ARDEN

CAPITAL

(formerly Brainworks Limited)

Condensed Reviewed Consolidated Financial Statements

For the six months ended 30 June 2020

Arden Capital Limited
(formerly Brainworks Limited)
(Incorporated in the Republic of Mauritius)
(Registration number 115883 C1/GBL)
(Share code: ACZ, ISIN MU0548S00026)

CONTENTS

CORPORATE INFORMATION

DIRECTORS

Non-executive directors
Simon F.W. VILLAGE (Chairman)
Chipo MTASA (Lead independent non-executive)
Richard G. MUIRIMI
George S.J. BENNETT
Manisha RAMPHUL
Zain MADARUN
Audrey M. MOTHUPI
Simon NYAROTA

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

LEGAL ADVISORS

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Harare,
Zimbabwe

Dube, Manikai and Hwacha
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Mauritius

BANKERS:

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Mauritius

COMPANY SECRETARY

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3051,
Mauritius

REGISTERED OFFICE:

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3051,
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JSE Share code: ACZ
ISIN: MU0548S00026

INDEPENDENT STATUTORY AUDITOR:

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Gauteng,
South Africa

SPONSOR:

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1st Floor, Yellowwood House,
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2191,
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 2020. All the Company's subsidiaries operate in Zimbabwe.

ZIMBABWE ECONOMIC REVIEW

The country continued to face economic challenges during the six months ended 30 June 2020, as a result of high inflation which had the twin impact of eroding disposable incomes, and increasing operating costs for businesses. In addition, foreign currency supply challenges through the formal channels persisted. The global outbreak of the Coronavirus pandemic (Covid-19) in Zimbabwe in March 2020, compounded what was already a challenging operating environment. The outbreak of the pandemic significantly impacted the Group's operations, particularly following the Government of Zimbabwe ("the Government")'s proclamation of a lockdown period effective 30 March 2020, which resulted in all the Group's hotels ceasing operations.

Covid-19 dominated global headlines during the period under review, with devastating consequences as the pandemic caused significant scaling down in the operations of many businesses for the second quarter of 2020. The International Monetary Fund ("IMF") and the World Bank ("WB") have downgraded Zimbabwe's economic growth prospects from about 3% initially, to negative economic growth rates of 7.4% and 10% respectively, largely due to Covid-19 induced economic constraints. With a view to boost economic recovery, the Government announced an estimated US$221 million economic relief package to assist financially distressed companies in the various economic sectors. The allocation for the tourism and hospitality industry was set at about US$6 million.

In March 2020, the Reserve Bank of Zimbabwe ("RBZ") temporarily suspended the floating foreign exchange rate system and fixed the exchange rate at Zimbabwe dollar ("ZWL") ZWL25 for every US$1. The RBZ advised that this temporary policy adjustment was necessitated by the need to stabilise prices in the wake of Covid-19. Furthermore, the RBZ through Statutory Instrument ("SI") 85 of 2020 permitted the settlement of ZWL denominated prices in foreign currency. Prior to this pronouncement, local transactions could generally only be settled in ZWL in accordance with the law. Towards the end of the period under review, monetary authorities announced the launch of a weekly Dutch foreign currency auction system and relaxation of restrictions permitting dual pricing for goods and services, in accordance with SI 185 of 2020. The foreign currency auction system made its debut on 23 June 2020, at which the ZWL depreciated by 129.6% from US$1: ZWL25 to US$1: ZWL57.4. The monetary authorities have also demonstrably been implementing measures that are aimed at controlling money supply in order to stabilise the exchange rates.

The six months under review were therefore particularly challenging as a result of firstly, the challenges Zimbabwean businesses are ordinarily faced with, and secondly, the impact of the global outbreak of Covid-19. These challenges resulted in low business performance during the period under review, with the greater impact being experienced in the second quarter. The combined impact of these developments on our business is reflected in the reduction in volumes from both our local and export markets.

FINANCIAL RESULTS

Revenues

The Group's revenue recorded 57% decline to US$9.2 million from US$21.5 million recorded during the 2019 comparative period, with notable revenue decreases being recorded by the hospitality segment. The decrease in revenues is primarily attributable to:

a. Decrease in hotel occupancies to 22%, relative to 45% recorded in the prior period. The current period occupancies were adversely affected by the global outbreak of Covid-19 which affected global travel, as well as closure of all the Group's hotels during April 2020. Limited services had however been restored at four of the city based hotels by the end of May 2020, in response to relaxed Covid-19 lockdown restrictions.

   The period under review was that of two distinct quarters. The first quarter performance was pleasing and in line with the Group's expectations. Occupancy for the first quarter closed at 40%, representing a 2-percentage points increase from 38% recorded in the same quarter last year. The second quarter results reflect the challenges that the hospitality segment experienced as a result of the Covid-19 pandemic, with the Group recording unprecedented occupancies of 0% and 2%, for April and May 2020 respectively. Ultimately, the Group's second quarter occupancy closed at 5%.

b. The translation impact of revenues in line with the requirements of International Accounting Standard ("IAS") 21 - *The Effects of Changes in Foreign Exchange Rates* following the formal establishment of an exchange rate between the ZWL and the US$ in February 2019. Post implementation of requirements of IAS 29 - *Financial Reporting in Hyperinflationary Economies,* revenues were translated to the US$ equivalent based on an exchange rate of 1US$: ZWL57.4 for the period under review, in contrast to revenues for comparative period which were translated at a rate of US$1: ZWL4.5.

The Hospitality segment remains the major driver of total revenue, with contribution of 87% of the total current year Group revenue. Revenue from this segment decreased by 59% to US$8.1 million, compared to US$19.7 million recorded over the same period in the prior year.

Operating expenses

At US$9.5 million, Group operating expenses recorded a decrease of 8% in comparison to the prior year operating expenses of US$10.3 million, largely in response to cost containment measures which the Group adopted in a bid to mitigate the adverse impact of significantly curtailed operations as a result of impact of the pandemic.

Profitability

Excluding the net monetary loss of US$0.86 million arising from the application of IAS 29, the Group recorded loss before tax of US$1 million during the period under review, relative to US$8.7 million profit recorded over the same period in the prior year.

SIGNIFICANT FINANCIAL REPORTING MATTER

IAS 29 – Financial Reporting in Hyperinflationary Economies

Consistent with financial statements for the year ended 31 December 2019, the subsidiaries' interim financial results have been prepared on an inflation adjusted accounting basis in accordance with the requirements of IAS 29, as the conditions for hyperinflation accounting reporting persisted into 2020. From a financial reporting perspective, there was consensus reached that the Zimbabwe economy became hyperinflationary in 2019. The results were subsequently translated to the US$ equivalent in accordance with the requirements of IAS 21.

KEY CORPORATE TRANSACTION

Corporate transaction involving the Company's major subsidiaries

On 23 June 2020, the Company advised through an announcement that African Sun Limited ("African Sun") and Dawn Properties Limited ("Dawn"), both of which are subsidiaries of the Company, advised that they were in negotiations with respect to potential acquisition by African Sun of 100% of the issued ordinary shares of Dawn, in exchange for African Sun ordinary shares ("the Offer"), which were going to be issued based a certain share swap ratio.

On 22 September 2020, African Sun released a circular to its shareholders containing details of the Offer, wherein African Sun sought to acquire all the issued ordinary shares of Dawn, for an aggregate consideration of 1 African Sun ordinary share for every 3.988075946 Dawn ordinary shares. African Sun shareholders held an extraordinary general meeting ("EGM") on 13 October 2020 at which they approved the Offer.

Similarly, on 28 September 2020, Dawn released a circular to its shareholders with the details of the Offer from African Sun. The Dawn shareholders held an EGM on 19 October 2020 at which they approved the Offer.

If the transaction is successful, it would be followed by the voluntary delisting of Dawn's ordinary shares from the Zimbabwe Stock Exchange ("ZSE").

African Sun envisages that 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 guarantee future for the business and its stakeholders.

In terms of the JSE Limited Listings Requirements, the potential transaction between these two subsidiaries was uncategorised.

COMMENTARY (CONTINUED)

CHANGE IN AUDITORS

Effective 24 July 2020, PricewaterhouseCoopers Chartered Accountants (Zimbabwe) and PricewaterhouseCoopers (Mauritius) (collectively "PwC") notified the Company of their resignation as external auditors to the Company and all its subsidiaries. PwC's resignation follows a compulsory requirement in terms of the new Zimbabwe Companies and Other Business Entities Act [Chapter 24:31] and the ZSE Listing Requirements for African Sun and Dawn to rotate their auditors. As PwC could no longer serve as auditors of these major subsidiaries, they advised that they were no longer able to continue as auditors of the Company.

Deloitte & Touche (Zimbabwe) in collaboration with Deloitte & Touche (South Africa) (collectively "Deloitte") were appointed as auditors to the Company with effect from 24 July 2020.

On behalf of the Group, the Board sincerely thanks PwC for their years of service to the Group and welcomes Deloitte to their new role.

