Padenga Holdings Limited

Annual Report 2014

Integrity - Respect - Passion - Fairness - Excellence - Discipline - Team Spirit

PADENGA

CONTENTS

Mission Statement

To be the principal and preferred supplier of premium grade crocodilian skins to the luxury brand houses of the world.

Corporate Information

DIRECTORATE & MANAGEMENT

Board

The primary responsibility of the Board is to discharge its fiduciary responsibility to the shareholders and the Group. The Board is accordingly, the highest policy organ of the Group and sets its strategy. Meeting quarterly, the Board receives and acts on key information pertaining to the operations of Padenga.

Composition

The Board consists of three executive directors and three non-executive directors, comprising a cross-section of professionals and major shareholder representatives.

The non-executive directors of Padenga comprise individuals with proven track records and a wide range of different skills and experience, which they employ for the Group's benefit, and who also provide crucial independence and guidance in the Group's strategic decision making processes and corporate governance practices.

Corporate Information (continued)

The full names and positions of the Directors of Padenga as at 31st December 2014 are set out below:

Directors:	Position Held:
Alexander Kenneth Calder	Non-Executive Chairman
Gary John Sharp	Chief Executive Officer
Oliver Tendai Kamundimu	Chief Financial Officer
Michael John Fowler	Executive Director
Annie Mutsa Mazvita Madzara	Non-Executive Director
Thembinkosi Nkosana Sibanda	Non-Executive Director
	(All Directors appointed November 2010)

Executive Management	Position Held:
Gary John Sharp	Chief Executive Officer
Oliver Tendai Kamundimu	Chief Financial Officer
Michael John Fowler	Executive Director
Charles Boddy	Operations Executive
James Watson	Administration Executive
Jimmyson Kazangarare	General Manager Kariba Crocodile Farm
Prince Chapeyama	General Manager Nyanyana Crocodile Farm
Pierre Steyn	General Manager Ume Crocodile Farm
Jeremiah Hunzwi	Abattoir Manager

Company Secretary and Registered Office:	Transfer Secretaries:
Andrew Lorimer	Corpserve Share Transfer Secretaries
121 Borrowdale Road	2nd Floor ZB Centre
Gunhill	Corner First Street/Kwame Nkrumah Avenue
Harare	Harare
P O Box HG 633, Highlands	P O Box 2208
Harare	Harare
Zimbabwe	Zimbabwe

Auditors:	Legal Advisors:
Ernst & Young	Dube, Manikai & Hwacha
Chartered Accountants (Zimbabwe)	Commercial Law Chambers
Angwa City	6th Floor Goldbridge Eastgate Complex
Corner Julius Nyerere/Kwame Nkrumah Ave	Corner Sam Nujoma /Robert Mugabe
P O Box 702	P O Box 10400
Harare	Harare
Zimbabwe	Zimbabwe

Principal Bankers:	Principal Bankers:
CBZ Bank Limited	Standard Chartered Bank Zimbabwe Limited
Union House	1st Floor, Africa Unity Square Building
60 Kwame Nkrumah Avenue	68 Nelson Mandela Avenue

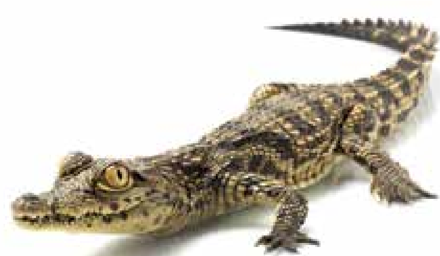
PADENGA

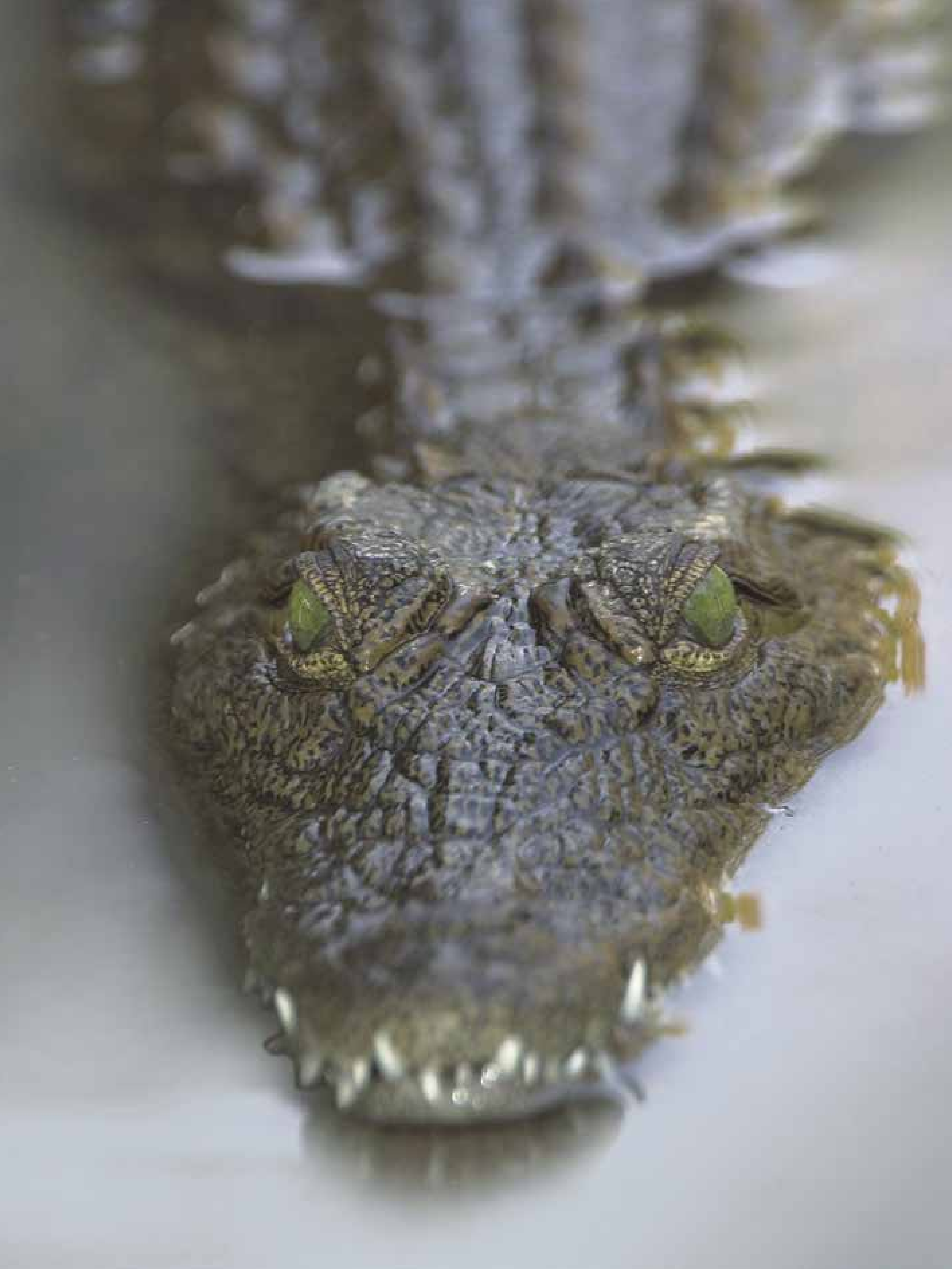
Financial Highlights

Group Summary	12 Months 2014 US$	18 Months 2013 US$
Revenue	27 969 684	26 906 493
Operating profit before depreciation and amortisation	8 952 059	5 705 934
Profit before taxation	8 723 234	4 942 208
Profit attributable to shareholders	6 004 870	3 250 851
Cash generated from operating activities	5 408 147	8 203 113
Property, plant and equipment and intangible assets additions	1 599 500	3 628 468
Net Assets	41 932 186	36 490 448

Share Performance

Basic earnings per share (cents)	1.11	0.60
Diluted earnings per share (cents)	1.11	0.60
Dividends declared and paid during the year (cents)	0.16	0.164
Market price per share (cents)	9.00	8.00
Market capitalisation(US$)	48 743 410	43 327 475
Number of shares in issue at reporting date	541 593 440	541 593 440





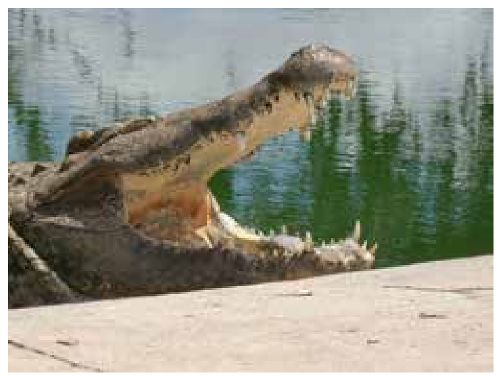
Chairman's Statement

FINANCIAL

Consolidated Results

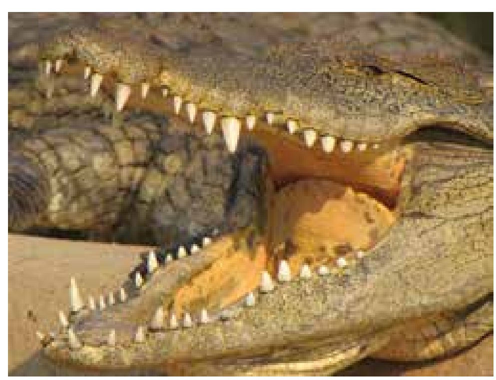
The Group recorded turnover of $27,969,684 in the twelve months to December 2014 compared to $26,906,493 for the eighteen months to December 2013. Operating profit realized amounted to $8,952,059 and profit before tax was $8,723,234 against an operating profit of $5,705,934 and profit before tax of $4,942,208 in the prior period. These excellent results were achieved as a consequence of once again achieving our crocodile raw skin sales target, further improving skin quality grades across the operations and coupled with the application of stringent cost management within a challenging local environment.

Cash generated from operating activities decreased from the $8,203,113 for the eighteen month period to December 2013 to $5,408,147 in the period under review. This decrease in cash generation was mainly attributed to an increase in debtors of $3,675,105. The increase in debtors was a function of a timing difference reflecting the change in the period of culling and selling. In the current year culling and sales occurred to the end of December whereas in the prior period culling was essentially done by the end of November allowing us time to collect all trade debtors before year-end.



Crocodile Operation

In the Zimbabwe crocodile operation, turnover increased by 4% to $24,079,194 from $23,121,417 recorded in the eighteen months to December 2013. The 43,078 contract skins sold in 2014 was unchanged from sales in the previous period. Operating profit and profit before tax increased by 93% and 127% respectively to $8,060,173 and $8,037,143 against the operating profit of $4,169,438 and a profit before tax of $3,544,161 for the prior period.



Alligator Operation

The United States Alligator operation recorded turnover of $3,890,490, this being an increase of 3% compared to the $3,785,076 realised in the previous reporting period. Volumes were up 8% against prior period. (14,890 skins vs 13,825 skins). It is pertinent to note here that the prior period results covered two production/sales seasons because of the seasonality of culling in the USA and the inclusion of both seasons was a function of being in an eighteen month transition period. The unit recorded an operating profit of $904,746 and a profit before tax of $918,164 compared to an operating profit of $1,447,137 and a profit before tax of $1,635,838 for the prior period.

OPERATIONS

Crocodile Operation

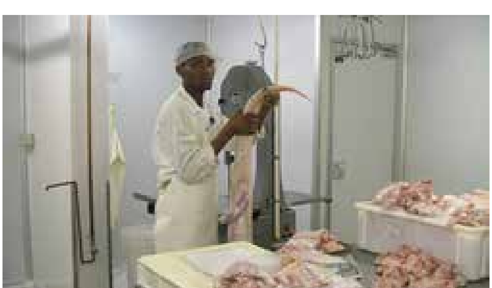
In the crocodile operation 43,078 crocodiles were culled in the period under review which was right on budget and in line with what was culled in the prior period. The quality grade achieved improved from the 92% 1st Grades attained in 2013 to 93% in the period under review. The average skin size achieved decreased marginally by 2% to 35.7 cms belly width from 36.3 cms in the prior year. We experienced unusually cool weather conditions in Kariba from August to mid-October and this marginally impacted the growth we had anticipated. This contributed to the shortfall in average skin size.

We closed the period with a total of 163,274 grower crocodiles on the ground compared to 164,179 at the end of the prior period. The number of grower crocodiles present was constant over the two reporting periods and was consistent with our objective of culling 43,000 animals annually.

Demand for meat in Europe firmed during the period whilst Asian sales remained depressed. Total meat volumes sold increased by 35% to 282 tonnes from 209 tonnes sold in the prior reporting period. Export volumes at 137 tonnes, increased by 23% over prior period. Sales promotions of low value cuts into the local market were undertaken as an alternative to sales into Asia with a total of 145 tonnes being sold in FY2014. The increase in sales volumes recorded was pleasing and this was achieved on the back of firmer prices in both the European and local markets.

Alligator Operation

In the Lone Star Operation in Texas, 15,139 alligators were culled. This was significantly lower than the budgeted target of 19,600 alligators. The shortfall was a result of a deliberate policy to increase the number of alligators carried over for culling as medium sized skins in 2015. A total of 6,500 alligators were carried over from 2014 compared to the 2,400 carried over from 2013. The financial advantage of this increased carryover will be realised in 2015.



PROSPECTS

The Zimbabwe crocodile operation has an excellent crop of grower crocodiles on the ground. These have shown better growth rates to-date than what we have experienced in the past. We therefore anticipate that we will start culling these crocodiles earlier in the year than in 2014 and this should have a positive impact on cost of sales.

On the meat side we are pursuing trade with a new international customer and we expect to increase the volume of meat exported. This will improve margins in this section of the business.

In the Alligator business the harvesting of a significantly higher proportion of medium sized skins from the carry-over crop will see total cull numbers increase to around 18,200 skins and the increased sizes and volumes will further improve turnover and margins.

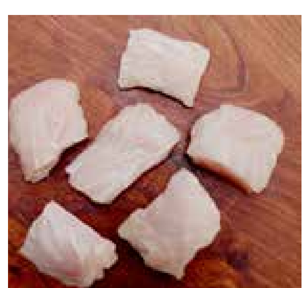
DIVIDEND

The Board has declared a final dividend of 0.3 US cents per share, payable on or about Monday 4th May 2015 to shareholders registered in the books of the Company at noon on Friday 10th April 2015. The transfer books and register of members will be closed from 11th April to 14th April 2015, both days inclusive.

APPRECIATION

I take this opportunity to congratulate the executive directors, management and staff for their sterling efforts in producing this outstanding set of results, particularly against an increasingly difficult operational environment. Innovative leadership and teamwork, passion for continuous improvement, strategic innovation and implementation and strong treasury and financial control are critical components in this business. The implementation of these factors is reflected in these excellent operational and financial results.

I wish also to thank the non - executive directors for their strong teamwork, close support and ongoing wise counsel during the year under review



Kim Calder

A K Calder
Chairman
17 March 2015

PADENGA

Corporate Governance Statement

The following statement sets out the governance framework the Board has adopted at Padenga and highlights the work undertaken by the Board and its Committees during the financial year.

APPROACH TO GOVERNANCE

Padenga Holdings Limited is committed to meeting the expectations of shareholders, stakeholders and employees for accountability, transparency, integrity and sustainability through the adoption of the principles and practices of international best practice Codes of Corporate Governance. The Directors endeavour to comply with the key principles of Corporate Governance which emphasise the need for well-balanced effective boards, strong risk management and internal control oversight and sound stakeholder relations. The Board, with the assistance of Board Committees, determines the most appropriate corporate governance practices for Padenga with the understanding that corporate governance is a continual improvement process which takes into account legal requirements, best practice, practicality and affordability. Members of the Board, Management and Staff are responsible for upholding the goals and values to which Padenga aspires, namely: Integrity; Pursuit of Excellence; Respect; Passion; Fairness; Discipline; Humility with Confidence; To be the Best; and Team Spirit.

COMPLIANCE WITH CORPORATE GOVERNANCE CODES

The Directors have adopted, as a guideline, the key principles outlined in the King Governance code, and the Principles for Corporate Governance in Zimbabwe, as laid out in the Manual of Best Practice.

