

Padenga Holdings Limited

AGM Trading Update

Culling and Sales

Culling for the current financial year is scheduled to start in March 2012. We did not carry forward skin stocks from prior year consequently we will only sell skins in the final quarter of this financial year.

Egg Collection

We have just hatched our first hatchlings for the 2012 season. Our annual egg collection exercise was conducted in September and October, 2012. We are pleased the results of our egg collection efforts from both the domestic herd and the wild. We collected enough eggs to meet our production targets.

Culling Crop

In the current financial year we will be culling crocodiles born in December 2009 and December 2010. From an inspection of the crocodiles in the pens, all indications are that we will achieve our target of culling 42,000 animals at a size which is 8% larger than last year.

Repairs and Maintenance

Major pen-floor resurfacing was done in the rearing pens. Almost all our rearing pens now have the new improved floor surfaces. We also started resurfacing the hatchling pen floors at Kariba and Nyanyana farms. Work was also carried work on our boilers and water reticulation system in the hatchling pens aimed at increasing heat retention efficiencies and reducing our energy costs.

Capital Expenditure

The main focus of our Capital expenditure in the five months to November has been the construction of walk in Freezers at Nyanyana farm for feed storage. Work has commenced on thirteen new rearing pens at Nyanyana that will be completed in the current financial year.

Lone Star Alligator Farm

Focus has been on increasing the production facility. Work is underway to double the capacity of the barns housing the Alligator pens. This work is about 90% complete and will be finished in the current financial year. Production volumes will be significantly increased in the next financial year.

New Alligator hatchlings were acquired in September / October 2012. These will be ready for culling in November 2013.

Culling of the Alligators born in 2011 is underway and as of the 23rd of November 6,951 alligators had been culled from the 8,143 available for culling. A first grade ratio of 84% was attained.

Financial

As stated earlier, the first half of the financial year is a cost accumulation period with culling and turnover coming in the second half of the year. Operating Expenses for the first quarter of the year were 8% below budget.

Market outlook

The ultimate users of the skins we produce, the luxury brand houses continue to show revenue and profitability growth despite the Euro-zone crisis concern. Indications are that there is strong demand for premium grade skins.

The meat market in Asia and our traditional markets in Europe are depressed. Efforts are underway to penetrate new areas in Europe.

We are positive on achieving our targets for the year.