ARDEN
CAPITAL

ARDEN CAPITAL LIMITED

Condensed Reviewed Consolidated Financial Results for the half year ended 30 JUNE 2021

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CORPORATE INFORMATION

ARDEN CAPITAL LIMITED

(Incorporated in the Republic of Mauritius)
(Registration number 115883 C1/GBL)
JSE Share code: ACZ
ISIN: MU0548S00026

DIRECTORS

Non-executive directors
Simon F.W. VILLAGE (Chairman)
Chipo MTASA (Lead independent non-executive)
Richard G. MUIRIMI
George SJ. BENNETT
Mohammad N. SADAGUR
Zain MADARUN
Audrey M. MOTHUPI (resigned on 5 October 2021)
Simon NYAROTA

Executive director
Peter SAUNGWEME (Chief Executive Officer and Chief Finance Officer)

LEGAL ADVISORS

Gill Godlonton and Gerrans
7th Floor, Beverly Court,
100 Nelson Mandela Avenue,
Harare,
Zimbabwe

Dube, Manikai and Hwacha
7th Floor, Mercury House,
Corner Sam Nujoma Street and Robert Mugabe Road,
24 George Silundika Avenue,
Harare,
Zimbabwe

Evershed Sutherlands
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Le Caudan Waterfront,
Port Louis,
Mauritius

BANKERS:

AfrAsia Bank Limited
4th Floor, NeXTeracom Tower III,
Ebène,
Mauritius

COMPANY SECRETARY

Adansonia Management Services Limited
Suite 1, Perrieri Office Suites,
C2-302, Level 3, Office Block C,
La Croisette, Grand Baie,
30517,
Mauritius

REGISTERED OFFICE:

c/o Adansonia Management Services Limited
Suite 1 Perrieri Office Suites
C2-302, Level 3, Office Block C,
La Croisette, Grand Baie,
30517,
Mauritius

INDEPENDENT STATUTORY AUDITOR:

Deloitte & Touche
Business Registration Number: P10019073,
7th-8th Floor, Standard Chartered Tower,
19-21 Bank Street,
Cybercity,
Ebène,
Réduit 72201,
Mauritius

JOHANNESBURG STOCK EXCHANGE ("JSE") ACCREDITED INDEPENDENT AUDITOR:

Deloitte & Touche
5 Magwa Crescent,
Waterfall City,
2090,
Johannesburg,
Gauteng,
South Africa

SPONSOR:

Questco Corporate Advisory Proprietary Limited
Ground Floor,
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10th Road,
Hyde Park,
2196,
Johannesburg,
South Africa

COMMENTARY

INTRODUCTION

The directors hereby present the condensed reviewed consolidated financial statements ("the interim financial statements") of Arden Capital Limited ("the Company") and its subsidiaries (together "the Group") for the six months ended 30 June 2021. All the Company's subsidiaries operate in Zimbabwe.

ECONOMIC REVIEW

The Zimbabwean business environment for the period under review was characterised by operational challenges brought about by the prevalence Covid-19 pandemic driven largely by new virus variants. The improved availability of foreign currency on the official market since introduction of the auction system in June 2020 led to stabilisation of the economy and inflation rates during the period under review. However, a backlog on the foreign currency auction system has resulted in increased demand for foreign currency on the parallel market where the exchange rate premium has increased significantly.

The International Monetary Fund ("IMF") expects the Zimbabwe economy to grow by approximately 6%, while the Ministry of Finance ("MoF") anticipates growth of 7.4% on the back of an agricultural bumper harvest, improved power supply and an increase in industry capacity utilisation. Subsequent to the reporting date, Zimbabwe received US$961 million worth of Special Drawing Rights ("SDRs") from the IMF earmarked to provide additional liquidity to the global financial system. The SDRs allocation is a positive development for the economy.

The inflation rate has continued on a downward trend from the 2020 year-end, with the inflation rate for June 2021 reported at 106.6%, from 348.6% in December 2020 (737%: June 2020). Monthly inflation has remained below 5% since the beginning of 2021. However, concerns over inflationary pressures in the near term remain high on the back of a widening gap between the official and parallel foreign currency markets.

With a view to boost tourism recovery, the United Nations World Travel and Tourism Organisation ("UNWTO"), through the Global Tourism Crisis Committee has united the international tourism sector to formulate a sector-wide response to the unprecedented challenge of the Covid-19 pandemic. The recovery path is focused on stepping up coordination, within the framework of the International Health Regulations of vaccination certificates to ensure the implementation of common, harmonized digital related travel principles, protocols and documents amid the resumption of international flights globally.

The Government of Zimbabwe (" the Government") has identified tourism as a central pillar of its National Development Strategy, (NDS 1, 2021-2025). In a bid to support the recovery of the local tourism industry and safeguard thousands of jobs amid a sharp decline in travel caused by the global Covid-19 pandemic, lockdown restrictions announced by the Government consist of limited restrictions on tourism operations and travel, allowing for hotels to operate with minimal disturbances. Furthermore, the Government acceded to a request by the tourism industry to open the Victoria Falls and Kazungula Border posts to tourists who are fully vaccinated.

FINANCIAL RESULTS

Revenues

The Group's revenue for the six months ended 30 June 2021 of US$13.3 million, represents a 56% increase from US$8.5 million recorded during the 2020 comparative period. The increase in revenue was recorded across all the Group's segments, with a notable increase being recorded by the Hospitality segment which remains the major driver of total revenue.

The increase in revenues is primarily attributable to an increase in hotel occupancies to 24%, relative to 22% recorded in the prior period as a result of fairly relaxed Covid-19 lockdown restrictions. In current year, the Group's hotels were operating during the lockdown period, with flexibility on local, regional, and international flights as airlines continued to ply most routes as compared to the same period in prior year. The prior year occupancies reflect the devastating impact of the global outbreak of Covid-19 which affected global and domestic business and leisure travel which resulted in closure of all the Group's hotels during April 2020 and limited services at 4 city-hotels in May 2020.

COMMENTARY (Continued)

Operating expenses

At US$13.2 million, the Group's operating expenses recorded 43% increase in comparison to the prior year operating expenses of US$9.2 million. The increase is related to the increased revenues due to improvement in the business activity compared to prior year's performance which was faced with the adverse impact of significantly curtailed operations as a result of impact of the pandemic.

Profitability

Excluding the net monetary gain of US$0.6 million (2020: US$5.7 million) arising from the application of International Accounting Standard ("IAS") 29, the Group recorded loss before tax of US$1.9 million during the period under review, relative to comparable US$1.3 million loss recorded over the same period in the prior year.

UPDATE ON CORPORATE TRANSACTION INVOLVING MAJOR SUBSIDIARIES

As reported in the prior year, on 22 September 2020, African Sun Limited ("African Sun") made an offer to the shareholders of Dawn Properties Limited ("Dawn") to acquire all the issued ordinary shares in Dawn, based on 1 issued African Sun ordinary share for every 3,988075946 Dawn issued ordinary shares ("the Original Offer"). Pursuant to the Original Offer, Arden Capital (Private) Limited together with other Dawn shareholders jointly holding 2,237,443,354 ordinary shares in Dawn, representing 91.17% of the Dawn issued ordinary shares accepted the Original Offer and surrendered their shares to African Sun on 20 January 2021.

Consequently, Dawn was delisted from the Zimbabwe Stock Exchange ("the ZSE") on the 16 February 2021. African Sun is currently engaged in the pertinent legal processes to acquire the remaining 8.83% shareholding in Dawn.

With the transaction having substantially been completed, the Group is currently in the process of implementing a revised operating business model that consolidates these two businesses. The consolidation of the two subsidiaries' businesses will create a robust balance sheet, with enhanced financial leverage for unlocking future developmental capital for the combined business to survive the Covid-19 downturn, protect jobs, as well as guaranteed future for the business and its stakeholders.

IMPACT OF COVID-19

The Covid-19 pandemic continued into a second year driven largely by new virus variants. Between January and May 2021, global international tourist arrivals were 85% below 2019 levels according to UNTWO data. After low occupancies in January and February 2021 due to the reintroduction of tighter lockdowns, the Group's volumes performance improved during the period under review as follows: March (24%), April (29%), May (35%) and June (34%). In spite of this uptick in demand, the Group suffered further setbacks mid-June with the Covid-19 Delta variant spurring the third wave. This resulted in the imposition of restrictions that continue to weigh on the recovery of the international travel.

The Group has not yet witnessed recovery in travel and tourism that it had hoped for in 2021 but remains optimistic that the accelerating vaccination programmes around the world, together with softer restrictions for vaccinated travellers will all contribute to the gradual normalization of travel. In the short term, domestic travel will continue driving the recovery, strengthening further with the recent easing of local travel restrictions. The fall in Covid-19 cases across much of the world from recent data and a partial return to normalcy in key source markets notably the United Kingdom ("UK") brings hope to what is generally projected to be a slow global travel and tourism recovery.

As of September 2021, the third wave which saw a spike in Covid-19 cases in the months of July and August 2021 in Zimbabwe, had subsided resulting in the Government easing lockdown restrictions. The progression of the pandemic remains uncertain with high risks of new waves and variants in the outlook. The Group anticipates that the domestic market would continue to drive recovery of the hospitality business in the medium term.

COMMENTARY (Continued)

GOING CONCERN

The Group's underlying subsidiaries have remained financially sound notwithstanding the pressures the impact of Covid-19 presents. However, the Board continues to interrogate the operating business model across the Group with a view to establish a business model that is both sustainable, preserves and generate returns for our shareholders. As a result, as advised in a cautionary announcement first published on the Johannesburg Stock Exchange Limited ("JSE")'s Stock Exchange News Service ("SENS") on 24 June 2021, the Board is currently reviewing the holding company's prospects to continue to viably operate as a listed investment holding company. The strategic review may result in the Board proposing certain solutions to shareholders which, if adopted and implemented, may have a material effect the prospects of the Company. Necessary announcements would be made by the Company in due course.

Further going concern disclosures are documented in detail in note 4.

OUTLOOK

The Group remains optimistic to emerge as a stronger and more resilient business on the back of hotel refurbishments and product refreshments currently under way, positioning the Group to deliver better value to stakeholders in the years ahead.

Given the stability in the economy, the Group expects that the monetary authorities will continue enhancing the auction system from a foreign currency supply and pricing perspective. The general upward performance trajectory by all the industrial sectors in Zimbabwe is expected to continue driving economic growth.

DIVIDENDS

In view of the operating losses recorded during the period under, no dividends would be declared during the interim period.

For and on behalf of the Board

Simon. F Village
Chairman

Deloitte.

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To the shareholders of Arden Capital Limited.

Independent Auditor's report on the Review of the Condensed Consolidated Interim Financial Information

Introduction

We have reviewed the condensed consolidated financial statements of Arden Capital Limited and its subsidiaries ("The Group"), which comprise the condensed consolidated statement of financial position as at 30 June 2021 and the condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Condensed Consolidated Interim Financial Statements.

The directors are responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with the International Accounting Standard, ("IAS") 34 "Interim Financial Reporting", the South African Institute of Chartered Accountants ("SAICA") Financial Reporting Guides, as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council, and for such internal controls as the directors determine are necessary to enable the preparation of condensed consolidated interim financial statements, that are free from material misstatement, whether due to fraud or error.

Independent Reviewer's Responsibility

Our responsibility is to express a conclusion on this condensed consolidated financial information based on our 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" (ISRE2410). ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the condensed consolidated financial information, taken as a whole, are not prepared in accordance with the applicable financial framework. This Standard also requires us to comply with relevant ethical requirements.

A review of condensed consolidated financial information in accordance with ISRE 2410 is a limited assurance engagement. The independent reviewer performs procedures, primarily consisting of making inquiries of management and other within the entity, as appropriate, and applying analytical and other review procedures, and evaluates the evidence obtained. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on this condensed consolidated financial information.

