PADENGA
HOLDINGS LIMITED

REVIEWED CONDENSED CONSOLIDATED GROUP FINANCIAL RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2020

Short-Form Financial Announcement

Issued in terms of Practice Note 13 of the Zimbabwe Stock Exchange

This short-form financial announcement is the responsibility of the Directors and is only a summary of the information contained in the full announcement and does not contain full or complete details. Any investment decisions by investors and /or shareholders should be based on consideration of the full announcement published on the ZSE Data Portal and the Company website as a whole.

A copy of the full announcement has been shared with shareholders using the latest email addresses supplied by the shareholder, and is available upon request, and for inspection, at no charge at the Company's registered office or via email request to **corpserve@escrowgroup.org.** The full announcement is also available on the Zimbabwe Stock Exchange website: **www.zse.co.zw** and the Company website: **www.padenga.com.**

SALIENT FEATURES

Revenue
295%

Operating Profit
264%

Basic Earnings Per Share
7%

	30 June 2020 Reviewed US$	30 June 2019 Unaudited US$	% Change 2020 vs 2019
Revenue	22 497 828	5 695 214	295%
Operating profit before depreciation, impairment & amortization	4 798 971	(2 931 679)	264%
Profit/(Loss) before taxation	9 303 715	9 463 032	-2%
Profit attributable to shareholders	7 737 857	7 265 340	7%
Cash generated/(utilised in) from operations	20 559 513	(758 452)	2811%
Capital expenditure	6 635 223	2 971 453	123%
Total Assets	131 882 709	102 898 635	28%
Total Equity	80 472 663	67 575 650	19%
Total Liabilities	51 410 046	35 322 985	46%
Basic earnings per share (US$ cents)	1.43	1.34	7%
Headline earnings per share (US$ cents)	1.41	0.99	42%
Dividend per share			
Dividends declared and paid since reporting date (US$ cents)	-	0.38	-100%

Dividends

As the H1 period is traditionally a cost accumulation period for the Group, the business will continue with its policy of not paying a dividend at the half year. Application has been made to the authorities to pay the 2019 dividend in USD and an announcement will be made regarding this as soon as the process is concluded.

T N Sibanda
Independent, Non-Executive Chairman 13 November 2020

Directors: *TN Sibanda (Chairman), GJ Sharp (Chief Executive Officer), *MJ Fowler, O T Kamundimu, *J Caraguel, *AM Madzara, *S Moyo (*Non-Executive)

The Directors are pleased to present the **Reviewed Condensed Consolidated Financial Results for Padenga Holdings Limited** for the six months ended 30 June 2020

Financial Highlights

For the six months ended 30 June 2020

	30 June 2020 reviewed US$	30 June 2019 unaudited US$
Group Summary		
Revenue	22 497 828	5 695 214
Operating Profit/(Loss) before depreciation, impairment and amortization	4 798 971	(2 931 679)
Profit before taxation	9 303 715	9 463 032
Profit attributable to shareholders	7 737 857	7 265 340
Cash generated/(utilised in) from operations	20 559 513	(758 452)
Capital expenditure	6 635 223	2 971 453
Net assets	80 472 663	67 575 650
Share Performance		
Basic earnings per share (cents)	1.43	1.34
Diluted earnings per share (cents)	1.43	1.34
Headline earnings per share (cents)	1.41	0.99
Dividends declared and paid since reporting date (cents)		0.38
Market price per share - (cents)	24.06	33.98
Number of shares in issue at reporting date	541 593 440	541 593 440
Market capitalization (US$)	130 286 511	184 043 687

The Directors Present:

The reviewed half year Interim Financial Results for Padenga Holdings Limited (the "Group") for the six months period ended 30 June 2020.

Directors' Responsibility

The Company's Directors are responsible for the preparation and fair presentation of the Group's financial statements, of which this press release represents an extract. The interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The principal accounting policies of the Group are consistent with those applied in the previous financial year.

Functional Currency

As announced in the Group's financial statements for the year ended 31 December 2019, the financial statements are presented in United States Dollar ("US$"), which is the functional and presentation currency of the entity. We have restated the comparatives for the prior period at June 2019 in accordance with the accounting treatment prescribed under (IAS) 21.

Business Combination

The Directors are pleased to confirm the acquisition on 1 January 2020 of 50.1% of Dallaglio Investments (Pvt) Ltd, an unlisted Company in Zimbabwe, as a subsidiary of the Group and look forward to the enhanced returns for shareholders and investors. The mining business is principally engaged in the development of gold mining assets and the subsequent production of gold and complements the foreign currency earning focus of the Padenga Group. This is an exciting prospect with significant gold resources confirmed and the potential to make it one of the leading gold mining ventures in the Country.

The company acquired the stake in Dallaglio Investments (Pvt) Ltd to reduce product and customer concentration risk through diversification into alternative, export orientated businesses, and has identified the gold sector as attractive from a long-term perspective.

Reviewers Statement

These condensed interim financial statements have been reviewed by Ernst & Young Chartered Accountants (Zimbabwe) and an adverse review conclusion issued thereon due to continuing issues from prior years in respect of non-compliance with International Accounting Standard 21, "The Effects of Changes in Foreign Exchange Rates". The reviewer's report is available for inspection at the Holding Company's registered office. The engagement partner for this review is Mr David Marange (PAAB Practicing Number 0436).

Financial

Consolidated Results

Profit before taxation for the six months under review amounted to US$9 303 715 was in line with US$9 463 032 reported in the prior period. However, the performance has been spurred by the contribution from the mining business.

We sold 19 323 skins compared to 17 722 skins in the comparable period in 2019. The foreign operation contributed 70% of the total skin volumes sold. In the Texas operation the sales total included 8 449 low-grade skins that were sold to best advantage. The Zimbabwean operation sold 5 463 skins in the period under review (5 926 H1, 2019).

Turnover for the Group increased by 295% from $5 695 214 to $22 497 828 in the period under review. The mining business contributed 61% of the total revenue amounting to $13 778 415 from the sale of 344 kgs of gold. The Zimbabwean crocodile operation contributed 29% from a turnover of $6 391 743 ($3 595 720 H1, 2019) whilst the Texas operation's contribution was 10% of turnover at $2 313 232 ($2 099 494 H1, 2019).

The Group generated cash amounting to US$20 559 513 from operating activities for the six months to June 2020. This increase in cash inflow was mainly attributed to a decrease in receivables.- This increase in cash generation was achieved despite an increase in inventory and an increase in livestock costs. The Group has increased its crocodile operations strategic stocks cover to an average of four months in the wake of Covid-19 supply chain disruptions.

Nile Crocodile Financials

In the Nile crocodile operation, a profit before tax of $4 649 274 was recorded compared to $8 903 450 for the prior comparative reporting period. We had 16 007 skins in inventory at the end of the period. Turnover increased from $3 595 720 to $6 406 181 in the period under review. Profitability was impacted by a reduction in fair valuation. This reduction in fair valuation was the consequence of a lowering of average prices provided for the 40/+ cm skins in stock in light of the current market conditions and decreased demand for large skins irrespective of grade quality.

