PADENGA
HOLDINGS LIMITED

The Directors are pleased to present the

Unaudited Results for Padenga Holdings Limited

for the six month period ended 30 June 2014

Financial Highlights

All figures in US$	2014	2013
Group Summary		
Revenue	4 763 133	8 840 607
Operating (loss)/ profit before depreciation and amortisation	(2 455 556)	2 164 917
Profit before taxation	2 278 908	9 797 292
Profit attributable to shareholders	1 764 212	6 679 932
Cash utilised in operations	(5 066 481)	(2 517 161)
Capital expenditure	820 798	3 628 468
Net assets	37 128 489	37 858 097
Share Performance		
Basic earnings per share (cents)	0.33	1.23
Diluted earnings per share (cents)	0.33	1.23
Dividends declared and paid since reporting date (cents)	0.16	-
Market price per share - (cents)	8.00	6.90
Number of shares in issue at reporting date	541 593 440	541 593 440
Market capitalisation (US$)	43 327 475	37 369 947

Commentary

DIRECTORS' RESPONSIBILITY
The company's directors are responsible for the preparation and fair presentation of the group's financial statements. The principal accounting policies of the group are consistent with those applied in the previous year.

FINANCIAL
Consolidated Results
The change in year-end implemented over the eighteen month period to December 2013 affords us flexibility on when to cull the crocodiles in order to maximise quality and achieve the targeted sizes. Consequently, we delayed the onset of culling operations and took fewer animals in the months of May and June relative to prior year. The significance of this is reflected in the improved grade average achieved on the skins sold to-date. We therefore sold only 7,467 skins compared to 15,026 in the same period last year. The decrease in volumes is simply a timing difference and we will achieve our annual targeted cull numbers by December 2014. We remind stakeholders that operationally the first half of the year is traditionally a cost accumulation period with the majority of culling and sales always coming in the second half of the year.

In line with the explanation above, the group recorded revenue of $4,763,133 in the six months to June 2014 compared to $8,840,607 for the comparable period in 2013. The group recorded an operating loss of $2,455,556 compared to an operating profit of $2,164,917 realised in the six months to June 2013. Profit before tax for the six months under review amounted to $2,278,908 against $9,797,292 for prior year. The decline in revenue and profitability is a function of the reduced number of skins sold as explained above.

The concept of fair valuation of biological assets is by nature not precise. The calculation involves estimating the average age of the crocodiles at culling point. In the current calculation we changed this estimate from 33 months to 38 months to take into account changes in production parameters that have been implemented over the last few years in response to increased quality demands. This has had the effect of reducing the fair value of the crocodiles still to be culled as we utilise the concept of percentage of life completed in the calculation. Had we not made this change, the fair value adjustment income and profits would have increased by $3.2 million.

Cash utilised by the group for operating activities increased from $2,517,161 for the six months ended 30 June 2013 to $5,066,481 in the period under review. This increase in cash utilisation was a result of the delay in culling and sales explained above and the resultant increase in livestock values.

Nile Crocodile Operations
In the Zimbabwean crocodile operations, revenue decreased by 42% to $4,116,583 from $7,064,217 recorded in the six months to June 2013. An operating loss of $2,406,768 and a profit before tax of $2,861,623 were recorded compared to an operating profit of $1,063,629 and a profit before tax of $8,397,821 for the prior comparative reporting period. The reason for the decline in revenue and profits is as explained above. These results are fully within our expectations and overhead operating expenses were 4% below budget for the six months under review.

Alligator Operations
The United States Alligator operation recorded revenue of $646,550 from the sale of 1,832 alligator skins in the six months to June 2014 compared to sundry revenue of $40,695 for the prior year. The revenue realised in the current period is for the sale of medium sized skins from alligators carried over and grown out from last year's culling crop. This revenue is below budget for the period because we did not cull the full crop of 2,400 alligators as some had not reached the requisite size. These will be culled in the third quarter of the year together with the majority of the yearling crop. This is the first time we have advanced some yearling animals to medium skin sizes. The quality of skins realised was excellent and consistent with budget. We expect to achieve our targeted cull numbers on the remaining medium skins and the watchband skins by October. The operation recorded an operating loss of $35,948 and a loss before tax of $380,608.

OPERATIONS
Nile Crocodile Operations
In the crocodile operations, skins graded and sold to date attained a first grade quality of 95% which is exceptional. Focus within these operations was on implementing cost cutting measures in order to enhance profitability. The mechanisation of some operations, together with voluntary staff reductions and improved ways of managing fuel and energy consumption has resulted in some significant cost reduction benefits which will be fully realised in the future.