Basis for Qualified Conclusion

<u>Non-compliance with IFRS 13 "Fair Value Measurements" in the determination of value of Investment Property and Property and Equipment for opening balance (1 January 2020) affecting the comparative statement of comprehensive income</u>

The Groups' Zimbabwe-based subsidiaries performed a fair valuation of Property and equipment as at 31 December 2019. In order to determine the ZWL values of the Property and equipment as at that date, United States of America dollars ("US$") inputs were used and then translated into ZWL using the closing interbank exchange rate. The prior period review conclusion was modified because the translation of the US$ property values to ZWL values using the interbank exchange rate was not an accurate reflection of the market dynamics, since the risks associated with currency trading did not reflect the risks associated with property trading as required by IFRS 13 "Fair Value Measurements". Furthermore, properties could not legally be traded in US$, in the Group's primary economic environment for the period ended 31 December 2019.

To the shareholders of Arden Capital Limited.

Independent Auditor's report on the Review of the Condensed Consolidated Interim Financial Information (continued)

Basis for Qualified Conclusion

It was not practicable to quantify the financial effects on the prior period consolidated financial statements. The financial effects of any prior period misstatement insofar as they affect the comparability of revaluation gain or loss in the consolidated statement of comprehensive income in the immediate prior period, though unquantified, were effectively adjusted for, when the Property and equipment were revalued at 30 June 2020 and 31 December 2020.

<u>Non-compliance with IAS 29 "Financial Reporting in Hyperinflationary Economies" in the determination of the value of Property and equipment for the current period</u>

The Property and equipment in the underlying subsidiaries, whose functional currency is Zimbabwe dollars have been appropriately restated in accordance with IAS 29 "Financial Reporting in Hyperinflationary Economies". However, IAS 29 par 19 further requires non-monetary assets restated from the date of revaluation (Property and Equipment) to, thereafter, be reduced to their recoverable amount. Notwithstanding the reasonableness of the previously determined US Dollar recoverable amounts as at 31 December 2020, the Group did not determine the US Dollar recoverable amounts at the end of the current period. We were unable to determine the impact on the Property and Equipment, monetary gain/loss and deferred tax balances for the current period.

Emphasis of Matter

We draw your attention to note 4 which indicates that the holding company is embarking on a strategic review. Notwithstanding the operating subsidiaries' contribution to the Group, the impact of the strategic review is uncertain and may have a material effect on the Group. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information comprises the Commentary. The other information does not include the condensed consolidated financial information and our review conclusion thereon.
Our review conclusion on the condensed consolidated financial statements does not cover the other information and we do not express a review conclusion or any form of assurance conclusion thereon.

In connection with our review of the condensed consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the inflation adjusted condensed consolidated financial statements or our knowledge obtained during the review, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have concluded that the other information is materially misstated for the same reasons set out in the Basis for Qualified conclusion section above.

Qualified Conclusion

Based on our review, with the exception of the possible effects of the matters described in the Basis for Qualified Conclusion paragraphs, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements of the Group for the six months ended 30 June 2021, are not prepared, in all material aspects, in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting", the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, and Financial Pronouncements as issued by the Financial Reporting Standards council.

Deloitte Touche

Deloitte & Touche
Registered Auditor
Per: Patrick Kleb
Partner

22 October 2021

CONDENSED REVIEWED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

	Notes	REVIEWED 30 June 2021 US$	REVIEWED *Restated 30 June 2020 US$	AUDITED 31 December 2020 US$
ASSETS				
Non-current assets				
Property and equipment		95 418 997	92 986 286	85 508 297
Right of use asset		5 144 331	9 969 681	4 383 428
Investment property	9	19 802 444	16 454 783	14 956 550
Goodwill		4 508 503	3 249 307	3 901 773
Deferred tax assets		1 336 388	951 067	1 984 669
Other non-current assets		495 802	1 089 508	1 519 384
Total non-current assets		**126 706 465**	**124 700 632**	**112 254 101**
Current assets				
Inventories		8 452 679	6 486 377	8 146 769
Trade and other receivables		3 811 776	3 830 036	2 947 294
Cash and cash equivalents		9 445 275	8 671 925	10 331 877
		21 709 730	**18 988 338**	**21 425 940**
Assets classified as held for sale	10.1	2 691 212	-	845 004
Total current assets		**24 400 942**	**18 988 338**	**22 270 944**
TOTAL ASSETS		**151 107 407**	**143 688 970**	**134 525 045**
EQUITY AND LIABILITIES				
Equity				
Stated capital		73 163 254	73 163 254	73 163 254
Revaluation reserve		31 205 072	31 946 798	27 005 673
Other reserves		(41 205 385)	(60 488 211)	(48 566 339)
Retained earnings		4 837 041	22 773 944	7 513 046
		67 999 982	**67 395 785**	**59 115 634**
Non controlling interests		45 198 030	43 832 975	39 849 012
Total equity		**113 198 012**	**111 228 760**	**98 964 646**
Non-current liabilities				
Borrowings		-	60 461	30 696
Deferred tax liabilities		20 285 909	21 895 515	19 290 093
Deferred lease income		13 127	8 358	4 858
Lease liabilities		3 147 892	652 865	3 124 721
Total non-current liabilities		**23 446 928**	**22 617 199**	**22 450 368**
Current liabilities				
Borrowings		82 266	108 706	98 319
Lease liabilities		70 794	7 764	72 340
Deferred lease income		1 626	570	2 943
Trade and other payables		12 124 919	8 744 439	11 259 204
Provisions		1 509 304	685 231	1 343 847
Current income tax payable		105 887	296 301	333 378
		13 894 796	**9 843 011**	**13 110 031**
Liabilities directly associated with assets classified as held for sale	10.3	567 671	-	-
Total current liabilities		**14 462 467**	**9 843 011**	**13 110 031**
TOTAL LIABILITIES		**37 909 395**	**32 460 210**	**35 560 399**
TOTAL EQUITY AND LIABILITIES		**151 107 407**	**143 688 970**	**134 525 045**

**Refer to note 16 for details regarding the restatement as a result of application of IAS 29 on foreign branch.*

CONDENSED REVIEWED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Notes	REVIEWED		AUDITED
		6 months ended 30 June 2021 US$	*Restated 6 months ended 30 June 2020 US$	Year ended 31 December 2020 US$
Continuing operations				
Revenue	11	13 291 150	8 458 155	23 329 200
Cost of sales	11	(3 502 654)	(2 719 074)	(6 287 114)
Gross profit		**9 788 496**	**5 739 081**	**17 042 086**
Operating expenses	11	(13 153 887)	(9 127 116)	(22 880 953)
Net impairment losses on financial assets		(34 618)	(199 683)	(656 712)
Net monetary gain/(loss)		581 402	5 704 545	(11 651 287)
Other gains	9	1 313 060	3 675 714	460 958
Sundry income/(expenses)		458 686	(1 306 703)	(2 340 926)
		(10 835 357)	**(1 253 243)**	**(37 068 920)**
Operating (loss)/profit before finance cost		**(1 046 861)**	**4 485 838**	**(20 026 834)**
Finance income		321	17 456	30 931
Finance costs	12	(291 900)	(64 200)	(852 345)
Net finance costs		**(291 579)**	**(46 744)**	**(821 414)**
(Loss)/profit before income tax		**(1 338 440)**	**4 439 094**	**(20 848 248)**
Income tax (expense)/credit		(2 179 060)	5 326 665	6 948 414
(Loss)/profit from continuing operations		**(3 517 500)**	**9 765 759**	**(13 899 834)**
Loss from discontinued operation (attributable to equity holders of the company)	10.3	(77 187)	21 505	(144 883)
(Loss)/profit for the period		**(3 594 687)**	**9 787 264**	**(14 044 717)**
Other comprehensive income/(loss)				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign operations		17 703 664	(30 801 318)	(5 056 013)
Items that may not be reclassified subsequently to profit or loss:				
Revaluation of property and equipment (net of tax)		-	15 157 414	871 007
		17 703 664	**(15 643 904)**	**(4 185 006)**
Total comprehensive income/(loss) for the period		**14 108 977**	**(5 856 640)**	**(18 229 723)**
(Loss)/profit attributable to:				
Owners of the parent		(2 676 005)	5 891 925	(9 368 973)
Non-controlling interests		(918 682)	3 895 339	(4 675 744)
		(3 594 687)	**9 787 264**	**(14 044 717)**
Total comprehensive income/(loss) attributable to:				
Owners of the parent		8 889 733	(3 535 700)	(11 941 630)
Non-controlling interests		5 219 244	(2 320 940)	(6 288 093)
		14 108 977	**(5 856 640)**	**(18 229 723)**
(Loss)/earnings per share for profit from continuing operations attributable to the owners of the parent (cents)				
Basic	13.1	(2.37)	5.36	(8.43)
Diluted	13.2	(2.37)	5.36	(8.43)
(Loss)/earnings per share for profit attributable to the owners of the parent (cents)				
Basic	13.1	(2.44)	5.38	(8.56)
Diluted	13.2	(2.44)	5.38	(8.56)

**Refer to note 16 for details regarding the restatement as a result of application of IAS 29 on foreign branch.*

CONDENSED REVIEWED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Note	ATTRIBUTABLE TO OWNERS OF ARDEN CAPITAL LIMITED						
		Stated capital US$	Revaluation reserves US$	Other reserves US$	Retained earnings/ (losses) US$	Total US$	Non-controlling interests US$	Total US$
SIX MONTHS ENDED 30 JUNE 2021 (REVIEWED)								
Balance as at 1 January 2021		73 163 254	27 005 673	(48 566 339)	7 513 046	59 115 634	39 849 012	98 964 646
Total comprehensive income/loss:								
Loss for the period		-	-	-	(2 676 005)	(2 676 005)	(918 682)	(3 594 687)
Exchange differences on translation of foreign operations		-	4 199 399	7 236 565	-	11 435 964	6 267 700	17 703 664
Total comprehensive income/ (loss) for the period		-	4 199 399	7 236 565	(2 676 005)	8 759 959	5 349 018	14 108 977
Transactions with owners in their capacity as owners:								
Equity settled share based payments costs	14.1	-	-	124 389	-	124 389	-	124 389
Balance as at 30 June 2021		73 163 254	31 205 072	(41 205 385)	4 837 041	67 999 982	45 198 030	113 198 012
SIX MONTHS ENDED 30 JUNE 2020 (REVIEWED)*								
Balance as at 1 January 2020 (as previously stated)		73 163 254	28 783 794	(45 048 705)	14 033 141	70 931 484	46 237 637	117 169 121
Restatement as a result of application of IAS 29 on foreign branch	16	-	-	(2 848 878)	2 848 878	-	-	-
Balance as at 1 January 2020 (restated)		73 163 254	28 783 794	(47 897 583)	16 882 019	70 931 484	46 237 637	117 169 121
Total comprehensive income/(loss):								
Profit for the period (restated)		-		-	5 891 925	5 891 925	3 895 339	9 787 264
Exchange differences on translation of foreign operations (restated)			(6 731 134)	(12 590 628)		(19 321 762)	(11 479 556)	(30 801 318)
Revaluation gain from property and equipment		-	9 894 138	-	-	9 894 138	5 263 276	15 157 414
Total comprehensive (loss)/ income for the period		-	3 163 004	(12 590 628)	5 891 925	(3 535 699)	(2 320 941)	(5 856 640)
Transactions with owners in their capacity as owners:								
Dividends paid to non-controlling interests		-	-	-	-	-	(83 721)	(83 721)
		-	-	-	-	-	(83 721)	(83 721)
Balance as at 30 June 2020		73 163 254	31 946 798	(60 488 211)	22 773 944	67 395 785	43 832 975	111 228 760
YEAR ENDED 31 DECEMBER 2020 (AUDITED)								
Balance as at 1 January 2020		73 163 254	28 783 794	(47 897 583)	16 882 019	70 931 484	46 237 637	117 169 121
Total comprehensive income/(loss):								
Loss for the year		-		-	(9 368 973)	(9 368 973)	(4 675 744)	(14 044 717)
Exchange differences on translation of foreign operations			(2 302 922)	(794 536)		(3 097 458)	(1 958 555)	(5 056 013)
Revaluation gain from property and equipment		-	524 801		-	524 801	346 206	871 007
Total comprehensive (loss)/ income for the year		-	(1 778 121)	(794 536)	(9 368 973)	(11 941 630)	(6 288 093)	(18 229 723)
Transactions with owners in their capacity as owners:								
Equity settled share based payments costs	14.1	-	-	125 780	-	125 780	-	125 780
Dividends declared and paid to non-controlling interests		-	-	-	-	-	(100 532)	(100 532)
		-	-	125 780	-	125 780	(100 532)	25 248
Balance as at 31 December 2020		73 163 254	27 005 673	(48 566 339)	7 513 046	59 115 634	39 849 012	98 964 646

