PADENGA HOLDINGS LIMITED

The Directors are pleased to present the **Audited Financial Results for Padenga Holdings Limited** for the year ended 31 December 2019

Financial **Highlights**

For the twelve months ended 31 December 2019

	31 Dec 2019 audited US$	Restated 31 Dec 2018 audited US$
Group Summary		
Revenue	29 127 509	37 321 141
Operating Profit before depreciation, impairment and amortization	7 035 533	11 412 023
Profit before taxation	8 591 951	11 075 942
Profit attributable to shareholders	6 915 140	7 803 203
Cash generated from operations	8 285 913	9 105 394
Capital expenditure	4 770 423	5 253 399
Net assets	67 203 686	62 558 548
Share Performance		
Basic earnings per share (cents)	1.28	1.44
Diluted earnings per share (cents)	1.28	1.44
Headline earnings per share (cents)	1.25	1.01
Dividends declared and paid since reporting date (cents)	0.38	1.20
Market price per share - (cents)	15.05	34.00
Number of shares in issue at reporting date	541 593 440	541 593 440
Market capitalization (US$)	81 505 155	184 141 770

Commentary:

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 (IFRSs) and in the manner required by the Companies and Other Business Entities Act (Chapter 24:31). As explained below, the Group has also restated 2018 financial statements to comply with International Accounting Standard (IAS) 21 (The Effects of Changes in Foreign Exchange Rates). The principal accounting policies of the Group are consistent with those applied in the previous financial year, except for the effects of adoption of IFRS 16. This is further defined within the Notes to the financial statements.

Functional Currency

The Directors, having considered the macro economic environment and IFRS guidance on the matter provided by the Auditors, have continued to report in US$ in compliance with (IAS) 21 and have restated 2018 financial statements using the first observable exchange rate of 1:2.5 between RTGS$ balances, bond notes; and the US$ for the period October 2018 to December 2018.

The Group's functional currency in terms of IFRS remains the United States Dollar (US$). The Group has adopted this currency as its presentation currency.

Compliance with IFRSs

The financial statements are prepared with the objective of complying fully with the IFRSs. Complying with IFRSs achieves consistency with the financial reporting framework adopted by the Group since 2010. Using a globally recognized reporting framework also facilitates understandability and comparability with similar businesses and allows consistency in the interpretation of the financial statements.

Whilst full compliance with IFRSs has been possible in previous reporting periods, only partial compliance was achieved in 2018. In respect of International Financial Reporting Standards IAS 21 "The Effects of Changes in Foreign Exchange Rates" ("IAS 21") "if the primary economic environment in which an entity operates is normally the one in which it primarily generates and expends cash, an entity considers the following factors in determining its functional currency:

(a) the currency:
   (i) that mainly influences sales prices for goods and services (this will often be the currency in which sales prices for its goods and services are denominated and settled); and
   (ii) of the country whose competitive forces and regulations mainly determine the sales prices of its goods and services.
(b) the currency that mainly influences labour, material and other costs of providing goods or services (this will often be the currency in which such costs are denominated and settled).
(c) the currency in which funds from financing activities (i.e. issuing debt and equity instruments) are generated.
(d) the currency in which receipts from operating activities are usually retained".

Given the context of the environment, management assessed whether there had been a change in the functional currency used by the Group. The assessment included consideration of whether the various modes of settlement may represent different forms of currency. It was observed that whether cash, bond notes, electronic money transfers or point of sale transactions, the unit of measure across all these payment modes remained US Dollars. Management therefore concluded that the US dollar is still the functional currency and has restated its 2018 financials to reflect the impact of exchange rates between the US dollar and the Local Zimbabwe dollar for the period 1 October 2018 to 31 December 2018.

In the prior year, an exchange rate of 1:1 was applied between the two currencies. Pursuant to the requirements of IFRS, the first observable exchange rate of 1:2.5 between RTGS$ balances, bond notes; and the US$ for the period October 2018 to December 2018 was used. The Directors have noted the complications in respect of whether this first observable rate meets the IFRS requirements for a spot rate. This requirement to comply with IFRSs presented challenges in terms of compliance with Government legislation (SI 33; SI142 of 2019).

