PADENGA

HOLDINGS LIMITED

The Directors are pleased to present

The Audited Financial Results For Padenga Holdings Limited

for the year ended 31 December 2017

FINANCIAL HIGHLIGHTS		
All figures in US\$ Group Summary	2017 US\$	2016 US\$
Revenue Operating profit before depreciation, amortization, impairment and fair valuation adjustments Profit before taxation Profit attributable to shareholders Cash generated from operating activities Capital expenditure Net Assets	30 276 051 13 944 006 16 368 831 13 020 828 8 833 638 3 631 466 61 703 204	31 272 712 12 615 760 11 040 379 8 948 240 4 418 998 4 284 708 53 345 179
Share performance Basic earnings per share (cents) Diluted earnings per share (cents) Dividend cover (firnes) Dividends declared and paid during the year per share (cents) Market price per share (cents) Market capitalisa	2.40 2.40 2.9 0.53 54.71 296 305 771 541 593 440	1.65 1.65 4.0 0.41 16.00 86 654 950 541 593 440

COMMENTARY

DIRECTORS' RESPONSIBILITY

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' (Chapter 24:03). The principal accounting policies of the group are consistent with those applied in the previous view.

ADJIT STATEMENT

These condensed financial results should be read in conjunction with the complete set of consolidated financial statements for the year ended 31 December 2017, which have been audited by Ernst & Young Chartered Accountants (Zimbabwe) who have issued an unmodified opinion thereon and have included a section on the key audit matters (KAMs), in their report. 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 a copy is posted on the company's website: www.padenga.com.

Consolidated Results

The group, again, produced outstanding financial results. These were a consequence of firm prices coupled with improved operational efficiencies and fiscal discipline that resulted in reduced cost of sales.

The group recorded an operating profit before depreciation, amortization, impairment and fair valuation adjustments of \$13,944,006 (\$12,615,760 – FY16) from revenue of \$30,276,051 in the twelve months to December 2017. Revenue for the prior period to December 2016 was \$31,272,712. The group benefited from an export incentive of \$1,559,811, up from the \$1,339,460 received in 2016. Profit before tax increased by 48% over prior year to \$16,368,831 (\$11,040,379 – FY16).

Cash generated from operating activities doubled from \$4,418,998 prior year to \$8,833,638 in FY17 in line with increased profitability.

Crocotile Operation
The Zimbabwe crocodile operation, which accounted for 94% of the group's revenue, produced another excellent set of financial results. Turnover increased by 4% to \$28,515,119 from \$27,527,638 recorded in the prior period although the 43,313 contract skins sold in FY17 represented a decline of 10% over the volume sold in the previous period. We closed the year with an additional 2,725 skins in stock which were graded and sold subsequent to year-end. The increase in turnover is a result of firmer prices achieved during the year under review. Operating profit and profit before tax increased by 8% and 35% to \$13,934,470 and \$17,008,557 respectively.

Alligator Operation
In line with the strategy to produce predominantly medium sized skins, only those watchband sized skins which were not suitable for grow-out to medium skins were harvested in 2017. Volumes were therefore predictably down 46% against prior period (11,190 skins vs. 20,835 skins). Consequently, the operation recorded tumover of \$1,760,932, a 53% decline against prior year (\$3,745,074 – FY16). The unit recorded an operating loss of \$688,385 and a loss before tax of \$978,838 compared to an operating loss of \$614,841 and a loss before tax of \$978,838 compared to an operating loss of \$614,841 and a loss before tax of \$978,838 compared to an operating loss of \$614,841 and a loss before tax of \$978,838 in the prior year.

The group increased its shareholding in Tallow Creek Ranch (TCR) from 68.6% to 82.9%.

