PADENGA
HOLDINGS LIMITED

The Directors are pleased to present the

Audited Financial Results for Padenga Holdings Limited

For the year ended 31 December 2015

FINANCIAL HIGHLIGHTS

	2015 US$	2014 US$
GROUP SUMMARY		
Revenue	27 491 537	27 969 684
Operating profit before depreciation, impairment, amortisation and fair value adjustments	9 985 704	8 952 059
Profit before taxation	9 950 207	8 723 234
Profit attributable to shareholders	7 255 523	6 004 870
Cash generated from operating activities	13 662 136	5 408 147
Property, plant and equipment and intangible assets additions	2 377 813	2 247 860
Net Assets	46 943 602	41 932 186
SHARE PERFORMANCE		
Basic earnings per share (cents)	1.34	1.11
Diluted earnings per share (cents)	1.34	1.11
Dividend cover (times)	4.6	6.9
Dividends declared and paid during the year per share (cents)	0.29	0.16
Market price per share (cents)	7.78	9.00
Market capitalisation (US$)	42 135 970	48 743 410
Number of shares in issue at reporting date	541 593 440	541 593 440

COMMENTARY

FINANCIAL

Consolidated Results

The Group achieved excellent results which were, once again, a consequence of achieving the crocodile raw skin sales volume, further improving crocodile skin quality grades, producing the skin size profile requested by the customer, and coupled with stringent cost management within a challenging local environment.

The Group recorded an operating profit before depreciation, amortisation, impairment and fair valuation adjustments of $9,985,704 ($8,952,058 – FY14) from turnover of $27,491,537 in the twelve months to December 2015 compared to $27,969,684 for the prior period to December 2014. Profit before tax was $9,950,207 ($8,723,234 – FY14).

Cash generated from operating activities more than doubled from $5,408,147 for the period to December 2014 to $13,662,136 in the period under review. This increase in cash generation was mainly attributed to an increased operating profit and a decrease in debtors of $3,497,124. The decrease in debtors was a function of finishing culling earlier in the period under review and collecting the bulk of sales revenue before year-end. There was also a decrease in cullable biological assets (excluding fair value adjustments) by $1,040,476 as we culled more crocodiles in the period under review.

Crocodile Operation

The flagship Zimbabwe crocodile operation, which accounts for 94% of turnover, had an outstanding year. Turnover increased by 7% to $25,748,883 from $24,079,194 recorded in the prior year to December 2014. The 46,025 contract skins sold in the current year represented an increase of 7% over the volumes in the previous period. Operating profit and profit before tax increased by 27% and 42% respectively to $10,236,379 and $11,430,874 against the operating profit of $8,060,173 and a profit before tax of $8,037,143 for the prior year. Headline Earnings Per Share for this unit was 1.6 cents.

Alligator Operation

The United States Alligator operation recorded disappointing results in line with expectations. Disruptions to operations in this unit, previously reported on, contributed towards lower skin quality, lower skin volumes and depressed prices. The unit recorded turnover of $1,742,654, this being a decrease of 55% compared to $3,890,490 realised in the previous reporting period. Volumes were down 42% against prior period. (8,586 skins compared to 14,890 skins). Harvesting of some medium sized animals was deferred to 2016 in an attempt to improve the quality. The prices attained on skins sold were consequently lower than both budget and prior year. Approximately eight thousand skins harvested in December had not been graded or invoiced at year-end and sales for these skins will be recorded in 2016. The unit recorded an operating loss of $236,866 and a loss before tax of $346,782 compared to an operating profit of $904,746 and a profit before tax of $918,164 for the prior year.

The Group increased its shareholding in Lone Star Alligator Farms from 50% to 67% following the withdrawal of one of the Members on 30 April 2015.

OPERATIONS

Crocodile Operation

In the crocodile operation 46,025 crocodiles were culled in the period under review which was an increase of 7% compared to both budget and prior period volumes. The skin quality grade achieved improved from 93% 1st Grades attained in 2014 to 96% in the period under review. Average skin size produced was consistent with our customer's requirements at 35.2cms, this being 1.5% down on the average size achieved in the prior year. We closed the period with a total of 161,572 grower crocodiles on the ground compared to 163,274 at the end of the prior period. The number of crocodiles on the ground is consistent with sustaining annual production at 46,000 skins. Forty new pens were constructed at Ume Farm to facilitate the earlier movement of crocodiles from hatchling pens in early summer each year and to further reduce overall stocking densities in an ongoing initiative to enhance welfare & to improve skin quality. Initiatives were taken to provide power backup solutions and to extend water pipelines on all farms in the event that Lake Kariba water levels drop to where the continued supply of these utilities is compromised.