Audit Statement

These condensed financial results should be read in conjunction with the complete set of consolidated financial statements for the year ended 31 December 2019, which have been audited by Ernst & Young Chartered Accountants (Zimbabwe).

The Auditors' independent report is modified for the consequential impact of the use of an exchange rate that does not meet the IFRS requirement for a spot rate. In all other respects the financial results are consistent with IFRSs. The auditor's independent report on the consolidated financial statements (from which these results were extracted) is available for inspection at the Company's registered office and is posted on the Company's website. (www.padenga.com).

Financial

Consolidated Results

The Group's FY19 performance was affected by evolving market conditions impacting on skin prices and increased costs inherent in meeting social license expectations and the implementation of measures to address enhanced skin quality expectations.

The Group recorded an operating profit before depreciation, amortization, impairment and fair valuation adjustments of US$7,035,533 (US$11,412,023 – FY18) from revenue of US$29,127,509 in the twelve months to December 2019. Revenue for the prior period to December 2018 was US$37,321,141. Profit before tax was down by 22% compared to prior year, US$8,591,851 against US$11,075,943 for 2018.

Cash generated from operations amounted to US$8 285 913. Of this amount, a total of US$4,770,423 was used for capital expenditure, being mainly invested into a solar farm to reduce recurrent energy costs and minimize the Company's carbon footprint and refurbishing of crocodile grower pen floors to meet the market expectations of enhanced skin quality.

Crocodile Operation

The Zimbabwe crocodile operation continued to be the flagship of the Group. The operation contributed 88% of the Group's revenue. Turnover was down by 25% from US$34,069,796 to US$25,530,706 in the period under review. Volumes were down by 6%. We sold 41,450 skins in 2019, compared to 44,253 sold in the previous year. However, we closed the year with 7,729 skins in stock that will be sold in FY20. Operating profit and profit before tax declined by 18% and 30% to US$10,140,451 and US$9,591,793 respectively.

Alligator Operation

Significant advances were achieved in understanding the cause and nature of the legacy double scale issue that arose in 2017 and although this continued to impact the quality of skins in 2019 we are working our way out of the problem. The carryover crop from FY18 that was deemed not to meet the required premium quality standards were harvested for the alternative market albeit at depressed margins. Skin volumes were up 27% against prior period (17,176 skins vs. 13,500 skins). In line with this increased volume, the operation recorded turnover of US$3,596,803, being an increase of 11% over prior year sales of US$3,251,345. A loss before tax of US$993,338 was recorded.

Operations

Crocodile Operation

The Group committed significant resources towards producing the quality of skin desired by the principal customer. In the crocodile operation 47,752 animals were harvested which was 4% above budget. This number included skins in +40cm sizes that due to changing market dynamics were surplus to the customer's requirements and consequently have created the opportunity for the sale of Padenga skins into alternative markets. The quality grade of 81% Grade 1 skins achieved was below the 89% that was achieved in FY18. Monthly harvest totals were low at the beginning of the year as the harvestable crop was retained to meet increased quality demands. Some animals in particular size ranges were in fact held over for harvesting in Q1 of FY20 to fulfil the customers' requirements. The scrutiny by customers at sales grading was intensified in an effort to try and identify those miniscule defects that could potentially only appear on the finished skin. These events were a consequence of evolving market dynamics and we have responded with the adoption of further strategies to meet customer expectations.

The Molecular Laboratory facility built on the farm was completed and fully commissioned in the period. The Group is currently collaborating with several globally accredited academic institutions on initiatives to eliminate the viral challenges that contribute to skin quality downgrades. There is positive improvement evident from the proportion of skins selected for premium handbag production and we anticipate this to continue as the FY19 skins delivered are tanned.

The average size of skins delivered to our principal customer was, at 34.4cms, consistent with their size request for the production year. The annual size distribution targeted varies slightly from year to year at the request of customers to satisfy their specific market dynamics.

We closed the period with a total of 156,911 grower crocodiles on the ground compared to 162,672 at the end of 2018. This number of crocodiles was consistent with our strategy to achieve a sustained annual production of 46,000 skins.

A total of 495 pens were resurfaced in the period under review. This is a major part of management initiatives to constantly enhance skin quality, increase growth rates, achieve animal welfare compliance and improve efficiencies.

