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RAINBOW TOURISM GROUP LIMITED

ABRIDGED REVIEWED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2022

PERFORMANCE HIGHLIGHTS





REVPAR INFLATION ADJUSTED ZW\$20,378 252%

INFLATION ADJUSTED ZW\$1.9 billion 300%



CHAIRMAN'S STATEMENT

1. INTRODUCTION

I am pleased to report that the Group posted a considerable profit for the half year period ended 30 June 2022. The business model was put to test in the past two and half years and has demonstrated resilience against the unprecedented effects of the COVID-19 pandemic. The Group demonstrated its ability to effectively navigate the evolving pandemic through strategic innovations, as well as the redesigning of systems and processes. This is evidenced by the growing influence of the Gateway Stream platform in the market, enhanced superior guest experiences across our hotels as well as the support from our employees and stakeholder communities.

The Group closed the first half of the year with a profit margin of 18%, the best ever achieved by the Company in any first half of the year. In light of this performance, the Group is therefore declaring an interim dividend of ZW\$380 million for the period ended 30 June 2022. The Group has been recording a month-by-month growth in regional and international arrivals at a faster rate than projected for

Our approach has been to improve operations through investing in product and markets to ensure that Rainbow Tourism Group (RTG) can grow at a competitive and sustainable pace. Our ability to capture demand through our strong brand, enterprise and scale, coupled with careful cost control led to an operating profit and a strong cash flow position.

2. OPERATING ENVIRONMENT

The slowdown in COVID-19 cases over the last six months has resulted in heightened economic activity across all sectors including the tourism industry. However, the macroeconomic environment has remained inflationary mainly driven by the depreciation of the local currency. This has resulted in price increases in the market which remain a constant threat to the Group's profit margins. The Group will continue to put in place measures to mitigate against

3. PERFORMANCE REVIEW

Hotel ooccupancy for the period under review closed at 48% which is a 100% increase compared to same period last year. Business volumes improved significantly during the period under review buoyed by accommodation, outside catering and Heritage Expeditions Africa activities. Strong performance was from conferencing activities across city hotels as well as the various Gateway Stream revenue

The Group posted revenues of ZW\$7.1 billion, 246% above ZW\$2.1 billion posted during the same period in 2021. Despite increasing pressure from inflation, the Group's gross margins for the period under review closed at 72% which is 5 percentage points above 67% posted in the same period in 2021. The improvement in gross profit margins is attributable to cost reduction and strategic pricing measures which were implemented during the period.

The Group posted an Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) of ZW\$1.8 billion (26%) during the period under review which was 300% above the ZW\$470 million (23%) posted in 2021. The increase in EBITDA was mainly driven by increased revenues as well as the Group's firm grip on costs.

The Group's statement of financial position remains strong. The current ratio has remained relatively strong at 1.19 from 1.15 as at 31 December 2021 as shown in the table below.

The improvement	IS	attributable	to	prudent	cash	flow
management. Financial indices		JUNE 2022		DECEM	BER 2	021
Gearing Ratio		0%			1%	
Current Ratio		1.19		1	.15	
Acid Test		1.01		1.	.04	
EBITDA Margin		26%		1	8%	

4. SUSTAINABILITY

In line with the Group's sustainability and corporate social investment strategy, a solar plant was installed at Kadoma Hotel and Conference Centre which will generate 300 KVA. Of the total energy generation capacity, 200 KVA is gridtied thereby contributing to national energy generation.

The Group will continue to invest in green projects going forward. The Group, through its Philanthropy pillar donated blankets and linen as well as beds to Hupenyu Hutsva Children's Home. At any given time, the home houses 100 - 110 children.

5. DIRECTORATE

Mr. Arthur Manase stepped down as Chairman of the board effective 22 July 2022. I would like to thank him for his leadership during his three-year tenure as board Chairman. Mr. Douglas Hoto was appointed Chairman of the board effective 22 July 2022.