BOARD OF DIRECTORS

The Board comprises three executive Directors and three independent non-executive Directors. The Board meets quarterly to provide input and oversight to the strategic planning process and monitors operational performance. Padenga has adopted a number of practices to regulate the division of responsibilities between the Board and management. Namely:

- having the same ratio of executive and independent directors on the Board with the Chairman being independent.
- the separation of the roles of the Chairman and the Chief Executive Officer.
- the Board sub-committees are chaired by independent directors and have a majority of independent members.
- the Board and Board Committees have the mandate, if necessary, to seek advice from independent experts to assist them in carrying out their duties.

A comprehensive Board Corporate Governance Manual has been developed which includes the Board Charter detailing its purpose, powers and specific responsibilities, Board annual work plans, and the policies and processes for Board and Director performance evaluation. Not all aspects of this have been adopted and implemented to date but will be in the future when deemed to be practical and appropriate.

AUDIT COMMITTEE

Padenga has an audit committee that assists the Board in fulfilment of its duties. The committee currently comprises two independent non-executive Directors and one executive Director. An independent non-executive Director chairs the committee. The committee meets three times a year with the internal and external auditors to monitor the appropriateness of accounting policies, the effectiveness of systems of internal control and to consider the findings of the internal and external auditors. The committee's responsibilities include monitoring risk management, internal control and compliance matters. To ensure their independence and objectivity both the internal and external auditors have unrestricted access to the audit committee. The internal audit function is currently outsourced to external service providers and the internal audit Charter and work plans have been adopted and agreed by the committee. The scope of its work is risk based. This is an ongoing process.

REMUNERATION COMMITTEE

The remuneration committee comprises two independent non-executive Directors and one executive Director and determines, on behalf of the Board and shareholders, the individual remuneration packages for the executive Directors, non-executive directors and other members of the executive management team. The Chairman of the committee is independent. The remuneration committee makes recommendations to the Board regarding appropriate remuneration policies and practices, and ensures these are implemented. Padenga's policy is to provide remuneration packages that attract, retain and motivate high quality individuals who will contribute significantly to the growth of Padenga. Where necessary external remuneration advisors assist the committee in determining the appropriate remuneration levels and practices.

RISK MANAGEMENT

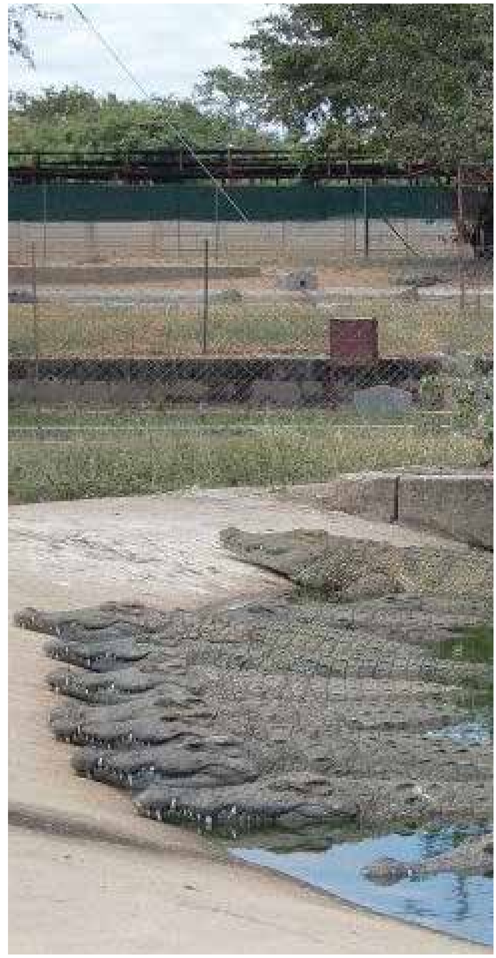
The management of risk is decentralised to the operating divisions, but in compliance with Group policies on risk, the process is reviewed centrally by the executive committee, which is in turn supervised by the audit committee. Although no formal enterprise risk assessment has been conducted yet, the focus of risk management currently hinges on identifying, assessing, managing and monitoring all known forms of risk across the Group. The Board through its close working relationship with the executive is satisfied that the executive and management has identified the key business risks and taken appropriate measures to mitigate against them. Awareness training on Risk Management has been provided to the Board and senior management of the Group.

CODES OF CONDUCT AND ETHICS

Padenga has developed Codes of Conduct and Ethics which have been adopted by the Board. These Codes provide the employees and Directors with a practical set of guiding principles to help them make decisions in their everyday work. The codes embody honesty, integrity, fairness and trust and employees and Directors are required to demonstrate these traits as representatives of Padenga.

The key principles underlining these codes are:

- We act in Padenga's best interests and value the Group's reputation
- We act with honesty and integrity
- We commit to ensuring Justice and Fairness in our dealings with staff, customers and the general public
- We seek to build Trust between ourselves and all those with whom we interact
- We treat others with respect, we value differences and maintain a safe working environment
- We identify conflicts of interest, expose them and manage them responsibly
- We respect privacy and confidentiality – our intellectual property is tightly guarded
- We do not make or receive improper payments, benefits or gains
- We report breaches of our Code, the law or Padenga's policies or procedures



Integrity | Respect | Passion | Fairness | Excellence | Discipline | Team Spirit

Board Of Directors

Alexander Kenneth Calder - Non-Executive Chairman *(Appointed November 2010)*

Kenneth is a Chartered Accountant by profession and is a retired partner of PWC. He has twenty seven years of experience in the profession of which ten years were in Management Consultancy (Change Management and Human Capital) and seventeen years in Auditing and Risk Management Consultancy. His primary focus in later years was in corporate governance, internal audit, risk management and general consulting, and he was a founding member of the Zimbabwe National Task Force on Corporate Governance. He is currently involved with various business enterprises but still consults in a private capacity.

Gary Sharp - Chief Executive Officer *(Appointed November 2010)*

Gary completed his tertiary education at the University of Zimbabwe, where he attained a Master of Science (Tropical Resource Ecology) degree in 1982. He served in the Terrestrial Branch of the Department of National Parks and Wildlife Management between 1979 and 1987. Gary's experience in the intensive husbandry of wildlife species dates back to 1988 when he joined the Lonrho Zimbabwe Group. He was engaged as Chief Executive Officer of what was then the Niloticus Division of Innscor in 2000. That entity unbundled from Innscor in November 2010 through a listing on the ZSE to become Padenga Holdings Limited and Gary has continued to serve as Chief Executive Officer since that date.

Oliver Kamundimu - Chief Financial Officer *(Appointed November 2010)*

Oliver completed his tertiary education at the University of Zimbabwe where he attained a Bachelor of Accountancy Honours degree. He served his articles of Clerkship with the then Coopers and Lybrand and qualified as a Chartered Accountant. Since that time he has worked for Lonrho Africa Limited, and Manica Africa, heading up their audit departments. Oliver joined Innscor in 1999 and was tasked with setting up Innscor's internal audit department before leaving to join First Mutual Zimbabwe in 2001. He re-joined Innscor in 2004 as the Financial Director of their Niloticus Division and has continued in that portfolio since the Company was separately listed in 2010.

Michael Fowler - Executive Director *(Appointed November 2010)*

Mike has been involved with the companies that preceded Innscor since 1982 and has held a number of executive positions within the Innscor Group since his appointment as a Director in 1994, including a period during which he served as Group Chief Executive Officer. He currently sits on the Remuneration Committee of Innscor. At various stages he has been a Director of companies that previously constituted the Agro-Processing Division of Innscor (namely Niloticus Division and Colcom Holdings Limited), as well as National Foods Holdings Limited.

Annie Madzara - Non-Executive Director *(Appointed November 2010)*

Annie is an Environmental and Developmental Professional with over 25 years of experience in the field, 13 of which have been in senior positions. Among her many qualifications, Annie holds a Natural and Aquatic Science qualification at Masters Level, a Business Management Degree and a Development Studies degree at Masters Levels. She has field and managerial experience from both the Public, Private and NGO sectors and is a Fellow for Leadership for Environment and Development (LEAD International). She also sits on the Board of Allied Timbers Zimbabwe and SAFIRE.

Thembinkosi Nkosana Sibanda - Non-Executive Director *(Appointed November 2010)*

Themba graduated from the University of Zimbabwe in 1978 majoring in Accounting, and subsequently joined Barclays Bank of Botswana at its Head Office in Gaborone. Having returned to Zimbabwe in the early 1980's he completed his articles of clerkship, qualifying as a Chartered Accountant. He has remained in the same profession since, and has worked in compliance and audit for the past 34 years at Schmulian and Sibanda. Themba currently sits on various boards of Stock Exchange listed Companies. He currently chairs the Board of Edgars Stores Zimbabwe Limited. Themba is also a trustee of several organisations.

1. FARMING OPERATIONS

Padenga continued to manage its operations in accordance with best practice production methods recognized for the industry. In doing so it strived to maintain its good standing with the local regulatory authority (Zimbabwe Parks and Wildlife Management Authority), as well as with the Crocodile Farmers Association of Zimbabwe (CFAZ), and to satisfy the expectations of its international customers. All skins produced and exported were done so in accordance with CITES provisions, as well as in line with PWLMA regulations. Meat packaged for export was produced, processed, tested and shipped in accordance with the standards defined by the Public Health and Veterinary Authorities of both Zimbabwe and the receiving countries.

Crocodile conservation awareness efforts play a significant role in Padenga's wild egg collection program. Public awareness exercises were carried out in communities within the Charara and the Omay communal areas with management teams educating villagers on the importance of conserving crocodiles in the wild. A direct reward system incentivized the local inhabitants against destroying clutches and to report the locations of clutches when the egg collection teams were in their respective areas. This exercise has been in place since the mid-90s and serves to enhance the relationships between the Group and the communities who bear the brunt of daily interaction and exposure to wild crocodile populations.

Domestic Egg Collection

Although still dependent on wild egg collection permits from the PWLMA to fully achieve its annual egg requirements, Padenga remains committed to becoming self-reliant in egg production. Hatchling numbers delivered into pens from mature domestic females for the year increased by 14% over the previous year's performance. With Kariba Farm being the oldest crocodile farm in Zimbabwe, established back in 1965, many of its original breeder stock have now reached an age at which they are no longer reproductively active and consequently their removal from production status offsets the number of immature females reaching maturity. Despite these losses, there has been a marginal increase in the total number of mature females within the breeder herd.

2. ENVIRONMENTAL SUSTAINABILITY

Efforts to minimize Padenga's environmental impact remain a key area of focus for the Group. The construction of an additional 1.25 million litre water reservoir, together with the installation of remote switching equipment has eliminated the necessity to pump during peak power demand periods. This has reduced both water volumes and power usage as the pumps only supply water when it is required for the operation, as well as reducing the load on the national power grid during peak periods of the day. The installation of control systems on the hot water kettles during the year will see a reduction in coal usage in the future by up to 20% per annum.

In compliance with the Environmental Management Authority (EMA) regulations on effluent discharge, Padenga provided quarterly samples of the waste water from its pens for testing and analysis. The Group is working closely with the EMA to sustain a satisfactory status in terms of its effluent processing. Initiatives include the installation of solids traps in the drainage systems, the use of biodegradable and environmentally friendly chemicals in the pens and the abattoir, and an understanding of the heavy metal content within the lake water itself.

Padenga, together with other organizations within the Kariba town area, conducted regular litter collection exercises along the roads, in particular, those roads in the National Park area where the farms are located. These are directed at removing the threat that litter poses to the wildlife populations within the area.

3. CORPORATE SOCIAL RESPONSIBILITY

Padenga recognizes its obligations to play a key role in uplifting the socio-economic status of the communities within which it operates and that are impacted by its business. As the largest private sector employer in the district, the Group is committed to enhancing community wellbeing and development. There was a marked increase in the scope of Padenga's Corporate Social Responsibility initiatives implemented during 2014.

Education

One of the major CSRP projects that Padenga undertook in the year was the financing and construction of two new classroom blocks at Kalundu School, in the Omay communal area. This project had been initiated in 2013 by the Phyllis Aspinall Foundation (PAF), but had not progressed beyond preliminary stages. Padenga engaged with PAF, and with the support of the local community led by Chief Mola, and the Nyaminyami Rural District Council, revived the initiative, coordinated the construction program and completed the project by year end. A program is in place to equip the classroom blocks in 2015, and in conjunction with PAF to construct additional classrooms at the School.

Support was provided to Nyamhunga Primary School, with the replacement of the fence around their multi-sport courts, and the replacement and repair of sections of the school perimeter wall which had been damaged by elephants. The construction by Padenga of new toilet blocks at Mola Secondary School, in the Omay, prevented closure of the school by the Public Health Department. Padenga provided transport for the delivery and distribution of school textbooks donated by the Zambezi Schoolbook Project from Harare to various rural schools throughout the Kariba and lower Zambezi areas. A total of 9 pallets of textbooks were transported from Harare and distributed to 7 schools throughout the area. This project was coordinated through the Tashinga Trust Initiative and it is the second year that Padenga has participated in this manner.

Conservation

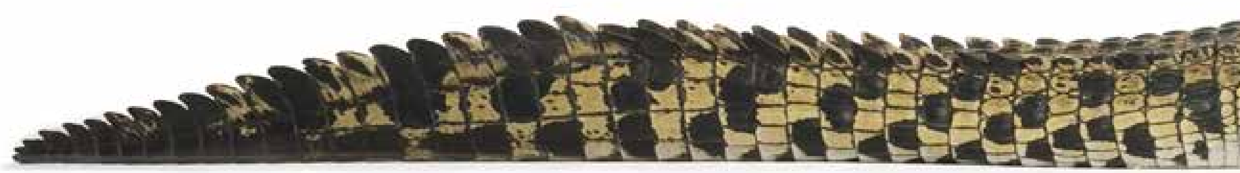
Padenga supports conservation initiatives in the areas in which it operates as part of its commitment to the sustainability of ecosystems and the maintenance of biological diversity in the country. Apart from the conservation awareness initiatives directly related to crocodiles mentioned previously, the Group provides broader support for other conservation activities in the district. These include:

- Ongoing support to the Tashinga Trust Initiative, which is an approved provider of logistical, administrative and material support to the PWLMA in the Matusadona National Park and Lower Zambezi Valley. Padenga's role has been to provide transport for materials moving to Matusadona, accommodation for personnel providing support services to the Trust, the donation of fuel as well as contributions towards hosting donor visits and planning workshops.
- Providing accommodation for the consultants and PWLMA officers engaged in the Sebungwe and lower Zambezi Valley elephant population survey conducted in late 2014.
- Support to local PWLMA offices, particularly in respect of their sustainment of anti-poaching efforts, through the provision of fuel, supplies and materials, and maintenance support for their vehicles.

Community support

The Group has, during 2014, continued to provide assistance to local communities. These initiatives took many different forms and were varied in scope, with the more significant contributions being:

- Mowing the road verges along the highway between Kariba and Makuti. Tall, overgrown grass along the road presented a danger to road users on this narrow and twisting highway. The grass was cut in May, greatly improving road safety for all users and the exercise was well received by Kariba residents.
- Maintenance of public roads in the Charara Wilderness area. Padenga graded and re-graveled parts of the main access road along the power line and into Chawara business and residential area.
- Support to local law enforcement agencies through the provision of repair and maintenance services to their vehicles.
- The continued provision of free transport on Group boats for members of the Mola community travelling across the lake between the Omay and Kariba town.



- The transportation of seed and fertilizer to community farming schemes in the Omay.
- Payment for trade tests for unemployed youths to obtain skills qualifications and empower them for self-dependency and entrepreneurship.
- The provision of fuels and the supply of transport for various government officials engaged on business within the district to enable them to meet their mandated responsibilities.
- Transport and distribution of maize donated by Padenga for drought relief to the communities in late 2013.

Through these initiatives Padenga strives to uplift the communities within which it operates as well as maintaining a safe and stable environment for its employees and their dependents. In doing so Padenga is privileged to be contributing to the socio-economic development of what is one of the most remote communities in the country.