IMPACT OF COVID-19

The Group's business, being predominantly tourism and hospitality focused, has been adversely impacted by the global suspension of international travel activities and lockdowns. According to the United Nations World Tourism Organisation ("UNWTO"), based on the latest developments (quarantine measures, travel bans and border closures in nearly all destinations worldwide) international tourist arrivals declined by 56% (Africa : 47%) in the first five months of 2020 compared to the same period last year. This represents loss of 300 million tourists between January and May 2020, and translates to an estimated US$320 billion in international tourism receipts, more than three times the loss during the global economic crisis of 2009. UNWTO also notes that current scenarios point to potential declines between 58% to 78% in international tourist arrivals for the year, depending on the speed of containment of the Covid-19 pandemic, duration of travel restrictions and shutdown of borders. The outlook remains uncertain.

On the other hand, the World Bank ("WB") advised that economic growth in Sub-Saharan Africa would be significantly impacted by the ongoing Covid-19 outbreak, and is forecast to fall sharply from 3.1% in 2019 to -3.2% in 2020; the first recession in the region over the past 25 years.

The impact of the Covid-19 pandemic on the Group's business generally increased in magnitude and severity following the commencement of strict lockdown protocols in Zimbabwe on 31 March 2020. The Group recorded decline of 23 percentage points in hotel occupancy to 22% from the 45% recorded over the same period in 2019. Room nights sold dropped by 52% to 63 116 from 132 525 reported last year. The decline in room nights was witnessed across both export and domestic markets, which reflected reduction of 62% and 49% respectively. Statistics as at 14 September 2020 reflect that the Group had 72 523 total room nights either cancelled or deferred.

In response to the relaxation of the lockdown measures, the Group took a decision to reopen its hotels under a three-phased approach. Under phase one, four city-based hotels namely the Holiday Inn Harare, Holiday Inn Mutare, Holiday Inn Bulawayo and Great Zimbabwe Hotel were reopened on 11 May 2020. These hotels recorded average occupancy rates of 24% from May to August 2020. Based on current booking statistics, hotel occupancy is expected to be assume an upward trajectory over the remainder of the year. Troutbeck and Caribbea Bay Resorts and the Monomotapa hotels were subsequently re-opened between 1 July 2020 and 1 September 2020.

In September 2020, the Government announced resumption of all activities in the tourism sector, including international travel. International airlines resumed flights into Zimbabwe with effect from on 1 October 2019. In addition, a number of leading international airlines have resumed flights into the Victoria Falls destination in particular, which brings relief to the Group's hotels in that destination. As a result, the Group is now focusing on reopening its Victoria Falls based hotels under the final phase of its hotel re- opening strategy.

GOING CONCERN

In spite of the adverse impact the outbreak of Covid-19 has had on the Group's operations, the Directors have assessed the ability of the Group to continue as a going concern and are of the view that the Group has adequate financial resources to withstand the adverse impact of the disruptions that have been experienced thus far whilst operations recover.

Further going concern disclosures are documented in note 4.1.

COMMENTARY (CONTINUED)

OUTLOOK

The various fiscal and monetary policy measures have begun to yield inspiring outcomes on the economic fundamentals, namely stabilisation of the exchange rate and inflation that is beginning to reflect a downward trend. The Group is cautiously optimistic that the economy could now be on stable path to recovery. The Government's resolve to stabilise the economic environment is evident.

The second half of the year ordinarily represents the peak business season for the Hospitality segment. However, the Covid-19 pandemic which has disrupted global business and in particular international travel, would have an adverse impact on the performance of the Group in 2020.

Notwithstanding the adverse impact of Covid-19, the Group believes that as soon as the pandemic is contained and international travel resumes, tourism will recover. As a result, the Group will continue with its predominantly tourism and hospitality business focus with an immediate drive of improving the current product offering through ongoing hotel refurbishments and soft furnishings.

For and on behalf of the Board

Simon. F Village
Chairman

Deloitte.

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Independent Auditor's Report on the Review of the Condensed Consolidated Interim Financial Statements
To the Shareholders of Arden Capital Limited

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Arden Capital Limited and its subsidiaries ("the Group") as at 30 June 2020, the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes (together "the condensed consolidated interim financial statements").

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.

Scope of Review

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

Basis for Qualified Conclusion

<u>Non-compliance with International Accounting Standard (IAS) 21 "The Effects of Changes in Foreign Exchange Rates" on comparative financial information</u>

As disclosed in note 3 of the condensed consolidated interim financial statements, the Group did not comply with IAS 21 in the prior financial year, as its subsidiaries were required to comply with Statutory Instrument 33 of 2019 ("SI 33/19") as was pronounced by the Government of Zimbabwe. Had the Group applied the requirements of IAS 21, many of the elements of the prior year consolidated financial statements, which are presented as comparative information, would have been materially impacted. Therefore, the departure from the requirements of IAS 21 was considered to be pervasive in the prior year.

Deloitte.

Independent Auditor’s Report on the Review of the Condensed Consolidated Interim Financial Statements
To the Shareholders of Arden Capital Limited

Basis for Qualified Conclusion (continued)

Furthermore, the Groups’ Zimbabwe-based subsidiaries performed a fair value valuation of Property and equipment as at 31 December 2019. In order to determine the Zimbabwe dollar (“ZWL”) values of the Property and equipment as at that date, United States of America dollars (“US$”) inputs were used and then translated into ZWL using the closing interbank exchange rate. The prior year audit opinion was modified because the translation of the US$ 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. Furthermore, properties could not legally be traded in US$, in the Group’s primary economic environment.

It was not practicable to quantify the financial effects on the prior year condensed consolidated financial statements. The financial effects of any prior year misstatement insofar as they affect other comprehensive income, though unquantified, were effectively adjusted for in the current period, when the Property and equipment were revalued at 30 June 2020.

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, do not present fairly, in all material respects, the condensed consolidated financial position of the Group as at 30 June 2020, and of its condensed consolidated financial performance and cash flows for the six month period then ended, 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.

Other Matter

The condensed consolidated interim financial statements of the Group for the period ended 30 June 2019 were reviewed by another auditor who expressed an adverse conclusion on those statements on 30 September 2019.

Deloitte & Touche

Deloitte & Touche
Registered Auditor
Per: Patrick Kleb
Partner
22 October 2020

CONDENSED REVIEWED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2020

	Notes	REVIEWED 30 June 2020 US$	REVIEWED 30 June 2019 US$	AUDITED 31 December 2019 US$
ASSETS				
Property and equipment	9	92 986 286	87 379 199	94 803 254
Right of use asset		9 969 681	3 518 459	12 978 504
Investment property	10	16 454 783	22 984 001	22 705 710
Goodwill		3 249 307	8 261 050	4 241 093
Deferred tax assets		951 067	498 024	790 255
Other non-current assets		1 089 508	357 384	1 503 317
		124 700 632	**122 998 117**	**137 022 133**
Current assets				
Inventories		6 486 377	1 020 330	4 157 860
Trade and other receivables		3 830 036	4 313 506	6 997 023
Cash and cash equivalents		8 671 925	9 628 481	12 481 738
		18 988 388	**14 962 317**	**23 636 621**
TOTAL ASSETS		**143 688 970**	**137 960 434**	**160 658 754**
EQUITY AND LIABILITIES				
Equity				
Stated capital		73 163 254	63 088 923	73 163 254
Other reserves		(22 577 214)	2 299 264	(16 264 911)
Retained earnings		16 809 744	3 943 178	14 033 141
		67 395 784	**69 331 365**	**70 931 484**
Non-controlling interests		43 832 976	39 768 277	46 237 637
Total equity		**111 228 760**	**109 099 642**	**117 169 121**
Non-current liabilities				
Borrowings		60 461	52 057	139 603
Deferred tax liabilities		21 895 515	5 877 417	27 174 350
Deferred lease income		8 358	-	16 160
Lease liabilities		652 865	3 466 242	2 112 203
		22 617 199	**9 395 716**	**29 442 316**
Current liabilities				
Borrowings		108 706	8 001 081	316 081
Lease liabilities		7 764	96 616	43 954
Trade and other payables		9 430 240	10 335 860	12 883 350
Current income tax payable		296 301	1 031 519	803 932
		9 843 011	**19 465 076**	**14 047 317**
TOTAL LIABILITIES		**32 460 210**	**28 860 792**	**43 489 633**
TOTAL EQUITY AND LIABILITIES		**143 688 970**	**137 960 434**	**160 658 754**

The condensed statement of financial position above should be read in conjunction with the accompanying notes.