Alligator Operation

The operation had a total of 25,128 alligators in pens at the end of the period under review. Skin grades achieved on the FY19 harvest crop improved in quality over that of prior year but were still not of sufficient quality for the current market. Growth rates were reduced and production efficiencies compromised. The carryover crop was harvested to reduce costs and these have since been sold to the alternative market albeit at depressed skin prices.

Hatchling procurement was completed in September with a total of 7,867 hatchlings received, this being in line with expectations. An additional total of 5,007 yearling animals were procured for grow-out into both medium and large sized skins to optimize TCR's future revenue earnings. The business has elected not to produce watchband sized skins as a consequence of depressed market prices. Tallow Creek Ranch will focus on the production of medium and large sized skins.

Sustainability and good husbandry practices

The Group is fully committed to and engaged in best practice in respect of sustainability, good corporate governance, observance of and adherence to animal welfare and ethical business practices. These social license expectations have become mandatory for livestock operations supplying product into 1st World markets and therefore constitute an integral part of day-to-day operations across the business units. Compliance necessitates third party verification and certification and the International Crocodilian Farmers Association (ICFA) has promoted the formulation of best practice standards for the Industry and the appointment of an independent audit and certification body to facilitate this. The ICFA standards are evidence based and endorse the latest approach to assessing and evaluating animal welfare compliance. Padenga's efforts and commitment in this regard were recently rewarded with the Zimbabwean Farms achieving certification by ICFA and becoming the first (and only) operation to achieve that certification standard in Africa and one of only four crocodilian farming groups worldwide to do so. This confirmation of Padenga's compliance to social license expectations and obligations will, in combination with continued efforts to improve skin quality, cement the business's credibility as a continued supplier to international top end brands. The Group has a comprehensive Quality Assurance programme to achieve this.

Efforts to commission the second phase (470kWp) of the solar plant are underway. The installation is awaiting ZERA inspection and then commissioning by ZETDC, which is anticipated to be finalised by the 31st March 2020. These installations form part of the initiative to offset 50% of the Farm's recurrent electricity cost, as well as providing a strategic alternative against prolonged and excessive load shedding. They also reinforce the Group's commitment to sustainability through the application of alternative and renewable energy solutions.

Management have developed a comprehensive Covid-19 strategic response plan that has been applied and includes the monitoring and continual screening of the health status of all staff. This is reinforced by extensive education on reducing exposure and practicing recommended routine disinfection and related activities. The Company's clinics have been stocked with supportive medicines and equipment appropriate to provide a high level of patient care and treatment. Management staff are practicing self-isolation consistent with their responsibilities and skills transfers have been addressed to allow a continuation of operations with a reduced workforce under the national lockdown promulgated. The company Covid-19 response team meets on-line regularly to assess the changing epidemiology nationally and to adjust local policy as necessitated. Details of the company's communications distributed to employees in regard to safeguarding their health and wellness status and the steps being taken to achieve this have been posted on the Padenga website. (www.padenga.com). The stocks of feed, chemicals and other products critical to sustaining operations were increased before the national lockdown and are adequate to withstand a minimum three month disruption in supplies. Operations are continuing under the designation of essential services and there has been no compromise thus far, nor is any anticipated.

Prospects

The Group is anticipating successfully addressing the various quality challenges that have prevailed and is optimistic about further growth prospects within both its business units. The Zimbabwe operation is projecting to sell 55,000 premium quality skins in FY20, further extending its opportunity to expand its customer base. Demand for defect free skins remains strong and prices are anticipated to hold as long as the quality expectations of the premium market are satisfied. Although closed for much of March/April, French tanneries were anticipating to reopen mid-April and product supply has thus far, not been interrupted. Chinese markets for luxury products have reopened after their COV-19 shutdown and European markets are anticipated to follow as full economic recovery begins. We forecast this operation will record growth in FY20.

In the Alligator operation, the FY20 harvest crop continues to improve and targeted quality grades are achievable. The outbreak of the Corona Virus in December 2019 has led to depressed demand for watchband sized and low-grade skins which will continue into 2020. The business has responded to these changes by targeting to only produce medium and large skins. We have reduced volumes and reduced stocking densities to achieve the quality grades demanded. Knowledge gained in the research into double scale has led to changes in feed formulations and monthly monitoring of metabolic enzyme levels as pathology allows us to track physiological health enabling us to adjust mineral/vitamin levels to eliminate double scale going forward.