The Zimbabwean crocodile operation generated $4 900 996 in cash from operating activities for the period under review. The increase in cash inflow was mainly attributed to decrease in receivables and an increase in creditors. Capex expenditure was reduced in light of the prevailing economic environment but without prejudice to mission critical improvements focused on skin quality enhancement.

Alligator Financials

The Alligator operation recorded a loss of $2 284 992 compared to a profit before taxation of $601 223 for the prior comparative reporting period. This loss was attributable to the sale of low grade skins at reduced prices to clear stock in a depressed market. The market for both small sizes and low-grade alligator skins remains very challenging due to an oversupply of skins in these categories.

Mining Business Financials

The Dallaglio operation recorded a profit before tax of $7 796 089 in the period under review. Turnover recorded in the period under review was $13 778 415. Volumes achieved were consistent with expectations.

Operations

Nile Crocodile Operations

Harvesting of crocodiles occurred throughout H1, whereas in prior years harvesting only commenced in early Q2. Those animals not meeting the stringent grade criteria were held back in the pens to attain the dynamic quality standards demanded by the premium market. By harvesting early we have reduced stocking densities before winter thus contributing to improved skin quality as well as reducing the cost of sales by shortening the production cycle. A total of 13 784 skins were harvested; up from 5 501 harvested in the comparable prior period. A skin sales grading that was scheduled for the end of May 2020 was postponed due to the Covid lockdown and this impacted negatively on sales volumes for the Nile crocodile operation in the period.

The second 470kWp phase of the solar project was commissioned by ZETDC on the 4th of November 2020. The last batch of equipment for the final 400kWp array which was scheduled for installation this year has been delayed in Europe due to the Covid pandemic. These installations reinforce the Group's commitment to sustainability through the application of alternative and renewable energy solutions. This solar energy installation is operating under the auspices of an Independent Power Producer license from Government.

Additional developments in the half-year included the completion of a large dedicated bulk feed storeroom, the replacement of main water delivery pipelines and the installation of a new pumping manifold. The Farms' perimeter security systems were improved and stock control, handling and administration procedures overhauled.

We closed the period with a total of 137 313 grower crocodiles on the ground compared to 146 056 at the end of June 2019.

Alligator Operations

The number of skins sold to date were 17% above prior year. 13 860 skins were sold compared to 11 796 in the prior period. Of the total; 8 443 were carryover skins which were sold to best advantage.

At the end of June 2020 there were 19 808 yearling alligators on the ground. Of these, approximately 6 600 will be harvested as watchband sized skins beginning October and approximately 13 200 will be carried forward into 2021 to be harvested as medium sized skins.

There were 1 206 immature breeders on the ground as of the reporting date. The breeder project continues to mature as the breeder stock grow towards full reproductive maturity.

Mining Operations

Pickstone Peerless Mine produced 344 kgs of gold for a net revenue of $13 778 415 being an increase of 43% over the prior comparable period. This improvement was driven by both improved production volumes and an increased gold price. The rehabilitation of mining and processing works at Delta Gold (Private) Limited's Eureka Mine was accelerated during the period with considerable progress made towards commencing full mining operations in July 2021.

Covid-19 Update

The Covid-19 pandemic continued to pose a material threat to business continuity as it impacted normal trading operations in the regions that we market into. The two main retailers of high-end leather goods both reported depressed sales volumes across all product categories in their H1 financial results. Covid related lockdowns prevented the scheduled May and July skin sales gradings from occurring. Tanneries in France and Italy reopened mid-April after Covid shutdowns with emphasis on processing skins primarily for their principals and other top-tier customers. Strong retail sales have since been recorded across Asia as those regions recover following lockdowns. The full impact of the Covid pandemic remains difficult to assess in the short term and the business is responding to the needs of its primary customer in order to sustain sales volumes and margins.

PHL continues to monitor stock levels for its critical inputs such as feed, chemicals and other consumables ensuring a stock cover of between three and six months depending on the perishability of the commodity. Although international supply chains have been volatile, sufficient orders have been placed to ensure business continuity through to early 2021. A single employee in the Group was confirmed infected with Covid over several thousand RDT tests conducted and with confirmatory PCR testing where mandated. The employee was asymptomatic and returned to work after completion of a 21-day self-quarantine period. With only this single case of infection, business continuity has been achieved throughout the pandemic. All employees continued observing and adhering to the Covid preventative measures put in place by the company. These included social distancing, washing of hands, wearing of washable face masks and partaking in rapid testing at regular intervals for vulnerable groups of employees and anyone re-entering the "workplace bubble" created in line with the Covid policy adopted by the Company.

Sustainability and Good Husbandry Practices

The Group continues to be guided by the corporate governance framework which sets the baseline for how we act within our operations. The Framework is key to the sustainable and successful business of the Group. It is developed and mandated by the Board and implemented by Group Management. Embedded within the Framework is the commitment to good corporate governance, observance of and adherence to animal welfare and ethical business practices. Both farming operations comply with the regulations of the relevant statutory bodies that monitor the husbandry of crocodiles and alligators in their respective countries.

The capital project to design and construct a wastewater treatment plant in Zimbabwe to process crocodile pen discharge water is now underway. This is a three to four-year project which reinforces the Group's commitment to sustainable development towards improving the quality of wastewater that we release into the environment. Phase 1 of this project to consolidate all wastewater discharge into a single point and prepare it for pumping to the treatment plant is underway for completion by year-end. Construction of the wastewater treatment plant itself will commence in mid-2021.

We continue with those Community Outreach initiatives in the communities where our operations are located as part of our Community Social Responsibility Programme. In the wake of the Covid pandemic the Group has played a leading role in providing the Kariba District Covid co-ordinator and his office with materials, equipment and sanitisers/disinfectants to combat the spread of the Corona virus.

Prospects

The Group will continue to supply the market with premium quality skins in constant volumes in the near term. The demand for top quality defect-free skins is steady and prices for these will hold. The market for all low-grade skins is depressed following both an oversupply of these grades of skins and a contraction in the second and third tier markets.

We remain confident in our strong fundamentals and we will continue to focus on preserving value while managing the risks triggered by the volatile external environment. The Group continues to be focused on stringent but strategic cost control measures. Capex expenditure has been strategically reduced consistent with the prevailing environment but mission critical developments have been retained.

Dividend

As the H1 period is traditionally a cost accumulation period for the Group the business will continue with its policy of not paying a dividend at the half year. Application has been made to the authorities to pay the 2019 dividend in USD and an announcement will be made regarding this as soon as that process is concluded.

Appreciation

The Directors acknowledge the considerable efforts and achievements of the various service providers that have supported Padenga throughout the period of extended lockdowns and during the restricted operational environment that prevailed, and in particular those that provided Covid mitigation equipment and services to Group staff members and their families.

On behalf of the entire board of directors, I thank the Group's executives for their outstanding leadership and all of the employees for carrying forth the Group's resilience in this challenging environment and enduring commitment to the success of the Group.