ARDEN CAPITAL

CONDENSED REVIEWED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2020

	Notes	REVIEWED 6 months ended 30 June 2020 US$	REVIEWED 6 months ended 30 June 2019 US$	AUDITED Year ended 31 December 2019 US$
Revenue	11	9 234 608	21 477 505	58 060 134
Cost of sales and other direct costs	11	(3 083 634)	(3 819 993)	(12 340 069)
Gross profit		**6 150 974**	**17 657 512**	**45 720 065**
Net impairment losses on financial assets		(422 150)	-	145 968
Net monetary (loss)/gain		(857 790)	-	7 389 965
Other income		2 809 814	2 188 310	12 243 797
Operating expenses	11	(9 519 121)	(10 259 507)	(31 240 405)
		(7 989 247)	**(8 071 197)**	**(11 460 675)**
Operating (loss)/profit before finance cost		**(1 838 273)**	**9 586 315**	**34 259 390**
Finance income		17 456	28 148	84 129
Finance costs	12	(66 283)	(903 537)	(2 855 789)
Net finance costs		**(48 827)**	**(875 389)**	**(2 771 660)**
(Loss)/profit before income tax		**(1 887 100)**	**8 710 926**	**31 487 730**
Income tax credit/(expense)		6 272 382	(3 424 295)	(10 275 318)
Profit for the period		**4 385 282**	**5 286 631**	**21 212 412**
Other comprehensive (loss)/ income				
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translation of foreign operations		(25 399 336)	(14 111 454)	(59 166 791)
Items that may not be reclassified subsequently to profit or loss				
Revaluation gain from property and equipment (net of tax)		15 157 414	17 140 311	44 099 205
		(10 241 922)	**3 028 857**	**(15 067 586)**
Total comprehensive (loss) income for the period		**(5 856 640)**	**8 315 488**	**6 144 826**
Profit attributable to:				
Owners of the parent		2 776 603	2 998 716	13 088 679
Non-controlling interests		1 608 679	2 287 915	8 123 733
		4 385 282	**5 286 631**	**21 212 412**
Total comprehensive (loss)/income attributable to:				
Owners of the parent		(3 535 700)	6 263 710	(2 210 502)
Non-controlling interests		(2 320 940)	2 051 778	8 355 328
		(5 856 640)	**8 315 488**	**6 144 826**
Earnings per share (cents)				
Basic	13.1	2.54	3.39	12.86
Diluted	13.2	2.54	3.28	12.86

CONDENSED REVIEWED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2020

	ATTRIBUTABLE TO OWNERS OF ARDEN CAPITAL LIMITED					
	Stated capital US$	Other reserves US$	Retained earnings US$	Total US$	Non-controlling interests US$	Total US$
SIX MONTHS ENDED 30 JUNE 2020 (REVIEWED)						
Balance as at 1 January 2020	**73 163 254**	**(16 264 911)**	**14 033 141**	**70 931 484**	**46 237 637**	**117 169 121**
Total comprehensive income:						
Profit for the period	-	-	2 776 603	**2 776 603**	1 608 679	**4 385 282**
Exchange differences on translation of foreign operations	-	(16 206 441)	-	**(16 206 441)**	(9 192 895)	**(25 399 336)**
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	**-**	**(6 312 303)**	**2 776 603**	**(3 535 700)**	**(2 320 940)**	**(5 856 640)**
Transactions with owners in their capacity as owners:						
Dividends declared and paid to non-controlling interests	-	-	-	**-**	(83 721)	**(83 721)**
Balance as at 30 June 2020	**73 163 254**	**(22 577 214)**	**16 809 744**	**67 395 784**	**43 832 976**	**111 228 760**
SIX MONTHS ENDED 30 JUNE 2019 (REVIEWED)						
Balance as at 1 January 2019	**63 088 923**	**(965 730)**	**944 462**	**63 067 655**	**38 677 028**	**101 744 683**
Total comprehensive income:						
Profit for the period	-	-	2 998 716	**2 998 716**	2 287 915	**5 286 631**
Exchange differences on translation of foreign operations	-	(7 205 230)	-	**(7 205 230)**	(6 906 225)	**(14 111 455)**
Revaluation gain from property and equipment	-	10 470 224	-	**10 470 224**	6 670 087	**17 140 311**
Total comprehensive income for the period	**-**	**3 264 994**	**2 998 716**	**6 263 710**	**2 051 777**	**8 315 487**
Transactions with owners in their capacity as owners:						
Dividends declared and paid to non-controlling interests	-	-	-	**-**	(960 528)	**(960 528)**
Balance as at 30 June 2019	**63 088 923**	**2 299 264**	**3 943 178**	**69 331 365**	**39 768 277**	**109 099 642**

CONDENSED REVIEWED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2020 (CONTINUED)

	Note	Stated capital US$	Other reserves US$	Retained earnings US$	Total US$	Non-controlling interests US$	Total US$
		ATTRIBUTABLE TO OWNERS OF ARDEN CAPITAL LIMITED					
YEAR ENDED 31 DECEMBER 2019 (AUDITED)							
Balance as at 1 January 2019		**63 088 923**	**(965 730)**	**944 462**	**63 067 655**	**38 677 028**	**101 744 683**
Total comprehensive income:							
Profit for the year		-	-	13 088 679	**13 088 679**	8 123 733	**21 212 412**
Exchange differences on translation of foreign operations		-	(44 082 975)	-	**(44 082 975)**	(15 083 816)	**(59 166 791)**
Revaluation gain from property and equipment		-	28 783 794	-	**28 783 794**	15 315 411	**44 099 205**
Total comprehensive (loss)/income for the period		**-**	**(15 299 181)**	**13 088 679**	**(2 210 502)**	**8 355 328**	**6 144 826**
Transactions with owners in their capacity as owners:							
Issue of shares for cash	13.6.2	10 074 331	-	-	**10 074 331**	-	**10 074 331**
Dividends declared and paid to non-controlling interests		-	-	-	**-**	(794 719)	**(794 719)**
		10 074 331	**-**	**-**	**10 074 331**	**(794 719)**	**9 279 612**
Balance as at 31 December 2019		**73 163 254**	**(16 264 911)**	**14 033 141**	**70 931 484**	**46 237 637**	**117 169 121**

CONDENSED REVIEWED CONSOLIDATED STATEMENT OF CASHFLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

	Notes	REVIEWED 6 months ended 30 June 2020 US$	REVIEWED 6 months ended 30 June 2019 US$	AUDITED Year ended 31 December 2019 US$
Operating cashflows before working capital changes		**(1 936 681)**	**10 315 167**	**22 036 739**
Working capital changes				
Change in inventory		(2 328 517)	4 342 135	3 492 890
Change in trade and other receivables		3 167 921	3 703 559	1 166 010
Change in trade and other payables		(2 852 438)	(11 554 215)	(14 265 986)
Cash (utilised)/generated from operations		**(3 949 715)**	**6 806 646**	**12 429 653**
Interest received		13 015	-	29 220
Interest paid - borrowings		(5 375)	(425 857)	(683 654)
Interest paid - lease liabilities		(54 900)	(267 184)	(514 442)
Dividends declared and paid to non-controlling interests		(83 721)	(960 528)	(794 719)
Income tax paid		(235 993)	(1 101 242)	(3 050 317)
Net cash (used in)/generated from operating activities		**(4 316 689)**	**4 051 835**	**7 415 741**
Cash flows from investing activities				
Purchase of equipment		(2 631 507)	(2 025 001)	(5 497 309)
Acquisition of investment property		(3 775)	(13 885)	(153 882)
Proceeds from disposal of property and equipment		67 134	46 553	174 908
Net cash used in investing activities		**(2 568 148)**	**(1 992 333)**	**(5 476 283)**
Cash flows from financing activities				
Proceeds from borrowings		-	1 275 000	1 789 879
Repayment of borrowings		(37 304)	(2 593 893)	(6 231 057)
Repayment of lease liabilities		(79 010)	(78 139)	(445 255)
Proceeds from issue of ordinary shares	13.6.1	-	-	4 017 959
Net cash used in financing activities		**(116 314)**	**(1 397 032)**	**(868 474)**
Net (decrease)/increase in cash and cash equivalents		**(7 001 151)**	**662 469**	**1 070 984**
Exchange gains/(losses) on cash and cash equivalents		3 191 338	(7 396 667)	(4 951 925)
Cash and cash equivalents at beginning of the period		12 481 738	16 362 679	16 362 679
Cash and cash equivalents at end of the period		**8 671 925**	**9 628 481**	**12 481 738**

NOTES TO THE CONDENSED REVIEWED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

1 GENERAL INFORMATION

Arden Capital Limited (formerly Brainworks 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 a 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 ("the JSE").

2 BASIS OF PREPARATION

The condensed reviewed consolidated interim financial statements ("the interim financial statements") for the period ended 30 June 2020 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 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 2019 other than as described in note 5.

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 2019, which were prepared in accordance with IFRS, except for non-compliance with with IAS 21 - Th*e Effects of Changes in Foreign Exchange Rates,* and IAS 29 - *Financial Reporting in Hyperinflationary Economies*.

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.

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 on comparative financial information.

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 condensed reviewed 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.

4 ACCOUNTING POLICIES

The accounting policies 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, except as disclosed under note 5. 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.

4 ACCOUNTING POLICIES (CONTINUED)

4.1 Going concern

The Group's hotel occupancy for the six months ended 30 June 2020 closed at 22%, compared to 45% from the same period in the prior year, which reflects subdued performance as the hotel operations were adversely impacted by Covid-19 induced global curtailment on travel. In response to the Government directives, the Group closed all its hotels at the end of March 2020 and resumed operations with four hotels being re-opened May 2020.

As a result of the Covid-19 induced lockdowns, the Group recorded notable decline in revenues from US$21.5 million recorded in 2019 to US$9.3million. In particular, the Hospitality segment revenues, which remains as the main anchor of the Group revenues declined by 59% to US$ 8.1million relative to US$19.7 million recorded during the comparative period. Inevitably, the Group posted a loss before tax of US$1.9 million, relative to profit before tax of US$8.7 million, recorded over the same period in the prior year. The deterioration in the exchange rate between the ZWL and the US$ from US$1: ZWL8.56 as at 30 June 2019, to US$1: ZWL57.3582 as at 30 June 2020 also had an adverse impact on the current year interim performance.

