PADENGA
HOLDINGS LIMITED

The Directors are pleased to present the

Audited Financial Results for Padenga Holdings Limited

for the year ended 31 December 2014

Financial Highlights

All figures in US$	12 Months 2014 US$	18 Months 2013 US$
Group Summary		
Revenue	27 969 684	26 906 493
Operating profit before depreciation & 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
Dividends declared and paid since reporting date (cents)	-	-
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

Commentary

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 realized 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

A K Calder
Chairman
17 March 2015

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2014	Twelve months ended 31 Dec 2014 audited US$	Eighteen months ended 31 Dec 2013 audited US$
Revenue	27 969 684	26 906 493
Other operating income	46 120	81 711
Net operating costs	(19 063 745)	(21 282 270)
Operating profit before depreciation and amortisation	8 952 059	5 705 934
Depreciation and amortisation	(1 622 206)	(2 269 744)
Asset write off	-	(63 259)
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	126 305	45 793
Interest payable	(959 536)	(874 950)
Profit before tax	8 723 234	4 942 208
Income tax expense	(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:		
Equity holders 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	1.11	0.60
Diluted earnings per share	1.11	0.60

Consolidated Statement of Financial Position

As at 31 December 2014	31 Dec 2014 audited US$	31 Dec 2013 audited US$
ASSETS		
Non-current assets		
Property, plant and equipment	14 730 118	14 807 410
Goodwill	969 174	969 174
Intangible assets	63 998	51 648
Biological assets	2 206 960	1 608 595
	17 970 250	17 436 827
Current assets		
Biological assets	25 298 882	22 453 513
Inventories	2 416 917	2 775 288
Trade and other receivables	5 979 525	2 304 420
Cash and cash equivalents	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	54 159	54 159
Share premium	27 004 245	27 004 245
Retained earnings	13 760 273	8 610 518
Equity attributed to equity holders of the parent	40 818 677	35 668 922
Non- controlling interest	1 113 509	821 525
Total shareholders' equity	41 932 186	36 490 447
Non-current liabilities		
Deferred consideration	-	843 671
Customer deposits	1 194 615	-
Interest-bearing borrowings	991 705	-
Deferred tax liabilities	5 309 189	4 678 215
	7 495 509	5 521 886
Current liabilities		
Interest-bearing borrowings	1 568 135	10 715 000
Deferred consideration	831 680	-
Trade and other payables	1 406 951	2 151 205
Provisions	265 195	324 113
Current tax payable	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

Consolidated Statement of Changes in Equity

For the year ended 31 December 2014

For the eighteen months ended 31 December 2013

	Share Capital audited US$	Share Premium audited US$	Retained Earnings audited US$	Total US$	Non Controlling Interest audited US$	Total US$
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				-	342 606	342 606
Profit for the period	-	-	3 250 851	3 250 851	812 918	4 063 769
Dividends paid	-	-	(886 130)	(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	35 668 922	821 525	36 490 447

For the twelve months ended 31 December 2014

	Share Capital audited US$	Share Premium audited US$	Retained Earnings audited US$	Total US$	Non Controlling Interest audited US$	Total US$
Profit for the period	-	-	6 004 870	6 004 870	448 332	6 453 202
Dividends paid	-	-	(855 115)	(855 115)	-	(855 115)
Dividends paid by subsidiary	-	-	-	-	(156 348)	(156 348)
Balance at 31 December 2014	54 159	27 004 245	13 760 273	40 818 677	1 113 509	41 932 186

Consolidated Statement of Cash Flows

For the year ended 31 December 2014	31 Dec 2014 audited US$	31 Dec 2013 audited US$
Cash generated from operating activities	5 408 147	8 203 113
Interest income	126 305	45 793
Interest paid	(858 300)	(719 060)
Taxation paid	(1 116 689)	(650 723)
Net cash generated from operations	3 559 463	6 879 123
Cash flow from investing activities		
Net cash outflow from investing activities	(2 155 762)	(3 860 871)
Net cash flow before financing activities	1 403 701	3 018 252
Cash flow from financing activities		
Increase in borrowings	(8 268 392)	6 715 000
- new loans	5 775 000	10 150 000
- repayments	(14 043 392)	(3 435 000)
Dividends paid	(1 011 463)	(1 220 130)
by holding company	(855 115)	(886 130)
by subsidiaries to non-controlling shareholders	(156 348)	(334 000)
Net cash flow (utilised) / generated in financing activities	(9 279 855)	5 494 870
Net (decrease) / increase in cash and cash equivalents	(7 876 154)	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	2 392 817	10 268 970
Cash and Cash Equivalents		
Made up as follows:		
Bank balances and cash	2 391 013	5 255 134
Short-term investments	1 804	5 013 836
	2 392 817	10 268 970