** Refer to note 16 for details regarding the restatement as a result of application of IAS 29 on foreign branch.*

CONDENSED REVIEWED CONSOLIDATED STATEMENT OF CASHFLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

		REVIEWED		AUDITED
	Notes	6 months ended 30 June 2021 US$	*Restated 6 months ended 30 June 2020 US$	Year ended 31 December 2020 US$
Operating cashflows before working capital changes		**42 496**	**3 465 300**	**25 913**
Working capital changes				
Change in inventory		(305 910)	(2 328 517)	(3 988 909)
Change in trade and other receivables		(864 482)	3 167 921	(415 586)
Change in trade and other payables		969 547	(2 852 438)	3 431 445
Cash (utilised)/generated from operations		**(158 349)**	**1 452 266**	**(947 137)**
Interest received		321	13 015	33 634
Interest paid - borrowings		(9 848)	(5 375)	(20 284)
Interest paid - lease liabilities	12	(166 643)	(54 900)	(239 532)
Dividends declared and paid to non-controlling interests		-	(83 721)	(100 532)
Income tax paid		(357 445)	(235 993)	(543 207)
Net cash (used in)/ generated from operating activities		**(691 964)**	**1 085 292**	**(1 817 058)**
Cash flows from investing activities				
Purchase of equipment		(1 118 526)	(2 631 507)	(2 402 860)
Acquisition of investment property		-	(3 775)	-
Proceeds from disposal of property and equipment		19 729	67 134	103 988
Proceeds from disposal of investment property		-	-	52 338
Net cash used in investing activities		**(1 098 797)**	**(2 568 148)**	**(2 246 534)**
Cash flows from financing activities				
Repayment of borrowings		(49 528)	(37 304)	(57 725)
Repayment of lease liabilities		(28 608)	(79 010)	(58 411)
Net cash used in financing activities		**(78 136)**	**(116 314)**	**(116 136)**
Net decrease in cash and cash equivalents		**(1 868 897)**	**(1 599 170)**	**(4 179 728)**
Exchange gains/(losses) on cash and cash equivalents		982 295	(2 210 643)	2 029 867
Cash and cash equivalents at beginning of the period		10 331 877	12 481 738	12 481 738
Cash and cash equivalents at end of the period		**9 445 275**	**8 671 925**	**10 331 877**

**Refer to note 16 for details regarding the restatement as a result of application of IAS 29 on foreign branch.*

NOTES TO THE CONDENSED REVIEWED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2021

1 GENERAL INFORMATION

Arden Capital Limited ("the Company") and its subsidiaries (together "the Group") has a diversified portfolio of business interests in Hospitality, Real Estate and Energy Logistics sectors in Zimbabwe.

Arden Capital Limited is a public company which is incorporated and domiciled in the Republic of Mauritius.

The Company is the holder of a Category 1 Global Licence under the Mauritius Companies Act 2001 and the Financial Services Act 2007 and is listed on the Johannesburg Stock Exchange ("JSE").

2 BASIS OF PREPARATION

The condensed reviewed consolidated interim financial statements ("the interim financial statements") for the period ended 30 June 2021 have been prepared in accordance with the requirements of the JSE Listings Requirements for interim reports. The JSE Listings Requirements require interim reports to be prepared in accordance with and containing the information required by International Accounting Standard ("IAS") 34 - *Interim Financial Reporting*, the South Africa Institute of Chartered Accountants ("SAICA") Financial Reporting Guides as issued by the Accounting Practices Committee, and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council ("FRSC").

These interim financial statements have not been audited but were reviewed by Deloitte (South Africa), the Company's JSE accredited auditors.

The Chief Finance Officer, Peter Saungweme CA(Z), supervised the preparation of the interim financial statements. The accounting policies applied in the preparation of the interim financial statements are in terms of IFRS and are consistent with those applied in the previous consolidated annual financial statements as at 31 December 2020.

The interim financial statements do not contain all the notes of the type normally included in the annual financial statements. Accordingly, these interim financial statements should be read in conjunction with the consolidated financial statements for the year ended 31 December 2020, which have been prepared in accordance with IFRS, except for non-compliance with IAS 21- *The Effects of Changes in Foreign Exchange Rates* and IFRS 13 - *Fair Value Measurement.*

The interim financial statements are expressed in the United States of America dollar ("US$") and are prepared under the historical cost convention as modified by revaluation of property and equipment, and the fair valuation of investment property and assets held for sale.

3 AUDITORS' REVIEW CONCLUSION

The Company's auditors have issued a qualified review conclusion on these interim financial statements as a result of non-compliance with IAS 21 and IFRS 13.

The auditor's report does not necessarily report on all of the information contained in these financial results. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain and read a copy of the auditor's report and obtain the accompanying financial information from Arden Capital Limited's registered office.

Any reference to future financial performance included in this announcement has not been reviewed or reported on by the Company's auditors.

A copy of the independent auditors' review conclusion and interim consolidated financial statements may be requested from the Company by contacting investorrelations@arden-capital.com or downloaded from the Company's website at http://www.arden-capital.com/investor-relations/financial-results-reports and may also be viewed, at no cost, at the registered office of the Company and the Johannesburg office of its Sponsor, during ordinary business hours, for a period of 30 calendar days following the date of this announcement.

NOTES TO THE CONDENSED REVIEWED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021 (CONTINUED)

4 ACCOUNTING POLICIES

The accounting policies and methods of computation adopted are prepared in accordance with IFRS and are consistent with those adopted in the preparation of the financial statements for all the prior periods presented. Taxes on income in the interim period are measured using the tax rate that is expected to be applicable to the full year profit or loss.

There are no new IFRSs or International Financial Reporting Interpretations ("IFRICs") that are effective for the first time in this interim period that would be expected to have a material effect on the Group's financial statements.

Going concern

IAS 1 - *Presentation of Financial Statements*, requires management to assess the Group's ability to continue as a going concern in line with the IFRS Conceptual Framework's underlying assumption. The Group has performed an overall assessment of its ability to continue operating as a going concern by reviewing the prospects of the Group operations. These assessments considered the Group's financial performance for the period ended 30 June 2021, the financial position as at 30 June 2021 and the current and medium term forecasts for the Group.

The spread of Covid-19 since December 2019 has severely affected many economies around the world. Businesses have been forced to cease or limit operations for indefinite periods of time due to measures taken by different governments to contain the spread of the virus. These measures include lockdowns, travel restrictions, human interaction restrictions and closure of non-essential services.

According to the United Nations World Travel and Tourism Organisation ("UNTWO"), international tourist arrivals fell by about 1 billion or 73% between January and December 2020. In the first quarter of 2021, the UNWTO World Tourism Barometer points to a decline of 84%. According to the report issued by United Nations Conference on Trade and Development ("UNCTAD"), the international tourism and its related sectors suffered an estimated loss of US$2.4 trillion in 2020 due to direct and indirect impacts of a steep drop in international tourist arrivals. Although a rebound in the international tourism is expected in the second half of this year, the UNCTAD still projects a loss of between US$1.7 trillion and US$2.4 trillion in 2021.

By virtue of the Group having significant interest in the tourism sector, the Covid-19 continued to impact the Group's operations during the first half of 2021. However, the results reflect marginal improvement in business volumes, closing the 2021 half year with an occupancy of 24%, a 2-percentage point improvement from the 22% achieved in the comparable period of 2020, but still way lower than the 38% achieved in 2019 which was a normal trading year.

The Group's hotel revenue, at US$12.6 million increased by 56% compared to the same period last year. Overall, the Group's total revenue, at US$13.3 million for the interim period under review, also reflects an increase of 56% compared to the same period last year, largely due to the fact that businesses were allowed to trade during the period. While much progress has been made in accelerating the Covid-19 vaccine roll-out and in making the safe resumption of international travel a possibility, the reality is that the crisis is not over yet. Although the subdued volumes pose a threat to the going concern of the business, the improving revenue generation will go a long way in complimenting the existing cash resources, which at US$9.4 million, had marginally reduced from the 31 December 2020 position of US$10.3 million.

The Group cashflow forecasts support the Directors' positive sentiments regarding the ability of the Group to continue as a going concern. Based on the stress tests conducted by the Group, cash resources available are sufficient to cover the Group's financial commitments for least the next 12 months, even under the worst-case scenario. The Group considered several possible outcomes for the remainder of 2021 into 2022 as Covid-19 remains a critical factor in our business.

Under the base case scenario, the Group budgeted for a healthy occupancy for the hotel business. The worst-case scenario forecasts the Group to close 2021 with an occupancy that approximate the 2020 occupancy levels.

In-spite of the threat of a fourth wave, the Group does not expect business performance to be worse relative to the 2020 actual outturn, mainly due to the experience both the Group and governments gained navigating the effects of Covid-19's first wave in 2020.

4 ACCOUNTING POLICIES (CONTINUED)

Going concern (continued)

Due to the evolving nature of the pandemic, the worst-case scenario assumed a fourth wave in January and February 2022 driven by virus mutations and festive period movements. However, the fourth wave effects are forecasted to be minimal on the back of the global vaccination program and that most of our source markets are projected to have already achieved herd immunity by that time. Furthermore, the worst-case scenario assumes that Zimbabwe will achieve herd immunity by the third quarter of 2022 based on the current rate of vaccinations. To support and reopen tourism, the government of Zimbabwe recently eased the Victoria Falls area lockdown restrictions as the town has already achieved herd immunity. The Group expect this trend to continue as more and more areas achieve herd immunity and domestic travel and tourism recovery being given prominence by the government.

Under the worst-case scenario, the Group has taken a conservative view that regional and international business would gradually noticeably resume around second quarter of 2022. Hence the worst-case scenario assumes domestic travel would continue to anchor recovery of this sector in the short to medium term.

In its stress modelling, the Group has further taken account of the impact of settlement of material contractual obligations, most notably the US$4.4 million disclosed in note 12 to these condensed financial results and reached a conclusion that based on a very conservative business outlook, the current liquidity position of the Group, augmented by two undrawn loan facilities amounting to US$3.8 million, are reasonably adequate to sustain the business for the foreseeable future.

The Group continues to seek ways through which operating efficiencies (thereby saving costs) could be achieved. This has become critical in the wake of challenges COVID-19 has ushered. Resultantly, the Group embarked on a journey to consolidate the hospitality and real estate segments, in a process which is commenced in 2020 when African Sun made a share swap offer to Dawn shareholders in September 2020. With the transaction having substantially been completed, the Group is currently in the process of implementing a revised operating business model that consolidates these two businesses. The envisaged result would be an operating subsidiary (African Sun) that has strong cash-generating capacity on one hand, and a strong and unleveraged balance sheet on the other, which would be key in unlocking finance for the business. The Group believes this focus would position the operating subsidiaries not only to better contend with the current Covid-19 constrains, but also to build financial capacity for future growth and expansion.

