



# PADENGA

HOLDINGS LIMITED





The Directors are pleased to present the **Reviewed Interim Condensed Consolidated Financial Results** for the six months ended 30 June 2022

## Financial Highlights

For the half year ended 30 June 2022

All figures in US\$	30-June-22 reviewed	30-June-21 restated**
<b>Group Summary</b>		
Revenue from continuing operations	56 865 837	20 026 131
Operating profit/(loss) before depreciation, impairment and amortisation from continuing operations	17 243 052	(8 063 615)
Profit/(loss) before taxation from continuing operations	15 653 097	(12 185 203)
Profit/(loss) for the period from continuing operations	11 272 730	(11 423 258)
Cash generated from operations from continuing operations	3 737 742	3 702 583
Net cash outflow from investing activities	(5 119 978)	(14 112 107)
Net assets	90 731 129	75 662 618*
**2021 figures were re-presented for the requirements of IFRS 5 and diluted earnings per share and diluted headline earnings per share were corrected. * Prior period net assets have been adjusted for prior period tax computation errors dating back to 2019 (refer to 2021 annual financial statements).		
<b>Share Performance</b>		
Basic earnings/(loss) per share (cents)	0.98	(1.31)
Diluted earnings/(loss) per share (cents)	0.95	(1.31)
Basic headline earnings/(loss) per share (cents)	0.92	(1.31)
Diluted headline earnings/(loss) per share (cents)	0.89	(1.31)
Market price per share (cents)	27.30	36.07
Number of shares in issue at reporting date	541 593 440	541 593 440
Market capitalisation (US\$)	147 855 009	195 371 533

## Directors' Responsibility

The Company's Directors are responsible for the preparation and fair presentation of the Group's financial statements. The interim condensed consolidated financial results 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

The financial statements are presented in United States Dollars (US\$), which is the functional and presentation currency of the entity.

## Reviewer's Statement

These interim condensed consolidated financial results for the half year ended 30 June 2022, have been reviewed by Ernst & Young Chartered Accountants (Zimbabwe).

In all respects the financial results are consistent with IFRS's, other than a qualified review conclusion being issued arising from continuing issues from prior years relating to non-

compliance with International Accounting Standards (IAS) IAS 21- "The Effects of Changes in Foreign Exchange Rates", Application of IAS 8 - "Accounting Policies, Changes in accounting estimates and errors"; mainly correction of prior exchange rate due to non-availability of official market rates.

In addition, the Group was non-compliant with the International Financial Reporting Standard 3 paragraph 18 which requires Management to establish the fair values of the net assets and fair values of the Non-Controlling Interests (NCI) of an acquired subsidiary on the date of acquisition. This is still to be addressed.

The reviewer's report on the interim condensed consolidated financial results is available for inspection at the Company's registered office and is posted on the Company's website: [www.padenga.com](http://www.padenga.com). The engagement partner for this review is Mr Walter Mupanguri (PAAB Practising Certificate Number 367).

## OPERATING ENVIRONMENT

The half year under review was characterised by a challenging macroeconomic environment, whereby levels of inflation continued to surge and exchange rates remained volatile.

The statutory 40% surrender requirements from export revenue generated by the crocodile farming division remained in place, impacting negatively on the business' financial performance. Globally, markets are still facing inflationary pressures, mainly resulting from the lingering consequences of the Russia-Ukraine war and the Covid-19 pandemic.

## Financial

### Consolidated Results

During the six months (H1) under review, the Group's continuing operations achieved revenue of US\$56.9m. This is a 184% increase from the US\$20m recorded in the comparable period in prior year. The mining business contributed 91% of the total revenue amounting to US\$51.7m (US\$15.2m H1, 2021) from the sale of 933kgs (270kgs H1, 2021) of gold. The Zimbabwean crocodile operation contributed 9% of revenue at US\$5.1m (US\$4.8m H1, 2021).

Profit before taxation from continuing operations amounted to US\$15.7m. This was a remarkable turnaround from the loss of US\$12m reported in the comparable period in prior year. The half year return to profitability was largely driven by incremental gold volumes (641.4kgs) from Eureka mine which was not yet productive during the same period in prior year, favourable gold prices and the non-repeat of the significant fair value write down on skins experienced in prior year.

The Zimbabwean crocodile operation sold 12,321 skins compared to 8,298 skins in the comparable period in 2021 at budgeted prices, benefiting from progress made to date in establishing alternative markets for the oversized, prior year carryover skins that did not meet the premium customer's requirements.

The Group's cash generated from operating activities was the same as last year at US\$3.7m for the six months to June 2022. This cash generated was achieved mainly from the improved gold proceeds notwithstanding the negative impact of increased Mines Inventories being procured at lengthy delivery lead times.

### Dallaglio Financials

Dallaglio posted a strong performance, recording a profit before tax of US\$12.7m in the period under review, compared to a loss of US\$9.2m in the prior comparable period. Volumes achieved of 933kgs (270kgs, H1, 2021) were only 4% lower than volumes for the full year in 2021. This was attributable to the increased contribution from Eureka mine, which had not yet been fully operational during the same period last year coupled with improved gold prices.

Consequently, cash generated from operations amounted to US\$4.5m (US\$0.8m H1, 2021) mainly due to the increased gold sales.

### Nile Crocodile Financials

In the Nile crocodile operation, a profit before tax from continuing operations of US\$2.9m was recorded compared to a loss before tax of US\$2.8m for the prior comparative reporting period. The operation had 31,534 skins in inventory at the end of the period. Alternative markets have been sourced for these skins and sales of approximately 25% of the skins stock occurred in the period. As in prior year, no export meat sales were recorded during the six months.