T N Sibanda
Chairman

13 November 2020

Directors: *TN Sibanda (Chairman), GJ Sharp (Chief Executive Officer), *MJ Fowler, O T Kamundimu, *J Caraguel, *AM Madzara, *S Moyo (*Non-Executive)

P A D E N G A Holdings Limited

The Directors are pleased to present the **Reviewed Condensed Consolidated Financial Results for Padenga Holdings Limited** for the six months ended 30 June 2020

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2020

	Six months ended 30 June 2020 reviewed US$	Six months ended 30 June 2019 unaudited US$	Twelve months ended Dec 2019 audited US$
Revenue	22 497 828	5 695 214	29 127 509
Other operating income	88 468	70 810	76 224
Financial income	6 436 757	128 965	-
Cost of goods sold	(16 410 296)	(4 120 462)	(11 569 862)
Employee benefits expense	(3 623 863)	(1 956 308)	(4 264 090)
Other operating costs	(4 189 923)	(2 749 898)	(6 334 248)
Operating Profit/(loss) before depreciation and amortisation	**4 798 971**	**(2 931 679)**	**7 035 53**
Depreciation and amortisation	(2 003 051)	(1 200 194)	(2 370 784)
Operating Profit/(loss) before interest and fair value adjustments	**2 795 920**	**(4 131 873)**	**4 664 749**
Fair value adjustments on biological assets	9 386 348	14 326 212	5 358 433
Profit before interest and tax	**12 182 268**	**10 194 339**	**10 023 182**
Interest income	30 962	64 435	69 916
Interest payable - loans	(2 866 432)	(756 984)	(1 423 532)
Interest payable - leases	(43 083)	(38 759)	(77 715)
Profit before tax	**9 303 715**	**9 463 032**	**8 591 851**
Income tax expense	(637 183)	(2 094 763)	(1 847 265)
Profit for the period	**8 666 531**	**7 368 269**	**6 744 586**
Total comprehensive income for the period	**8 666 531**	**7 368 269**	**6 744 586**
Profit for the period attributable to:			
Equity holders of the parent	7 737 857	7 265 340	6 915 140
Non-controlling interest	928 674	102 929	(170 554)
	8 666 531	**7 368 269**	**6 744 586**
Total comprehensive income for the period attributable to:			
Equity holders of the parent	7 737 857	7 265 340	6 915 140
Non-controlling interest	928 674	102 929	(170 554)
	8 666 531	**7 368 269**	**6 744 586**
Earnings per share (cents)			
Basic earnings per share	**1.43**	**1.34**	**1.28**
Diluted earnings per share	**1.43**	**1.34**	**1.28**
Headline earnings per share	**1.41**	**0.99**	**1.25**

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2020

	30 June 2020 reviewed US$	30 June 2019 unaudited US$	31 Dec 2019 audited US$
Net cash generated/(utilised in) from operating activities	20 559 513	(758 452)	8 285 913
Interest income	34 676	64 435	69 916
Interest received/(paid)	2 356 114	(196 071)	(679 429)
Taxation paid	(655 140)	(891 087)	(1 857 802)
Net cash generated/(utilised in) from operations	**22 295 163**	**(1 781 175)**	**5 818 598**
Cash flow from investing activities			
Net cash outflow from investing activities	**(13 365 598)**	**(2 954 587)**	**(4 735 028)**
- proceeds on disposal of property, plant and equipment	1 491	16 866	35 395
- purchase of property, plant and equipment	(6 110 932)	(2 894 427)	(4 571 497)
- expenditure on non-current biological assets	(52 590)	(77 026)	(167 852)
- purchase of intangible assets	(471 701)	-	(31 074)
- Net cash outflow on acquisition of Dallaglio	(6 731 865)	-	-
Net cash inflow/(outflow) before financing activities	**8 929 566**	**(4 735 762)**	**1 083 570**
increase/(decrease) in borrowings	**(12 146 674)**	**2 231 700**	**1 543 585**
- new loans	766 216	6 266 310	6 608 854
- repayments	(12 912 890)	(4 034 610)	(5 065 269)
Dividends paid	**-**	**(2 076 375)**	**(2 076 375)**
by holding company	-	(2,076,375)	(2 076 375)
Net cash (outflow)/inflow from financing activities	**(12 146 674)**	**155 325**	**(532 790)**
Net (decrease)/increase in cash and cash equivalents	**(3 217 108)**	**(4 580 438)**	**550 780**
Net foreign exchange difference	(5 156 891)	(219 460)	(1 327 728)
Cash and cash equivalents at the beginning of the period	9 366 759	10 143 707	10 143 707
Cash and cash equivalents at the end of the period	**992 760**	**5 343 809**	**9 366 759**
CASH AND CASH EQUIVALENTS			
Made up as follows:			
Bank balances and cash	954 882	2 721 452	9 237 619
Short-term investments	37 879	2 622 357	129 140
	992 760	**5 343 809**	**9 366 759**

Condensed Consolidated Statement of Financial Position

As at 30 June 2020

	Note	30 June 2020 reviewed US$	30 June 2019 unaudited US$	31 Dec 2019 audited US$
ASSETS				
Non-current assets				
Property, plant and equipment		39 985 398	23 488 860	24 088 899
Right of use assets		1 052 734	1 249 077	1 156 377
Rehabilitation asset		2 308 739	-	-
Goodwill		14 618 961	-	-
Intangible assets		1 660 718	26 262	51 220
Biological assets		6 905 516	5 554 354	6 790 778
		66 532 066	**30 318 553**	**32 087 274**
Current assets				
Biological assets		40 184 774	50 126 572	32 205 176
Inventories	**9**	16 314 268	6 196 411	12 566 854
Tax receivable		581 376	3 036 118	-
Financial asset				
Trade and other receivables		7 277 465	7 877 172	10 770 978
Cash and cash equivalents		992 760	5 343 809	9 366 759
		65 350 643	**72 580 082**	**64 909 767**
Total assets		**131 882 709**	**102 898 635**	**96 997 041**
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
Share based payment reserve		2 099	-	2 099
Retained earnings		48 524 236	40 886 959	40 786 379
Change in ownership reserve		(63 863)	(63 863)	(63 863)
Equity attributed to equity holders of the parent		**75 520 876**	**67 881 500**	**67 783 019**
Non- controlling interest		4 951 787	(305 850)	(579 333)
Total shareholders' equity		**80 472 663**	**67 575 650**	**67 203 686**
Non-current liabilities				
Interest bearing borrowings	**12.1**	6 335 000	7 235 000	6 335 000
Lease liabilities		411 169	690 885	464 144
Provisions		2 071 333	-	-
Deferred tax liabilities		9 082 767	12 597 955	7 259 730
		17 900 269	**20 523 840**	**14 058 874**
Current liabilities				
Deferred consideration	**1**	11 719 185	-	-
Customer deposits	**11.1.2**	1 436 925	2 936 925	2 936 325
Short-term interest bearing borrowings	**12.2**	13 690 719	10 233 968	10 579 610
Trade and other payables	**11**	5 910 243	1 563 554	1 194 395
Lease liabilities		130 206	-	147 000
Provisions		622 498	64 698	38 885
Tax payable		-	-	838 266
		33 509 777	**14 799 145**	**15 734 481**
Total liabilities		**51 410 046**	**35 322 985**	**29 793 355**
Total equity and liabilities		**131 882 709**	**102 898 635**	**96 997 041**