Demand for crocodile meat in Europe firmed during the period. Total meat volumes sold increased by 25% to 290 tonnes from 231 tonnes sold in the prior reporting period. However, the sales mix shifted towards low value cuts resulting in average prices reducing by 11%. Overall, meat turnover increased by 11%.

Alligator Operation

Notwithstanding the disappointing results achieved by this operation in the current year, management retains its confidence in this operation as evidenced by the increased shareholding and a recent management, technical and operational restructuring. The volume of alligators harvested in the period under review was 10% lower than budget. The breeder project was completed and stocked during the year and was rated by alligator biologists who have seen it to be a top class facility. Refinements were made to barns to allow for an increased pen water depth and for surface water bleed off to facilitate improved water quality at all times. Skinning and processing services were outsourced to allow maximum management focus on successful husbandry of the livestock and the production of quality skins.

PROSPECTS

The fundamentals of the business remain sound. We have an excellent crop of crocodiles on the ground. Ongoing initiatives to further enhance animal welfare will contribute towards improved skin quality. Cash and working capital management is good. We anticipate another good year.

DIVIDEND

The Board has declared a final dividend of 0.41 US cents per share, payable in respect of all the ordinary shares of the Company. This dividend is in respect of the financial year ending 31st December 2015 and will be payable in full to all the shareholders of the Company registered at the close of business on Friday 15th April 2016. The payment of this dividend will take place on or about Friday the 29th of April 2016. The shares of the Company will be traded cum – dividend on the Zimbabwe Stock Exchange up to the market day of Friday 8th April 2016 and ex – dividend as from Monday 11th April 2016. This dividend represents a cash dividend cover of three times.

APPRECIATION

I would like to take this opportunity to thank the executive directors, management and staff for their commitment, initiative and work ethic in once again producing this excellent set of results within the current environment. I would also like to thank the non–executive directors for their continued support and wise counsel.

A K Calder
Chairman
17 March 2016

Consolidated Statement of Comprehensive Income

For the twelve months ended 31 December 2015

	31 Dec 2015 audited US$	31 Dec 2014 audited US$
Revenue	27 491 537	27 969 684
Other operating income	46 213	46 120
Net operating costs	(17 552 046)	(19 063 745)
Operating profit before depreciation, impairment and amortisation	**9 985 704**	**8 952 059**
Depreciation and amortisation	(1 759 296)	(1 622 206)
Impairment of goodwill	(969 174)	-
Operating profit before interest and fair value adjustments	**7 257 234**	**7 329 853**
Fair value adjustments on biological assets	3 242 177	2 226 612
Profit before interest and tax	**10 499 411**	**9 556 465**
Interest income	307 906	126 305
Interest payable	(857 109)	(959 536)
Profit before tax	**9 950 208**	**8 723 234**
Income tax expense	(2 864 790)	(2 270 032)
Profit for the year	**7 085 418**	**6 453 202**
Other comprehensive income	-	-
Total comprehensive income for the year	**7 085 418**	**6 453 202**
Profit for the period attributable to:		
Equity holders of the parent	7 255 522	6 004 870
Non-controlling interest	(170 104)	448 332
	7 085 418	**6 453 202**
Total comprehensive income for the year attributable to:		
Equity holders of the parent	7 255 523	6 004 870
Non-controlling interest	(170 105)	448 332
	7 085 418	**6 453 202**
Earnings per share (cents)		
Basic earnings per share	1.34	1.11
Diluted earnings per share	1.34	1.11