The Zimbabwean crocodile operation generated US\$2.3m (US\$1m utilised H1, 2021) in cash from operating activities for the period under review. Working capital requirements continue to be managed effectively and minimal capital expenditure was incurred during the half year.

### Tallow Creek Ranch Financials

Consequent upon the continued oversupply in the alligator skins market coupled with the quality issues that took a number of years to resolve, this business unit accumulated losses over several years. The Board therefore elected to exit its alligator operations in the United States. Subsequent to the end of the reporting period, in July 2022, the Group concluded an Asset Purchase Agreement with an offshore equity group for the sale of the operating assets of the Alligator business. Consequently, the financial results of this operation have been disclosed as a discontinuing operation and its assets as non-current assets held for sale in the half year financial statements in accordance with International Financial Reporting Standards. The disposal of this loss-making operation will preserve shareholder value and maximise management focus towards continuing operations.

## Operations

### Mining Operations

In the mining operation, capital project work at Pickstone mine is currently underway to resuscitate underground mine operations as the open pit mine approaches its end of life. The project is currently on course and is expected to be completed at the end of Q1 in 2023.

### Nile Crocodile Operations

During the six months under review, harvesting of crocodiles continued, albeit at a reduced rate.

A total of 12,841 skins were harvested in the period. Extremely stringent grade selection by the market necessitates additional time to allow for remedial actions implemented to positively impact skin quality.

Capital projects were focused on the ongoing rehabilitation of crocodile pens which is now 91% complete and will contribute towards improving skin quality.

## Covid-19 Update

The Group continues to review its Covid-19 policy that mandates the application of mitigation measures to minimize the spread of Covid-19 based on the latest professional guidance in order to safeguard employees and their dependents. Through the Ministry of Health and Child Care, officials have visited the farms and administered a third vaccine dose to 80% of the workforce as at 30 June 2022. Third dose vaccinations are also being administered at clinics close to the mines and staff member awareness campaigns are ongoing.

## Sustainability and Good Husbandry Practices

The Group remains committed to a Code of Corporate Practices and Conduct based on the principles laid down in the King Report and the Principles of Corporate Governance in Zimbabwe as laid out in the Manual of Best Practice. The Directors seek to conduct the affairs of the Company within the principles of transparency, integrity and accountability to best serve the interests of shareholders, employees and stakeholders.

The business units remain certified and compliant within the realms of their governing bodies both locally and internationally. We continue to be engaged in outreach initiatives within the communities in which our different business units operate.

## Prospects

The Group continues to focus on reducing its borrowings by year-end and on preserving value for shareholders. The Group has returned to profitability during H1 2022 and Management is confident that volume targets for gold and skins will be met for 2022.

The Nile crocodile business will continue to supply the market with premium quality skins per contract volumes. Demand for these top-quality defect-free skins is steady and the prices remain firm. Early season harvesting commenced during the current financial year and initiatives directed at eliminating scarring during the life of the crocodile are now in place and an enhanced quality of harvested skins is seen in pens. Significant progress continues to be made to identify a market for all low-grade skins, following both an oversupply of these grades of skins and a contraction in the second and third tier markets. The balance of the low-grade skins is forecast to be sold by mid-2023.

Whilst the gold price was firm for the greater part of H1 2022, it started declining at the end of the period under review. This decrease in the gold price was caused by rising interest rates and strengthening of the US\$ against other currencies. The international spot price of gold hit a one year-low of US\$1,694/oz in July 2022 before slowly bouncing back and it has since remained above US\$1,700/oz. The current gold price levels are however well above the All-In Sustaining costs of the Group's operations.

The macro-economic measures applied by the government subsequent to the period under review have resulted in the narrowing of the gap between the official exchange rates and the alternative exchange rates. This trend towards exchange rate convergence will yield positive results for exporters as it will reduce the value loss on the mandatory liquidation on export receipts.

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.

## Dividend

After carefully considering the Group's cash-flow forecasts and taking into account the need to reduce debt whilst funding the development of underground mining at Pickstone Peerless Mine, the Directors have decided not to declare an interim dividend.

## Appreciation

On behalf of the Board of Directors, I thank the Group's executives for their outstanding leadership and all the employees for their dedication to duty and portraying the Group's resilience in this challenging environment and their enduring commitment to the continued success of the Group.



T.N. Sibanda, Chairman  
27 September, 2022



EUREKA MINE 2022



The Directors are pleased to present the **Reviewed Interim Condensed Consolidated Financial Results** for the six months ended 30 June 2022

## Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2022

Note	Six months ended 30 June 2022 reviewed US\$	Six months ended 30 June 2021 restated** US\$
<b>Continuing Operations</b>		
Revenue from contracts with customers	56 865 837	20 026 131
Other operating income	567 699	141 879
Credit impairment gain	1 569	2 210
Foreign currency exchange gains/(losses)	5 808 510	(2 292 087)
Cost of goods sold	(29 878 191)	(15 545 143)
Employee benefits expense	(7 632 949)	(4 997 463)
Other operating costs	(8 489 423)	(5 399 142)
<b>Operating profit/(loss) before depreciation, impairment and amortisation</b>	<b>17 243 052</b>	<b>(8 063 615)</b>
Depreciation and amortisation	(5 704 494)	(2 174 612)
<b>Operating profit/(loss) before interest and fair value adjustments</b>	<b>11 538 558</b>	<b>(10 238 227)</b>
Fair value adjustments on biological assets	8 442 934	2 680 191
<b>Profit/(loss) before interest and tax</b>	<b>19 981 492</b>	<b>(7 558 036)</b>
Interest income	336 767	3 496
Interest expense - loans	(4 635 047)	(4 591 187)
Interest expense - leases	(30 116)	(39 476)
<b>Profit/(loss) before tax for continuing operations</b>	<b>15 653 096</b>	<b>(12 185 203)</b>
Income tax (expense)/credit	(4 380 366)	761 945
<b>Profit/(loss) for the period from continuing operations</b>	<b>11 272 730</b>	<b>(11 423 258)</b>
<b>Discontinuing Operations</b>		
Loss after tax for the period from discontinuing operations	(959 140)	(526 350)
<b>Profit/(loss) for the period from continuing and discontinuing operations</b>	<b>10 313 590</b>	<b>(11 949 608)</b>
<b>Profit/(loss) for the period attributable to:</b>		
Equity holders of the parent	5 315 224	(7 075 244)
Non-controlling interest	4 998 366	(4 874 364)
	<b>10 313 590</b>	<b>(11 949 608)</b>
<b>Total comprehensive income/(loss) for the period attributable to:</b>		
Equity holders of the parent	5 315 224	(7 075 244)
Non-controlling interest	4 998 366	(4 874 364)
	<b>10 313 590</b>	<b>(11 949 608)</b>
<b>Earnings/(loss) per share (cents)</b>		
Basic earnings/(loss) per share	<b>0.98</b>	<b>(1.31)</b>
Diluted earnings/(loss) per share	<b>0.95</b>	<b>(1.31)</b>
Headline earnings/(loss) per share	<b>0.92</b>	<b>(1.31)</b>
Diluted headline earnings/(loss) per share	<b>0.89</b>	<b>(1.31)</b>
<b>Earnings/(loss) per share from continuing operations (cents)</b>		
Basic earnings/(loss) per share	<b>1.13</b>	<b>(1.23)</b>
Diluted earnings/(loss) per share	<b>1.10</b>	<b>(1.23)</b>
Headline earnings/(loss) per share	<b>1.06</b>	<b>(1.23)</b>
Diluted headline earnings/(loss) per share	<b>1.03</b>	<b>(1.23)</b>

\*\*2021 figures were re-presented for the requirements of IFRS 5 (refer to note 20) and diluted earnings per share and diluted headline earnings per share were corrected (refer to note 13).

## Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2022

	30 June 2022 reviewed US\$	30 June 2021 restated** US\$
<b>Net cash generated from operating activities from continuing operations</b>	<b>3 737 742</b>	<b>3 702 583</b>
<b>Net cash generated from operating activities from discontinuing operations</b>	<b>391 468</b>	<b>427 648</b>
Interest income	336 767	3 496
Interest paid from continuing operations	(4 774 788)	(4 796 571)
Interest paid - leases	(30 116)	(1 310)
Taxation paid	(418 085)	(582 305)
<b>Net cash utilised in operations</b>	<b>(757 012)</b>	<b>(1 246 459)</b>
<b>Cash flow from investing activities</b>		
<b>Net cash outflow from investing activities</b>	<b>(5 119 978)</b>	<b>(14 112 107)</b>
- proceeds on disposal of property, plant and equipment	12 808	-
- purchase of property, plant and equipment and exploration and evaluation assets	(5 037 228)	(13 991 007)
- expenditure on non-current biological assets	(91 026)	(105 029)
- purchase of intangible assets	(4 532)	(16 071)
<b>Net cash outflow before financing activities</b>	<b>(5 876 990)</b>	<b>(15 358 565)</b>
<b>Increase in borrowings</b>	<b>4 207 628</b>	<b>13 423 528</b>
- new loans	20 267 505	19 483 941
- repayments	(15 822 168)	(5 982 412)
- lease payments	(237 709)	(78 000)
<b>Net cash inflow from financing activities</b>	<b>4 207 628</b>	<b>13 423 528</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(1 669 362)</b>	<b>(1 935 037)</b>
Cash and cash equivalents at the beginning of the period	6 343 767	3 951 118
Net foreign exchange difference	(371 066)	-
<b>Cash and cash equivalents at the end of the period</b>	<b>4 303 339</b>	<b>2 016 081</b>
<b>CASH AND CASH EQUIVALENTS</b>		
Made up as follows:		
Bank balances and cash	4 295 935	1 988 244
Short-term investments	7 404	27 837
	<b>4 303 339</b>	<b>2 016 081</b>

\*\*2021 figures were re-presented for the requirements of IFRS 5 refer to Note 20

## Interim Condensed Consolidated Statement of Financial Position

As at 30 June 2022

Note	30 June 2022 reviewed US\$	31 December 2021 audited US\$
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	66 756 016	69 577 791
Exploration and evaluation assets	7 077 887	6 938 427
Rehabilitation assets	1 627 747	1 723 074
Goodwill	3 672 214	3 672 214
Intangible assets	175 267	218 926
Right of use assets	4 863 087	5 577 155
Biological assets	8 573 693	9 897 769
Deferred tax asset	2 366 838	2 366 838
	<b>95 112 749</b>	<b>99 972 194</b>
<b>Current assets</b>		
Biological assets	34 863 332	25 424 810
Mines Inventories	10 315 133	6 557 692
Inventories	16 347 872	16 112 051
Trade and other receivables	21 612 502	13 285 530
Current tax receivable	1 865 283	2 097 660
Cash and cash equivalents	4 303 339	6 343 767
	89 307 461	69 821 510
Assets held for sale	5 155 975	-
	<b>94 463 436</b>	<b>69 821 510</b>
<b>Total assets</b>	<b>189 576 185</b>	<b>169 793 704</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves</b>		
Share capital	54 159	54 159
Share premium	27 004 245	27 004 245
Share based payment reserve	564 820	377 244
Retained earnings	43 520 095	38 204 871
Change in ownership reserve	(63 863)	(63 863)
<b>Equity attributable to equity holders of the parent</b>	<b>71 079 456</b>	<b>65 576 656</b>
Non-controlling interest	19 651 673	14 653 307
<b>Total shareholders' equity</b>	<b>90 731 129</b>	<b>80 229 963</b>
<b>Non-current liabilities</b>		
Interest-bearing borrowings	20 807 788	29 512 807
Lease liabilities	4 910 239	3 983 058
Mine rehabilitation provisions	2 591 054	2 480 308
Deferred tax liability	16 282 103	11 994 664
	<b>44 591 184</b>	<b>47 970 837</b>
<b>Current liabilities</b>		
Bank overdraft	667 037	729 110
Customer deposits	-	740 613
Interest-bearing borrowings	41 784 277	33 064 710
Trade and other payables	7 691 187	3 957 535
Lease liabilities	176 000	1 859 883
Provisions	1 576 687	65 983
Tax payable	618 071	1 175 070
	<b>52 513 259</b>	<b>41 592 904</b>
Liabilities directly associated with the assets held for sale	1 740 613	-
	<b>54 253 872</b>	<b>41 592 904</b>
<b>Total liabilities</b>	<b>98 845 056</b>	<b>89 563 741</b>
<b>Total equity and liabilities</b>	<b>189 576 185</b>	<b>169 793 704</b>