4. HUMAN CAPITAL MANAGEMENT

Padenga has continued its association with Innscor Wellness, which is the service provider for primary health care and related services to the Innscor Group. Through this initiative there has been sustained focus on the health and wellbeing of Padenga's employees, their families as well as with residents of local communities. On-farm primary health care services were provided by Health Officers and a locum Doctor operating at Padenga's two clinics, one on the Kariba mainland farms and one at Ume. There were in excess of 3,700 visits by patients to these two clinics for consultations and treatment during the course of the year, demonstrating the importance that these play in the lives of staff and dependents. The initiation and construction of a new primary health clinic at Ume Crocodile Farm was a highlight in the year. This has enabled the provision of a more extensive and improved health care service to patients in that area.

Padenga continued to partner with external organizations in the provision of employee wellness programs. During the course of the year quarterly HIV/Aids testing and counselling sessions were held in conjunction with Population Services International and Family Aids Care Trust (FACT), free eye testing was provided through the Council for the Blind's Mobile Eye Unit, remote dental treatment through the Kariba Hospital, indoor residual spraying and malaria awareness education through the Ministry of Health Child Care Unit, in addition to the on-going health care education and awareness by the Health Officers in the Group's clinics.

Focus on health awareness; the delivery of primary health care, and improved compliance with internal health and safety standards has helped to significantly reduce absenteeism over the course of the year, in addition to furthering compliance with National Social Security Authority health and safety standards for the workplace. The procurement of a dedicated bus to replace the truck previously used to transport staff was a hugely motivating factor for Padenga's junior employees, and has allowed an improvement in staff transport safety standards.

Directors Responsibility And Approval Of Financial Statements

The Directors of the Company are required by the Companies Act and the Zimbabwe Stock Exchange listing regulations to maintain adequate accounting records and to prepare financial statements that present a true and fair understanding of the state of affairs of the Company and the Group at the end of each financial year, and of the profit and cash flows for the period. In preparing the accompanying financial statements, generally accepted accounting practices have been followed. Suitable accounting policies have been used and consistently applied, and reasonable and prudent judgements and estimates have been made.

The principal accounting policies of the Group are consistent with those applied in the previous year and conform to International Financial Reporting Standards (IFRS).

The Directors believe that the statements of financial position that have been presented as at 31 December 2014 are a fair reflection of the assets and liabilities of the Company and the Group and therefore a fair reflection of the shareholders equity in the business.

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 the preparation of the financial statements.

The Board recognizes and acknowledges its responsibility for the Group's systems of internal financial control. Padenga maintains internal controls and systems that are designed to safeguard the assets of the Group, prevent and detect errors, negligence and fraud and ensure the completeness and accuracy of the Group's records. The Group's Audit Committee has met the external auditors to discuss their reports relating to their work, which includes an assessment of the relative strengths and weaknesses of critical control areas and processes. No breakdown in internal controls involving material loss has been reported to the Directors in respect of the period under review.

The financial statements for the period ended 31 December 2014, which appear on pages 18 to 57 have been approved by the Board of Directors and are signed on its behalf by:

AK CALDER	**O.T KAMUNDIMU**	**G J SHARP**
Chairman	Finance Director	Chief Executive Officer

17 March 2015

Company Secretary's Certification
For the year ended 31 December 2014.

I certify that, to the best of my knowledge and belief, the Company has lodged with the Registrar of Companies all such returns as are required to be lodged by the Company in terms of the Zimbabwe Companies Act (Chapter 24:03) and all such returns are true, correct and up to date.

A D LORIMER
Company Secretary
Harare
17 March 2015

Report Of The Directors

The Directors have pleasure in presenting their Fourth Annual Report together with the audited financial statements of the Group for the year ended 31 December 2014.

The current financial report is for the twelve months to December 2014 as opposed to the prior period financial report which was for an eighteen month period as a result of a change to a 31st December 2013 period end.

Share Capital

At 31 December 2014 the authorised share capital of the Company was 800,000,000 ordinary shares, and the issued share capital was 541,593,440 ordinary shares. During the year no share options were granted.

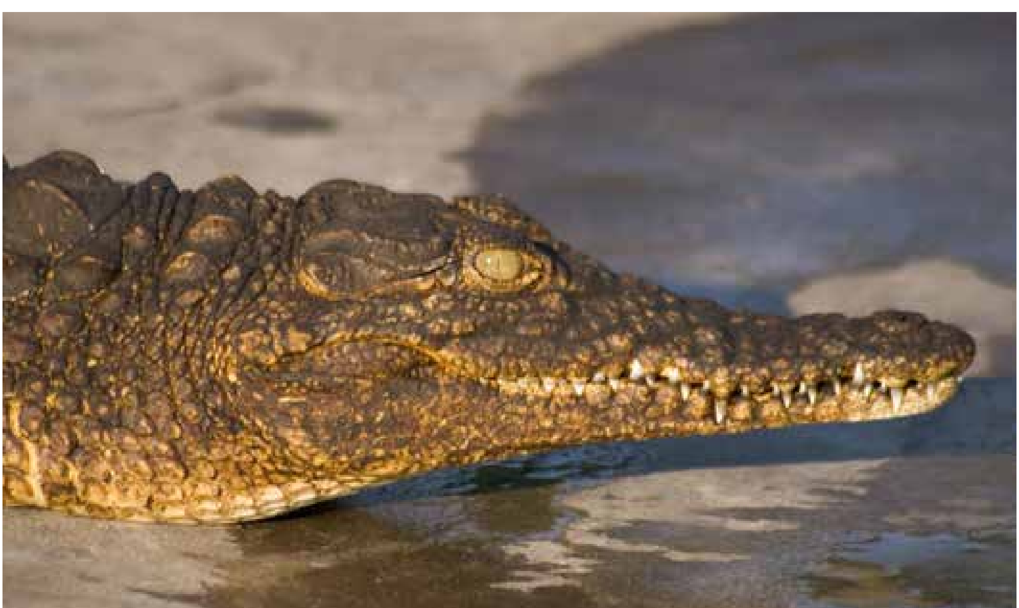
Group Results	FY 2014 US$	FY 2013 US$
Profit before taxation	8 723 234	4 942 208
Taxation	(2 270 032)	(878 438)
Profit for the period	6 453 202	4 063 770
Profit attributable to shareholders	6 004 870	3 250 851

Dividends

After carefully considering working capital needs, the Board has declared a final dividend of 0.3 US cents per share, payable on or about Monday 4th May 2015 to shareholders registered in the books of the Company at noon on Friday 10th April 2015. The transfer books and register of members will be closed from 11th April to 14th April 2015, both days inclusive.

Reserves

The movement in the reserves of the Group are shown in the Statement of Comprehensive Income, Group Statements of Changes in Equity and in the Notes to the Financial Statements.



Report Of The Directors

Directors and their Interests

No Directors had, during or at the end of the year, any material interest in any contract of significance in relation to the Group's businesses. The beneficial interests of the Directors in the shares of the Company are given in Note 18 of the financial statements.

Board attendance *(from 1 January 2014 to 31 December 2014)*

Name of Director	Main Board		Audit Committee		Remuneration Committee	
	Attended	Possible	Attended	Possible	Attended	Possible
Alexander Kenneth Calder	4	4	4	4	1	1
Gary John Sharp	3	4	3	4	-	-
Oliver Tendai Kamundimu	4	4	-	-	-	-
Michael John Fowler	3	4	-	-	1	1
Annie Mutsa Mazvita Madzara	4	4	-	-	1	1
Thembinkosi Nkosana Sibanda	4	4	4	4	-	-
Chairperson	A. Calder		T. Sibanda		A. Madzara	

Directors' Fees

Members will be asked to approve payments of the directors' fees in respect of the period ended 31 December 2014.

Auditors

Members will be asked to approve the remuneration of the auditors for the financial period ended 31 December 2014 and to re-appoint Ernst & Young as auditors of the Company to hold office for the following year.

Annual General Meeting

The Fourth Annual General Meeting of the Company will be held at 08:15 hours on Friday 29th May 2015 at the Royal Harare Golf Club, 5th Street Extension, Harare.

For and on behalf of the Board.

AK CALDER
Chairman

Harare
17 March 2015

G J SHARP
Chief Executive Officer

Harare
17 March 2015

Report Of The Independent Auditor's

Chartered Accountants (Zimbabwe)
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Harare

Tel: +263 4 750905 / 750979
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E-mail: admin@zw.ey.com

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Padenga Holdings Limited set out on pages 18 to 57, which comprise the consolidated statement of financial position as at 31 December 2014, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and the notes to the financial statements which include a summary of significant accounting policies and other explanatory information.

Directors' responsibility for Consolidated Financial Statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act (Chapter 24:03) and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Padenga Holdings Limited as at 31 December 2014, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

In our opinion, the consolidated financial statements have, in all material respects, been properly prepared in compliance with the disclosure requirements of the Companies Act (Chapter 24:03).

Ernst + Young

Ernst & Young
Chartered Accountants (Zimbabwe)
Registered Public Auditors

HARARE
26 March 2015

Consolidated Statement Of Comprehensive Income

For the year ended 31 December 2014

	Notes	12 Months 31 Dec 2014 US$	18 Months 31 Dec 2013 US$
Revenue	7	27 969 684	26 906 493
Other income		46 120	81 711
Operating costs	7.1	(19 063 745)	(21 282 270)
Operating profit before depreciation, amortisation and fair valuation adjustments		**8 952 059**	**5 705 934**
Depreciation	12	(1 594 431)	(2 251 362)
Asset write off	12	-	(63 259)
Amortisation	13	(27 775)	(18 382)
Operating profit before interest and fair value adjustments		**7 329 853**	**3 372 931**
Fair value adjustments on biological assets		2 226 612	2 398 434
Profit before interest and tax		**9 556 465**	**5 771 365**
Interest income	8.1	126 305	45 793
Interest expense	8.2	(959 536)	(874 950)
Profit before tax		**8 723 234**	**4 942 208**
Income tax charge	9	(2 270 032)	(878 438)
Profit for the period		**6 453 202**	**4 063 770**
Other comprehensive income		-	-
Total comprehensive income for the period		**6 453 202**	**4 063 770**
Profit for the period attributable to:			
Owners of the parent		6 004 870	3 250 851
Non-controlling interest		448 332	812 919
		6 453 202	**4 063 770**
Total comprehensive income for the period attributable to:			
Owners of the parent		6 004 870	3 250 851
Non-controlling interest		448 332	812 919
		6 453 202	**4 063 770**
Earnings per share (cents)			
Basic earnings per share	6	**1.11**	**0.60**
Diluted earnings per share	6	**1.11**	**0.60**

Consolidated Statement Of Financial Position

As at 31 December 2014

	Notes	12 Months 31 Dec 2014 US$	18 Months 31 Dec 2013 US$
ASSETS			
Non-current assets			
Property, plant and equipment	12	14 730 118	14 807 410
Intangible assets	13	63 998	51 648
Goodwill	14	969 174	969 174
Biological assets	15.1	2 206 960	1 608 595
		17 970 250	17 436 827
Current assets			
Biological assets	15.2	25 298 882	22 453 514
Inventories	16	2 416 917	2 775 288
Trade and other receivables	17	5 979 525	2 304 420
Cash and cash equivalents	11.4	2 392 817	10 268 970
		36 088 141	37 802 192
Total assets		54 058 391	55 239 019
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	18	54 159	54 159
Share premium		27 004 245	27 004 245
Retained earnings		13 760 273	8 610 519
Equity attributable to equity holders of the parent		40 818 677	35 668 923
Non-controlling interest		1 113 509	821 525
Total shareholders' equity		41 932 186	36 490 448
Non-current liabilities			
Deferred consideration	19.1	-	843 671
Customer deposits	20.2	1 194 615	-
Interest-bearing borrowings	19	991 705	-
Deferred tax liability	10	5 309 189	4 678 214
		7 495 509	5 521 886
Current liabilities			
Deferred consideration	19.1	831 680	-
Interest-bearing borrowings	19.1	1 568 135	10 715 000
Trade and other payables	20	1 406 951	2 151 205
Provisions	21	265 195	324 113
Current tax payable	9.2	558 736	36 368
		4 630 697	13 226 686
Total liabilities		12 126 206	18 748 571
Total equity and liabilities		54 058 391	55 239 019

Kim Calder

AK CALDER
Chairman
17 March 2015

G J SHARP
Chief Executive Officer
17 March 2015

Consolidated Statement Of Changes In Shareholders' Equity

For the year ended 31 December 2014

	Notes	Share Capital US$	Share Premium US$	Distributable Reserves US$	Total US$	Non - Controlling Interest US$	TOTAL US$
		Attributable to owners of the parent					
Balance at 1 July 2012		**54 159**	**27 004 245**	**6 245 797**	**33 304 201**	**-**	**33 304 201**
Non-controlling interest arising on acquisition of subsidiary	5	-	-	-	-	342 606	342 606
Profit for the period		-	-	3 250 851	3 250 851	812 919	4 063 770
Dividends paid		-	-	(886 130)	(886 130)	(334 000)	(1 220 130)
Balance at 31 December 2013		**54 159**	**27 004 245**	**8 610 518**	**35 668 922**	**821 525**	**36 490 447**
Profit for the period		-	-	6 004 870	6 004 870	448 332	6 453 202
Dividends paid		-	-	(885 115)	(885 115)	(156 348)	(1 011 463)
Balance at 31 December 2014		**54 159**	**27 004 245**	**13 760 273**	**40 818 677**	**1 113 509**	**41 932 186**

Consolidated Statement Of Cash Flows

For the year ended 31 December 2014

	Notes	12 Months 31 Dec 2014 US$	18 Months 31 Dec 2013 US$
Cash generated from operating activities	11.1	**5 408 147**	**8 203 113**
Interest income		126 305	45 793
Interest paid		(858 300)	(719 060)
Taxation paid	9.2	(1 116 689)	(650 723)
Net cash generated from operations		**3 559 463**	**6 879 123**
Net cash flow utilised in investing activities		**(2 155 761)**	**(3 860 871)**
- proceeds on disposal of property, plant and equipment		92 098	24 602
- purchase of property, plant and equipment		(1 562 875)	(3 558 348)
- expenditure on non-current biological assets		(648 359)	(243 996)
- purchase of intangible assets		(36 625)	(70 030)
- net cash outflow on acquisition of subsidiary, net of cash acquired	11.2	-	(13 009)
Net cash flow (utilised) /generated from financing activities		**(9 279 855)**	**5 494 870**
- proceeds from borrowings		5 775 000	10 150 000
- repayments of borrowings		(14 043 392)	(3 435 000)
- dividends paid	11.3	(1 011 463)	(1 220 130)
Net (decrease)/increase in cash and cash equivalents		**(7 876 153)**	**8 513 122**
Cash and cash equivalents at the beginning of the period		10 268 970	1 755 848
Cash and cash equivalents at the end of the period	11.4	**2 392 817**	**10 268 970**

Accounting Policies

1 Corporate Information

The consolidated financial statements of Padenga Holdings Limited and its subsidiaries for the year ended 31 December 2014 were authorized for issue in accordance with a resolution of the Directors on 17 March 2015. Padenga Holdings Limited is a Limited Liability Company incorporated and domiciled in Zimbabwe whose shares are publicly traded on the Zimbabwe Stock Exchange. The principal activity of the Company and its subsidiaries (the Group) include the production and rearing of crocodiles and alligators, and the export of Nile crocodile and alligator skins and meat to International customers.

2 Statement of Compliance

The Group's financial statements have been prepared in conformity with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). The consolidated financial statements have been prepared in compliance with the Zimbabwe Companies Act (Chapter 24:03).

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 consolidated financial statements.

2.2 Basis of preparation

The financial statements 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. Historical cost is generally based on the fair value of the consideration given in exchange for assets. The financial statements are presented in United States Dollars (USD).

The Group changed its financial year end from 30 June to 31 December during its last reporting period. The results for the period ending 31 December 2014 are incorporating a trading period of 12 monthswhereas the comparatives shown are for the 18 month period ending 31 December 2013 and are thus not directly comparable. The change in year-end was to enable harvesting of the skins at the point in the season when they are at their best quality wise rather than culling them prematurely in order to meet year-end reporting deadlines. This was a response to the fact that the business was losing opportunity by harvesting skins that were at the most two or three months away from being blemish free and optimal for the premium market.

2.3 Basis of Consolidation

The consolidated financial statements comprise the financial statements of Padenga Holdings Limited and its subsidiaries as at 31 December 2014. 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.