Turnover
US$22 497 828
295%

61%
of total revenue from new mining concern

US$13 mil
from the sale of 344kgs of gold

Profit Before Tax
US$9 303 715

Condensed Consolidated Statement of Changes in Equity

For the six months ended 2020

	Share Capital unaudited US$	Share Premium unaudited US$	Change in ownership unaudited US$	Share based option reserve unaudited US$	Retained Earnings unaudited US$	Total US$	Non - Controlling Interest unaudited US$	TOTAL unaudited US$
Balance at 1 January 2019	**54 159**	**27 004 245**	**(63 863)**	**-**	**35 947 614**	**62 942 155**	**(408 779)**	**62 533 376**
Profit for the period to 30 June 2020	-	-	-	-	7 265 340	7 265 340	102 929	**7 368 269**
Dividends paid	-	-	-	-	(2 325 995)	(2 325 995)	-	**(2 325 995)**
Balance at 30 June 2019 (unaudited)	**54 159**	**27 004 245**	**(63 863)**	**-**	**40 886 959**	**67 881 500**	**(305 850)**	**67 575 650**

	Share Capital reviewed US$	Share Premium unaudited US$	Change in ownership unaudited US$	Share based option reserve unaudited US$	Retained Earnings unaudited US$	Total US$	Non - Controlling Interest unaudited US$	TOTAL unaudited US$
For the six months ended 30 June 2020								
Balance at 1 January 2020	**54 159**	**27 004 245**	**(63 863)**	**2 099**	**40 786 379**	**67 783 019**	**(579 333)**	**67 203 686**
Profit for the period	-	-	-	-	7 737 857	7 737 857	928 674	**8 666 531**
Minority interest on acquisition of subsidiary	-	-	-	-	-	-	4 602 445	**4 602 445**
Balance at 30 June 2020	**54 159**	**27 004 245**	**(63 863)**	**2 099**	**46 524 236**	**75 520 877**	**4 951 787**	**80 472 663**

Directors: *TN Sibanda (Chairman), GJ Sharp (Chief Executive Officer), *MJ Fowler, O T Kamundimu, *J Caraguel, *AM Madzara, *S Moyo (*Non-Executive)

The Directors are pleased to present the **Reviewed Condensed Consolidated Financial Results for Padenga Holdings Limited** for the six months ended 30 June 2020

Notes to the Condensed consolidated financial statements for the period ended 30 June 2020

1. 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 registered office is located at 121 Borrowdale Road, Gunhill, Harare, Zimbabwe. The Group has an 82.88% stake in Tallow Creek Ranch, 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.

Business Combinations

Acquisition of Dallaglio Investments (Pvt) Limited

On 1 January 2020, the Group acquired a 50.1% stake in Dallaglio Investments (Pvt) Limited, an unlisted Company based in Harare that specialises in mining. Dallaglio operates Pickstone Peerless Mine near Chegutu and Eureka Mine near Guruve. The Group acquired the stake in Dallaglio Investments because the investment affords the Group the opportunity to diversify into mining.

The Group has applied: Amendments to IFRS 3 – Definition of a Business, issued in October 2018.

Assets acquired and liabilities assumed

The fair value of the identifiable assets and liabilities of Dallaglio Investments as at the date of acquisition were:

	Fair value recognised on acquisition US$
Assets	
Fixed assets	10 757 597
Intangible Assets	4 394 827
Financial Asset	1 595
Inventory	3 762 752
Trade Receivables	3 975 220
Bank balances	788 803
Total	**23 680 793**
Liabilities	
Overdraft	5 123 008
Trade and Other Payables	1 474 977
Provisions	964 157
Deferred Tax	2 251 309
Loans third party	4 644 007
Total liabilities	**14 457 458**
Net Current assets	**9 223 336**
Non-controlling interest (49.9% of net assets fair value)	(4 602 445)
Total Net Assets acquired	**4 620 891**
Goodwill arising on acquisition**	14 618 961
Purchase consideration transferred	**19 239 853**

Purchase consideration is split as follows:	
Interest on fair valuation of purchase consideration	760 147
Deferred Consideration at acquisition	19 239 853
A total of $7 520 668 was paid in the period January to June 2020.	(7 520 668)
Deferred Consideration at 30 June 2020	**11 719 185**

The Group has started consolidating Dallaglio financials this year from 1 January 2020 and its results are incorporated in the financial statements as at 30 June 2020. The non-controlling interest was measured at the proportionate share of the acquiree's identifiable net assets.

****Goodwill recognised**

Padenga is a highly concentrated export business, with a significant portion of its revenue derived from the sale of crocodile skins. In 2012 Padenga moved to diversify its product offering through investing in Tallow Creek Ranch Farms in Texas, USA. While the contribution from Tallow Creek is growing, it still represented just a small proportion of the businesses 2019 revenue. Further to this, Padenga also has significant client concentration risk, with most of sales in 2019 being to one single customer.

Product and customer concentration risk is exacerbated by the nature of the Padenga product. Recent years have seen increasing pressure from animal rights groups protesting the use of exotic leathers in the fashion sector. While Padenga's main customer has determined that leather will remain part of its product offering presently, there is no guarantee that this situation will not change in the future.

Padenga seeks to reduce this concentration risk through diversification into alternative, export orientated businesses, and has identified the gold sector as attractive from a long-term perspective.

Dallaglio is currently producing around 65 kilogrammes of gold per month from Pickstone Peerless and, on this basis, is profitable. Dallaglio has also invested funds in pre-mining operations at Eureka, but further funding is required to take the mine through to production. Further to this, the Giant Claim will require additional funding. Funding for these developments is predominantly required in hard currency, which is not readily available from the local market.

Reconciliation of the carrying amount of goodwill at the beginning and end of the reporting period is presented below:

Gross carrying amount	
At 1 January 2020	-
Acquisition of a subsidiary	14 618 961
At 30 June 2020	**14 618 961**

Goodwill arising on acquisition of Dallaglio Investments (Pvt) Limited.

The Group performed its impairment test as at 30 June 2020 for goodwill, there were no indications of impairment for goodwill.

At the date of the acquisition, the fair value of the trade receivables was $3 975 220. The carrying amount of trade receivables approximates present value and there is no counterparty credit risk.

2. 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. The financial statements have been prepared in accordance with IAS 34 - Interim Financial Reporting.

Going Concern

The Directors have satisfied themselves that the Group is in a sound financial position and has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they are satisfied that it is appropriate to adopt the going concern basis in preparing the condensed consolidated financial statements.

The Group has considered the future impact Covid-19 might have on the going concern of the business. Many tanneries were shutdown due to lockdowns. The lockdown in China, USA and the restriction on international travel from China, USA, Europe among other continents will impact on luxury product sales. However, for the Group, harvesting is going on as normal since the deliveries to the customer are normally concentrated in the fourth quarter of the year. In addition, the lockdown has not affected movement of essential imports as movement of cargo is not restricted. The Group's imports are mainly from South Africa. The Group continues to monitor wellness programs for its employees to mitigate the threat and safe guard the operations of the Group.

