Operating Expenses

The increase in the Group's inflation adjusted operating expenses (excluding depreciation), at 127% compared to the SPLY trailed the 153% increase in revenue. Operating expenses increased mainly due to increase in business volumes; and inflationary pressures which the Group has also been experiencing even in United States of American Dollars ("USD") denominated costs. The Group will continue to monitor costs and implement various cost cutting initiatives.

Profitability and liquidity

The Group recorded inflation-adjusted earnings before interest, tax, depreciation and amortization ("EBITDA") of ZWL7.30 billion and profit after tax of ZWL6.07 billion as a result of improved business performances and firmer cost management initiatives.

Turning to liquidity, the Group is currently ungeared and had cash and cash equivalents of ZWL4.67 billion as at 30 June 2022. The Group is currently in discussions with local financial institutions, earmarked at establishing standby financing facilities for material hotel refurbishment projects that are in the pipeline.

All figures in ZW\$	INFLATION ADJUSTED		HISTORICAL COST	
	30 June 2022 Reviewed	30 June 2021 Reviewed	30 June 2022 Reviewed	30 June 2021 Reviewed
Revenue	8,454,080,442	3,348,060,323	6,065,984,998	1,092,706,727
Operating profit	6,492,079,498	18,651,661,551	10,122,065,328	5,089,673,220
Profit for the period	6,070,941,252	18,583,588,941	9,830,289,720	5,084,826,468
Basic and diluted earnings per share	413.72	1,304.26	666.03	356.27

All figures in ZW\$	INFLATION ADJUSTED		HISTORICAL COST	
	As at 30 June 2022 Reviewed	As at 31 December 2021 Audited	As at 30 June 2022 Reviewed	As at 31 December 2021 Audited
Total assets	74,970,165,077	48,460,087,902	71,108,445,732	21,060,963,465
Total equity	61,087,777,586	40,807,884,924	54,841,109,283	17,214,997,484
Total liabilities	13,882,387,491	7,652,202,978	16,267,336,449	3,845,965,981

Interim dividend declaration

The Board resolved to declare an interim dividend of ZWL0.102118 per share plus USD0.000545 per share, with respect to the half year ended 30 June 2022. A separate dividend notice will be issued with respect to the interim dividend declaration.

Outlook

The first half of the year delivered performance that exceeded our initial expectation. Zimbabwe, like many destinations across the globe, continues to witness encouraging signs of a much accelerated recovery to the pre-pandemic tourism arrival levels. In spite of the current global economic and geopolitical challenges, the UNTWO revised its outlook for 2022, projecting that with international arrivals are now expected to reach 55% to 70% of 2019 levels. We expect recovery of our international business to continue into the second half of the year.

External Auditor's review conclusion

These inflation adjusted condensed consolidated financial statements for the six months ended 30 June 2022 have been reviewed by Grant Thornton Chartered Accountants (Zimbabwe) in accordance with International Standards on Review Engagements (ISRE) 2410. The auditors have issued a qualified conclusion on the interim condensed consolidated financial statements with respect to non-compliance with International Accounting Standard (IAS) 21 - *The Effect of Changes in Foreign Exchange Rates*, and International Financial Reporting Standard (IFRS) 3 - *Business Combinations* with respect to measurement of gain on bargain purchase on acquisition transaction in the prior financial year.

The engagement partner on the audit resulting in the review conclusion auditor's report is Edmore Chimhowa (PAAB Number 0470).

Directors: E. A. Fundira (Chairman), P. Saungweme (Chief Executive Officer)*, N. Mutizwa (Chief Finance Officer)*, G. Chikomo, C. Chikosi, B. Childs, V.W. Lapham, L.M. Mhishi, T. M. Ngwenya, A.E. Siyavora. * Executive

Registered Office: Monomotapa Hotel, Number 54 Park Lane, Harare, Zimbabwe. Email: venon.musimbe@africansunhotels.com, Web: www.africansunhotels.com

Independent Auditor: Grant Thornton Chartered Accountants (Zimbabwe), Camelsa Business Park, 135 Enterprise Road, Harare, Zimbabwe



AFRICAN SUN

LIMITED



AFRICAN SUN

LIMITED

Reviewed Condensed Consolidated Financial
Statements for the half year ended

30 June 2022



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These reviewed condensed consolidated financial statements are presented in Zimbabwe Dollars ("ZWL").

Statement of Vision

To be the leading Hospitality and Leisure Company in the markets we operate.

MISSION

We exist to create value for all our stakeholders.

- **To our Guests**
Exceeding their expectations through provision of a delightful service, as they are our reason for existence.
- **To our Employees**
Creating opportunities for personal growth and balanced lifestyles for all our staff to enable them to positively influence lives around them and delight our guests.
- **To our Community and Environment**
To be a model corporate citizen in the society in which we operate from where we derive our identity and being.
- **To our Business Partners**
Establishing ethical and honest relationships with our business partners and suppliers who enable us to meet and exceed our guest expectations.
- **To our Shareholders**
Deliver real value growth to our shareholders in excess of 20% return on equity per annum.

OUR CORE VALUES AND BELIEFS

Our seven-point "PRILFSC" value system forms the basis our belief system within the organization

We will do so through:

- **Professionalism** – We exude expert competence in the way we do business.
- **Respect** – In all our relationships, we seek to build and honor.
- **Integrity** - We do what we say. We are true to self and true to others.
- **Leisure** – We enjoy everything we do.
- **Fairness** - We are a non-discriminate organization and we treat everyone equally.
- **Service Excellence** – We meet and exceed customer expectations.
- **Care** – We show concern and seek the well-being of everyone.

Directorate and corporate information

DIRECTORS

E.A. Fundira	Chairman
P. Saungweme*	Chief Executive Officer
N.Y. Mutizwa*	Chief Finance Officer
B.I. Childs	
G. Chikomo	
T.M. Ngwenya	
L.M. Mhishi	
C.F. Chikosi	
A.E. Siyavora	
V.W. Lapham	

*Executive

Company Secretary

V.T. Musimbe

African Sun Limited

Incorporated and domiciled in the Republic of Zimbabwe Registration number: 643/1971

Registered Office

African Sun Limited, c/o Monomotapa Harare

54 Parklane, Harare, P.O. Box CY 1211, Causeway, Harare, Zimbabwe
Tel: +263 242 338232 -6, +263 78 270 5382, +263 78 270 5379, +263 78 270 5384
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Web: www.africansunhotels.com

Independent Auditor

Grant Thornton Chartered Accountants (Zimbabwe)

Camelsa Business Park, 135 Enterprise Road, Harare, Zimbabwe

Main Bankers

FBC Bank Limited

5th Floor, FBC Centre, Nelson Mandela Avenue, Harare, Zimbabwe

Nedbank Zimbabwe Limited

16th Floor, Old Mutual Centre, Third Street, Harare, Zimbabwe

Legal Advisors

Dube, Manikai and Hwacha Commercial Law Chambers

6th Floor, Gold Bridge, Eastgate Complex, Robert Mugabe Road, Harare, Zimbabwe

Transfer Secretaries

Corpserve (Private) Limited

2nd Floor, ZB Bank Centre, Cnr Kwame Nkrumah Avenue/First Street, P.O. Box 2208, Harare, Zimbabwe
Tel: +263 242 758193
Email: paradzai@escrowgroup.org

Investor Relations

Web: www.africansunhotels.com



Chairman's statement

Financial highlights

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Average Daily Room Rate	ZWL 36,277	ZWL 23,232
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Rooms Revenue Per Available Room	ZWL 15,563	ZWL 5,632
Total Revenue Per Available Room	ZWL 29,002	ZWL 11,685
Basic Earnings Per Share for the Period	413.72 ZWL cents	1,304.26 ZWL cents

Introduction

On behalf of the Board of Directors of African Sun Limited ("the Company") and its subsidiaries (together referred to as "the Group"), it gives me pleasure to present to you the reviewed condensed consolidated financial statements for the half-year ended 30 June 2022.

Operating environment

The Covid-19 pandemic's hold on everyday life has significantly waned compared to the same period last year ("SPLY"). Six months into 2022, a sense of optimism has returned, as the demand for travel is beginning to show significant improvement. According to the latest United Nations World Tourism Organization ("UNWTO") World Tourism Barometer, international tourism witnessed a strong rebound in the first five months of 2022, with almost 250 million international arrivals recorded, comparing favorably to the 77 million tourist arrivals between January to May 2021. The current year tourist arrival levels reflect recovery of 46% compared to pre-pandemic 2019 levels (the last normal trading year

before the outbreak of Covid-19). Based on data from STR - a global hospitality industry benchmarking and marketplace insights provider, global occupancy rates increased to 66% in June 2022, in comparison to 43% in January 2022. During the same period, the Group also recorded a generally gradual and consistent increase in occupancy, closing June 2022 with 54% compared with 28% recorded in January 2022. The uptick in international arrivals is gathering pace and points towards a strong second half of the year leading into our peak summer season.

The Minister of Finance and Economic Development during the 2022 Mid-Term Budget presentation revised the 2022 economic growth projection downwards to 4.6% from the initial 5.5%. Globally, the International Monetary Fund ("IMF"), in its July 2022 update forecasted global economic slowdown from 6.1% in 2021 to 3.2% in 2022, and a further reduction to 2.9% in 2023. The downgrade of both the local and global economic growth forecasts is mainly attributable to the adverse impact of the war

in Ukraine that continues to fuel inflation. The higher-than-expected global inflation and rising interest rates potentially drive higher travel costs and negatively weigh on consumer spending, inevitably eroding disposable income that feeds into our leisure business.

Financial performance

During the first half of 2022, the Group delivered performance that was ahead of the SPLY in spite of the challenging economic environment that prevailed during the period under review.

Revenue

The inflation adjusted revenue at ZWL8.45 billion, was 153% up compared with the SPLY. The improved performance was driven by higher business volumes and firmer average daily rates ("ADR") at the back of increased demand. Hotel occupancy, at 41%, increased by 17 percentage points compared to the SPLY. This was, however, 4 percentage points lower than the occupancy levels achieved over the same period in 2019.

The Group's business continue to be predominantly domestic driven. However, we have also started to witness signs of recovery on the regional and international market front. Foreign business contributed 15% towards hospitality revenue, representing a 7 percentage point increase from the SPLY. The hospitality segment, which is the key driver of the Group's revenues and profitability, contributed 95% of the total revenue whilst the real estate segment contributed 5%. Key contributors to the real estate segment revenues were residential stand sales at Marlborough Sunset Views as well as property consultancy revenue.

Operating expenses

The increase in the Group's inflation adjusted operating expenses (excluding depreciation), at 127% compared to the SPLY trailed the 153% increase in revenue. Operating expenses increased mainly due to increase in business volumes; and inflationary pressures which the Group has also been experiencing even in United States of American Dollars ("USD") denominated costs. The Group will continue to monitor costs and implement various cost cutting initiatives.