Mr. Langton Mabhanga was co-opted to the board effective 24 March 2022. We welcome him onto the board.

On behalf of the board of Directors, I am pleased to advise shareholders that the Group has declared an interim dividend of ZW\$380 million. A portion of this dividend (US\$250,000) shall be payable in foreign currency. The dividend shall be payable on or before 31 October 2022. A notice with details of the dividend payment will be issued in the press.

7. OUTLOOK

The Group is optimistic about the growth prospects as presented by the opportunities in the tourism industry largely driven by the domestic market and the returning regional and international markets. Business volumes are expected to continue on an upward trajectory driven by the opening up of international travel.

The Group will continue to safeguard its profit margins through a deliberate cost containment approach taking advantage of the new business models. The approach will be to activate synergies with its business partners, continuous product and market development thereby creating sustainable value to shareholders. Economic challenges such as inflation and currency instability are forecast to ease following the introduction of gold coins which have the impact of encouraging savings and clearing up excess liquidity in the market.

8. 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.

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



27 September 2022

INDEPENDENT AUDITORS' REVIEW REPORT

We have reviewed the accompanying interim consolidated financial statements for the six months ended 30 June 2022 and a modified review conclusion has been issued thereon. The review conclusion is adverse with respect to non-compliance with International Accounting Standard (IAS) 21: The Effects of Changes In Foreign Exchange Rates and International Financial Reporting Standard (IFRS) 13: Fair Value Measurement.

The review conclusion has been made available to management and those charged with governance of Rainbow Tourism Group Limited and its subsidiaries. The Independent Review Report to the consolidated interim financial statements is available for inspection at the Group's registered office.



BDO Zimbabwe Chartered Accountants

Per: Martin Makaya CA (Z)

Registered Public Auditor (PAAB Certificate No: 0407)

27 September 2022

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

		INFLATION	ADJUSTED	HISTORIC	AL COST
		30.06.22	31.12.21	30.06.22	31.12.21
	Notes	ZW\$	ZW\$	ZW\$	ZW\$
ASSETS					
Non-current assets					
Property and equipment	6	13 190 194 059	12 941 674 272	3 814 742 664	3 661 578 815
Intangible assets	7	74 585 170	62 106 418	27 272 979	19 592 269
Right of use assets	9	302 997 772	427 943 032	655 740 248	644 003 113
		13 567 777 001	13 431 723 722	4 497 755 891	4 325 174 197
Current assets					
Inventories	10	450 725 606	194 300 859	277 784 198	88 755 319
Trade and other receivables	11	2 256 642 576	1 416 077 485	2 256 642 576	646 854 624
Financial assets		378 002	344 808	378 002	157 506
Cash and bank balances	12	326 838 185	483 814 341	326 838 185	221 003 121
		3 034 584 369	2 094 537 493	2 861 642 961	956 770 570
Total assets		16 602 361 370	15 526 261 215	7 359 398 852	5 281 944 767
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital		36 624 570	36 624 570	249 550	249 550
Share premium		1 357 188 858	1 357 188 858	10 227 505	10 227 505
Revaluation reserve		_	-	3 171 641 965	3 171 641 965
Retained earnings		11 591 852 805	10 476 163 666	996 740 402	429 659 873
Total equity		12 985 666 233	11 869 977 094	4 178 859 422	3 611 778 893
Non-current liabilities					
Lease obligation	9	247 119 452	1 049 995 367	247 119 452	479 630 787
Deferred tax liability	8	812 685 840	779 454 734	376 530 133	356 049 654
		1 059 805 292	1 829 450 101	623 649 585	835 680 441
Current liabilities					
Borrowings	13	_	3 872 851	_	1 769 092
Trade and other payables	14	2 395 478 406	1 399 023 947	2 395 478 406	639 064 683
Bank overdraft	12	_	96 135 566	-	43 914 077
Tax payable		86 287 427	188 898 213	86 287 427	86 287 427
Lease liabilities	9	75 124 012	138 903 443	75 124 012	63 450 154
		2 556 889 845	1 826 834 020	2 556 889 845	834 485 433
Total liabilities		3 616 695 137	3 656 284 121	3 180 539 430	1 670 165 874
Total equity and liabilities		16 602 361 370	15 526 261 215	7 359 398 852	5 281 944 767



CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2022

		INFLATION ADJUSTED		HISTORIC	AL COST
		30.06.22	30.06.21	30.06.22	30.06.21
	Notes	ZW\$	ZW\$	ZW\$	ZW\$
Revenue	16	7 122 899 203	2 057 928 602	4 959 050 820	657 862 306
Cost of sales		(1 986 362 362)	(677 504 437)	(1 406 291 117)	(216 579 249)
Gross profit		5 136 536 841	1 380 424 165	3 552 759 703	441 283 057
Other operating income	17	259 457 164	643 347 837	155 653 168	205 660 338
Operating expenses	18	(3 512 699 620)	(1 553 263 657)	(2 496 306 884)	(496 535 016)
Earnings before interest, tax, depreciation and amortization		1 883 294 385	470 508 345	1 212 105 987	150 408 379
Depreciation and amortization		(188 322 843)	(377 548 055)	(117 199 269)	(120 691 570)
Profit from operations		1 694 971 542	92 960 290	1 094 906 718	29 716 809
Net finance costs		(41 363 313)	(52 762 469)	(25 128 401)	(16 866 688)
Net monetary gain		(9 509 922)	-	-	-
Profit before tax		1 644 098 307	40 197 821	1 069 778 317	12 850 121
Income tax (charge)/credit		(378 409 171)	645 696	(352 697 788)	206 411
Profit after tax		1 265 689 136	40 843 517	717 080 529	13 056 532
Items that will be re-classified subsequently to profit or loss		-	_	-	-
Total comprehensive income for the period		1 265 689 136	40 843 517	717 080 529	13 056 532
Earnings per share (ZW\$ cents)	19				
Basic earnings per share Headline Earnings per share		51.46 51.46	1.66 1.66	29.16 29.16	0.53 0.53



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ABRIDGED REVIEWED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

	INF	LATION	ADJUSTED	HISTORIC	CAL COST
	3	0.06.22	31.12.21	30.06.22	31.12.21
Not	es	ZW\$	ZW\$	ZW\$	ZW\$
CASH FLOWS FROM OPERATING ACTIVITIE	ES				
Operating profit before working capital changes	1 622 (037 469	644 187 163	1 051 092 187	294 260 342
Increase in inventories	(256 4	124 747)	(133 615 230)	(189 028 879)	(61 034 534)
Increase in trade and other receivables	(840 5	565 091)	(931 070 293)	(1 609 787 952)	(425 306 617)
Increase in trade and other payables	996	454 459	455 720 751	1 756 413 723	208 170 159
Cash generated from operations	1 521 9	502 090	35 222 391	1 008 689 079	16 089 350
Finance income		-	(83 084)	-	(37 952)
Investment Income		-	277 401 108	-	126 714 951
Income tax paid	(138 7	'26 085)	(34 332 277)	(85 497 504)	(15 682 752)
Finance costs	(40 7	772 707)	(82 634 657)	(25 128 401)	(37 746 953)
Net cash generated from operations	1 342 (003 298	195 573 481	898 063 174	89 336 644
CASH FLOWS FROM INVESTING ACTIVITIE	S				
Purchase of property and equipment 6	(425	614 461)	(200 530 831)	(262 308 088)	(91 601 128)
Development of intangible assets 7	(14 !	534 516)	(23 786 867)	(14 587 452)	(10 865 680)
Proceeds from the disposal of non-current assets		-	530 395	-	242 281
Proceeds from the sales of other financial assets		-	524 902 243	-	239 771 797
Lease principal repayment	(518 6	55 024)	(174 863 045)	(319 649 401)	(79 876 258)
Net cash (utilised in)/ generated investing activities	(958 8	04 001)	126 251 895	(596 544 941)	57 671 012
CASH FLOWS FROM FINANCING ACTIVITIE	s				
Dividend	(237 1	66 449)	-	(150 000 000)	-
Repayment of borrowings	(17	(69 092)	(8 570 860)	(1 769 092)	(7 142 383)
Net cash outflows from financing activities	(238 9	35 541)	(8 570 860)	(151 769 092)	(7 142 383)
Net effects of inflation	(205 1	04 346)	70 467 018	-	-
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(60 8	40 590)	383 721 534	149 749 141	139 865 273
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD/YEAR	387	678 775	3 957 241	177 089 044	37 223 771
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD/YEAR	326	838 185	387 678 775	326 838 185	177 089 044