Although international travel remains curtailed in the American and European markets, Zimbabwe and other regional countries have begun witnessing easing of some of the lockdown measures. Zimbabwe and South Africa, the latter being the continental travel hub, recently announced the reopening of their national borders. South Africa announced the resumption of international flights on 1 October 2020, ending a more than six months ban on international travel that was part of its restrictions to combat Covid-19. Zimbabwe advised of the official resumption of domestic and international flights on 10 September 2020 and 1 October 2020, respectively. In addition, intercity travel restrictions in Zimbabwe is now generally permitted.

In response to the relaxation of the lockdown measures, the Group took a decision to reopen its hotels based on a three-phased approach. Under phase one, four hotels namely the Holiday Inn Harare, Holiday Inn Mutare, Holiday Inn Bulawayo and Great Zimbabwe Hotel were reopened on 11 May 2020. These are pre-dominantly city-based hotels. These hotels recorded an average occupancy rate of 24% from May to August 2020. Based on booking statistics, the occupancy is expected to assume an upward trajectory over the remainder of the year. Troutbeck and Caribbea Bay Resorts, and the Monomotapa hotel were subsequently re-opened between 1 July 2020 and 1 September 2020.

Notwithstanding the challenges experienced during the period under review, as at 30 June 2020, the Group's positive net working capital of US$9.1 million reflects a stronger position relative to the prior year negative net working capital position of US$4.5 million. Notably, in the current year, the Group did not have significant debt, which principally accounted for the negative net working capital position in the prior year.

Based on various stress tests that have been performed, the 30 June 2020 cash and cash equivalents balance of US$8.7million, 92% of whom is held in US$, are adequate to adequately finance the working capital needs for the Group in general, and the resumption of hotel operations in particular. Given the imminent re-opening of all the Group's hotels, additional cashflows generated though anticipated to be subdued in the early days, would provide additional working capital relief.

The Group is at an advanced stage to secure a US$1.8 million working capital facility with a leading financial institution in Zimbabwe which can be tapped into in the unlikely event that need for external working capital support manifests.

The recent resumption of domestic and international flights brings hope to the tourism sector. Airlines plying domestic routes started flights before the end of September 2020, servicing the major cities, including the Victoria Falls where the Group operates three hotels. In addition, a number of airlines resumed international flights between Zimbabwe and South Africa from 1 October 2020. As a result, the Group anticipates gradual build up period of regional and international business during the last quarter of 2020. As a result of this positive outlook, the Group has now embarked on a final phase of reopening its hotels, focusing on the remaining Victoria Falls hotels.

4 ACCOUNTING POLICIES (CONTINUED)

4.1 Going concern (continued)

In a bid of preserve cash, the Group has implemented the following major measures until such a time business returns to normalcy:

- Cessation of all capital expenditure programmes with the exception of refurbishment programmes which had commenced prior to lockdown in which significant investment had already been done;
- Restrict payments to key business continuity creditors;
- Engagement of tour operators to defer bookings as opposed to cancellation; and
- Right sizing the work force, mainly in the Hospitality segment in order to manage fixed costs in line with subdued business activity.

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

5 SIGNIFICANT ACCOUNTING POLICIES

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

On 28 May 2020, the International Accounting Standards Board ("IASB") issued an amendment to IFRS 16 to make it easier for lessees to account for Covid-19-related rent concessions such as rent holidays and temporary rent reductions. As a practical expedient, the amendment exempts lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the Covid-19 pandemic are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications. It applies to Covid-19-related rent concessions that reduce lease payments due on or before 30 June 2021.

Early application is permitted including interim or year end financial statements that have not yet been authorised for issue as at 28 May 2020. A lessee shall apply the amendment for annual reporting period beginning on or after 1 June 2020.

The practical expedient only applies to lessees' rent concessions occurring as a direct consequence of the Covid-19 pandemic, 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 due on or before 30 June 2021; and
c. There is no substantive change to other terms and conditions of the lease.

The Group applied the IFRS 16 ammendment to a rent concession that arose as a result of the Covid-19 pandemic. The Group, through African Sun Limited, 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 will be repaid over a period of 6 months starting from June 2020 with no interest charged. 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 recognised 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 IFRS 16 amendment.

5 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 30 June 2020, refer to note 9.

5.3 Foreign currency translation

a. Functional and presentation currency

All the Company's subsidiaries operate in Zimbabwe, as a result, they have the ZWL as their functional and presentation currency. Financial statements for the period ended 30 June 2020 and the comparative for these subsidiaries have been prepared and presented in ZWL.

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$

All the subsidiaries have the ZWL as a functional currency. The ZWL was a currency of a hyperinflationary 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 5.4 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.

5 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5.3 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$ on the basis of a spot rate of US$1 to ZWL57.3582. The adopted spot rate was established on the basis of the US$ to ZWL foreign currency auction rate as at 30 June 2020 in Zimbabwe.

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.

5.4 IAS 29 - Inflation adjustment indicies

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 30 June 2020, using 2018 base year are as follows:

Date	Indices	Adjusting Factor
30 June 2020	1 445.21	1.0000
31 December 2019	551.63	2.6199
30 June 2019	172.61	8.3726

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 were restated by applying the relevant monthly adjusting factor and then compared against the revalued amounts. A revaluation gain or impairment loss was recognised as appropriate. 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 and 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)

5.4 IAS 29 - Inflation adjustment indicies (continued)

Investment property is carried at fair value as at the reporting date, based on valuations performed thereon.

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.

5.5 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.

Impairment of financial assets

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, the 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.

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

As was the case in the prior year, the investment property, and property and equipment was valued as at 30 June 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.

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 Limited.

According to Royal Institute for Chartered Surveyors ("RICS"), the 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 Properties Limited 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 during the year. 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.

6 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

6.1 Key estimates (continued)

b. Income taxes

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

c. Impairment

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 model and assumptions in estimating expected credit losses ("ECL"). Directors have applied judgement in identifying the most appropriate models 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.

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 leases assets to the Group's operations.

b. Tax liabilities

As disclosed in note 16, the Group is defending various tax claims from the Zimbabwe Revenue Authority. On the basis of tax advice the Group has received from independent tax and legal counsel, the Directors have recognised a liability for one of the claims and considered the remainder to be contingent.

6 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

6.2 Key judgements (continued)

c. Functional and presentation currency

The financial statements for the subsidiaries are presented in ZWL. As detailed in note 5.3(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 ZWL57.3582 (30 June 2019: US$1 to ZWL8.5675, 31 December 2019: US$1 to ZWL16.7734). The adopted spot rate was established on the basis of the US$ to ZWL foreign currency auction rate in the current year, whilst the prior year spot rate was based on the quoted interbank exchange rate as at the respective reporting dates in Zimbabwe.

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 eastate");
iii) trade receivables from provision of logistics services ("logistics");
iv) staff receivables;
v) other receivables at amortised cost; and
vi) 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.

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

7 KEY CREDIT RISK DISCLOSURES (CONTINUED)

Impairment of financial assets (continued)

	REVIEWED					
	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 2020						
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**

7 KEY CREDIT RISK DISCLOSURES (CONTINUED)

Impairment of financial assets (continued)

	AUDITED					
	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 2019						
Trade receivables - Hospitality						
Expected credit loss rate	6%	4%	4%	50%	100%	**27%**
Gross carrying amount	1 618 290	661 061	325 491	121 981	750 643	**3 477 466**
Allowance for expected credit losses	104 272	26 582	12 369	60 991	750 643	**954 857**
Carrying amount	**1 514 018**	**634 479**	**313 122**	**60 990**	**-**	2 522 609
Trade receivables - Real Estate						
Expected credit loss rate	5%	4%	17%	17%	100%	**41%**
Gross carrying amount	34 428	35 424	4 817	1 777	46 196	**122 642**
Allowance for expected credit losses	1 582	1 573	795	307	46 196	**50 453**
Carrying amount	**32 846**	**33 851**	**4 022**	**1 470**	**-**	72 189
Trade receivables - Logistics						
Expected credit loss rate	2%	-	-	-	-	**2%**
Gross carrying amount	291 753	-	-	-	-	**291 753**
Allowance for expected credit losses	5 835	-	-	-	-	**5 835**
Carrying amount	**285 918**	**-**	**-**	**-**	**-**	285 918
GROUP						
Expected credit loss rate	6%	4%	4%	50%	100%	**26%**
Gross carrying amount	1 944 471	696 485	330 308	123 758	796 839	**3 891 861**
Allowance for expected credit losses	111 689	28 155	13 164	61 298	796 839	**1 011 145**
Carrying amount	**1 832 782**	**668 330**	**317 144**	**62 460**	**-**	2 880 716

7 KEY CREDIT RISK DISCLOSURES (CONTINUED)

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 2020 reconciles to the opening allowance for credit loss as as follows:

	Trade receivables US$	Financial assets at armotised cost	Total US$
Opening allowance for expected credit losses as at 1 January 2019	**1 637 750**	**1 139 712**	**2 777 462**
Net allowance for expected credit losses recognised during the year	290 620	(436 588)	**(145 968)**
Trade receivables written off as uncollectible	(15 313)	-	**(15 313)**
Impact of translation of foreign operations on opening balances	(901 912)	(628 488)	**(1 530 400)**
Closing allowance for expected credit losses as at 31 December 2019	**1 011 145**	**74 636**	**1 085 781**
Net allowance for expected credit losses recognised during the period	376 273	45 876	**422 149**
Impact of translation of foreign operations on opening balances	(536 879)	(50 444)	**(587 323)**
Closing allowance for expected credit losses as at 30 June 2020	**850 539**	**70 068**	**920 607**

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.