Profitability and liquidity

The Group recorded inflation-adjusted earnings before interest, tax, depreciation and amortization ("EBITDA") of ZWL7.30 billion and profit after tax of ZWL6.07 billion as a result of improved business performances and firmer cost management initiatives.

Turning to liquidity, the Group is currently ungeared and had cash and cash equivalents balance of ZWL4.67 billion as at 30 June 2022. The Group is currently in discussions with local financial institutions, earmarked at establishing standby financing facilities for material hotel refurbishment projects that are in the pipeline.

Update on acquisition of Dawn Properties Limited ("DPL")

I am pleased to report that during the period under review, the Group successfully concluded the acquisition of the remaining DPL issued shares. Consequently, the Company now wholly owns DPL. The integration of DPL which commenced in 2021 is progressing well and is on track to be completed by 31 December 2022.

The Group's strategy to rationalize its asset base by disposing non-core real estate assets to unlock much needed liquidity for targeted capital expenditure on core operations, is progressing well. As of the date of this report, the Group had raised USD1.7 million from the disposal of non-core assets, including proceeds from the former Brondesbury Park Hotel in Nyanga. The former Beitbridge Express Hotel property and 100% equity stake in Dawn Property Consultancy (Private) Limited, which are the principal non-core investments yet to be disposed off, are being actively marketed.

Update on refurbishments

Our cash utilization strategy remains unchanged, focusing mainly on targeted capital expenditure on hotel assets in order to enhance guest experience and to preserve value. Earlier this month, we celebrated the highly anticipated completion of 47 rooms and kitchen refurbishment at the majestic five-star Victoria Falls Hotel, "the Grand Old Lady". The Group, together with our partner - Meikles Limited, invested over USD4.5million towards the refurbishment of this property.



Chairman's statement (continued)

The Group completed the refurbishment of 32 rooms at Troutbeck Resort in July 2022, while the remaining 37 rooms are targeted for completion beginning of October 2022. Work on Hwange Safari Lodge rooms refurbishment commenced in August 2022; whilst the refurbishment of the remaining rooms at Great Zimbabwe Hotel, including the conference centre is at an advanced stage.

Update on The Kingdom at Victoria Falls hotel exit

As reported at the Company's last Annual General Meeting in June 2022, the Company will be exiting The Kingdom at Victoria Falls Hotel. Currently, management is seized with the implementation of a structured and smooth exit plan.

Interim dividend declaration

The Board resolved to declare an interim dividend of ZWL0.102118 per share plus USD0.000545 per share, with respect to the half year ended 30 June 2022. A separate dividend notice will be issued with respect to the interim dividend declaration.

Outlook

The first half of the year delivered performance that exceeded our initial expectation. Zimbabwe, like many destinations across the globe, continues to witness

encouraging signs of a much accelerated recovery to the pre-pandemic tourism arrival levels. In spite of the current global economic and geopolitical challenges, the UNTWO revised its outlook for 2022, projecting that international arrivals are now expected to reach 55% to 70% of 2019 levels. We expect recovery of our international business to continue into the second half of the year.

Directorate changes

There were no changes to the directorate during the period under review.

Appreciation

My sincere gratitude goes to staff for their continued hard work. To my fellow Directors, I am very grateful for your continued support as we transition from Covid-19 survival to steady recovery. To our stakeholders, thank you for the continued patronage.

E A Fundira
Chairman

22 September 2022

External Auditor's review conclusion

These inflation adjusted condensed consolidated financial statements for the six months ended 30 June 2022 have been reviewed by Grant Thornton Chartered Accountants (Zimbabwe) in accordance with International Standards on Review Engagements (ISRE) 2410. The auditors have issued a qualified conclusion on the interim condensed consolidated financial statements with respect to non-compliance with International Accounting Standard (IAS) 21 - *The Effect of Changes in Foreign Exchange Rates*, and International Financial Reporting Standard (IFRS) 3 - *Business Combinations* with respect to measurement of gain on bargain purchase on acquisition transaction in the prior financial year.

The engagement partner on the audit resulting in the review conclusion auditor's report is Edmore Chimhova (PAAB Number 0470).



Condensed consolidated statement of financial position

As at 30 June 2022

	Note	INFLATION ADJUSTED		HISTORICAL COST	
		As at 30 June 2022 Reviewed	As at 31 December 2021 Audited	As at 30 June 2022 Reviewed	As at 31 December 2021 Audited
All figures in ZWL					
ASSETS					
Non-current assets					
Property and equipment	6	52,001,134,367	33,301,268,498	51,405,828,050	15,078,131,442
Investment property		8,472,360,000	7,384,389,034	8,472,360,000	3,373,139,000
Right of use assets		2,381,092,107	1,254,342,863	1,075,115,427	260,614,906
Biological assets		259,181,173	259,181,173	118,392,208	118,392,208
Other financial assets		7,697,024	19,120,878	7,697,024	8,734,288
Total non-current assets		63,121,464,671	42,218,302,446	61,079,392,709	18,839,011,844
Current assets					
Assets classified as held for sale	7.5	3,262,174,747	406,674,800	3,230,104,976	185,766,300
Inventories		2,218,849,834	2,063,606,409	592,771,886	353,935,186
Trade receivables		982,194,008	509,374,417	982,194,008	232,678,791
Other financial assets		712,642,419	511,817,253	551,142,755	193,247,148
Cash and cash equivalents		4,672,839,398	2,750,312,577	4,672,839,398	1,256,324,196
Total current assets		11,848,700,406	6,241,785,456	10,029,053,023	2,221,951,621
Total assets		74,970,165,077	48,460,087,902	71,108,445,732	21,060,963,465
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital		1,190,851,035	1,190,129,610	1,474,596	14,235,172
Share premium		6,735,618,318	5,744,969,872	1,442,429,643	723,204,747
Equity-settled share based payment reserve	16.1	93,814,285	87,942,365	31,812,472	28,803,334
Foreign currency translation reserve	16.2	3,874,807,845	3,819,706,872	478,626,029	394,634,158
Revaluation reserve		24,724,007,327	10,250,425,657	35,487,635,357	7,554,302,096
Retained earnings		24,468,678,776	16,840,667,695	17,385,862,186	7,224,668,781
Total equity attributable to owners of the parent		61,087,777,586	37,933,842,071	54,841,109,283	15,939,848,288
Non-controlling interest		-	2,874,042,853	-	1,275,149,196
Total equity		61,087,777,586	40,807,884,924	54,841,109,283	17,214,997,484
Liabilities					
Non-current liabilities					
Deferred tax liabilities		8,237,401,899	3,913,947,437	10,654,689,198	2,138,356,117
Lease liabilities		1,140,888,699	594,182,380	1,140,888,699	271,418,495
Deferred lease income		1,066,368	2,242,667	1,066,368	1,024,435
Total non-current liabilities		9,379,356,966	4,510,372,484	11,796,644,265	2,410,799,047
Current liabilities					
Liabilities associated with assets classified as held for sale	7.4	79,096,879	-	46,758,538	-
Trade and other payables		3,630,719,487	2,712,335,879	3,630,719,487	1,238,976,697
Current income tax liabilities		211,895,774	108,777,993	211,895,774	49,689,052
Provisions for other liabilities	11	564,951,128	298,970,446	564,951,128	136,567,679
Deferred lease income		96,933	9,640,434	96,933	4,403,685
Lease liabilities		16,270,324	12,105,742	16,270,324	5,529,821
Total current liabilities		4,503,030,525	3,141,830,494	4,470,692,184	1,435,166,934
Total liabilities		13,882,387,491	7,652,202,978	16,267,336,449	3,845,965,981
Total equity and liabilities		74,970,165,077	48,460,087,902	71,108,445,732	21,060,963,465

Condensed consolidated statement of comprehensive income

For the half year ended 30 June 2022

	Note	INFLATION ADJUSTED		HISTORICAL COST	
		30 June 2022 Reviewed	30 June 2021 Reviewed	30 June 2022 Reviewed	30 June 2021 Reviewed
All figures in ZWL					
Revenue	10	8,454,080,442	3,348,060,323	6,065,984,998	1,092,706,727
Cost of sales	12	(2,377,789,865)	(929,823,448)	(1,644,008,202)	(289,922,409)
Gross profit		6,076,290,577	2,418,236,875	4,421,976,796	802,784,318
Other income	13	5,290,682,866	493,137,032	9,038,166,284	272,269,667
Gain on bargain purchase	5	-	18,814,672,181	-	4,994,893,505
Operating expenses	12	(4,764,857,465)	(3,088,232,967)	(3,243,746,683)	(984,315,759)
Net impairment (losses)/reversal on financial assets		(22,020,560)	13,848,430	(85,717,313)	4,041,489
Other expenses		(88,015,920)	-	(8,613,756)	-
Operating profit		6,492,079,498	18,651,661,551	10,122,065,328	5,089,673,220
Finance income		2,565,455	79,868	1,508,756	25,533
Finance costs		(68,160,339)	(30,155,589)	(37,965,645)	(9,676,902)
Finance costs - lease liabilities		(90,663,604)	(41,504,573)	(56,006,685)	(13,284,165)
Net monetary loss		(131,087,206)	(118,002,639)	-	-
Profit before income tax		6,204,733,804	18,462,078,618	10,029,601,754	5,066,737,686
Income tax (expense)/credit	14	(347,661,553)	121,510,323	(411,392,759)	18,088,782
Profit from continuing operations		5,857,072,251	18,583,588,941	9,618,208,995	5,084,826,468
Profit from discontinued operations	7.2	213,869,001	-	212,080,725	-
Profit for the period		6,070,941,252	18,583,588,941	9,830,289,720	5,084,826,468
Other comprehensive income net of tax: Items that may be subsequently reclassified to profit or loss					
Exchange differences on translation of foreign operations		55,100,973	1,018,606	83,991,871	368,204
Items that may not be subsequently reclassified to profit or loss					
Revaluation surplus		14,473,581,670	-	27,933,333,261	-
Other comprehensive income net of tax:		14,528,682,643	1,018,606	28,017,325,132	368,204
Total comprehensive income for the period		20,599,623,895	18,584,607,547	37,847,614,852	5,085,194,672
Profit/(loss) attributable to:					
Owners of the parent		6,099,709,431	18,566,408,353	9,819,626,584	5,071,561,808
Non-controlling interests		(28,768,179)	17,180,588	10,663,136	13,264,660
		6,070,941,252	18,583,588,941	9,830,289,720	5,084,826,468
Total comprehensive income attributable to:					
Owners of the parent		20,628,392,074	18,567,426,959	37,836,951,716	5,071,930,012
Non-controlling interests		(28,768,179)	17,180,588	10,663,136	13,264,660
		20,599,623,895	18,584,607,547	37,847,614,852	5,085,194,672
Earnings/(loss) per share attributable to:					
Owners of the parent during the period (ZWL cents)					
Basic and diluted earnings per share	15	413.72	1,304.26	666.03	356.27
Headline earnings per share	15	148.04	1,284.03	119.35	342.57
Normalised earnings/(loss) per share attributable to:					
Owners of the parent during the period (ZWL cents)					
Normalised basic and diluted earnings/(loss) per share	15	413.72	(17.44)	666.03	5.39
Normalised headline earnings/(loss) per share	15	148.04	(37.67)	119.35	(8.31)