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2022

	INFLATION ADJUSTED				
	Share capital ZW\$	Share premium ZW\$	Revaluation reserve ZW\$	Retained Earnings ZW\$	Total equity ZW\$
Balance at 1 January 2021	36 624 570	1 357 188 858	-	10 044 400 366	11 438 213 794
Total comprehensive income for the period	_	_	-	431 763 300	431 763 300
Balance at 31 December 2021	36 624 570	1 357 188 858	_	10 476 163 666	11 869 977 094
Dividend Total comprehensive income	-	- -	-	(149 999 997) 1 265 689 136	- (149 999 997) 1 265 689 136 -
Balance at 30 June 2022	36 624 570	1 357 188 858	-	11 591 852 805	12 985 666 233
			HISTORICAL C	OST	
	Share capital ZW\$	Share premium ZW\$	Revaluation reserve ZW\$	Retained Earnings ZW\$	Total equity ZW\$
Balance at 1 January 2021	249 550	10 227 505	3 171 641 965	232 433 316	3 414 552 336
Total comprehensive income for the period	-	-	-	197 226 557	197 226 557
Balance at 31 December 2021	249 550	10 227 505	3 171 641 965	429 659 873	3 611 778 893
Dividend Total comprehensive income	-	-	-	(150 000 000) 717 080 529	(150 000 000) 717 080 529
Balance at 30 June 2022	249 550	10 227 505	3 171 641 965	996 740 402	4 178 859 422

NOTES TO THE ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

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 2022 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 2021. The abridged interim consolidated financial statements were approved for issue by the Board of Directors on 27 September 2022.

2. New Accounting standards

There are no accounting pronouncements which have become effective from 1 January 2022 that have a significant impact on the interim consolidated financial statements.

3. 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 2021.

4. Estimates and judgements

When preparing the 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 2021. The only exceptions are the estimate of income tax liabilities which is determined in the Interim Financial Statements using the estimated average annual effective income tax rate applied to the pre-tax income of the interim period.

Significant events and transactions

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:

- no significant new orders. In addition, the Group has several long-term contracts with a number of its existing customers
- the Group does not expect to need additional working capital 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 2022 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.

INFLATION ADJUSTED

31.12.21

34 422 486

30 666 532

(2 982 600)

ZW\$

30.06.22

3 661 578 813

262 308 088

(109 144 237)

3 814 742 664

19 592 269

8 947 687

(1266977)

ZW\$

31.12.21

3744 082 866

(170 473 992)

3 661 578 815

9 782 403

10 865 680

(1 055 814)

91 601 128

(3 631 187)

ZW\$

30.06.22

62 106 418

14 534 516

(2055764)

Property and equipment

		4
Opening carrying amount	12 941 674 273	13 174 742 421
Additions to property and	425 614 461	258 766 746
equipment		
Depreciation charge	(177 094 675)	(481 577 042)
Carrying amounts of disposed	_	(10 257 853)
assets		
Closing carrying amount	13 190 194 059	12 941 674 272