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 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 cashflows.

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 30 June 2020					
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**	**-**	
As at 31 December 2019					
Liabilities					
Borrowings	195 950	368 029	-	**563 979**	**455 684**
Lease liabilities	48 569	139 672	2 194 312	**2 382 553**	**2 156 157**
Trade and other payables (excluding statutory liabilities)	10 809 727	-	-	**10 809 727**	**11 664 482**
Total liabilities	**11 054 246**	**507 701**	**2 194 312**	**13 756 259**	**14 276 323**
Assets held for managing liquidity risk					
Trade and other receivables (excluding prepayments)	4 530 084	97 093	-	**4 627 177**	**4 947 620**
Cash and cash equivalents	12 481 738	-	-	**12 481 738**	**12 481 738**
	17 011 822	**97 093**	**-**	**17 108 915**	**17 429 358**
Liquidity gap	**5 957 576**	**(410 608)**	**(2 194 312)**	**3 352 656**	
Cumulative liquidity gap	**5 957 576**	**5 546 968**	**3 352 656**	**-**	

9 PROPERTY AND EQUIPMENT

	REVIEWED									
	Land and buildings US$	Leasehold improve-ments US$	Motor vehicles US$	Computer equipment US$	Office equipment US$	Furniture and fittings US$	Hotel equipment US$	Capital work in progress US$	Farming equipment US$	Total US$
30 June 2020										
Cost										
As at 1 January	**74 409 052**	**5 176 848**	**4 654 447**	**194 602**	**286 924**	**44 409**	**32 575 101**	**2 266 663**	**109 667**	**119 717 713**
Additions	675 966	19 456	384 332	4 448	2 653	1 565	445 215	775 328	-	**2 308 963**
Exchange differences	-	-	-	-	-	-	(12 480)	-	-	**(12 480)**
Net revaluation (**)	(1 738 501)	(761 491)	172 358	7 222	(3 305)	(1 951)	(1 799 225)	(530 063)	(25 646)	**(4 680 602)**
Revaluation - cost	15 662 170	449 123	1 260 808	52 730	63 793	8 434	5 818 512	-	-	**23 315 570**
Exchange differences on translation of foreign operations	(17 400 671)	(1 210 614)	(1 088 450)	(45 508)	(67 098)	(10 385)	(7 617 737)	(530 063)	(25 646)	**(27 996 172)**
Disposals	-	-	(98 264)	(14 259)	-	-	(219 834)	-	-	**(332 357)**
Transfer to development inventory	-	-	-	-	-	-	-	-	(53 930)	**(53 930)**
As at 30 June 2020	**73 346 517**	**4 434 813**	**5 112 873**	**192 013**	**286 272**	**44 023**	**30 988 777**	**2 511 928**	**30 091**	**116 947 307**
Accumulated depreciation and impairment										
As at 1 January	**(5 287 173)**	**(1 780 238)**	**(1 045 138)**	**(71 242)**	**(100 007)**	**(40 725)**	**(16 503 488)**	**(47 172)**	**(39 276)**	**(24 914 459)**
Depreciation charge	(462 999)	(267 909)	(274 387)	(23 710)	(24 931)	(794)	(757 624)			**(1 812 354)**
Net revaluation (**)	411 156	776 952	(34 697)	14 387	1 797	3 445	1 424 517	11 031	9 185	**2 617 773**
Revaluation - accumulated depreciation	(825 257)	360 641	(279 103)	(2 273)	(21 590)	(6 079)	(2 434 849)	-	-	**(3 208 510)**
Exchange differences on translation of foreign operations	1 236 413	416 311	244 406	16 660	23 387	9 524	3 859 366	11 031	9 185	**5 826 283**
Accumulated depreciation on disposals	-	-	68 143	163	-	-	79 713	-	-	**148 019**
As at 30 June 2020	**(5 339 016)**	**(1 271 195)**	**(1 286 079)**	**(80 402)**	**(123 141)**	**(38 074)**	**(15 756 882)**	**(36 141)**	**(30 091)**	**(23 961 021)**
Net carrying amount as at 30 June 2020	**68 007 501**	**3 163 618**	**3 826 794**	**111 611**	**163 131**	**5 949**	**15 231 895**	**2 475 787**	**-**	**92 986 286**

****Net revaluation**
The subsidiaries in Zimbabwe changed their functional currency in the prior year. Hitherto, the US$ and the 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, property and equipment balances were for accounting purposes initially translated to ZWL on the basis of an exchange rate of ZWL1 to US$1. The deterioration of the exchange rate following this promulgation necessitated the change from the cost to the revaluation model with respect to subsequent measurement of property and equipment, with effect from the 2019 financial reporting period. From an exchange rate of US$1 to ZWL16.7734 as at the beginning of 2020, the exchange rate had deteriorated to US$1 to ZWL57.3582 as at 30 June 2020.

The revaluation of property and equipment which was carried out by the Group at the end of the current period should therefore be viewed in the context of mitigating the net foreign currency translation losses of US$22.2 million on property and equipment that arose following the currency changes in Zimbabwe. In the absence of this revaluation, this would have resulted in the value of property and equipment being materially understated.

On the basis of the above, in order to better reflect the impact, the revaluation adjustments have been presented together with the translation losses to reflect the net impact, being net decrease of US$2.1 million.

Capital work in progress
Capital work in progress relates to refurbishment equipment and hotel furniture, fittings and equipment that was undertaken or acquired during the period but had not yet been brought into use as at the reporting date. As a result, these are not depreciated.

9 PROPERTY AND EQUIPMENT (CONTINUED)

	REVIEWED									
	Land and buildings US$	Leasehold improve-ments US$	Motor vehicles US$	Computer equipment US$	Office equipment US$	Furniture and fittings US$	Hotel equipment US$	Capital work in progress US$	Farming equipment US$	Total US$
30 June 2019										
Cost										
As at 1 January	**68 297 693**	**4 510 252**	**5 156 239**	**169 503**	**256 711**	**57 143**	**27 488 792**	**1 458 422**	**562 070**	**107 956 825**
Additions	-	14 666	59 792	2 668	3 014	25	2 939 928	590 788	-	**3 610 881**
Exchange differences	-	-	-	-	-	-	5 074	-	-	**5 074**
Net revaluation (**)	(950 893)	3 549 644	(2 165 957)	(61 551)	(121 664)	(3 602)	5 292 420	(1 288 185)	(484 359)	**3 765 853**
Revaluation - cost	6 923 771	7 533 428	2 388 410	88 166	105 082	46 871	29 572 528	-	12 102	**46 670 358**
Exchange differences on translation of foreign operations	(7 874 664)	(3 983 784)	(4 554 367)	(149 717)	(226 746)	(50 473)	(24 280 108)	(1 288 185)	(496 461)	**(42 904 505)**
Disposals							(23 201)		-	**(23 201)**
As at 30 June 2019	**67 346 800**	**8 074 562**	**3 050 074**	**110 620**	**138 061**	**53 566**	**35 703 013**	**761 025**	**77 711**	**115 315 432**
Accumulated depreciation and impairment										
As at 1 January	**(3 539 982)**	**(1 878 914)**	**(1 567 948)**	**(87 813)**	**(112 644)**	**(57 143)**	**(11 597 404)**	**(91 884)**	**(68 928)**	**(19 002 660)**
Depreciation charge	(389 195)	(59 108)	(103 240)	(3 812)	(3 894)	(3 268)	(255 271)		(1 820)	**(819 608)**
Net revaluation (**)	34 533	(3 080 462)	914 285	66 349	80 627	8 889	(6 297 060)	81 159	60 882	**(8 130 798)**
Revaluation - accumulated depreciation	(3 092 238)	(4 740 056)	(470 641)	(11 214)	(18 868)	(41 584)	(16 540 735)	-	-	**(24 915 336)**
Exchange differences on translation of foreign operations	3 126 771	1 659 594	1 384 926	77 563	99 495	50 473	10 243 675	81 159	60 882	**16 784 538**
Accumulated depreciation on disposals	-	-	-	-	-	-	16 833	-	-	**16 833**
As at 30 June 2019	**(3 894 644)**	**(5 018 484)**	**(756 903)**	**(25 276)**	**(35 911)**	**(51 522)**	**(18 132 902)**	**(10 725)**	**(9 866)**	**(27 936 233)**
Net carrying amount as at 30 June 2019	**63 452 156**	**3 056 078**	**2 293 171**	**85 344**	**102 150**	**2 044**	**17 570 111**	**750 300**	**67 845**	**87 379 199**

****Net revaluation**

The 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, property and equipment balances were for accounting purposes initially translated to ZWL on the basis of an exchange rate of ZWL1 to US$1. The deterioration of the exchange rate following this promulgation necessitated the change from the cost to the revaluation model with respect to subsequent measurement of property and equipment.

The revaluation of property and equipment which was carried out by the Group on 30 June 2019 should therefore be viewed in the context of mitigating the net foreign currency translation losses of US$26.1million on property and equipment that arose following the currency changes in Zimbabwe. In the absence of this revaluation, this would have resulted in the value of property and equipment being materially understated.