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.
Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure or rights to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns
- When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:
- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income and the statement of financial position from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any non-controlling interests
- Derecognizes the cumulative translation differences recorded in equity
- Recognizes the fair value of the consideration received
- Recognizes the fair value of any investment retained
- Recognizes any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognized in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

2.4 Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition. Goodwill is recognized as an asset and reviewed for impairment at least annually. Any impairment is recognized immediately in profit or loss and is not subsequently reversed. On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

3 Changes in accounting policy and disclosures

The accounting policies adopted are consistent with those from the previous financial period, except as follows:

3.1 New and Amended IFRS's adopted

The Group has adopted the following new and amended IFRS's as of 1 January 2014:

IAS 19 Employee Benefits

IASB has issued numerous amendments to IAS 19. These range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and re-wording. The more significant changes include the following:

– For defined benefit plans, the ability to defer recognition of actuarial gains and losses (i.e. the corridor approach) has been removed. As revised, actuarial gains and losses are recognized in Other Comprehensive Income (OCI) when they occur. Amounts recorded in profit or loss are limited to current and past service costs, gains or losses on settlements, and net interest income (expense). All other changes in the net defined benefit asset (liability) are recognized in OCI with no subsequent recycling to profit or loss.

– Objectives for disclosures of defined benefit plans are explicitly stated in the revised standard, along with new or revised disclosure requirements. These new disclosures include quantitative information of the sensitivity of the defined benefit obligation to a reasonably possible change in each significant actuarial assumption.

– Termination benefits will be recognized at the earlier of when the offer of termination cannot be withdrawn, or when the related restructuring costs are recognized under IAS 37.

– The distinction between short-term and other long-term employee benefits will be based on expected timing of settlement rather than the employee's entitlement to the benefits.

The Group considered the above changes when accounting for termination benefits, short-term and long-term employee benefits and there was no significant impact on its financial statements.

IAS 27 Separate Financial Statements

As a consequence of the new IFRS 10 and 12, what remains of IAS 27 is limited to accounting for subsidiaries, jointly controlled entities and associates in separate financial statements. Accordingly, this did not have an impact on the Group's consolidated financial statements.

IAS 28 Investments in Associates and Joint Ventures

As a consequence of the new IFRS 11 and 12, IAS 28 has been renamed Investments in Associates and Joint Ventures.

It describes the application of the equity method to investments in joint ventures in addition to associates. This did not have an impact on the Group as it does not have any investments in joint ventures accounted for using the proportionate consolidation method.

IAS 32 Financial Instruments: Presentation

The amendment clarifies that income tax related to distributions to equity holders and income tax related transaction costs of an equity transaction are accounted for in accordance with IAS 12 Income Taxes (this includes determining whether the income tax is recognized in profit or loss or immediately in equity). There was no impact on the Group financial statements.

IFRS 7 Financial Instruments Disclosures (Amendment)

These amendments require an entity to disclose information about rights of set-off and related arrangements e.g. collateral agreements. The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. Disclosures are required for all recognized financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation and any recognized financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32. This standard did not have any impact on the Group's financial statements.

IFRS 10 Consolidated Financial Statements

IFRS 10 supersedes IAS 27 (2008) Consolidated and Separate Financial Statements and SIC - 12 Consolidation Special Purpose Entities, and introduces a single 'control model' for all entities including special purpose entities (SPEs), whereby control exists when all of the following conditions are present:

– Power over investee
– Exposure, or rights, to variable returns from investee
– Ability to use power over investee to affect the entity's returns from investee.

Other changes introduced by IFRS 10 include:
– The introduction of the concept of 'de facto' control for entities with less than a 50% ownership interest in an entity, but which have a large shareholding compared to other shareholders .
– Potential voting rights are only considered when determining if there is control when they are substantive (holder has practical ability to exercise) and the rights are exercisable when decisions about the investees activities that affect the investors return will or can be made
– Specific guidance for the concept of 'silos', where groups of assets (and liabilities) within one entity are ring-fenced, and each group is considered separately for consolidation.

The adoption of IFRS 10 had no effect on the Group's financial position or performance and all investees that were consolidated will continue to be consolidated and there were no new investees that needed to be consolidated.

IFRS 10, IFRS 12 and IAS 27 Investment Entities (Amendments)

The investment entities amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity.
The key amendments include:
- 'Investment entity' is defined in IFRS 10
- An entity must meet all three elements of the definition and consider whether it has four typical characteristics in order to qualify as an investment entity
- An entity must consider all facts and circumstances, including its purpose and design, in making its assessment
- An investment entity accounts for its investments in subsidiaries at fair value through profit or loss in accordance with IFRS 9 (or IAS 39, as applicable), except for investments in subsidiaries that provide services that relate to the investment entity's investment activities, which must be consolidated
- An investment entity must measure its investment in another controlled investment entity at fair value
- A non-investment entity parent of an investment entity is not permitted to retain the fair value accounting that the investment entity subsidiary applies to its controlled investees
- For venture capital organisations, mutual funds, unit trusts and others that do not qualify as investment entities, the existing option in IAS 28, to measure investments in associates and joint ventures at fair value through profit or loss, is retained

The amendments must be applied retrospectively, subject to certain transition reliefs.
Early application is permitted and must be disclosed.

The concept of an investment entity is new in IFRS. The amendments represent a significant change for investment entities, which are currently required to consolidate investees that they control. Significant judgement of facts and circumstances may be required to assess whether an entity meets the definition of investment entity. The amendment has no impact on the Group as it is not an investment entity as defined. This standard did not have any impact on the Group's financial statements. IAS 32 Offsetting Financial Assets and Financial Liabilities — Amendments to IAS 32 Effective for annual periods beginning on or after 1 January 2014.

The amendments to IAS 32 clarify the meaning of "currently has a legally enforceable right to set-off". The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems), which apply gross settlement mechanisms that are not simultaneous. The amendments clarify that rights of set-off must not only be legally enforceable in the normal course of business, but must also be enforceable in the event of default and the event of bankruptcy or insolvency of all of the counterparties to the contract, including the reporting entity itself. The amendments also clarify that rights of set-off must not be contingent on a future event.

The IAS 32 offsetting criteria require the reporting entity to intend either to settle on a net basis, or to realise the asset and settle the liability simultaneously. The amendments clarify that only gross settlement mechanisms with features that eliminate or result in insignificant credit and liquidity risk and that process receivables and payables in a single settlement process or cycle would be, in effect, equivalent to net settlement and, therefore, meet the net settlement criterion.

The amendments must be applied retrospectively. Early application is permitted. If an entity chooses to early adopt, it must disclose that fact and also make the disclosure required by IFRS 7 Disclosures — *Offsetting Financial Assets and Financial liabilities — Amendments to IFRS 7. This standard did not have any impact on the Group's financial statements.*

IFRS 11 Joint Arrangements

IFRS 11 replaces IAS 31 Interest in Joint Ventures and SIC 13 Jointly Controlled Entities - Non-Monetary Contributions by Ventures. IFRS 11 uses some of the terms that were used in IAS 31 but with different meanings. IFRS 11 focuses on the nature of the rights and obligations arising from the arrangement compared to the legal form in IAS 31. IFRS 11 uses the principle of control in IFRS 10 to determine joint control which may change whether joint control exists. IFRS 11 addresses only two forms of joint arrangements; joint operations where the entity recognizes its assets, liabilities, revenues and expenses and/or its relative share of those items and joint ventures which are accounted for on the equity method. This standard did not have any impact on the Group's financial statements.

IFRS 12 Disclosures of Interest in Other Entities

IFRS 12 includes all the disclosures that were previously required relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities as well as a number of new disclosures. An entity is now required to disclose the judgments made to determine whether it controls another entity. IFRS 12 disclosures have been provided in the note 26.1 to the financial statements.

IFRS 13 - Fair Value Measurement

IFRS 13 establishes a single framework for all fair value measurement when fair value is required or permitted by IFRS. IFRS 13 does not change when an entity is required to use fair value but rather describes how to measure fair value under IFRS when it is permitted or required by IFRS. There are also consequential amendments to other standards to delete specific requirements for determining fair value. The provisions for IFRS 13 have been applied in measuring the fair value of biological assets. Refer to note 15 for IFRS 13 disclosures relating to biological assets.

IAS 36 Recoverable Amount Disclosures for Non-Financial Assets – Amendment to IAS 36 Impairment of Assets

The amendments clarify the disclosure requirements about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The amendments clarify the IASB's original intention: that the scope of these disclosures is limited to the recoverable amount of impaired assets that is based on fair value less costs of disposal. These improvements are effective for annual periods beginning on or after 1 January 2014.

IAS 39 - Novation of Derivatives and Continuation of Hedge Accounting

The amendments provide an exception to the requirement to discontinue hedge accounting in certain circumstances in which there is a change in counterparty to a hedging instrument in order to achieve clearing for that instrument. The amendments cover a novation:

- That arises as a consequence of laws or regulations, or the introduction of laws or regulations.
- Where the parties to the hedging instrument agree that one or more clearing counterparties replace the original counterparty to become the new counterparty to each of the parties.
- That did not result in changes to the terms of the original derivative other than changes directly attributable to the change in counterparty to achieve clearing.

All of the above criteria must be met to continue hedge accounting under this exception.

The amendments cover a novation to central counterparties, as well as to intermediaries such as clearing members, or clients of the latter that are themselves intermediaries. For a novation that does not meet the criteria for the exception, entities have to assess the changes to the hedging instrument against the derecognition criteria for financial instruments and the general conditions for continuation of hedge accounting. There was no impact to the Group financial statements.

IFRIC 21 - Levies

This standard becomes effective for annual periods beginning on or after 1 January 2014. IFRIC 21 provides guidance on when to recognize a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and those where the timing and amount of the levy is certain.

The interpretation clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognized before the specified minimum threshold is. This standard did not have any impact on the Group's financial statements.

3.2 Standards and interpretations in issue not yet effective

Standards issued but not yet effective up to the date of issuance of the Group's financial statements are listed below. This listing is of standards and interpretations issued, which the Group reasonably expects to be applicable at a future date. The Group intends to adopt these standards when they become effective.

IAS 16 and IAS 41 Accounting for Bearer Plants

IAS 41 Agriculture currently requires all biological assets related to agricultural activity to be measured at fair value less costs to sell. This is based on the principle that the biological transformation that these assets undergo during their lifespan is best reflected by fair value measurement. However, there is a subset of biological assets, known as bearer plants, which are used solely to grow produce over several periods. At the end of their productive lives they are usually scrapped. Once a bearer plant is mature, apart from bearing produce, its biological transformation is no longer significant in generating future economic benefits. The only significant future economic benefits it generates come from the agricultural produce that it creates.

The IASB decided that bearer plants should be accounted for in the same way as property, plant and equipment in IAS 16 Property, Plant and Equipment, because their operation is similar to that of manufacturing. Consequently, the amendments include them within the scope of IAS 16, instead of IAS 41. The produce growing on bearer plants will remain within the scope of IAS 41.

The amendment is effective for annual periods beginning on or after 1 January 2016 and will not have an impact on the Group, since the Group's biological assets are not in the scope of the amendment.

IAS 16 and IAS 38 - Clarification of Acceptable Methods of Depreciation and Amortization

The IASB issued amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets prohibiting the use of revenue-based depreciation methods for fixed assets and limiting the use of revenue-based amortization methods for intangible assets. The amendments are effective prospectively.

The amendment is effective for annual periods beginning on or after 1 January 2016 and will not affect the Group since the Group does not use revenue methods to depreciate its assets.

IFRS 9 - Financial instruments

On 24 July 2014, the International Accounting Standards Board (IASB) issued the final version of IFRS 9-Financial Instruments bringing together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The classification and measurement requirements address specific application issues arising in IFRS 9 (2009) that were raised by preparers, mainly from the financial services industry. The expected credit loss model addresses concerns expressed following the financial crisis that entities recorded losses too late under IAS 39.

IFRS 9 stipulates that financial assets are measured at amortized cost, fair value through profit or loss, or fair value through other comprehensive income, based on both the entity's business model for managing the financial assets and the financial asset's contractual cash flow characteristics.

Apart from the 'own credit risk' requirements, classification and measurement of financial liabilities is unchanged from existing requirements. IFRS 9 is applicable for annual periods beginning on or after 1 January 2018, but early adoption is permitted. The Group is currently assessing the impact of IFRS 9.

IFRS 15 - Revenue from Contracts with Customers

The IASB have issued the revenue recognition standard, IFRS 15 Revenue from Contracts with Customers, which replaces all existing IFRS revenue requirements. The core principle of IFRS 15 is that revenue is recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

IFRS 15 establishes a five-step model that will apply to revenue earned from a contract with a customer (with limited exceptions), regardless of the type of revenue transaction or the industry. The standard's requirements will also apply to the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the entity's ordinary activities (e.g. sales of property, plant and equipment or intangibles). Extensive disclosures will be required, including disaggregation of total revenue; information about performance obligations; changes in contract asset and liability account balances between periods and key judgments and estimates.
The standard is effective for annual periods beginning on or after 1 January 2017, but early adoption is permitted. The Group is still assessing the impact of the standard on its contracts with customers.

3.3 Improvements to existing standards

2010-2012 annual cycle of improvements (issued December 2013)
In December 2013, the IASB issued two cycles of Annual Improvements to IFRS's. The changes are effective from 1 July 2014 either prospectively or retrospectively. A summary of applicable amendments is described below.
In December 2013, the IASB issued two cycles of Annual Improvements to IFRS's that contain changes to 9 standards. The changes are effective from 1 July 2014 either prospectively or retrospectively. A summary of each amendment is described below:

IFRS 3 Business Combinations - Scope for joint ventures

The amendment clarifies that joint arrangements are outside the scope of IFRS 3, not just joint ventures, and the scope exception applies only to the accounting in the financial statements of the joint arrangement itself. Amendment will be considered by the Group when it becomes effective to the extent applicable.

IFRS 3 Business Combinations - Accounting for contingent consideration in a business combination

Contingent consideration in a business acquisition that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of IFRS 9 Financial Instruments. The amendment will not affect the Group as it does not have any contingent considerations in the current year.

IFRS 8 Operating Segments - Aggregation of operating segments and reconciliation of the total of the reportable segment assets to the entity's total assets

Aggregation of operating segments

Operating segments may be combined/aggregated if they are consistent with the core principle of the standard, if the segments have similar economic characteristics and if they are similar in other qualitative respects. If they are combined, the entity must disclose the economic characteristics (e.g. sales and gross margins) used to assess whether the segments are 'similar'. The amendment will not have an impact on the Group financial statements as no segments are combined.

Reconciliation of the total of the reportable segment assets to the entity's total assets

The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities. The amendment will not have an impact on the Group financial statements as the entity has no reconciliation that has been provided to the Chief Decision maker and no reconciliation is currently being disclosed .

IFRS 13 Fair value measurement - Portfolio exception

The amendment clarifies that the portfolio exception in IFRS 13 can be applied to financial assets, financial liabilities and other contracts. The amendment is not expected to affect the Group as the Group does not have financial assets, financial liabilities and other contracts that meet these criteria.

IAS 16 Property, plant and equipment and IAS 38 Impairment - Revaluation method - proportionate restatement of accumulated depreciation

The amendment clarifies that revaluation can be performed by adjusting the gross carrying amount of the asset to market value or by determining the market value of the carrying amount and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value The amendment also clarified that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount of the asset (i.e. gross carrying amount – accumulated depreciation/amortisation = carrying amount).

The amendment to IAS 16.35(b) and IAS 38.80(b) clarifies that the accumulated depreciation/amortisation is eliminated so that the gross carrying amount and carrying amount equal the market value. This will not have an impact on the Group as the Group does not revalue property, plant & equipment.

IAS 24 Related party disclosures - Key management personnel

The amendment clarifies that a management entity – an entity that provides key management personnel services – is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. This amendment will not affect the Group as it has no management entity providing key management services to the Group.

IAS 40 Investment property - Clarifying the interrelationship of IFRS 3 and IAS 40 when classifying investment property or owner occupied property - Amendment to IAS 40

The description of ancillary services in IAS 40 differentiates between investment property and owner occupied property. IFRS 3 is used to determine if the transaction is the purchase of an asset or a business combination. The amendment is not expected to affect the Group as no transactions which require the guidance of the amendment are expected.