Intangible asset

•	
Opening carrying amount	ŀ
Additions	
Amortization charge	
Closing carrying amount	

Deferred tax reconciliation INFLATION ADJUSTED

Non-current liabilities
Assessed loss
Current liabilities

HISTORICAL COST

Non-current liabilities
Assessed loss
Current liabilities

1 January 2022	Recognition in profit or loss account	Recognition in other comprehensive income	30 June 2022
(713 523 097)	(33 749 506)	-	(747 272 603)
7 774 031	518 400	-	8 292 431
(73 705 668)	-	-	(73 705 668)
(779 454 734)	(33 231 106)	-	(812 685 840)

1 January 2022	Recognition in profit or loss account	Recognition in other comprehensive income	30 June 2022
(325 932 528)	(20 799 971)	-	(346 732 499)
3 551 125	319 492	-	3 870 617
(33 668 251)		-	(33 668 251)
(356 049 654)	(20 480 479)	-	(376 530 133)

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



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ABRIDGED REVIEWED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

NOTES TO THE ABRIDGED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022 (continued)

Right of use assets

Opening balances Depreciation Revaluation Closing balances

INFLATION ADJUSTED		HISTORIC	CAL COST
30.06.22	31.12.21	30.06.22	31.12.21
ZW\$	ZW\$	ZW\$	ZW\$
427 943 032	545 467 995	644 003 113	155 014 596
(124 945 260)	(117 524 963)	(77 004 321)	(41 602 792)
-	_	88 741 455	530 591 309
302 997 772	427 943 032	655 740 247	644 003 113

Right of use assets relates to the Company's three leased properties which are Rainbow Towers Hotel & Conference Centre, Kadoma Hotel & 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	Remaining term	Option for an extention	Payment index to revenues
Rainbow Towers Hotel & Conference Centre	17 years	Yes	Yes
Kadoma Hotel & Conference Centre	18 years	Yes	Yes
New Ambassador Hotel	5 vears	Yes	Yes

	INFLATION	INFLATION ADJUSTED		AL COST
	30.06.22	31.12.21	30.06.22	31.12.21
Lease obligation	zw\$	ZW\$	ZW\$	ZW\$
Curent liabilities	75 124 012	138 903 443	75 124 012	63 450 154
Non current liabilities	247 119 452	1 049 995 367	247 119 452	479 630 787
	322 243 464	1 188 898 810	322 243 464	543 080 941

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.

Se

Inventories

10.

Food and beverage	138 847 876	96 392 359	85 572 564	44 031 378
Service stocks	110 570 699	51 268 495	68 145 214	23 419 102
Other stocks	201 307 031	46 640 005	124 066 420	21 304 839
	450 725 606	194 300 859	277 784 198	88 755 319

Trade and other receivables

Trade receivables Prepayments and other receivables

Ī	2 256 642 576	1 416 077 485	2 256 642 576	646 854 624
6	389 308 911	381 222 099	389 308 911	174 139 678
	1 867 333 665	1 034 855 386	1 867 333 665	472 714 946

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 2022 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	875 463 225	303 360 191	337 196 672	163 547 150	187 766 427	1 867 333 665
Average expected loss rate	0.5%	1.5%	2.0%	10.0%	100.0%	12%
Credit loss allowance	4 377 316	4 550 403	6 743 933	16 354 <i>7</i> 15	187 766 427	219 792 794

INFLATION ADJUSTED

31.12.21

ZW\$

12. Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following: Cash

ZW\$

30.06.22

	326 838 185	387 678 775	326 838 185	177 089 044
c overdraft	-	(96 135 566)	-	(43 914 077)
n and bank balances	326 838 185	483 814 341	326 838 185	221 003 121