Condensed consolidated statement of changes in equity

For the half year ended 30 June 2022

All figures in ZWL	INFLATION ADJUSTED								
	Share capital	Share premium	Equity settled share based payments reserve	Foreign currency translation reserve	Revaluation reserve	Retained earnings/ (accumulated losses)	Attributable to equity holders of the parent	Non-controlling interest	Total equity
Year ended 31 December 2021									
Balance as at 1 January 2021	1,171,380,252	3,414,987,048	36,198,585	3,780,322,725	2,998,706,261	(4,165,422,197)	7,236,172,674	-	7,236,172,674
Profit for the year	-	-	-	-	-	21,006,089,892	21,006,089,892	310,790,308	21,316,880,200
Other comprehensive income:									
Currency translation differences	-	-	-	39,384,147	-	-	39,384,147	-	39,384,147
Revaluation surplus - net of tax	-	-	-	-	7,251,719,396	-	7,251,719,396	514,359,362	7,766,078,758
Total comprehensive income for the year	-	-	-	39,384,147	7,251,719,396	21,006,089,892	28,297,193,435	825,149,670	29,122,343,105
Transactions with owners in their capacity as owners:									
Share option cost	-	-	51,743,780	-	-	-	51,743,780	-	51,743,780
Share issue	18,749,358	2,329,982,824	-	-	-	-	2,348,732,182	-	2,348,732,182
Non-controlling interest on acquisition	-	-	-	-	-	-	-	2,048,893,183	2,048,893,183
Balance as at 31 December 2021	1,190,129,610	5,744,969,872	87,942,365	3,819,706,872	10,250,425,657	16,840,667,695	37,933,842,071	2,874,042,853	40,807,884,924
Half year ended 30 June 2022									
Balance as at 1 January 2022	1,190,129,610	5,744,969,872	87,942,365	3,819,706,872	10,250,425,657	16,840,667,695	37,933,842,071	2,874,042,853	40,807,884,924
Profit/(loss) for the period	-	-	-	-	-	6,099,709,432	6,099,709,432	(28,768,179)	6,070,941,253
Other comprehensive income:									
Currency translation differences	-	-	-	55,100,973	-	-	55,100,973	-	55,100,973
Revaluation surplus - net of tax	-	-	-	-	14,473,581,670	-	14,473,581,670	-	14,473,581,670
Total comprehensive income for the period	-	-	-	55,100,973	14,473,581,670	6,099,709,432	20,628,392,075	(28,768,179)	20,599,623,896
Transactions with owners in their capacity as owners:									
Share options cost	-	-	5,871,920	-	-	-	5,871,920	-	5,871,920
Share issue	771,803	1,058,007,957	-	-	-	-	1,058,779,760	-	1,058,779,760
Treasury shares	(50,378)	(67,359,511)	-	-	-	-	(67,409,889)	-	(67,409,889)
Transfer of NCI to equity	-	-	-	-	-	1,786,494,916	1,786,494,916	(2,845,274,674)	(1,058,779,758)
Dividend paid	-	-	-	-	-	(258,193,267)	(258,193,267)	-	(258,193,267)
Balance as at 30 June 2022	1,190,851,035	6,735,618,318	93,814,285	3,874,807,845	24,724,007,327	24,468,678,776	61,087,777,586	-	61,087,777,586



Condensed consolidated statement of changes in equity (continued)

For the half year ended 30 June 2022

All figures in ZWL	HISTORICAL COST								
	Share capital	Share premium	Equity settled share based payments reserve	Foreign currency translation reserve	Revaluation reserve	Retained earnings/ (accumulated losses)	Attributable to equity holders of the parent	Non-controlling interest	Total equity
Year ended 31 December 2021									
Balance as at 1 January 2021	8,617,716	25,123,685	8,043,669	379,230,453	1,449,830,089	11,220,979	1,882,066,591	-	1,882,066,591
Profit for the year	-	-	-	-	-	7,213,447,802	7,213,447,802	298,138,805	7,511,586,607
Other comprehensive income:									
Currency translation differences	-	-	-	15,403,705	-	-	15,403,705	-	15,403,705
Revaluation surplus - net of tax	-	-	-	-	6,104,472,007	-	6,104,472,007	425,312,463	6,529,784,470
Total comprehensive income for the year	-	-	-	15,403,705	6,104,472,007	7,213,447,802	13,333,323,514	723,451,268	14,056,774,782
Transactions with owners in their capacity as owners:									
Share options cost	-	-	20,759,665	-	-	-	20,759,665	-	20,759,665
Share Issue	5,617,456	698,081,062	-	-	-	-	703,698,518	-	703,698,518
Non-controlling interest on acquisition	-	-	-	-	-	-	-	551,697,928	551,697,928
Balance as at 31 December 2021	14,235,172	723,204,747	28,803,334	394,634,158	7,554,302,096	7,224,668,781	15,939,848,288	1,275,149,196	17,214,997,484
Half year ended 30 June 2022									
Balance as at 1 January 2022	14,235,172	723,204,747	28,803,334	394,634,158	7,554,302,096	7,224,668,781	15,939,848,288	1,275,149,196	17,214,997,484
Profit for the period	-	-	-	-	-	9,819,626,584	9,819,626,584	10,663,136	9,830,289,720
Other comprehensive income:									
Currency translation differences	-	-	-	83,991,871	-	-	83,991,871	-	83,991,871
Revaluation surplus - net of tax	-	-	-	-	27,933,333,261	-	27,933,333,261	-	27,933,333,261
Total comprehensive income for the period	-	-	-	83,991,871	27,933,333,261	9,819,626,584	37,836,951,716	10,663,136	37,847,614,852
Transactions with owners in their capacity as owners:									
Share options cost	-	-	3,009,138	-	-	-	3,009,138	-	3,009,138
Share Issue	543,843	746,152,697	-	-	-	-	746,696,540	-	746,696,540
Treasury shares	(35,419)	(26,927,801)	-	-	-	-	(26,963,220)	-	(26,963,220)
Transfer of NCI to equity	-	-	-	-	-	539,115,791	539,115,791	(1,285,812,332)	(746,696,541)
Dividend paid	-	-	-	-	-	(197,548,970)	(197,548,970)	-	(197,548,970)
Balance as at 30 June 2022	14,743,596	1,442,429,643	31,812,472	478,626,029	35,487,635,357	17,385,862,186	54,841,109,283	-	54,841,109,283



Condensed consolidated statement of cash flows

For the half year ended 30 June 2022

All figures in ZWL	Note	INFLATION ADJUSTED		HISTORICAL COST	
		30 June 2022 Reviewed	30 June 2021 Reviewed	30 June 2022 Reviewed	30 June 2021 Reviewed
Cash flows from operating activities					
Cash generated from operations		2,480,077,382	552,191,186	3,090,606,631	149,372,184
Interest received		2,565,455	79,868	1,508,756	25,533
Interest paid		-	(1,945,032)	-	(626,552)
Finance cost paid - lease liabilities		(90,663,604)	(41,504,573)	(56,006,685)	(13,284,165)
Tax paid		(200,622,333)	(89,026,099)	(157,432,912)	(29,327,001)
Cash generated from operating activities		2,191,356,900	419,795,350	2,878,675,790	106,159,999
Cash utilised in investing activities					
Acquisition of subsidiary	5	-	120,922,204	-	36,229,237
Purchase of property and equipment		(776,384,224)	(278,583,026)	(563,958,111)	(81,530,404)
Proceeds from sale of investment property		53,840,898	-	64,310,981	-
Proceeds from sale of property and equipment		967,890	4,913,675	410,781	1,092,472
Proceeds from sale of non-current assets held for sale		180,031,956	-	100,412,941	-
Cash utilised in investing activities		(541,543,480)	(152,747,147)	(398,823,408)	(44,208,695)
Cash utilised in financing activities					
Repayment of borrowings		-	(12,074,785)	-	(3,876,673)
Repayment of lease liabilities		(12,045,754)	(7,125,131)	(8,019,013)	(2,280,305)
Dividend paid		(258,193,267)	-	(197,548,970)	-
Cash utilised in financing activities		(270,239,021)	(19,199,916)	(205,567,983)	(6,156,978)
Increase in cash and cash equivalents		1,379,574,399	247,848,287	2,274,284,399	55,794,326
Cash and cash equivalents at beginning of the period		2,750,312,577	2,812,852,039	1,256,324,196	835,603,597
Exchange gains on cash and cash equivalents		1,142,230,803	(253,123,535)	1,142,230,803	(86,816,192)
Effects of restatement on cash and cash equivalents		(599,278,381)	(461,717,481)	-	-
Cash and cash equivalents at end of the period		4,672,839,398	2,345,859,310	4,672,839,398	804,581,731

Notes to the condensed consolidated financial statements

For the half year ended 30 June 2022

1 Reporting entity

African Sun Limited ("the Company") and its subsidiaries (together "the Group") manages eleven hotels, operates two Lodges under a timeshare model in Zimbabwe, and operates a regional sales and marketing office in South Africa that focuses on international and regional sales. The Group also develops residential properties which are either sold or held for capital appreciation and offers property management, property valuation, and property agency services.

The Company is incorporated and domiciled in Zimbabwe, and is listed on the Zimbabwe Stock Exchange (ZSE). The parent of the Company is Arden Capital Management (Private) Limited ("Arden"), which owns 60.56% (2021: 62.73%) of the ordinary share capital of the Company.

The Company's registered address is Monomotapa Hotel, Number 54 Park Lane Road, Harare, Zimbabwe.

These condensed consolidated financial statements were approved for issue by the Directors on 16 September 2022.

2 Basis of preparation

The condensed consolidated financial statements of the Group have been prepared in compliance with the recognition and measurement requirements of International Financial Reporting Standards ("IFRS") and disclosure requirements of IAS 34 "Interim Financial Reporting", except for non-compliance with IFRS 3 "Business Combinations", during the comparable period the Group acquired a subsidiary Dawn Properties Limited ("DPL") under a common control transaction and elected to account for the transaction applying IFRS 3 acquisition method, however at acquisition date the investment property and property and equipment, were not carried at fair values.

