



PADENGA HOLDINGS LIMITED

The Directors are pleased to present the Unaudited Financial Results for Padenga Holdings Limited For the six month period ended 30 June 2016

FINANCIAL HIGHLIGHTS

	2016 US\$	2015 US\$
GROUP SUMMARY		
Revenue	6,108,323	4,303,071
Operating loss before depreciation and amortisation	(3,001,837)	(2,570,123)
Profit before taxation	2,795,227	3,146,923
Profit attributable to shareholders	2,348,261	2,132,073
Cash utilised in operations	(1,518,697)	(598,863)
Capital expenditure	1,337,490	2,377,813
Net assets	46,748,721	46,943,602

SHARE PERFORMANCE

Basic earnings per share (cents)	0.43	0.39
Diluted earnings per share (cents)	0.43	0.39
Dividends declared and paid since reporting date (cents)	0.41	0.29
Market price per share - (cents)	8.50	10.61
Number of shares in issue at reporting date	541,593,440	541,593,440
Market capitalisation (US\$)	46,035,442	57,463,064

COMMENTARY

FINANCIAL

Consolidated Results

We sold 20,978 skins compared to 9,143 skins in the same period last year. Of that total 12,053 were alligator skins. We opened with 7,944 alligator skins in stock for the foreign operation and harvested 4,109 in the period under review.

The group recorded revenue of \$6,108,323 in the six months to June 2016 compared to \$4,303,071 for the comparable period in 2015. Profit before tax for the six months under review amounted to \$2,795,227 against \$3,146,923 for the prior period. Shareholders are reminded that the first half of the year is essentially a cost accumulation period with revenue largely coming in the second half.

Cash utilised by the group for operating activities increased from \$598,863 for the six months ended 30 June 2015 to \$1,518,697 in the period under review. This increase in cash utilisation was a consequence of a strategic decision to increase our stockholdings of critical inputs in the Zimbabwe operation.

Nile Crocodile Operations

In the Zimbabwean crocodile operations, revenue at \$4,207,297 was in line with the amount of \$4,223,282 recorded in the six months to June 2015. A profit before tax of \$3,910,630 was recorded compared to \$2,812,125 for the prior comparative reporting period. The number of skins sold increased marginally from 8,895 (six months to June 2015) to 8,925 in the period under review.

Alligator Operation

The operation recorded a loss before tax of \$1,041,685 compared to a profit before tax of \$382,744 for the prior comparative reporting period. This is largely due to the fact that the 12,053 skins sold in the period were of poor quality due to the damage caused by disturbances reported on last year. Prices will remain depressed for the rest of the year as we clear out the damaged stock.

OPERATIONS

Nile Crocodile Operations

A total of 8,925 skins were graded and sold in the period under review. These attained the highest quality grade ever achieved for a parcel of skins of this size.

Construction work has commenced on a solar farm project at Ume Crocodile Farm. This will significantly reduce our diesel usage thereby reducing costs and our carbon footprint.

We closed the period with a total of 144,236 grower crocodiles on the ground compared to 140,923 at the end of June 2015. We are seeing better quality in the pens than in previous years and we anticipate to meet our culling volume targets by the end of November 2016.

Alligator Operation

At the end of June 2016 there were 8,839 yearling alligators on the ground and 467 carryover stock which was a year older. All of these will be harvested in the September to October period. There is no crop to be carried over to 2017 for medium skin harvesting due to a change in strategy being pursued.

There were 1,175 immature breeders on the ground as of the reporting date.

We are making a fresh start with alligator hatchlings acquired in the current season after the disruptions encountered last year.

SUSTAINABILITY

The Group re-affirms its commitment to animal welfare and best practice norms. Both operations comply with the regulations of the relevant statutory bodies that regulate and monitor the husbandry of crocodiles and alligators. Statutory and independent audits conducted recently have confirmed both our compliance with and commitment to animal welfare and the humane and ethical treatment of our livestock.

PROSPECTS

For the Nile crocodile operation we expect another successful year. The condition of the livestock is exceptional, the market for premium quality skins is steady and expenses are being managed to remain within budget. We therefore expect to once again meet the financial targets for this operation

For the Alligator business, the effects of disturbances to production which occurred in 2015 will continue to impact in the current year. This unit will therefore post a loss once again this year but, as reported at the last year-end, management remain confident of returning this business to profitability.

Your company is confident it will achieve the profit targets budgeted for in 2016.

DIVIDEND

Due to the seasonal nature of culling/harvesting where most skins sales occur in the second half of the year, there is a disproportionate working capital requirement in the first half of the financial year. Consequently, the directors have elected not to declare an interim dividend at this point.

APPRECIATION

I would like to take this opportunity to thank again the executive directors, management and staff for their continued drive and foresight in leading the group. In addition, I would like to thank the non-executive directors for their continued strong support and interest, active oversight of operations and wise counsel.