Borrowings Short-term

Bank

Trade and other payables

Trade payables Accruals and other payables

-	3 872 851	-	1 769 092
-	3 872 851	-	1 769 092
1 612 392 035	679 925 550	1 612 392 035	563 381 661
783 086 371	719 098 397	783 086 371	75 683 022
2 395 478 406	1 399 023 947	2 395 478 406	639 064 683

HISTORICAL COST

31.12.21

ZW\$

30.06.22

ZW\$

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022 (continued)

		INFLATION ADJUSTED		HISTORIC	AL COST
		30.06.22	31.12.21	30.06.22	31.12.21
		ZW\$	ZW\$	ZW\$	ZW\$
15.	Operating profit before working capital changes				
	Profit before tax	1 644 098 307	498 166 090	1 069 778 318	227 558 903
	Depreciation & amortization charges	188 322 843	518 119 205	117 199 269	236 673 351
	Other income	(261 256 916)	(64 221 749)	(161 013 801)	(29 336 061)
	Monetary gain	9 509 922	-	-	-
	Loss on disposal of property & equipment	-	8 479 701	-	3 873 470
	Unrealised exchange gains	-	(350 605 277)	-	(160 154 121)
	Finance costs	41 363 313	34 249 193	25 128 401	15 644 800
		1 622 037 469	644 187 163	1 051 092 187	294 260 342
16.	Revenue				
	Rooms revenue	3 284 017 358	920 304 806	2 023 954 524	296 872 518
	Food, beverages and conferencing	3 116 194 404	963 367 908	2 489 700 807	321 122 636
	Other operating activities	722 687 441	174 255 888	445 395 489	39 867 152
		7 122 899 203	2 057 928 602	4 959 050 820	657 862 306
17.	Other Income				
	Rental from tenants	105 374 660	25 242 543	64 942 872	8 069 336
	Fair value adjustment	2 268 601	469 713 224	1 398 149	150 154 201
	Sundry income	151 813 903	148 392 070	89 312 147	47 436 801
40		259 457 164	643 347 837	155 653 168	205 660 338
18.	Operating expenses	2 107 120 657	000 470 051	1 005 515 070	204 200 222
	Administrative expenses Distribution expenses	2 197 130 657 685 490 814	826 472 951 354 783 470	1 685 515 872 422 471 042	264 200 323 113 414 368
	Other operating expenses	630 078 149	372 007 236	388 319 970	118 920 325
	omer operating expenses	3 512 699 620	1 553 263 657	2 496 306 884	496 535 016
19.	Earnings nor share				
19.	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\$				
	0.01 each	2 459 537	2 459 537	2 459 537	2 459 537
19.1	Basic earnings per share				
	Profit attributable to shareholders	1 265 689 136	40 843 517	717 080 529	13 056 532
	Weighted average number of shares in issue(000s)	2 459 537	2 459 537	2 459 537	2 459 537
	Basic earnings per share (ZW\$ cents)	51.46	1.66	29.16	0.53
19.2	Headline earnings per share	1 005 000 100	40.040.517	717 000 500	12.056.520
	Profit attributable to shareholders Loss on sale of assets	1 265 689 136 1 265 689 136	40 843 517 40 843 517	717 080 529 717 080 529	13 056 532 13 056 532
	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)	51.46	1.66	29.16	0.53

20. Hyper inflation reporting

These abridged financial statements were prepared under historical cost convention. For the purpose of fair presentation in accordance with IAS 29 (Financial reporting in hyperinflationary economies). The historical cost information has been restated for changes in the general purchasing power of the ZW\$ using the consumer price index (CPI) issued by the Zimbabwe Central Statistics Office (C.S.O). The inflation adjusted abridged financial statements represent the primary financial statements of the Group. The historical cost financial statements have been provided by way of supplementary information. The conversion factors used to restate the financial statements at 30 June 2022, using a February 2019 base

Dates	Indices	Conversion factors
30-Jun-22	8,707.35	1.000
31-Dec-21	3,977.39	2.200
30-Jun-21	2,986.44	2.900
31-Dec-20	2,474.51	3.500
31-Dec-19	551.63	15.800

21. Fair Value Determination of Transaction, Assets and Liability

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.

