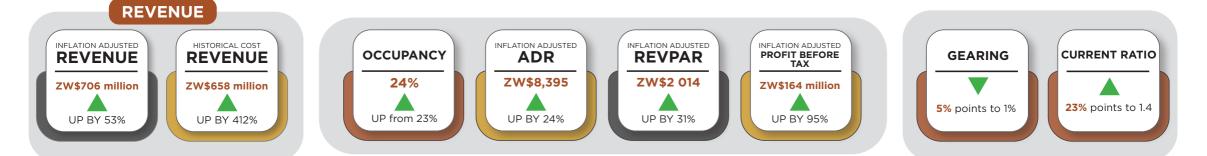


RAINBOW TOURISM GROUP LIMITED ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2021

PERFORMANCE HIGHLIGHTS



CHAIRMAN'S STATEMENT

1. INTRODUCTION

am pleased to present to you the abridged consolidated financial statements for the half year ended 30 June 2021. The unprecedented impact of the COVID-19 pandemic has negatively affected international tourist arrivals which, according to the latest UNWTO World Tourism Barometer, has reduced by 85% in January-May 2021 compared to same period of pre-pandemic year 2019, or 65% over 2020, as travel restrictions remained high due to the Coronavirus pandemic. This followed an unprecedented drop of 73% in 2020, the worst vear on record for international tourism. Despite the arim picture presented by the pandemic, the Group demonstrated immense resilience as shown by a strong performance during the first half.

A number of prudent cost reduction measures implemented during the period under review ensured a profitable position, notwithstanding the COVID-19 induced national lockdowns. The Gateway Stream web and mobile application, through its fully activated channels continues to create a critical revenue cushion to mitigate against the reduced revenue performance of the hotel business

2. OPERATING ENVIRONMENT

The operating environment has remained uncertain throughout the first half of the year, largely due to successive COVID-19 virus outbreaks. The stability of the official exchange rate and the availability of foreign currency has reduced the impact of inflation compared to prior year. The expected opening up of the economy will drive tourism business significantly, starting with the domestic market

3. PERFORMANCE REVIEW

Occupancy for the period under review closed at 24% which is 4% above prior year. The Group was largely reliant on domestic tourism due to restrictions on international travel. Conference business was affected by the national lockdown measures with little to no activities for the period between lanuary and mid-March 2021. Business volumes improved significantly from mid-March to June 2021 buoyed by accommodation, outside catering as well as Gateway Stream revenue channels such as online shopping, hardware and the music application.

The Group posted revenues of ZW\$706 million, 53% above ZW\$462 million posted same period in 2020. Despite business interruption due to the lockdowns, the Group's gross margins for the period under review closed at 67% up from 63% posted in 2020. The improvement in gross profit margins is attributable to cost reduction measures that were put in place to lessen the effects of low business volumes. The Group was in a cost reduction mode during normal business and achieved successive cost reductions year on year since 2013.

of data charge on some internet service providers and mobile network operators in Zimbabwe.

6. SUSTAINABILITY

The Company's sustainability reporting drive is not just centred on the reporting framework, but on infusing sustainable practices as a core strategic imperative. To this end, the Company has employed various measures in aligning operations with global sustainability principles.

7. DIRECTORATE

During the period, Mr. Andrew Ndaamunhu Bvumbe was coopted as a director of the Company. We welcome him onto the board.

On an unfortunate note, Mr. Munhamu Ivan Murambiwa passed away on 7 August 2021. We express our heartfelt condolences to his family and cherish the time we were with him on the board

8. DIVIDEND

In view of the uncertainty created by the COVID-19 pandemic-induced national lockdowns and possible impact on revenues and cashflows, the board of directors resolved to not declare a dividend for the half year ended 30 June 2021.