Consolidated Statement of Financial Position

As at 31 December 2015

	31 Dec 2015 audited US$	31 Dec 2014 audited US$
ASSETS		
Non-current assets		
Property, plant and equipment	15 223 986	14 730 118
Goodwill	-	969 174
Intangible assets	51 796	63 998
Biological assets	3 686 179	2 206 960
	18 961 961	**17 970 250**
Current assets		
Biological assets	26 149 950	25 298 882
Inventories	3 523 179	2 416 917
Trade and other receivables	2 482 402	5 979 525
Cash and cash equivalents	10 525 248	2 392 817
	42 680 779	**36 088 142**
Total assets	**61 642 740**	**54 058 392**
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	54 159	54 159
Share premium	27 004 245	27 004 245
Retained earnings	19 421 793	13 760 273
Change in ownership reserve	(165 948)	-
Equity attributed to equity holders of the parent	**46 314 249**	**40 818 677**
Non- controlling interest	629 353	1 113 509
Total shareholders' equity	**46 943 602**	**41 932 186**
Non-current liabilities		
Long-term interest bearing borrowings	2 321 833	991 705
Customer deposits	1 130 525	1 194 615
Deferred tax liabilities	6 206 596	5 309 189
	9 658 954	**7 495 509**
Current liabilities		
Short-term interest bearing borrowings	1 334 671	1 568 135
Deferred consideration	1 366 770	831 680
Trade and other payables	1 733 070	1 406 951
Provisions	312 844	265 195
Current tax payable	292 829	558 736
	5 040 184	**4 630 697**
Total liabilities	**14 699 138**	**12 126 206**
Total equity and liabilities	**61 642 740**	**54 058 392**

Consolidated Statement of Changes in Equity

For the twelve months ended 31 December 2014

	Share Capital audited US$	Share Premium audited US$	Change in ownership Reserve audited US$	Retained Earnings audited US$	Total US$	Non - Controlling Interest audited US$	Total audited US$
Balance at 1 January 2014	54 159	27 004 245	-	8 610 518	35 668 922	821 525	36 490 447
Profit for the year	-	-	-	6 004 870	6 004 870	448 332	6 453 202
Dividends paid	-	-	-	(855 115)	(855 115)	-	(855 115)
Dividends paid by subsidiary	-	-	-	-	-	(156 348)	(156 348)
Balance at 31 December 2014	**54 159**	**27 004 245**	**-**	**13 760 273**	**40 818 677**	**1 113 509**	**41 932 186**

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$	Total US$	Non - Controlling Interest audited US$	Total audited US$
Balance at 1 January 2015	54 159	27 004 245	-	13 760 273	40 818 677	1 113 509	41 932 186
Profit for the year	-	-	-	7 255 522	7 255 522	(170 104)	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)**	**19 421 793**	**46 314 249**	**629 353**	**46 943 602**

Consolidated Statement of Cash Flows

For the twelve months ended 31 December 2015

	31 Dec 2015 audited US$	31 Dec 2014 audited US$
Cash generated from operating activities	13 662 136	5 408 147
Interest income	307 906	126 305
Interest paid	(786 416)	(858 300)
Taxation paid	(2 233 289)	(1 116 689)
Net cash generated from operations	**10 950 337**	**3 559 463**
Cash flow from investing activities		
Net cash outflow from investing activities	(2 375 834)	(2 155 762)
Net cash flow before financing activities	**8 574 503**	**1 403 701**
Cash flow from financing activities		
Increase/(decrease) in borrowings	**1 151 930**	**(8 268 392)**
- new loans	13 604 865	5 775 000
- repayments	(12 452 935)	(14 043 392)
Dividends paid	**(1 594 002)**	**(1 011 463)**
by holding company	(1 594 002)	(855 115)
by subsidiaries to non-controlling shareholders	-	(156 348)
Net cash flow utilised in financing activities	**(442 075)**	**(9 279 855)**
Net increase / (decrease) in cash and cash equivalents	**8 132 431**	**(7 876 154)**
Cash and cash equivalents at the beginning of the period	2 392 817	10 268 970
Cash and cash equivalents at the end of the period	**10 525 248**	**2 392 817**
CASH AND CASH EQUIVALENTS		
Made up as follows:		
Bank balances and cash	8 425 083	2 391 013
Short-term investments	2 100 165	1 804
	10 525 248	2 392 817

Supplementary Information

1. **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 financial statements have been prepared in accordance with International Financial Reporting Standards and in the manner required by the Companies' Act (Chapter 24:03). The principal accounting policies of the Group are consistent with those applied in the previous year except that the Group measured its breeder biological assets at fair value in the current year as the Group was able to determine the fair value reliably.

2. **Audit statement**
These condensed financial results must be read in conjunction with the complete set of financial statements for the year ended 31 December 2015, which have been audited by Ernst & Young and an unmodified audit opinion issued thereon. The auditor's report on these financial results is available for inspection at the company's registered office.

3. **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 67% stake in Lone Star Alligator Farms, an unlisted company based in Texas (United States of America) that specializes 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.

Supplementary Information

4. **Basis of preparation**
The financial 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.

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

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

7. **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 2014.

8. **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 31 December 2015.

9. **Operating segments**
The following tables present revenue and profit information about the Group's operating segments for the twelve months ended 31 December 2015.