On the basis of the above, in order to better reflect the impact, the revaluation adjustments have been presented together with the translation losses to reflect the net impact, being net decrease of US$4.4 million.

Capital work in progress

Capital work in progress relates to refurbishment equipment and hotel furniture, fittings and equipment that was undertaken or acquired during the period but had not yet been brought into use as at the reporting date. As a result, these are not depreciated.

9 PROPERTY AND EQUIPMENT (CONTINUED)

	AUDITED									
	Land and buildings US$	Leasehold improve-ments US$	Motor vehicles US$	Computer equipment US$	Office equipment US$	Furniture and fittings US$	Hotel equipment US$	Capital work in progress US$	Farming equipment US$	Total US$
31 December 2019										
Cost										
As at 1 January	**68 297 693**	**4 510 252**	**5 156 239**	**169 503**	**256 711**	**57 143**	**27 488 792**	**1 458 422**	**562 070**	**107 956 825**
Additions	-	370 521	278 654	32 342	20 871	485	3 530 206	1 264 230	-	**5 497 309**
Exchange differences	-	-	-	-	-	-	22 875	-	-	**22 875**
Net revaluation (**)	6 111 359	296 075	205 254	(4 593)	9 342	(13 219)	1 768 203	(455 989)	(279 834)	**7 636 598**
Revaluation - cost	48 250 895	2 533 934	2 745 190	78 033	134 256	15 971	15 327 568	-		**69 085 847**
Exchange differences on translation of foreign operations	(42 139 536)	(2 237 859)	(2 539 936)	(82 626)	(124 914)	(29 190)	(13 559 365)	(455 989)	(279 834)	**(61 449 249)**
Disposals	-	-	(230 641)	(2 650)	-	-	(234 975)	-	-	**(468 266)**
Equipment written-off	-	-	(755 059)	-	-	-	-	-	(172 569)	**(927 628)**
As at 31 December 2019	**74 409 052**	**5 176 848**	**4 654 447**	**194 602**	**286 924**	**44 409**	**32 575 101**	**2 266 663**	**109 667**	**119 717 713**
Accumulated depreciation and impairment										
As at 1 January	**(3 539 982)**	**(1 878 914)**	**(1 567 948)**	**(87 813)**	**(112 644)**	**(57 143)**	**(11 597 404)**	**(91 884)**	**(68 928)**	**(19 002 660)**
Depreciation charge	(449 387)	(458 763)	(435 636)	(28 008)	(32 165)	(1 113)	(3 310 697)	-	(3 889)	**(4 719 658)**
Net revaluation (**)	(1 297 804)	557 439	464 010	42 174	44 802	17 531	(1 743 852)	44 712	33 541	**(1 837 447)**
Revaluation - accumulated depreciation	(3 020 415)	(356 870)	(298 978)	(557)	(10 012)	(10 276)	(7 387 330)	-	-	**(11 084 438)**
Exchange differences on translation of foreign operations	1 722 611	914 309	762 988	42 731	54 814	27 807	5 643 478	44 712	33 541	**9 246 991**
Equipment written off	-	-	359 795	-	-	-	-	-	-	**359 795**
Accumulated depreciation on disposals	-	-	134 641	2 405	-	-	148 465	-	-	**285 511**
As at 31 December 2019	**(5 287 173)**	**(1 780 238)**	**(1 045 138)**	**(71 242)**	**(100 007)**	**(40 725)**	**(16 503 488)**	**(47 172)**	**(39 276)**	**(24 914 459)**
Net carrying amount as at 31 December 2019	**69 121 879**	**3 396 610**	**3 609 309**	**123 360**	**186 917**	**3 684**	**16 071 613**	**2 219 491**	**70 391**	**94 803 254**

****Net revaluation**
The subsidiaries in Zimbabwe changed their functional currency in 2019. Hitherto, the US$ and the 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, property and equipment balances were for accounting purposes initially translated to ZWL on the basis of an exchange rate of ZWL1 to US$1. The deterioration of the exchange rate following this promulgation necessitated the change from the cost to the revaluation model with respect to subsequent measurement of property and equipment.

The revaluation of property and equipment which was carried out by the Group at the end of 2019 should therefore be viewed in the context of mitigating the net foreign currency translation losses of US$52.2 million on property and equipment that arose following the currency changes in Zimbabwe. In the absence of this revaluation, this would have resulted in the value of property and equipment being materially understated.

On the basis of the above, in order to better reflect the impact, the revaluation adjustments have been presented together with the translation losses to reflect the net impact, being net increase of US$5.8 million.

Capital work in progress
Capital work in progress relates to refurbishment equipment and hotel furniture, fittings and equipment that was undertaken or acquired during the period but had not yet been brought into use as at the reporting date. As a result, these are not depreciated.

10 INVESTMENT PROPERTY

	REVIEWED		AUDITED
	6 months ended 30 June 2020 US$	6 months ended 30 June 2019 US$	Year ended 31 December 2019 US$
Balance at the beginning of the period	**22 705 710**	**23 551 754**	**23 551 754**
Acquisitions	3 775	118 960	153 882
Transfer (to)/from inventory*	(4 521 907)	-	1 248 114
Other disposals	(98 744)	-	-
Net fair value loss**	(1 634 051)	(686 713)	(2 248 040)
Fair value gains /(losses)	3 675 713	(686 713)	13 256 442
Impact of translation of opening balances from foreign operations	(5 309 764)	-	(15 504 482)
Balance at the end of the period	**16 454 783**	**22 984 001**	**22 705 710**

* This relates to land that was developed as residential stands for resale under the Phase 1A of the Marlborough Sunset View residential development project.

** The Company's subsidiaries in Zimbabwe changed their functional currency in 2019. Hitherto, the US$ and the 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 2019 - US$1 to ZWL8.5675;
b. 31 December 2019 - US$1: ZWL16.7734; and
c. 30 June 2020 - US$1 to 57.3582

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

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 Interim Chief Executive Officer, the Chief Financial Officer and the Group Head of Legal and Compliance, examines the Group's performance both 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 sector, 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 Exco 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.

11 SEGMENT INFORMATION (CONTINUED)

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 are allocated to segments as they relate to specific bank loans obtained by the segments.

Allocation of Group companies to reportable segments

Entity	Segment	2020	2019	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 *(formerly Brainworks Capital Management (Private) Limited)*	Other	√	√	Investment holding company in Zimbabwe
Arden Capital Limited *(formerly Brainworks Limited)*	Other	√	√	Ultimate holding company

√ - denotes that the respective entity was part of the Group during the relevant year.

* - this was disclosed as part of the "Other" segment in June 2019, but was disaggregated to a separate reportable segment with effect from 31 December 2019. Although the Logistics segment does not meet any of the quantitative thresholds in accordance with IFRS 8, *Segment Reporting*, the Group has decided to report and separately disclose the same, as it believes that information about the Logistics segment would be useful to users of the financial statements.

11 SEGMENT INFORMATION (CONTINUED)

The segment information provided to the Group Exco for the reportable segments is as follows:

	REVIEWED					
	Hospitality US$	Real estate US$	Logistics US$	Other US$	Eliminations 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**
-Fuel transportation logistics	-	-	776 453	-	-	**776 453**
-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**	**776 453**	**-**	**-**	**9 234 608**
Internal customers						
-Rental income	-	526 557	-	-	(526 557)	**-**
-Valuation and consultation services	-	17 489	-	-	(17 489)	**-**
	8 051 970	**950 231**	**776 453**	**-**	**(544 046)**	**9 234 608**
Cost of sales and other related costs	(2 719 074)	-	(364 560)	-	-	**(3 083 634)**
Gross profit	**5 332 896**	**950 231**	**411 893**	**-**	**(544 046)**	**6 150 974**
Operating expenses	(8 189 155)	(556 174)	(392 005)	(457 858)	76 071	**(9 519 121)**
Operating (loss)/ profit	(4 344 088)	17 406 966	22 008	(1 616 804)	(13 306 355)	**(1 838 273)**
Net finance (costs)/income	(39 803)	(5 365)	(2 083)	172 518	(174 094)	**(48 827)**
(Loss)/profit before income tax	**(4 383 891)**	**17 401 601**	**19 926**	**(1 444 286)**	**(13 480 450)**	**(1 887 100)**
Total assets as at 30 June 2020	**51 115 383**	**86 851 166**	**2 132 035**	**18 348 705**	**(14 758 319)**	**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**
Total liabilities as at 30 June 2020	**16 874 405**	**1 464 001**	**655 049**	**14 499 347**	**(1 030 592)**	**32 460 210**

