AFRICAN SUN LIMITED

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

REVIEWED CONDENSED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2021

Financial highlights

Revenue:
INFLATION ADJUSTED
ZW$ 1 148 mln from
ZW$ 954 mln

Normalised EBITDA:
INFLATION ADJUSTED
ZW$ 347 mln from
ZW$ (111) mln

Profit/(loss) for the half year:
INFLATION ADJUSTED
ZW$ 6 374 mln from
ZW$ (452) mln

Occupancy:
24% from **22%**

Total Rev PAR:
INFLATION ADJUSTED
ZW$ 3 743 from
ZW$ 3 303

ADR:
INFLATION ADJUSTED
ZW$ 7 968 from
ZW$ 7 559

Rooms RevPAR:
INFLATION ADJUSTED
ZW$ 1 932 from
ZW$ 1 651

MESSAGE FROM THE CHAIRMAN

INTRODUCTION
It gives me great pleasure to present to you our abridged half year financial report for the six months ended 30 June.

OPERATING ENVIRONMENT
The COVID-19 pandemic that started in 2020 continues to escalate in waves that are driven by more virulent mutations of the virus. According to the United Nations World Tourism Organisation (UNWTO), between January and May 2021, international tourist arrivals were 85% below the 2019 levels. After low occupancies in January and February 2021 due to the reintroduction of tighter lockdowns, the Group's volume performance improved progressively from March to the end of June with occupancy averaging 31% as the restrictions were relaxed. However, tighter restrictions were imposed at the end of the period in response to the upsurge in infections arising from the Delta variant.

On a positive note, we anticipate that the ongoing vaccination programmes both locally and internationally will accelerate the re-opening of the much-needed international travel and stimulate tourism. In the meantime, we are continuing with our focus on the domestic market that has responded quite well under the circumstances.

UPDATE ON THE ACQUISITION OF DAWN PROPERTIES LIMITED
Pursuant to the Company's offer and meeting all the conditions precedent to acquire 100% of Dawn Properties Limited ("Dawn"), 91.3% of the ordinary shares of Dawn were fully acquired with effect from 1 February 2021. Consequently, Dawn was accounted for as a Subsidiary from that date. The company is going through pertinent legal processes to acquire the remaining 8.7%. The integration of the two businesses to achieve the anticipated synergies has commenced in earnest.

FINANCIAL PERFORMANCE
Revenues
The Group recorded occupancy of 24%, a 2-percentage point improvement from the 22% achieved in the 2020 comparable period. This was still lower than the 38% that was achieved in 2019 (the last normal trading year) for the same period. The Inflation adjusted revenue for the 6 months, at ZW$ 1,15 billion, grew by 20% compared to SPLY driven by the marginal growth in occupancy and a firm Average Daily Rate ("ADR"). Included in the current year revenue is ZW$ 84 million (7%) attributable to the recently acquired subsidiary Dawn.

Operating Expenses
The Group's operating expenses (excluding depreciation) increased by 6% compared to SPLY mainly due to the consolidation of Dawn expenses. Excluding the effects of the Dawn consolidation, the hotel business operating expenses (excluding depreciation) decreased by 9% from ZW$ 882.5 million to ZW$ 802.3 million. There has been extensive attention given to the Company's cost base that has resulted in substantial and sustainable savings in the cost structures.

Profitability
The Group recorded an inflation adjusted earnings before interest, tax, depreciation and amortisation ("EBITDA") of ZW$6,6 billion mainly arising from the bargain purchase of ZW$6,45 billion from the acquisition of 91,17% of Dawn in January 2021. This was largely a result of inflation driven fair value adjustments on Dawn's investment properties by the time of acquisition. Dawn's normalised EBITDA for the period under review was at ZW$ 347,44 million and the Group reported a loss before tax of ZW$ 101,14 million from operations.

OUTLOOK
Looking ahead, we expect the Group to emerge stronger and more resilient on the back of ongoing hotel refurbishments currently under way, positioning the Group to deliver better value to our customers in the years ahead.

The fall in COVID-19 cases across the world over the past weeks and specifically a partial return to normalcy in our key source markets (the United Kingdom and United States of America) signals a new dawn in the fight against the virus. We are cautiously optimistic that the accelerated vaccination programmes around the world and the likely easing of restrictions for vaccinated travelers will contribute to the gradual normalization of travel. In the short-term, domestic travel will continue to drive our recovery.

As regards Real Estate segment, demand for residential stands at Marlborough Sunset Views ("MSV") is strong, and we anticipate sales will improve over the remainder of the year and unlock the much-needed liquidity for the business.

While we do not expect a quick return to normalised trading levels, we are optimistic that the various cost saving initiatives that were implemented and a dedicated focus on improving the customer experience, the Group will continue to improve its profitability and rebuild its cash reserves.

UPDATE ON TERMINATION OF THE HOTEL MANAGEMENT CONTRACT
The Legacy Hospitality Management Services Limited ("Legacy") matter is still going through legal processes. Meanwhile, the Group has fully integrated and taken over the management of the hotels previously managed by Legacy. This transition has not impacted our operations.

DIRECTORATE CHANGES
Following the acquisition of Dawn Properties Limited, the board was reconfigured to include the two former Dawn directors, Mr. Lloyd Mativenga Mhishi and Mr. Constantine Chikosi as Non-Executive Directors with effect from 1 May 2021. On behalf of the Board, I congratulate Lloyd and Constantine on their appointment and look forward to their valuable contribution to the Board.

DIVIDEND DECLARATION
Due to the need to preserve cash amid the COVID-19 uncertainties, the Board resolved not to declare a dividend for the period under review.

APPRECIATION
Taking the current landscape and uncertainties into consideration, I would like to commend management, staff and fellow board members for their continued commitment to drive the Group's survival strategies.

I'm confident that we will emerge stronger post the COVID-19 storm.

A Makamure
Chairman

16 September 2021

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2021

		INFLATION ADJUSTED		HISTORICAL	
All figures in ZW$	**Note**	**As at 30 June 2021 Reviewed**	**As at 31 December 2020 Audited**	**As at 30 June 2021 Reviewed**	**As at 31 December 2020 Audited**
Assets					
Non-current assets					
Property and equipment		8 150 072 946	2 371 599 299	6 701 722 795	1 923 195 650
Right of use asset		439 446 265	431 957 872	266 357 541	255 030 975
Investment property	8	1 691 591 968	-	1 440 335 120	-
Biological assets		34 669 157	34 669 156	28 726 214	28 726 214
Other financial assets at amortised cost		7 683 953	7 472 847	7 683 953	6 191 861
		10 323 464 289	**2 845 699 174**	**8 444 825 623**	**2 213 144 700**
Current assets					
Inventories		722 056 593	186 562 701	239 098 155	97 589 363
Assets classified as held for sale	9	94 764 390	-	78 520 000	-
Trade receivables		179 511 132	128 169 900	179 511 132	106 199 181
Other financial assets at amortised cost		146 608 597	120 069 779	127 104 477	69 619 752
Cash and cash equivalents		804 581 731	964 750 679	804 581 731	799 374 360
		1 947 522 443	**1 399 553 059**	**1 428 815 495**	**1 072 782 656**
Total assets		**12 270 986 732**	**4 245 252 233**	**9 873 641 118**	**3 285 927 356**
Equity and liabilities					
Equity attributable to owners of the parent					
Share capital		408 190 099	401 759 446	14 235 172	8 617 716
Share premium		1 970 407 084	1 171 270 645	723 204 747	25 123 685
Equity settled share based payment reserve	17.1	23 041 113	12 415 373	18 315 632	8 043 669
Revaluation reserve		1 028 494 857	1 028 494 857	1 449 830 089	1 449 830 089
Foreign currency translation reserve	17.2	1 296 922 664	1 296 573 303	379 598 657	379 230 453
Retained earnings/(accumulated losses)		4 939 243 528	(1 428 654 539)	5 082 782 787	11 220 979
Equity attributable to Parent		**9 666 299 345**	**2 481 859 085**	**7 667 967 084**	**1 882 066 591**
Non-controlling interest		708 621 017	-	564 962 588	-
Total equity		**10 374 920 362**	**2 481 859 085**	**8 232 929 672**	**1 882 066 591**
Liabilities					
Non-current liabilities					
Lease liabilities		268 903 652	308 431 179	268 903 652	255 560 303
Deferred Lease income		1 121 366	-	1 121 368	-
Deferred tax liabilities		585 443 334	383 289 974	330 088 411	260 333 101
		855 468 352	**691 721 153**	**600 113 431**	**515 893 404**
Current liabilities					
Trade and other payables		924 962 744	942 686 475	924 962 744	781 092 373
Deferred Lease income		138 869	-	138 867	-
Current income tax		9 045 246	17 261 431	9 045 246	14 302 499
Provisions for other liabilities	13	100 403 662	106 511 014	100 403 662	88 253 033
Lease liabilities		6 047 497	5 213 075	6 047 496	4 319 456
		1 040 598 018	**1 071 671 995**	**1 040 598 015**	**887 967 361**
Total liabilities		**1 896 066 370**	**1 763 393 148**	**1 640 711 446**	**1 403 860 765**
Total equity and liabilities		**12 270 986 732**	**4 245 252 233**	**9 873 641 118**	**3 285 927 356**