9. OUTLOOK

The Group is transforming its business to be technology driven in all aspects. This will be anchored by the Gateway stream web and mobile platform. The Group will continue to explore the various opportunities presented through its digitisation initiatives. Through the Gateway Stream, the Group will provide a unified global diversified commercial ecosystem, one that creates ownership of markets with multiple residual cashflow streams. These opportunities are all supported by the multi-App architecture of the Gateway Stream. This architecture allows for multiple revenue streams, ensuring value to the various stakeholders

The Group remains optimistic of a rebound in tourism. The on-going vaccination drive has led to a gradual re-opening of world travel as well as domestic tourism. The resumption of international flights into destination Zimbabwe and the expected opening up of the economy in the remaining months

CONSOLIDATED STATEMENT OF FINANCIAL POSITION **AS AT 30 JUNE 2021**

		INFLATION	ADJUSTED	HISTORIC	AL COST
		30.06.21	31.12.20	30.06.21	31.12.20
	Notes	ZW\$	ZW\$	ZW\$	ZW\$
ASSETS					
N					
Non current assets	7	4 150 0 4 4 111	4 250 353 734	3 657 989 321	2 744 002 000
Property and equipment	8	4 152 844 111			3 744 082 868
Intangible assets	8	22 294 025	17 557 728	10 617 560	9 782 403
Biological assets	10	86 346	89 067	73 800	73 800
Right of use assets	10	713 268 218 4 888 492 700	187 081 674 4 455 082 203	664 804 509 4 333 485 190	155 014 596
		4 000 492 /00	4 455 062 203	4 333 403 190	3 908 953 667
Current assets					
Inventories	11	82 367 144	33 455 242	42 376 953	27 720 785
Trade and other receivables	12	441 553 963	267 378 513	441 553 963	221 548 007
Financial Assets	13	80 091	289 413 641	80 091	239 806 164
Cash and bank balances	14	69 231 551	84 904 061	69 231 551	70 350 924
	17	593 232 749	675 151 457	553 242 558	559 425 880
TOTAL ASSETS		5 481 725 449	5 130 233 660	4 886 727 748	4 468 379 547
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital		12 561 297	12 561 297	249 550	249 550
Share premium		465 481 323	465 481 323	10 227 505	10 227 505
Revaluation reserve		-	-	3 171 641 965	3 171 641 965
Retained earnings		3 544 578 996	3 380 363 969	245 489 848	232 433 314
Total equity		4 022 621 616	3 858 406 589	3 427 608 868	3 414 552 334
Non Current liabilities	10	501 620 022	140 245 647	501 630 033	100 010 100
Lease obligation	10	591 638 033	148 345 647	591 638 033	122 918 189
Deferred tax liability	9	446 242 836 1 037 880 869	<u>538 822 084</u> 687 167 731	446 257 883 1 037 895 916	446 464 294 569 382 483
		1037 000 009	00/ 10/ /31	1037 035 310	309 302 403
Current ligbilities					
Borrowings	15	5 438 410	10 754 946	5 438 410	8 911 475
Trade and other payables	16	346 150 453	520 031 477	346 150 453	430 894 524
Bank overdraft	14	36 039 937	39 979 998	36 039 937	33 127 153
Tax payable		_	4 672 622	-	3 871 703
Lease liabilities	10	33 594 164	9 220 297	33 594 164	7 639 875
		421 222 964	584 659 340	421 222 964	484 444 730
TOTAL LIABILITIES		1 459 103 833	1 271 827 071	1 459 118 880	1 053 827 213
TOTAL EQUITY AND LIABILITIES		5 481 725 449	5 130 233 660	4 886 727 748	4 468 379 547
		0 101 / 20 113	3 100 200 300		. +00 0/0 04/

The Group posted an Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) of ZW\$161 million (23% margin) during the period under review which was 6% below the ZW\$177 million (38% margin) posted in 2020. The Group disposed of its financial asset which was a stock market investment. At the point of disposal in March 2021, the investment had grown by ZW\$132 million. During the same period in 2020, the investment growth recorded was ZW\$300 million. The Group posted a profit before tax of ZW\$164 million, 95% above ZW\$84 million posted in 2020.

The Group's statement of financial position remains strong with a positive working capital position of ZW\$172 million. The improvement is attributable to prudent cash flow management. The Group's current ratio improved to close half year 2021 at 1.41 from 1.15 posted in 2020.