11 SEGMENT INFORMATION (CONTINUED)

	REVIEWED				
	Hospitality US$	Real estate US$	Other US$	Eliminations US$	Group US$
Six months ended 30 June 2019					
Revenue					
External customers					
-Sale of room nights, food and beverages	18 847 514	-	-	-	**18 847 514**
-Conferencing and other income	727 183	-	-	-	**727 183**
-Casino and gaming revenue	109 620	-	-	-	**109 620**
-Fuel transportation logistics	-	-	1 309 345	-	**1 309 345**
-Rental income	-	19 085	-	-	**19 085**
-Timeshare sales	-	146 707	-	-	**146 707**
-Valuation and consultation services	-	303 533	-	-	**303 533**
-Fee and commission income	-	14 518	-	-	**14 518**
	19 684 317	**483 843**	**1 309 345**	**-**	**21 477 505**
Internal customers					
-Rental income	-	971 252	-	(971 252)	**-**
	19 684 317	**1 455 095**	**1 309 345**	**(971 252)**	**21 477 505**
Cost of sales and other related costs	(3 554 551)	-	(265 442)	-	**(3 819 993)**
Gross profit	**16 129 766**	**1 455 095**	**1 043 903**	**(971 252)**	**17 657 512**
Operating expenses	(9 102 988)	(675 166)	(1 088 170)	606 817	**(10 259 507)**
Operating profit/(loss)	8 905 633	93 216	1 709 931	(1 122 465)	**9 586 315**
Net finance (costs)/income	(301 432)	(12 438)	(584 104)	22 585	**(875 389)**
Profit/(loss) before tax	**8 604 201**	**80 778**	**1 125 827**	**(1 099 880)**	**8 710 926**
Total assets as at 30 June 2019	**40 723 414**	**91 728 556**	**82 299 549**	**(76 791 085)**	**137 960 434**
Total assets include:					
Property and equipment	23 614 027	61 398 447	2 366 725	-	**87 379 199**
Investment property	-	22 984 001	-	-	**22 984 001**
Goodwill	8 261 050	-	-	-	**8 261 050**
	31 875 077	**84 382 448**	**2 366 725**	**-**	**118 624 250**
Total liabilities as at 30 June 2019	**18 465 071**	**930 804**	**23 223 825**	**(13 758 908)**	**28 860 792**

11 SEGMENT INFORMATION (CONTINUED)

	AUDITED					
	Hospitality US$	Real estate US$	Logistics US$	Other US$	Eliminations US$	Group US$
Year ended 31 December 2019						
Revenue						
External customers						
-Sale of room nights, food and beverages	52 185 131	-	-	-	-	**52 185 131**
-Conferencing and other income	199 030	-	-	-	-	**199 030**
-Casino and gaming revenue	2 115 113	-	-	-	-	**2 115 113**
-Fuel transportation logistics	-	-	2 636 141	-	-	**2 636 141**
-Rental income	-	86 174	-	-	-	**86 174**
-Timeshare sales	-	6 062	-	-	-	**6 062**
-Valuation and consultation services	-	355 776	-	-	-	**355 776**
-Fee and commission income	-	476 707	-	-	-	**476 707**
	54 499 274	**924 719**	**2 636 141**	**-**	**-**	**58 060 134**
Internal customers						
-Rental income	-	2 965 314	-	-	(2 965 314)	**-**
	54 499 274	**3 890 033**	**2 636 141**	**-**	**(2 965 314)**	**58 060 134**
Cost of sales and other related costs	(11 317 232)	-	(1 022 837)	-	-	**(12 340 069)**
Gross profit	**43 182 042**	**3 890 033**	**1 613 304**	**-**	**(2 965 314)**	**45 720 065**
Operating expenses	(28 657 298)	(2 154 194)	(1 456 425)	(2 999 486)	4 026 998	**(31 240 405)**
Operating profit/(loss)	20 681 098	54 485 005	1 019 435	(1 754 420)	(40 171 728)	**34 259 390**
Net finance (costs)/income	(529 382)	(73 319)	(54 688)	(2 159 432)	45 161	**(2 771 660)**
Profit/(loss) before tax	**20 151 716**	**54 411 686**	**964 747**	**(3 913 852)**	**(40 126 567)**	**31 487 730**
Total assets as at 31 December 2019	**62 869 164**	**90 814 731**	**2 443 013**	**96 855 480**	**(92 323 634)**	**160 658 754**
Total assets include:						
Property and equipment	26 949 043	65 887 218	1 782 444	184 549	-	**94 803 254**
Investment property	-	22 705 710	-	-		**22 705 710**
Goodwill	4 241 093	-	-	-	-	**4 241 093**
	31 190 136	**88 592 927**	**1 782 444**	**184 549**	**-**	**121 750 057**
Total liabilities	**23 481 114**	**5 718 279**	**802 690**	**14 585 037**	**(1 097 487)**	**43 489 633**

12 FINANCE COSTS

	REVIEWED		AUDITED
	6 months ended 30 June 2020 US$	6 months ended 30 June 2019 US$	Year ended 31 December 2019 US$
From borrowings	11 383	635 243	1 208 824
From lease liabilities	54 900	268 294	514 442
Loss arising from settlement of a financial liability through equity instruments**	-	-	1 132 523
	66 283	**903 537**	**2 855 789**

** At an extraordinary general meeting of the shareholders of the Company held on 4 of November 2019, the shareholders approved the issue of 11 532 852 ordinary shares of the Company as consideration for the full and final settlement of loans amounting to US$5 007 757 which were due to certain related parties. The shares were subsequently issued between the 7 and 11 November 2019.

The fair value of the shares issued based on the listed price thereof on the relevant dates amounted to US$6 140 280. However, based on the agreement between the related parties and the Company, the shares were issued at a discounted price of ZAR6.50 per share. This resulted in the recognition of a loss of US$1 132 523 which was accounted for as part of the finance costs in 2019.

13 EARNINGS PER SHARE

		REVIEWED		AUDITED
		6 months ended 30 June 2020 US$	6 months ended 30 June 2019 US$	Year ended 31 December 2019 US$
13.1	Basic earnings per share (cents)	2.54	3.39	12.86
13.2	Diluted earnings per share (cents)	2.54	3.28	12.86
13.3	Headline earnings per share (cents) (note 13.5.1)	0.28	3.92	4.17
13.4	Diluted headline earnings per share (cents) (note 13.5.1)	0.28	3.80	4.17
13.5	**Reconciliation of earnings used in calculating earnings per share**			
	Basic earnings attributable to owners of parent (for both basic and diluted earnings per share)	2 776 603	2 998 716	13 088 679
	Adjusted to headline earnings as follows:			
	Fair value (gain)/ loss on investment property	(3 675 714)	686 713	(13 256 442)
	(Profit)/loss from disposal of property and equipment	(3 390)	-	21 119
	Impairment of property and equipment	-	14 469	-
	Total non-controlling effect of adjustments (note 13.5.1)	1 211 327	(227 920)	4 386 631
	Headline earnings attributable to owners of parent (note 13.5.1)	**308 826**	**3 471 978**	**4 239 987**

13 EARNINGS PER SHARE (CONTINUED)

13.5.1 Restatement of headline earnings

(a) Six months ended 30 June 2019

The Group correctly excluded US$686 713 arising from fair value gains on investment property from headline earnings. However, the non-controlling effect of this adjustment amounting to US$227 920 was incorrectly included in the headline earnings. Correction of the error has resulted in the headline earnings amounts and consequently the headline earnings per share amounts for the six months ended 30 June 2019 being restated.

(b) Year ended 31 December 2019

The headline earnings and consequently headline per share amounts for the year ended 31 December 2019 were restated as a result of correction of the following errors:

(i) Exclusion of gain on the net monetary position from IAS 29 from headline earnings
In the previously disclosed headline earnings for the year ended 31 December 2019 ("the prior year"), the Group erroneously excluded net monetary gains amounting to US$7 389 965. This treatment was inconsistent with requirements of the SAICA circular 1/2019 ("the Circular") which provides that this amount be included in headline earnings. This error has been corrected, resulting in the hitherto disclosed headline earnings and consequently the headline per share amounts being restated.

(ii) Exclusion of foreign exchange losses arising from intragroup balances arising from headline earnings
The previoulsy disclosed headline earnings for the prior year erroneously excluded foreign exchange losses amounting to US$8 433 340, which arose from a loan between the parent company and its subsidiary. The tax effect of this adjustment was US$1 192 246. The initial treatment was inconsistent with the relevant guidance in the Circular which directs that translation gains or losses on monetary assets/ liabilities (whether current or non-current) other than those treated as part of the net investment in a foreign operation arising from IAS 21, should be included in headline earnings.

(iii) Exclusion of loss arising from settlement of a financial liability through equity instruments from headline earnings
As disclosed in note 12, the Group, as part of the prior year finance costs, recognised US$1 132 532 which arose from settlement of a financial liability through issue of equity instruments, and excluded this amount from headline earnings. In terms of guidance in the Circular, this amount was in substance a remeasurement that is within the scope of IFRS 9 - *Financial Instruments*, and should have been included in headline earnings. The Circular defines re-measurements as amounts recognised in profit or loss relating to any change (whether realised or unrealised) in the carrying amount of an asset or liability that arose after the initial recognition of such asset, and that these should be included in headline earnings.

(iv) Non-adjustment for non-controlling effects associated with fair value adjustments
The Group correctly excluded US$13 088 679 of re-measurements relating to investment property from headline earnings. However, the non-controlling effect of this adjustment, being US$4 443 887 was incorrectly included in the headline earnings.