Supplementary Information

1. Directors' Responsibility
The company's directors are responsible for the preparation and fair presentation of the group's financial statements, of which this press release represents an extract. The financial statements have been prepared in accordance with International Financial Reporting Standards and in the manner required by the Companies' Act (Chapter 24:03). The principal accounting policies of the group are consistent with those applied in the previous year.

2. Audit Statement
The external auditors, Ernst & Young, have issued an unqualified audit opinion on the financial statements of the group for the year ended 31 December 2014. The unqualified audit opinion is available for inspection at the company's registered office.

3. Year – End Change
In the last reporting period the, the group changed its year-end from 30 June to 31 December. This is therefore the first set of results we have published after the change that covers a normal 12 month period as opposed to the eighteen month transition period prior year. The audited results currently being reported on therefore cover the twelve month period from 1 January 2014 to 31 December 2014.

4. 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 and alligators and the export of Nile crocodile and alligator skins and meat.

5. Basis of preparation
The financial results for the year 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.

6. Statement of compliance
The Group's full year abridged financial statements were prepared in accordance with ZSE listing rules.

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

8. Estimates
When preparing the 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 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.

9. Accounting policies
The principal accounting policies of the Group are consistent in all material respects with those applied in the previous financial year and conform with all effective IFRS as at 31 December 2014.

10. Operating segments
The following tables present revenue and profit information about the Group's operating segments for the year ended 31 December 2014.

	Crocodiles US$	Alligators US$	Total US$
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, amortisation 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 amortisation			
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	959 936
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

Classification of the segments is based on the type of biological assets. Revenue from one customer amounted to $26 609 487 (2013: $24 020 206), arising from sales of the crocodile and alligator skins.

		31 Dec 2014 US$	31 Dec 2013 US$
11. Capital expenditure for the year		1 599 500	3 628 468
Capital expenditure commitment			
Authorized but not yet contracted		1 908 258	1 585 746
		1 908 258	1 585 746
12. Future lease commitments			
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
The capital expenditure will be financed from the Group's own resources and borrowing facilities.			
13. Trade and other payables			
Trade		240 796	1 515 563
Accruals		1 164 033	627 660
Sundry creditors		2 122	7 982
		1 406 951	2 151 205
13.1 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.			
14. Interest bearing loans and borrowings			
14.1 Non-Current interest bearing loans and borrowings	**Year repayable**		
Unsecured			
Foreign long term borrowings	2019	991 705	-
		991 705	-
14.2 Current interest bearing loans and borrowings	**Year repayable** (March 2015)		
Secured			
Local short term borrowings	up to -90days	-	8 000 000
Foreign short term borrowings	up to -90days	1 568 135	2 715 00
		1 568 135	10 715 000
14.3 Deferred consideration	**Year repayable**		
Non current			
Deferred consideration	2015	-	843 671
Current			
Deferred consideration	2 015	831 680	-
Reconciliation			
Financial liability		843 671	711 780
Interest		101 240	131 891
Payments		(13 231)	-
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 year 3. There were no restrictions noted in the companies act with regards to this transaction. Short term borrowings form part of the core borrowings of the Group and are renewed on maturity in terms of on-going facilities negotiated with the relevant financial institutions. The facility is secured by first charge over certain of the Group's fixed assets, book debts and biological assets with a carrying value of $10,000,000. The Group has a short term facility of $10,750,000, rate of interest for local operations is 7%-10% whilst for the foreign operation ranges from 6%-12%. The facility for local operations was not utilised at the end of the reporting period; all loans had been paid up.

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.

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

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

16. Contingent liabilities
The Group has no contingent liabilities at 31 December 2014.

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