Shareholders approved the purchase of a 51% stake in the Dallaglio mining group late last year, but one regulatory approval for the acquisition is still awaited. The financials of this group have therefore not been consolidated in the 2019 results. Management are very positive about this investment and once the business comes online it will enhance foreign currency generation and significantly improve the Group's profitability.

The investigation and feasibility study into plantation cropping (Avocados and Macadamias) has been successfully completed and the project has now advanced towards identifying suitable locations that fulfil the multiple variables relevant to successful production. Given the lengthy period before commercially viable crop yields are produced, attention is being given to additional shorter season/cycle export crops that will provide positive liquidity and profits during the developmental phase of the plantations. The objective is to commence operations in early 2021.

Dividend

The Board is considering a dividend for the financial year ending 31 December 2019. Details of this will be released in a separate dividend statement to be issued in due course.

Appreciation

I would like to thank my colleagues on the Board, the executive directors, management and all employees across the entire Group for their hard work throughout FY19. I am appreciative of the patience demonstrated by our stakeholders and customers over the past year as we implemented initiatives to combat disease challenges that had befallen our harvestable crops. I thank you in advance for your continued support as we look forward to a successful FY20.

T N Sibanda
Chairman
14 April 2020

Directors: Thembinkosi Sibanda (Chairman), Jerome Caraguel, Anne Madzara, Sternford Moyo, Gary Sharp, Oliver Kamundimu, Michael Fowler

PADENGA Holdings Limited

The Directors are pleased to present the **Audited Financial Results for Padenga Holdings Limited** for the year ended 31 December 2019

Consolidated Statement of Profit or Loss **and Other Comprehensive Income**

For the twelve months ended 31 December 2019

	Twelve months ended 31 Dec 2019 audited US$	Restated Twelve months ended 31 Dec 2018 audited US$
Revenue	29 127 509	37 321 141
Other operating income	76 224	658 727
Net operating costs	(22 168 200)	(26 567 844)
Operating Profit before depreciation and amortisation	**7 035 533**	**11 412 023**
Depreciation and amortisation	(2 370 784)	(2 124 769)
Operating Profit before interest and fair value adjustments	**4 664 749**	**9 287 254**
Fair value adjustments on biological assets	5 358 433	1 198 348
Profit before interest and tax	**10 023 182**	**10 485 602**
Interest income	69 916	1 681 033
Interest payable - loans	(1 423 532)	(1 090 692)
Interest payable - leases	(77 715)	-
Profit before tax	**8 591 851**	**11 075 943**
Income tax expense	(1 847 265)	(3 721 474)
Profit for the period	**6 744 586**	**7 354 469**
Other comprehensive income	-	-
Total comprehensive income for the period	**6 744 586**	**7 354 469**
Profit for the period attributable to:		
Equity holders of the parent	6 915 140	7 803 203
Non-controlling interest	(170 554)	(448 734)
	6 744 586	**7 354 469**