2012 – 2014 Annual improvement cycle (issued September 2014)

In September 2014, the IASB issued Annual improvements to IFRS 2012-2014 Cycle, which contains five amendments to four standards, excluding consequential amendments. The amendments are effective for annual periods beginning on or after 1 January 2016. Below is a list of those amendments.

IFRS 7 – Servicing Contracts

Paragraphs 42A - H of IFRS 7 require an entity to provide disclosures for any continuing involvement in a transferred asset that is derecognised in its entirety. The Board was asked whether servicing contracts constitute continuing involvement for the purposes of applying these disclosure requirements. The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in paragraphs IFRS 7.B30 and

IFRS 7.42C in order to assess whether the disclosures are required.

The Group will consider the amendment, where applicable, when it becomes effective. This is expected to have no impact on the Group.

IFRS 7 – Applicability of the offsetting disclosures to condensed interim financial statements.

In December 2011, IFRS 7 was amended to add guidance on offsetting of financial assets and financial liabilities. In the effective date and transition for that amendment, paragraph 44R of IFRS 7 states that "[A]n entity shall apply those amendments for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods.

The interim disclosure standard, IAS 34, does not reflect this requirement, however, and it is not clear whether those disclosures are required in the condensed interim financial report.

The amendment removes the phrase 'and interim periods within those annual periods' from paragraph 44R, clarifying that these IFRS 7 disclosures are not required in the condensed interim financial report. However, the Board noted that IAS 34 requires an entity to disclose 'an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the entity since the end of the last annual reporting period'. Therefore, if the IFRS 7 disclosures provide a significant update to the information reported in the most recent annual report, the Board would expect the disclosures to be included in the entity's condensed interim financial report. The Group will consider the amendments in preparing its interim financial statements when they become effective.

IAS 34 Disclosure of information 'elsewhere in the interim financial report'

IAS 34 requires entities to disclose information in the notes to the interim financial statements 'if not disclosed elsewhere in the interim financial report'. However, it is unclear what the Board means by 'elsewhere in the interim financial report'. The amendment states that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g. in the management commentary or risk report).

The Board specified that the other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. If users do not have access to the other information in this manner, then the interim financial report is incomplete. The Group will consider the amendments, when they become effective, when preparing its interim financial reports.

IAS 19 – Discount rate Regional market rates

IAS 19 requires an entity to recognise a post-employment benefit obligation for its defined benefit plans. This obligation must be discounted using market rates on high quality corporate bonds or using government bond rates if a deep market for high quality corporate bonds does not exist. Some entities thought that the assessment of a deep market was based at a country level (e.g. Greece) while others thought it was based at a currency level (e.g. the euro).

The amendment to IAS 19 clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used. The amendment must be applied for annual periods beginning on or after 1 January 2016, with earlier application permitted. This is expected to have no impact on the Group.

IFRS 5 – Changes in methods of disposal

Assets (or disposal groups) are generally disposed of either through sale or through distribution to owners. The amendment to IFRS 5 clarifies that changing from one of these disposal methods to the other should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is therefore no interruption of the application of the requirements in IFRS 5. The amendment must be applied prospectively to changes in methods of disposal that occur in annual periods beginning on or after 1 January 2016, with earlier application permitted. The Group will consider the amendment, if applicable, when they become effective. This is expected to have no impact on the Group, as the Group does not have defined benefit schemes.

Summary of significant accounting policies, key estimates, uncertainties and judgments

4 Summary of significant accounting policies

Revenue and other income recognition

Revenue, which excludes Value Added Tax, cash discounts and sales between Group companies, represents the invoiced value of goods and services supplied by the Group. The Group measures revenue at the fair value of the consideration received or receivable. Revenue is recognized only when it is probable that economic benefits associated with the transaction will flow to the Group and the amount of revenue and associated costs incurred can be measured reliably. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as the principal or agent. The Group has concluded that it is acting as the principal in all of its revenue arrangements.

The following specific recognition criteria must be met before revenue is recognized:

Sale of goods

Revenue from sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually upon delivery. In addition to revenue from sale of goods, there is incremental revenue over and above the agreed guaranteed price, recognized when the Group's customer makes a profit on selling the product to the final user. The revenue recognized is equal to the Group's share of the profit made by the customer. Similarly, the Group recognizes a loss if the customer makes a loss on selling the product to the final users as the Group is liable to share in the losses. The incremental revenue or loss is only recognized when the customer has actually sold the product to the final users, as it is difficult to estimate the potential incremental revenue or loss at year end due to the lack of an active market for the product. No incremental loss has been recognized to date under this arrangement.

Quality Incentive

Quality incentive is recognized when the Company's right to receive the quality incentive has been established.

Interest income

Interest income is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend Income

Dividend income from investments is recognized when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Group) and the amount of revenue can be measured reliably.

Employee Benefits

Employee benefits are all forms of benefits given in exchange for services rendered by employees. These are classified as:

a) Short-term employee benefits – benefits due to be settled within 12 months after the end of the period in which the employees rendered the related services;
b) Post-employment benefits are benefits payable after the completion of employment. Post-employment benefit plans are benefit plans which are formal or informal arrangements providing post-employment benefits for one or more employees. Such plans (or funds) may be either defined contribution funds or defined benefit funds.
c) Termination benefits are employee benefits payable as a result of either the Group's decision to terminate an employee's employment before normal retirement date, or an employee's decision to accept voluntary redundancy in exchange for those benefits.

Recognition

Short–term benefits

The cost of all short-term employee benefits, such as salaries, employee entitlements to leave pay, bonuses, medical aid and other contributions, are recognized during the period in which the employee renders the related service.

The Group recognizes the expected cost of bonuses only when the Group has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

During the year the Group companies contributed to employee benefits in the following categories: - remuneration in the form of salaries, wages and bonuses.

Post-employment Retirement Benefit Funds
Retirement benefits are provided for Group employees through an independently administered defined contribution fund and by the National Social Security Authority (NSSA).

Payments to the defined contribution fund and to the NSSA scheme are recognized as an expense when they fall due, which is when the employee renders the service.

During the year, the Group contributed to the Group defined contribution fund and to the NSSA scheme.

Other long –term benefits
Other long-term benefits are recognized as an expense when an obligation arises. The Group had no other long term benefit commitments during the year.

Termination benefits
The Group recognizes termination benefits as a liability and an expense at the earlier of when
a) the offer of termination cannot be withdrawn or
b) when the related restructuring costs are recognized under IAS 37 Provisions, Contingent Liabilities and Contingents Assets.
Termination benefits are recognized as an expense immediately.
The Group had no termination benefit commitments during the year.

Measurement
Short-term employee benefits
All short-term employee benefits are measured at cost.

Post-employment Retirement Benefit Funds
The Group has no liability for Post-employment Retirement Benefit Funds once the current contributions have been paid at the time the employees render service.

Other long-term benefits
When the company has other long-term benefits, then the amount recognized as a liability shall be the net total of the following amounts:
a) the present value of the defined benefit obligation at the end of the reporting period;
b) Minus the fair value at the end of the reporting period of plan assets (if any) out of which the obligations are to be settled directly.

Termination benefits
Termination benefits are measured according to the terms of the termination contract. When termination benefits are due more than 12 months after the reporting period, then the present value of the benefits shall be determined by reference to market yields at the end of the reporting period on high quality corporate bonds.

Current versus non-current classification
The Group presents assets and liabilities in statement of financial position based on current/non-current classification. An asset is current when it is:
- Expected to be realized or intended to be sold or consumed in a normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-currentA liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.
Deferred tax assets and liabilities are classified as non-current assets and liabilities

Foreign currency translation

The Group's financial statements are presented in United States Dollars, which is the Group's functional and presentation currency. Transactions in foreign currencies are initially recorded at the functional currency rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. All differences arising on settlement or translation of monetary items are taken to profit or loss with the exception of differences on foreign currency borrowing that provide a hedge against a net investment in a foreign entity. These are taken directly to other comprehensive income until the disposal of the net investment, at which time they are recognized in profit or loss. The tax charges and credits attributable to exchange differences on those borrowings are also dealt with in other comprehensive income. Non–monetary items that are measured in terms of the historical costs basis in a foreign currency are translated using the exchange rate ruling at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates as at the dates when the fair value was determined.

Business Combinations

Recognition

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. Applying the acquisition method requires (a) identifying the acquirer; (b) determining the acquisition date; (c) recognizing and measuring the identifiable assets acquired. The liabilities assumed and any non–controlling interest in the acquiree; and (d) recognizing and measuring goodwill or a gain from a bargain purchase.

At acquisition – measurement

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred for the acquisition of a business is measured as the aggregate of the fair values (at the date of exchange) of assets given , liabilities incurred or assumed and equity instruments issued by the Group in exchange for control of the acquiree. For each business combination, the acquirer measures the non–controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS3 (revised) are first assessed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date and recognized at their fair value as at the acquisition date, except for non–current assets (or disposal groups) that are classified as held-for-sale in accordance with IFRS 5 "Non–current Assets Held-for-Sale and Discontinued Operations" which are recognized and measured at fair value less costs of disposal.

If the business combination is achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value as at the acquisition date through profit or loss. Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognized in accordance with IAS 39 either in profit or loss or as change to other comprehensive income. If the contingent consideration is classified as equity, it shall not be re-measured until it is finally settled within equity.

At acquisition – measurement of goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

Acquisition of interests from non-controlling interest
Acquisitions of non-controlling interests in subsidiaries are accounted for as transactions between shareholders. There is no re-measurement to fair value of net assets acquired that were previously attributable to non-controlling interests.

Leases
A lease is an agreement in which the lessor conveys to the lessee, in return for payment, the right to use an asset for an agreed period of time. The determination of whether an arrangement contains a lease depends on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and whether the arrangement conveys a right to use the assets. The Group has entered into various operating lease arrangements in respect of the land used for farming. These agreements do not transfer to the Group substantially all the risks and benefits incidental to ownership of the leased land.

Operating lease commitments - Group as a lessee
Operating lease payments are recognized as an operating expense in profit or loss on a straight-line basis over the lease term.

Property, plant and equipment
Property, plant and equipment are stated at cost, 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 recognized in the carrying amount of plant and equipment as replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized 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.

The various rates of depreciation are listed below:

Freehold property	2%
Leasehold improvements	5% - 10% limited to the lease period
Plant, fittings and equipment	3% - 25%
Vehicles	10% - 30%

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. Due to the nature of the leasehold improvements these have been assessed to have shorter useful lives than freehold property. In addition the depreciation rates are limited to the remaining lease period which includes the renewal period. Further details of the lease terms have been provided in Note 24

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 derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition 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.

Intangible assets
Intangible assets acquired separately are initially measured and recognized at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure

is charged to profit or loss in the year in which the expenditure is incurred. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over their useful economic lives and are assessed for impairment whenever there is an indication that the intangible assets are impaired. The amortization expense and impairment losses on intangible assets are recognized in profit or loss in the period in which they occur. Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

Impairment of non-financial assets

The Group assesses at each reporting date, or earlier, whether there is an indication that an asset may be impaired. This entails estimating the assets recoverable amount, which is the higher of the asset's fair value less costs of disposal and value in use. Market values are used to determine fair values of assets. Where the asset's carrying amount exceeds its recoverable amount, the asset is considered impaired and its carrying amount is written down to its recoverable amount. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time, value of money and the risks specific to the asset. Impairment losses are recognized in profit or loss in those expense categories consistent with the function of the impaired asset.

At each reporting date, the Group assesses whether previously recognized impairment losses may no longer exist, or have decreased. If such indication exists, the recoverable amount is estimated in order to reverse the previously recognized impairment losses. A previously recognized impairment loss is reversed only to the extent that there has been a change in the estimates used in determining the asset's recoverable amount since the last impairment loss was recognized. If that is the case the asset's carrying amount is increased to its recoverable amount. However, the increased carrying value of the asset is limited to the carrying value determinable, net of depreciation, had the impairment not occurred. Such reversal is taken to the profit or loss. After the reversal, the depreciation charge is adjusted in future periods to allocate the revised carrying amount, less any residual value, on a systematic basis over the remaining useful life of the asset.

Biological assets

Biological assets are living animals that are managed by the Group. Agricultural produce is the harvested product of the biological asset at the point of harvest. Thereafter, product is classified as inventory.

The biological assets of the Group comprise the crocodile and alligator livestock. At initial recognition, biological assets are valued at fair value and where fair value cannot be reliably measured they are valued at historical cost. Subsequent to initial recognition, biological assets, with the exception of breeders are measured at fair value less the estimated point of sale costs. Breeders are measured at cost less depreciation since there is no active market for this category of animal that would allow determination of their fair value. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Breeders are further split into two broad categories:

Mature Breeders

These are crocodiles/alligators that are being held for breeding. The average useful life of a mature breeder after it has reached maturity is 90 years and the residual value has been estimated at nil as there is no market for the skin and meat when it has reached its useful life due to the age of the crocodile. Depreciation is calculated on a straight line basis over the expected useful lives of the mature breeders. The rate of depreciation is listed below:

Mature Breeder 1.1%
All costs for mature breeders are capitalized to hatchlings as they will be incurred for the breeders to lay eggs.
Immature Breeders
These are crocodiles/alligators that are being held for breeding but are not yet ready and available for that purpose. An Immature breeder reaches maturity when it is 10 years old. The immature breeders are held at cost and direct expenditure incurred on them until they reach maturity is also capitalized to the Breeders.

Fair value of the grower stock 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 movements of the biological assets are recognized in profit or loss.

Fair value measurement

The Group measures financial instruments and non-financial assets such as biological assets at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Inventories

Inventories are assets (i) held-for-sale in the ordinary course of the business; (ii) in the process of production for such sale; or (iii) to be consumed in the production process or the rendering of services.
The main categories of inventory recognized in the financial statements are (i) Finished goods – skins & meat, (ii) Raw materials and packaging and (iii) Consumables.

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

Net realizable 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.

Accounting Policies (continued)

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.

Financial assets

Financial assets include trade and other accounts receivable, and cash and cash equivalents. Financial assets under the scope of IAS 39 are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. When financial assets are recognized initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets on initial recognition.

All regular way purchases and sales of financial assets are recognized on the trade date i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace. The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition such assets are carried at their amortized cost using the effective interest method. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process. Loans and receivables on the Group's statement of financial position comprise trade and other debtors and cash and cash equivalents.

Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and in hand and short-term deposits with an original maturity of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of the impairment as a result of one or more events that occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtor or a group of debtors is experiencing significant financial difficulties; default or delinquency on interest or principal payments; the probability that they will enter bankruptcy or other financial reorganization; and where observable data indicate that there is a measureable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortized cost

For financial assets carried at amortized cost, the Group first assesses whether objective evidence of impairment exits individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest is recorded as part of financial income in profit or loss. Loans together with associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Group. If in subsequent years, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If future write-off is later recovered, the recovery is credited to other income in profit or loss.

De-recognition of financial assets

A financial asset is de-recognized when either:
(i) The rights to receive cash flows from the asset have expired, or
(ii) The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from the asset or has entered into a pass–through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognizes an associated liability. The transferred asset and associated liability are measured on a basis that reflects the rights and obligation that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liabilities

Financial liabilities include trade and other accounts payable, bank overdrafts and interest bearing loans and these are initially measured at fair value including transaction costs and subsequently at amortized costs. Gains or losses are recognized in profit or loss when the liabilities are derecognized as well as through the amortization process.

De-recognition of financial liability

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a debt basis, or to realize the assets and settle the liabilities simultaneously.

Provisions

Provisions are recognized when the Group has a current legal or constructive obligation as a result of past events, and when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Where the Group expects some or all of the provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any certain reimbursements.

If the effect of the time value of money is material, provisions are discounted using a pre-tax discount rate that reflects, where appropriate, the risks specific to those provisions. Where discounting is used, the increase in the provision due to passage of time is recognized in profit or loss as a finance cost.

Provision for leave pay

Leave pay for employees is provided on the basis of leave days accumulated at an expected rate of payment.

Accounting Policies (continued)

Customer deposits
Customer deposits are advances received from customers for future delivery of goods. The goods are in the form of hatchlings, crocodile and alligator skins. The revenue will be realized upon delivery of the goods.