22. Events after the reporting date

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

23. Going concern and impact of the COVID-19 pandemic on operations

The continued growth in volumes experienced in the period under review is an indication of the slow down in the effects of the COVID-19 pandemic. The Group has witnessed improved volumes in the Victoria Falls market which is predominantly international tourism. The market is expected to continue to recover in the remainder of year. The business is now moving towards matching traditional seasonality patterns for the domestic market.

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



Hotel	Single BB	Double BB
Victoria Falls Rainbow Hotel	US\$125	US\$160
A'Zambezi River lodge	US\$140	US\$180
	Victoria Falls Rainbow Hotel	Victoria Falls Rainbow Hotel US\$125







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INDEPENDENT AUDITORS' REVIEW REPORT

TO THE MEMBERS OF RAINBOW TOURISM GROUP LIMITED

Report on the Financial Statements

We have reviewed the accompanying financial statements of **RAINBOW TOURISM GROUP LIMITED**, which comprise the statement of financial position as at 30 June 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity and the statement of cash flows for the six months then ended, and a summary of significant accounting policies and other explanatory information. The directors are responsible for the preparation and fair presentation of this interim financial information in accordance with International Financial Reporting Standards. 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.

Adverse Conclusion

Our review indicates that, because of the non-compliance with International Accounting Standard (IAS) 21: The Effects of Changes in Foreign Exchange Rates and International Financial Reporting Standard (IFRS) 13: Fair Value Measurement, this interim financial information does not give a true and fair view of the financial position of the entity as at 30 June 2022, and of its financial performance and its cash flows for the six-month period then ended in accordance with International Financial Reporting Standards.

Basis for Adverse Conclusion

(i) Non-compliance with International Accounting Standard (IAS) 21, The Effects of Changes in Foreign Exchange Rates

Fair statement of opening balances

The Group applied the RBZ interbank auction exchange rates to translate foreign currency denominated transactions and balances to the Zimbabwe Dollar (ZWL). IAS 21 defines the spot rate as the exchange rate available for immediate delivery. The interbank auction exchange rate did not meet the definition of a spot exchange rate as per IAS 21.

The opinion by the predecessor auditor on the prior year financial statements was modified in respect of this matter. The misstatements have not been corrected in the interim financial statements for the half-year ended 30 June 2022. Had the Group applied the spot rate as defined in IAS 21, several elements of the inflation adjusted financial statements would have been materially different from the reported amounts.

(ii) Non-compliance with International Financial Reporting Standard (IFRS) 13, Fair Value Measurement

The Group engaged an external valuer to value the property, plant and equipment. To arrive at the values, the valuer simply converted the US\$ values to ZWL using Reserve Bank of Zimbabwe auction exchange rate. This does not give a reasonable indication of the fair value as defined by International Financial Reporting Standard 13, "Fair Value Measurement", (IFRS 13). IFRS 13 paragraph 2 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price).

The application of a conversion rate from US\$ values to calculate ZWL property values does not accurately reflect the property market dynamics as the risks associated with currency trading do not reflect the risks associated with property trading. Where a conversion rate is used to translate the valuation inputs or outputs, adjustments will be necessary to factor in the risks and considerations by market participants related to currency trading which are not the same with those of property trading.

In addition, the relationship between the US\$ fair market value and the ZWL fair market value will not have a relationship influenced by the exchange rate only since inputs such as interest and discount rates will be significantly different depending on the currency used. This difference in rates will lead to a material misstatement of the property values.

bloge

BDO Zimbabwe Chartered Accountants

Per: Martin Makaya CA (Z)

Partner

Registered Public Auditor (PAAB Certificate No: 0407)

21 September 2022

Kudenga House 3 Baines Avenue P.O. Box 334 Harare