At the holding company level, the Board is currently reviewing the holding company's prospects, financial health, strategy, and ability to continue to viably operate as a listed investment holding company ("the Strategic Review"). Given the fact that the Group has not yet witnessed recovery in traveling and tourism that it had hoped 2021 would yield, the Company has experienced financial pressure, with head office costs becoming unsustainable. These realities have prompted the Board to re-consider certain aspects of the Group's corporate structure, which are necessary to deliver positive returns for our shareholders in the medium to long term. The Strategic Review may result in the Board proposing certain solutions to shareholders which, if adopted and implemented, may have a material effect the prospects of the Company. Necessary announcements would be made the Company in due course.

5 SIGNIFICANT ACCOUNTING POLICIES

5.1 IFRS 16, Leases (amendments) - Covid-19 Related Rent Concessions

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions (Amendment to IFRS 16) that provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16. The practical expedient permits a lessee to elect not to assess whether a Covid-19 related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change applying IFRS 16 if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of Covid-19 and only if all of the following conditions are met:

(a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
(b) Any reduction in lease payments affects only payments originally due on or before 30 June 2021 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and
(c) There is no substantive change to other terms and conditions of the lease.

NOTES TO THE CONDENSED REVIEWED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021 (CONTINUED)

5 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5.1 IFRS 16, Leases (amendments) - Covid-19 Related Rent Concessions (continued)

Impact on accounting for changes in lease payments applying the exemption

The Group applied the IFRS 16 ammendment to rent concessions that arose as a result of the Covid-19 pandemic. The Group, through African Sun holds a lease agreement on whom the Lessor granted 100% rental and operational cost payment deferment for the months of April and May 2020. The deferred amounts were paid over a period of 6 months starting from June 2020 with no interest charged. The waiver of lease payments was US$715 per month. The Group made an election and accounted for the change in lease payments resulting from the Covid-19 related rent concessions as if it were not a lease modification. The benefit of the rent concessions were recognized as variable lease payments in the month of June 2020 in profit or loss. All other leases were assessed and there were no rent concessions granted in terms of the IFRS16 amendment.

5.2 Impairment of assets

The Group considered Covid-19 as a trigger of impairment and has assessed the impact of the pandemic on the recoverable amounts of the assets. For assets that fall under the scope of IAS 36, *Impairment of assets* namely property and equipment, the carrying amounts thereof as at the reporting date are based on revalued amounts, as these assets are accounted for under the revaluation model. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period.

Property and equipment were revalued on 31 December 2020. The Group held the view that market and economic conditions for the six months ended 30 June 2021 had not changed in a way that would materially change the revalued amounts as at the reporting date.

5.3 Equity settled share based payment transactions

The Group, through African Sun, issued share options to some of its employees. The options are valued at fair value at the date of grant. The fair value determined is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, and the liability is disclosed in a share options reserve which forms part of equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share options reserve. The fair value at the grant date was calculated using the Volume Weighted Average Price ("VWAP") for the African Sun share based on the prices quoted on the ZSE over a period of 30 days.

5.4 Assets classified as held for sale

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above is met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

NOTES TO THE CONDENSED REVIEWED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021 (CONTINUED)

5 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5.4 Assets classified as held for sale (continued)

When the Group is committed to a sale plan involving disposal of an investment in an associate or, a portion of an investment in an associate, the investment, or the portion of the investment in the associate, that will be disposed of is classified as held for sale when the criteria described above are met. The Group then ceases to apply the equity method in relation to the portion that is classified as held for sale. Any retained portion of an investment in an associate that has not been classified as held for sale continues to be accounted for using the equity method.

5.5 Foreign currency translation

a. Functional and presentation currency

All the Company's subsidiaries operate in Zimbabwe, as a result, they have the Zimbabwe dollar ("ZWL") as their functional and presentation currency. Financial statements for the period ended 30 June 2021 and the comparative for these subsidiaries have been prepared and presented in ZWL. The Group, through African Sun domiciled in Zimbabwe, has a foreign branch, African Sun Limited SA Branch domiciled in South Africa and the foreign subsidiary's functional and reporting currency is the South African Rand ("ZAR").

The directors assessed the functional currency of Arden Capital Limited and considered the primary and secondary indicators of the Company. They concluded that Arden Capital Limited's functional currency, determined by the currency of its own revenues, its own expenses and its own financing is still the US$.

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in the US$, which is the Company's functional and presentation currency.

b. Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains or losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

c. Translation of subsidiaries' financial statements to the US$

The ZWL was a currency of a hyper-inflationary economy as at the reporting date, in accordance with IAS 29. IAS 29 requires that financial statements prepared in the currency of a hyperinflationary economy 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 measuring unit current at the end of reporting date.

The results and financial position of all the subsidiaries with a currency of a hyper-inflationary economic are translated into the functional and presentation currency as follows:

(i) The financial statements are firstly stated in terms of a measuring unit current at the reporting date, and the corresponding figures for prior periods are stated in terms of measuring unit current at the end of reporting date, on the basis of indices derived from the general consumer price index ("CPI") prepared by the Zimbabwe National Statistics Agency ("ZIMSTAT").

Refer to note 5.6 for the adjustment factors adopted for the purposes of preparing the financial statements and further detail on application of IAS 29 principles in the preparation of subsidiaries' financial statements.

NOTES TO THE CONDENSED REVIEWED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021 (CONTINUED)

5 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5.5 Foreign currency translation (continued)

c. Translation of subsidiaries' financial statements to the US$ (continued)

(ii) The ZWL based financial statements prepared in accordance with the principles outlined above are subsequently translated at the spot rate between the ZWL and the US$ as at the reporting date for the purposes of deriving the US$ equivalent of each of the components of those financial statements.

The financial statements of the subsdiaries which have been prepared in conformity with IAS 29 were translated to US$ in the basis of a spot rate of US$1 to ZWL85.4234 (31 December 2020: US$1 to ZWL$81.7866, 30 June 2020: US$1 to ZWL$57.3582). The adopted spot rate was established on the basis of the official exchange rates as set by the Reserve Bank of Zimbabwe ("RBZ").

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are recognised through other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the statement of comprehensive income as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing foreign exchange rate. Foreign exchange differences arising are recognised in other comprehensive income.

5.6 IAS 29 - Inflation adjustment indices

IAS 29 requires that financial statements prepared in the currency of a hyperinflationary economy 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 measuring unit current at the end of reporting date. Professional judgement was used and appropriate adjustments were made to historical financial information in preparing financial information which is IAS 29 compliant. The restatement has been calculated by means of adjusting factors derived from the CPI published by ZIMSTAT, which is a regulatory body with the official mandate to do so.

The adjustment factors used to restate the financial statements of Zimbabwe based subsidiaries as at 30 June 2021, using 2018 base year are as follows:

Date	Adjusting Factor	Adjusting Factor
30 June 2021	1 445.21	1.0000
31 December 2020	2 474.51	1.2069
30 June 2020	2 986.44	2.0664

The indices and adjusting factors have been applied to the historical cost of transactions and balances. All items in the statement of comprehensive income are restated by applying relevant monthly adjusting factors and the net effect of the inflation adjustments on the net monetary position is included in the statement of comprehensive income 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.

Monetary assets and liabilities are not restated as they are already stated in terms of the measuring unit current at the reporting date. 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.

Property and equipment are carried at revalued amounts that approximate fair values and when not revalued are restated by applying inflation adjusting factors from date of revaluation. Capital work in progress was not revalued, but was restated by applying the relevant monthly adjusting factor. Property and equipment additions were restated from the later of date of purchase or 1 October 2018, using the relevant monthly adjusting factor. Disposals were restated from dates of sale using relevant monthly adjusting factor. Prepayments were restated by applying the relevant monthly adjusting factor.

5 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5.6 IAS 29 - Inflation adjustment indices (continued)

Investment property is carried at fair value as at 30 June 2021.

Inventories are carried at the lower of restated cost and net realisable value. Deferred tax is provided in respect of temporary differences arising from the restatement of assets and liabilities. All items of statement of cashflows are expressed in terms of measuring unit current at the reporting date.

5.7 Financial assets

Classification

The Group classifies its financial assets in the following measurement categories, based on the Group's business model for managing the financial assets and the contractual terms of the cash flows:

(a) those to be measured subsequently at fair value (either through other comprehensive income ("FVOCI") or through profit or loss ("FVPL")), and
(b) those to be measured at amortised cost.

Financial assets at amortised cost include trade receivables, staff loans, receivables from related parties and other receivables. Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ("SPPI") are measured at amortised cost.

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cashflows represent solely payments of principal and interest, are measured at fair value through other comprehensive income ("FVOCI"). Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss ("FVPL").

All financial assets that were held by the Group as at the reporting date were classified as those to be measured at amortised cost as they were held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest.

Measurement

At initial recognition, the Group measure a financial asset classified at amortised cost at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Interest income from these financial assets is included in finance income using the effective interest method.

Impairment of financial assets

The Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime credit losses to be recognised from initial recognition of receivables. The Group recognises an allowance for expected credit losses on financial assets that are measured at amortised cost. At each reporting date, the Group measures the allowance for expected credit losses for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the credit risk of financial asset has not increased significantly since initial recognition, Group measures the allowance for expected credit losses at an amount equal to twelve month expected credit losses.

The Group assesses all information available, including on a forward-looking information. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition based on all information available, and reasonable and supportive forward-looking information. A default on a financial asset is when the counterparty fails to make contractual payments within 120 days of when they fall due.

The Group applies the simplified approach on financial assets that do not contain a significant financing component, where as the general approach is applied on financial assets that contain a significant financing component.

NOTES TO THE CONDENSED REVIEWED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021 (CONTINUED)

5 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5.8 Common control transactions

On 22 September 2020, African Sun made an offer to the shareholders of Dawn to acquire all the issued ordinary shares in Dawn, based on 1 issued African Sun ordinary share for every 3,988075946 Dawn issued ordinary shares ("the Original Offer"). Pursuant to the Original Offer, Arden Capital (Private) Limited ("Arden Capital") together with other Dawn shareholders jointly holding 2,237,443,354 ordinary shares in Dawn, representing 91.17% of the Dawn issued ordinary shares accepted the Original Offer and surrendered their shares to African Sun on 20 January 2021. In terms of IFRS 3- *Business combinations* on this date African Sun acquired control. Dawn was subsequently delisted from the ZSE on 16 February 2021.

Dawn shareholders holding 219,728,754 ordinary shares in Dawn, representing 8.83% of the Dawn issued ordinary shares ("Remaining Shares") did not accept the Original Offer. In terms of section 238 (1) of the Zimbabwe's Companies and Other Business Entities Act [Chapter 24:31] ("the COBE"), African Sun notified the holders of the Remaining Shares of its intention to acquire the Remaining Shares within a period of 120 days from the date of the squeeze out notice published on 25 January 2021, on the same terms that applied to the shares whose holders accepted the Original Offer.

The acceptance of the offer by Arden Capital resulted in the company increasing its shareholding in African Sun to 62.73% (2020: 57.67%) and the disposal of its 100% shareholding in Dawn.

The transaction above meets the definition of common control transactions as there was an exchange of equity interests between entities under the control of the same parent (Arden Capital Limited). Therefore, the accounting and reporting for a transaction between entities under common control is outside the scope of IFRS 3. Since there was no change in control over the net assets from the parent's perspective, there was therefore no effect on the Group financial statements.