PICKSTONE MINE RESTRUCTURING



The Directors are pleased to present the **Reviewed Interim Condensed Consolidated Financial Results** for the six months ended 30 June 2022

## Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2022

	Attributed to equity holders of the parent							
	Share capital reviewed US\$	Share Premium reviewed US\$	Change in ownership reviewed US\$	Share based option reserve reviewed US\$	Retained earnings reviewed US\$	Total reviewed US\$	Non - controlling Interest reviewed US\$	TOTAL equity reviewed US\$
<b>For the six months ended 30 June 2021</b>								
<b>Balance as at 1 January 2021*</b>	54 159	27 004 245	(63 863)	189 671	43 524 488	70 708 700	16 715 950	87 424 650
Loss for the period	-	-	-	-	(7 075 244)	(7 075 244)	(4 874 364)	(11 949 608)
Share based option - credit for the period	-	-	-	187 576	-	187 576	-	187 576
<b>Balance at 30 June 2021 (reviewed)*</b>	54 159	27 004 245	(63 863)	377 247	36 449 244	63 821 032	11 841 586	75 662 618
<b>For the six months ended 30 June 2022</b>								
<b>Balance at 1 January 2022</b>	54 159	27 004 245	(63 863)	377 244	38 204 871	65 576 656	14 653 307	80 229 963
Profit for the period	-	-	-	-	5 315 224	5 315 224	4 988 366	10 313 590
Share based option - credit for the period	-	-	-	187 576	-	187 576	-	187 576
<b>Balance at 30 June 2022 (reviewed)</b>	54 159	27 004 245	(63 863)	564 820	43 520 095	71 079 456	19 651 673	90 731 129

\* Prior period net assets have been adjusted for prior period tax computation errors dating back to 2019 (refer to 2021 annual financial statements).

## Notes to the Interim condensed consolidated financial statements for the six months ended 30 June 2022

### 1. Corporate information

Padenga Holdings Limited is a Limited Liability Company incorporated and domiciled in Zimbabwe whose shares are publicly traded on the Victoria Falls Stock Exchange (VFEX). The registered office is located at 121 Borrowdale Road, Gunhill, Harare, Zimbabwe.

The Group has Zimbabwean operations involved in the production and rearing of Nile crocodiles and the export of crocodile skins and meat. The Group has an 82.88% stake in Tallow Creek Ranch (TCR), an unlisted company based in Texas (United States of America) that specialises in alligator farming. Subsequent to period end, in July 2022 the Group discontinued operations at TCR following the disposal of its operating assets to a third party (refer to note 16)

The Group is also engaged in developing and operating large scale commercial gold mines in Zimbabwe through a 50.1% stake in Dallaglio Investments Limited ("Dallaglio").

### 2. Basis of preparation

The interim condensed consolidated financial statements for the six months ended 30 June 2022 have been prepared in accordance with IAS 34 Interim Financial Reporting and Companies and Businesses Entities Act (COBE). The Group has prepared the financial statements on the basis that it will continue to operate as a going concern. The Directors consider that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2021.

#### 2.1 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 interim condensed consolidated financial statements.

The Covid-19 pandemic posed a threat to business continuity as it impacted traditional markets in those countries that the business trades skins into. However, during the current financial year, restrictions were relaxed globally and borders reopened. Tanneries in France and Italy remained open throughout with emphasis on processing skins exclusively for their top-tier customers. Harvesting of skins has progressed normally during the six months and deliveries to the customer are normally concentrated in the final quarter of the year. Locally, there were no lockdown restrictions. However, the Group encouraged employees to receive their booster vaccinations.

#### 2.2 Basis of consolidation

The interim condensed consolidated financial statements comprise the financial statements of Padenga Holdings Limited and its subsidiaries as at 30 June 2022. 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 subsidiaries 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.

#### 2.3 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of new standards effective as of 1 January 2022. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments apply for the first time in 2022, but do not have an impact on the interim condensed consolidated financial statements of the Group.

#### Onerous contracts - costs of fulfilling a contract-amendments to IAS 37

An onerous contract is a contract under which the unavoidable costs (i.e. the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services include both incremental costs (e.g. the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g. the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g. depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

There is no impact on the Group as there have been no changes that have been effected to the current contracts with customers.

#### Reference to the conceptual framework - amendments to IFRS 3

The amendments replace a reference to a previous version of the IASB's Conceptual Framework with a reference to the current version issued in March 2018 without significantly changing its requirements.

The amendments add an exception to the recognition principle IFRS 3 Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately.

The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date.