Consolidated Statement of **Cash Flows**

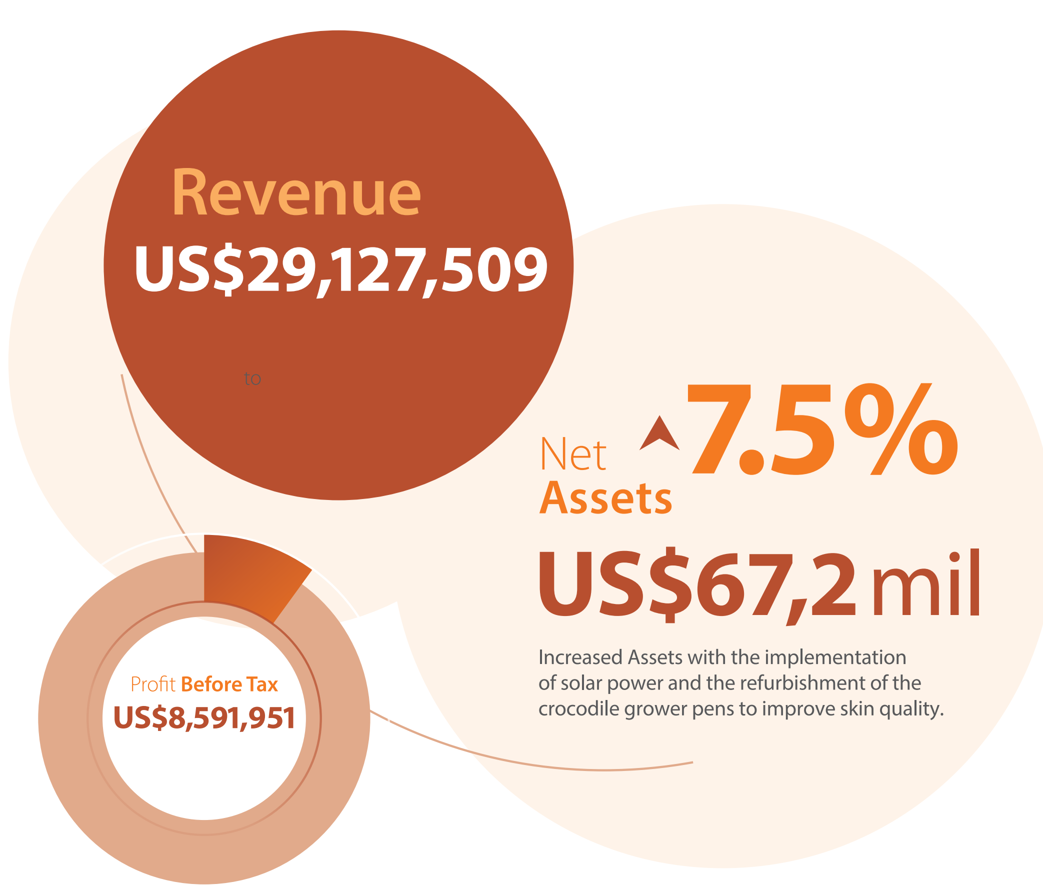
For the twelve months ended 31 December 2019

	31 Dec 2019 audited US$	Restated 31 Dec 2018 audited US$
Cash generated from operating activities	8 285 913	9 105 394
Interest income	69 916	1 681 033
Interest paid	(679 429)	(945 385)
Taxation paid	(1 857 802)	(2 198 534)
Net cash generated from operations	**5 818 598**	**7 642 508**
Cash flow from investing activities		
Net cash outflow from investing activities	**(4 735 028)**	**(5 189 512)**
- proceeds on disposal of property, plant and equipment	35 395	63 888
- purchase of property, plant and equipment	(4 571 497)	(5 091 545)
- expenditure on non-current biological assets	(167 852)	(153 385)
- purchase of intangible assets	(31 074)	(8 470)
Net cash flow before financing activities	**1 083 570**	**2 452 996**
Cash flow from financing activities		
Increase in borrowings	**1 543 585**	**2 963 669**
- new loans	6 608 854	4 000 000
- repayments	(5 065 269)	(1 036 331)
Dividends paid	**(2 076 375)**	**(6 499 121)**
by holding company	(2 076 375)	(6 499 121)
Net cash outflow from financing activities	**(532 790)**	**(3 535 452)**
Net increase/(decrease) in cash and cash equivalents	**550 780**	**(1 082 456)**
Net foreign exchange difference	(1 327 728)	-
Cash and cash equivalents at the beginning of the period	10 143 707	11 226 163
Cash and cash equivalents at the end of the period	**9 366 759**	**10 143 707**
CASH AND CASH EQUIVALENTS		
Made up as follows:		
Bank balances and cash (US$)	7 334 610	2 429 540
Bank balances and cash (ZWL$)	1 903 009	6 889 904
Short-term investments	129 140	824 263
	9 366 759	**10 143 707**