Basis of Consolidation

The condensed consolidated financial statements comprise the financial statements of Padenga Holdings Limited and its subsidiaries as at 30 June 2020. The subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtained control, and will continue to be consolidated until the date when such control ceases. The financial statements of the subsidiary are prepared for the same reporting period as the parent company, using consistent accounting policies except where stated.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

3. Statement of compliance

The Group's half year financial results have been prepared in accordance with ZSE listing rules and in compliance with the requirements of IFRSs. The financial statements have been prepared in compliance with the Companies and Other Business Entities Act (COBE) (Chapter 24:31).

4. Currency of reporting

The financial statements have been prepared in US$ after taking into account the considerations for IAS 21.

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 financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last half financial statements for the half year ended 30 June 2019 except for the following key estimates arising from the acquisition of the subsidiary (Dallaglio Investments (Pvt) Limited.

(a) Ore reserve and mineral resource estimates

Ore reserves and mineral resource estimates are estimates of the amount of ore that can be economically and legally extracted from the Group's mining properties. Such reserves and mineral resource estimates and changes to these may impact the Group's reported financial position and results, in the following way:

- The carrying value of exploration and evaluation assets, mine properties, property, plant and equipment, and goodwill may be affected due to changes in estimated future cash flows.
- Capitalised stripping costs recognised in the statement of financial position, as either part of mine properties or inventory or charged to profit or loss, may change due to changes in stripping ratios.
- Depreciation and amortisation charges in the statement of profit or loss and other comprehensive income may change where such charges are determined using the Unit Of Production (UOP) method, or where the useful life of the related assets change.
- Provisions for rehabilitation and environmental provisions may change where reserve estimate changes affect expectations about when such activities will occur and the associated cost of these activities.
- The recognition and carrying value of deferred income tax assets may change due to changes in the judgements regarding the existence of such assets and in estimates of the likely recovery of such assets.

The Company estimates its ore reserves and mineral resources based on information compiled by appropriately qualified persons relating to the geological and technical data on the size, depth, shape and grade of the ore body and suitable production techniques and recovery rates. Such an analysis requires complex geological judgements to interpret the data. The estimation of recoverable reserves is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements and production costs, along with geological assumptions and judgements made in estimating the size and grade of the ore body.

The Company estimates and reports ore reserves and mineral resources in line with the principles contained in the Joint Ore Resource Code (JORC) for Reporting Exploration Results, Mineral Resources and Ore Reserves. The JORC Code requires the use of reasonable investment assumptions, including:

- Future production estimates, which include proved and probable reserves, resource estimates and committed expansions.
- Expected future commodity prices, based on current market prices, forward prices and the Group's assessment of the long-term average price.
- Future cash costs of production, capital expenditure and rehabilitation obligations.

Consequently, management will form a view of forecast sales prices based on current and long-term historical average price trends. For example, if current prices remain above long-term historical averages for an extended period of time, management may assume that lower prices will prevail in the future. As a result, those lower prices would be used to estimate ore reserves and mineral resources under the JORC Code. Lower price assumptions generally result in lower estimates of reserves.

As the economic assumptions used may change and as additional geological information is produced during the operation of a mine, estimates of ore reserves and mineral resources may change.

6. Accounting policies

The principal accounting policies of the Group are consistent in all material respects with those applied in the previous financial year except for the additional policies arising from the acquisition as follows:

(a) Inventories - Gold bullion

Gold bullion, gold and ore stockpiles are physically measured or estimated and valued at the lower of cost or net realisable value. Net realisable value is the estimated future sales price of the product the entity expects to realise when the product is processed and sold, less estimated costs to complete production and bring the product to sale.

If the ore stockpile is not expected to be processed in 12 months after the reporting date, it is included in non-current assets and the net realisable value is calculated on a discounted cash flow basis. Cost is determined by using the weighted-average method and comprises direct purchase costs and an appropriate portion of fixed and variable overhead costs, including depreciation and amortisation, incurred in converting materials into finished goods, based on the normal production capacity. The cost of production is allocated to joint products on a volume basis at each month end. Separately identifiable costs of conversion of gold specifically allocated.

(b) Exploration and evaluation expenditure

Exploration and evaluation (E&E) activity involves the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource.

Exploration and Evaluation activity includes:

- Researching and analysing historical exploration data.
- Gathering exploration data through geophysical studies.
- Exploratory drilling and sampling.
- Determining and examining the volume and grade of the resource.
- Surveying transportation and infrastructure requirements.
- Conducting market and finance studies.

Dallaglio applies the **area of interest** method when accounting for E&E costs. Licence costs paid in connection with a right to explore in an existing exploration area are capitalised and amortised over the term of the permit. Once the legal right to explore has been acquired, E&E expenditure is charged to profit or loss as incurred, unless the Group concludes that a future economic benefit is more likely than not to be realised. These costs include directly attributable employee remuneration, materials and fuel used, surveying costs, drilling costs and payments made to contractors.

In evaluating whether the expenditures meet the criteria to be capitalised, several different sources of information are used. The information that is used to determine the probability of future benefits depends on the extent of exploration and evaluation that has been performed.

E&E expenditure incurred on licences where a JORC-compliant resource has not yet been established is expensed as incurred until sufficient evaluation has occurred in order to establish a JORC-compliant resource. Costs expensed during this phase are included in 'Other operating expenses' in the statement of profit or loss and other comprehensive income.

Upon the establishment of a JORC-compliant resource (at which point, the Group considers it probable that economic benefits will be realised), the Group capitalises any further evaluation expenditure incurred for the particular licence as E&E assets up to the point when a JORC-compliant reserve is established. Capitalised E&E expenditure is considered to be a tangible asset.

Exploration and evaluation assets acquired in a business combination are initially recognised at fair value, including resources and exploration potential that is considered to represent value beyond proven and probable reserves. Similarly, the costs associated with acquiring an E&E asset (that does not represent a business) are also capitalised and development is sanctioned, E&E assets are tested for impairment and transferred to 'Mines under construction' which is a sub-category of 'Mine properties'. No amortisation is charged during the E&E phase.

(c) Pre-operating costs

Pre-production expenditure, including evaluation costs incurred to establish or expand productive capacity and to support and maintain that productive capacity is capitalised as property, plant and equipment. The recognition of pre-production expenditure including evaluation costs in the carrying amount of an asset ceases when the item is in the location and condition necessary to operate as intended by management. Any net income earned while the item is not yet capable of operating as intended reduces the capitalised amount.

Interest on general or specific borrowings to finance the establishment or expansion of mining and processing assets is capitalised during the construction phase. When general and/or specific borrowings are utilised to fund qualifying capital expenditure, such borrowing costs attributable to the capital expenditure are capitalised from the point at which the capital expenditure and related borrowing costs are incurred until completion of construction. Actual interest, net of any temporary income, on specific borrowings is capitalised. Interest on general borrowings is capitalised at the weighted average cost of the debt on qualifying expenditure, limited to actual interest incurred.