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2021

		INFLATION ADJUSTED		HISTORICAL	
All figures in ZW$	**Note**	**30 June 2021 Reviewed**	**30 June 2020 Reviewed**	**30 June 2021 Reviewed**	**30 June 2020 Reviewed**
Revenue	12	**1 148 316 166**	**954 378 147**	**1 092 706 727**	**237 411 017**
Cost of sales	14	(318 910 412)	(322 284 481)	(289 922 409)	(79 191 153)
Gross profit		**829 405 754**	**632 093 666**	**802 784 318**	**158 219 864**
Other income		6 622 183 388	140 645 687	5 267 163 172	43 048 129
Operating expenses	14	(1 054 450 973)	(877 557 412)	(980 274 270)	(240 304 937)
Other expenses		-	(145 379 372)	-	(70 659 720)
Operating profit/(loss)		**6 397 138 169**	**(250 197 431)**	**5 089 673 220**	**(109 696 664)**
Finance income		27 393	1 542 589	25 533	401 265
Finance costs		(10 342 750)	-	(9 676 902)	-
Finance costs - lease liabilities		(14 235 219)	(6 260 348)	(13 284 165)	(1 795 095)
Net monetary (loss)		(40 472 490)	(264 695 531)	-	-
Profit/(loss) before income tax	12	**6 332 115 103**	**(519 610 721)**	**5 066 737 686**	**(111 090 494)**
Income tax credit	15	41 675 554	67 643 433	18 088 782	54 598 075
Profit/(loss) for the period		**6 373 790 657**	**(451 967 288)**	**5 084 826 468**	**(56 492 419)**
Other comprehensive income net of tax:					
Items that may be subsequently reclassified to profit or loss					
Exchange differences on translation of foreign operations		349 361	473 126 388	368 204	192 504 695
Items that may not be subsequently reclassified to profit or loss					
Revaluation surplus (net of tax)		-	478 941 535	-	790 173 308
Other comprehensive income net of tax:		**349 361**	**952 067 923**	**368 204**	**982 678 003**
Total comprehensive income for the period		**6 374 140 018**	**500 100 635**	**5 085 194 672**	**926 185 584**
Profit/(loss) attributable to:					
Owners of the parent		6 367 898 067	(451 967 288)	5 071 561 808	(56 492 419)
Non-controlling interests		5 892 590	-	13 264 660	-
		6 373 790 657	**(451 967 288)**	**5 084 826 468**	**(56 492 419)**
Total comprehensive income/(loss) attributable to:					
Owners of the parent		6 378 892 838	500 100 635	5 071 930 012	926 185 584
Non-controlling interests		5 892 590	-	13 264 660	-
		6 384 785 428	**500 100 635**	**5 085 194 672**	**926 185 584**
Earnings/(loss) per share					
Owners of the parent during the period: cents					
Basic and diluted earnings/(loss) per share	16	447,34	(52,45)	356,27	(6,56)
Headline earnings/(loss) per share	16	440,40	(51,86)	342,57	(6,48)

Directors: A. Makamure (Chairman), E. T. Shangwa (Managing Director)*, B. H. Dirorimwe (Finance Director)*, G. Chikomo, C. Chikosi, B. Childs, E. A. Fundira, N. G. Maphosa, L.M. Mhishi, T. M. Ngwenya, P. Saungweme. * Executive
Registered Office: Monomotapa Hotel, Number 54 Park Lane, Harare, Zimbabwe. Email: venon.musimbe@africansunhotels.com, Web: www.africansunhotels.com
Independent Auditor: Deloitte & Touche Chartered Accountants (Zimbabwe), West Block, Borrowdale Office Park, Borrowdale Road, Borrowdale, Harare.

AFRICAN SUN LIMITED

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

REVIEWED CONDENSED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2021

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

	INFLATION ADJUSTED								
All figures in ZW$	**Share capital**	**Share premium**	**Equity settled share based payments reserve**	**Foreign currency translation reserve**	**Revaluation reserve**	**Accumulated profits/ (losses)**	**Attributable to equity holders of the parent**	**Non-controlling interest**	**Total equity**
Year ended 31 December 2020									
Balance as at 1 January 2020	**401 759 446**	**1 171 270 645**	**-**	**636 112 529**	**961 560 915**	**406 105 467**	**3 576 809 002**	**-**	**3 576 809 002**
Loss for the year	-	-	-	-	-	(1 816 340 877)	(1 816 340 877)	-	(1 816 340 877)
Other comprehensive income:									
Currency translation differences	-	-	-	660 460 774	-	-	660 460 774	-	660 460 774
Revaluation surplus (net of tax)	-	-	-	-	66 933 942	-	66 933 942	-	66 933 942
Total comprehensive loss for the year	**-**	**-**	**-**	**660 460 774**	**66 933 942**	**(1 816 340 877)**	**727 394 716**	**-**	**(1 088 946 161)**
Transactions with owners in their capacity as owners:									
Share options cost	-	-	12 415 373	-	-	-	12 415 373	-	12 415 373
Dividend declared and paid	-	-	-	-	-	(18 419 129)	(18 419 129)	-	(18 419 129)
	-	**-**	**12 415 373**	**-**	**-**	**(18 419 129)**	**(6 003 756)**	**-**	**(6 003 756)**
Balance as at 31 December 2020	**401 759 446**	**1 171 270 645**	**12 415 373**	**1 296 573 303**	**1 028 494 857**	**(1 428 654 539)**	**2 481 859 085**	**-**	**2 481 859 085**
Half year ended 30 June 2021									
Balance as at 1 January 2021	**401 759 446**	**1 171 270 645**	**12 415 373**	**1 296 573 303**	**1 028 494 857**	**(1 428 654 539)**	**2 481 859 085**	**-**	**2 481 859 085**
Profit for the period	-	-	-	-	-	6 367 898 067	6 367 898 067	5 892 590	6 373 790 657
Other comprehensive income:									
Currency translation differences	-	-	-	349 361	-	-	349 361	-	349 361
Revaluation surplus (net of tax)	-	-	-	-	-	-	-	-	-
	-	**-**	**-**	**349 361**	**-**	**-**	**349 361**	**-**	**349 361**
Total comprehensive income for the period	**-**	**-**	**-**	**349 361**	**-**	**6 367 898 067**	**6 368 247 428**	**5 892 590**	**6 374 140 018**
Transactions with owners in their capacity as owners:									
Share options cost	-	-	10 625 740	-	-	-	10 625 740	-	10 625 740
Share issue	6 430 653	799 136 439					805 567 092	702 728 427	1 508 295 519
	6 430 653	**799 136 439**	**10 625 740**	**-**	**-**	**-**	**816 192 832**	**702 728 427**	**1 518 921 259**
Balance as at 30 June 2021	**408 190 099**	**1 970 407 084**	**23 041 113**	**1 296 922 664**	**1 028 494 857**	**4 939 243 528**	**9 666 299 345**	**708 621 017**	**10 374 920 362**

	HISTORICAL								
All figures in ZW$	**Share capital**	**Share premium**	**Equity settled share based payments reserve**	**Foreign currency translation reserve**	**Revaluation reserve**	**Accumulated profits/ (losses)**	**Attributable to equity holders of the parent**	**Non-controlling interest**	**Total equity**
Year ended 31 December 2020									
Balance as at 1 January 2020	**8 617 716**	**25 123 685**	**-**	**54 037 995**	**294 163 180**	**87 872 352**	**469 814 928**	**-**	**469 814 928**
Loss for the year	-	-		-		(71 653 155)	(71 653 155)	-	(71 653 155)
Other comprehensive income:									
Currency translation differences	-	-	-	325 192 458	-	-	325 192 458	-	325 192 458
Revaluation surplus (net of tax)	-	-	-	-	1 155 666 909	-	1 155 666 909	-	1 155 666 909
Total comprehensive loss for the year	**-**	**-**	**-**	**325 192 458**	**1 155 666 909**	**(71 653 155)**	**1 409 206 212**		**1 409 206 212**
Transactions with owners in their capacity as owners:									
Share options cost	-	-	8 043 669	-	-	-	8 043 669	-	8 043 669
Dividend declared and paid	-	-	-	-	-	(4 998 218)	(4 998 218)	-	(4 998 218)
	-	**-**	**8 043 669**	**-**	**-**	**(4 998 218)**	**3 045 451**		**3 045 451**
Balance as at 31 December 2020	**8 617 716**	**25 123 685**	**8 043 669**	**379 230 453**	**1 449 830 089**	**11 220 979**	**1 882 066 591**	**-**	**1 882 066 591**
Half year ended 30 June 2021									
Balance as at 1 January 2021	**8 617 716**	**25 123 685**	**8 043 669**	**379 230 453**	**1 449 830 089**	**11 220 979**	**1 882 066 591**	**-**	**1 882 066 591**
Profit for the period	-	-	-	-	-	5 071 561 808	5 071 561 808	13 264 660	5 084 826 468
Other comprehensive income:									
Currency translation differences	-	-	-	368 204	-	-	368 204		368 204
Revaluation surplus (net of tax)	-	-	-	-	-	-	-		-
	-	**-**		**368 204**	**-**	**-**			**368 204**
Total comprehensive income for the period	**-**	**-**	**-**	**368 204**	**-**	**5 071 561 808**	**5 071 561 808**	**13 264 660**	**5 085 194 672**
Transactions with owners in their capacity as owners:									
Share options cost	-	-	10 271 963	-	-	-	10 271 963	-	10 271 963
Share issue	5 617 456	698 081 062					703 698 518	551 697 928	1 255 396 446
	5 617 456	**698 081 062**	**10 271 963**	**-**	**-**	**-**	**713 970 481**	**551 697 928**	**1 265 668 409**
Balance as at 30 June 2021	**14 235 172**	**723 204 747**	**18 315 632**	**379 598 657**	**1 449 830 089**	**5 082 782 787**	**7 667 598 880**	**564 962 588**	**8 232 929 672**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