Consolidated Statement of **Financial Position**

As at 31 December 2019

	Note	31 Dec 2019 audited US$	Restated 31 Dec 2018 audited US$
ASSETS			
Non-current assets			
Property, plant and equipment		24 088 899	21 702 398
Right of use of assets		1 156 377	-
Intangible assets		51 220	32 378
Other receivables		-	536 684
Biological assets		6 790 778	5 369 348
		32 087 274	**27 640 808**
Current assets			
Biological assets		32 205 176	35 831 172
Inventories		12 566 854	5 233 428
Contract asset		-	288 944
Trade and other receivables		10 770 978	12 224 701
Cash and cash equivalents		9 366 759	10 143 707
		64 909 767	**63 721 952**
Total assets		**96 997 041**	**91 362 760**
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital		54 159	54 159
Share premium		27 004 245	27 004 245
Share based payment reserve		2 099	-
Retained earnings		40 786 379	35 972 786
Change in ownership reserve		(63 863)	(63 863)
Equity attributed to equity holders of the parent		**67 783 019**	**62 967 327**
Non-controlling interest		(579 333)	(408 779)
Total shareholders' equity		**67 203 686**	**62 558 548**
Non-current liabilities			
Interest bearing borrowings	11.1	6 335 000	7 235 000
Lease liabilities		464 144	-
Deferred tax liabilities		7 259 730	7 789 354
		14 058 874	**15 024 354**
Current liabilities			
Customer deposits	10.1.2	2 936 325	3 125 925
Short-term interest bearing borrowings	11.2	10 579 610	7 337 860
Trade and other payables	10	1 194 395	2 849 898
Lease liabilities		147 000	-
Provisions		38 885	146 997
Current tax payable		838 266	319 178
		15 734 481	**13 779 858**
Total liabilities		**29 793 355**	**28 804 212**
Total equity and liabilities		**96 997 041**	**91 362 760**



Consolidated Statement of **Changes in Equity**

For the twelve months ended 31 December 2019

	Share Capital audited US$	Share Premium audited US$	Change in ownership audited US$	Share based option reserve audited US$	Retained Earnings audited US$	Total US$	Non - Controlling Interest audited US$	TOTAL audited US$
For the twelve months ended 31 December 2018								
Balance at 1 January 2018	54 159	27 004 245	(63,863)	-	34 668 708	61 663 249	39 955	61 703 204
Profit for the period	-	-	-	-	7 803 199	7 803 199	(448 734)	7 354 465
Dividends paid	-	-	-	-	(6 499 121)	(6 499 121)	-	(6 499 121)
Balance at 31 December 2018	**54 159**	**27 004 245**	**(63 863)**	**-**	**35 972 786**	**62 967 327**	**(408 779)**	**62 558 548**
For the twelve months ended 31 December 2019								
Balance at 1 January 2019	54 159	27 004 245	(63 863)	-	35 972 786	62 967 327	(408 779)	62 558 548
Effect of adoption of IFRS 16 Leases	-	-	-	-	(25 172)	(25 172)	-	(25 172)
Balance at 1 January 2019 (Adjusted)	**54 159**	**27 004 245**	**(63 863)**	**-**	**35 947 614**	**62 942 155**	**(408 779)**	**62 533 376**
Profit for the period	-	-	-	-	6 915 140	6 915 140	(170 554)	6 744 586
Dividends paid	-	-	-	-	(2 076 375)	(2 076 375)	-	(2 076 375)
Share based option - charge for the year	-	-	-	2 099	-	2 099	-	2 099
Balance at 31 December 2019	**54 159**	**27 004 245**	**(63 863)**	**2 099**	**40 786 379**	**67 783 019**	**(579 333)**	**67 203 686**

Directors: Thembinkosi Sibanda (Chairman), Jerome Caraguel, Anne Madzara, Sternford Moyo, Gary Sharp, Oliver Kamundimu, Michael Fowler

The Directors are pleased to present the **Audited Financial Results for Padenga Holdings Limited** for the year ended 31 December 2019

Supplentary **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 82.88% stake in Tallow Creek Ranch, 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 full 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 full year abridged financial results have been prepared in accordance with 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 have been prepared in US$ after taking into account the considerations for IAS 21 Detailed disclosure notes have been included in the annual report.

5. Estimates

When preparing the interim financial results, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, results, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last annual financial statements for the year ended 31 December 2018.

6. Accounting policies

The principal accounting policies of the Group are consistent in all material respects with those applied in the previous financial year except for the effects of adoption of IFRS 16. The Group has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17. The Group recognises a right-of-use-asset and lease liability at the lease commencement date. The right-of-use-asset is initially measured at cost. The right-of-use-asset is subsequently depreciated using the straight line method from the commencement date to the earlier of the end of the useful life of the right-of-use-asset of the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or , if that rate cannot be readily determined the Group's incremental borrowing rate.