The table below highlights key financial indices as at 30 June 2021

Financial indices	JUNE 2021	JUNE 2020
Gearing Ratio	1%	6%
Current Ratio	1.41	1.15
Acid Test	1.21	1.10
EBITDA Margin	23%	38%

4. TOUR OPERATIONS BUSINESS

Heritage Expeditions Africa (HExA) continues to grow into a significant player within the tour operations and adventure space in the country's major resorts and business centres.

HExA has established itself as a reliable tour operator and the brand is becoming more visible to the market as it champions the recovery of domestic tourism by offering various packages and activities all across Zimbabwé. Inclusive domestic packages are already in the market and as lockdown restrictions ease, we anticipate speedy take-up of these packages by the wider market.

5. GATEWAY STREAM

The Gateway Stream web and mobile platform continues to expand its product offering as well as engaging in strategic partnerships in Zimbabwe and Africa at large. The performance posted in the first half of 2021 is an indicator that Gateway Stream has a place and future in the market. A notable highlight during the period was the launch of an album by one of the top artists in Zimbabwe exclusively on Gateway Stream Music resulting in more than 20 000 additional subscriptions. I am pleased to report that the platform is now accessible free

of the year will see a significant growth in business volumes. This will coincide with the onset of our traditional high-season period. Most government conferences, NGO activities and domestic leisure travel is expected to take place in the last half of the year. Usually, the second half of the year contributes 60% of the business. The Group is optimistic of a significant rebound in the second half of the year and anticipate a revenue contribution of 80% in revenues.

The Group's focus is on optimising revenue and cost opportunities whilst safeguarding the welfare of our staff. Our response to the crisis has evolved in line with the situation, and we remain fully committed to supporting all our stakeholders throughout these times of uncertainty.

10. ACKNOWLEDGEMENTS

On behalf of the Board. I would like to thank all RTG customers and business partners for their invaluable support. I also extend my gratitude to my fellow members of the Board of Directors and members of staff for their dedication, professionalism, and determination to succeed against all odds

Together, we will continue to innovate and seize the opportunities available to us in order to create sustainable value for our shareholders and all our stakeholders.



INDEPENDENT EXTERNAL AUDITOR'S STATEMENT

These consolidated financial statements for the six months ended 30 June 2021 have been reviewed by Messrs Grant Thornton Chartered Accountants (Zimbabwe) and a modified review conclusion issued therein. This review conclusion is qualified with respect to non-compliance with International Accounting Standard (IAS 21) The Effects of Changes in Foreign Exchange Rates. The review conclusion has been made available to management and those charged with the governance of Rainbow Tourism Group Limited and its subsidiaries. The Independent Review report on consolidated financial statements is available for inspection at the company's registered offices. The engagement partner for this review is Edmore Chimhowa PAAB Number 0470.

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Grant	hains
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Edmore Chimhowa Partner

Registered Public Auditor (PAAB No: 0470) Grant Thornton Chartered Accountants (Zímbabwe) Registered Public Auditors

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2021

		INFLATION	ADJUSTED	HISTORIC	AL COST
	Notes	30.06.21	30.06.20	30.06.21	30.06.20
		ZW\$	ZW\$	ZW\$	ZW\$
Revenue	18	705 819 934	462 219 858	657 862 306	128 598 370
Cost of sales		(232 367 700)	(170 191 980)	(216 579 249)	(47 350 651)
Gross profit		473 452 234	292 027 878	441 283 057	81 247 719
Other operating income	19	220 652 810	331 131 358	205 660 338	92 127 052
Operating expenses	20	(532 732 016)	(445 691 029)	(496 535 016)	(123 999 735)
Earnings before interest, tax,					
depreciation and amortization		161 373 028	177 468 207	150 408 379	49 375 036
Depreciation and amortization		(129 489 888)	(98 378 565)	(120 691 570)	(27 370 791)
Profit from operations		31 883 140	79 089 642	29 716 809	22 004 245
		0.000110	/ 0 000 0 12	20,10,000	
Net finance costs		(18 096 256)	(20 752 353)	(16 866 688)	(5 773 700)
Net monetary gain		150 206 685	25 939 014	-	-
Profit before tax		163 993 569	84 276 303	12 850 121	16 230 545
Income tax credit		221 458	26 455 036	206 411	7 360 295
Profit after tax		164 215 027	110 731 339	13 056 532	23 590 840
Other comprehensive income:					
Items that will be re-classified subsequently to profit or loss		-	-	-	-
Total comprehensive income for					
the period		164 215 027	110 731 339	13 056 532	23 590 840
Earnings per share (ZW\$ cents)	21				
Basic and diluted earnings per share		6.68	4.50	0.53	0.96
Headline Earnings per share		6.68	4.50	0.53	0.96