		INFLATION ADJUSTED		HISTORICAL	
All figures in ZW$	**Note**	**30 June 2021 Reviewed**	**30 June 2020 Reviewed**	**30 June 2021 Reviewed**	**30 June 2020 Reviewed**
Cash flows from operating activities					
Cash generated from operations		189 390 275	206 432 006	149 372 184	178 975 391
Interest received		27 393	1 542 589	25 533	401 265
Interest Paid		(667 106)	-	(626 552)	-
Finance cost paid-lease liabilities		(14 235 219)	(6 260 348)	(13 284 165)	(1 795 095)
Tax paid		(30 534 130)	(22 413 014)	(29 327 001)	(6 082 002)
Cash generated from operating activities		**143 981 213**	**179 301 233**	**106 159 999**	**171 499 559**
Cash flows from investing activities					
Purchase of property and equipment		(95 548 276)	(302 649 758)	(81 530 404)	(69 506 981)
Proceeds from sale of property and equipment		1 685 290	5 783 770	1 092 472	161 682
Acquisition of Subsidiary		41 473 841	-	36 229 237	-
Cash used in investing activities		**(52 389 145)**	**(296 865 988)**	**(44 208 695)**	**(69 345 299)**
Cash flows from financing activities					
Dividend paid		-	(18 419 121)	-	(4 998 217)
Repayment of borrowings		(4 141 404)	-	(3 876 673)	-
Repayment of lease liabilities		(2 443 774)	(8 329 244)	(2 280 305)	(2 121 330)
Cash used in financing activities		**(6 585 178)**	**(26 748 365)**	**(6 156 978)**	**(7 119 547)**
(Decrease)/increase in cash and cash equivalents		**434 463 329**	**(144 313 120)**	**55 794 326**	**95 034 713**
Cash and cash equivalents at beginning of the year		964 750 679	1 074 403 761	835 603 597	198 452 854
Exchange (losses)/gain on cash and cash equivalents		(86 816 192)	357 667 265	(86 816 192)	173 083 780
Effects of restatement on cash and cash equivalents		(158 359 646)	(323 616 161)	-	-
Cash and cash equivalents at end of the period		**804 581 731**	**964 141 745**	**804 581 731**	**466 571 347**

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 REPORTING ENTITY

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

The Company is incorporated and domiciled in Zimbabwe, and listed on the Zimbabwe Stock Exchange.

The parent of the Company is Arden Capital Management (Private) Limited ("Arden"), which owns 62.73% (2020: 57.67%) of the ordinary share capital of the Company.

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

These condensed financial statements were approved for issue by the Directors on 9 September 2021.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in compliance with International Financial Reporting Standards ("IFRS"), Zimbabwe Stock Exchange Listing Requirements and in the manner required by Companies and other Business Entities Act (Chapter 24:31). These condensed financial statements are prepared on the historical cost basis modified by revaluation of property and equipment. For the purposes of fair presentation in accordance with International Accounting Standard ("IAS") 29 Financial Reporting in Hyperinflationary Economies, the historical cost information has been restated for changes in general purchasing power of Zimbabwean dollar ("ZW$") and appropriate adjustments and reclassifications have been made. IAS 29 has also been applied to the consolidated foreign operation financials, contrary to the auditors interpretation of IFRS as detailed in note 6. The restatement has been calculated by means of adjusting factors derived from the Consumer Price Index("CPI") prepared by Zimbabwe National Statistics Agency ("ZimStat"). Accordingly, the inflation adjusted financial statements represents the primary financial statements of the Group. The historical cost financial statements have been provided by way of supplementary information.

3 INFLATION ADJUSTMENT

IAS 29 requires that financial statements prepared in the currency of a hyperinflationary economy to be stated in terms of a measuring unit current at the reporting date, and that the corresponding figures for prior periods be stated in terms of the measuring unit current at the end of reporting date. The restatement has been calculated by means of adjusting factors derived from the consumer price index(CPI) prepared by Zimbabwe National Statistics Agency ("ZimStat"). The adjustment factors used to restate the financial statements as at 30 June 2021, using 2020 base year are as follows:

Date	Indices	Adjusting Factor
CPI as at 30 June 2020	1,445.21	2.0664
CPI as at 31 December 2020	2,474.51	1.2069
CPI as at 30 June 2021	2,986.44	1.0000

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

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

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

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

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

The policies affected are;
- Monetary assets and liabilities are not restated as they are already stated in terms of the measuring unit current at the reporting date;
- 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 that are carried at revalued amounts which approximate fair values are not restated and when not revalued are restated by applying inflation adjusting factors from the last date of revaluation.

Inventories are carried at the lower of indexed cost and net realisable value;

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

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

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

The Groups foreign subsidiary's transactions are restated as described in note 6.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4 INDEPENDENT AUDITOR'S REPORT ON THE AUDIT OF INFLATION ADJUSTED FINANCIAL STATEMENTS

Interim Results Opinion

These inflation adjusted condensed consolidated interim financial results for the six months ended 30 June 2021 have been reviewed by Deloitte & Touche and a modified review conclusion has been issued thereon. This conclusion carries an adverse opinion, due to the pervasive effect of;

- Non –compliance with International Accounting Standard 29 – "Financial Reporting in Hyperinflationary Economies" on consolidating the South African foreign branch,
- Non –compliance with International Financial Reporting Standard 13- "Fair value measurements" and IAS 29 "Financial Reporting in Hyperinflationary Economies" - In the determination of the value of Investment Property and Property and equipment for the current and comparable periods. In the prior period, the method of determining the value of the Investment property and Property and equipment was reasonable in US Dollars, but was not an accurate reflection of market dynamics and the risk associated with ZW$ transactions on a willing buyer, willing seller basis. Furthermore, IAS 29 par 19 requires non-monetary assets measured at fair value (Investment Property) to be measured in accordance with the relevant standard, and non-monetary assets restated from the date of revaluation (Property and equipment), to thereafter be reduced to their recoverable amount. Notwithstanding the reasonableness of the previously determined US Dollar recoverable amounts, for both the prior and current periods, the ZW$ recoverable amount was not determined in the current year.

The review conclusion has been made available to management and those charged with the governance of African Sun Limited, and the opinion is available for inspection at their registered offices. The engagement partner responsible for this review is Tapiwa S Chizana.

5 GOING CONCERN

The negative impact of the novel corona virus ("COVID-19") pandemic affected the Group's operations beginning the second quarter of 2020. Therefore, the results for the six months ended June 30, 2021 and 2020 are less comparable due to the volatile effects of the pandemic for the comparable periods under review. However, the results reflect marginal improvement in business volumes, closing the 2021 half year with an occupancy of 24%, a 2-percentage point improvement from the 22% achieved in the comparable period of 2020, but still way lower than the 38% achieved in 2019 which was a normal trading year. Whilst, the worst impact of COVID-19 on business performance has been seen in our occupancies, our property division has not been spared with revenue down 50% from the 2019 levels. In our assessment, we expect property sales to slow down over the next year and start to recover in 2023.

Resultantly the Group inflation adjusted hotel revenue, increased by 13% compared to same period last year. Overall, the Groups inflation adjusted total revenue increased by 20% including a 7% increase from the recently acquired subsidiary, Dawn. The marginal improvement in occupancy under these difficult circumstances was a result of experience gained during the first wave of COVID19. While much progress has been made in accelerating the COVID-19 vaccine roll out and in making safe international travel a possibility, the reality, is the crisis is not over yet. Though, the subdued volumes pose a threat to the going concern of the business, the improving revenue generation will go a long way in complimenting the existing cash resources, with the Group's cash position having declined by only 16% from the December 2020 position.

The Group cash flow forecasts that support the director's position that the Group is a going concern, required management to plan for a wide range of financial performance and cash flow scenarios to address the COVID-19 related uncertainties. Management did stress testing of its scenarios, and concluded that, even under the worst-case scenario, the Group will continue to operate for the foreseeable future. In the going concern assessment, management considered several possible outcomes for the remainder of 2021 into 2022 as COVID-19 remains a critical factor in our business. Under the base case scenario management budgeted for a healthy occupancy for the hotel business. The property market for the recently acquired Dawn is expected to strengthen as the economy recovers from the pandemic. The worst-case scenario forecasts the Group to close 2021 with an occupancy that approximate the 2020 occupancy, for the property division management expects minimal effect as property market fundamentals are largely driven by macroeconomic fundamentals. Despite the third wave, we do not expect business performance to be worse than 2020 mainly due to the experience both the Group and governments gained navigating the effects of COVID-19's first wave in 2020. Due to the evolving nature of the pandemic, the worst-case scenario assumed a forth wave in January and February 2022 driven by virus mutations and festive period movements. However, the forth wave effects are forecasted to be minimal on the back of the global vaccination program and that most of our source markets would have already achieved herd immunity. The worst-case scenario assumes that Zimbabwe will achieve herd immunity by the third quarter of 2022 based on the current rate of vaccinations. In an effort to support and reopen tourism, the government of Zimbabwe recently eased the Victoria Falls area lockdown restrictions as the town has already achieved herd immunity. We expect this trend to continue as more and more areas achieve herd immunity and prominence be given to vaccinated people to travel without restrictions.