OPERATIONS

OPERATIONS
Crocodile Operation
In the crocodile operation 46,035 animals were harvested in the period which was in line with budget but represented a decrease of 4% compared to prior period. The skin quality grade achieved declined from 95% 1st Grade in 2016 to 89% in the period under review. Skin quality was negatively impacted by a combination of poor water quality resultant from low Lake water levels in late 2016 and early 2017 and a year of unnaturally low average ambient temperatures at the Farms. Conditions generally were very adverse for premium quality skin production and skins did not finish to the stant and at the rate traditionally experienced. One consequence of this was that harvesting was delayed well into the final quarter of the year with 52% of the offlake occurring in this period. Although temperature moderation was not feasible because of the scale of the operation, measures have been implemented to counter the impact of poor water quality and we do not expect a repeat going forward. Average skin size achieved of 34.3cms was consistent with the customer's requirements. This was a slight improvement over that achieved in the prior year (34.2cm. – FY16). The size distribution produced varies slightly from year to year at the request of the customer to satisfy specific market dynamics.

We closed the period with a total of 157,675 grower crocodiles on the ground compared to 150,172 at the end of FY16. This number of crocodiles was consistent with the strategy to achieve a sustained annual production of 46,000 skins. Eighty new grower pens were constructed in the period at Nyanyana Farm to facilitate the earlier movement of yearlings from hatchling pens in spring each year. This initiative will further reduce stoding densities as part of an ongoing strategy to both enhance animal welfare & to improve skin quality, A 330kWp solar energy project was commenced for the northern farms and will be commissioned in 2018. This not only provides material cost savings but reinforces the company's commitment to sustainability through the application of alternative and renewable energy solutions.

The demand from Europe for premium crocodile meat cuts increased during the period and export prices firmed as a consequence. Total meat volumes sold increased by 9% to 256 tonnes from 237 tonnes in the prior year. The sales mix shifted towards premium value cuts resulting in average prices received increasing by 45%. Overall, meat turnover increased by 57% over prior year.

Alligator Operation

Yearling animals which were being sold as watchband sized skins in FY17 grew out satisfactorily and the skin grades obtained on this stock were fully consistent with expectations. \$3.6 m of additional equity was injected into the business in the year under review to enhance working capital and finance the full transition into a medium sized skin production model. A total of 11,800 yearling animals of the requisite skin requirements were purchased in for grow-out into medium sized skins. The selection, transport and induction of these into the TCR pens was conducted seamlessly and the stock has settled well and subsequent growth is to expectation. The operation withstroof the recares of Category 4 luring real behave described this being the subtest tomical evidence or real expectation. withstood the ravages of Category 4 Huricane Harvey despite this being the wettest tropical cyclone or record in the USA. There was negligible damage to infrastructure and no observed impact on the livestock despite the immediate area around the farm being inundated to a depth of 84cms of standing water. This was testament to the strategy of constructing the barns on a raised pad 90cms above the local ground level. The demand for good quality medium sized alliquior skins at competitive prices has consistently remained strong in contrast to a weak watchband sized skin market that prevailed throughout the year.

SUS IAINABILITY

The Group re-affirms its commitment to animal welfare and best practice norms. Both operations comply with the regulations of the relevant statutory bodies that monitor the husbandry of crocodiles and alligators. Statutory and independent audits conducted recently have confirmed both our compliance with and commitment to animal welfare and the humane and ethical treatment of our livestock.

PROSPECTS
The Zimbabwe operation is expected to sell 46,000 premium quality skins in 2018. Demand for top quality skins remains steady and prices are expected to hold. We expect this operation to maintain the momentum and post another good result. In the Alligation operation, in addition to the watchband sized skins that are not suitable for grow-out, we will have medium sized skins for sale in 2018. We anticipate that this operation will continue to show positive growth in FY2018. Overall the group is anticipating producing another set of good results.

BOARD APPOINTMENT
The Board is delighted to announce the appointment of Mr.J.C.P. Caraguel as a Non-Executive Director of the Company effective from 14th March 2018. Jerome Caraguel is a French citizen with a Master of Economics degree from the University of Toulouse, France. He has worked in the exotic skins trade his entire career and has recently retired following a thirteen year period as the Purchasing Director of Exotic Skins for top the tannesis supplying the premium luxury brands. He serves on the Board of other crocodilian farming operations in both Australia and the USA and brings a wealth of experience about meeting the expectations of the high end quality skin market. The Board welcomes Mr Caraguel as a Non-Executive Director and looks forward to his positive contribution in the years shade. contribution in the years ahead.