Directors: A. Manase (Chairman), T. Madziwanyika (CEO), K. Chibota, D. Hoto, C. Malaba, D. Mavhembu, N. Mtukwa (FD), A.Bvumbe, G. Taputaira

22 September 2021

| Page 1

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ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2021

1.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 30 JUNE 2021

	INFLATION ADJUSTED			HISTORICAL COST		
	Notes	30.06.21	31.12.20	30.06.21	31.12.20	
		ZW\$	ZW\$	ZW\$	ZW\$	
CASH FLOWS FROM OPERATING ACTIVITIES						
Operating profit before working capital changes	17	161 373 028	3 953 517	150 408 379	3 275 857	
Increase in inventories		(48 911 902)	(18 235 369)	(14 656 168)	(15 109 702)	
Increase in trade and other receivables		(174 175 450)	(190 965 164)	(220 005 956)	(158 232 429)	
(Decrease)/increase in trade and other payables		(173 881 023)	409 436 375	(84 744 071)	339 256 180	
Cash (utilised in) /generated from operations		(235 595 347)	204 189 359	(168 997 816)	169 189 906	
Finance income		39 201	-	22 537	-	
Investment Income		-	910 231	-	754 211	
Income tax paid		(15 041 492)	(626216)	(14 019 483)	(518 878)	
Finance costs		(484 317)	(10 072 774)	(451410)	(8 346 232)	
Net cash (utilised in)/generated from operations		(251 081 955)	194 400 600	(183 446 172)	161 079 007	
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of property and equipment	7	(16 931 820)	(293 878 368)	(9 959 894)	(119 088 053)	
Development of intangible assets	8	(6 356 137)	(12 600 715)	(878 046)	(5 106 178)	
Proceeds from the sale of other financial assets		257 201 909	9 267 406	239 725 079	7 678 909	
Lease principal repayment		(51 806 601)	(16 343 828)	(46 000 059)	(13 541 389)	
Net cash generated /(utilised in) investing activities		182 107 351	(313 555 505)	182 887 080	(130 056 711)	
CASH FLOWS FROM FINANCING ACTIVITIES						
Repayment of borrowings		(3 473 065)	(20 025 000)	(3 473 065)	(16 687 500)	
Net cash outflows from financing activities		(3 473 065)	(20 025 000)	(3 473 065)	(16 687 500)	
Net effects of inflation		60 715 220	180 146 727	-	-	
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(11 732 449)	40 966 822	(4 032 157)	14 334 796	
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD/YEAR		44 924 063	3 957 241	37 223 771	22 888 975	
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD/YEAR	14	33 191 614	44 924 063	33 191 614	37 223 771	

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2021

INFLATION ADJUSTED					
Share	Share	Retained	Total		
capital	premium	Earnings	equity		
ZW\$	ZW\$	ZW\$	ZW\$		

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

General information

Rainbow Tourism Group Limited is a company incorporated and domiciled in Zimbabwe. The Group is in e-commerce and tourism services. Its registration number is 4880/91. The Group is listed on the Zimbabwe Stock Exchange(ZSE).

General information, basis of preparation and statement of compliance with IFRS

The abridged interim consolidated financial statements are for the six months ended 30 June 2021 and are presented in Zimbabwean Dollars (ZW\$), which is the functional currency of the parent company. They have been prepared in accordance with IAS 34 'Interim Financial Reporting'. They do not include all of the information required in annual financial statements in accordance with IFRS, and should be read in conjunction with the audited consolidated financial statements for the year ended 31 December 2020.