Under the worst-case scenario international business is forecasted to gradually start around second quarter of 2022 with domestic business largely driven by government and non-governmental organisations programs anchoring performance for the remainder of 2021 into 2022. As government restrictions ease and more people are vaccinated, we continue to see positive momentum in demand. In this worst-case scenario, we expect COVID-19 to continue impacting the business putting pressure on the ADR which is forecasted to ease by 15% from the base case scenario as the Group promote rebound business.

As the outbreak continues to evolve, there remains uncertainty surrounding the timing of the key COVID-19 related interventions and the likely impact to the business. The worst-case scenario includes among other things certain critical contractual settlements that may fall due within the next 12 months from the signing of these financial statements. Having considered all the assumptions and threats of the worst-case scenario, the Group has enough cash resources and two undrawn loan facilities amounting to ZW$322 million (US$ 2 million and ZW$ 150 million) to sustain the business for the foreseeable future. At corporate level, the Group continues with the business contingency plans in response to the ever-evolving situation. In light of the above, the Group has taken the following actions to significantly reduce expenses and generate and preserve liquidity:

- Carving out of and deferment of some capital expenditure programs;
- Disposal of some assets within Dawn that are considered non-core with a potential of raising circa US$4 million;
- Engagement with tour operators to defer bookings as opposed to cancellation;
- Reduced our work force to align to volumes of business; and
- Engaged landlords on revised sustainable rental formulas until this phase is gone.

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

6 APPLICATION OF IAS 29 ON CONSOLIDATED FOREIGN OPERATION FINANCIALS

African Sun Limited (The Parent) has a foreign branch (African Sun Limited SA Branch). The Parent's functional and reporting currency is the Zimbabwe Dollar ("ZW$"), which also is the Group's reporting currency. The foreign entity's functional and reporting currency is the South African Rand ("ZAR"). The Group's reporting currency (ZW$) is of a hyperinflationary economy, whilst the foreign entity's functional currency (ZAR) is not of a hyperinflationary economy. On consolidation, the Group initially applies IAS 21 to translate the foreign operation into the reporting currency of the Group. Intra group transactions and balances are appropriately eliminated in line with the guidance of IFRS 3 and IFRS 10. Subsequent to the initial recognition of the foreign entity's transactions in line with IAS 21 to ZW$ for consolidation purposes, the Group then applies IAS 29 to all the consolidated monthly ZW$ numbers in line with IAS 29 paragraph 26 and 30 which require the restatement of all statement of comprehensive income numbers in a hyperinflationary currency (ZW$) to current measuring unit at reporting date.

The Auditor has a different technical interpretation of the requirements of IAS 29. Their interpretation contends that the foreign entity should only be accounted for in terms of IAS 21 as stated under IAS 29 paragraph 35. While the interpretation of IAS 29 paragraph 35 appears to specifically exclude the accounting of the foreign operation under IAS 29, our view insists that IAS 29's primary responsibility is to account for hyperinflation effects on historical financial statements in hyperinflationary currencies such as the ZW$. The foreign operation's financial statements are translated to ZW$, the reporting currency of the Group monthly and we apply IAS 29 to the Group's consolidated ZW$ numbers subsequently.

The Group's position on the treatment of the foreign entity detailed above was adopted at the initial application of IAS 29 to the Group's financial statements in 2019. Despite the difference in technical interpretation on IAS 29 with the Auditor, the Group also chose to continue applying IAS 29 on the ZW$ consolidated numbers in line with IAS 29 para10; which emphasises the need for consistent application of management's judgement and procedures.

Should the Group adopt the Auditor's technical interpretation and apply IAS 29 to selective ZW$ numbers, the effects on the Group's reported numbers would be as detailed below:

CONSOLIDATED STATEMENT OF FINANCIAL POSITION EXTRACT

	INFLATION ADJUSTED 2021			INFLATION ADJUSTED 2020		
All figures in ZW$	30 June 2021 As presented	30 June 2020 Alternative Position	Difference	31 December 2020 As presented	31 December 2019 Alternative Position	Difference
Assets						
Non-current assets						
Property and equipment	8150 072 946	8150 072 946	-	2371 599 299	2371 390 437	208 862
Right of use	439 446 265	439 446 265	-	431 957 872	431 511 025	446 847
Current assets						
Trade receivables	179 511 132	179 511 132	-	128 169 900	125 548 761	2 621 139
Cash and cash equivalents	804 581 731	804 581 731	-	964 750 679	877 156 858	87 593 821
Equity and liabilities						
Equity attributable to owners of the parent						
Foreign currency translation reserve	1296 922 664	379 598 657	917 324 007	1296 573 303	379 230 431	917 342 872
Accumulated earning/(losses)	4939 243 528	5856 567 535	(917 324 007)	(1428 654 539)	(596 382 892)	(832 271 647)
Total equity						
Liabilities						
Non-current liabilities						
Lease liabilities	274 951 149	274 951 149	-	308 431 179	305 623 252	548 620
Deferred tax liabilities	576 874 283	576 874 283	-	383 289 974	383 201 208	20 358

6 APPLICATION OF IAS 29 ON CONSOLIDATED FOREIGN OPERATION FINANCIALS (CONTINUED)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION EXTRACT (CONTINUED)

	INFLATION ADJUSTED 2021			INFLATION ADJUSTED 2020		
All figures in ZW$	30 June 2021 As presented	30 June 2020 Alternative Position	Difference	31 December 2020 As presented	31 December 2019 Alternative Position	Difference
Current liabilities						
Trade and other payables	924 962 744	924 962 744	-	942 686 475	912 334 327	2 541 514
Current income tax	9 045 246	9 045 246	-	17 261 431	12 974 436	2 688 952

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME EXTRACT

	INFLATION ADJUSTED 2021			INFLATION ADJUSTED 2020		
All figures in ZW$	30 June 2021 As presented	30 June 2020 Alternative Position	Difference	31 December 2020 As presented	31 December 2019 Alternative Position	Difference
Profit and loss items						
Other income	6622 183 388	6622 261 197	(77 809)	140 645 687	140 645 687	-
Operating expenses	(1 054 450 973)	(1053 485 089)	(965 884)	(877 557 412)	(867 911 007)	(9 646 405)
Finance income	27 393	25 659	1 734	1 542 589	809 240	733 349
Finance costs - lease liabilities	(14 235 219)	(14 227 453)	(7 766)	(6 260 348)	(6 118 519)	(141 829)
Net monetary (loss)/gain	(40 472 490)	(37 123 597)	(3 348 893)	(264 695 531)	87 575 111	(352 270 642)
Income tax credit	41 675 554	41 628 308	47 246	141 207 781	145 592 283	53 134 565
Other comprehensive income net of tax:						
Exchange differences on translation of foreign operations	349 361	368 226	(18 865)	473 126 388	193 292 992	279 833 396

The summarised net effects of the above variances, should the Group adopt the auditors approach is as detailed below

	INFLATION ADJUSTED	
All figures in ZW$	30 June 2021	31 December 2020
Increase in profit	4 351 372	832 271 647
(Decrease)/increase in FCTR-Other comprehensive income	(4 351 372)	917 342 872
(Decrease) in Equity	-	85 071 225
Increase in assets	-	90 870 669
Increase in liabilities	-	5 799 444

From the financial statements extract above, it is the director's view that should the Group not apply IAS 29 to the consolidated ZW$ numbers, the Group will not achieve fair presentation as defined under IAS 1 and the conceptual framework. In addition, the directors are of the view that this renders comparability of the Group's financial statements meaningless. This difference in technical interpretation of IAS29 is one of the basis for adverse opinion as detailed in the audit opinion.

7 ACQUISITIONS: DAWN PROPERTIES LIMITED

On 20 January 2021, the company acquired majority shareholding of Dawn Properties Limited ("DPL"), a company previous owned by the parent company Arden-Capital Limited. This was achieved through a share swap with former shareholders in exchange for 1 issued ordinary share of African Sun Limited ("ASL") for every 3.98 DPL issued shares ("the Original offer"). Pursuant to the Original Offer, DPL Shareholders holding 2,240,283,488 ordinary shares in DPL, representing 91.17% of the DPL issued ordinary shares accepted the Original Offer and surrendered their shares to ASL on the effective date.

The company, had initially offered to acquire 100% of DPL issued ordinary shares. DPL Shareholders holding 216,888,620 ordinary shares in DPL, representing 8.83% of the DPL issued ordinary shares ("Remaining Shares") did not accept the Original Offer. In terms of section 238 (1) of the Companies and Other Business Entities Act [Chapter 24:31] ("the COBE"), the Company notified the holders of the Remaining Shares of its intention to acquire the Remaining Shares within a period of 120 days from the date of the squeeze out notice published on 25 January 2021, on the same terms that applied to the shares whose holders accepted the Original Offer The Remaining Shares will be acquired via a Tag Along in terms of Section 239 of the COBE or Drag Along in terms of section 238(2) of the COBE.