These amendments had no impact on the interim condensed consolidated financial statements of the Group as there were no contingent assets, liabilities, and contingent liabilities within the scope of these amendments arisen during the period.

#### Property, plant and equipment: proceeds before intended use - amendments to IAS 16

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

These amendments had no impact on the interim condensed consolidated financial statements of the Group as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

#### IFRS 1 first-time adoption of International Financial Reporting Standards - subsidiary as a first-time adopter

The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

These amendments had no impact on the interim condensed consolidated financial statements of the Group as it is not a first-time adopter.

#### IFRS 9 Financial Instruments - fees in the '10 per cent' test for derecognition of financial liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39.

#### Financial Instruments: Recognition and Measurement.

These amendments had no impact on the interim condensed consolidated financial statements of the Group as there were no modifications of the Group's financial instruments during the period.

#### IAS 41 Agriculture - taxation in fair value measurements

The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

These amendments had no impact on the interim condensed consolidated financial statements of the Group as it doesn't use discounted cash flow technique for fair valuing biological assets.

### 3. Statement of compliance

The Group's half year financial results have been prepared in accordance with VFEX 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). Complying with IFRSs achieves consistency with the financial reporting framework adopted by the Group since 2010. Using a globally recognised reporting framework also facilitates understandability and comparability with similar businesses and allows consistency in the interpretation of the financial statements.

### 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 full year 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 financial statements for the full year ended 31 December 2021.

### 6. Accounting policies

The principal accounting policies of the Group are consistent in all material respects with those applied in the previous financial year.

#### a) Non-current assets held for sale and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sales transaction rather than through continuing use. Non current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs direct attributable to the disposal of an asset (disposal group).

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale. Assets and liabilities classified as held for sale shall be presented separately from other liabilities in the statement of financial position.

Discontinued operations are excluded from the results of continuing operations and are presented as single amount as profit or loss from discontinued operations in the statement of profit or loss.

Additional disclosures are provided in Note 20. All other amounts to the financial statements include amounts for continuing operations, unless indicated otherwise.

### 7. Revenue from contracts with customers from continuing operations

Set out below is the disaggregation of the Group's revenue from contracts with customers:

	Padenga Zimbabwe US\$	Dallaglio US\$	Total US\$
30 June 2022	5 147 199	51 718 638	56 865 837
30 June 2021	4 789 073	15 237 058	20 026 131

#### Revenue disaggregation from contracts from continuing operations

	30 June 2022			30 June 2021		
	Total	Dallaglio	Padenga Zimbabwe	Total	Dallaglio	Padenga Zimbabwe
Skins Exports	4 939 695	-	4 939 695	4 640 190	-	4 640 190
Meat sales	207 504	-	207 504	148 883	-	148 883
Gold deliveries	51 718 638	51 718 638	-	15 237 058	15 237 058	-
	56 865 837	51 718 638	5 147 199	20 026 131	15 237 058	4 789 073

#### Segment profit/(loss) for continuing operations

	Padenga Zimbabwe US\$	Dallaglio US\$	Adjustments and eliminations US\$	Total US\$
30 June 2022	(2 294 317)	10 345 835	3 221 214	11 272 731
30 June 2021	(1 871 367)	(9 587 681)	35 789	(11 423 258)

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 2022

	Padenga Zimbabwe US\$	TCR US\$	Dallaglio US\$	Adjustments and eliminations US\$	Total US\$
<b>Segment assets</b>					
30 June 2022	102 627 264	5 309 556	96 604 488	(14 965 122)	189 576 186
31 December 2021	102 015 921	5 489 499	80 664 087	(18 375 803)	169 793 704
<b>Segment liabilities</b>					
30 June 2022	33 318 764	9 788 047	56 055 265	(317 021)	98 845 055
31 December 2021	30 600 677	9 008 851	50 460 697	(506 484)	89 563 741

Classification of the segments is based on the type of production (Crocodiles, Alligators and Mining).

TCR operations which comprise the entire Alligators segment have been disclosed as assets held for sale and its results as discontinuing operations (see note 20).



The Directors are pleased to present the **Reviewed Interim Condensed Consolidated Financial Results** for the six months ended 30 June 2022

## Notes to the Interim condensed consolidated financial statements for the six months ended 30 June 2022

### 7.1 Income taxes

The Group calculates the period income tax expense using the tax rate applicable to the expected total annual earnings.

The major components of income tax expense in the interim condensed consolidated statement of profit or loss are:

	30 June 2022 reviewed US\$	30 June 2021 reviewed US\$
Deferred income tax expense relating to origination and reversal of temporary differences	(2 463 816)	1 038 510
Current income tax charge	(1 916 550)	(276 565)
<b>Income tax (expense)/credit recognised in statement of profit or loss</b>	<b>(4 380 366)</b>	<b>761 945</b>
<b>8. Capital expenditure for the period</b>	<b>3 893 339</b>	<b>9 861 650</b>
<b>Capital expenditure commitment</b>		
Authorized but not yet contracted	20 327 985	1 532 306
	<b>20 327 985</b>	<b>1 532 306</b>

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

### 9. Inventories

	30 June 2022 reviewed US\$	31 December 2021 audited US\$
Raw materials and consumables stocks	9 847 484	9 271 833
Finished goods – skins and meat	6 500 388	6 840 218
	<b>16 347 872</b>	<b>16 112 051</b>
<b>Mining</b>		
Crushed, uncrushed ore and Bullion	10 315 133	6 557 692
	<b>10 315 133</b>	<b>6 557 692</b>
<b>Grand Total</b>	<b>26 663 005</b>	<b>22 669 743</b>

### 10. Fair value measurements

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.