6 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. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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:

6.1 Key estimates

(a) Valuation of investment property, and property and equipment

The investment property, and property and equipment were valued as at 31 December 2020 by Dawn Property Consultancy (Private) Limited ("DPC") in accordance with the relevant professional guidelines and statements issued under the Royal Institute of Chartered Surveyors Appraisal and Valuation Manual (the "Red Book") 6th Edition, International Valuations Standards Committee ("IVSC") and the Real Estate Institute of Zimbabwe ("REIZ") Standards. The valuation basis was based on market comparison method for land and cost approach for freehold property. Both valuation approaches conform to international valuation standards.

DPC - a subsidiary of the Company, is a related party and therefore is not an independent valuer as encouraged but not required by IAS 40 - *Investment property*. DPC holds recognised and relevant professional qualifications and has experience in valuing similar assets in Zimbabwe. For the year ended 31 December 2020, the valuation of hotel properties was benchmarked against an independent valuation. The findings of the independent valuer reflect that the carrying amounts are reasonable.

NOTES TO THE CONDENSED REVIEWED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021 (CONTINUED)

6 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

6.1 Key estimates (continued)

(a) Valuation of investment property, and property and equipment (continued)

Inputs used to value property and equipment are based on unobservable market data (that is, they are classified as unobservable inputs).

Freehold properties (which comprise land and buildings) were valued using the market comparable approach for land and the depreciated replacement cost ("DRC") for hotel buildings. Both valuation basis conform to international valuation standards. The market comparable 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 adjusted for size, quality and location specific to the subject property being valued. The market comparative approach was adopted for the valuation of residential houses that are held by the Group through African Sun.

According to Royal Institute for Chartered Surveyors ("RICS"), the depreciated replacement cost ("DRC") "*is the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimisation*". The DRC method was used to value the hotel properties, which the Group holds through Dawn as it is impractical to adopt the market approach given that there is limited active market for such properties in Zimbabwe.

All the other categories of equipment, excluding capital work in progress (which is carried at cost), were also valued based on the depreciated replacement cost basis as there was no active market for such assets in Zimbabwe. The depreciated replacement cost is derived from current prices drawn from the most recent transactions in an active market of a different nature or similar less active markets, adjusted for contractual, location and inherent differences.

(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) Impairment of trade receivables

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;

(i) Significant increase in credit risk - in assessing whether the credit risk of an asset has significantly increased, the directors consider qualitative and quantitative reasonable and supportable forward- looking information.

(ii) Models and assumptions used - the Group used models and assumptions in estimating ECL. 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 risk.

NOTES TO THE CONDENSED REVIEWED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2021 (CONTINUED)

6 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

6.2 Key judgements

The key judgements that were made during the preparation of the financial statements were as follows:

(a) Determination of lease terms

The Group leases various office buildings, hotel buildings, golf course, car parks 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.

(b) Tax liabilities

The Group is defending tax claims from the Zimbabwe Revenue Authority ("ZIMRA") arising from assessments issued by ZIMRA to Arden Capital in relation to Value Added Tax, Pay As You Earn, Income Tax and Withholding Tax. The total claim of US$0.23 million comprises aggregate principal amounts and penalties and interest of US$0.12 million and US$0.11 million, respectively.

The Income Tax and Value Added Tax ("VAT") matters were heard in the High Court of Zimbabwe in February 2020 and November 2020, respectively and judgements were handed down. The court dismissed the cases in their entirety. The Group is of the considered view that there is merit in pursuing the case at the Supreme Court. As result, notices of appeal were filed with the Supreme Court.

Given the judgements passed by the High court, the Group considered it prudent to recognise a provision for all the tax cases in its financial statements for the year ended 31 December 2020.

(c) Functional and presentation currency

The financial statements for the subsidiaries are presented in ZWL. As detailed in note 5.5(a), the Company's functional currency is still the US$. As a result, the Group's financial statements have been prepared and presented in US$.

The financial statements of the subsidiaries, which have been prepared in conformity with IAS 29, were translated to US$ on the basis of a spot rate of US$1 to ZWL85.4234 (31 December 2020: US$1 to ZWL81.7866, 30 June 2020: US$1 to ZWL57.3582). The adopted spot rate was based on the official exchange rate set by the RBZ.

6 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

6.2 Key judgements *(continued)*

(d) Going concern

The directors assessed the ability of the Group to continue as a going concern as at 30 June 2021 and believe that the preparation of these financial statements on a going concern basis is still appropriate. In making that assessment, the directors applied certain judgements and assumptions in determining cashflow and profit forecasts supporting the going concern assumption as detailed in note 4. Although the directors prudently applied judgements and assumptions on the forecasts, it is difficult to predict the future events with substantial certainty.

(e) Impairment testing

Following the assessment of the recoverable amount of goodwill allocated to African Sun of US$4 508 503, the directors consider the recoverable amount of goodwill allocated to African Sun to be most sensitive to the achievement of the 2021 budget, profit growth projections and the pre-tax discount rate. Budgets comprise forecasts of revenue, staff costs and overheads based on current and anticipated market conditions that have been considered and approved by the Board. Whilst the Group is able to manage most of African Sun's costs, the profit projections are inherently uncertain due to the impact of Covid-19 on the hospitality sector as detailed in the going concern assumptions in note 4.

7 KEY CREDIT RISK DISCLOSURES

Impairment of financial assets

The Group has financial assets that are subject to IFRS 9's expected credit loss model. These comprises trade and other receivables, as well as cash and cash equivalents.

The Group has 6 types of financial assets that are subject to IFRS 9's expected credit loss model as listed below:

i) trade receivables from sale of rooms, food, beverages, conferencing, gaming and other related activities ("hospitality");
ii) trade receivables from provision of property advisory services ("real estate");
iii) trade receivables from provision of logistics services ("logistics");
iv) staff receivables;
v) other receivables at amortised cost; and
iv) cash and cash equivalents.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, no impairment loss was identified.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and staff loans.

To measure the expected credit losses, the various categories of trade receivables are grouped based on shared credit risk characteristics and days past due. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

NOTES TO THE CONDENSED REVIEWED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021 (CONTINUED)

7 KEY CREDIT RISK DISCLOSURES (CONTINUED)

Impairment of financial assets (continued)

On that basis, the credit loss allowance as at the reporting date was determined as follows for the trade receivables.

	Current US$	More than 30 days past due US$	More than 60 days past due US$	More than 90 days past due US$	More than 120 days past due US$	Total US$
30 JUNE 2021 (REVIEWED)						
Trade receivables - hospitality						
Expected credit loss rate	8%	6%	6%	50%	38%	**14%**
Gross carrying amount	1 448 902	405 119	94 998	8 209	601 296	**2 558 524**
Allowance for expected credit losses	109 405	24 848	5 522	4 105	226 298	**370 178**
Carrying amount	**1 339 497**	**380 271**	**89 476**	**4 104**	**374 998**	**2 188 346**
Trade receivables - real estate						
Expected credit loss rate	1%	7%	10%	8%	100%	**4%**
Gross carrying amount	349 292	134 160	1 117	6 246	7 398	**498 213**
Allowance for expected credit losses	5 161	9 249	113	479	7 398	**22 400**
Carrying amount	**344 131**	**124 911**	**1 004**	**5 767**	**-**	**475 813**
GROUP						
Expected credit loss rate	6%	6%	6%	32%	38%	**13%**
Gross carrying amount	1 798 194	539 279	96 115	14 455	608 694	**3 056 737**
Allowance for expected credit losses	114 566	34 097	5 635	4 584	233 696	**392 578**
Carrying amount	**1 683 628**	**505 182**	**90 480**	**9 871**	**374 998**	**2 664 159**
30 JUNE 2020 (REVIEWED)						
Trade receivables - hospitality						
Expected credit loss rate	8%	7%	4%	25%	42%	**28%**
Gross carrying amount	553 586	34 299	919	262 479	947 327	**1 798 610**
Allowance for expected credit losses	47 043	2 389	41	64 465	396 423	**510 361**
Carrying amount	**506 543**	**31 910**	**878**	**198 014**	**550 904**	**1 288 249**
Trade receivables - real estate						
Expected credit loss rate	2%	7%	34%	40%	48%	**17%**
Gross carrying amount	95 063	8 888	20 037	2 149	38 005	**164 142**
Allowance for expected credit losses	1 703	656	6 816	869	18 334	**28 378**
Carrying amount	**93 360**	**8 232**	**13 221**	**1 280**	**19 671**	**135 764**
Trade receivables - logistics						
Expected credit loss rate	3%	5%	-	-	100%	**49%**
Gross carrying amount	237 129	94 035	-	-	299 645	**630 809**
Allowance for expected credit losses	7 114	5 041	-	-	299 645	**311 800**
Carrying amount	**230 015**	**88 994**	**-**	**-**	**-**	**319 009**
GROUP						
Expected credit loss rate	6%	6%	33%	25%	56%	**33%**
Gross carrying amount	885 778	137 222	20 956	264 628	1 284 977	**2 593 561**
Allowance for expected credit losses	55 860	8 086	6 857	65 334	714 402	**850 539**
Carrying amount	**829 918**	**129 136**	**14 099**	**199 294**	**570 575**	**1 743 022**

NOTES TO THE CONDENSED REVIEWED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021 (CONTINUED)

7 KEY CREDIT AND LIQUIDITY RISK DSCLOSURES (CONTINUED)

Impairment of financial assets (continued)

	Current US$	More than 30 days past due US$	More than 60 days past due US$	More than 90 days past due US$	More than 120 days past due US$	Total US$
31 December 2020 (AUDITED)						
Trade receivables - hospitality						
Expected credit loss rate	11%	6%	6%	50%	50%	**29%**
Gross carrying amount	649 188	119 158	71 039	7 796	750 798	**1 597 979**
Allowance for expected credit losses	74 510	6 866	4 210	3 898	375 792	**465 276**
Carrying amount	**574 678**	**112 292**	**66 829**	**3 898**	**375 006**	**1 132 703**
Trade receivables - real estate						
Expected credit loss rate	3%	2%	4%	62%	62%	**14%**
Gross carrying amount	86 125	53 223	23 604	10 930	27 224	**201 106**
Allowance for expected credit losses	2 334	845	984	6 792	16 830	**27 785**
Carrying amount	**83 791**	**52 378**	**22 620**	**4 138**	**10 394**	**173 321**
Trade receivables - logistics						
Expected credit loss rate	8%	18%	26%	-	-	**11%**
Gross carrying amount	169 396	52 115	4 035	-	-	**225 546**
Allowance for expected credit losses	14 014	9 145	1 062	-	-	**24 221**
Carrying amount	**155 382**	**42 970**	**2 973**	**-**	**-**	**201 325**
GROUP						
Expected credit loss rate	10%	8%	6%	57%	50%	**26%**
Gross carrying amount	904 709	224 496	98 678	18 726	778 022	**2 024 631**
Allowance for expected credit losses	90 858	16 856	6 256	10 690	392 622	**517 282**
Carrying amount	**813 851**	**207 640**	**92 422**	**8 036**	**385 400**	**1 507 349**

Reconciliation of the allowance for expected credit losses

Financial assets at amortised cost include staff loans, receivables from related parties and other receivables.

The closing allowance for expected credit losses trade receivables and other financial assets as at 30 June 2021 reconciles to the opening allowance for credit loss as as follows:

	Trade receivables US$	Financial assets at armotised cost US$	Total US$
Opening allowance for expected credit losses as at 1 January 2020	**1 011 145**	**74 636**	**1 085 781**
Net allowance for credit losses recognised during the year	540 999	77 285	**618 284**
Impact of translation of foreign operations on opening balances	(1 034 862)	(89 010)	**(1 123 872)**
Closing loss allowance for expected credit losses as at 31 December 2020	**517 282**	**62 911**	**580 193**
Net allowance for credit losses recognised during the period	17 699	16 919	**34 618**
Impact of translation of foreign operations on opening balances	(142 403)	(9 783)	**(152 186)**
Closing loss allowance as at 30 June 2021	**392 578**	**70 047**	**462 625**

No significant changes to estimation techniques or assumptions were made during the reporting period. The Group does not hold any security in relation to trade and other receivables.