Details of the acquisition are as follows:

All figures in ZW$	Restated 30 June 2021	Historical 30 June 2021
Net Assets Value	7 961 342 973	6 250 289 949
Purchase Consideration	(805 567 067)	(703 698 516)
Non-Controlling Interest	(702 728 427)	(551 697 928)
Bargain Purchase	**6 453 047 478**	**4 994 893 505**

A business combination of entities under common control is scoped out of IFRS 3 - 'Business Combination". This meant that the Group, could not apply the acquisition method as required by IFRS 3 but rather use a method it deems fit to give a true reflection of the transaction in line with IAS 8 - "Accounting Policies, Accounting Estimates and Errors"; and the Conceptual Framework. The Group elected to account for the acquisition through the book value approach, which entails that assets acquired and liabilities assumed were recorded at the same value that the common parent have always accounted them. This was necessitated by the need not to create fictitious balances and distort the group position.

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

Non-Controlling Interest (''NCI") is the proportionate share of the net assets to the remaining 8.83% shareholding as measured at acquisition date. During the year NCI was increased by ZW$ 5.89 million, being its proportionate share of the Profit for the period.

8 INVESTMENT PROPERTY

	INFLATION ADJUSTED		HISTORICAL	
All figures in ZW$	As at 30 June 2021 Reviewed	As at 31 December 2020 Audited	As at 30 June 2021 Reviewed	As at 31 December 2020 Audited
Balance at the beginning of the year	**-**	**-**	**-**	**-**
Additions	114 469 749	-	8 815 245	-
Acquisitions	1 476 312 906	-	1 223 245 230	-
Transfer to assets classified as held for sale	(11 356 761)	-	(9 410 000)	-
Transfer (to)/from inventory	-	-	-	-
Disposals	-	-	-	-
Fair value gains	112 166 074	-	217 684 645	-
Balance at the end of the year	**1 691 591 968**	**-**	**1 440 335 120**	**-**

The group acquired investment properties during the year through acquisition of Dawn Properties, that now forms part of the "Real Estate Segment" of the group. The real estate segment has vast investment in commercial and residential properties as well as a vast land bank for development across Zimbabwe including seven hotel properties leased to a fellow subsidiary, African Sun Zimbabwe (Pvt) Ltd. Hotel properties leased to a fellow subsidiary are reclassified to Property Plant and Equipment as they are taken as owner occupied at Group level.

Additions relate to acquisition of two pieces of land, Parklane Stand 16960 measuring 1.12 ha and Civic Centre Stand 41491 measuring 1.08 ha during the period under review.

9 ASSETS CLASSIFIED AS HELD FOR SALE

In January 2021, the group acquired DPL and amongst the assets acquired were assets classified as held for sale. In November 2020, the DPL Board of Directors resolved to dispose of two Investment Properties namely Brondesbury Park Hotel and a 1.7 hectares piece of land in Harare, within a period of 12 months. During the period ended 30 June 2021, the Group decided to dispose of another piece of land in Harare Stand 4276 Glern Lorne measuring 0.5ha.

Consequently the properties were classified as non-current assets held for sale and were measured at fair value in line with IAS 40 - "Investment Properties" as required by IFRS 5 - "Non-current Assets held for Sale and Discontinued Operations". The fair values of the hotel property and piece of land were determined using the depreciated replacement cost approach and the market comparison method, respectively.

The carrying amounts of Non-Current Assets Held for Sale as at 30 June 2021 is summarised as follows:

	INFLATION ADJUSTED		HISTORICAL	
All figures in ZW$	As at 30 June 2021 Reviewed	As at 31 December 2020 Audited	As at 30 June 2021 Reviewed	As at 31 December 2020 Audited
Balance at the beginning of the year	**-**	**-**	**-**	**-**
Acquisition	83 407 629	-	69 110 000	-
Transfer from Investment property	11 356 761	-	9 410 000	-
Balance at the period end	**94 764 390**	**-**	**78 520 000**	**-**

AFRICAN SUN

LIMITED

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

REVIEWED CONDENSED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2021

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

(a) 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.

(b) Going concern

The Directors assess the ability of the Group and Company to continue operating as a going concern at the end of each financial year. As at 30 June 2021, the Directors have assessed the ability of the Group to continue operating as a going concern and believe that the preparation of these financial statements on a going concern basis is still appropriate. Some of the initiatives implemented to ensure the Group improves its profitability and continues as a going concern are discussed under note 5.

(c) Impairment of trade receivables and financial assets

The Group carried out an impairment review on trade receivables' balances as at 30 June 2021 using the simplified impairment approach which uses both historical and forward-looking information as required by IFRS 9. When developing the simplified impairment provisioning matrix, trade receivables ageing and write offs over the past 6 years were used to assess the historical default rates over the expected life of the trade receivables. The historical default rates are adjusted for forward-looking estimates in accordance with IFRS 9 to determine the average default rate. The forward looking estimates increased as at 30 June 2021 as a result of COVID-19 induced uncertainties and other macro-economic factors.

The following are the critical judgements, apart from those involving estimations, that the directors have made in the process of applying expected credit losses model of impairing trade receivables.

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

(d) Determination of lease terms

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

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

11 FINANCIAL RISK MANAGEMENT

(i) Key Liquidity Risk Disclosures

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

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

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

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

	INFLATION ADJUSTED			
All figures in ZW$	**Less than 1 year**	**1 to 5 years**	**More than 5 years**	**Total**
As at 30 June 2020				
Liabilities				
Trade and other payables	(924 962 744)	-	-	(924 962 744)
Lease liabilities	(6 047 497)	(18 142 492)	(250 761 160)	(274 951 149)
Total liabilities	**(931 010 241)**	**(18 142 492)**	**(250 761 160)**	**(1 199 913 893)**
Assets held for managing liquidity risk				
Trade and other receivables	333 803 682	-	-	333 803 682
Cash and cash equivalents	804 581 731	-	-	804 581 731
Total assets held for managing liquidity risk	**1 138 385 413**	**-**	**-**	**1 138 385 413**
Liquidity gap	**207 375 172**	**(18 142 492)**	**-**	**189 232 680**
Cumulative liquidity gap	**207 375 172**	**189 232 680**	**189 232 680**	**-**
As at 31 December 2020				
Liabilities				
Trade and other payables	(942 686 475)	-	-	(942 686 475)
Lease Liabilities	(5 213 075)	(10 898 584)	(297 532 595)	(313 644 254)
Total liabilities	**(947 899 550)**	**(10 898 584)**	**(297 532 595)**	**(1 256 330 729)**
Assets held for managing liquidity risk				
Trade and other receivables	255 712 526	-	-	255 712 526
Cash and cash equivalents	964 750 679	-	-	964 750 679
Total assets held for managing liquidity risk	**1 220 463 205**	**-**	**-**	**1 220 463 205**
Liquidity gap	**272 563 655**	**(10 898 584)**	**(297 532 595)**	**(35 867 524)**
Cumulative liquidity gap	**272 563 655**	**261 665 071**	**(35 867 524)**	**-**

11 FINANCIAL RISK MANAGEMENT (CONTINUED)

	HISTORICAL COST			
All figures in ZW$	**Less than 1 year**	**1 to 5 years**	**More than 5 years**	**Total**
As at 30 June 2020				
Liabilities				
Trade and other payables	(924 962 744)	-	-	(924 962 744)
Lease Liabilities	(6 047 497)	(18 142 492)	(250 761 160)	(274 951 149)
Total liabilities	**(931 010 241)**	**(18 142 492)**	**(250 761 160)**	**(1 199 913 893)**
Assets held for managing liquidity risk				
Trade and other receivables	314 299 562	-	-	314 299 562
Other receivables				-
Cash and cash equivalents	804 581 731	-	-	804 581 731
Total assets held for managing liquidity risk	**1 118 881 293**	**-**	**-**	**1 118 881 293**
Liquidity gap	**187 871 052**	**(18 142 492)**	**(250 761 160)**	**(81 032 600)**
Cumulative liquidity gap	**187 871 052**	**169 728 560**	**(81 032 600)**	**-**
As at 31 December 2020				
Liabilities				
Trade and other payables	(781 092 373)	-	-	(781 092 373)
Lease Liabilities	(4 319 456)	(9 030 363)	(246 529 940)	(259 879 759)
Total liabilities	**(785 411 829)**	**(9 030 363)**	**(246 529 940)**	**(1 040 972 132)**
Assets held for managing liquidity risk				
Trade and other receivables	182 010 794	-	-	182 010 794
Cash and cash equivalents	799 374 360	-	-	799 374 360
Total assets held for managing liquidity risk	**981 385 154**	**-**	**-**	**981 385 154**
Liquidity gap	**195 973 325**	**(9 030 363)**	**(246 529 940)**	**(59 586 978)**
Cumulative liquidity gap	**195 973 325**	**186 942 962**	**(59 586 978)**	**-**

(ii) Key Credit Risk Disclosures

Trade receivables

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

The expected credit loss rates are based on the payment profiles of sales over a period of 60 months before 30 June 2021 respectively.