	Crocodiles US$	Alligators US$	Adjustments & eliminations US$	Consolidated US$
Revenue				
31 December 2015	25 748 883	1 742 654	-	27 491 537
31 December 2014	24 079 194	3 890 490	-	27 969 684
Operating Profit/(loss) before impairment, depreciation, amortization and fair value adjustments				
31 December 2015	10 236 379	(250 675)	-	9 985 704
31 December 2014	8 060 173	891 886	-	8 952 059
Depreciation and amortization				
31 December 2015	1 617 013	142 283	-	1 759 296
31 December 2014	1 483 777	138 429	-	1 622 206
Interest Expense				
31 December 2015	571 009	286 100	-	857 109
31 December 2014	602 711	356 825	-	959 536
Profit/(loss) before tax				
31 December 2015	11 430 874	(511 493)	(969 174)	9 950 207
31 December 2014	8 037 143	843 105	(156 814)	8 723 234
Segment assets				
31 December 2015	54 666 761	6 975 979	-	61 642 740
31 December 2014	47 190 513	6 867 878	-	54 058 391
Segment liabilities				
31 December 2015	7 414 433	7 591 181	(306 476)	14 699 138
31 December 2014	6 824 667	5 109 385	192 153	12 126 205
Capital expenditure (property, plant & biological assets)				
31 December 2015	1 903 475	474 338	-	2 377 813
31 December 2014	1 753 685	494 175	-	2 247 860

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

Revenue from one customer amounted to $26 401 809 (2014: $26 609 487), arising from sales of the crocodile and alligator skins.

		31 Dec 2015 US$	31 Dec 2014 US$
10. Capital expenditure for the year		**2 377 813**	**2 247 860**
Capital expenditure commitment			
Authorized but not yet contracted		2 454 480	1 908 258
		2 454 480	**1 908 258**
11. Future lease commitments			
Payable within one year		192 360	185 235
Payable between two and five years		512 235	435 735
Payable after five years		468 500	250 500
		1 173 095	**871 470**
The capital expenditure will be financed from the Group's own resources and borrowing facilities.			
12. Trade and other payables			
Trade		358 858	240 796
Accruals		1 367 903	1 164 033
Sundry creditors		6 309	2 122
		1 733 070	**1 406 951**
12.1 Customer deposits			
12.1.1 Non-Current Customer deposits		**1 130 525**	**1 194 615**

Customer deposits mainly relate to advances received from our main customer to fund the operations of the foreign entity. This will be settled through delivery of hatchlings starting in 2017.

13. Interest bearing loans and borrowings

	Year repayable	31 Dec 2015 US$	31 Dec 2014 US$
13.1 Non-Current interest bearing loans and borrowings			
Unsecured			
Foreign long term borrowings	**2018**	2 321 833	991 705
		2 321 833	**991 705**
13.2 Current interest bearing loans and borrowings	**Year repayable (March 2016)**		
Secured			
Foreign short term borrowings	**up to -90days**	1 334 671	1 568 135
		1 334 671	**1 568 135**
13.3 Deferred consideration	**Year repayable**		
Current			
Deferred consideration	**December 2016**	1 366 770	831 680
Reconciliation			
Financial liability		831 680	843 671
Interest		168 321	101 240
Acquisition of non-controlling interest		480 000	-
Payments		(113 231)	(113 231)
Balance		**1 366 770**	**831 680**

The financial liability at fair value relates to deferred consideration discounted at 12% (fixed rate) market related rate in the United States of America and payable in year 3. There were no restrictions noted in the companies act with regards to this transaction.

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, book debts and biological assets with a carrying value of $10,000,000. The Group has a short term facility of $11,600,000, rate of interest for local operations is 7%-10% whilst for the foreign operation ranges from 6%-12%. The facility was utilized at the end of the reporting period.

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.

14. **Increase in shareholding in Lone Star Alligator Farms**
The group increased its shareholding in Lone Star Alligator Farms from 50% to 67% following the withdrawal of one of the members on 30 April 2015.

15. **Earnings per share**
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 year.

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.

16. **Contingent liabilities**
The Group had no contingent liabilities at 31 December 2015.

17. **Events after reporting period**
There were no adjusting or non-adjusting events after the reporting date at the time of issuing these financial results.

Directors: Ken Calder-Chairman* | Anne Madzara* | Themba Sibanda* | Gary Sharp-Chief Executive Officer | Oliver Kamundimu-Chief Financial Officer | Michael Fowler-Executive Director *Non-Executive