Taxes
Current income tax
Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current income tax relating to items recognized directly in equity or other comprehensive income is recognized in equity or other comprehensive income and not in profit or loss.

Deferred income tax
Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences except:
where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized except:
- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax relating to items recognized directly in equity or other comprehensive income is recognized in equity or other comprehensive income and not in profit or loss. Deferred income tax assets and deferred income tax liabilities are offset, if legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Value added tax
Revenues, expenses and assets are recognized net of the amount of Value Added Tax except:
- where the Value Added Tax incurred on purchase of assets or services is not recoverable from the taxation authority, in which case the Value Added Tax is recognized as part of the cost of acquisition of the asset or part of the expense item as applicable; and
- receivables and payables that are stated with the amount of Value Added Tax included. The net amount of the Value Added Tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Operating Segments
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the Group's Chief Executive Officer.

Key Management
Key management includes executive directors and divisional management as outlined on pages 3 of the annual report.

Key estimates, uncertainties and judgments
The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year:

Useful lives and residual values of property, plant and equipment
The Group assesses useful lives and residual values of property, plant and equipment each year taking into consideration past experience, technology changes and the local operating environment. No change to the useful lives has been considered necessary during the period. Residual values will be reassessed each year and adjustments for depreciation will be done in future periods if there is an indication of impairment in value. Refer note 12 for the carrying amount of property, plant and equipment (PPE) and the PPE accounting policy note for the useful lives of PPE.

Fair valuation of biological assets – crocodiles
The Group assumes that all hatchlings are born on 31 December every year and that the average theoretical lifespan of a crocodile is 38 months. The fair value calculation is performed only when the crop reaches 18 months of age. Crops that have exceeded an age of 38 months are discounted by 10% in the first year and 5% in the second year because they would have exceeded prime age. The skin price used in the fair value calculation is that for the average 1st grade price of skins prevailing as at year end. A crocodile at slaughter yields an average of 4kg of premium quality meat which is suitable for sale to the export market.

Fair valuation of biological assets – alligators
The Group assumes that all incoming livestock is born on 1 September every year and that the average theoretical lifespan of an alligator is 12 months. The fair value calculation is performed only when the crop reaches 8 months of age. Crops that have exceeded an age of 12 months are discounted by 10% in the first year and 5% in the second year because they would have exceeded prime age. The skin price used in the fair value calculation is that for the prices prevailing as at year end. An alligator at slaughter yields an average of 2kg of premium quality meat.

Refer note 15 for the carrying amount of biological assets and the estimates and assumptions applied in determining the fair values of biological assets.

Deferred Consideration
The Group has deferred consideration that will be paid off using future dividends to be received from the acquired business. The deferred consideration has been discounted to the present value at an interest rate of 12% based on the remaining period of the agreement. Refer note 19.1 for the carrying amount of the deferred consideration.

Consolidation of entities in which the Group holds less than majority of voting rights
In accordance with IFRS 10 (Consolidated Financial Statements), the Group continues to consolidate the results of Padenga Texas LLC and Lone Star Alligator Farm. The Groups owns 100% ownership interest and voting rights in Padenga Texas. Although the Group does not hold more than 50% ownership interest and voting rights in Lone Star, the Group considers that it controls Lone Star Alligator Farm through the respective shareholders' agreements.

5 Business combinations

Acquisition during the prior period

Acquisition of Lone Star Alligator Farms

On 1 July 2012, the Group acquired a 50% stake in Lone Star Alligator Farm, an unlisted company based in Texas (United States of America) that specializes in alligator farming. The Group acquired Lone Star Alligator Farm because the investment affords the Group the opportunity to diversify into commercial production of an alternate species to the Nile crocodile currently being produced, namely alligator. The revenue included in the consolidated statement of comprehensive income for the year ended 31 December 2014 contributed by Lone Star Farm was $3 890 490 (FY2013: $3 785 076) and contributed profit of $448 332 (FY2013: $812 919). The Group has elected to measure the non-controlling interest at the proportionate share of the acquiree's identifiable net assets.

Assets acquired and liabilities assumed

The fair value of the identifiable assets and liabilities of Lone Star Alligator Farm as at the date of acquisition were:

	Fair value recognised on acquisition*
Assets	**US$**
Property, plant and equipment	481 956
Livestock	212 571
Other current assets	730 633
Total assets	**1 425 160**
Liabilities	
Long term loans	571 413
Current liabilities	168 534
Total liabilities	**739 947**
Total identifiable net assets at fair value	**685 213**
Non-controlling interest (50% of net assets fair value)	(342 606)
Total net assets acquired	**342 607**
Goodwill arising on acquisition	969 174
Purchase consideration	**1 311 781**

A purchase consideration of $1 600 000 was agreed. $600 000 was paid in cash and $1 000 000 was deferred and will be paid using future dividends to be received from the acquired business. The Group has control over the subsidiary as it has the power to govern the financial and operating policies of the entity under an agreement.

Purchase consideration is split as follows:	
Paid in cash (Funded by means of an offshore loan)	600 000
Deferred consideration (fair valued at cost of capital of 12%) **	711 781
	1 311 781

** The deferred consideration of $1 000 000, repayable in full at the end of Year 3 from the acquisition date, has been discounted to the present value of $711 781 at an interest rate of 12%.

6 Earnings per share

Basic earnings per share

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.

Diluted earnings per share

Diluted earnings per share is calculated by dividing the net profit for the year attributable to ordinary shareholders of the Group (adjusted for profit or loss impact of dilutive instruments) by the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

Notes To The Financial Statements (continued)

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	31 Dec 2014 US$	31Dec 2013 US$
Net profit attributable to ordinary equity holders of the parent	6 004 870	3 250 851
Weighted average number of ordinary shares for basic earnings per share	541 593 440	541 593 440
Weighted average number of ordinary shares adjusted for the effect of dilution	541 593 440	541 593 440
Basic earnings per share (US cents)	1.11	0.60
Diluted earnings per share (US cents)	1.11	0.60

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

6.1 Dividends

Dividends paid per share are based on the ordinary number of shares in issue on the effective date of declaration and entitlement of the ordinary shares to the dividend. The final dividend declared in prior year of 0.164 US cent was paid during the current year. No interim dividend was declared.

Cash dividends on ordinary shares declared and paid:

	31 Dec 2014 US$	31Dec 2013 US$
Prior year final dividends	885 115	886 130
Current year interim dividends	-	-
Total dividends paid	885 115	886 130

On 17 March 2015, the Board declared a final dividend of 0.30 US cents per share to shareholders registered in the books of the Company by noon on 10 April 2015.

Proposed dividends on ordinary shares:		
Final cash dividend for 2014: $0.30 cents per share (2013: $0.164 cents per share)	**1 624 780**	**885 11**

7 Revenue

	12 Months 31 Dec 2014 US$	18 Months 31Dec 2013 US$
Sales	25 612 111	23 953 318
Quality incentive	2 357 573	2 953 175
Revenue	27 969 684	26 906 493

7.1 Operating costs before depreciation and amortization includes the following charges/(credits)

Costs of goods and services sold	8 783 988	7 511 415
Other operating costs (note 7.1.1)	4 549 481	6 411 688
Employee benefits expense (note 7.1.4)	5 730 276	7 359 167
	19 063 745	21 282 270

7.1.1 Other operating costs

Salt and packaging material	130 133	148 553
Fuel and energy	805 583	1 161 332
Repairs and maintenance	607 341	1 337 473
Rates and Water	90 872	153 342
Culling expenses	98 412	144 629
Telephone and postage	143 029	212 264
Security costs	175 989	272 087
Other overheads	2 498 122	2 982 008
	4 549 481	6 411 688

Other overheads include costs related to outsourced services, marketing fees, periodicals and publications, bank charges, transport charges, lease fees, insurance, communications, consultancy, research and development activities, stationery and veterinary expenses.

Notes To The Financial Statements (continued)

	12 Months 31 Dec 2014 US$	18 Months 31Dec 2013 US$
7.1.2 Audit fees and expenses		
Current year	103 713	160 040
7.1.3 Director emoluments		
Fees	62 500	76 475
Salaries	1 214 339	1 268 610
	1 276 839	**1 345 085**
7.1.4 Employee benefits expense		
Wage and salaries	5 494 540	6 990 168
Social security cost	53 023	59 024
Medical aid	109 984	185 570
Pension	72 729	124 405
	5 730 276	**7 359 167**
7.1.5 Exchange (gain) / loss		
Realised	(39 530)	(91 740)
Unrealised	1 025	-
	(38 505)	**(91 740)**
Exchange gain or loss arising from translation of foreign trade creditors and debtors.		
7.1.6 Operating lease charges included in other operating costs	175 032	256 971
7.1.7 (Profit)/ loss on disposal of property, plant and equipment	(49 858)	42 685
7.1.8 Write offs		
Included in cost of sales and other operating costs are:		
Actual stock losses written off	-	4 587
Deaths of breeders (note 15.1)	8 066	31 803
8 Interest		
8.1 Interest Income		
Interest income from investments with 3rd parties	119 280	3 530
Interest income from staff loans and demand deposits with banks	7 025	42 263
	126 305	**45 793**
8.2 Interest expense		
Interest on loans and overdrafts	959 531	874 950
9 Taxation		
9.1 Income tax charge		
Current income tax charge	1 639 057	607 500
Prior year income tax charge (over) provision	-	(390 579)
Deferred tax charge	630 975	661 517
	2 270 032	**878 438**
9.2 Taxation paid		
Income tax payable at the beginning of the period	36 368	470 170
Current income tax charge	1 639 057	607 500
Prior year income tax charge (over) provision	-	(390 579)
Amount paid	(1 116 689)	(650 723)
Current tax payable	**558 736**	**36 368**
9.3 Reconciliation of rate of taxation	**%**	**%**
Statutory rate of taxation, inclusive of AIDS levy	25.75	25.75
Effect of expenses not deductible for tax	0.53	3.75
Effect of different tax rate in foreign subsidiary	(0.26)	(3.83)
Reversal of overprovision	-	(7.90)
Effective rate	**26.02**	**17.77**

			12 Months 31 Dec 2014 US$	18 Months 31Dec 2013 US$
10	**Net deferred tax liabilities**			
	Reconciliation			
	Opening balance as at the beginning of the period		4 678 214	4 016 698
	Charge to profit or loss		630 975	661 516
	Closing balance at the end of the period		5 309 189	4 678 214
	Analysis of deferred tax liability			
	Accelerated depreciation for tax purposes		2 769 331	2 691 706
	Fair value adjustments on biological assets		2 522 696	1 970 352
	Unrealized exchange loss		(1 025)	-
	Prepayments		18 187	16 156
			5 309 189	4 678 214
11	**Cash flow information**			
11.1	**Cash generated from operations**			
	Profit before interest and tax		9 556 465	5 771 365
	Adjusted for non-cash items			
	Depreciation	12	1 594 431	2 251 362
	Assets written off	12	-	63 259
	Amortization of intangible assets	13	27 775	18 382
	Loss on deaths of biological assets	15.1	8 066	31 803
	Fair value adjustment on biological assets		(2 226 612)	(2 398 434)
	(Profit) / Loss on disposal of property, plant and equipment		(49 858)	42 685
	Inventory write offs		-	4 585
	(Decrease)/ increase in provisions		(58 918)	131 713
	Cash generated from operations before working capital changes		8 851 349	5 916 722
	Working capital changes			
	Decrease / (increase) in inventories		358 372	(1 868 816)
	Increase in biological assets		(576 830)	(2 824 094)
	(Increase) / decrease in receivables		(3 675 105)	5 911 008
	Increase in payables		450 361	1 068 294
			(3 443 202)	2 286 392
	Total cash generated from operations		5 408 147	8 203 113
11.2	**Net cash flow arising from the acquisition of a Subsidiary in the United States of America (Lone Star Alligator Farm)**			
	Cash and bank balances at acquisition		-	586 991
	Cash consideration paid		-	(600 000)
	Net cash outflow		-	(13 009)
11.3	**Dividend paid**			
	Dividends declared and paid during the year		855 115	886 130
	Non-controlling interest share of dividend declared and paid		156 348	334 000
	Total dividends paid		1 011 463	1 220 130
11.4	**Cash and cash equivalent**			
	Made up as follows:		2 391 103	5 268 614
	Bank balances and cash		1 804	5 000 356
	Money market short term deposits		2 392 817	10 268 970
	Cash and cash equivalents			

Short-term deposits have been placed at an average rate of interest of 6.5%.

Notes To The Financial Statements (continued)

12 Property, plant and equipment

	Note	Freehold property US$	Leasehold improvement US$	Plant, fittings & equipment US$	Motor vehicles US$	Total US$
Cost						
At 1 July 2012		80 086	13 213 071	1 976 513	378 007	15 647 667
Additions		2 017 938	677 012	629 647	233 840	3 558 438
Acquired through purchase of subsidiary	5	431 783	-	50 173	-	481 956
Asset write off		-	(85 462)	-	-	(85 462)
Disposals		-	(4 168)	(105 446)	(19 615)	(129 229)
At 31 December 2013		**2 529 807**	**13 800 452**	**2 550 887**	**592 232**	**19 473 378**
Additions		-	485 195	612 014	465 664	1 562 874
Transfers to intangible assets		-	-	(3 500)	-	(3 500)
Disposals		-	-	(34 145)	(46 681)	(80 826)
At 31 December 2014		**2 529 807**	**14 285 647**	**3 125 256**	**1 011 215**	**20 951 925**

	Freehold property US$	Leasehold improvement US$	Plant, fittings & equipment US$	Motor vehicles US$	Total US$
Depreciation					
At 1 July 2012	(3 355)	(1 795 606)	(538 164)	(161 620)	(2 498 744)
Asset write off	-	22 202	-	-	22 202
Disposals	-	206	46 449	15 281	61 936
Charge for the year	(53 852)	(1 472 196)	(591 034)	(134 280)	(2 251 362)
At 31 December 2013	**(57 207)**	**(3 245 394)**	**(1 082 748)**	**(280 618)**	**(4 665 968)**
Disposals	-	-	25 161	13 431	38 592
Charge for the year	(115 693)	(1 006 526)	(311 396)	(160 818)	(1 594 431)
At 31 December 2014	**(172 900)**	**(4 251 920)**	**(1 368 983)**	**(428 005)**	**(6 221 807)**
Net carrying amount:					
At 31 December 2013	**2 472 690**	**10 555 058**	**1 468 048**	**311 614**	**14 807 410**
At 31 December 2014	**2 356 907**	**10 033 727**	**1 756 274**	**583 210**	**14 730 118**

The company executive lodge on the Ume river was gutted by fire resulting in an impairment charge of $63 259 in 2013. Our insurers paid $56 966 as compensation for the loss in 2014.

Assets with gross carrying amount of $606 002 were fully depreciated and had zero value as at 31 December 2014.

12.1 Security

A portion of the net book value of property, plant and equipment is pledged as security against the Group's borrowing facility. Total assets pledged as security amounts to $2 000 000.

Details of the borrowings are shown in Note 19.

13 Intangible Assets

Carrying Amount	Purchasing System US$	Pen Management System US$	Pastel Evolution System US$	Other Intangible Assets US$	Total US$
At 1 July 2012	-	-	-	-	-
Additions	10 259	26 174	33 597	-	70 030
Amortization charge for the year	(3 440)	(6 543)	(8 399)	-	(18 382)
Net Carrying amount 31 December 2013	**6 819**	**19 631**	**25 198**	**-**	**51 648**
Additions	-	-	22 048	14 577	36 625
Transfer from property, plant and equipment	3 500	-	-	-	3 500
Amortization charge for the year	(4 586)	(8 725)	(14 262)	(202)	(27 775)
Net Carrying amount 31 December 2014	**5 733**	**10 906**	**32 985**	**14 375**	**63 998**

Other intangible assets comprise business intelligence system (BI) Software. Intangible assets consist of computer software. This is deemed to have a finite useful life although amortization periods range from 3 – 4 years. The Group performed its annual impairment assessment as at 31 December 2014. As at 31 December 2014, there were no indications of impairment in computer software.

14 Goodwill

Movement in net carrying amount for the year:	
At the beginning of the year	969 174
Movement during the year	-
At 31 December 2014	969 174

Goodwill arising on acquisition of Lone Star Alligator Farm in 2013.