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

The closing expected credit loss allowances for trade receivables as at 30 June 2021 reconcile to the opening expected credit loss allowances as follows:

	INFLATION ADJUSTED		HISTORICAL COST	
All figures in ZW$	**30 June 2021**	**30 June 2020**	**30 June 2 021**	**30 June 2020**
Opening expected credit loss allowance as at 1 January	45 925 926	86 710 389	38 053 363	16 016 255
Increase in expected credit loss allowance recognised in profit or loss during the year	(9 560 354)	(40 784 463)	(1 687 791)	22 037 108
Closing expected credit loss allowance	**36 365 572**	**45 925 926**	**36 365 572**	**38 053 363**

Other financial assets at amortised cost

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

12 SEGMENT ANALYSIS

The executive committee assesses the performance of the operating segments based on:
- hotel occupancies;
- hotel revenue per available room ("RevPAR");
- hotel average daily rate ("ADR"); and
- profitability.

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

1. Country and City Hotels

This segment comprise Troutbeck Resort, Holiday Inn Harare, Holiday Inn Bulawayo, Holiday Inn Mutare and Monomotapa Hotel. The hotels are headed by Country and City Hotels Operations Executive who reports to the Managing Director.

2. Resort Hotels

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

3. Partnership

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

4. Real Estate

This part of the Group's business holds 7 hotels that are all leased to the hospitality segment, develops residential properties which are either sold or held for capital appreciation and also offers property management, valuation, agency and other and ancillary services; and - owns resorts properties which are sold under timeshare arrangements.

5. Supporting business units

This segment comprise of Sun Leisure, Central office, and the South Africa Branch. Sun Leisure houses the Group's touring division (Sun Leisure Tours) and the Casinos (Sun Casinos).

Revenue from contracts with customers

Revenue from contracts with customers between segments are eliminated on consolidation. The revenue from external parties reported to the executive committee is measured in a manner consistent with how revenue is measured in the statement of comprehensive income. The Group derives revenue from the transfer of goods and services at a point in time in all its segments and revenue recognised over time in its Real Estate Segment.

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

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

Earnings before interest, tax, depreciation and amortisation ("EBITDA") has been calculated excluding exceptional items relating to profit/(loss) from disposal of property and equipment and fair value adjustment on biological assets.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12 SEGMENT ANALYSIS (CONTINUED)

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

The segment information provided to the executive committee for the reportable segments is as follows:

All figures in ZW$	INFLATION ADJUSTED						
	Country and City Hotels	Resort Hotels	Partnership	Real Estate	Supporting business units	Inter segments	Consolidated
For the half year ended 30 June 2021							
Sale of rooms	401 771 494	136 996 514	14 712 125	-	-	-	553 480 133
Sale of food and beverages	340 692 418	127 187 803	7 620 213	-	-	-	475 500 434
Management fees and commissions	-	-	-	-	13 102 251	(13 102 251)	-
Conferencing	1 270 446	3 442 962	-	-	-	-	4 713 408
Other income	23 726 397	9 049 767	1 583 296	-	2 656 248	-	37 015 708
Property development sales	-	-	-	106 566 749	-	(64 389 109)	42 177 640
Valuation and consultation services	-	-	-	37 354 395	-	(3 597 543)	33 756 852
Revenue from contracts with customers	**767 460 755**	**276 677 046**	**23 915 634**	**143 921 144**	**15 758 499**	**(81 088 903)**	**1 146 644 175**
Gaming	-	-	-		1 671 991	-	1 671 991
Revenue	**767 460 755**	**276 677 046**	**23 915 634**	**143 921 144**	**17 430 490**	**(81 088 903)**	**1 148 316 166**
Timing of recognition of revenue							
At a point in time	767 460 755	276 677 046	23 915 634	143 921 144	17 430 490	(81 088 903)	1 148 316 166
Over time							
Revenue	**767 460 755**	**276 677 046**	**23 915 634**	**143 921 144**	**17 430 490**	**(81 088 903)**	**1 148 316 166**
Material items included in profit before tax							
Cost of sales	(205 276 650)	(87 344 239)	(5 700 474)	(19 701 825)	(887 224)	-	(318 910 412)
Employee benefit expenses	(86 223 948)	(52 241 517)	(7 702 612)	(27 716 034)	(81 510 310)	-	(255 394 421)
Short term low value and variable lease expenses	(69 488 350)	(83 813 657)	(2 343 170)	(1 907 702)	(180 363)	64 389 109	(93 344 133)
Exchange gain/(loss)	12 465 048	(11 350 079)	9 586 181	1 668 312	5 301 306	-	17 670 768
Other information							
EBITDA	**231 296 202**	**(101 066 291)**	**(1 596 245)**	**164 256 624**	**6 275 357 065**	**81 088 903**	**6 649 336 258**
Depreciation	(89 575 964)	(58 815 444)	(23 018 706)	(10 520 704)	(27 901 846)	(36 274 263)	(246 106 927)
Rights of use assets amortisation	(4 046 835)	(133 252)	(20 536)	(671 447)	(1 219 092)	-	(6 091 162)
Finance costs - borrowings (net)	(5 244 917)	(4 430 727)	-	(667 106)	27 393	-	(10 315 357)
Finance costs - lease liabilities	(13 351 286)	(345 982)	(54 533)	-	(483 418)	-	(14 235 219)
Net monetary loss	-	-	-	-	-	-	(40 472 490)
Profit/(Loss) before income tax	**119 077 200**	**(164 791 696)**	**(24 690 020)**	**110 068 183**	**6 251 835 023**	**81 088 903**	**6 332 115 103**
Total assets as at 30 June 2021	**1 793 529 038**	**1 024 071 125**	**275 907 971**	**9 285 274 183**	**748 830 231**	**(856 625 816)**	**12 270 986 732**
Total assets include: Additions to non-current assets (other than financial instruments and deferred tax assets): -Property and equipment	23 258 090	44 687 055	25 968 502	255 011	1 379 618	-	95 548 276
Total liabilities as at 30 June 2021	**779 698 250**	**541 704 571**	**43 178 680**	**362 481 021**	**169 003 848**		**1 896 066 370**
For the half year ended 30 June 2020							
Sale of rooms	282 524 437	133 210 274	61 331 182	-	-	-	477 065 893
Sale of food and beverages	221 899 604	177 753 543	27 716 306	-	-	-	427 369 453
Management fees and commissions	-	-	-	-	4 771 604	(4 771 604)	-
Conferencing	10 369 413	16 093 727	-	-	-	-	26 463 140
Other income	5 152 582	9 860 957	5 601 501	-	20 287 598	(20 219 819)	20 682 819
Property development sales	-	-	-	-	-	-	-
Valuation and consultation services	-	-	-	-	-	-	-
Revenue from contracts with customers	**519 946 036**	**336 918 501**	**94 648 989**	**-**	**25 059 202**	**(24 991 423)**	**951 581 305**
Gaming	-	-	-		2 796 842	-	2 796 842
Revenue	519 946 036	336 918 501	94 648 989	-	27 856 044	(24 991 423)	954 378 147
Material expenses							
Cost of sales	(171 288 715)	(125 393 094)	(25 075 408)	-	(527 264)	-	(322 284 481)
Employee benefit expenses	(86 896 795)	(79 613 079)	(16 285 195)	-	(56 972 861)	-	(239 767 930)
Short term low value and variable lease expenses	(53 576 936)	(34 783 016)	(9 343 562)	-	(869 312)	-	(98 572 826)
Exchange (loss)/ gain	(186 842 886)	(114 538 659)	58 210 260	-	104 367 814	-	(138 803 471)
Other information							
EBITDA	**(127 809 587)**	**(193 971 244)**	**44 642 599**	**-**	**166 362 564**	**-**	**(110 775 668)**
Depreciation	(68 761 456)	(40 886 127)	(12 698 967)	-	(13 729 688)	-	(136 076 238)
Rights of use assets amortisation	(1 655 328)	(382 070)	(50 018)	-	(1 258 109)	-	(3 345 525)
Finance costs - borrowings (net)	(467)	-	(516 315)	-	2 059 371	-	1 542 589
Finance costs - lease liabilities	(4 773 896)	(996 737)	(166 667)	-	(323 048)	-	(6 260 348)
Net monetary loss	-	-	-		(264 695 531)	-	(264 695 531)
(Loss)/ profit before income tax	**(203 000 734)**	**(236 236 178)**	**31 210 632**	**-**	**(111 584 441)**	**-**	**(519 610 721)**
Total assets as at 30 June 2020	**2 131 786 766**	**1 352 752 854**	**497 350 073**	**-**	**1 980 360 445**	**-**	**5 962 250 138**
Total assets include: Additions to non-current assets (other than financial instruments and deferred tax assets): -Property and equipment	72 276 782	125 669 183	2 837 403	-	101 866 390	-	302 649 758
Total liabilities as at 30 June 2020	**582 031 801**	**534 475 259**	**63 639 447**	**-**	**723 613 112**	**-**	**1 903 759 619**