We closed the period with a total of 147,048 grower crocodiles on the ground compared to 116,723 at the end of June 2013. The quality of crocodiles in the pens gives us assurance that the season's culling targets will be attained by December 2014.

Alligator Operations
At Lone Star Alligator Farms, we closed the period with 19,173 yearling alligators on the ground and 800 medium sized animals. The majority of these will be culled in August / September whilst 2,400 will be carried over to 2015 so that they can again grow out as medium sized skins. The livestock is in good condition and we expect to attain our budgeted numbers, at the requisite size and quality.

We established that the growth rate of the alligators carried over for medium skin production was not as fast as predicted and those animals culled in March were on average 1cm short of the target size of 32cm. This prompted the decision to delay the culling of the last 800 of these animals for another four months to verify their growth patterns.

PROSPECTS
In the Nile crocodile operation the quality of the skins harvested so far this year has been exceptional. We expect this to hold for the remainder of the season and that we will produce a good result in terms of skin size and quality at year-end. We continue to make strides in growing our Breeder herd with the intention of becoming self-sufficient in egg production within the next couple of years.

The market for premium quality skins remained stable in the period under review and we have contracted to sell the volume of skins we expect to produce. We should therefore attain our financial targets for the full year 2014.

We continue to develop the local market for crocodile meat where we are selling increasing volumes to offset reduced demand for the product in Asia and Europe. Meat revenue currently constitutes 2% of total revenue.

In the Alligator business, culling of the yearlings will occur in September / October. Although the average size of the alligators harvested to-date on the experimental medium skin trial has been lower than budgeted, this should not have a major impact on the full year results as the skins produced constitute a small proportion of the annual volume. We expect this unit to contribute positively to the profits of the group. We continue to refine our production techniques and structures to make the operation more profitable going forward.

DIVIDEND
Due to the seasonal nature of culling and sales where the majority of sales occur in the second half of the year, there is a disproportionate working capital requirement in the first half of the year. Consequently, the directors have decided not to declare an interim dividend at this point.

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

A K Calder
Chairman
04 September 2014

Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2014	Six months ended 30 June 2014 unaudited US$	Six months ended 30 June 2013 unaudited US$	Eighteen months ended 31 Dec 2013 audited US$
Revenue	4 763 133	8 840 607	26 952 286
Other operating income	19 219	44 656	81 711
Net operating costs	(7 237 908)	(6 720 345)	(21 282 270)
Operating (loss)/ profit before depreciation and amortisation	(2 455 556)	2 164 917	5 751 727
Depreciation and amortisation	(802 252)	(787 621)	(2 269 744)
Asset write off	-	-	(63 259)
Operating (loss)/ profit before interest and fair value adjustments	(3 257 808)	1 377 296	3 418 724
Fair value adjustments on biological assets	6 061 514	8 830 983	2 398 434
Profit before interest and tax	2 803 706	10 208 279	5 817 158
Interest payable	(524 798)	(410 987)	(874 950)
Profit before tax	2 278 908	9 797 292	4 942 208
Income tax expense	(705 000)	(2 379 874)	(878 438)
Profit for the period	1 573 908	7 417 418	4 063 770
Other comprehensive income	-	-	-
Total comprehensive income for the period	1 573 908	7 417 418	4 063 770
Profit for the period attributable to:			
Equity holders of the parent	1 764 212	6 679 932	3 250 851
Non-controlling interest	(190 304)	737 486	812 919
	1 573 908	7 417 418	4 063 770
Total comprehensive income for the period attributable to:			
Owners of the parent	1 764 212	6 604 499	3 250 851
Non-controlling interest	(190 304)	812 919	812 919
	1 573 908	7 417 418	4 063 770
Earnings per share (cents)			
Basic earnings per share	0.33	1.23	0.60
Diluted earnings per share	0.33	1.23	0.60