The abridged interim consolidated financial statements were approved for issue by the Board of Directors on 24 September 2021

These abridged interim consolidated financial statements were reviewed by Grant Thornton Zimbabwe Chartered Accountants.

2. Statement of compliance

These abridged interim financial statements have been prepared under the assumption that the Group operates on a going concern basis.

3. New Accounting standards

There are no accounting pronouncements which have become effective from 1 January 2021 that have a significant impact on the abridged interim consolidated financial statements.

4. Significant consolidated accounting policies

The abriged interim financial statements have been prepared in accordance with the accounting policies adopted in the Group's most recent annual financial statements for the year ended 31 December 2020.

5. Estimates and judgements

When preparing the abridged interim consolidated financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results. The judgements, estimates and assumptions applied in the abridged interim financial statements, including the key sources of estimation uncertainty, were the same as those applied in the Group's last annual financial statements for the year ended 31 December 2020. The only exceptions are the estimate of income tax liabilities which is determined in the abridged interim Financial Statements using the estimated average annual effective income tax rate applied to the pre-tax income of the interim period.

6. Significant events and transactions

Property and

7.

8.

Management believes that the Group is well positioned to cope with a downturn in the economy. Factors contributing to the Group's strong position are:

- the Group has several long-term contracts with a number of its existing customers.
- the Group does not expect to need additional borrowing facilities in the next 12 months .
- the Group's major customers have not experienced financial difficulties. Credit quality of trade receivables as at 30 June 2021 is considered to be good.

Overall, the Group has sufficient capital and liquidity to service its operating activities and debt. The Group's objectives and policies for managing capital, credit risk and liquidity risk are described in its annual financial statements.

These abridged interim financial statements have been prepared under the assumption that the Group operates on a going concern basis.

l equipment	INFLATION	ADJUSTED	HISTORIC	CAL COST
	30.06.21	31.12.20	30.06.21	31.12.20
	7WŚ	ZWŚ	ZWŚ	7W\$

NOTES TO THE ABRIDO

Balance at 1 January 2020	12 561 297	465 481 323	3 168 742 302	3 646 784 922
Total comprehensive income for the year	-	-	211 621 667	211 621 667
Balance at 31				
December 2020	12 561 297	465 481 323	3380 363 969	3 858 406 589
Balance at 1 January 2021	12 561 297	465 481 323	3 380 363 969	3 858 406 589
Total comprehensive income for the period	-	-	164 215 027	164 215 027
Balance at 30				
June 2021	12 561 297	465 481 323	3 544 578 996	4 022 621 616

		н	ISTORICAL COST		
	Share capital ZW\$	Share premium ZW\$	Revaluation reserve ZW\$	Retained Earnings ZW\$	Total equity ZW\$
Balance at 1 January 2020	249 550	10 227 505	572 723 225	57 085 050	640 285 330
Total comprehensive income for the year	-	-	2 598 918 740	175 348 264	2 774 267 004
Balance at 31 December 2020	249 550	10 227 505	3 171 641 965	232 433 314	3 414 552 334
Total comprehensive income for the period	-	-	-	13 056 532	13 056 532
Balance at 30 June 2021	249 550	10 227 505	3 171 641 965	245 489 848	3 427 608 868

Opening carrying amount	4 250 353 734	4 053 955 913	3 744 082 868	748 815 929
Additions to property and equipment	16 931 820	293 878 368	9 959 894	119 088 053
Revaluation	-	-	-	2 915 680 836
Depreciation charge	(114 441 443)	(94 169 104)	(96 053 441)	(38 160 057)
Carrying amounts of disposed assets	-	(3 311 443)	-	(1 341 893)
Closing carrying amount	4 152 844 111	4 250 353 734	3 657 989 321	3 744 082 868

The Group's assets were revalued by Directors as at 31 December 2020 using the market values to determine fair values. The market values were the estimated amounts for which a property should be exchanged on the date of valuation between a willing buyer and a willing seller in an arms's length transaction.