(d) Mining claims

Mining claims are the right to extract minerals from a tract of public land. Mining claims not expensed are not depreciated until a claim is explored and a mine is operational. Depreciation is based on the units-of-production method. Costs related to property acquisitions, surface and mineral rights are capitalised to mining assets and are recorded at cost less accumulated depreciation and any impairment losses.

(e) Financial Assets

Financial assets are classified at initial recognition, and subsequently measured at Fair Value through profit/loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient.

Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

The Directors are pleased to present the **Reviewed Condensed Consolidated Financial Results for Padenga Holdings Limited** for the six months ended 30 June 2020

Notes to the Condensed consolidated financial statements for the period ended 30 June 2020

7. Operating segments

The following tables present revenue and profit information about the Group's operating segments for the half year ended ended 30 June 2020.

	Padenga Zimbabwe US$	TCR US$	Dallaglio US$	Adjustments and Eliminations US$	Total US$
Revenue					
30 June 2020	6 406 181	2 313 232	13 778 415	-	**22 497 828**
30 June 2019	3 595 720	2 099 494	-	-	**5 695 214**

Revenue disaggregation from contracts	30 June 2020				30 June 2019		
	Total	Dallaglio	PHL	TCR	Total	PHL	TCR
Skins Exports	5 358 672	-	3 055 191	2 303 482	5 512 293	3 412 798	2 099 494
Meat Exports	9 495	-	9 495	-	(252 273)	(252 273)	-
Back Straps local sales	-	-	-	-	1 367	1 367	-
Meat local sales	31 730	-	31 730	-	12 195	12 195	-
Gold deliveries	13 778 415	13 778 415	-	-	-	-	-
Retail Income	3 309 766	-	3 309 766	-	421 632	421 632	-
Other income	9 751	-	-	9 751	-	-	-
	22 497 828	**13 778 415**	**6 406 181**	**2 313 232**	**5 695 214**	**3 595 720**	**2 099 494**

	Padenga Zimbabwe US$	TCR US$	Dallaglio US$	Adjustments and Eliminations US$	Total US$
Segment profit/(loss)					
30 June 2020	3 545 307	(2 284 992)	7 656 886	(250 670)	**8 666 531**
30 June 2019	6 968 139	601 223	(41 637)	(159 457)	**7 368 269**

There was no inter-segment revenue in the period.

The following tables present assets and liabilities of the Group's operating segments as at 30 June 2020.

	Padenga Zimbabwe US$	TCR US$	Dallaglio US$	Adjustments and Eliminations US$	Total US$
Segment assets					
30 June 2020	108 875 623	9 930 381	36 394 410	(23 317 705)	**131 882 709**
31 December 2019	87 266 348	24 944 324	-	(15 213 631)	**96 997 041**
Segment liabilities					
30 June 2020	32 945 350	11 999 323	9 537 959	(3 072 587)	**51 410 046**
31 December 2019	15 517 267	24 284 650	-	(10 008 561)	**29 793 355**

Classification of the segments is based on the type of production. (Crocodiles, Alligators and Mining). Revenue from one customer for the farming operations amounted to $3 055 191 (2019: $3 412 798), arising from sales of the crocodile and alligator skins. The mining division contributed revenue amounting to $13 778 415.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of biological assets by the valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Fair Value Hierarchy - 30 June 2020

	Level 1 US$	Level 2 US$	Level 3 US$	Total US$	Fair value gain/(loss) US$
Harvesting Alligators	-	-	2 795 198	2 795 198	42 597
Harvesting Crocodiles	-	-	37 389 576	37 389 576	9 277 559
Breeders (including Alligators)	-	-	6 905 516	6 905 516	66 192
Total	**-**	**-**	**47 090 290**	**47 090 290**	**9 386 348**

Fair Value Hierarchy - 30 June 2019

	Level 1 US$	Level 2 US$	Level 3 US$	Total US$	Fair value gain US$
Harvesting Alligators	-	-	5 154 152	5 154 152	1 874 173
Harvesting Crocodiles	-	-	44 972 420	44 972 420	12 338 753
Breeders (Including Alligators)	-	-	5 554 354	5 554 354	113 286
Total	**-**	**-**	**55 680 926**	**55 680 926**	**14 326 212**

8. Capital expenditure for the year

	30 June 2020 reviewed US$	30 June 2019 unaudited US
Capital expenditure for the year	**6 635 223**	**2 971 453**
Capital expenditure commitment Authorized but not yet contracted	2 436 413	2 585 320
	2 436 413	**2 585 320**

The capital expenditure will be financed from the Group's own resources and borrowing facilities.

9. Inventories

Crocodile and Alligator		
Raw materials and consumables stocks	6 334 934	3 722 662
Finished goods – skins and meat	8 549 948	2 473 749
	14 884 882	**6 196 411**
Mining Raw materials and consumables stocks	1 429 386	-
	1 429 386	**-**
Grand Total	**16 314 268**	**6 196 411**

10. Fair value measurements

10.1 Fair value of financial instruments

The estimated net fair values of all financial instruments, approximates the carrying amounts shown in the financial statements

10.2 Fair value of Biological assets

Fair value of the Biological assets is determined by reference to the average theoretical life span of the crocodile and alligator stock and the prevailing market prices. The stock is evaluated in terms of its respective life span at the reporting date and consideration given to the different saleable products that could be derived from crocodiles and alligators of each age group at the time. On that basis, an indicative value is established using the prevailing local and international market prices for the respective products.

Fair value for breeders is determined using the cost approach by reference to the prevailing replacement cost per unit of inputs required to bring the breeders to maturity.

Fair value movements of the biological assets are recognised in profit or loss.

Type		Valuation technique	Significant unobservable Inputs (Level 3)	Quantitative information 2020	Quantitative information 2019
Crocodiles Harvesting stock	Yearlings, Rearings	Income approach. The valuation model is determined by reference to the average theoretical life span of the crocodile stock and prevailing market prices of the skin and meat. The fair value is based on the value of the skin and meat.	Price per skin, Quality grading, Age of crocodiles, Price per kg of meat, Meat yield per crocodile	Price per skin USD 175 – USD 637, Age 1 – 3 years, Meat Price/kg $0.69 to $10.47, Meat yield per crocodile 2.71 kgs	Price per skin USD 175 – USD 637, Age 1 – 3 years, Meat Price/kg $0.69 to $10.47, Meat yield per crocodile 2.71 kgs
Alligators Harvesting stock	Yearlings, Rearings	Income approach. The valuation model is determined by reference to the average theoretical life span of the alligator stock and prevailing market prices. The fair value is based on the value of the skin and meat.	Price per skin, Quality grading, Age of alligators, Price per kg of meat, Meat yield per alligator	Price per skin USD 31 – USD 590, Age 1 – 2 years	Price per skin USD 34 – USD 609, Age 1 – 2 years
Crocodiles and Alligators	Breeders	Cost approach. The valuation model is determined by reference to the average theoretical life span of the breeding stock and current replacement cost.	Replacement cost of hatchlings plus inputs at current costs up to maturity. Age of the breeders	Replacement cost per breeder USD 714 - USD 1 500, Age 7 – 41 years.	Replacement cost per breeder USD 714 - USD 1 500, Age 7 – 41 years.