The financial statements are prepared under historical cost convention as modified by the revaluation of investment property, biological assets and property and equipment and in the manner required by the Zimbabwe Companies and other Business Entities Act (Chapter 24:31). For the purposes of fair presentation in accordance with IAS 29, Financial reporting in hyperinflationary economies, the historical cost information has been restated for changes in general purchasing power of the Zimbabwe dollar ("ZWL") and appropriate adjustment and reclassifications have been made. Accordingly the inflation adjusted financial statements represents the primary financial statements of the Group.

The preparation of condensed consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity whose assumptions and estimates are significant to the financial statements are disclosed in note 8.



Notes to the condensed consolidated financial statements (continued)

For the half year ended 30 June 2022

3 Inflation adjustment

IAS 29 requires that financial statements prepared in the currency of a hyperinflationary economy to be stated in terms of a measuring unit current at the reporting date, and that the corresponding figures for prior periods be stated in terms of the measuring unit current at the end of reporting date. The restatement has been calculated by means of adjusting factors derived from the consumer price index (CPI) prepared by Zimbabwe National Statistics Agency ("ZimStat"). The adjustment factors used to restate the financial statements as at 30 June 2022, using 2021 base year are as follows:

Date	Indices	Adjusting Factor
CPI as at 30 June 2021	2,986.44	2.92
CPI as at 31 December 2021	3,977.46	2.19
CPI as at 30 June 2022	8,707.35	1.00

The indices and adjusting factors have been applied to the historical cost of transactions and balances as follows:

All items in income statements are restated by applying relevant monthly adjusting factors;

The net effect of the inflation adjustments on the net monetary position of the Group is included in the income statement as a monetary loss or gain;

Comparative information is restated using the inflation indices in terms of the measuring unit current at the reporting date;

The application of the IAS 29 restatement procedures has the effect of amending certain accounting policies which are used in the preparation of the condensed consolidated financial statements under historical cost convention. The policies affected are:

- Monetary assets and liabilities are not restated as they are already stated in terms of the measuring unit current at the reporting date; and
- Non-monetary assets and liabilities that are not carried at amounts current at the reporting date and components of shareholders equity are restated by applying the relevant monthly adjusting factor;

Investment property and property and equipment that are carried at revalued amounts which approximate fair values and when not revalued are restated by applying inflation adjusting factors from the last date of revaluation;

Biological assets are carried at the lower of cost or fair value, less estimated point of sale costs;

Deferred tax is provided in respect of temporary differences arising from the restatement of assets and liabilities; and

All items of statement of cash flow are expressed in terms of measuring unit current at the reporting date.

4 Going concern

The reviewed condensed consolidated half year financial statements are prepared on a going concern basis. As at 30 June 2022, the Group has net cash and cash equivalents of ZWL4,67 billion (31 December 2021: ZWL2,75 billion). Based on available cash resources and the other measures the Group has taken, management believes that the Group has sufficient resources to continue operations as a going concern in a responsible and sustainable manner. The Directors considered the going concern status taking into account the cash flow and liquidity projections, including sensitivity analysis and key commitments for a period exceeding 12 months from the reporting date. In the cash flow projections, the Directors considered the waning global Covid 19 infections, improved flights into the region, improved economic activity in the country and cash flows from disposal of non-core assets.

Based on the aforementioned, the Directors have assessed the ability of the Group and the Company to continue as going concerns and are of the view that, the preparation of these financial statements on a going concern basis is appropriate.

5 Accounting policies

The accounting policies adopted are consistent with those of the previous financial year;

a) Acquisition of Dawn Properties Limited: Business Combination of Entities Under Common Control

On 20 January 2021, the Company acquired 91.17% shareholding of Dawn Properties Limited ("DPL"), a Company previously owned by the parent "Company Arden" - Capital Limited. As such, the acquisition is a business combination of entities under common control.

A business combination of entities under common control is scoped out of IFRS 3 - "Business Combination". Resultantly, the Group had to develop an accounting policy to account for such transactions in line with IAS 8 - "Accounting Policies, Accounting Estimates and Errors"; and the Conceptual Framework. The Group elected to adopt the acquisition method of IFRS 3 to account for common control transactions.

Gain on bargain purchase: Dawn Properties Limited acquisition

The following information relate to the acquisition of Dawn Properties Limited, acquired on 20 January 2021 through a share swap:

All figures in ZWL	INFLATION ADJUSTED		HISTORICAL COST	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
Identifiable net assets value	-	23,212,297,546	-	6,250,289,949
Fair value of non-monetary assets transferred as consideration	-	(2,348,732,182)	-	(703,698,516)
Non-controlling interest	-	(2,048,893,183)	-	(551,697,928)
Gain on bargain purchase	-	18,814,672,181	-	4,994,893,505
Consideration paid in cash	-	-	-	-
Cash and cash equivalents in subsidiary acquired	-	120,922,204	-	36,229,237
Net cash inflow from acquisition of subsidiary	-	120,922,204	-	36,229,237

The purchase consideration, is the market value of ASL shares issued to DPL shareholders on 20 January 2021, restated 30 June 2022 in line with IAS 29 - "Financial Reporting in Hyperinflationary Economies".

b) Treasury shares and acquisition of the remaining DPL shares

During the period under review the Group acquired the remaining 8.83% shares of DPL through a Tag Along (3.21%) and Drag Along (5.62%) process in terms of section 239 of the Companies and Other Business Entities Act [Chapter 24:31]. The Group settled the seller's transaction costs during the process and in turn withheld shares sufficient to cover costs from shares that had been issued to former DPL shareholders in line with the provision of the circular to DPL shareholders. The shares withheld are now held by the company as treasury shares.

All figures in ZWL	Shares	INFLATION ADJUSTED		HISTORICAL COST	
		Share capital	Share premium	Share capital	Share premium
The following relates to issued shares:					
Issued shares as at 1 January 2022	1,423,517,220	1,190,129,610	5,744,969,872	14,235,172	723,204,747
Shares issued during the period	54,384,275	771,803	1,058,007,957	543,843	746,152,697
Treasury shares (withheld)	(3,541,913)	(50,378)	(67,359,511)	(35,419)	(26,927,801)
Issued shares as at 30 June 2022	1,474,359,582	1,190,851,035	6,735,618,318	14,743,596	1,442,429,643



Notes to the condensed consolidated financial statements (continued)

For the half year ended 30 June 2022

5 Accounting policies (continued)

b) Treasury shares and acquisition of the remaining DPL shares (continued)

The treasury shares were measured at the value of the transaction costs settled by the Group as this was taken as the consideration paid for the shares. The Group adopted the par value method to record the treasury shares and the shares were deducted from equity with no gain or loss being recognised in profit or loss for the period.

The transaction resulted in a change of degree of ownership in Dawn Properties Limited from 91.17% to a 100% owned subsidiary. As a result of the change of ownership interest, the Group derecognised NCI and recognised ZWL1,79 billion directly in equity

c) Definitions of non IFRS measures

Earnings before interest, tax, depreciation and amortisation ("EBITDA")

This is the profit before financing costs or income, income tax, depreciation and amortisation.

Normalised earnings before interest, tax, depreciation and amortisation

This is EBITDA adjusted for unusual transactions and non-recurring items to allow comparison with prior periods.

6 Investment property

All figures in ZWL	INFLATION ADJUSTED		HISTORICAL COST	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
Balance at the beginning of the period	7,384,389,034	-	3,373,139,000	-
Acquisitions (excluding owner occupied hotel properties)	-	5,016,655,038	-	1,425,665,230
Additions	-	331,861,180	-	8,369,774
Transfer to assets classified as held for sale	(2,700,000,000)	(440,485,578)	(2,700,000,000)	(153,520,000)
Disposals	(134,415,298)	(33,094,474)	(61,400,000)	(9,405,000)
Fair value gains	3,922,386,264	2,509,452,868	7,860,621,000	2,102,028,996
Balance at the end of the period	8,472,360,000	7,384,389,034	8,472,360,000	3,373,139,000

The Group measures its investment property initially at cost and subsequently at fair value, while fair value gains and losses are recognised in profit or loss for the period. As of 30 June 2022, all investment properties are carried at fair value.

Following the acquisition of Dawn Properties Limited in 2021, the Board decided to rationalise the Group's asset base by disposing off assets that were deemed to be non-core to the Group's strategy going forward. Beitbridge Express Hotel, a 102-roomed hotel was deemed to be non-core and hence became a disposal candidate.

As of 31 December 2021, Beitbridge Express hotel "the asset" was accounted for as investment property as it did not meet the IFRS 5 - "Non-current Assets Held for Sale and Discontinued Operations" held for sale criteria for classification as a non-current asset held for sale. However, during the period ended 30 June 2022 the asset all recognition criteria in terms of IFRS 5 - "Non-current Assets Held for Sale and Discontinued Operations". There are several interested parties and the sale is expected to be completed before the end of June 2023.

7 Discontinued operations and assets classified as held for sale

7.1 Dawn Property Consultancy ("DPC")

In line with the Board's strategy to dispose of assets that are not core to the Group's tourism and hospitality operations, a decision was made in 2021, to sell one of the Group's subsidiaries, Dawn Property Consultancy Private Limited "the subsidiary or DPC". DPC is a property consultancy business that offers property management, asset valuation, agency services, and other property-related ancillary services.

As of 31 December 2021, the subsidiary did not meet the IFRS 5 - "Non-current Assets Held for Sale and Discontinued Operations" held for sale criteria for classification as a discontinued operation. During the period under review, DPC met the discontinued operations classification criteria as it is being actively marketed for sale at a price reasonable in relation to its fair value, and the sale is expected to be completed before the end of June 2023.

7.2 Analysis of the profit for the period from discontinued operations

The results of the discontinued operations included in the profit for the period are set out as below.