	INFLATION ADJUSTED		HISTORICAL COST	
	30.06.21 31.12.20 ZW\$ ZW\$		30.06.21 ZW\$	31.12.20 ZW\$
Intangible asset				
Opening carrying amount	17 557 728	5 594 297	9 782 403	1 033 336
Additions	6 356 137	12 600 715	878 046	5 106 178
Revaluations	-	-	-	3 901 135
Amortization charge	(1 619 840)	(637 284)	(42 889)	(258 246)
Closing carrying amount	22 294 025	17 557 728	10 617 560	9 782 403

The intangible assets were revalued by the Directors as at 31 December 2020.

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ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2021

14.

15.

16.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2021(continued)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2021(continued)

	INFLATION	ADJUSTED	HISTORICAL COST		
	30.06.21 ZW\$	31.12.20 ZW\$	30.06.21 ZW\$	31.12.20 ZW\$	
Cash and cash equivalents					
For the purpose of the statement of cas	h flows, cash and co	ash equivalents con	nprise the following:		
Cash and bank balances	69 231 551	84 904 061	69 231 551	70 350 924	
Bank overdraft	(36 039 937)	(39 979 998)	(36 039 937)	(33 127 153)	
	33 191 614	44 924 063	33 191 614	37 223 771	
The bank overdrafts are unsecured. The	e interest rates are p	begged at 9% per a	nnum.		

Borrowing

Dorrowings						
Short- term	5 438 410	10 754 946	5 438 410	8 911 475		
	5 438 410	10 754 946	5 438 410	8 911 475		
The short term borrowings relates to the facility extended by a local bank , The facility interest rate is at 9% per						
annum						

Trade and other payables				
Trade payables	245 392 035	291 470 063	245 392 035	241 510 100
Accruals and other payables	100 758 418	228 561 414	100 758 418	189 384 424
	346 150 453	520 031 477	346 150 453	430 894 524

17

17.	. Operating profit before working capital changes					
	Profit before tax	163 993 569	200 610 620	12 850 121	166 224 588	
	Depreciation & amortization charges	129 489 889	59 108 509	120 691 570	48 976 906	
	Other income	-	(305 368 347)	-	(253 026 124)	
	Monetary gain	(150 206 685)	-	-	-	
	Unrealised exchange gains	-	34 586 783	-	28 658 372	
	Finance costs	18 135 456	15 015 952	16 889 225	12 442 115	
	Finance income	(39 201) 161 373 028	3 953 517	(22 537) 150 408 379	3 275 857	
		101 373 020	3 323 217	150 406 5/ 9	3 2/3 03/	
18.	Revenue					
	Rooms revenue	318 514 284	235 741 070	296 872 518	65 587 657	
	Food, beverages and conferencing	344 532 215	201 660 588	321 122 636	56 105 817	
	Other operating activities	42 773 435	24 818 200	39 867 152	6 904 896	
		705 819 934	462 219 858	657 862 306	128 598 370	
19.	Other Income					
	Rental from tenants	29 003 535	29 003 535	8 069 336	8 069 336	
	Fair value adjustment	161 100 320	292 441 517	150 154 201	81 362 801	
	Sundry income	30 548 955	9 686 306	47 436 801	2 694 915	
		220 652 810	331 131 358	205 660 338	92 127 052	
20.	Operating expenses					
	Administrative expenses	(283 460 312)	(330 864 502)	(264 200 323)	(92 052 808)	
	Distribution expenses	(121 682 183)	(56 494 103)	(113 414 368)	(15 717 736)	
	Other operating expenses	(127 589 521)	(58 332 424)	(118 920 325)	(16 229 191)	
		(532 732 016)	(445 691 029)	(496 535 016)	(123 999 735)	
21.	Earnings per share					
	Number of shares (000s)	2 500 000	2 500 000	2 500 000	2 500 000	
	Authorized shares of ZW\$ 0.01 each	2 500 000	2 500 000	2 500 000	2 500 000	
	Issued and fully paid shares of ZW\$	2 459 537	2 459 537	2 459 537	2 459 537	