7. Operating segments

The following tables present revenue and profit information about the Group's operating segments for the year ended 31 December 2019.

	Crocodiles US$	Alligators US$	Adjustments and Eliminations US$	Total US$
Revenue				
31 December 2019	25 530 706	3 596 803	-	**29 127 509**
31 December 2018	34 069 796	3 251 345	-	**37 321 141**
Segment profit /(loss)				
31 December 2019	7 483 192	(996 225)	257 619	**6 744 586**
31 December 2018	9 292 917	(2 621 110)	682 662	**7 354 469**
There was no inter-segment revenue in the period.				
The following tables present assets and liabilities of the Group's operating segments as at 31 December 2019.				
Segment assets				
31 December 2019	87 266 348	24 944 324	(15 213 631)	**96 997 041**
31 December 2018	83 751 812	20 993 391	(13 382 443)	**91 362 760**
Segment liabilities				
31 December 2019	15 517 267	24 284 650	(10 008 561)	**29 793 355**
31 December 2018	17 384 375	19 044 774	(7 624 937)	**28 804 212**

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

Revenue from one customer amounted to US$26 636 244 (2018: US$29 501 543), arising from sales of the crocodile and alligator skins.

8. Capital expenditure for the year

	31 Dec 2019 audited US$	Restated 31 Dec 2018 audited US$
Capital expenditure for the year	**4 770 423**	**5 253 399**
Capital expenditure commitment		
Authorized but not yet contracted	2 200 000	5 678 685
	2 200 000	**5 678 685**

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

9. Future lease commitments

	31 Dec 2019 audited US$	Restated 31 Dec 2018 audited US$
Payable within one year	147 000	332 818
Payable between two and five years	588 000	998 454
Payable after five years	147 000	665 636
	882 000	**1 996 908**

10. Trade and other payables

	31 Dec 2019 audited US$	Restated 31 Dec 2018 audited US$
Trade	44 874	345 877
Accruals	973 844	3 582 471
Sundry creditors	175 677	-
	1 194 395	**3 928 348**
10.1 Customer deposits		
10.1.1 Non-Current Customer deposits	**-**	**-**
10.1.2 Current Customer deposits	**2 936 325**	**3 125 925**

Customer deposits mainly relate to advances received from our main customer for the acquisition of breeders and hatchlings in the foreign operation.

Supplentary **Information** (continued)

11. Interest bearing loans and borrowings

		31 Dec 2019 audited US$	Restated 31 Dec 2018 audited US$
11.1 Non-Current interest bearing loans and borrowings	**Year repayable**		
Unsecured			
Foreign long term borrowings	**2020**	6 335 000	7 235 000
		6 335 000	**7 235 000**
11.2 Current interest bearing loans and borrowings			
	Year repayable (December 2020)		
Secured			
Local short term borrowings and foreign current portion	**up to -365days**	10 579 610	7 337 860
		10 579 610	**7 337 860**

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, trade receivables and biological assets with a carrying value of US$10,000,000. The Group has a short term facility of US$5,600,000, rate of interest for local operations is 6%-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. 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.

Headline earnings basis
Headline earnings comprise of basic earnings attributable to equity holders of the parent adjusted for profits, losses and items of capital nature that do not form part of the ordinary activities of the Group, net of the respective tax effects and share of non controlling interests, as applicable.

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.

13. Contingent liabilities

The Group had no contingent liabilities at 31 December 2019.

14. Functional Currency

Following the official introduction of the ZWL$ as a currency in Zimbabwe alongside the basket of existing currencies, businesses faced the prospect of a change in their functional currency to ZWL$ dollars. The Group concluded that its functional currency is US$ for the period ending 31 December 2019.

In coming up with the functional currency the Group took into account the following:

- the currency that mainly influences sales prices for goods and services (this will often be the currency in which sales prices for its goods and services are denominated and settled); and
- the currency of the country whose competitive forces and regulations mainly determine the sales prices of its goods and services.
- the currency that mainly influences labour, material and other costs of providing goods or services (this will often be the currency in which such costs are denominated and settled):
- the currency in which funds from financing activities (issuing debt and equity instruments) are generated; and
- the currency in which receipts from operating activities are usually retained.