All figures in ZWL	INFLATION ADJUSTED		HISTORICAL COST	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
Statement of comprehensive income				
Revenue	271 282 433	-	192 099 539	-
Other Income	178 926 887	-	136 915 692	-
Operating expenses	(206 340 101)	-	(129 121 872)	-
Net monetary loss (IAS29)	(29 610 806)	-	-	-
Profit before income tax	214 258 413	-	199 893 359	-
Income tax credit	33 940 679	-	33 940 679	-
Profit after tax for the period	248 199 092	-	233 834 038	-
Intra-group transactions eliminated	(34 330 091)	-	(21 753 313)	-
Profit from discontinued operations	213 869 001	-	212 080 725	-
7.3 Analysis of cash flows from discontinued operations				
Net cash flow from operating activities	125 668 623	-	140 613 922	-
Net cash utilised in investing activities	(19 505 561)	-	(11 683 289)	-
Net cash increase in cash and cash equivalence	106 163 062	-	128 930 633	-

7.4 Analysis of assets and liabilities of the from discontinued operations

The major classes of assets and liabilities associated with assets classified as held for sale are as follows:

All figures in ZWL	INFLATION ADJUSTED		HISTORICAL COST	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
Assets				
Property and equipment	186,650,790	-	186,650,791	-
Inventories	10,759,697	-	1,099,566	-
Trade and other receivables	68,764,260	-	46,354,619	-
Total assets classified as held for sale	266,174,747	-	234,104,976	-
Liabilities				
Trade and other payables	29,986,729	-	29,986,729	-
Deferred tax liabilities	43,525,064	-	11,186,723	-
Current income tax liabilities	4,497,804	-	4,497,804	-
Provisions for other liabilities	1,087,282	-	1,087,282	-
Liabilities associated with assets classified as held for sale	79,096,879	-	46,758,538	-



Notes to the condensed consolidated financial statements (continued)

For the half year ended 30 June 2022

7 Discontinued operations and assets classified as held for sale (continued)

7.5 Assets classified as held for sale

All figures in ZWL	INFLATION ADJUSTED		HISTORICAL COST	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
Balance at the beginning of the period	406,674,800	-	185,766,300	-
Transfer from Investment property - Note 6	2,700,000,000	440,485,578	2,700,000,000	153,520,000
Disposal group assets - Note 7.4	266,174,747	-	234,104,976	-
Impairment	-	(38,944,074)	-	-
Fair value gains	82,729,102	38,245,364	207,981,122	41,656,300
Disposal	(193,403,902)	(33,112,068)	(97,747,422)	(9,410,000)
Balance at the end of the period	3,262,174,747	406,674,800	3,230,104,976	185,766,300

Disposal group assets relate to Dawn Property Consultancy (Private) Limited which has been classified as held for sale as disclosed above.

Disposal of assets classified as held for sale relates to the sale of Brondesbury Park Hotel and four land shares at Lichendale Gardens in Mandara.

Assets held for sale are measured at the lower of carrying amount or fair value less costs to sale as required by IFRS 5 - "Non-current assets held for sale and discontinued operations".

8 Critical accounting estimates and judgements

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

(a) Functional currency and exchange rates

In February 2019, the Government of Zimbabwe issued Statutory Instrument 33 of 2019, which prescribed parity between the US Dollar and local currency as at and up to the effective date of 22 February 2019. The Group adopted the Zimbabwe Dollar as its functional and reporting currency in 2019 in line with the requirements of the law. For 2019 and subsequent financial years, the directors and management determined that the Group's functional currency is ZWL based on requirements of IAS 21. The condensed consolidated financial statements for the half year ended 30 June 2022 are therefore presented in ZWL being the currency of the primary economic environment in which the Group operates.

During the six months period ended 30 June 2022, the following exchange rates were available in Zimbabwe:

- Auction rate: Having come into effect on 23 June 2020, the Foreign Currency Auction Market was operational throughout the period under review.
- The interbank exchange rate (willing Buyer Willing Seller): With effect from 09 May 2022, the interbank exchange system was put in place to run parallel to the Foreign Currency Auction System.

Market participants willing to participate on the interbank exchange market/foreign currency auction market are required to meet the eligibility criteria specified by the Reserve Bank of Zimbabwe (RBZ). The Group being a net earner of foreign currency did not participate on the Foreign Currency Auction Market or Interbank Exchange Market during the period because it had enough foreign currency to fund both operations and capital expenditure.

The Group determined that there is no other appropriate exchange rate with observable inputs for financial reporting and therefore applied the auction exchange rate upto 09 May 2022 and the interbank exchange rate subsequent to 09 May 2022. The following exchange rates were applied to translate foreign currency transactions and balances for the period under review:

- Average exchange rate - USD 1: ZWL 185.0126 (2021: USD 1: ZWL 83.9902)
- Closing exchange rate - USD 1: ZWL 385.5761 (2021: USD 1: ZWL 85.4234)

8 Critical accounting estimates and judgements (continued)

(b) Income taxes

Significant judgement is required in determining the liability for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax assets and liabilities in the period in which such determination is made.

(c) Going concern

The Directors assess the ability of the Group to continue operating as a going concern at the end of each reporting period. As at 30 June 2022, 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 improves its profitability and continues as a going concern are discussed in note 4.

(d) Impairment of trade receivables and financial assets

The Group carried out an impairment review of its financial instruments balances as at 30 June 2022 using the simplified impairment approach which uses both historical and forward-looking information as required by IFRS 9. When developing the simplified impairment provisioning matrix, trade receivables aging and write offs over the past 6 years were used to assess the historical default rates over the expected life of the trade receivables. The historical default rates are adjusted for forward-looking estimates in accordance with IFRS 9 to determine the average default rate.

The following are the critical judgements, apart from those involving estimations, that the Directors have made in the process of applying expected credit losses model of impairing trade receivables. Significant increase of credit risk - in assessing whether the credit risk of an asset has significantly increased the Directors considers qualitative and quantitative reasonable and supportable forward-looking information.

- Model and assumptions used - the Group used model and assumptions in measuring fair value of financial assets as well as estimating expected credit losses ("ECL"). The directors have applied judgement in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risks.
- Business model assessment - the Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of assets and how these are managed.

(e) Determination of lease terms

The Group leases various office buildings, hotel buildings, golf course, car park and staff housing. Rental contracts are typically made for fixed periods of two years to fifteen years. Leases for hotel buildings have extension options for renewal at the end of the lease up to five renewals at the option of the Group.

The Group determined that the non-cancellable period of the leases are the original lease terms, together with the periods covered by options to extend the leases that the Group is reasonably certain to extend because of both significant leasehold improvements undertaken, and the importance of the underlying lease assets to the Group's operations.

(f) Principal assumptions underlying estimation of fair value of property and equipment and investment property

The property and equipment and investment property, was valued as at 30 June 2022 by Dawn Property Consultancy (Private) Limited in accordance with the relevant professional guidelines and statements issued under the Royal Institute of Chartered Surveyors Appraisal and Valuation Manual, International Valuations Standards Committee ("IVSC") and the Real Estate Institute of Zimbabwe ("REIZ") Standards.

Freehold properties were valued in ZWL using the market comparable approach. This method compares like with like, extracts data from properties recently sold or on offer similar to those to be valued with the same planning controls. The data is then analyzed and applied to the subject property varied by scrutiny of comparables not exactly equivalent in size, quality and location.

Equipment and motor vehicles were valued in ZWL based on the depreciated replacement cost basis as there was no active market for such assets in Zimbabwe during the year. The depreciated replacement cost is derived from adjusting current prices drawn from recent transactions in general, for contractual, location and inherent differences.

Investment property was valued in ZWL, the valuation basis is a market comparison method for land and cost approach for buildings, both valuation basis conform to international valuation standards.



Notes to the condensed consolidated financial statements (continued)

For the half year ended 30 June 2022

9 Financial Risk Management

(i) Key Liquidity Risk Disclosures

Liquidity risk is the risk that the Group may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Cash flow forecasting is performed at the operating entity level of the Group and aggregated by the Group Finance. Group Finance monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal financial position ratio targets and, if applicable external regulatory or legal requirements, for example, currency restrictions.

Surplus cash held by the operating entities in excess of the amount required for working capital management are transferred to the Group Finance. Group Finance invests surplus cash in interest bearing current accounts, time deposits and money markets deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts.

The tables below analyse the Group's liquidity gap in to relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

All figures in ZWL	INFLATION ADJUSTED			Total
	Less than 1 year	1 to 5 years	More than 5 years	
As at 30 June 2022				
Liabilities				
Trade and other payables	(3,630,719,487)	-	-	(3,630,719,487)
Lease liabilities	(16,270,324)	(64,252,437)	(1,076,636,263)	(1,157,159,023)
Total liabilities	(3,646,989,811)	(64,252,437)	(1,076,636,263)	(4,787,878,510)
Assets held for managing liquidity risk				
Trade and other receivables	1,694,836,427	7,697,024	-	1,702,533,451
Cash and cash equivalents	4,672,839,398	-	-	4,672,839,398
Total assets held for managing liquidity risk	6,367,675,825	7,697,024	-	6,375,372,849
Liquidity gap	2,720,686,014	(56,555,413)	(1,076,636,263)	1,587,494,339
Cumulative liquidity gap	2,720,686,014	2,664,130,602	1,587,494,339	-
As at 31 December 2021				
Liabilities				
Trade and other payables	(2,712,335,879)	-	-	(2,712,335,879)
Lease liabilities	(12,105,742)	(31,096,947)	(563,085,433)	(606,288,122)
Total liabilities	(2,724,441,621)	(31,096,947)	(563,085,433)	(3,318,624,001)
Assets held for managing liquidity risk				
Trade and other receivables	1,021,191,670	19,120,878	-	1,040,312,548
Cash and cash equivalents	2,750,312,577	-	-	2,750,312,577
Total assets held for managing liquidity risk	3,771,504,247	19,120,878	-	3,790,625,125
Liquidity gap	1,047,062,626	(11,976,069)	(563,085,433)	472,001,124
Cumulative liquidity gap	1,047,062,626	1,035,086,557	472,001,124	-

9 Financial risk management (continued)

(i) Key liquidity risk disclosures (continued)

All figures in ZWL	HISTORICAL COST			Total
	Less than 1 year	1 to 5 years	More than 5 years	
As at 30 June 2022				
Liabilities				
Trade and other payables	(3,630,719,487)	-	-	(3,630,719,487)
Lease liabilities	(16,270,324)	(64,252,437)	(1,076,636,263)	(1,157,159,023)
Total liabilities	(3,646,989,811)	(64,252,437)	(1,076,636,263)	(4,787,878,510)
Assets held for managing liquidity risk				
Trade and other receivables	1,533,336,763	7,697,024	-	1,541,033,787
Cash and cash equivalents	4,672,839,398	-	-	4,672,839,398
Total assets held for managing liquidity risk	6,206,176,161	7,697,024	-	6,213,873,185
Liquidity gap	2,559,186,350	(56,555,413)	(1,076,636,263)	1,425,994,675
Cumulative liquidity gap	2,559,186,350	2,502,630,938	1,425,994,675	-
As at 31 December 2021				
Liabilities				
Trade and other payables	(1,238,976,697)	-	-	(1,238,976,697)
Lease liabilities	(5,529,821)	(14,204,875)	(257,213,620)	(276,948,316)
Total liabilities	(1,244,506,518)	(14,204,875)	(257,213,620)	(1,515,925,013)
Assets held for managing liquidity risk				
Trade and other receivables	425,925,939	8,734,288	-	434,660,227
Cash and cash equivalents	1,256,324,196	-	-	1,256,324,196
Total assets held for managing liquidity risk	1,682,250,135	8,734,288	-	1,690,984,423
Liquidity gap	437,743,617	(5,470,587)	(257,213,620)	175,059,410
Cumulative liquidity gap	437,743,617	432,273,030	175,059,410	-



Notes to the condensed consolidated financial statements (continued)

For the half year ended 30 June 2022

9 Financial risk management (continued)

(ii) Key credit risk disclosures

Trade receivables

The Group applies the IFRS 9, simplified approach to measuring expected credit losses which uses a lifetime expected credit loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected credit loss rates are based on the payment profiles of sales over a period of 60 months before 30 June 2022 respectively.