12 SEGMENT ANALYSIS (CONTINUED)

All figures in ZW$	HISTORICAL						
	Country and City Hotels	Resort Hotels	Partnership	Real Estate	Supporting business units	Inter segments	Consolidated
For the half year ended 30 June 2021							
Sale of rooms	381 856 358	131 750 323	14 218 817	-	-	-	527 825 498
Sale of food and beverages	324 472 458	123 109 854	7 312 193	-	-	-	454 894 505
Management fees and commissions	-	-	-	-	12 347 260	(12 347 260)	-
Conferencing	1 198 025	3 442 638	-	-	-	-	4 640 663
Other income	22 654 757	8 631 731	1 486 264	-	2 593 162	-	35 365 914
Property development sales	-	-	-	98 117 857	-	(61 742 915)	36 374 942
Valuation and consultation services	-	-	-	35 315 893	-	(3 324 562)	31 991 331
Revenue from contracts with customers	**730 181 598**	**266 934 546**	**23 017 274**	**133 433 750**	**14 940 422**	**(77 414 737)**	**1 091 092 853**
Gaming	-	-	-		1 613 874	-	1 613 874
Revenue	**730 181 598**	**266 934 546**	**23 017 274**	**133 433 750**	**16 554 296**	**(77 414 737)**	**1 092 706 727**
Material items included in profit before tax							
Cost of sales	(195 025 301)	(83 449 987)	(5 411 373)	(5 193 027)	(842 721)	-	(289 922 409)
Employee benefit expenses	(81 315 104)	(49 329 779)	(7 217 535)	(43 452 401)	(59 865 536)	-	(241 180 355)
Short term low value and variable lease expenses	(66 253 967)	(79 475 831)	(2 256 219)	(1 369 858)	(154 097)	-	(149 509 972)
Exchange gain/(loss)	**12 301 452**	**(10 439 558)**	**8 717 022**	**-**	**6 371 783**	**-**	**16 950 699**
Other information							
EBITDA	**222 746 939**	**(90 749 039)**	**(1 344 602)**	**280 447 953**	**4 979 004 004**	**(77 414 737)**	**5 312 690 518**
Depreciation	(83 351 189)	(54 490 358)	(21 450 651)	(4 392 206)	(19 350 664)	(34 268 193)	(217 303 261)
Rights of use assets amortisation	(3 776 664)	(124 196)	(19 140)	(641 200)	(1 152 837)	-	(5 714 037)
Finance costs - borrowings (net)	(4 940 767)	(4 117 898)	-	(618 237)	25 533	-	(9 651 369)
Finance costs - lease liabilities	(12 443 137)	(322 451)	(50 824)	-	(467 753)	-	(13 284 165)
Profit/(loss) before income tax	**118 235 182**	**(149 803 942)**	**(22 865 217)**	**238 300 657**	**4 960 285 743**	**(77 414 737)**	**5 066 737 686**
Total assets as at 30 June 2021	**1 282 530 003**	**732 300 350**	**197 298 312**	**6 707 062 382**	**997 901 966**	**(43 451 895)**	**9 873 641 118**
Total assets include: Additions to non-current assets (other than financial instruments and deferred tax assets): -Property and equipment	19 806 480	38 055 284	22 114 653	532 416	1 021 571	-	81 530 404
Total liabilities as at 30 June 2021	**727 131 763**	**505 183 383**	**40 267 616**	**232 271 588**	**135 857 096**		**1 640 711 446**
For the half year ended 30 June 2020							
Sale of rooms	78 323 343	30 004 329	13 474 015	-	-	-	121 801 687
Sale of food and beverages	58 484 397	38 819 760	6 058 838	-	-	-	103 362 995
Management fees and commissions	-	-	-	-	1 187 055	(1 187 055)	-
Conferencing	2 665 597	3 523 799	-	-	-	-	6 189 396
Other income	1 302 193	2 289 792	1 801 737	-	5 480 821	(5 462 429)	5 412 114
Property development sales	-	-	-	-	-	-	-
Valuation and consultation services	-	-	-	-	-	-	-
Revenue from contracts with customers	**140 775 530**	**74 637 680**	**21 334 590**	**-**	**6 667 876**	**(6 649 484)**	**236 766 192**
Gaming	-	-	-	-	644 825	-	644 825
Revenue	**140 775 530**	**74 637 680**	**21 334 590**	**-**	**7 312 701**	**(6 649 484)**	**237 411 017**
Material expenses							
Cost of sales	(43 002 480)	(30 058 811)	(5 980 640)	-	(149 222)	-	(79 191 153)
Employee benefit expenses	(24 120 696)	(21 803 184)	(4 454 837)	-	(16 421 985)	-	(66 800 702)
Short term low value and variable lease expenses	(14 543 596)	(7 648 289)	(2 060 645)	-	(251 267)	-	(24 503 797)
Exchange (loss)/ gain	(81 353 875)	(48 130 105)	23 870 758	-	36 828 544	-	(68 784 678)
							-
Other information							-
EBITDA	**(63 170 979)**	**(79 733 469)**	**18 295 959**	**-**	**54 914 678**	**-**	**(69 693 811)**
Depreciation	(19 946 509)	(11 356 816)	(3 755 269)	-	(3 953 811)	-	(39 012 405)
Rights of use assets amortisation	(489 368)	(124 196)	(19 140)	-	(357 744)	-	(990 448.0)
Finance costs - borrowings (net)	(172)	-	(116 416)	-	517 853	-	401 265.0
Finance costs - lease liabilities	(1 326 690)	(325 438)	(51 255)	-	(91 712)	-	(1 795 095.0)
(Loss)/profit before income tax	**(84 933 718)**	**(91 539 919)**	**14 353 879**	**-**	**51 029 264**	**-**	**(111 090 494)**
Total assets as at 30 June 2020	**768 854 698**	**487 886 690**	**179 375 323**	**-**	**714 240 964**	**-**	**2 150 357 675**
Total assets include: Additions to non-current assets (other than financial instruments and deferred tax assets): -Property and equipment	16 599 190	28 861 366	651 642	-	23 394 783	-	69 506 981
Total liabilities as at 30 June 2020	**241 320 947**	**221 603 142**	**26 386 070**	**-**	**270 045 222**	**-**	**759 355 380**

AFRICAN SUN

LIMITED

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

REVIEWED CONDENSED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2021

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13 PROVISIONS FOR OTHER LIABILITIES

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

The provisions balance is made up of the following:

All figures in ZW$	INFLATION ADJUSTED As at 30 June 2021 Reviewed	INFLATION ADJUSTED As at 31 December 2020 Audited	HISTORICAL As at 30 June 2021 Reviewed	HISTORICAL As at 31 December 2020 Audited
Leave pay	3 858 782	(3 295 359)	3 858 782	(2 730 473)
Contractual claims	81 825 044	38 491 700	81 825 044	31 893 502
Claims from former employees	2 305 295	2 782 219	2 305 295	2 305 295
Other	12 414 541	68 532 454	12 414 541	56 784 709
	100 403 662	**106 511 014**	**100 403 662**	**88 253 033**

(a) Leave pay

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

(b) Contractual claims

The amount represents a provision payable to a counterparty arising from a service contract. The counter party has made additional claim against the Group. After obtaining legal advice, the outcome of the legal claim will not give rise to any loss beyond the provision provided for.

(c) Claims from former employees

The Group is a defendant in a legal case involving dismissed employees.

(d) Other

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

14 EXPENSES BY NATURE

All figures in ZW$	INFLATION ADJUSTED As at 30 June 2021 Reviewed	INFLATION ADJUSTED As at 30 June 2020 Reviewed	HISTORICAL As at 30 June 2021 Reviewed	HISTORICAL As at 30 June 2020 Reviewed
Inventory recognised in cost of sales	103 184 852	96 927 293	106 461 990	22 998 816
Outside laundry in cost of sales	8 340 326	8 024 832	8 349 415	1 976 910
Employee costs in costs of sales	105 470 908	147 166 467	106 530 505	37 711 196
Other cost of sales	101 914 326	70 165 889	68 580 499	16 504 231
Cost of sales	**318 910 412**	**322 284 481**	**289 922 409**	**79 191 153**
Employee costs in operating expenses	149 923 513	239 767 930	128 438 940	66 800 702
Equity settled share based payments	10 625 740	-	10 271 963	-
Depreciation usage and amortization	252 198 089	139 421 763	223 017 298	39 012 405
Short term low value and variable lease expenses	93 344 133	98 572 826	87 767 057	40 002 853
Repairs and maintenance	45 299 158	47 550 006	42 867 885	12 387 156
Other expenses	503 060 340	352 244 887	487 911 127	82 101 821
Operating expenses	**1 054 450 973**	**877 557 412**	**980 274 270**	**240 304 937**
Total cost of sales and operating expenses	**1 373 361 385**	**1 199 841 893**	**1 270 196 679**	**319 496 090**

15 INCOME TAX CREDIT/(EXPENSE)

All figures in ZW$	INFLATION ADJUSTED As at 30 June 2021 Reviewed	INFLATION ADJUSTED As at 30 June 2020 Reviewed	HISTORICAL As at 30 June 2021 Reviewed	HISTORICAL As at 30 June 2020 Reviewed
Income tax credit/(expense) is made of the following;				
Current income tax expense	(18 344 153)	(1 219 072)	(18 344 153)	(219 400)
Deferred tax credit/(charge)	60 019 707	68 862 505	36 432 935	54 817 475
Income tax credit/(expense)	**41 675 554**	**67 643 433**	**18 088 782**	**54 598 075**