Given the context of the environment, management assessed whether there had been a change in the functional currency used by the Group. The assessment included consideration of whether the various modes of settlement may represent different forms of currency. It was observed that whether cash, bond notes, electronic money transfers or point of sale transactions, the unit of measure across all these payment modes remained US Dollars. Management therefore concluded that the US dollar is still the functional currency and has restated its 2018 financials to reflect the impact of exchange rates between the US dollar and the Local Zimbabwe dollar for the period 1 October 2018 to 31 December 2018. In the prior year, an exchange rate of 1:1 was applied between the two currencies. Pursuant to the requirements of IFRS, the first observable exchange rate of 1:2.5 between RTGS$ balances, bond notes; and the US$ for the period October 2018 to December 2018 was used. The Directors have noted the concerns raised by the Auditors in respect of whether this first observable rate meets the IFRS requirements for a spot rate. This requirement to comply with IFRSs presented challenges in terms of compliance with Government legislation (SI 33; SI142 of 2019).

15. Restatement of opening balances as at 31 December 2018

The Group adopted the accounting treatments prescribed under IAS 21 and have therefore restated 2018 Financial Statements using the first observable exchange rate of 1:2.5 between ZWL$ balances, Bond Notes and the US$ for the period of October 2018 to December 2018.

For purposes of the restatements, the transactions from January 2018 to September 2018 were not converted as the US$ rate against the RTGS was assumed to be 1:1. Only transactions incurred from October to December 2018 were converted. This was necessitated by the pronouncement of separating the US$ and RTGS nostros by RBZ.

1. ZWL$ transactions from October to December 2018 were converted to US$ at a rate of 1:2.5. This was the first adopted rate when the interbank was introduced.
2. Closing Statement of Financial Position as at 31st December 2018 ZWL$ balances such as short- term investments, cash and bank balances, accounts receivables, accounts payables and short-term loans (payables within 12 months) were converted at a rate of 1:2.5 to obtain US$ balances.
3. Non- current assets (Plant & equipment and Biological assets) were assumed to be in US$ as the figures were accumulated during the US$ period from 2011. Most of the capital expenditure incurred in 2018 was sourced outside Zimbabwe and are foreign denominated assets. For the local components of capital expenditure transactions, the amounts have been considered to be immaterial so has been taken as US$ together with the rest of the materials.
4. Biological Current assets were assumed to be US$ as the balance is an accumulation of inputs over the past three years and most of them sourced from outside Zimbabwe such as feed from South Africa and chemicals from India and the transactions are foreign denominated.
5. Off shore loan of US$2.7million and the interest accrued of US$282k as at 31 December 2018 were not converted as the obligation of yearly repayments is in US$.
6. We have isolated some expenses which were incurred in US$ from the first of October 2018 to 31 December 2018 and these were recorded as 1:1.

16. Events after reporting period

Events after the reporting period are those events, favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are authorised for issue.There were non-adjusting events after the reporting date at the time of issuing this annual report, however there is the impactof the Corona Virus Covid-19 as outlined below.

Management have developed a comprehensive Covid-19 strategic response plan that has been applied and includes the monitoring and continual screening of the health status of all staff. This is reinforced by extensive education on reducing exposure and practicing recommended routine disinfection and related activities. The Company's clinics have been stocked with supportive medicines and equipment appropriate to provide a high level of patient care and treatment. Management staff are practicing self-isolation consistent with their responsibilities and skills transfers have been addressed to allow a continuation of operations with a reduced workforce under the national lockdown promulgated. The company Covid-19 response team meets on-line regularly to assess the changing epidemiology nationally and to adjust local policy as necessitated. Details of the company's communications distributed to employees in regard to safeguarding their health and wellness status and the steps being taken to achieve this have been posted on the Padenga website. (www.padenga.com). The stocks of feed, chemicals and other product critical to sustaining operations were increased before the national lockdown and are adequate to withstand a minimum three month disruption in supplies. Operations are continuing under the designation of essential services and there has been no compromise thus far, nor is any anticipated.