10.3 Fair value of Property plant and equipment

Property, plant and equipment are stated at cost which comprises of the purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of the rehabilitation obligation, and, for qualifying assets (where relevant), borrowing costs excluding the costs of day to day servicing, less accumulated depreciation and accumulated impairment losses. Such costs include the cost of replacing part of the plant and equipment. When significant parts of property and equipment require replacement in intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when major inspection is performed, its costs are recognised in the carrying amount of plant and equipment as replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as they are incurred.

The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Freehold property is carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on a straight-line basis over the expected useful lives of the assets such that the cost is reduced to the residual values of the assets over the useful lives of the assets.

Freehold properties are company owned buildings not built on leased land. Leasehold Improvements relate to infrastructure that has been built on the leased farms which includes crocodile pens and storage barns for inventory.

The residual values, useful lives and depreciation methods of property, plant and equipment are reviewed by the Group, and prospectively adjusted if necessary, on an annual basis. Depreciation is not charged when the carrying amount of an item of property, plant and equipment becomes equal or less than the residual value.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is included in the profit or loss in the year the asset is derecognized.

10.4 Fair value of inventories

Inventories are stated at the lower of cost and estimated net realisable value. The cost is established on a weighted average basis. Cost represents the cost of materials and where appropriate, direct labour and manufacturing overheads.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated selling costs of completion and the estimated costs necessary to make the sale.

Agricultural produce harvested from biological assets is measured at fair value less cost to sell at the point of harvest. The fair value less cost to sell determined becomes the cost of the agricultural produce for subsequent measurement.

Directors: *TN Sibanda (Chairman), GJ Sharp (Chief Executive Officer), *MJ Fowler, O T Kamundimu, *J Caraguel, *AM Madzara, *S Moyo (*Non-Executive)

Notes to the Condensed consolidated financial statements for the period ended 30 June 2020

11. Trade and other payables

	30 June 2020 reviewed US$	30 June 2019 unaudited US
Trade	17 005	398 064
Accruals	1 873 376	938 499
Sundry creditors***	4 019 862	226 991
	5 910 243	**1 563 553**

*** Sundry creditors increased as a result of $4 000 000 received from main customer for July skin deliveries.

11.1 Customer deposits		
11.1.1 Non-Current Customer deposits	**-**	**-**
11.1.2 Current Customer deposits Customer deposits mainly relate to advances received from our main customer for the acquisition of breeders and hatchlings in the foreign operation.	**1 436 925**	**2 936 925**

12. Interest bearing loans and borrowings

12.1 Non-Current interest bearing loans and borrowings		
Year repayable 2023		
Unsecured		
Foreign long term borrowings	6 335 000	7 235 000
	6 335 000	**7 235 000**
12.2 Current interest bearing loans and borrowings		
Year repayable (December 2020)		
Secured		
Local short term borrowings and foreign current portion		
up to - 365 days	13 690 719	10 233 968
	13 690 719	**10 233 968**

Short term borrowings form part of the core borrowings of the Group and are renewed on maturity in terms of on-going facilities negotiated with the relevant financial institutions. The facility is secured by first charge over certain of the Group's fixed assets, trade receivables and biological assets with a carrying value of US$10,000,000. The Group has a short term facility of US$15 million, rate of interest for local operations is 40%-50% whilst for the foreign operation ranges from 6%-12%.

Borrowing Powers

In terms of the Company's Articles of Association, the Group may, with previous sanction of an ordinary resolution of the company in a general meeting, borrow, on the determination of the Directors, amounts that do not exceed the aggregate total equity.

13. Earnings per share

	Six months ended 30 June 2020 reviewed US$	Six months ended 30 June 2019 unaudited US$
Profit for the period attributable to:		
Equity holders of the parent	7 737 858	7 265 340
Less Non-Core activities		
Profit on disposal of property, plant and equipment and intangibles	(88 468)	(229 742)
Other interest income	(30 962)	(1 656 563)
Headline earnings	**7 618 427**	**5 379 035**
Earnings per share (cents)		
Basic earnings per share	**1.43**	**1.34**
Diluted earnings per share	**1.43**	**1.34**
Headline earnings per share	**1.41**	**0.99**
Weighted average shares in issue	541 593 440	541 593 440

Basic earnings basis

The calculation is based on the profit attributable to equity holders of the parent and the weighted average number of ordinary shares in issue for the half year. Earnings per share for the half year ending 30 June 2020 was US$ 1.43 (US$1.34, 30 June 2019)

Fully diluted earnings basis

The calculation is based on the profit attributable to equity holders of the parent and the weighted average number of ordinary shares in issue after adjusting to assume conversion of share options not yet exercised and convertible instruments. There were no instruments with a dilutive effect at the end of the period. Fully diluted earnings per share for the half year ending 30 June 2020 was US$ 1.43 (US$1.34, 30 June 2019)

Headline earnings basis

Headline earnings comprise of basic earnings attributable to equity holders of the parent adjusted for profits, losses and items of capital nature that do not form part of the ordinary activities of the Group, net of the respective tax effects and share of non-controlling interests, as applicable. Headline Earnings per share for the half year ending 30 June 2020 was US$ 1.41 (US$0.99, 30 June 2019)

14. Contingent liabilities

The Group had no contingent liabilities at 30 June 2020

15. Functional Currency

The Group concluded that its functional currency is US$ for the period ending 30 June 2020. In coming up with the functional currency the Group took into account the following:

- The currency that mainly influences sales prices for goods and services (this will often be the currency in which sales prices for its goods and services are denominated and settled); and
- The currency of the country whose competitive forces and regulations mainly determine the sales prices of its goods and services.
- The currency that mainly influences labour, material and other costs of providing goods or services (this will often be the currency in which such costs are denominated and settled):
- The currency in which funds from financing activities (issuing debt and equity instruments) are generated; and
- The currency in which receipts from operating activities are usually retained.

The Group has adopted the United States Dollar (US$) as the functional and presentation currency notwithstanding the requirements of the IFRSs.

16. Events after reporting period

Events after the reporting period are those events, favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are authorised for issue. There were no adjusting events after the reporting date at the time of issuing this half year report.

17. Related party disclosures

Related party activities consist of transactions between Padenga Holdings Limited, its subsidiaries, key management personnel and other parties that meet the definition of related party. The transactions between the Company and its subsidiaries have been eliminated on consolidation. Details of transactions between Group companies and other related parties are disclosed below:

Transactions	**Total US$**
Innscor Africa Limited Pension Fund	18 055
Dallaglio	6 731 865

Transaction with Dallaglio

Between January 2020 and June 2020, the Group advanced US$7 520 668 to Dallaglio as part payment in an acquisition transaction which gave Padenga Holdings a shareholding of 50.1% in the mining company Dallaglio. The transaction will be completed through settling the deferred consideration.

18. Provisions

On 1 January 2020, the Group acquired a 50.1% stake in Dallaglio Investments (Pvt) Limited resulting in additional provisions relating to future decommissioning expenses for the mines.