13 EARNINGS PER SHARE (CONTINUED)

13.5.1 Restatement of headline earnings (continued)

(b) Year ended 31 December 2019 (continued)

The impact of these restatements on the headline earnings are as follows:

	REVIEWED 30 June 2019			AUDITED 31 December 2019		
	As reported US$	Restatement US$	Restated US$	As reported US$	Restatement US$	Restated US$
Basic earnings attributable to owners of parent (for both basic and diluted earnings per share)	2 998 716	-	2 998 716	13 088 679	-	13 088 679
Adjusted to headline earnings as follows:						
Fair value loss/(gain) on investment property	686 713	-	686 713	(13 256 442)	-	(13 256 442)
Loss from disposal of property and equipment	-	-	-	21 119	-	21 119
Net monetary (gain)	-	-	-	(7 389 965)	7 389 965	-
Impairment of property and equipment	14 469	-	14 469	-	-	-
Loss arising from settlement of financial liabilities through equity instruments	-	-	-	1 132 523	(1 132 523)	-
Exchange loss on foreign currency denominated intra-group balances	-	-	-	8 433 440	(8 433 440)	-
Tax effect of headline earnings adjustments	-	-	-	1 192 246	(1 192 246)	-
Total non-controlling effect of adjustments	-	(227 920)	(227 920)	(57 276)	4 443 907	4 386 631
Headline earnings attributable to owners of parent	**3 699 898**	**(227 920)**	**3 471 978**	**3 164 324**	**1 075 663**	**4 239 987**
Headline earnings per share						
Basic (cents)	4.18	(0.26)	3.92	3.11	1.06	4.17
Diluted (cents)	4.05	(0.25)	3.80	3.11	1.06	4.17

	REVIEWED 6 months ended 30 June 2020 US$	REVIEWED 6 months ended 30 June 2019 US$	AUDITED Year ended 31 December 2019 US$
13.6 Weighted average number of shares in issue			
Shares at the beginning of the period	**109 491 523**	**88 531 195**	**88 531 195**
Issue of shares for cash (note 13.6.1)	-	-	5 218 401
Issue of shares - loan settlement (note 13.6.2)	-	-	8 008 334
Shares at the end of the period	**109 491 523**	**88 531 195**	**101 757 930**
Weighted average number of shares for basic earnings per share	109 491 523	88 531 195	101 757 930
Weighted average number of shares for diluted earnings per share (note 13.6.4)	109 491 523	91 304 740	101 757 930
Number of shares in issue	109 491 523	88 531 195	109 491 523

13.6.1 Issue of shares for cash

This arose from a rights issue that was carried out by the Company in 2019, as a consequence of which US$4 056 573 was raised and shares amounting to 9 427 476 issued on 20 September 2019. Directly attributable transaction costs amounted to US$38 614 were deducted against the gross proceeds, resulting in US$4 017 959 recognised in equity.

13 EARNINGS PER SHARE (CONTINUED)

13.6 Weighted average number of shares in issue (continued)

13.6.2 Issue of shares as consideration for loan settlement

At an extraordinary general meeting of the shareholders of the Company held on 4 of November 2019, the shareholders approved the issue of 11 532 852 ordinary shares of the Company as consideration for the full and final settlement of loans amounting to US$5 007 757 comprising capital of US$4 311 798 and accrual interest of US$695 959 which were due to certain related parties. The shares were subsequently issued between the 7 and 11 November 2019.

Directly attributable costs of US$83 908 were deducted against the US$6 140 280 resulting in a net credit to equity of US$6 056 372.

The US$6 056 372 and US$4 017 959 disclosed in note 13.6.1 resulted in a total credit of US$ 10 074 331 to equity.

13.6.3 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 (formerly Brainworks Limited) being the ultimate holding company, owning all the shares in Arden Capital (Private) Limited (formerly Brainworks Capital Management (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 then 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.

13.6.4 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.

During the period ended 30 June 2019, the Company accessed three loans, which including interest amounted to US$1 293 139 as at 30 June 2019. Two of the loans, amounting to US$570 058 gave the lenders an option to demand settlement thereof through issue of shares by the Company at an issue price of R6.50 per share, whilst the third loan with a balance of US$723 081 gave the Company at its sole discretion, the option to settle through issue of its own shares at an issue price of R6.50 per share as well.

The loans discussed above involved related parties as defined by the JSE Listing Requirements. As a result, issue of the shares the related parties required shareholders approval. As at 30 June 2019, the process to secure shareholder approval was still underway.

Assuming the shares were issued on 30 June 2019 to settle these loans, the Company would have needed to issue an additional 2 773 544 ordinary shares; this being determined on the basis of the issue price of R6.50 and the ZAR to US$ exchange rate of 1: 13.9413 on the same date.

Taking the above into account, the weighted number of shares for 30 June 2019 diluted earnings purposes would be 91 304 740 shares.

13 EARNINGS PER SHARE (CONTINUED)

	REVIEWED		AUDITED
	6 months ended 30 June 2020 US$	6 months ended 30 June 2019 US$	Year ended 31 December 2019 US$
13.7 Net asset value per share			
Net assets (excluding non-controlling interests ("NCI"))	67 395 784	69 331 365	70 931 484
Number of ordinary shares in issue	109 491 523	88 531 195	109 491 523
Net asset value per share (cents)	**61.55**	**78.31**	**64.78**
13.8 Net tangible asset value per share			
Net tangible assets	53 225 729	57 053 832	52 921 632
Number of ordinary shares	109 491 523	88 531 195	109 491 523
Net asset value per share (cents)	**48.61**	**64.44**	**48.33**
Reconciliation of net asset to net tangible assets			
Net assets (excluding NCI)	67 395 784	69 331 365	70 931 484
Non-tangible assets	(14 170 055)	(12 277 533)	(18 009 852)
Goodwill	(3 249 307)	(8 261 050)	(4 241 093)
Right of use asset	(9 969 681)	(3 518 459)	(12 978 504)
Deferred tax assets	(951 067)	(498 024)	(790 255)
Net tangible assets	**53 225 729**	**57 053 832**	**52 921 632**

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 tangible asset value by the number of shares in issue, excluding treasury shares.

14 FAIR VALUE MEASUREMENTS

14.1 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'.

14 FAIR VALUE MEASUREMENTS (CONTINUED)

14.2 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 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 2020 (nil for all comparative periods presented).

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 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 30 June 2019				
Assets				
Property and equipment	-	-	87 379 199	**87 379 199**
Investment property	-	-	22 984 001	**22 984 001**
	-	**-**	**110 363 200**	**110 363 200**
Recurring fair value measurements as at 31 December 2019				
Assets				
Property and equipment	-	-	94 803 254	**94 803 254**
Investment property	-	-	22 705 710	**22 705 710**
	-	**-**	**117 508 964**	**117 508 964**

15 COMMITMENTS

	REVIEWED		AUDITED
	6 months ended 30 June 2020 US$	6 months ended 30 June 2019 US$	Year ended 31 December 2019 US$
Capital commitments			
Authorised and contracted for	36 925	26 880	2 750 431
Authorised and not contracted for	14 319 260	16 389 329	25 000 000
	14 356 185	**16 416 209**	**27 750 431**

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

16 CONTINGENT LIABILITY

The Group is defending tax claims from the Zimbabwe Revenue Authority (“ZIMRA”) arising from assessments issued by ZIMRA to Arden Capital (Private) Limited (formerly Brainworks Capital Management (Private) Limited) in relation to Value Added Tax, Pay As You Earn, Income Tax and Withholding Tax. The total claim of US$0.36 million comprises aggregate principal amounts and penalties and interest of US$0.19 million and US$0.17 million, respectively.

The matter was heard in the High of Zimbabwe on 27 February 2020. The Group awaits judgement.

Of the total claim above, tax and legal experts have advised that Arden Capital (Private) Limited could be liable for the payment of PAYE claims of US$0.03 million. As a result, the Group recognised a provision thereof in its financial statements.

17 MATERIAL RELATED PARTY TRANSACTIONS

There were no material related party transactions that were entered into during the period ended 30 June 2020.

18 DIVIDEND

No dividend was declared during the interim period (2019: US$nil).

19 EVENTS AFTER THE REPORTING

Covid-19 pandemic

Subsequent to 30 June 2020, the Government announced several measures to ease Covid-19 related lockdown restrictions and re-open national borders to foreign travellers. These measures included the resumption of domestic and international flights on 10 September 2020 and 1 October 2020 respectively, and the resumption of inter-provincial travel starting 16 September 2020.

These positive developments are anticipated to facilitate both domestic and international tourism, as well as fostering recovery of the tourism sector as a whole. Following the implementation of phase 1 and 2 which focused on reopening the Group’s city-based and country hotels whose occupancies have thus far largely been driven by conferencing related business, the Group will now focus on phase 3 of the hotel reopening strategy. The reopening of the resort-based hotels in the Victoria Falls have always been linked to the resumption of international travel in Zimbabwe. With international travel having resumed, the focus is now on readying the reopening of the Victoria Falls based hotels in October 2020.

African Sun and Dawn corporate transaction

As disclosed on page 3, on 22 September 2020, African Sun released a circular to its shareholders containing details of an offer to Dawn, in respect of the acquisition by African Sun of 100% of the issued ordinary share capital of Dawn. On 13 October 2020, the African Sun shareholders voted in favour of the contemplated acquisition of all the issued shares in Dawn. On the other hand, the Dawn shareholders also voted in favour of the transaction on 19 October 2020. This transaction between the subsidiaries is expected to be completed during the last quarter of the current financial year.

ARDEN
CAPITAL

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