#### Valuation technique

- The Harvesting stock of crocodiles and alligators is valued using the income approach. Fair value price is determined from the price the Group sells at the point of harvesting to the market.
- The breeders are valued using the cost approach. The fair value is determined based on the current replacement costs of a breeder as at year end, being the current costs needed to produce a breeder of similar age, maturity and condition as at the year end.

Type	Valuation technique	Significant unobservable Inputs (Level 3)	Quantitative information 2022	Quantitative information 2021
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 US\$ 160 – US\$ 840, Age 1 – 3 years, Meat Price/kg US\$0.74 to US\$2.82, Meat yield per crocodile 8.71 kgs	Price per skin US\$ 160 – US\$ 760, Age 1 – 3 years, Meat Price/kg US\$0.74 to US\$1.30, Meat yield per crocodile 8.71 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 US\$ 50 – US\$ 200, Age 1 – 2 years	Price per skin US\$ 50 – US\$ 200, 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 US\$ 900 - US\$ 1 721, Age 7 – 41 years.	Replacement cost per breeder US\$ 900 - US\$ 1 500, Age 7 – 41 years.

#### 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 2022

	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$	Fair value gain US\$
Harvesting Alligators	-	-	-	-	-
Harvesting Crocodiles	-	-	34 863 332	34 863 332	8 283 240
Breeders (including Alligators)	-	-	8 573 693	8 573 693	159 694
<b>Total</b>	<b>-</b>	<b>-</b>	<b>43 437 025</b>	<b>43 437 025</b>	<b>8 442 934</b>

#### Fair value hierarchy - 31 December 2021

	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$	Fair value loss US\$
Harvesting Alligators	-	-	639 465	639 465	110 362
Harvesting Crocodiles	-	-	24 785 345	24 785 345	(6 014 967)
Breeders (Including Alligators)	-	-	9 897 769	9 897 769	2 463 592
<b>Total</b>	<b>-</b>	<b>-</b>	<b>35 322 579</b>	<b>35 322 579</b>	<b>(3 441 013)</b>

### 10.3 Property, plant and equipment

During the six months ended 30 June 2022, the Group acquired assets with a cost of US\$3 893 339 (31 December 2021: US\$16 387 817).

No borrowing costs were capitalised during the six months ended 30 June 2022 (31 December 2021: US\$Nil).

The financial information relating to property, plant and equipment is summarised below:

	30 June 2022 reviewed US\$	31 December 2021 audited US\$
Opening balance at 1 January	69 577 791	58 494 615
Additions	3 893 339	16 387 817
Transfers	(2 941 065)	(81 106)
Disposals	(4 693)	(72 660)
Depreciation	(3 769 355)	(5 150 876)
<b>Closing balance at the end of the period</b>	<b>66 756 016</b>	<b>69 577 791</b>
<b>11. Trade and other payables</b>		
Trade	7 081 106	3 856 436
Accruals	610 081	101 099
	<b>7 691 187</b>	<b>3 957 535</b>
<b>11.1 Current Customer deposits</b>		
Short term deposits	-	740 613
	<b>-</b>	<b>740 613</b>

Customer deposits mainly relate to advances received from our main customer.

### 12. Interest-bearing borrowings

	30 June 2022 reviewed US\$	31 December 2021 audited US\$
<b>12.1 Non-Current interest bearing borrowings</b>		
<b>Secured</b>		
Foreign long term borrowings	8 935 000	11 434 485
Local long term borrowings	11 872 788	18 078 322
	<b>20 807 788</b>	<b>29 512 807</b>
<b>12.2 Current interest bearing loans and borrowings</b>		
<b>Secured</b>		
Foreign current portion	35 113 485	10 994 927
Local current portion	6 670 792	22 069 783
	<b>41 784 277</b>	<b>33 064 710</b>

Short term borrowings form part of the core borrowings of the Group and are renewed on maturity in terms of ongoing facilities negotiated with the relevant financial institutions. The facility is secured by first charge over certain of the Group's property, plant and equipment, trade receivables and biological assets. The Group has a short-term facility with a rate of interest for local operations ranging between 39% and 47% whilst for the foreign operation ranges from 6-11%.

#### Borrowing Powers

In terms of the Company's Articles of Association, the Group may 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 2022 reviewed US\$	Six months ended 30 June 2021 reviewed US\$
<b>Profit/(loss) for the period attributable to:</b>		
Equity holders of the parent	5 315 244	(7 075 244)
<b>Less non-core activities</b>		
Profit on disposal of property, plant and equipment	(8 113)	-
Other interest income	(336 767)	(3 496)
<b>Headline earnings/(loss)</b>	<b>4 970 344</b>	<b>(7 078 740)</b>
<b>Earnings/(loss) per share (cents) for continuing and discontinued operations</b>		
Basic earnings/(loss) per share	<b>0.98</b>	<b>(1.31)</b>
Diluted earnings/(loss) per share	<b>0.95</b>	<b>(1.31)</b>
Headline earnings/(loss) per share	<b>0.92</b>	<b>(1.31)</b>
Diluted headline earnings/(loss) per share	<b>0.89</b>	<b>(1.31)</b>
<b>Earnings/(loss) per share from continuing operations</b>		
Basic earnings/(loss) per share	<b>1.13</b>	<b>(1.23)</b>
Diluted earnings/(loss) per share	<b>1.10</b>	<b>(1.23)</b>
Headline earnings/(loss) per share	<b>1.06</b>	<b>(1.23)</b>
Diluted headline earnings/(loss) per share	<b>1.03</b>	<b>(1.23)</b>
Weighted average shares in issue at the end of the period	541 593 440	541 593 440
<b>Weighted average shares in issue at the end of the period adjusted for the effect of dilution at the end of the period</b>	<b>557 841 242</b>	<b>547 009 374</b>

#### Basic earnings basis

Basic earnings per share is calculated by dividing net profit for the year attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares in circulation during the period.