	Padenga Zimbabwe US$	Dallaglio US$	Total US$
Provisions - current			
30 June 2020	19 871	602 627	**622 498**
30 June 2019	64 698	-	**64 698**
Provisions - non current			
30 June 2020	-	2 071 333	**2 071 333**

All provisions for Padenga Zimbabwe relates to leave pay. Employees are being required to take vacation leave to reduce the obligation.

19. Rehabilitation asset

The Company makes full provision for the future cost of rehabilitating mine sites and related production facilities on a discounted basis at the time of developing the mines and installing and using those facilities.

The rehabilitation provision represents the present value of rehabilitation costs relating to mine sites, which are expected to be incurred up to 2034, which is when the producing mine properties are expected to cease operations. These provisions have been created based on the Company's internal estimates. Assumptions based on the current economic environment have been made, which management believes are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual rehabilitation costs will ultimately depend upon future market prices for the necessary rehabilitation works required that will reflect market conditions at the relevant time. Furthermore, the timing of rehabilitation is likely to depend on when the mines cease to produce at economically viable rates. This, in turn, will depend upon future gold prices, which are inherently uncertain.

Mine rehabilitation costs will be incurred by the Company either while operating, or at the end of the operating life of, the Company's facilities and mine properties. The Company assesses its mine rehabilitation provision at each reporting date. The Company recognises a rehabilitation provision where it has a legal and constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of obligation can be made. The nature of these restoration activities includes: dismantling and removing structures; rehabilitating mines and tailings dams; dismantling operating facilities; closing plant and waste sites; and restoring, reclaiming and revegetating affected areas.

The obligation generally arises when the asset is installed or the ground/environment is disturbed at the mining operation's location. When the liability is initially recognised, the present value of the estimated costs is capitalised by increasing the carrying amount of the related mining assets to the extent that it was incurred as a result of the development/construction of the mine. Any rehabilitation obligations that arise through the production of inventory are recognised as part of the related inventory item. Additional disturbances that arise due to further development/construction at the mine are recognised as additions or charges to the corresponding assets and rehabilitation liability when they occur. Costs related to the restoration of site damage (subsequent to the start of commercial production) that is created on an ongoing basis during production are provided for at their net present values and recognised in profit or loss as extraction progresses.

20. Approval of financial statements

The financial statements were approved by the Board of Directors and authorized for issue on 13 November 2020.

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Independent Auditor's Report

To the Shareholders of Padenga Holdings Limited

Introduction

We have reviewed the accompanying consolidated interim financial information of Padenga Holdings Limited, as set out on pages 1 to 5, which comprise the consolidated statement of financial position as at 30 June 2020 and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the six-month period then ended and explanatory notes.

Management is responsible for the preparation and presentation of this consolidated interim financial information in accordance with the Internal Financial Reporting Standards (IFRS). Our responsibility is to express a review conclusion on this consolidated 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 Adverse review conclusion

Non-compliance with International Financial Reporting Standards IAS 21- The Effects of Changes in Foreign Exchange Rates in Prior Period and Inappropriate Application of IAS 8- Accounting Policies, Changes in accounting estimates and errors

As explained in Note 1 to the consolidated financial statements, the Group's functional and presentation currency is the United States Dollar (USD).

During the period ended 31 December 2019, the Group translated Zimbabwean Dollar (ZWL$) denominated transactions and balances into USD using the interbank rate. We did not agree with Management on the exchange rates used for the translation as they did not meet the definition of a spot exchange rate as per IAS 21, that is, the rates were not on available for immediate delivery. For this matter our opinion on the prior year consolidated financial statements was modified accordingly.

While the matter has been resolved in current half year, management has not restated the prior year consolidated financial statements in line with the requirements of IAS8, consequently, the following amounts remain misstated on the Statement of Financial Position as they contain material amounts from opening balances.

Statement of financial position balances:

- Property, plant and equipment USD39 985 398 (2019: 20 670 080);
- Inventories USD16 314 268 (2019: 10 831 615);
- Retained earnings USD48 524 236 (2019: 44 364 548);
- Deferred taxation USD9 082 767 (2019: 8 782 542);
- Lease liability USD540 169 (2019: 1 222 470); and
- Interest bearing loans USD20 025 719 {13 690 719 + 6 335 000} (2019: 4 008 855)

Statement of profit or loss and other comprehensive income:

- Cost of sales USD16 410 296 (2019: 7 619 443);
- Depreciation USD2 003 051 (2019: 2 109 361);
- Interest expense USD2 866 432 (2019: 618 574); and
- Taxation USD1 445 817 (2019: 2 459 503).

Our conclusion on the current period's consolidated financial statements is also modified because of the possible effect of this matter on the comparability of the current period's figures and the corresponding figures.

Consolidation of a subsidiary acquired during the year

As explained in Note 1 of the consolidated financial statements, the Group acquired a subsidiary during the period and was consolidated effective 1 January 2020. The subsidiary has ZWL$ functional and presentation currency and its half year hyperinflated financial information was consolidated into the Group by converting to USD per IAS 21 – *The effects of changes in foreign exchange rates*. The consolidated subsidiary financial information contained misstatements on virtually all the opening balances arising from an adverse opinion issued on the financial statements for the year ended 31 December 2019:

- Inappropriate accounting for legacy debts included in opening balances;
- Impact of the prior year modification on current year audit opinion and opening balances;
- Inappropriate exchange rates used (non-compliance with IAS 21); and
- Impact of applying misstated amounts as the base for hyperinflationary accounting per IAS 29 and incorrect start date due to the IAS 21 matters noted above.

As the matters noted above have not been resolved by Management, due to lack of information on correct exchange rates and date of change of functional currency in line with IAS21 and IAS 29 respectively, they have continued to affect the current half year financial information of the subsidiary. Virtually all items of the financial statements of the subsidiary at current period end were materially affected except the following:

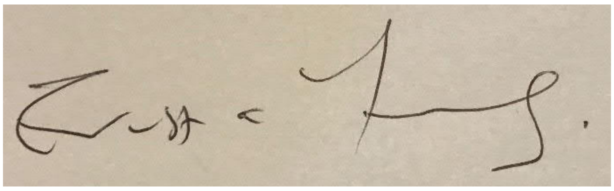
- Statement of financial position balances: Goodwill, related parties, overdraft, share capital and share premium; and
- statement of profit or loss and other comprehensive income: other income and income tax expense

The above misstatements have been assessed as material at group level. As virtually all the Group's numbers are affected, the effects of the above continued departures from IFRS are material and pervasive to the consolidated interim financial information of the Group.

Adverse review conclusion

Our review indicates that, because of the matters described in the preceding paragraphs, the consolidated interim financial information does not give a true and fair view of the financial position of the entity as at 30 June 2020, and of its financial performance and its cash flows for the six months period then ended in accordance with International Financial Reporting Standards.

The engagement partner on the review resulting in this review conclusion report on the consolidated interim financial information is Mr David Marange (PAAB Practicing Certificate Number 0436).



Ernst & Young
Chartered Accountants (Zimbabwe)
Registered Public Auditors

Harare

Date 13 November 2020