9. Deferred tax reconciliation

INFLATION ADJUSTED

	1 January 2021 ZW\$	Recognition in profit or loss account ZW\$	Recognition in other comprehensive income	30 June 2021
			ZW\$	ZW\$
Non-current assets	(120 188 242)	12 582 744	-	(107 605 498)
Assessed loss	15 980 060	2 808 499	-	18 788 559
Current assets/liabilities	(342 256 112)	(15 169 785)	-	(357 425 897)
	(446 464 294)	221 458	-	(446 242 836)
HISTORICAL COST				
Non-current assets	(406 987 776)	11 727 798		(395 259 978)
Assessed loss	3 551 125	2 617 673	-	6 168 798
Current assets/liabilities	(43 027 643)	(14 139 059)	-	(57 166 702)
	(446 464 294)	206 411	-	(446 257 883)

All deferred tax assets (including tax losses and other tax credits) have been recognised in the statement of financial position.

Right of use assets 10.

Closing balances	713 268 218	187 081 674	664 804 509	155 014 596
Revaluation	615 247 552	-	530 591 308	127 113 102
Depreciation	(89 061 008)	(16 602 265)	(20 801 395)	(10 558 602)
Opening balances	187 081 674	203 683 939	155 014 596	38 460 096

Right of use assets relates to the Company's three leased properties which are Rainbow Towers Hotel & Conference Centre, Kadoma Hotel and Conference Centre and New Ambassador Hotel. All the leases have a maturity tenure of more than 5 years.

The table below describes the nature of the Group's leasing activities by type of right-of-use asset recognised on statements of financial position.

Hotel	R	emaining term	Option for an extention	payment indexed to reveues
Rainbow Towers Hotel		18 years	Yes	Yes
Kadoma Hotel		19 years	Yes	Yes
New Ambassador		6 years	Yes	Yes
Lease obligation				
Curent liabilities	33 594 164	9 220 29	33 594 164	7 639 875
Non current liabilities	591 638 033	148 345 64	591 638 033	122 918 189
	625 232 197	157 565 94	4 625 232 197	130 558 064

There were no new leases acquired during the period under review. The increase in lease obligations is as a result of the revaluation of the right of use asset in line with projected changes in cash flows

		INFLATION	ADJUSTED	HISTORICAL COST		
		30.06.21 31.12.20 ZW\$ ZW\$		30.06.21 ZW\$	31.12.20 ZW\$	
11.	Inventories					
	Food and beverage	18 793 981	14 580 625	15 572 564	12 081 406	
	Service stocks	10 654 859	4 001 287	8 828 543	3 315 439	
	Other stocks	52 918 304	14 873 330	17 975 846	12 323 940	
		82 367 144	33 455 242	42 376 953	27 720 785	
12.	Trade and other receivables					
	Trade receivables	256 822 283	208 524 523	256 822 283	172 781 994	

Prepayments and other	184 731 680	58 853 990	184 731 680	48 766 013
	441 553 963	267 378 513	441 553 963	221 548 007

To measure the expected credit losses, trade and other receivables have been grouped based on shared credit risk characteristics and the days past due. On that basis, the loss allowance for trade receivables as at 30 June 2021 was determined as follows:

Trade receivables	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	More than 120 days past due	TOTAL
	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$
Gross carrying amount	118 514 052	64 592 308	29 951 272	34 122 218	9 642 433	256 822 283
Average expected loss rate	0.5%	1.5%	2.0%	10.0%	100.0%	3%
Credit loss allowance	592 570	968 885	599 025	3 412 222	9 642 433	15 215 135

13.	Other financial assets	INFLATION	ADJUSTED	HISTORICAL COST		
		30.06.21 ZW\$	31.12.20 ZW\$	30.06.21 ZW\$	31.12.20 ZW\$	
	Opening carrying amount	289 413 641	9 374 634	239 806 164	7 767 758	
	Fair value growth	81 678 960	280 039 007	131 286 437	232 038 406	
	Disposal	(371 012 510)	-	(371 012 510)	-	
	Closing carrying amount	80 091	289 413 641	80 091	239 806 164	

During the period under review, the Group disposed its major investment in stock market.