#### Fully diluted earnings basis

Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

#### Headline earnings basis

Headline earnings per share is calculated by dividing the headline earnings (after taking out profits from non-core activities like profit on disposal of fixed assets and interest income) for the year attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares (Headline earnings/(loss) per share) as well as the weighted average number of ordinary shares that would be issued on the conversion of all dilutive potential ordinary shares into ordinary shares (Diluted headline earnings/(loss) per share).

### 14. Contingent liabilities

The Group had no contingent liabilities as at 30 June 2022 and 30 June 2021.

### 15. Functional Currency

The Group functional currency is US\$ for the period ending 30 June 2022.



The Directors are pleased to present the **Reviewed Interim Condensed Consolidated Financial Results** for the six months ended 30 June 2022

Notes to the Interim condensed consolidated financial statements  
for the six months ended 30 June 2022

**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.

**Disposal of Tallow Creek Ranch (TCR) Assets**

Tallow Creek Ranch's (TCR) operation has faced operational challenges with skin quality issues related to double-scale for a number of years, which resulted in the business incurring perennial losses and not declaring a dividend to shareholders.

TCR was approached by a serious investor during the second half of 2021 who expressed an interest to buy all the operating assets of the business.

Management have been in discussions with representatives of the entity called XPP7 and its subsidiary AUDASSIT INC. (the buyer).

In June 2022, the discussions progressed well to a stage where there was high certainty that an Asset Purchase Agreement (APA) would be consummated before end of the year 2022. Consequently, the results of TCR have been presented in accordance with IFRS 5 "Non current assets held for sale and Discontinued Operations." (refer to note 20).

Subsequent to 30 June 2022, in the month of July 2022, the parties signed the APA at a price of US\$5 733 223. Initial proceeds of US\$5 233 223 per the agreement were received in July 2022 and the balance will be received 18 months after the sale date.

There were no adjusting events after the reporting date at the time of issuing this 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:

	30 June 2022 reviewed US\$	30 June 2021 reviewed US\$
<b>Transactions</b>		
Innsco Africa Limited Pension Fund - Post Employment benefits	56 849	11 935

**18. Provisions**

	30 June 2022 reviewed US\$	31 December 2021 audited US\$
<b>Provisions - current</b>		
Padenga Zimbabwe	415 520	65 983
Dallaglio	1 161 165	-
	<b>1 576 685</b>	<b>65 983</b>
<b>Provisions - non current</b>		
Dallaglio mine rehabilitation provision	2 591 054	2 480 308
	<b>2 591 054</b>	<b>2 480 308</b>

All current provisions related to short-term employee benefits accruals.

All non-current provisions relate to future expected costs to restore the environment after the end of mining activities or at closure of the mine. The expected costs are assessed by environmental experts (refer to note 19).

**19. Rehabilitation provision**

The Group 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 Group'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 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 Group either while operating, or at the end of the operating life of, the Group's facilities and mine properties. The Group assesses its mine rehabilitation provision at each reporting date. The Group 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 plan 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. Discontinuing operations**

As of 30 June 2022, the Board of Directors of Padenga Holdings Limited, which is the majority shareholder of Tallow Creek Ranch (TCR) had resolved to discontinue TCR operations through the sale of its operating assets to a potential buyer. The sale transaction was concluded in July 2022 and is disclosed as a post balance sheet event (refer to note 16).

TCR represents the entirety of the alligator operating segment until 30 June 2022.

Revenue and expenses, gains and losses relating to the discontinuation of TCR have been eliminated from profit or loss from the Group's continuing operations and are shown as a single line item in the consolidated statement of profit or loss.

As at 30 June 2022 TCR assets were therefore classified as assets held for sale and its results for the period as from discontinuing operations.

The results of TCR for the period are presented below:

	30 June 2022 reviewed US\$	30 June 2021 reviewed US\$
Revenue	143 062	1 160 325
Expenses	(609 071)	(1 879 304)
Operating Income	-	115 945
Finance costs	(314 480)	(389 583)
Fair value (loss)/gain	(178 650)	466 267
<b>Loss before tax from discontinuing operations</b>	<b>(959 140)</b>	<b>(526 350)</b>
<b>Loss after tax for the period from discontinuing operations</b>	<b>(959 140)</b>	<b>(526 350)</b>
Represents 6 months of activity		
<b>The net cash flows generated from the discontinuing operations</b>		
Operating	76 987	51 970
Investing	(43 010)	(24 786)
Financing	(101 549)	24 406
<b>Net cash (outflow)/inflow</b>	<b>(67 571)</b>	<b>51 590</b>
<b>Breakdown of assets held for sale</b>		
Tangible fixed assets	2 822 975	-
Biological assets-(breeders)	1 524 000	-
Biological assets-(harvesting crops)	252 787	-
Inventory	556 213	-
	<b>5 155 975</b>	-
<b>Breakdown of liabilities directly associated with the assets held for sale</b>		
Community bank facility	(1 000 000)	-
Customer deposits	(740 613)	-
	<b>(1 740 613)</b>	-
Customer deposits mainly relate to advances received from our main customer.		
<b>Loss per share</b>		
Basic loss per share for the period from discontinued operations	(0.18)	(0.10)
Diluted loss per share for the period from discontinued operations	(0.18)	(0.10)

**21. Approval of financial statements**

The financial statements were approved by the Board of Directors and authorised for issue on 15 September 2022.