16 EARNINGS/(LOSS) AND NET ASSET VALUE PER SHARE

All figures in ZW$	INFLATION ADJUSTED As at 30 June 2021 Reviewed	INFLATION ADJUSTED As at 30 June 2020 Reviewed	HISTORICAL As at 30 June 2021 Reviewed	HISTORICAL As at 30 June 2020 Reviewed
(i) Earnings/(loss) per share				
Basic and diluted earnings/(loss) per share (ZW$ cents)	447,34	(52,45)	356,27	(6,56)
Headline earnings/(loss) per share (ZW$ cents)	440,40	(51,86)	342,57	(6,48)
Reconciliation of (loss)/earnings used in calculating earnings per share is as follows;				
Earnings/(loss) attributable to owners of the parent	6 373 790 657	(451 967 288)	5 084 826 468	(56 492 419)
Adjustments for;				
Loss from disposal of property and equipment	3 489 714	5 081 672	3 439 006	691 391
Fair value gain on investment property (note 8)	(112 166 074)	-	(217 684 645)	-
Total non-controlling effect of adjustments	9 904 264	-	19 221 554	-
Headline earnings/(loss) attributable to owners of the parent	6 269 125 971	(446 885 616)	4 876 537 723	(55 801 028)
Weighted average number of shares used as the denominator is as follows;				
Number of shares in issue	1 423 517 220	861 771 777	1 423 517 220	861 771 777
Weighted average number of shares in issue for earnings and net asset value per share	1 423 517 220	861 771 777	1 423 517 220	861 771 777
(ii) Net assets value and net tangible asset value per share				
Net asset value per share (cents)	679.04	287.99	538.66	218.40
Net tangible asset value per share (cents)	679.04	287.99	538.66	218.40
Net asset value as per statement of financial position	9 666 299 345	2 481 859 085	7 667 967 084	1 882 066 591

17 OTHER RESERVES

17.1 Equity settled share based payments reserve

In terms of the Group's share option scheme summarised under note 5(c), options were granted on 19 March 2020. The estimated fair value of the options granted was ZW$ 0.28. The Group recognised an additional expenses of ZW$ 10 271 964 in respect of share options granted. The options granted vest after 3 years and, accordingly, the fair value will be amortised over those periods. The fair value at the grant date was determined by the independent broker based on the Volume Weighted Average Price ("VWAP") for the Group on the Zimbabwe Stock Exchange (ZSE).

Movements in Share Options during the year;

All figures in ZW$	INFLATION ADJUSTED As at 31 June 2021	INFLATION ADJUSTED As at 31 December 2020	HISTORICAL As at 31 June 2021	HISTORICAL As at 31 December 2020
Outstanding at the beginning of the year	12 415 373	-	8 043 669	-
Expensed during the year	10 625 740	12 415 373	10 271 963	8 043 669
Outstanding at the end of the year	**23 041 113**	**12 415 373**	**18 315 632**	**8 043 669**

All options expire, if not exercised four years after the date of grant.

17.2 Foreign currency translation reserve ("FCTR")

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

Movements in FCTR during the year

All figures in ZW$	INFLATION ADJUSTED As at 30 June 2021	INFLATION ADJUSTED As at 30 June 2020	HISTORICAL As at 30 June 2021	HISTORICAL As at 30 June 2020
Balance at the beginning of the year	1 296 573 303	636 112 529	379 230 453	54 037 995
Recognised during the year	349 361	660 460 774	368 204	325 192 458
Balance at the end of the year	**1 296 922 664**	**1 296 573 303**	**379 598 657**	**379 230 453**

18 CAPITAL COMMITMENTS

All figures in ZW$	INFLATION ADJUSTED As at 30 June 2021	INFLATION ADJUSTED As at 30 June 2020	HISTORICAL As at 30 June 2021	HISTORICAL As at 30 June 2020
Authorised by Directors and contracted for	9 588 252	-	9 588 252	-
Authorised by Directors but not contracted for	1 088 215 681	1 609 335 048	1 088 215 681	297 259 880
	1 097 803 933	**1 609 335 048**	**1 097 803 933**	**297 259 880**

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

20 EVENTS AFTER REPORTING DATE

There are no subsequent events to report.

Deloitte.

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Independent Auditor's Report on the Review of Inflation Adjusted Condensed Consolidated Financial Information

To the Shareholders of African Sun Limited

Introduction

We have reviewed the accompanying inflation adjusted condensed consolidated statement of financial position of African Sun Limited and its subsidiaries ("the Group") as at 30 June 2021 and the inflation adjusted condensed consolidated statement of comprehensive income, inflation adjusted condensed consolidated statement of changes in equity and inflation adjusted condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes

Directors' Responsibility for the interim financial information

The Directors are responsible for the preparation and presentation of this condensed consolidated financial information in accordance with International Accounting Standards on Interim Financial Reporting (IAS 34) and the requirements of the Companies and Other Business Entities Act (24:31), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Independent Reviewer's Responsibility

Our responsibility is to express a conclusion on this condensed consolidated financial information based on our review. We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" (ISRES2410). ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the condensed consolidated financial information, taken as a whole, are not prepared in accordance with the applicable financial framework. This Standard also requires us to comply with relevant ethical requirements.

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

MAKING AN IMPACT THAT MATTERS since 1845

Basis for Adverse Conclusion

Impact of application of International Accounting Standard (IAS 29) "Financial Reporting in Hyperinflationary Economies" on consolidating the South African Foreign Subsidiary.

The Group applied the requirements of IAS 29 by restating the consolidated results of the South African foreign subsidiary, to which IAS 29 does not apply in the current and comparative years.

The financial statements of foreign subsidiaries that do not report in the currencies of hyperinflationary economies should be translated in accordance with International Accounting Standard (IAS) 21 "The Effects of Changes in Foreign Exchange Rates", including comparatives. The reasons for a different accounting treatment have been outlined in note 6. The effects of the misstatement on the various line items disclosed in note 6 would be material individually, and pervasive in aggregate on the financial statements.

Non-compliance with IFRS 13 "Fair Value Measurements" and IAS 29 "Financial Reporting in Hyperinflationary Economies" in the determination of the value of Investment property and Property and equipment for the current and comparable periods

In the prior period, the Group engaged professional valuers to perform a fair valuation of Investment property and property and equipment. The fair values were determined in USD, and subsequently translated to the ZWL equivalent fair values using the closing USD/ZWL auction exchange rate as at 31 December 2020.

IFRS 13 defines fair value as the price that would be received to sell an asset in an orderly transaction between market participants at a measurement date. In the prior period, we found the assumptions and methods used by the professional valuers to determine the USD valuations reasonable. However, we were unable to obtain sufficient appropriate evidence to support the appropriateness of the application of the ZWL/USD auction exchange rate in the determination of the final ZWL fair valuations presented.

IFRS 13 requires:

- a fair value to be determined using the assumptions that market participants would use when pricing the asset, assuming market participants act in their economic best interests; and
- fair value to reflect the price that would be received to sell the asset in an orderly transaction in the principal market at the measurement date under current market conditions, regardless of whether that price is directly observable or estimated using another valuation technique.

In the prior period, we were therefore unable to obtain sufficient appropriate evidence to support the appropriateness of simply applying the closing ZWL/USD auction exchange rate in determining the ZWL fair value of investment property and property and equipment, without any further adjustments to reflect how the economic conditions within the country as at that measurement date would impact the assumptions that market participants would use in pricing the items of investment property and property and equipment in ZWL. Such matters include, but are not limited to:

- the correlation of the responsiveness of ZWL valuations of Investment property and Property and Equipment to the auction exchange rate and related underlying USD values; and
- the extent to which supply and demand for the items of Investment property and Property and Equipment reflects the implications on market dynamics of the auction exchange rate.

The method of determining the value of the Investment property and Property and Equipment was reasonable in US Dollars but was not an accurate reflection of market dynamics and the risk associated with ZWL transactions on a willing buyer, willing seller basis.

In the current period, as set out in note 3 to the inflation adjusted condensed consolidated financial statements, the Group did not perform a valuation of its Investment property and Property and equipment as at 30 June 2021. These assets have been restated in accordance with IAS 29 "Financial Reporting in Hyperinflationary Economies". IAS 29 par 19 requires non-monetary assets measured at fair value (Investment property) to be measured in accordance with the relevant standard, and non-monetary assets restated from the date of revaluation (Property and Equipment) to, thereafter, be reduced to their recoverable amount. Notwithstanding the reasonableness of the previously determined US Dollar recoverable amounts, for both the prior and current periods, the ZWL recoverable amount could not be accurately determined in the current year and prior periods.

Furthermore, during the current period, the Group acquired a subsidiary under the common control accounting method, whose Property and Equipment and Investment property, at acquisition date were also not IFRS compliant due to non compliance with IFRS 13 "Fair Value Measurements".

We were unable to accurately determine the value of depreciation, deferred taxation, the fair value of investment property and property and equipment, revaluation gain in the current and prior period, as well as the bargain purchase gain for the current period.

Other information

The directors are responsible for the other information. The other information comprises the Chairman's Statement and the historic cost financial information. The other information does not include the inflation adjusted condensed consolidated financial information and our Review conclusion thereon.

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

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

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

Adverse Conclusion

Based on our review, due to the significance of the matters described in the Basis for Adverse Conclusion paragraphs, we conclude that the inflation adjusted condensed consolidated financial position of the Group as at 30 June 2021, and the inflation adjusted condensed consolidated statements of changes in equity, financial performance and cash flows for the six month period then ended, are not prepared in accordance with International Accounting Standards on Interim Financial Reporting (IAS 34) and the requirements of the Companies and Other Business Entities Act (24:31).

Deloitte & Touche

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Deloitte & Touche
Chartered Accountants (Zimbabwe)

Per: Tapiwa Chizana
Partner
Registered Auditor
PAAB Practice Certificate Number: 0444
23 September 2021