NOTES TO THE CONDENSED REVIEWED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021 (CONTINUED)

8 KEY LIQUIDITY RISK DISCLOSURES

Liquidity risk is the risk that the Group will 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 subsidiary level of the Group and aggregated by the Group Finance department. Group Finance department 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.

Delays in the settlement of foreign obligations that is generally experienced in Zimbabwe is mitigated by the Group's ability to generate foreign currency from its hospitality and logistics businesses.

The table below analyses the Group's liquidity gap into 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.

	Less than 1 year US$	1 to 5 years US$	More than 5 years US$	Total contractual cashflows US$	Total carrying amount US$
As at 30 June 2021 (REVIEWED)					
Liabilities					
Borrowings	92 138	-	-	**92 138**	**82 266**
Lease liabilities	78 227	391 137	3 087 284	**3 556 648**	**3 218 686**
Trade and other payables (excluding statutory liabilities)	11 780 329	-	-	**11 780 329**	**11 780 329**
Total liabilities	**11 950 694**	**391 137**	**3 087 284**	**15 429 115**	**15 081 281**
Assets held for managing liquidity risk					
Trade and other receivables (excluding prepayments)	2 722 279	-	-	**2 722 279**	**2 722 279**
Cash and cash equivalents	9 445 275	-	-	**9 445 275**	**9 445 275**
	12 167 554	**-**	**-**	**12 167 554**	**12 167 554**
Liquidity gap	**216 860**	**(391 137)**	**(3 087 284)**	**(3 261 561)**	
Cumulative liquidity gap	**216 860**	**(174 277)**	**(3 261 561)**	**-**	
As at 30 June 2020 (REVIEWED)					
Liabilities					
Borrowings	121 751	74 971	-	**196 722**	**169 167**
Lease liabilities	8 579	42 896	678 520	**729 995**	**660 629**
Trade and other payables (excluding statutory liabilities)	8 676 547	-	-	**8 676 547**	**9 361 778**
Total liabilities	**8 806 877**	**117 867**	**678 520**	**9 603 264**	**10 191 574**
Assets held for managing liquidity risk					
Trade and other receivables (excluding prepayments)	2 133 312	12 132	-	**2 145 444**	**2 092 986**
Cash and cash equivalents	8 671 925	-	-	**8 671 925**	**8 671 925**
	10 805 237	**12 132**	**-**	**10 817 369**	**10 764 911**
Liquidity gap	**1 998 360**	**(105 735)**	**(678 520)**	**1 214 105**	
Cumulative liquidity gap	**1 998 360**	**1 892 625**	**1 214 105**	**-**	

NOTES TO THE CONDENSED REVIEWED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2021 (CONTINUED)

8 KEY LIQUIDITY RISK DISCLOSURES (CONTINUED)

	Less than 1 year US$	1 to 5 years US$	More than 5 years US$	Total contractual cashflows US$	Total carrying amount US$
As at 31 December 2020 (AUDITED)					
Liabilities					
Borrowings	117 983	36 835	-	**154 818**	**129 015**
Lease liabilities	79 574	397 870	3 039 323	**3 516 767**	**3 197 061**
Trade and other payables (excluding statutory liabilities)	10 665 764	-	-	**10 665 764**	**10 665 764**
Total liabilities	**10 863 321**	**434 705**	**3 039 323**	**14 337 349**	**13 991 840**
Assets held for managing liquidity risk					
Trade and other receivables (excluding prepayments)	2 465 858	-	-	**2 465 858**	**2 465 858**
Cash and cash equivalents	10 331 877	-	-	**10 331 877**	**10 331 877**
	12 797 735	**-**	**-**	**12 797 735**	**12 797 735**
Liquidity gap	**1 934 414**	**(434 705)**	**(3 039 323)**	**(1 539 614)**	
Cumulative liquidity gap	**1 934 414**	**1 499 709**	**(1 539 614)**	**-**	

9 INVESTMENT PROPERTY

	REVIEWED		AUDITED
	6 months ended 30 June 2021 US$	6 months ended 30 June 2020 US$	Year ended 31 December 2020 US$
Balance at the beginning of the period	**14 956 550**	**22 705 710**	**22 705 710**
Acquisitions	-	3 775	-
Transfer from prepayments*	1 340 028	-	-
Transfer to assets classified as held for sale (note 10.1)	(132 947)	-	(845 004)
Transfer (to)/from inventory**	-	(4 521 907)	(5 429 913)
Disposals	-	(98 744)	(118 572)
Net fair value gain/ (loss)***	3 638 813	(1 634 051)	(1 355 671)
Fair value gains	1 313 060	3 675 714	460 958
Impact of translation of opening balances from foreign operations	2 325 753	(5 309 765)	(1 816 629)
Balance at the end of the period	**19 802 444**	**16 454 783**	**14 956 550**

* This relates to two pieces of land acquired from City of Harare, measuring approximately 2.2 hectares in 2018. Since acquisition, the Group experienced delays in securing transfer of the two pieces of land. The process of transferring legal title to the Group was completed during the six months ended 30 June 2021, thus the decision to transfer the pieces of land to investment property. These pieces of land were hitherto classified as a non-current prepayment.

** This relates to land that was initially classified as investment property but was later reclassified to inventory when a decision was taken to develop the same as residential stands for resale under the Phase 1A of the Malborough Sunset Views residential development project, in Harare.

NOTES TO THE CONDENSED REVIEWED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021 (CONTINUED)

9 INVESTMENT PROPERTY (CONTINUED)

*** The Company's subsidiaries in Zimbabwe changed their functional currency in 2019. Hitherto, the US$ and the Zimbabwe dollar ("ZWL") had in terms of the regulations been held at par, and financial statements had been prepared and presented on that basis. However, following the official promulgation of an exchange rate between the ZWL and the US$ in February 2019, investment properties were for accounting purposes initially translated to ZWL on the basis of an exchange rate of ZWL1 to US$1. This exchange rate had adjusted to the following levels:

(a) 30 June 2021 - US$1 to 85.4234
(b) 30 June 2020 - US$1 to 57.3582
(c) 31 December 2020 - US$1: ZWL81.7866.

The movement in the exchange rate between the US$ and the ZWL accounts for the signficant exchange adjustments from translation of foreign operations at the reporting intervals above.

10 ASSETS CLASSIFIED AS HELD FOR SALE

10.1 Summary of assets classified as held for sale

As at the reporting date, assets classified as held for sale composed of the following:

	REVIEWED		AUDITED
	30 June 2021 US$	30 June 2020 US$	31 December 2020 US$
Land (note 10.2)	1 109 350	-	845 004
Logistics business (note 10.3)	1 581 862	-	-
	2 691 212	**-**	**845 004**

10.2 In November 2020, the Group's real estate segment decided to sell two properties, namely land, on which the now delapidated Brondesbury Park Hotel was constructed and a 1.7 hectares piece of land in Harare. During the period ended 30 June 2021, the Group decided to dispose of another piece of land in Harare Stand 4276 Glern Lorne measuring 0.5 hectares. The assets are being disposed of as they are considered as non-core assets to the property development business focus of the real estate segment. Consequently, these assets which were expected to be sold within 12 months subsequent to year end, were classified as non-current assets held for sale and presented separately on the statement of financial position. Hitherto, the two properties were classified as investment property.

The three properties were measured at fair value in line with IAS 40 - *Investment properties* as permitted by IFRS 5 - *Non-current assets* held for sale and discontinued operations. As described in note 6.1 above, the fair values of the pieces of land were determined using the market comparison method.

The carrying amounts of the assets classified as held for sale are summarised as follows:

	REVIEWED		AUDITED
	30 June 2021 US$	30 June 2020 US$	31 December 2020 US$
Balance at the beginning of the year	**845 004**	**-**	**-**
Transfer from investment property (note 9)	132 947	-	845 004
Land in Nyanga (where the now delapidated Brondesbury Park Hotel was constructed)	-	-	589 950
Land in Harare	132 947	-	255 054
Impact of translation of opening balances from foreign operations	131 399	-	-
Balance at the end of the year	**1 109 350**	**-**	**845 004**

10 ASSETS CLASSIFIED AS HELD FOR SALE (CONTINUED)

10.3 In May 2021 the Group decided to exit the logistics business and initiated an active program to locate a buyer for its subsidiary, FML Logistics (Private) Limited. The associated assets and liabilities were consequently presented as held for sale in the 2021 interim financial statements. The subsidiary had not yet been sold as at the reporting date, but it is expected to be sold within 12 months subsequent to the reporting date. As a result, results of this subsidiary have been reported in the current period as a discontinued operation, whilst the comparatives have been re-presented so that the disclosures relate to all operations that have been discontinued by the end of the reporting period for the latest period presented. Financial information relating to the discontinued operation for the reporting period is set out below.

Financial performance and cash flow information

	REVIEWED		AUDITED
	6 months ended 30 June 2021 US$	6 months ended 30 June 2020 US$	Year ended 31 December 2020 US$
Revenue	1 026 408	776 453	2 028 809
Expenses	(1 060 093)	(540 311)	(1 712 036)
Net non-monetary gain/(loss)	12 694	(216 216)	(151 695)
(Loss)/profit before tax	(20 991)	19 926	165 078
Income tax (expense)/credit	(56 196)	1 579	(309 961)
(Loss)/profit from discontinued operation	**(77 187)**	**21 505**	**(144 883)**
Net cash inflow from operating activities	42 703	160 074	585 910
Net cash (outflow)/inflow from investing activities	(316)	(8 172)	8 820
Net cash outflow from financing activities	(13 594)	(8 738)	(13 225)
Net increase in cash generated by the subsidiary	**28 793**	**143 164**	**581 505**

Assets and liabilities of disposal group classified as held for sale

The following assets and liabilities were reclassified as held for sale in relation to the discontinued operation:

	30 June 2021 US$
Assets classified as held for sale	
Property and equipment	1 263 649
Right of use asset	18 806
Trade and other receivables	252 901
Inventories	17 061
Cash and cash equivalents	29 445
Total assets of disposal group held for sale	**1 581 862**
Liabilities directly associated with assets classified as held for sale	
Deferred tax liabilities	(306 832)
Lease liabilities	(10 118)
Trade and other payable	(122 579)
Provisions	(8 296)
Income tax	(119 846)
Total liabilities of disposal group held for sale	**(567 671)**

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FOR THE SIX MONTHS ENDED 30 JUNE 2021 (CONTINUED)

11 SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Group Executive Committee ("Group Exco"). The Group Exco, which consists of the Chief Executive Officer and Chief Financial Officer and the Group Head of Legal and Compliance, examines the Group's performance from a service offering perspective and has identified the following four reportable segments:

(a) **Hospitality** - this part of the business operates within the tourism and hospitality of the business, operating 11 hotels all in Zimbabwe.

(b) **Real estate** - this part of the segment's business:
- holds 7 hotels that are all leased to the hospitality segment of the Group's business;
- develops residential properties which are either sold or held for capital appreciation, informed by the prevailing economic environment;
- offers property management, valuation, agency and other and ancillary services; and
- owns resort properties which are sold under timeshare arrangements.

(c) **Logistics** - the logistics business is involved in road transportation of bulk petroleum products, mainly to Zambia and the Democratic Republic of Congo.

(d) **Other** - this includes head office and group services.

The Group Exco primarily uses a measure of operating profit to assess the performance of the operating segments, on the basis of amounts as they would appear in the financial statements. However, the Group Exco also receives information about the segments' revenue, operating expenses, assets and liabilities on a monthly basis.