The historical expected credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the current liquidity challenges, inflation and foreign currency shortages to be the most relevant factors, and accordingly adjusted the historical credit loss rates based on expected changes in these factors.

The closing expected credit loss allowances for trade receivables as at 30 June 2022 reconcile to the opening expected credit loss allowances as follows:

	INFLATION ADJUSTED		HISTORICAL COST	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
All figures in ZWL				
Opening expected credit loss allowance as at 1 January	84,866,182	133,902,820	38,766,298	38,053,363
(Decrease)/increase in expected credit loss allowance recognised in profit or loss during the period	23,326,389	(49,036,638)	69,426,273	712,935
Closing expected credit loss allowance	108,192,571	84,866,182	108,192,571	38,766,298

Other financial assets at amortised cost

Other financial assets at amortised cost include staff and key management personnel debtors and receivables from related parties.

10 Segment analysis

The executive committee assesses the performance of the operating segments based on:

- hotel occupancies;
- hotel revenue per available room ("RevPAR");
- hotel average daily room rate ("ADR"); and
- profitability.

Operating segments are made up of five strategic business segments which are;

1. Country and City Hotels

This segment comprises Troutbeck Resort, Holiday Inn Harare, Holiday Inn Bulawayo, Holiday Inn Mutare and Monomotapa Hotel. These hotels are headed by the Country and City Hotels Operations Executive who reports to the Chief Executive Officer.

2. Resort Hotels

The segment is made up of the Elephant Hills Resort and Conference Centre, The Kingdom at Victoria Falls, Hwange Safari Lodge, Great Zimbabwe Hotel and Caribbea Bay Resort. These hotels are headed by the Resort Hotels Operations Executive who reports to the Chief Executive Officer.

3. Partnership

This refers to The Victoria Falls Hotel which is jointly operated with Meikles Hospitality Limited and is an affiliate of the Leading Hotels of the World ("LHW").

4. Real Estate

This segment owns ten hotels, seven of which are leased to the hotel operating segments above, two timeshare lodges, residential properties in Harare, vast undeveloped land across Zimbabwe, held either for sale or capital appreciation. This segment also includes a property consultancy business that offers property management, valuation, agency services and other property related ancillary services.

5. Other

This segment comprises of Sun Leisure, Central Office and the South Africa Reservation Office. Sun Leisure houses the Group's touring division (Sun Leisure Tours) and the Casinos (Sun Casinos).

Revenue from contracts with customers

Intercompany sales within segments are eliminated on consolidation. The revenue from external parties reported to the executive committee is measured in a manner consistent with how revenue is measured in the statement of comprehensive income. The Group derives revenue from the transfer of goods and services at a point in time in most of its segments while revenue is also recognised over time from Time Shares.

The amounts provided to the executive committee with respect to total assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset.

The Group does not rely on any one specific customer as none of its customers contribute a minimum of 10% of its revenue.



Notes to the condensed consolidated financial statements (continued)
For the half year ended 30 June 2022

10 Segment analysis (continued)

The financial information for the reportable segments is as follows:

All figures in ZWL	INFLATION ADJUSTED						
	Country and City Hotels	Resort Hotels	Partnership	Real Estate	Other	Inter segments	Consolidated
For the period ended 30 June 2022							
Sale of rooms	2,635,682,302	1,577,952,762	237,273,779	-	-	-	4,450,908,843
Sale of food and beverages	1,824,485,652	1,032,525,802	67,393,202	-	-	-	2,924,404,656
Management fees and commissions	-	-	-	-	76,447,011	(76,447,011)	-
Conferencing	92,826,173	89,664,121	-	-	-	-	182,490,294
Property development sales	-	-	-	74,541,652	-	-	74,541,652
Valuation and consultancy services	-	-	-	-	-	-	-
Property rentals	-	-	-	630,036,588	-	(547,977,150)	82,059,438
Other income	344,003,977	282,161,629	59,154,032	-	47,939,681	(282,088)	732,977,231
Revenue from contracts with customers	4,896,998,104	2,982,304,314	363,821,013	704,578,240	124,386,692	(624,706,249)	8,447,382,114
Gaming income	-	-	-	-	6,698,328	-	6,698,328
Total revenue	4,896,998,104	2,982,304,314	363,821,013	704,578,240	131,085,020	(624,706,249)	8,454,080,442
Timing of recognition of revenue							
At a point in time	4,896,998,104	2,982,304,314	363,821,013	704,578,240	131,085,020	(624,706,249)	8,454,080,442
Over time	-	-	-	-	-	-	-
Total revenue	4,896,998,104	2,982,304,314	363,821,013	704,578,240	131,085,020	(624,706,249)	8,454,080,442
Material items included in profit/(loss) before tax							
Cost of sales	(1,320,720,723)	(896,950,617)	(86,281,483)	(63,366,538)	(10,470,504)	-	(2,377,789,865)
Employee benefit expenses	(568,898,311)	(533,268,173)	(70,641,498)	(64,177,651)	(484,168,219)	-	(1,721,153,852)
Short term, low value and variable lease expenses	(419,437,174)	(336,134,419)	(33,774,196)	(2,299,096)	(2,539,412)	547,977,150	(246,207,147)
Fair value gains on investment property	-	-	-	17,810,454,339	-	(13,805,338,973)	4,005,115,366
Exchange (loss)/gain	(285,607,340)	(686,549,718)	122,111,382	327,447,812	1,807,575,320	-	1,284,977,456
Other information							
EBITDA	1,372,384,808	(148,372,289)	158,464,083	18,506,973,536	1,285,445,672	(13,879,580,424)	7,295,315,386
Depreciation	(274,435,103)	(223,147,263)	(61,917,342)	(17,275,778)	(61,279,749)	(132,435,097)	(770,490,332)
Rights of use assets amortisation	(27,821,723)	(201,518)	(31,057)	-	(4,691,258)	-	(32,745,556)
Finance costs - borrowings (net)	(31,643,330)	(36,517,009)	-	535,645	2,029,810	-	(65,594,884)
Finance costs - lease liabilities	(88,213,579)	(518,038)	(81,718)	-	(1,850,269)	-	(90,663,604)
Net monetary loss (IAS29)	-	-	-	(513,348,040)	382,260,834	-	(131,087,206)
Profit/(loss) before income tax	950,271,073	(408,756,117)	96,433,966	17,976,885,363	1,601,915,040	(14,012,015,521)	6,204,733,804
Total assets as at 30 June 2022	11,197,177,725	6,861,469,621	1,797,008,260	52,541,011,663	8,629,765,044	(6,056,267,235)	74,970,165,077
Total assets include:							
Additions to non-current assets (other than financial instruments and deferred tax assets):							
-Property and equipment	203,972,567	113,818,444	277,323,026	20,245,908	8,408,123	152,616,156	776,384,224
Total liabilities as at 30 June 2022	2,998,339,281	2,213,407,786	256,381,982	1,095,914,409	2,363,648,298	4,954,695,735	13,882,387,491



Notes to the condensed consolidated financial statements (continued)
For the half year ended 30 June 2022

10 Segment analysis (continued)

The financial information for the reportable segments is as follows:

All figures in ZWL	INFLATION ADJUSTED						Consolidated
	Country and City Hotels	Resort Hotels	Partnership	Real Estate	Other	Inter segments	
For the period ended 30 June 2021							
Sale of rooms	1,171,415,364	399,430,581	42,895,052	-	-	-	1,613,740,997
Sale of food and beverages	993,331,628	370,832,049	22,217,690	-	-	-	1,386,381,367
Management fees and commissions	-	-	-	-	38,201,262	(38,201,262)	-
Conferencing	3,704,145	10,038,389	-	-	-	-	13,742,534
Property development sales	-	-	-	310,708,770	-	(187,734,552)	122,974,218
Valuation and consultancy services	-	-	-	108,911,440	-	(10,489,089)	98,422,351
Property rentals	-	-	-	-	-	-	-
Other income	69,177,297	26,385,735	4,616,299	-	7,744,625	-	107,923,956
Revenue from contracts with customers	2,237,628,434	806,686,754	69,729,041	419,620,210	45,945,887	(236,424,903)	3,343,185,423
Gaming income	-	-	-	-	4,874,900	-	4,874,900
Total revenue	2,237,628,434	806,686,754	69,729,041	419,620,210	50,820,787	(236,424,903)	3,348,060,323
	1,680,105,321	605,694,264	52,355,490	315,068,462	38,158,380	(177,517,738)	2,513,864,179
Timing of recognition of revenue							
At a point in time	2,237,628,434	806,686,754	69,729,041	419,620,210	50,820,787	(236,424,903)	3,348,060,323
Total revenue	2,237,628,434	806,686,754	69,729,041	419,620,210	50,820,787	(236,424,903)	3,348,060,323
Material items included in profit before tax							
Cost of sales	(598,509,912)	(254,663,123)	(16,620,449)	(57,443,151)	(2,586,813)	-	(929,823,448)
Employee benefit expenses	(251,396,774)	(152,316,719)	(22,457,935)	(80,809,587)	(237,653,569)	-	(744,634,584)
Short term, low value and variable lease expenses	(202,602,031)	(244,369,267)	(6,831,807)	(5,562,145)	(525,871)	187,734,552	(272,156,569)
Fair value gains on investment property	-	-	-	327,034,307	-	-	327,034,307
Exchange gain/(loss)	36,343,416	(33,092,584)	27,949,717	4,864,174	60,195,041	-	96,259,764
Other information							
EBITDA	674,373,191	(294,671,493)	(4,654,053)	478,910,863	18,296,593,413	236,424,903	19,386,976,824
Depreciation	(261,169,998)	(171,483,830)	(67,113,935)	(30,674,437)	(81,351,344)	(105,762,180)	(717,555,724)
Rights of use assets amortisation	(11,799,057)	(388,513)	(59,875)	-	(5,512,104)	-	(17,759,549)
Finance costs - borrowings (net)	(15,292,215)	(12,918,342)	-	(1,937,652)	72,488	-	(30,075,721)
Finance costs - lease liabilities	(38,927,355)	(1,008,754)	(158,998)	-	(1,409,466)	-	(41,504,573)
Net monetary loss (IAS29)	-	-	-	-	(118,002,639)	-	(118,002,639)
Profit/(loss) before income tax	347,184,566	(480,470,932)	(71,986,861)	446,298,774	18,090,390,348	130,662,723	18,462,078,618
Total assets as at 31 December 2021	7,798,025,374	4,627,954,899	907,320,489	34,327,127,508	5,611,507,049	(4,811,847,417)	48,460,087,902
Total assets include:							
Additions to non-current assets (other than financial instruments and deferred tax assets):							
-Property and equipment	203,350,032	175,462,266	357,811,680	27,264,920	46,474,173	-	810,363,071
Total liabilities as at 31 December 2021	1,854,351,425	1,533,983,932	110,341,705	1,165,777,310	1,437,692,468	1,550,056,138	7,652,202,978