The Group performed its annual impairment test as at 31 December 2014. For goodwill, the Group considers the relationship between the net assets of the subsidiaries in which goodwill exists and the carrying amount of the goodwill. At 31 December 2014 there were no indications of impairment for goodwill.

Impairment testing of goodwill

Key assumptions used in value in use calculations

The calculation of value in use for Lone Star is most sensitive to the following assumptions:

- Revenue
- Discount rates
- Cost of feed inflation
- Growth rates of the specific industry

Revenue

Revenue is based on average values achieved in the year preceding the beginning of the budget period. This was increased over the budget period for an anticipated increase in volumes. An increase of 5% per annum was applied.

Discount rates

Discount rates of 15% represent the current market assessment of the risks specific to Lone Star, taking into consideration the time value of money. The discount rate of 15% is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest borrowings the Group is obliged to service.

Cost of feed inflation

Inflation rate of 2% and estimates are obtained from published indices for the countries from which feed is sourced, as well as the date relating to specific commodities. Forecast figures are used if data is publicly available, otherwise past actual material price movements are used as an indicator of future price movements.

Growth rates

The growth rate of the cash flow beyond the five year period is 2%.

Goodwill impairment testing is a six step process:

a) Dividing the entity into cash generating units or identifying the cash generating units
b) Allocating the goodwill to the cash generating unit(s)
c) Identifying the carrying amount of the cash generating unit assets
d) Estimating the future pre-tax cash flows of the cash generating unit under review
e) Identifying an appropriate discount rate and discounting the future cash flows
f) Comparing carrying value with value in use and recognizing impairment losses

15 Biological Assets

Reconciliation of opening and closing carrying amounts

15.1 Non-current biological assets - Breeder Crocodiles and Alligators - Cost

	31 Dec 2014 US$	31 Dec 2013 US$
At the beginning of the period	1 608 595	1 396 403
Expenditure on non-current biological assets	648 359	243 995
Deaths of non-current biological assets	(8 066)	(31 803)
Depreciation	(41 928)	-
At 31 December 2014	**2 206 960**	**1 608 595**

There was no depreciation being charged in prior years. The depreciation charges have started in this current period. The catch up depreciation in the current year for prior periods is not material and has been recorded in the current year.

Breeders are split into two categories as follows:

Mature Breeders

At the beginning of the period	343 844	346 697
Deaths of non-current biological assets	(3 452)	(3 645)
Depreciation	(41 928)	-
Transfers from immature breeders	362 212	792
At 31 December 2014	**660 676**	**343 844**

Deaths of non-current biological assets were as a result of a disease outbreak which affected the mature breeders. All costs for the mature breeders are capitalized to hatchlings as they are incurred for the breeders to lay eggs.

Immature Breeders

At the beginning of the period	1 264 751	1 049 706
Expenditure on non-current biological assets	648 359	243 996
Deaths	(4 614)	(28 159)
Transfers	(362 212)	(792)
At 31 December 2014	**1 546 284**	**1 264 751**

Expenditure on non-current biological assets relates to feed and other direct costs that are capitalized to immature breeders. At 31 December 2014, the Group had the following number of live animals within non-current biological assets:

	31 Dec 2014	31 Dec 2013
Mature crocodiles	2 739	2 128
Immature crocodiles	2 288	2 880
Immature alligators	1 212	5

15.2 Current biological assets – Grower Crocodiles and Alligators – Fair value

At the beginning of the period	22 453 514	17 018 414
Acquired on acquisition of subsidiary	-	212 571
Slaughter (transfer to inventory)	(6 721 606)	(5 960 492)
Births (includes depreciation from mature breeders)	174 778	372 775
Expenditure on current biological assets	7 165 584	8 411 812
Fair value adjustment	2 226 612	2 398 434
At 31 December 2014	**25 298 882**	**22 453 514**

At 31 December 2014, the Group had the following number of live animals within current biological assets:

	31 Dec 2014	31 Dec 2013
Number of live crocodiles	163 274	164 179
Number of live alligators	22 077	19 597

40% of the crocodiles are aged between 2 to 3yrs. 43,000 crocodiles and 18,200 alligators will be culled in 2015.

The Group culled 62 698 animals vs. 56 825 last period. Of this total 57 968 were normal contract skins vs. 56 825 last year. A portion of the biological assets has been pledged as collateral against the Group's borrowing facility with the bank. Biological assets pledged as security amount to $8 000 000. At the end of the period the Group had not utilized the facility (Note 19).

Valuation Process

1. The valuation of cullable livestock of crocodiles and alligators is valued at fair market price less selling costs. Fair market price is determined from the price the Group sells at the point of harvesting to the market.

Valuation Technique

Type		Valuation Technique	Significant Unobservable Inputs	Quantitative information (Range)
Crocodiles	Yearlings, Rearings	Market comparison Technique. The valuation model is determined by reference to the average theoretical life span of the crocodile 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 crocodiles, Price per kg of meat, Weight of crocodiles	Price per skin USD 179 – USD 458, Age 1 – 3years, Price per kg $1.80 to $6.00
Alligators	Yearlings, Rearings	Market comparison Technique. 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, Weight of alligators	Price per skin USD 184 – USD 289, Age 1 – 2 years, Price per kg $1.80 to $6.00

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of biological assets by 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	Level1	Level2	Level3	Total	Fair value gain/(loss)
Alligators	-	-	2 736 376	2 736 376	289 458
Crocodiles	-	-	22 562 506	22 562 506	1 937 154
Total	-	-	25 298 882	25 298 882	2 226 612

The table below presents the sensitivity of profit or loss before tax due to changes in market price. The sensitivities presented are favorable movements. If the sensitivity variables were unfavorable, the negative impact on profit would be of a similar magnitude.

	Effect on profit before tax	
	%Change	USD
Alligators		
Fair value less costs to sell - skins	3%	39 260
Crocodiles		
Fair value less costs to sell - skins	3%	622 290
Meat		
Fair value less costs to sell - meat	3%	2 080

Biological assets risk management policies

Biological assets are live animals that are managed by the Group. Agricultural produce is the harvested product obtained from the biological asset. The Biological assets of the Group comprise of live crocodiles and alligators. These biological assets are exposed to various risks, which include disease or infection outbreaks, and price fluctuations. The Group has put in place measures and controls to mitigate losses from the above risks. These measures and controls include, inter alia, insurance against theft and unnatural deaths, vaccination to prevent infections and formal marketing contracts that include a regular evaluation of prices and an assessment of market trends.

The fair value of biological assets has been established on the fair value less cost to sell basis in accordance with IAS41. In arriving at their estimates of fair value, the Directors have used their market knowledge, their professional judgement and consideration of historical transactional comparables.

15.3 Commitments for the development or acquisition of biological assets

The Group has not committed itself to acquiring any biological assets at 31 December 2014.

16 Inventories	31 Dec 2014 US$	31 Dec 2013 US$
Consumables stores	771 194	791 563
Raw materials and packaging	1 569 125	1 515 410
Finished goods – skins	22 387	468 213
Finished goods – meat	54 211	102
	2 416 917	2 775 288

There were no stock losses written off from inventories and recognized as an expense in 2014 (2013: US$ 4,587).
There were no inventories pledged as security against borrowings.

17 Trade and other receivables

Trade receivables	5 181 816	1 235 437
Prepayments and other receivables	797	1 068 983
	5 979 525	2 304 420

Other receivables mainly comprise prepayments and staff loans.
There were no trade and other receivables pledged as security against borrowings.
Trade receivables are non-interest bearing and are generally on 30 day terms.
Credit terms for other receivables vary per transaction, but do not exceed 60 days.
As at 31 December 2014, there were no trade receivables that were past due.
As at 31 December 2014, there was no provision for impairment on other receivables.

		Neither past due nor impaired	Past due but not impaired		
			30 – 60 days	60 – 90 days	More than 90 days
		USD	USD	USD	USD
2014	5 181 816	5 181 816	-	-	-
2013	1 235 437	1 235 437	-	-	-

Trade receivables disclosed above are neither past due nor impaired at the end of the reporting period. The Group has not recognized an allowance for doubtful receivables because there has not been significant change in credit quality and the amounts are considered recoverable. The Group conducts due diligence assessments on the Companies and their Directors and on an annual basis credit terms are renewed and are subject to credit verification procedures. In addition, the balances are monitored on an ongoing basis with the result that the receivables are recoverable.

Note 29.3 on credit risk of trade receivables explains how the Group manages and measures credit quality of trade receivables that are neither past due nor impaired.

18 Ordinary share capital	31 Dec 2014 US$	31 Dec 2013 US$
a. Authorised		
800 000 000 ordinary shares of $0.0001 each	80 000	80 000
b. Issued and fully paid		
541,593,440 ordinary shares of US$0.0001 each	54 159	54 159
Total issued share capital	**54 159**	**54 159**

	31 Dec 2014 US$	31 Dec 2013 US$
c. Unissued shares		
Unissued, to be held in reserve under control of Directors		
(258 406 560 shares of $0.0001 each)	25 841	25 841
d. Directors' shareholding		
The Directors held directly and indirectly the following number of shares:		
Oliver Tendai Kamundimu	113 200	113 200
Gary John Sharp	1 250 000	1250 000
Michael John Fowler	112 508 810	112 508 810
	113 872 010	113 872 010

There has been no change in the Directors' interests subsequent to 31 December 2014 and up to the date of this report.

19 Interest-bearing borrowings

	Rate of interest	Year Repayable	31 Dec 2014 US$	31 Dec 2013 US$
Long-term financing				
Unsecured				
Foreign interest-bearing borrowings	6%	2019	991 705	-
Balance			991 705	-

	Rate of interest	Year Repayable (March 2015)	31 Dec 2014 US$	31 Dec 2013 US$
Short-term financing				
Secured				
Local short term borrowings	10% - 12%	up to - 90days	-	8 000 000
Foreign short term borrowings	6% - 12%	up to - 90days	1 568 135	2 715 000
			1 568 135	10 715 000

19.1 Deferred consideration

	31 Dec 2014 US$	31 Dec 2013 US$
Non-current		
Deferred consideration	-	843 671
Current		
Deferred consideration	831 680	-
Reconciliation of deferred consideration		
Balance at the beginning of the year	843 671	711 780
Payments	(113 231)	-
Interest	101 240	131 891
Balance	831 680	843 671

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 December 2015. 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 property, plant and equipment, book debts and biological assets with a carrying value of $10 000 000. The facility for local operations was not utilized at the end of the period; all loans had been paid up.

The Group had a short-term facility of $10 750 000 in the period.

Borrowing powers

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

Notes To The Financial Statements (continued)

20 Trade and other payables

		31 Dec 2014	31 Dec 2013
		US$	US$
Trade payables		240 796	1 515 563
Other payables	(note 20.1)	1 166 155	635 642
		1 406 951	**2 151 205**

Trade payables are non-interest bearing and are normally settled within 30 days. Other payables are non-interest bearing and have varying settlement terms.

20.1 Other payables

	31 Dec 2014	31 Dec 2013
Accruals	1 164 033	627 660
Sundry creditors	2 122	7 982
	1 166 155	**635 642**

Accruals mainly relate to Incentives; Outsourced services; Audit Fees; Utilities and Periodicals and publication costs.

20.2 Customer deposits

	31 Dec 2014	31 Dec 2013
Customer deposits	1 194 615	-

Customer deposits mainly relate to advances received from our main customer for the acquisition of breeders in the foreign operation. This will be settled through delivery of hatchlings starting in 2016.

21 Provisions

	31 Dec 2014	31 Dec 2013
At the beginning of the period	324 113	192 400
Arising during the year	327 629	283 244
Utilised	(386 547)	(151 531)
As at 31 December	**265 195**	**324 113**

All provisions relate to leave pay. Employees will be allowed to go on vacation to reduce the potential obligation

22 Contingent Liabilities

The Group had no contingent liabilities at 31 December 2014

23 Capital expenditure commitments

	31 Dec 2014	31 Dec 2013
Authorised and contracted	-	-
Authorised but not yet contracted	1 908 258	1 585 746
	1 908 258	**1 585 746**

The capital expenditure is for new pens and the rebuilding of crocodiles and alligator pens. This will be financed from the Group's own resources and borrowing facilities.

24 Operating lease arrangements

24.1 Leasing arrangements

Operating leases include leases of certain buildings and land where the Group's farms are located. The remaining lease terms vary between 6 and 10 years however with an option to renew that ranges from 10 to 20 years. The depreciation on leasehold improvement has taken into account the option for renewal for each operation's lease.

24.2 Payments recognised as an expense

	31 Dec 2014	31 Dec 2013
Minimum lease payments	175 032	256 971

24.3 Non-cancellable lease commitments

	31 Dec 2014	31 Dec 2013
Payable within one year	83 500	83 500
Payable between two and five years	334 000	334 000
Payable after five years	250 500	334 000
	668 000	**751 500**

25 Segmental Information

Operating segments

For management purposes, the Group is organized into business units based on the type of the biological asset utilized, namely crocodiles and alligators. Segmental reporting based on the type of biological asset provides products or services within a particular economic environment. Crocodile farming is based in Zimbabwe and Alligator farming is based in the United States of America. The revenue, operating profit, assets and liabilities reported to the board are measured consistently with that in the reported consolidated financial statements.

	Crocodiles **USD**	Alligators **USD**	Total **USD**
Revenue			
31 December 2014	24 079 194	3 890 490	27 969 684
31 December 2013	23 121 417	3 785 076	26 906 493
Operating Profit/(loss) before impairment, depreciation, amortization and fair value adjustments			
31 December 2014	8 060 173	891 886	8 952 059
31 December 2013	4 232 697	1 473 237	5 705 934
Depreciation and amortization			
31 December 2014	1 483 777	138 429	1 622 206
31 December 2013	2 155 130	114 614	2 269 744
Interest Expense			
31 December 2014	602 712	356 825	959 537
31 December 2013	554 999	319 951	874 950
Profit/(loss) before tax			
31 December 2014	8 037 143	686 090	8 723 233
31 December 2013	3 544 161	1 398 047	4 942 208
Segment assets			
31 December 2014	47 190 513	6 867 878	54 058 391
31 December 2013	49 413 466	5 825 553	55 239 019
Segment liabilities			
31 December 2014	6 824 667	5 301 538	12 126 205
31 December 2013	14 118 661	4 629 910	18 748 571
Capital expenditure			
31 December 2014	1 599 500	-	1 599 500
31 December 2013	1 403 555	2 224 913	3 628 468

There was no inter-segment revenue for the period.
Revenue from one customer amounted to $26 609 487
(2013: $24 020 206), arising from sales of crocodile and alligator skins.

26 Material partly-owned subsidiaries

The Group holds 50% interest in Lone Star Alligator Farm LLC, an unlisted company based in Texas (United States of America) that specialises in alligator farming. In accordance with IFRS 10 (Consolidated Financial Statements), the Group has consolidated the results of Lone Star Alligator Farm LLC with effect from 1 July 2012.

Financial information of a subsidiary that has material non-controlling interests is provided below:

Proportion of equity interest held by non-controlling interests:

Name	Country of incorporation and operation	2014	2013
Lone Star Alligator Farm	USA	50%	50%

	2014 US$	2013 US$
Accumulated balances of material non-controlling interest:	**1 113 509**	**821 525**
Profit allocated to material non-controlling interest:	**448 332**	**812 919**

The summarized financial information of this subsidiary is provided below.
This information is based on amounts before inter-company elements.