Revenue, assets and liabilities

The revenue from external parties reported to the Group Executive Committee is measured in a manner consistent with how revenue is measured in the statement of comprehensive income. The Group does not rely on any one specific customer as none of its customers contribute a minimum of 10% of its revenue. Inter-segment transactions are charged at prevailing market prices.

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

All interest bearing liabilities have been allocated to segments as they relate to specific bank loans obtained by the segments. All interest bearing liabilities are allocated to segments as they relate to specific bank loans obtained by the segments.

Allocation of Group companies to reportable segments

Entity	Segment	2021	2020	Principal activities
African Sun Limited	Hospitality	√	√	Hotel and hospitality operations
Dawn Properties Limited	Real estate	√	√	Property holding, development and consulting
FML Logistics (Private) Limited	Logistics	**	√	Fuel transportation services
Arden Capital (Private) Limited	Other	√	√	Investment holding company in Zimbabwe
Arden Capital Limited	Other	√	√	Ultimate holding company in Mauritius

√ - denotes that the respective entity was part of the Group during the relevant year.
** This was not reported in the current year segment reporting as the Group took a decision to dispose this business (as detailed in note 10.3) there by it as been accounted for in accordance with IFRS 5 – "*Non-current Assets Held for Sale and Discontinued Operation*".

NOTES TO THE CONDENSED REVIEWED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2021 (CONTINUED)

11 SEGMENT INFORMATION (CONTINUED)

	REVIEWED				
	Hospitality US$	Real estate US$	Other US$	Consolidation adjustments US$	Group US$
Six months ended 30 June 2021					
Revenue					
External customers					
- Sale of room nights, food and beverages	12 478 973	-	-	-	**12 478 973**
- Conferencing and other income	55 177	-	-	-	**55 177**
- Casino and gaming revenue	19 573	-	-	-	**19 573**
- Timeshare sales	-	87 172	-	-	**87 172**
- Property development sales	-	191 849	-	-	**191 849**
- Valuation and consultation services	-	458 406	-	-	**458 406**
	12 553 723	**737 427**	**-**	**-**	**13 291 150**
Internal customers					
- Rental income	-	776 037	-	(776 037)	**-**
- Valuation and consultation services	-	42 114	-	(42 114)	**-**
	12 553 723	**1 555 578**	**-**	**(818 151)**	**13 291 150**
Timing of recognition of revenue					
- at a point in time	12 553 723	692 369	-	(42 114)	**13 203 978**
- over time	-	863 209	-	(776 037)	**87 172**
	12 553 723	**1 555 578**	**-**	**(818 151)**	**13 291 150**
Cost of sales	(3 502 654)	-	-	-	**(3 502 654)**
Gross profit	**9 051 069**	**1 555 578**	**-**	**(818 151)**	**9 788 496**
Operating expenses	(11 442 115)	(1 124 748)	(517 451)	(69 573)	**(13 153 887)**
Operating (loss)/ profit	(2 669 673)	1 813 106	(592 999)	402 705	**(1 046 861)**
Net finance (costs)/income	(281 953)	(7 780)	(30 926)	29 080	**(291 579)**
Profit/(loss) before income tax	**(3 372 345)**	**1 791 914**	**(8 892 631)**	**9 134 622**	**(1 338 440)**
Total assets as at 30 June 2021	**46 045 220**	**98 940 377**	**16 838 600**	**(10 716 790)**	**151 107 407**
Total assets include:					
Property and equipment	25 984 925	69 349 548	84 524	-	**95 418 997**
Investment property	-	19 802 444	-	-	**19 802 444**
Goodwill	4 508 503	-	-	-	**4 508 503**
	30 493 428	**89 151 992**	**84 524**	**-**	**119 729 944**
Additions to non-current assets**	**1 284 147**	**-**	**-**	**-**	**1 284 147**
Total liabilities as at 30 June 2021	**19 742 739**	**3 789 950**	**16 261 346**	**(1 884 640)**	**37 909 395**

**The amounts exclude additions to financial instruments and deferred tax assets.

NOTES TO THE CONDENSED REVIEWED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021 (CONTINUED)

11 SEGMENT INFORMATION (CONTINUED)

	REVIEWED					
	Hospitality US$	Real estate US$	Logistics US$	Other US$	Consolidation adjustments US$	Group US$
Six months ended 30 June 2020						
Revenue						
External customers						
- Sale of room nights, food and beverages	7 630 609	-	-	-	-	**7 630 609**
- Conferencing and other income	397 765	-	-	-	-	**397 765**
- Casino and gaming revenue	23 596	-	-	-	-	**23 596**
- Rental income	-	29 223	-	-	-	**29 223**
- Timeshare sales	-	30 302	-	-	-	**30 302**
- Property development sales	-	97 274	-	-	-	**97 274**
- Valuation and consultation services	-	135 465	-	-	-	**135 465**
- Fee and commission income	-	113 921	-	-	-	**113 921**
	8 051 970	**406 185**	**-**	**-**	**-**	**8 458 155**
Internal customers						
- Rental income	-	526 557	-	-	(526 557)	**-**
- Valuation and consultation services	-	17 489	-	-	(17 489)	**-**
	8 051 970	**950 231**	**-**	**-**	**(544 046)**	**8 458 155**
Timing of recognition of revenue						
- at a point in time	8 051 970	364 149	-	-	(17 489)	**8 398 630**
- over time	-	586 082	-	-	(526 557)	**59 525**
	8 051 970	**950 231**	**-**	**-**	**(544 046)**	**8 458 155**
Cost of sales	(2 719 074)	-	-	-	-	**(2 719 074)**
Gross profit	**5 332 896**	**950 230**	**-**	**-**	**(544 046)**	**5 739 081**
Operating expenses	(8 189 155)	(556 174)	-	(457 858)	76 071	**(9 127 116)**
Operating profit/(loss)*	2 002 031	17 406 966	-	(1 616 804)	(13 306 355)	**4 485 838**
Net finance (costs)/income	(39 803)	(5 366)	-	172 518	(174 093)	**(46 744)**
Profit/(loss) before income tax*	**1 962 228**	**17 401 600**	**-**	**(1 444 286)**	**(13 480 448)**	**4 439 094**
Total assets as at 30 June 2020	**51 115 387**	**86 851 166**	**2 132 035**	**18 348 705**	**(14 758 323)**	**143 688 970**
Total assets include:						
Property and equipment	27 107 055	64 178 660	1 595 033	105 538	-	**92 986 286**
Investment property	-	16 454 783	-	-	-	**16 454 783**
Goodwill	3 249 307	-	-	-	-	**3 249 307**
	30 356 362	**80 633 443**	**1 595 033**	**105 538**	**-**	**112 690 376**
Additions to non-current assets**	**2 234 650**	**69 465**	**8 173**	**451**	**-**	**2 312 739**
Total liabilities as at 30 June 2020	**16 874 405**	**1 464 001**	**655 049**	**14 499 347**	**(1 030 592)**	**32 462 210**

NOTES TO THE CONDENSED REVIEWED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021 (CONTINUED)

11 SEGMENT INFORMATION (CONTINUED)

	AUDITED					
	Hospitality US$	Real estate US$	Logistics US$	Other US$	Consolidation adjustments US$	Group US$
Year ended 31 December 2020						
Revenue:						
External customers						
- Sale of room nights, food and beverages	21 495 306	-	-	-	-	**21 495 306**
- Conferencing and other income	39 693	-	-	-	-	**39 693**
- Casino and gaming revenue	961 989	-	-	-	-	**961 989**
- Timeshare sales	-	101 581	-	-	-	**101 581**
- Property development sales	-	64 385	-	-	-	**64 385**
-Valuation and consultation services	-	666 246	-	-	-	**666 246**
	22 496 988	**832 212**	**-**	**-**	**-**	**23 329 200**
Internal customers						
- Rental income	-	1 403 728	-	-	(1 403 728)	**-**
- Valuation and consultation services	-	29 094	-	-	(29 094)	**-**
	22 496 988	**2 265 034**	**-**	**-**	**(1 432 822)**	**23 329 200**
Timing of recognition of revenue						
- at a point in time	22 496 988	759 725	-	-	(29 094)	**23 227 619**
- over time	-	1 505 309	-	-	(1 403 728)	**101 581**
	22 496 988	**2 265 034**	**-**	**-**	**(1 432 822)**	**23 329 200**
Cost of sales	(6 287 114)	-	-	-	-	**(6 287 114)**
Gross profit	**16 209 874**	**2 265 034**	**-**	**-**	**(1 432 822)**	**17 042 086**
Operating expenses	(20 853 735)	(1 727 653)	-	(1 078 277)	778 712	**(22 880 953)**
Operating (loss)/ profit	(19 504 852)	588 577	-	(1 486 020)	375 461	**(20 026 834)**
Net finance (costs)/income	(797 300)	(20 330)	-	70 929	(74 713)	**(821 414)**
(Loss) profit before tax	**(20 302 152)**	**568 247**	**-**	**(1 415 091)**	**300 748**	**(20 848 248)**
Total assets as at 31 December 2020	**44 968 358**	**84 211 752**	**1 715 734**	**13 770 386**	**(10 141 185)**	**134 525 045**
Total assets include:						
Property and equipment	24 026 709	60 160 511	1 226 091	94 986	-	**85 508 297**
Investment property	-	14 956 550	-	-		**14 956 550**
Goodwill	3 901 773	-	-	-	-	**3 901 773**
	27 928 482	**75 117 061**	**1 226 091**	**94 986**	**-**	**104 366 620**
Additions to non-current assets**	**2 197 701**	**197 608**	**7 010**	**541**	**-**	**2 402 860**
Total liabilities as at 31 December 2020	**19 766 799**	**3 553 598**	**513 996**	**15 375 651**	**(3 649 645)**	**35 560 399**

* Refer to note 16 for details regarding the restatement as a result of application of IAS 29 on foreign branch.

** The amounts exclude additions to financial instruments and deferred tax assets.

NOTES TO THE CONDENSED REVIEWED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021 (CONTINUED)

12 FINANCE COSTS

	REVIEWED		AUDITED
	6 months ended 30 June 2021 US$	6 months ended 30 June 2020 US$	Year ended 31 December 2020 US$
From borrowings	11 990	11 383	24 127
From lease liabilities	166 643	52 817	233 915
Other interest charges*	113 267	-	594 303
	291 900	**64 200**	**852 345**

* This represents the Group's estimate of interest charges that could arise and become payable on an existing liability. The existing liability, which amounts to US$4.4 million arose from a terminated contractual relationship with a third party.

	REVIEWED		AUDITED
	6 months ended 30 June 2021 US cents	*Restated 6 months ended 30 June 2020 US cents	Year ended 31 December 2020 US cents
13 EARNINGS PER SHARE			
13.1 Basic (loss)/earnings per share			
From continuing operations	(2.37)	5.36	(8.43)
From discontinued operation	(0.07)	0.02	(0.13)
Total basic (loss)/earnings per share	**(2.44)**	**5.38**	**(8.56)**
13.2 Diluted (loss)/earnings per share			
From continuing operations	(2.37)	5.36	(8.43)
From discontinued operation	(0.07)	0.02	(0.13)
Total basic (loss)/earnings per share	**(2.44)**	**5.38**	**(8.56)**
13.3 Headline (loss)/earnings per share	(3.22)	3.13	(8.83)
13.4 Diluted headline (loss)/earnings per share	(3.22)	3.13	(8.83)

NOTES TO THE CONDENSED REVIEWED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021 (CONTINUED)

13 EARNINGS PER SHARE (CONTINUED)

13.5 Reconciliation of (loss)/earnings used in calculating (loss)/earnings per share

	REVIEWED		AUDITED
	6 months ended 30 June 2021 US cents	*Restated 6 months ended 30 June 2020 US cents	Year ended 31 December 2020 US cents
Basic (loss)/ earnings attributable to owners of parent (for both basic and diluted (loss)/earnings per share)			
From continuing operations	(2 598 818)	5 870 420	(9 224 090)
From discontinued operations	(77 187)	21 505	(144 883)
	(2 676 005)	**5 891 925**	**(9 368 973)**
Adjusted to headline (loss)/earnings as follows:			
Fair value gain on investment property	(1 313 060)	(3 675 714)	(460 958)
(Profit)/loss from disposal of property and equipment	(46 865)	(3 390)	62 631
Total non-controlling effect of adjustments	509 222	1 211 327	99 374
Headline (loss)/ earnings attributable to owners of parent	**(3 526 708)**	**3 424 148**	**(9 667 926)**

** Refer to note 16 for details regarding the restatement as a result of application of IAS 29 on foreign branch.*

	REVIEWED		AUDITED
	6 months ended 30 June 2021 number	6 months ended 30 June 2020 number	Year ended 31 December 2020 number
13.6 Weighted average number of shares in issue			
Shares at the beginning and end of the period	**109 491 523**	**109 491 523**	**109 491 523**
Weighted average number of shares for basic earnings per share	109 491 523	109 491 523	109 491 523
Weighted average number of shares for diluted earnings per share	109 491 523	109 491 523	109 491 523
Number of shares in issue	109 491 523	109 491 523	109 491 523

13.6.1 Treasury shares

The Company holds 7 775 000 shares as treasury shares by virtue of the fact that these are held by its subsidiary - Arden Capital (Private) Limited.