A K Calder

Chairman
26 August 2016

Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2016

	30 June 2016 unaudited US\$	30 June 2015 unaudited US\$	31 Dec 2015 audited US\$
Revenue	6 108 323	4 303 071	27 491 537
Other operating income	20 468	17 016	46 213
Net operating costs	(9 130 628)	(6 890 210)	(17 552 046)
Operating (loss)/ profit before depreciation and amortisation	(3 001 837)	(2 570 123)	9 985 704
Depreciation and amortisation	(867 024)	(876 359)	(1 759 296)
Impairment of goodwill	-	-	(969 174)
Operating (loss)/ profit before interest and fair value adjustments	(3 868 860)	(3 446 482)	7 257 234
Fair value adjustments on biological assets	7 023 108	6 928 939	3 242 177
Profit before interest and tax	3 154 248	3 482 457	10 499 411
Interest income	108 075	66 755	307 906
Interest payable	(467 095)	(402 289)	(857 109)
Profit before tax	2 795 227	3 146 923	9 950 208
Income tax expense	(794 223)	(825 588)	(2 864 790)
Profit for the period	2 001 004	2 321 335	7 085 418
Other comprehensive income	-	-	-
Total comprehensive income for the period	2 001 004	2 321 335	7 085 418
Profit for the period attributable to:			
Equity holders of the parent	2 348 261	2 132 073	7 255 522
Non-controlling interest	(347 258)	189 262	(170 104)
	2 001 004	2 321 335	7 085 418
Total comprehensive income for the period attributable to:			
Owners of the parent	2 348 261	2 132 073	7 255 522
Non-controlling interest	(347 258)	189 262	(170 104)
	2 001 004	2 321 335	7 085 418
Earnings per share (cents)			
Basic earnings per share	0.43	0.39	1.34
Diluted earnings per share	0.43	0.39	1.34

Consolidated Statement of Financial Position

As at 30 June 2016

	Note	30 June 2016 unaudited US\$	30 June 2015 unaudited US\$	31 Dec 2015 audited US\$
ASSETS				
Non-current assets				
Property, plant and equipment		15 458 579	14 853 739	15 223 986
Goodwill		-	969 174	969 174
Intangible assets		41,002	60,916	51,796
Biological assets		3 719 534	2 252 914	3 686 179
		19 219 115	18 136 743	18 961 961
Current assets				
Biological assets		34 934 860	33 713 005	26 149 950
Inventories		2 356 087	2 515 852	3 523 179
Tax receivable		583 948	368 191	-
Trade and other receivables		3 827 453	4 267 514	2 482 402
Cash and cash equivalents		9 814 538	6 859 148	10 525 248
		51 516 886	47 723 710	42 680 779
Total assets		70 736 001	65 860 453	61 642 740
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital		54 159	54 159	54 159
Share premium		27 004 245	27 004 245	27 004 245
Retained earnings		19 574 172	14 298 586	19 421 793
Change in ownership reserve		-	-	(165 948)
Equity attributed to equity holders of the parent		46 456 628	41 356 990	46 314 249
Non-controlling interest		282 093	1 302 771	629 351
Total shareholders' equity		46 748 721	42 659 761	46 943 602
Non-current liabilities				
Interest bearing borrowings	11.1	3 081 720	1 126 949	2 321 833
Customer deposits	10.1	1 179 525	1 041 045	1 130 525
Deferred tax liabilities		6 677 455	6 478 589	6 206 596
		10 938 700	8 646 583	9 658 954
Current liabilities				
Short-term interest bearing borrowings	11.2	6 293 320	9 449 998	1 334 671
Customer deposits		-	162 000	-
Deferred consideration	11.3	1 366 770	944 911	1 366 770
Trade and other payables	10.	5 037 680	3 716 384	1 733 070
Provisions		350 810	280 817	312 844
Current tax payable		-	-	292 829
		13 048 580	14 554 110	5 040 184
Total liabilities		23,987,280	23,200,693	14,699,138
Total equity and liabilities		70 736 001	65 860 454	61 642 740

Consolidated Statement of Changes in Equity

For the twelve months ended 31 December 2015

	Share Capital audited US\$	Share Premium audited US\$	Change in ownership Reserve audited US\$	Retained Earnings audited US\$	Non-Controlling Interest Total audited US\$	Total audited US\$
Balance at 1 January 2015	54 159	27 004 245	-	13 760 274	40 818 678	1 113 507 41 932 186
Profit for the period	-	-	-	7 255 522	7 255 522	(170 105) 7 085 418
Acquisition of non-controlling interest	-	-	(165 948)	-	(165 948)	(314 052) (480 000)
Dividends paid	-	-	-	(1 594 002)	(1 594 002)	- (1 594 002)
Balance at 31 December 2015	54 159	27 004 245	(165 948)	19 421 794	46 314 250	629 351 46 943 602