Summarized statement of profit or loss:	2014 US$	2013 US$
Revenue	3 890 490	3 785 076
Cost Of Sales	(2 513 565)	(1 935 169)
Administrative expenses	(610 610)	(487 384)
Fair valuation adjustment	289 458	359 160
Finance costs	(137 611)	(85 845)
Profit before tax	**918 162**	**1 635 838**
Income tax	(21 500)	(10 000)
Profit for the year from continuing operations	**896 664**	**1 625 838**
Total comprehensive income	**896 664**	**1 625 838**
Attributable to non-controlling interests	448 332	812 919
Dividends paid non-controlling interests	156 346	334 000
Summarized statement of financial position:		
Inventories and cash and bank balances (current)	2 889 702	2 189 059
Property, plant and equipment and other non-current assets	2 916 263	2 593 764
Trade and other payables (current)	1 619 108	989 774
Interest-bearing borrowings	1 959 839	2 150 000
Total equity		
Attributable to:		
Equity holders of parent	1 113 509	821 525
Non-controlling interest	1 113 509	821 525
Summarized cash flow information :		
Operating	728 095	131 286
Investing	(718 868)	(2 464 946)
Financing	(190 161)	2 150 000
Net decrease in cash and cash equivalents	**(243 934)**	**(183 659)**

27 Pension Funds

27.1 Innscor Africa Limited Pension Fund

This is a self-administered, defined contribution fund. Employees of the Group are eligible to become members of the fund. Contributions are at the rate of 14% of pensionable emoluments of which members pay 50%.

27.2 National Social Security Authority Scheme

The scheme was established, and is administered, in terms of statutory Instrument 393 of 1993. Introduced in 1994, the Pension and Other Benefits Scheme is a defined contribution plan based on a 50/50 contribution from the employers and employees and are limited to specific contributions legislated from time to time. These are presently 7% of pensionable emoluments of which the maximum monthly pensionable salary is USD 700. A total monthly contribution of USD 49 is therefore the maximum per employee.

27.3 Pension costs recognized as an expense for the year:

	31 Dec 2014 US$	31 Dec 2013 US$
Innscor Africa Limited Pension Fund	72 729	124 405
National Social Security Authority Scheme	53 023	59 024
	125 752	**183 429**

Pension costs are recognized in profit and loss under staff costs.

28 Related party disclosures

Related party activities consist of transactions between Padenga Holdings Limited and its subsidiaries.
The transactions have been eliminated on consolidation.
Details of transactions between Group companies and other related parties are disclosed below:

28.1 Transactions

innscor Africa Limited Pension Fund	72 729	124 405
	72 729	124 405

28.2 Compensation of key management personnel

The remuneration of Directors and other members of management during the year was as follows:

Short-term benefits	1 798 980	3 138 043
Post-employment benefits	54 383	72 288
	1 853 363	**3 210 331**

As at 31 December 2014 Executive staff owed the company $61,332. Interest is being charged at 6%.

Term and conditions of transactions with related parties

The sales to and purchases from related parties are made at terms equivalent to those that prevail in arm's length transactions. Amounts outstanding at the period end are unsecured and settlement occurs in cash. There have been no guarantees provided for or received for any related party receivables or payables for the period ended 31 December 2014. The Group has not recorded any impairment of receivables relating to amounts owed by related parties.

28.3 Transactions with directors

The Group has leased a property from a company in which some of the Directors have either a financial or custodial interest. The lease is undertaken at arm's length basis.

lease payments	25 200	32 800
	25 200	32 800

29 Financial risk management objectives and policies

The Group's principal financial instruments comprise bank loans, trade and other payables and overdrafts. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group's principal financial assets include trade and other receivables and cash and cash equivalents. The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk, foreign currency risk and credit risk. The board reviews and agrees policies for managing each of these risks and they are summarized below.

29.1 Interest rate risk management

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group invest in money market instruments which are subject to changes in interest rates on the local money markets. The Group's policy is to adopt a non- speculative approach to managing interest rate risk and only invests in instruments that are approved by the executive committee. The Group's policy is to manage its interest cost by limiting exposure to overdrafts and where borrowings are required, to borrow at favorable and fixed rates of interest.

The sensitivity of the Group's statement of comprehensive income to changes in interest rates on its material exposures is apparent from the information disclosed on Note 29 below. The Directors, at the reporting date, were not aware of any information or events that may have a significant impact on the reported profit and loss of the Group or that would result in material changes in the structure of the Group's statement of comprehensive income.

29.2 Interest rate sensitivity analysis

The following table demonstrates sensitivity to possible changes in interest rates on short and long term borrowings. There is an immaterial impact on the Group's equity.

	31 Dec 2014	31 Dec 2013
Effect on profit before tax	US$	US$
Increase of 3%	73 398	321 450
Decrease of 3%	(73 398)	(321 450)

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly lower volatility.

29.3 Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group has transactional currency exposures. Such exposure arises from the sale or purchases by the Group in currencies other than the unit's functional currency. The Group limits exposure to exchange rate fluctuations by either pre-paying for purchases or retaining stock until the foreign currency to settle the related liability has been secured. The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the reporting date are as follows:

31 December 2014	Liabilities	Assets	Net exposure
Currency			
South African Rand	(96 107)	-	(96 107)

31 December 2014	Liabilities	Assets	Net exposure
Currency			
Euro	-	369 797	369 797

31 December 2013	Liabilities	Assets	Net exposure
Currency			
South African Rand	(296 878)	-	(296 878)

31 December 2013	Liabilities	Assets	Net exposure
Currency			
Euro	-	308 708	308 708

29.2.1 Foreign currency sensitivity

The following table demonstrates sensitivity to a reasonably likely change in the Euro and Rand exchange rate, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities). The Group's exposure to foreign currency changes for all other currencies is not material. There is an immaterial impact on the Group's equity.

Effect on profit before tax Change in US$ rate	31 Dec 2014 US$	31 Dec 2013 US$
+ 5% (Rand)	(4 577)	(14 844)
- 5% (Rand)	4 577	14 844
+ 5% (Euro)	(16 337)	(15 435)
- 5% (Euro)	16 337	15 435

29.4 Credit Risk

The Group trades only with recognized, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an on-going basis with the result that the Group's exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, credit terms are specified contractually within the regulations by the Reserve Bank of Zimbabwe. With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments as per statement of financial position less the market value of any security held. The credit risk on liquid funds is limited because counter parties are banks with high credit ratings assigned by international credit-rating agencies. The Group evaluates its customers on a yearly basis. Some of the Group's customers have been asked to prepay for their goods and most debts are collected within 30 days to manage risk. There is a concentration of credit risk as the Group trades mainly with one customer.

29.5 Liquidity risk

The Group's objective is to maintain a balance between continuity of funding through a well-managed portfolio of short-term investments and/or flexibility through the use of bank overdrafts and interest-bearing borrowings. The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available and debt maturing in the next 12 months can be rolled over with existing lenders. The table below summarizes the maturity profile of the Group's financial assets and liabilities:

2014	Within 3 months US$	Between 4-12 months US$	More than 12 months US$	Total US$
Liabilities				
Interest bearing borrowings	764 757	826 899	1 229 714	2 821 370
Deferred consideration	-	886 679	-	886 679
Trade and other payables (excluding deposits)	1 406 951	-	-	1 406 951
TOTAL	**2 171 708**	**1 713 578**	**1 229 714**	**5 115 000**
Assets				
Trade and other receivables	5 850 163	-	-	5 850 163
Cash and cash equivalents	2 392 817	-	-	2 392 817
TOTAL	**8 242 980**	**-**	**-**	**8 242 980**
2013				
Liabilities				
Interest bearing borrowings	2 030 000	9 237 900	-	11 267 900
Deferred consideration	-	-	843 671	843 671
Trade and other payables (excluding deposits)	1 351 205	-	-	1 351 205
TOTAL	**3 381 205**	**9 237 900**	**843 671**	**13 462 776**
Assets				
Trade and other receivables	2 212 723	-	-	2 212 723
Cash and cash equivalents	10 268 970	-	-	10 268 970
TOTAL	**12 481 693**	**-**	**-**	**12 481 693**

Notes To The Financial Statements (continued)

30 Fair value of financial instruments

The estimated net fair values of all financial instruments, approximates the carrying amounts shown in the financial statements. The carrying amount of loans from banks and other financial liabilities have been assumed to approximate fair value as the current economic environment in Zimbabwe characterized by a lack of liquidity makes it difficult to determine interest rates currently available for debt on similar terms, credit risk and remaining maturities

31 Capital management

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support the business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in the economic environment. To maintain or adjust the capital structure the Group may adjust the dividend payment to shareholders, return capital to shareholders, or issue new shares. Capital comprises all components of equity excluding non-controlling interests. No changes were made to the objectives, policies or processes during the period ended 31 December 2014. The Group monitors capital using a gearing ratio, which is calculated as the proportion of net debt (comprising borrowings as offset by cash and bank balances) to equity. The target ratio ranges from 5% to 10% and the Group managed to be within the ratio.

	31 Dec 2014 US$	31 Dec 2013 US$
Short term and Long term borrowings	2 559 839	11 267 900
Deferred consideration	831 680	843 671
Trade and other payables	1 406 951	2 151 205
Less cash and cash equivalents	(2 392 817)	(10 268 970)
Net debt	2 405 653	3 993 806
Total equity	40 818 677	35 668 923
Equity and net debt	43 224 330	39 662 729
Gearing ratio	5.50%	10.10%

32 Events after reporting period

There have been no significant adjusting or non-adjusting events after the reporting date at the time of issuing this annual report.

33 Approval of financial statements

The financial statements were approved by the Board of Directors and authorized for issue on 17 March 2015.

34 Company Statements of financial position

	31 Dec 2014 US$	31 Dec 2013 US$
ASSETS		
Non-current assets		
Property, plant and equipment	12 309 540	12 215 156
Intangible assets	63 998	51 648
Investment in subsidiaries	1 857 180	1 854 440
Biological assets	1 711 275	1 607 085
Total non-current assets	**15 941 993**	**15 728 329**
Current assets		
Biological assets	22 791 276	20 786 471
Inventories	2 347 104	2 697 615
Trade and other receivables	5 717 488	2 154 259
Cash and cash equivalents	2 342 572	9 974 789
Total current assets	**33 198 440**	**35 613 134**
Total assets	**49 140 433**	**51 341 463**
EQUITY AND LIABILITIES		
Share capital and reserves	**40 767 941**	**35 616 411**
Non-current liabilities		
Interest bearing borrowings	886 769	1 000 000
Deferred tax liability	5 205 410	4 620 749
	6 092 179	**5 620 749**
Current liabilities		
Short-term borrowings	600 000	8 565 000
Other payables	1 680 313	1 539 303
	2 280 313	**10 104 303**
Total liabilities	**8 372 492**	**15 725 052**
Total equity and liabilities	**49 140 433**	**51 341 463**

Shareholders Analysis

As at December 2014

Size of Shareholding

	Number of Shareholders	Shareholders %	Issued shares	Shares %
1 - 5 000	3 517	81.08	2 389 022	0.44
5 001 - 10 000	203	4.68	1 498 975	0.28
10 001 - 25 000	186	4.29	3 004 261	0.55
25 001 - 50 000	93	2.14	3 235 536	0.60
50 001 - 100 000	98	2.26	7 295 987	1.35
100 001 - 200 000	69	1.59	9 916 441	1.83
200 001 - 500 000	83	1.91	25 908 541	4.78
500 001 - 1 000 000	31	0.71	20 885 473	3.86
1 1000 001 - and over	58	1.34	467 459 204	86.31
	4 338	100.00	541 593 440	100.00

Trade Classification

Local Companies	557	12.84	307 778 683	56.83
Pension Funds	271	6.25	88 497 546	16.34
New Non-Residents	81	1.87	48 990 426	9.05
Local Nominee	128	2.95	30 790 365	5.69
Insurance Companies	49	1.13	29 489 834	5.45
Foreign Nominee	8	0.18	12 901 892	2.38
Local Individual Resident	3 058	70.47	12 610 599	2.33
Fund Managers	20	0.46	5 155 911	0.95
Charitable and Trusts	86	1.98	3 245 984	0.60
Banks	3	0.07	1 383 741	0.24
Investments	56	1.29	578 065	0.11
Foreign Companies	1	0.02	125 912	0.02
Deceased estates	20	0.49	44 482	0.01
	4 338	100.00	541 593 440	100.00

Top Ten Shareholders

ZMD Investments (Pvt) Ltd	108 458 532	20.03
HM Barbour (Pvt) Ltd	105 872 539	19.55
Stanbic Nominees P/L - NNR	43 469 333	8.03
Sarcor Investments (Pvt) Ltd	22 480 658	4.15
Old Mutual Life Assurance Company (Pvt) Ltd	18 714 984	3.46
Pharaoh Limited - NNR	14 558 953	2.69
Muzika Rubi Holdings (Pvt) Ltd	11 295 944	2.09
City and General Holdings (Pvt) Ltd	9 822 598	1.81
National Social Security Authority (W.C.I.F)	9 280 145	1.71
Schutex Investments (Pvt) Ltd	8 715 234	1.61
Other	57 946 081	34.87
	541 593 440	100.00

Shareholders' Calender

Fourth Annual General Meeting	29 May 2015
End of 2015 Financial Year	31 December 2015
Interim Reports	
Publication of Interim Report for First Half of 2015 Financial Year	September 2015
Annual Report Published for 2015 Financial Year	April 2016
Fifth Annual General Meeting	May 2016

Registered Office

Padenga Holdings Limited
121 Borrowdale Road
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Transfer Secretaries

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Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Fourth Annual General Meeting of Padenga Holdings Limited is to be held at the Royal Harare Golf Club, 5th Street extension, Harare, on Friday 29 May 2015 at 08h15, for the purpose of transacting the following business: -

Ordinary Business

1. To receive, approve and adopt the Financial Statements and Reports of the Directors and Auditors for the financial year ended 31 December 2014.

2. To elect the following Directors, Mr A. K. Calder and Mr T. N. Sibanda who retire by rotation in terms of the Articles of Association of the Company and, being eligible, offer themselves for re-election.

3. To approve Directors' fees for the financial year ended 31 December 2014.

4. To re-appoint Ernst & Young as Auditors of the Company until the conclusion of the next Annual General Meeting and to approve their remuneration for the past audit.

5. Special Business

6. Loans to Directors

   To resolve as an ordinary resolution, with or without amendments: - "That the Company be and is hereby authorised to make any loan to any Executive Director or to enter into any guarantee or provide any security in connection with a loan to such Executive Director for the purpose of enabling him to properly perform his duty as an officer of the Company, as may be determined by the Remuneration Committee of the Board of Directors, provided that the amount of the loan or the extent of the guarantee or security shall not exceed the annual remuneration of that Director."

Any Other Business

7. To transact any other business competent to be dealt with at an Annual General Meeting.

8. In terms of the Companies Act (Chapter 24:03), a member entitled to attend and vote at a meeting is entitled to appoint a proxy to attend and vote on a poll and speak in his stead. A proxy need not be a member of the Company. Proxy forms should be forwarded to reach the office of the Company Secretary at least 48 (forty-eight) hours before the commencement of the meeting.

BY ORDER OF THE BOARD

A.D. LORIMER

Group company secretary
121 Borrowdale Road
Gun Hill
Harare
Zimbabwe

3 May 2015

PADENGA

Form of Proxy - AGM - 29 May 2015

I / We..of..

being the registered owner(s) of...
ordinary shares in the above named Company hereby appoint

....

of..or failing him/her..

of..

or failing him the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Fourth Annual General Meeting of the Company to be held at Royal Harare Golf Club, Harare on 29th May 2015 at 08:15am and at any adjournment thereof.

Signed this..day of...2015

Signature of member..

Note

A member entitled to attend and vote at the above meeting may appoint a proxy to attend, vote, and speak on his behalf. A proxy need not be a member of the company. For a proxy to be valid it should be completed and returned so as to reach the registered office of the company not less than 48 hours before the time fixed for the meeting. Completion of the proxy form does not preclude a member from subsequently attending and voting in person.

For Official Use

Number of shares held...

PADENGA

Change of Address

The attention of shareholders is drawn to the necessity of keeping the transfer secretaries advised of any change in name and/or address.

Shareholder's name in full..

New Address..
(Block letters please)

....

....

....

....

....

Shareholder's signature..

PADENGA

Registered Office

121 Borrowdale Road
Gun Hill
Harare
Zimbabwe

PADENGA

Registered Office

121 Borrowdale Road
Gun Hill
Harare
Zimbabwe

Notes

Notes

Padenga skins are
used by top luxury brands
to manufacture premium quality ladies
handbags and accessories

Harare Office • 121 Borrowdale Road, Gunhill, P.O Box HG 633, Highlands, Harare, Zimbabwe.
Tel: + 263 4 291 6048 / 291 7745 / 291 6137.
Operations • 135 Lagoon Drive, P.O Box 55, Kariba, Zimbabwe.