**Ernst & Young**  
Chartered Accountants (Zimbabwe)  
Registered Public Auditors  
Angwa City  
Cnr Julius Nyerere Way /  
Kwame Nkrumah Avenue  
P O Box 62 or 702  
Harare  
Zimbabwe

Tel: +263 24 2750905-14 or 2750979-83  
Fax: +263 24 2750707 or 2773842  
Email: admin@zw.ey.com  
www.ey.com

## **Independent Auditor's Report**

To the Shareholders of Padenga Holdings Limited

### **Report on the Review of the Interim Condensed Consolidated Financial Information**

#### **Qualified conclusion**

We have reviewed the accompanying interim condensed consolidated Financial Information of Padenga Holdings Limited and its subsidiaries ("the Group"), as set out on pages 3 to 6, which comprise the interim condensed consolidated statement of financial position as at 30 June 2022 and the related interim condensed consolidated statement of profit or loss and other comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six - months period then ended and explanatory notes.

Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with the International Financial Reporting Standards. Our responsibility is to express a review conclusion on this interim condensed consolidated financial information based on our review.

#### **Scope of review**

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

#### **Basis for qualified review conclusion**

*Impact of prior year modification on current period*

**Non-compliance with International Financial Reporting Standards IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors**

#### **Matter 1: Exchange rates used in prior year**

As explained in note 4 to the interim condensed consolidation financial information, the Group's functional and presentation currency is the United States Dollar (USD).

Our most recent year end audit opinion was modified due to the impact of the use of inappropriate exchange rates to translated ZWL denominated transactions and balances to USD functional currency. The exchange rates did not meet IAS 21 requirements for a spot rate during the period 22

## Independent Auditor's Review Conclusion - Continued

### *Padenga Holdings Limited*

February 2019 to 22 June 2020. The misstatements could not be quantified as an IAS 21 compliant exchange rate was not available. While the matter is not recurring in current year, Management has not restated the prior year consolidated financial information in line with the requirements of IAS 8. This matter affected the same elements of the financial information of both the parent and the subsidiary (Dallaglio) as noted below.

Interim Condensed Consolidated Statement of financial position which comprise of material amounts from opening balances:

- Property, plant and equipment: USD6 804 562 (2021: USD 7 776 642) included in the closing balance of USD 66 756 016 (2021: USD 69 577 791); and
- Deferred taxation liabilities: USD 5 870 074 (2021: USD 6 842 1549) included in the closing balance of USD16 282 103 (2021: USD 11 994 664).

As opening balances enter into the determination of performance, the following elements on the Interim Condensed Consolidated Statement of profit or loss and Other Comprehensive income are misstated:

- Depreciation: USD 972 080 (2021: USD 651 964) included in total expense for the period of USD 5 704 494 (2021: USD2 301 352).
- Taxation stated as USD 4 380 366 (2021: USD 761 945).

Consequently, Non-Controlling Interest stated as USD 4 998 366 (2021: USD4 874 364) and Retained earnings stated as USD 43 520 095 (2021: USD 38 204 871) on the Interim Condensed Consolidated Statement of Changes in equity are impacted.

Further to the above, corresponding amount for Cost of Sales on the Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income remains misstated as it has not been corrected in terms of IAS 8. Therefore, our review conclusion on the current period's interim condensed consolidated Financial Information is also modified because of the possible effect of this matter on the comparability of the current period's interim condensed consolidated financial information.

Our prior year opinion was modified due to this matter.

### ***Matter 2: Impact of non-compliance with IFRS 3 - Business Combinations***

Further contributing to our qualified opinion in prior year was the impact of non-compliance with IFRS 3. Effective 1 January 2020, the Group acquired and consolidated a subsidiary. However, the 'at acquisition' fair values of the acquired assets and assumed liabilities were not determined. Since no IAS 8 adjustments have been made, the matter continues to impact the following elements:

- Goodwill stated as USD 3 672 214 (2021: USD 3 672 214); and
- Non-controlling Interests stated at USD 19 651 673 (2021: USD 14 653 307).

### ***Matter 3: Consolidation of a subsidiary with underlying misstatements***

In the prior year, the Group's consolidated Financial Information were consolidated to include a subsidiary with underlying misstatements arising from the following matters:

## Independent Auditor's Review Conclusion - Continued

*Padenga Holdings Limited*

### **Historical functional currency date of application:**

The Subsidiary changed its functional and reporting currency from the USD to ZWL on 22 February 2019 in compliance with Statutory Instrument 33 of 2019. We however believe that the change occurred on 1 October 2018 in terms of IAS 21 given the significant monetary and exchange control policy changes witnessed in Zimbabwe from 2016 through to 2019.

Our audit opinion for the year ended 31 December 2021 was modified as the errors arising from this matter had not been corrected in terms of IAS 8 and therefore had an impact as at that date due to incorrect opening balances.

Management has not made retrospective adjustments in terms of IAS 8 in current year to correct this matter. Therefore, the following corresponding elements of the interim condensed consolidated financial information remain impacted: Property, Plant and Equipment, Deferred Tax Liabilities and Retained Earnings on the interim condensed consolidated statement of financial position and Depreciation Expense, Taxation expense and cost of sales on the Interim Condensed Consolidated Statement of profit or loss and Other Comprehensive income. Therefore, our review conclusion on the current period's consolidated interim condensed consolidated financial information is also modified because of the possible effect of this matter on the comparability of the current period's interim condensed consolidated financial information.

### **Qualified review conclusion**

Based on our review with the exception of matters described in the preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information, do not present fairly, in all material respects, the interim condensed consolidated financial position of Padenga Holdings Limited as at 30 June 2022, and of its interim condensed consolidated financial performance and cash flows for the six-month period then ended in accordance with International Financial Reporting Standards (IFRS).

The engagement partner on the review audit resulting in this review conclusion report on the interim condensed consolidated financial information is Mr Walter Mupanguri (PAAB Practicing Certificate Number 367).



Ernst & Young  
Chartered Accountants (Zimbabwe)  
Registered Auditors

Harare

23 September 2022