21.1	Basic and diluted earnings per share				
	Profit attributable to shareholders	164 215 027	110 731 339	13 056 532	23 590 840
	Weighted average number of shares in issue(000s)	2 459 537	2 459 537	2 459 537	2 459 537
	Basic and diluted earnings per share (ZW\$ cents)	6.68	4.50	0.53	0.96
21.2	Headline earnings per share				
	Profit attributable to shareholders	164 215 027	110 731 339	13 056 532	23 590 840
		164 215 027	110 731 339	13 056 532	23 590 840
	Weighted average number of shares in issue (000s)	2 459 537	2 459 537	2 459 537	2 459 537
	Headline earnings per share (ZW\$ cents)	6.68	4.50	0.53	0.96

Fair Value Determination of Transaction , Assets and Liability 22.

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Finance Director.

23. Events after the reporting date

There are no significant events after the reporting date that require separate disclosure.

24. Going concern and impact of Covid-19 on operations

The second wave of the virus outbreak in late December 2020, affected the hotels' business as the country was placed into the second lockdown. The uncertainty around Covid-19 is expected to remain prevalent in the operating environment for an unforeseeable future. The Group has developed strategies to mitigate the risk of business interruption as a result of Covid-19. The lockdown of 2021 resulted in cancellation and postponement of bookings as well as suspension of inter provisional travels. This resulted in Group temporarily closing some of its hotels in the months January and February 2021. The impact of the business lost due to lockdown is not significant as it coincide with the industry's low season period. The additional revenues streams created through Gateway Stream is anticipated to mitigate the effects of revenue lost during the temporary closure of hotels. The Group's city hotels are expected to operate optimally in 2021 mainly supported by the business travellers. The introductions of vaccines is a positive development as this is anticipated to play a significant role in the revival of the global travel and tourism. The Board remains confident that the international business will recover upon completion of the vaccination exercise. Considering the evolving nature of developments surrounding COVID-19, it is still too early to estimate the full impact of the pandemic on the Group's operations going forward. The reviewed abridged interim consolidated financial statements were prepared on a going concern basis. The Group is able to meet its obligation in the medium to short term and has sufficient liquidity to finance business operations into the foreseeable future.

Directors: A. Manase (Chairman), T. Madziwanyika (CEO), K. Chibota, D. Hoto, C. Malaba, D. Mavhembu, N. Mtukwa (FD), A.Bvumbe, G. Taputaira



Grant Thornton Camelsa Business Park 135 Enterprise Road, Highlands PO Box CY 2619 Causeway, Harare Zimbabwe

T +263 4 442511-13 F +263 4 442517/ 496985 E info@zw.gt.com www.grantthornton.co.zw

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the members of Rainbow Tourism Group Limited and its subsidiaries

We have reviewed the accompanying consolidated statement of financial position of Rainbow Tourism Group Limited and its subsidiaries ("the Group") as at 31 March 2021 and the related consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the six-month period then ended, and a summary of significant group accounting policies and other explanatory notes.

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

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

Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

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



Basis for Qualified Conclusion

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

During the period, there were residual effects arising from the requirement to comply with SI 33/2019. In order to comply with SI 33/2019, the transactions and balances for the period 1 October 2018 to 22 February 2019 were accounted for on the basis of a rate of 1:1 between USD and RTGS. This was not consistent with the requirements of IAS 21. The residual effects of this non-compliance have resulted in the misstatement of retained earnings in the consolidated interim financial information for the six months ended 30 June 2021.

In addition, the foreign currency denominated transactions and balances for the months from January 2020 to June 2020 of the comparative period were translated into ZWL using the interbank exchange rate(s) which did not meet IAS 21 requirements for a spot rate as the rate(s) were not available for immediate delivery.

Conclusion

Based on our review, except for the issues highlighted in Basis for Qualified Conclusion section of our report, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information does not present fairly, in all material respects the financial position of the Group as at 30 June 2021, and of its financial performance and its cash flows for the six month period then ended in accordance with International Financial Reporting Standards.

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

Grant Thorrton

Edmore Chimhowa Partner

Registered Public Auditor (PAAB No: 0470)

Grant Thornton Chartered Accountants (Zimbabwe) Registered Public Auditors 22 September 2021

HARARE