Notes to the condensed consolidated financial statements (continued)
For the half year ended 30 June 2022

10 Segment analysis (continued)

The financial information for the reportable segments is as follows:

All figures in ZWL	HISTORICAL COST						Consolidated
	Country and City Hotels	Resort Hotels	Partnership	Real Estate	Other	Inter segments	
For the period ended 30 June 2022							
Sale of rooms	1,858,416,884	1,172,267,564	182,787,861	-	-	-	3,213,472,309
Sale of food and beverages	1,274,782,296	760,094,058	51,661,097	-	-	-	2,086,537,451
Management fees and commissions	-	-	-	-	54,213,150	(54,213,150)	-
Conferencing	64,989,470	65,740,552	-	-	-	-	130,730,022
Property development sales	-	-	-	47,047,895	-	-	47,047,895
Valuation and consultancy services	-	-	-	-	-	-	-
Property rentals	-	-	-	451,399,076	-	(397,232,900)	54,166,176
Other income	241,701,522	209,595,422	42,743,112	-	35,736,394	(145,235)	529,631,215
Revenue from contracts with customers	3,439,890,172	2,207,697,596	277,192,070	498,446,971	89,949,544	(451,591,285)	6,061,585,068
Gaming income	-	-	-	-	4,399,930	-	4,399,930
Total revenue	3,439,890,172	2,207,697,596	277,192,070	498,446,971	94,349,474	(451,591,285)	6,065,984,998
Timing of recognition of revenue							
At a point in time	3,439,890,172	2,207,697,596	277,192,070	498,446,971	94,349,474	(451,591,285)	6,065,984,998
Total revenue	3,439,890,172	2,207,697,596	277,192,070	498,446,971	94,349,474	(451,591,285)	6,065,984,998
Material items included in profit before tax							
Cost of sales	(924,281,316)	(641,048,848)	(64,382,578)	(6,979,792)	(7,315,668)	-	(1,644,008,202)
Employee benefit expenses	(393,285,766)	(367,094,917)	(49,396,289)	(44,374,701)	(330,665,327)	-	(1,184,817,000)
Short term, low value and variable lease expenses	(303,839,978)	(251,414,851)	(25,930,588)	(1,503,255)	(1,602,844)	397,232,900	(187,058,616)
Fair value gains on investment property	-	-	-	35,070,103,723	-	(27,001,501,600)	8,068,602,123
Exchange (loss)/gain	(235,001,856)	(540,401,339)	97,495,655	254,263,286	1,392,726,505	-	969,082,251
Other information							
EBITDA	930,360,040	(63,646,830)	136,910,271	35,684,800,182	980,605,358	(27,063,213,512)	10,605,815,509
Depreciation	(164,747,235)	(137,422,537)	(37,861,290)	(3,921,950)	(37,832,510)	(81,620,455)	(463,405,977)
Rights of use assets amortisation	(17,146,677)	(124,196)	(19,140)	-	(3,054,191)	-	(20,344,204)
Finance costs - borrowings (net)	(19,200,070)	(18,765,575)	-	278,455	1,230,301	-	(36,456,889)
Finance costs - lease liabilities	(54,358,383)	(319,160)	(50,347)	-	(1,278,795)	-	(56,006,685)
Profit/(loss) before income tax	674,907,675	(220,278,298)	98,979,494	35,681,156,687	939,670,163	(27,144,833,967)	10,029,601,754
Total assets as at 30 June 2022	8,456,749,534	5,182,174,602	1,357,203,497	51,237,904,573	6,517,692,521	(1,643,278,995)	71,108,445,732
Total assets include:							
Additions to non-current assets (other than financial instruments and deferred tax assets):							
-Property and equipment	159,542,984	89,026,355	216,916,145	12,118,573	6,576,654	79,777,400	563,958,111
Total liabilities as at 30 June 2022	2,998,339,281	2,213,407,786	256,381,982	1,092,339,962	1,752,261,684	7,954,605,754	16,267,336,449



Notes to the condensed consolidated financial statements (continued)
For the half year ended 30 June 2022

10 Segment analysis (continued)

The financial information for the reportable segments is as follows:

All figures in ZWL	HISTORICAL COST						Consolidated
	Country and City Hotels	Resort Hotels	Partnership	Real Estate	Other	Inter segments	
For the period ended 30 June 2021							
Sale of rooms	381,856,358	131,750,323	14,218,817	-	-	-	527,825,498
Sale of food and beverages	324,472,458	123,109,854	7,312,193	-	-	-	454,894,505
Management fees and commissions	-	-	-	-	12,347,260	(12,347,260)	-
Conferencing	1,198,025	3,442,638	-	-	-	-	4,640,663
Property development sales	-	-	-	98,117,857	-	(61,742,915)	36,374,942
Valuation and consultancy services	-	-	-	35,315,893	-	(3,324,562)	31,991,331
Property rentals	-	-	-	-	-	-	-
Other income	22,654,757	8,631,731	1,486,264	-	2,593,162	-	35,365,914
Revenue from contracts with customers	730,181,598	266,934,546	23,017,274	133,433,750	14,940,422	(77,414,737)	1,091,092,853
Gaming income	-	-	-	-	1,613,874	-	1,613,874
Total revenue	730,181,598	266,934,546	23,017,274	133,433,750	16,554,296	(77,414,737)	1,092,706,727
Timing of recognition of revenue							
At a point in time	730,181,598	266,934,546	23,017,274	97,058,808	16,554,296	(77,414,737)	1,056,331,785
Over time	-	-	-	36,374,942	-	-	36,374,942
Total revenue	730,181,598	266,934,546	23,017,274	133,433,750	16,554,296	(77,414,737)	1,092,706,727
Material items included in profit before tax							
Cost of sales	(195,025,301)	(83,449,987)	(5,411,373)	(5,193,027)	(842,721)	-	(289,922,409)
Employee benefit expenses	(81,315,104)	(49,329,779)	(7,217,535)	(43,452,401)	(59,865,536)	-	(241,180,355)
Short term, low value and variable lease expenses	(66,253,967)	(79,475,831)	(2,256,219)	(1,369,858)	(154,097)	61,742,915	(87,677,057)
Fair value gains on investment property	-	-	-	217,684,645	-	-	217,684,645
Exchange gain/(loss)	12,301,452	(10,439,558)	8,717,022	1,133,190	19,090,659	-	30,802,765
Other information							
EBITDA	222,746,939	(90,749,039)	(1,344,602)	280,447,953	(15,889,501)	4,917,478,768	5,312,690,518
Depreciation	(83,351,189)	(54,490,358)	(21,450,651)	(4,392,206)	(19,350,664)	(34,268,193)	(217,303,261)
Rights of use assets amortisation	(3,776,664)	(124,196)	(19,140)	-	(1,794,037)	-	(5,714,037)
Finance costs - borrowings (net)	(4,940,767)	(4,117,898)	-	(618,237)	25,533	-	(9,651,369)
Finance costs - lease liabilities	(12,443,137)	(322,451)	(50,824)	-	(467,753)	-	(13,284,165)
Profit/(loss) before income tax	118,235,182	(149,803,942)	(22,865,217)	275,437,510	(37,476,422)	4,883,210,575	5,066,737,686
Total assets as at 31 December 2021	2,748,439,241	1,631,137,659	319,788,038	15,123,706,581	1,977,793,792	(739,901,846)	21,060,963,465
Total assets include:							
Additions to non-current assets (other than financial instruments and deferred tax assets):							
-Property and equipment	76,728,133	66,205,507	135,009,677	10,870,798	17,535,657	-	306,349,772
Total liabilities as at 31 December 2021	847,055,197	700,713,492	50,403,345	447,830,202	528,534,258	1,271,429,487	3,845,965,981



Notes to the condensed consolidated financial statements (continued)

For the half year ended 30 June 2022

11 Provisions for other liabilities

Provisions are recorded when the Group has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will occur, and where a reliable estimate can be made of the amounts of the obligations. A reliable estimate is the amount the Group would rationally pay to settle the obligation at the reporting date.

The provisions balance is made up of the following:

All figures in ZWL	INFLATION ADJUSTED		HISTORICAL COST	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
Leave pay	107,689,251	73,465,548	107,689,251	33,558,566
Contractual claims	355,272,581	201,716,017	355,272,581	92,142,513
Performance bonus	63,431,686	-	63,431,686	-
Other	38,557,610	23,788,881	38,557,610	10,866,600
	564,951,128	298,970,446	564,951,128	136,567,679

(a) Leave pay

This amount is the Group's liability to pay employees for their annual leave days. Current provision is included in the statement of comprehensive income under operating expenses.

(b) Contractual claims

The amount represents a provision payable to a counterparty arising from a service contract.

(c) Other

This amount include provision for exit costs from all foreign entities and interest on contractual obligations.