Consolidated Statement of Financial Position

As at 30 June 2014	30 June 2014 unaudited US$	30 June 2013 audited US$	31 Dec 2013 audited US$
ASSETS			
Non-current assets			
Property, plant and equipment	14 772 981	14 445 615	14 807 410
Goodwill	969 174	969 174	969 174
Intangible assets	65 669	64 502	51 648
Biological assets	1 706 138	1 532 771	1 608 595
	17 513 962	17 012 062	17 436 827
Current assets			
Biological assets	29 996 402	30 497 146	22 453 513
Inventories	2 755 943	1 341 845	2 775 288
Tax receivable	398 353	657 655	-
Trade and other receivables	5 601 446	5 433 368	2 304 420
Cash and cash equivalents	2 598 380	2 411 232	10 268 970
	41 350 524	40 341 245	37 802 192
Total assets	58 864 486	57 353 307	55 239 019
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	54 159	54 159	54 159
Share premium	27 004 245	27 004 245	27 004 245
Retained earnings	9 516 980	10 011 601	8 610 519
Equity attributed to equity holders of the parent	36 575 384	37 070 005	35 668 923
Non- controlling interest	553 105	788 092	821 525
Total shareholders' equity	37 128 489	37 858 097	36 490 448
Non-current liabilities			
Interest bearing borrowings	2 251 073	711 780	843 671
Non-interest bearing borrowings	-	800 000	-
Deferred tax liabilities	5 419 584	6 344 752	4 678 215
	7 670 656	7 856 532	5 521 885
Current liabilities			
Short-term interest bearing borrowings	9 396 890	10 027 779	10 715 000
Trade and other payables	4 352 948	1 323 062	2 151 205
Provisions	315 503	287 837	324 113
Current tax payable	-	-	36 368
	14 065 341	11 638 678	13 226 686
Total liabilities	21 735 997	19 495 210	18 748 571
Total equity and liabilities	58 864 486	57 353 307	55 239 019

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2014	Share Capital unaudited US$	Share Premium unaudited US$	Retained Earnings unaudited US$	Non - Controlling Interest unaudited US$	TOTAL unaudited US$
Balance at 1 January 2014	54 159	27 004 245	8 610 518	821 525	36 490 448
Profit for the period	-	-	1 764 212	(190 304)	1 573 908
Dividends paid	-	-	(857 750)	-	(857 750)
Dividends paid by subsidiary	-	-	-	(78 116)	(78 116)
Balance at 30 June 2014	54 159	27 004 245	9 516 979	553 106	37 128 489

For the eighteen months ended 31 December 2013	Share Capital audited US$	Share Premium audited US$	Retained Earnings audited US$	Non - Controlling Interest audited US$	TOTAL audited US$
Balance at 1 July 2012	54 159	27 004 245	6 245 797	-	33 304 201
Non-controlling interest arising on acquisition of subsidiary	-	-	-	342 606	342 606
Profit for the period	-	-	3 250 851	812 920	4 063 771
Dividends paid	-	-	(886 130)	-	(886 130)
Dividends paid by subsidiary	-	-	-	(334 000)	(334 000)
Balance at 31 December 2013	54 159	27 004 245	8 610 518	821 525	36 490 448

Consolidated Statement of Cash Flows

For the six months ended 30 June 2014	30 June 2014 unaudited US$	30 June 2013 audited US$	31 Dec 2013 audited US$
Cash (utilised in) / generated from operating activities	(5 066 481)	(2 517 161)	8 248 906
Interest paid	(331 414)	(303 255)	(719 061)
Taxation paid	(430 672)	(285 901)	(650 722)
Net cash (utilised in) / generated from operations	(5 828 567)	(3 106 318)	6 879 123
Cash flow from investing activities			
Net cash outflow from investing activities	(834 383)	(1 813 899)	(3 860 872)
Net cash flow before financing activities	(6 662 949)	(4 920 217)	3 018 252
Cash flow from financing activities			
Increase in borrowings	(71 775)	6 703 473	6 715 000
- new loans	-	6 703 473	10 150 000
- repayments	(71,775)	-	(3 435 000)
Dividends paid	(935 866)	(1 127 872)	(1 220 130)
by holding company	(857 750)	(885 872)	(886 130)
by subsidiaries to non-controlling shareholders	(78 116)	(242 000)	(334 000)
Net cash inflow (utilised)/generated in financing activities	(1 007 640)	5 575 601	5 494 870
Net (decrease) / increase in cash and cash equivalents	(7 670 590)	655 384	8 513 122
Cash and cash equivalents at the beginning of the period	10 268 970	1 755 848	1 755 848
Cash and cash equivalents at the end of the period	2 598 380	2 411 232	10 268 970
Cash and Cash Equivalents			
Made up as follows:			
Bank balances and cash	2 598 380	2 411 232	5 255 134
Short-term investments	-	-	5 013 836
	2 598 380	2 411 232	10 268 970

Supplementary Information

1. Corporate Information
Padenga Holdings Limited is a Limited Liability Company incorporated and domiciled in Zimbabwe whose shares are publicly traded on the Zimbabwe Stock exchange. The Group has a 50% stake in Lone Star Alligator Farms, an unlisted company based in Texas (United States of America) that specialises in alligator farming. The principal activity of the Company and its subsidiaries (the Group) include the production and rearing of crocodiles, alligators and the export of Nile crocodile and alligator skins and meat.