The treasury shares arose from a 2015 Group re-organisation exercise which culminated in Arden Capital Limited being the ultimate holding company, owning all the shares in Arden Capital (Private) Limited. Arden Capital (Private) Limited had hitherto been the holding company, holding all the issued shares of the Company. To achieve the Group re-organisation, the shareholders of Arden Capital (Private) Limited gave up their shares in Arden Capital (Private) Limited to the Company as consideration, for which in return they received an equivalent number of shares with the same rights in the Company.

At the time of the Group re-organisation, Arden Capital (Private) Limited had 7 775 000 of its own ordinary shares held as treasury shares, which shares were given up to the Company. As consideration, Arden Capital (Private) Limited was issued with 7 775 000 ordinary shares of Arden Capital Limited, which shares Arden Capital (Private) Limited holds through a nominee.

13.6.2 Weighted average number of shares

For the purpose of basic earnings per share, the weighted average number of ordinary shares outstanding during the period is the number of ordinary shares outstanding at the beginning of the year, adjusted by the number of ordinary shares bought back or issued during the year multiplied by a time weight factor. The time weighting factor is the number of days that the shares are outstanding as a proportion of the total number of days in a year.

NOTES TO THE CONDENSED REVIEWED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2021 (CONTINUED)

13 EARNINGS PER SHARE (CONTINUED)

		REVIEWED		AUDITED
		6 months ended 30 June 2021 US$	6 months ended 30 June 2020 US$	Year ended 31 December 2020 US$
13.7	**Net asset value per share**			
	Net assets (excluding non-controlling interests ("NCI"))	67 999 982	67 395 785	59 115 634
	Number of ordinary shares in issue	109 491 523	109 491 523	109 491 523
	Net asset value per share (cents)	**62.11**	**61.55**	**53.99**
13.8	**Net tangible asset value per share**			
	Net tangible assets	57 010 760	53 225 730	48 845 764
	Number of ordinary shares	109 491 523	109 491 523	109 491 523
	Net asset value per share (cents)	**52.07**	**48.61**	**44.61**
	Reconciliation of net asset to net tangible assets			
	Net assets (excluding NCI)	**67 999 982**	**67 395 785**	**59 115 634**
	Non-tangible assets	(10 989 222)	(14 170 055)	(10 269 870)
	Goodwill	(4 508 503)	(3 249 307)	(3 901 773)
	Right of use asset	(5 144 331)	(9 969 681)	(4 383 428)
	Deferred tax assets	(1 336 388)	(951 067)	(1 984 669)
	Net tangible assets	**57 010 760**	**53 225 730**	**48 845 764**

Net asset value per share

Net asset value is the value of the total assets (non-current assets plus current assets) minus total liabilities (non- current liabilities plus current liabilities). Assets include financial assets and liabilities include financial liabilities. The net asset value per share is derived by dividing the net asset value by the number of shares in issue, excluding treasury shares.

Net tangible asset value per share

Net tangible asset value is the net asset value less the value of goodwill and other intangible assets. The net tangible asset value per share is derived by dividing the net asset value by the number of shares in issue, excluding treasury shares.

14 OTHER RESERVES

14.1 Equity settled share based payments reserve

Included in other reserves of US$41.2 million is an amount of US$0.27 million (31 December 2020: US$0.13 million) which relates to an equity settled share based payment reserve ("ESSBPR"). The ESSBPR is limited to African Sun. The Group's accounting policy on share based payment transactions is detailed in note 5.3.

In terms of the share option scheme summarised under note 5.3, options were granted on 19 March 2020. The estimated fair value of each the option granted was US$0.0034. The Group recognised total expenses of US$ 124 389 (30 June 2020: US$ nil, 31 December 2020:US$125 780) in respect of share options granted. The options granted vest after 3 years and, accordingly, the fair value will be amortised over those periods. The fair value at the grant date was determined by Murray Lynton Edwards based on the VWAP for the African Sun share on the ZSE. The share options exercise price is US$0.03 per share.

14 OTHER RESERVES (CONTINUED)

14.1 Equity settled share based payments reserve (continued)

	REVIEWED		AUDITED
	6 months ended 30 June 2021 US$	6 months ended 30 June 2020 US$	AUDITED Year ended 31 December 2020 US$
Outstanding at the beginning of the year	**125 780**	**-**	**-**
Expensed during the period	124 389	-	125 780
Impact of translation of opening balances from foreign operations	19 559	-	-
Outstanding at the end of the year	**269 728**	**-**	**125 780**

15 FAIR VALUE MEASUREMENTS

15.1 Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions, leasing transactions, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in "inventories" or value in use in "impairment of assets".

15.2 Fair value hierarchy

Fair value measurements are categorised into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 - inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Group has the ability to access;

Level 2 - inputs are other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly. Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability and inputs that are derived principally from or corroborated by observable market data by correlation or other means; and

Level 3 - inputs to the valuation methodology for the asset or liability are unobservable inputs and significant to the fair value measurement.

Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include:
- the use of quoted market prices for the listed equities; and
- discounted cashflows at discount rates adjusted for counterparty or own credit risk.

The Group did not have any financial assets at fair value through profit or loss as at 30 June 2021 (nil for all comparative periods presented).

NOTES TO THE CONDENSED REVIEWED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2021 (CONTINUED)

15 FAIR VALUE MEASUREMENTS (CONTINUED)

15.2 Fair value hierarchy (continued)

Valuation techniques used to determine fair values (continued)

To provide an indication about the reliability of the inputs used in determining fair value, the Group classifies other assets carried at fair value as at the reporting date into the three levels as follows:

	Level 1 US$	Level 2 US$	Level 3 US$	Total US$
Recurring fair value measurements as at 30 June 2021				
Assets				
Property and equipment	-	-	95 418 997	**95 418 997**
Investment property	-	-	19 802 444	**19 802 444**
	-	**-**	**115 221 441**	**115 221 441**
Recurring fair value measurements as at 30 June 2020				
Assets				
Property and equipment	-	-	92 986 286	**92 986 286**
Investment property	-	-	16 454 783	**16 454 783**
	-	**-**	**109 441 069**	**109 441 069**
Recurring fair value measurements as at 31 December 2020				
Assets				
Property and equipment	-	-	85 508 297	**85 508 297**
Investment property	-	-	14 956 550	**14 956 550**
	-	**-**	**100 464 847**	**100 464 847**

16 PRIOR PERIOD RESTATEMENTS

Restatement arising from application of IAS 29 on foreign branch

The Group, through African Sun domiciled in Zimbabwe, has a foreign branch, African Sun Limited SA Branch domiciled in South Africa. The functional and reporting currency of African Sun is the ZWL, while its foreign branch's functional and reporting currency is the ZAR. The ZWL is a currency of a hyperinflationary economy, whilst the foreign branch's functional currency ZAR is not.

On consolidation in the 2020 interim financial statements, the Group applied IAS 21 to translate the foreign branch into the reporting currency of African Sun Limited and subsequently restated the statement of profit and loss and comprehensive income in accordance with IAS 29 from the date of the transaction. IAS 29 paragraph 26 and 30 requires the restatement of all statement of comprehensive income numbers in a hyperinflationary currency ZWL to current measuring unit at reporting date.

IAS 29 paragraph 35 provides that "the financial statements of subsidiaries that do not report in currencies of a hyperinflationary economies are dealt with in accordance with IAS 21". Subjecting the results of the foreign branch was therefore inconsistent with requirements of this paragraph.

16 PRIOR PERIOD RESTATEMENTS (CONTINUED)

Restatement arising from application of IAS 29 on foreign branch (continued)

The following table summarises the impact of correction of the error on the 2020 interim financial statements:

	30 JUNE 2020			
	As reported US$	Restatement US$	IFRS 5 reclassification* US$	Restated US$
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (EXTRACT)				
Equity and liabilities				
Equity attributable to owners of the parent				
Other reserves	(54 524 011)	(5 964 200)**	-	(60 488 211)
Retained profits	16 809 744	5 964 200	-	22 773 944
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (EXTRACT)				
Net monetary loss	(857 790)	6 346 119	216 216	5 704 545
Income tax credit/(expense)	6 272 382	(944 138)	(1 579)	5 326 665
Other comprehensive income net of tax:				
Exchange differences on translation of foreign operations	(25 399 336)	(5 401 982)	-	(30 801 318)
Profit attributed to:				
Owners of the parent	2 776 603	3 115 322	-	5 891 925
Non-controlling interests	1 608 679	2 286 660	-	3 895 339
	4 385 282	**5 401 982**	**-**	**9 787 264**
The summarised net effects of the above restatements is as detailed below:				
Increase in current year profit				5 401 982
Decrease in other comprehensive income				(5 401 982)
Net impact on total comprehensive income				-
Decrease in foreign currency translation reserve				(3 115 322)
Increase in retained profits				3 115 322
Net impact on total equity				-

* This relates to impact from reclassification of items related to a discontinued operations in accordance with note 10.3.

** This amount comprised the following:

	Restament US$
Impact of restatement of opening balances recorded in the financial statements for the year ended 31 December 2020	(2 848 878)
Impact of restatement in the results for the 6 months ended 30 June 2020	(3 115 322)
	(5 964 200)

Basic and diluted earnings per share for the prior year have also been restated. The amount of the correction for both the basic and diluted earnings per share was an increase of 2.84 US cents.

NOTES TO THE CONDENSED REVIEWED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021 (CONTINUED)

17 COMMITMENTS

	REVIEWED		AUDITED
	6 months ended 30 June 2021 US$	6 months ended 30 June 2020 US$	Year ended 31 December 2020 US$
17.1 Capital commitments			
Authorised and contracted for	112 244	36 925	127 235
Authorised and not contracted for	12 739 082	14 319 260	18 407 089
	12 851 326	**14 356 185**	**18 534 324**

Capital expenditure relate to acquisition of property and equipment, as well as property development. The greater part of capital expenditure will be financed from cash generated from operations.

18 CONTINGENT LIABILITY

There were no contingent liabilities at the end of the reporting period.

19 MATERIAL RELATED PARTY TRANSACTIONS

There were no material related party transactions that were entered into during the period ended 30 June 2021.

20 DIVIDEND

No dividend was declared during the interim period (2020: US$nil).

21 EVENTS AFTER THE REPORTING

One of the Lessors for a Hotel operated by the Group, initiated a tender process subsequent to period end. The outcome of the tender process is still to be determined.

ARDEN
CAPITAL

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