12 Expenses by nature

All figures in ZWL	INFLATION ADJUSTED		HISTORICAL COST	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
Inventory recognised in cost of sales	818,861,821	300,848,424	543,585,257	106,461,990
Outside laundry in cost of sales	58,352,275	24,317,270	41,155,503	8,349,415
Employee costs in costs of sales	1,152,356,871	307,513,708	814,236,647	106,530,505
Other cost of sales	348,218,898	297,144,046	245,030,795	68,580,499
Cost of sales	2,377,789,865	929,823,448	1,644,008,202	289,922,409
Employee costs in operating expenses	1,715,281,932	437,120,873	1,181,807,862	128,438,940
Equity settled share based payments	5,871,920	30,980,682	3,009,138	10,271,963
Depreciation, usage and amortization	803,235,888	735,315,273	483,750,181	223,017,298
Short term, low value and variable lease expenses	246,207,147	272,156,569	187,058,616	87,767,057
Repairs and maintenance	234,087,123	132,075,397	165,576,441	42,867,885
Audit fees and other professional services	36,556,724	18,621,446	26,746,310	10,982,219
Heat, light, water & rates	109,729,605	26,234,988	73,311,280	52,719,946
Franchise fees	218,537,948	118,183,263	160,458,743	38,538,603
Sales and marketing	121,316,281	27,856,927	85,015,723	14,662,075
Insurance	68,148,824	64,312,503	49,192,304	21,866,893
Security	124,297,972	74,935,835	83,612,946	24,093,879
Bank charge and transaction tax	189,363,981	164,025,758	137,338,250	55,212,729
Vehicle running expenses	38,748,034	26,234,988	24,241,776	7,384,972
Consultancy costs	22,445,428	9,134,630	14,028,061	2,593,160
Subscriptions	26,743,849	24,183,758	19,143,630	5,194,137
Licenses	52,515,851	54,801,990	35,416,135	11,245,234
Other expenses	751,768,958	872,058,087	514,039,287	247,458,770
Operating expenses	4,764,857,465	3,088,232,967	3,243,746,683	984,315,759
Total cost of sales and operating expenses	7,142,647,330	4,018,056,415	4,887,754,885	1,274,238,168

13 Other income

All figures in ZWL	INFLATION ADJUSTED		HISTORICAL COST	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
Net foreign exchange gains	1,284,977,456	166,102,725	969,082,251	54,585,022
Treasury income	590,044	-	481,910	-
Fair value gains	4,005,115,366	327,034,307	8,068,602,123	217,684,645
Other income	5,290,682,866	493,137,032	9,038,166,284	272,269,667

14 Income tax (expense) / credit

All figures in ZWL	INFLATION ADJUSTED		HISTORICAL COST	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
Income tax (expense)/credit is made of the following;				
Current income tax expense	(127,606,280)	(53,484,688)	(319,071,158)	(18,344,153)
Deferred tax (expense)/credit	(220,055,273)	174,995,011	(92,321,601)	36,432,935
Income tax (expense) / credit	(347,661,553)	121,510,323	(411,392,759)	18,088,782



Notes to the condensed consolidated financial statements (continued)
For the half year ended 30 June 2022

15 Earnings/(loss) and net asset value per share

All figures in ZWL	INFLATION ADJUSTED		HISTORICAL COST	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
(i) Earnings per share				
Basic and diluted earnings per share (ZWLcents)	413.72	1,304.26	666.03	356.27
Headline earnings per share (ZWLcents)	148.04	1,284.03	119.35	342.57
(ii) Normalised earnings/(loss) per share				
Normalised basic and diluted earnings/(loss) per share (ZWLcents)	413.72	(17.44)	666.03	5.39
Normalised headline earnings/(loss) per share (ZWLcents)	148.04	(37.67)	119.35	(8.31)
(iii) Reconciliation of headline earnings used in calculating earnings per share is as follows;				
Earnings attributable to owners of the parent	6,099,709,431	18,566,408,353	9,819,626,584	5,071,561,808
Adjustments for:				
Loss from disposal of property and equipment	88,015,920	10,174,700	8,613,756	3,439,006
Fair value gain on investment property	(4,005,115,366)	(327,034,307)	(8,068,602,123)	(217,684,645)
Total non-controlling effect of adjustments	-	28,877,128	-	19,221,554
Headline earnings attributable to owners of the parent	2,182,609,985	18,278,425,874	1,759,638,217	4,876,537,723
(iv) Reconciliation of normalised earnings/(loss) used in calculating earnings per share is as follows;				
Earnings attributable to owners of the parent	6,099,709,431	18,566,408,353	9,819,626,584	5,071,561,808
Adjustments for:				
Gain on bargain purchase	-	(18,814,672,181)	-	(4,994,893,505)
Normalised earnings/(loss) attributable to owners of the parent	6,099,709,431	(248,263,828)	9,819,626,584	76,668,303
(v) Reconciliation of normalised headline earnings/(loss) used in calculating earnings per share is as follows;				
Earnings attributable to owners of the parent	2,182,609,985	18,278,425,874	1,759,638,217	4,876,537,723
Adjustments for:				
Gain on bargain purchase	-	(18,814,672,181)	-	(4,994,893,505)
Normalised headline earnings/(loss) attributable to owners of the parent	2,182,609,985	(536,246,307)	1,759,638,217	(118,355,782)
Number of shares in issue	1,474,359,582	1,423,517,220	1,474,359,582	1,423,517,220
(vi) Net assets value and net tangible asset value per share				
Net asset value per share (cents)	4,143.34	2,664.80	3,719.66	1,119.75
Net tangible asset value per share (cents)	4,143.34	2,664.80	3,719.66	1,119.75
Net asset value as per statement of financial position	61,087,777,586	37,933,842,071	54,841,109,283	15,939,848,288

15 Earnings/(loss) and net asset value per share (continued)

All figures in ZWL	INFLATION ADJUSTED		HISTORICAL COST	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
(vii) Reconciliation of normalised earnings before interest, tax, depreciation and amortisation				
Earnings before interest, tax, depreciation and amortisation	7,295,315,386	19,386,976,824	10,605,815,509	5,312,690,518
Adjust for:				
Gain on bargain purchase	-	(18,814,672,181)	-	(4,994,893,505)
Normalised earnings before interest, tax, depreciation and amortisation	7,295,315,386	572,304,643	10,605,815,509	317,797,013

16 Reserves

16.1 Equity-settled share based payments reserve

In terms of the Group's share option scheme rules, share options were granted on 19 March 2020 and were recognised at fair value. During the year the Group recognised an additional expense of ZWL 5 871 920 in respect of share options granted. The options granted vest after 3 years and, accordingly, the fair value will be amortised over those periods.

Movements in share options during the period is as follows:

All figures in ZWL	INFLATION ADJUSTED		HISTORICAL COST	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
Outstanding at the beginning of the period	87,942,365	36,198,585.00	28,803,334	8,043,669.00
Expensed during the period	5,871,920	51,743,780	3,009,138	20,759,665
Outstanding at the end of the period	93,814,285	87,942,365	31,812,472	28,803,334

No options were exercised during the period. All options expire, if not exercised, four years after the date of grant.

16.2 Foreign currency translation reserve ("FCTR")

On consolidation, exchange differences arising from the translation of transactions and balances of foreign operations which are different to the Group's presentation currency are taken to the foreign currency translation reserve.

Movements in FCTR reserve during the period are as follows:

All figures in ZWL	INFLATION ADJUSTED		HISTORICAL COST	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
Balance at the beginning of the period	3,819,706,872	3,780,322,725	394,634,158	379,230,453
Recognised during the period	55,100,973	39,384,147	83,991,871	15,403,705
Balance at the end of the period	3,874,807,845	3,819,706,872	478,626,029	394,634,158

Notes to the condensed consolidated financial statements (continued)

For the half year ended 30 June 2022

17 Capital commitments

All figures in ZWL	INFLATION ADJUSTED		HISTORICAL COST	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
Authorised by Directors and contracted for	42,578,816	20,990,354	42,578,816	9,588,252
Authorised by Directors, but not contracted for	1,637,727,563	2,382,293,745	1,637,727,563	1,088,215,681
	1,680,306,379	2,403,284,099	1,680,306,379	1,097,803,933

Capital commitments relate mainly to hotel properties refurbishments and acquisition of other items of property and equipment and will be financed mainly from normal operating cash flows and debt finance.

18 Events after reporting date

18.1 Dividend

Subsequent to period end, the Board resolved to declare an interim dividend of ZWL0.102118 per share plus an additional USD0.000545 per share, with respect to the period ended 30 June 2022.

18.2 Discontinued operations

On 25 July 2022, the Group completed the disposal of a wholly owned subsidiary, Windspike (Private) Limited "Windspike" for ZWL129,165,487. Windspike was a dormant subsidiary with its only asset being the 1.7 Ha land bank in Harare, commonly known as Honister. This land bank had been classified as a non-current asset held for sale in previous reporting periods.

**REPORT ON REVIEW OF INTERIM
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

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To the members of African Sun Limited

We have reviewed the accompanying inflation adjusted condensed consolidated statement of financial position of African Sun Limited as at 30 June 2022 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant group accounting policies and other explanatory notes.

Responsibilities of Management and Those Charged with Governance for the interim condensed consolidated financial statements

Management is responsible for the preparation and fair presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting and the Group's accounting policies, this includes the design, implementation and maintenance of internal controls relevant to the preparation and fair presentation of interim condensed consolidated financial statements that are free of material misstatement whether due to fraud or error.

Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other

review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

Non-compliance with IFRS 3 "Business Combinations" with respect to measurement of gain on bargain purchase on acquisition transaction in the prior financial year

In the prior financial year, the Group acquired a subsidiary under common control. The Group therefore, elected to account for the acquisition in accordance with the principles of IFRS 3. The acquiree's investment property, property and equipment and non-current assets held for sale were not valued at fair values in accordance with IFRS 13 "Fair Value Measurements" as at the date of acquisition. The fair values were determined in USD and subsequently translated to ZWL using the closing auction exchange rate. Consequently, this resulted in a misstatement in the measurement of the resulting gain in bargain purchase in accordance with the requirements of IFRS 3. The opinion on the consolidated financial statements for the year ended 31 December 2021 was modified in respect of this matter, and the misstatements have not been corrected in the condensed consolidated financial statements for the half year ended 30 June 2022.

Non-compliance with International Accounting Standard 21 -The Effects of Changes in Foreign Exchange Rates

As described in **note 8** to the interim condensed consolidated financial statements, during the current financial period, the foreign currency denominated transactions and balances of the Group were translated into ZWL using the interbank exchange rates/foreign currency auction rates, which were not considered appropriate spot rates for the Group as required by IAS 21. International Accounting Standard 21, defines the spot exchange rate as the exchange rate for immediate delivery. The Group was not in a position to exchange ZWL for immediate delivery of other foreign currencies to settle its obligations through the Foreign Exchange Auction Trading System.

During the period there were disparities between the auction exchange rates and the rates derived from comparing the market prices of goods and services quoted in both USD and ZWL. These conditions point to the existence of multiple exchange rates. In terms of IAS 21, when several exchange rates are available, the rate used is that at which the future cash flows represented by the transaction or balance could have been settled if those cash flows had occurred at the measurement date.

Had the interim condensed consolidated financial statements been prepared in accordance with the requirements of IAS 21, some elements would have been materially affected. The effects of the non-compliance with the requirements of IAS 21 have been considered to be material but not pervasive to the interim condensed consolidated financial statements as a whole.

Qualified Conclusion

Based on our review, except for the possible effects of the matters described in the Basis for Qualified Conclusion section above, there is nothing that has come to our attention which cause us to believe that the accompanying interim condensed consolidated financial statements do not present fairly, in all material respects the financial position of African Sun Limited as at 30 June 2022, and of its financial performance and its cash flows for the six months then ended in accordance with International Financial Reporting Standards (IFRS).

The engagement partner on the review engagement resulting in this independent review conclusion is Edmore Chimhowa.

Grant Thornton

Edmore Chimhowa

Partner

Registered Public Auditor (PAAB No: 0470)

Grant Thornton

Chartered Accountants (Zimbabwe)

Registered Public Auditors

22 September 2022

HARARE