2. Basis of preparation
The half year results are based on the statutory records that are maintained under the historical cost basis, except for biological assets that have been measured at fair value.

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

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

5. Estimates
When preparing the interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, results, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results. The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last annual financial statements for the year ended 31 December 2013.

6. Accounting policies
The principal accounting policies of the Group are consistent in all material respects with those applied in the previous financial year and conform with all effective IFRS as at 30 June 2014.

7. Operating segments
The following tables present revenue and profit information about the Group's operating segments for the six months ended 30 June 2014.

Six months ended 30 June 2014	Crocodiles	Alligators	Consolidated
Revenue			
External customer	4 116 583	646 550	4 763 133
30 June 2014	4 116 583	646 550	4 763 133
External customer	7 064 217	1 776 390	8 840 607
30 June 2013	7 064 217	1 776 390	8 840 607
Results			
Segment profit			
30 June 2014	1 764 212	(190 304)	1 573 908
30 June 2013	6 679 932	737 486	7 417 418

There was no inter-segment revenue in the period.

The following tables presents asset and liabilities of the Group's operating segments as at 30 June 2014.

Operating assets	Crocodiles	Alligators	Consolidated
30 June 2014	53 028 415	5 836 071	58 864 486
31 December 2013	49 413 465	5 825 554	55 239 019
Operating liabilities			
30 June 2014	16 467 055	5 268 942	21 735 997
31 December 2013	14 118 661	4 629 910	18 748 571

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

	30 June 2014 US$	31 Dec 2013 US$
8. Capital expenditure for the year	820 798	3 628 468
Capital expenditure commitment		
Authorized but not yet contracted	938 025	1 585 746
	938 025	1 585 746
9. Future lease commitments		
Payable within one year	41 750	83 500
Payable between two and five years	292 250	334 000
Payable after five years	292 250	334 000
	626 250	751 500

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

10. Trade and other payables		
Trade	3 915 209	1 515 563
Accruals	377 507	627 660
Sundry creditors	60 232	7 982
	4 352 948	2 151 205

11. Interest bearing loans and borrowings
11.1 Non-Current interest bearing loans and borrowings

	Year repayable		
Unsecured			
Foreign long term borrowings	year 2019	1 378 225	-
Deferred considerations	year 2016	872 848	843 671
		2 251 073	843 671
Reconciliation			
Financial liability at acquisition		711 780	711 780
Interest		161 067	131 891
Balance		872 847	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 year 3. There were no restrictions noted in the companies act with regards to this transaction.

11.2 Current interest bearing loans and borrowings

	Year repayable (March 2015)		
Secured			
Local short term borrowings	up to -90days	8 000 000	8 000 000
Foreign short term borrowings	up to -90days	1 396 890	2 715 000
		9 396 890	10 715 000

Short term borrowings form part of the core borrowings of the Group and are renewed on maturity in terms of on- going facilities negotiated with the relevant financial institutions. The facility is secured by first charge over certain of the Group's fixed assets, book debts and biological assets with a carrying value of $10,000,000. The Group has a short term facility of $11,400,000, rate of interest for local operations is 7%-10% whilst for the foreign operation ranges from 6%-12%.

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

12. Business combinations
The revenue included in the consolidated statement of comprehensive Income contributed by Lone Star Alligator Farms was $646 550 (2013: US$ 1 776 390) and also contributed a loss of $380 608 (2013: (US$1 389 536)) over the same period.
The Group has control over the subsidiary by owning 50% stake and also has explicit power to govern the financials and operating policies of the entity under an agreement.
The non-controlling interest was measured at the proportionate share of the acquiree's identifiable net assets.

13. Earnings per share
Basic earnings basis
The calculation is based on the profit attributable to equity holders of the parent and the weighted average number of ordinary shares in issue for the year.

Fully diluted earnings basis
The calculation is based on the profit attributable to equity holders of the parent and the weighted average number of ordinary shares in issue after adjusting to assume conversion of share options not yet exercised and convertible instruments. There were no instruments with a dilutive effect at the end of the period.

14. Contingent liabilities
The Group had no contingent liabilities at 30 June 2014.

15. Events after reporting period
There have been no significant adjusting or non-adjusting events after the reporting date at the time of issuing this press release.