For the six months ended 30 June 2016

	Share Capital unaudited US\$	Share Premium unaudited US\$	Change in ownership Reserve audited US\$	Retained Earnings unaudited US\$	Non-Controlling Interest Total unaudited US\$	TOTAL unaudited US\$
Balance at 1 January 2016	54 159	27 004 245	(165 948)	19 421 794	46 314 249	629 351 46 943 602
Profit for the period	-	-	-	2 348 261	2 348 261	(347 258) 2 001 004
Dividends paid	-	-	-	(2 195 883)	(2 195 883)	- (2 195 883)
Balance at 30 June 2016	54 159	27 004 245	(165 948)	19 574 172	46 466 627	282 093 46 748 721

Consolidated Statement of Cash Flows

For the six months ended 30 June 2016

	30 June 2016 unaudited US\$	30 June 2015 unaudited US\$	31 Dec 2015 audited US\$
Cash (utilised in) / generated from operating activities	(1 518 697)	(598 863)	13 662 136
Interest income	108 075	66 755	307 906
Interest paid	(489 528)	(402 289)	(786 416)
Taxation paid	(1 040 423)	(583 115)	(2 233 289)
Net cash (utilised in) / generated from operations	(2 940 574)	(1 517 511)	10 950 337
Cash flow from investing activities			
Net cash outflow from investing activities	(1 155 503)	(1 039 504)	(2 375 834)
Net cash flow before financing activities	(4 096 077)	(2 557 016)	8 574 503
Cash flow from financing activities			
Increase in borrowings	5 581 250	8 617 108	1 571 930
- new loans	8 350 000	10 003 998	13 604 865
- repayments	(2 768 750)	(1 386 890)	(12 452 935)
Dividends paid	(2 195 883)	(1 593 760)	(1 594 002)
by holding company	(2,195,883)	(1,593,760)	(1,594,002)
by subsidiaries to non-controlling shareholders	-	-	-
Net cash inflow generated / (utilised) in financing activities	3 385 367	7 023 348	(442 071)
Net (decrease) / increase in cash and cash equivalents	(710 709)	4 466 332	8 132 431
Cash and cash equivalents at the beginning of the period	10 525 248	2 392 817	2 392 817
Cash and cash equivalents at the end of the period	9 814 538	6 859 148	10 525 248
CASH AND CASH EQUIVALENTS			
Made up as follows:			
Bank balances and cash	7 773 097	4 859 148	8 425 083
Short-term investments	2 041 441	2 000 000	2 100 165
	9 814 538	6 859 148	10 525 248

Supplementary Information

- Corporate Information**
Padenga Holdings Limited is a Limited Liability Company incorporated and domiciled in Zimbabwe whose shares are publicly traded on the Zimbabwe Stock exchange. The Group has a 66.67% stake in Lone Star Alligator Farms, an unlisted company based in Texas (United States of America) that specialises in alligator farming. The principal activity of the Company and its subsidiaries (the Group) include the production and rearing of crocodiles, alligators and the export of Nile crocodile and alligator skins and meat.
- Basis of preparation**
The half year results are based on the statutory records that are maintained under the historical cost basis, except for biological assets that have been measured at fair value.

Supplementary Information

3. **Statement of compliance**
The Group's half year abridged financial results have been prepared in accordance with IAS 34 and ZSE listing rules. The financial statements have been prepared in compliance with the Zimbabwe Companies Act (Chapter 24:03).

4. **Currency of reporting**
The financial results are expressed in United States Dollars which is the Group's presentation and functional currency.

5. **Estimates**
When preparing the interim financial results, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, results, 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 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 2015.

6. **Accounting policies**
The principal accounting policies of the Group are consistent in all material respects with those applied in the previous financial year and conform with all effective IFRS as at 30 June 2016.

7. **Operating segments**
The following tables present revenue and profit information about the Group's operating segments for the six months ended 30 June 2016.

	Six months ended 30 June 2016		
	Crocodiles US\$	Alligators US\$	Total US\$
Revenue			
30 June 2016	4 207 297	1 901 026	6 108 323
30 June 2015	4 223 282	79 789	4 303 071
Segment profit / (loss)			
30 June 2016	2 348 261	(347 258)	2 001 004
30 June 2015	2 132 073	189 262	2 321 335

There was no inter-segment revenue in the period. The following tables presents asset and liabilities of the Group's operating segments as at 30 June 2016.

	30 June 2016 US\$	31 Dec 2015 US\$
Segment assets		
30 June 2016	63 655 530	7 080 471
31 December 2015	54 666 761	6 975 979
Segment liabilities		
30 June 2016	17 969 271	6 018 009
31 December 2015	7 414 434	7 284 704

Classification of the segments is based on the type of biological assets.

Revenue from one customer amounted to \$5 972 393 (2015: \$4 214 261), arising from sales of the crocodile and alligator skins.

	30 June 2016 US\$	31 Dec 2015 US\$
8. Capital expenditure for the year		
Capital expenditure commitment		
Authorized but not yet contracted</		