DIVIDENDThe Board has declared a final dividend of 1.20 US cents per share, payable in respect of all the ordinary shares of the Company. This dividend is in respect of the financial year ending 31st December 2017 and will be payable in full to all the shareholders of the Company registered at the close of business on Friday 18th April 2018. The payment of this dividend will take place on or about Friday the 27th of April 2018. The shares of the Company will be traded cum – dividend on the Zimbabwe Stock Exchange up to the market day of Tuesday 10th April 2018 and ex – dividend as from Wednesday 11th April 2018. This dividend represents a cash dividend cover of two times.

APPRECIATION

Notwithstanding the uncertain and challenging economic and physical environment prevailing in our operational areas in 2017, the executive directors, management and staff have, once again, produced an excellent set of financial results. I congratulate them on this and commend them for their commitment, passion and foresight in moving the group forward. My thanks again to the non - executive directors for their guidance, oversight and wise counsel during this financial year.

A K Calder 14 March 2018

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2017

	31 Dec 2017 audited US\$	31 Dec 2016 audited US\$
Revenue	30 276 051	31 272 712
Other operating income	2 219 079	1 441 805
Net operating costs	(18 551 124)	(20 098 758)
Operating profit before depreciation, impairment,	,	
amortisation and fair value adjustments	13 944 006	12 615 760
Depreciation and amortisation	(2 053 600)	(1 816 667)
Operating profit before interest and fair value adjustments	11 890 406	10 799 093
Fair value adjustments on biological assets	4 251 741	(289 185)
Profit before interest and tax	16 142 147	10 509 907
Interest income	1 668 820	1 443 590
Interest expense	(1 442 136)	(913 119)
Profit before tax	16 368 831	11 040 379
Income tax charge	(3 515 580)	(2 638 456)
Profit for the year	12 853 251	8 401 923
Other comprehensive income	-	
Total comprehensive income for the year	12 853 251	8 401 923
Profit for the year attributable to:		
Equity holders of the parent	13 020 828	8 948 239
Non-controlling interest	(167 577)	(546 317)
	12 853 251	8 401 923
Total comprehensive income for the year attributable to:		
Equity holders of the parent	13 020 828	8 948 239
Non-controlling interest	(167 577)	(546 317)
	12 853 251	8 401 923
Earnings per share (cents)		
Basic earnings per share	2.40	1.65
Diluted earnings per share	2.40	1.65

Consolidated Statement of Financial Position

As at 31 December 2017		
	31 Dec 2017	31 Dec 2016
	audited	audited
	US\$	US\$
ASSETS		
Non-current assets		
Property, plant and equipment	18 731 914	17 315 206
Intangible assets	35 315	36 337
Biological assets	4 789 841	4 324 536
v	23 557 070	21 676 079
Current assets		
Biological assets	30 372 092	26 140 741
Inventories	5 277 246	2 590 785
Trade and other receivables	13 965 801	10 538 973
Tax receivable	344 046	238 459
Cash and cash equivalents	11 226 163	10 265 655
	61 185 348	49 774 613
Total assets	84 742 418	71 450 692
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	54 159	54 159
Share premium	27 004 245	27 004 245
Retained earnings	34 668 708	26 143 106
Change in ownership reserve	(63 863)	(236 946)
Equity attributed to equity holders of the parent	61 663 249	52 964 564
Non- controlling interest	39 955	380 615
Total shareholders' equity	61 703 204	53 345 179
Non-current liabilities		
Interest-bearing borrowings	8 169 151	5 004 705
Customer deposits	159 325	1 179 525
Deferred tax liability	6 929 639	6 304 012
	<u>15 258 115</u>	12 488 242
Current liabilities		
Deferred consideration	-	425 885
Customer deposits	2 234 032	256 432
Interest-bearing borrowings	3 294 732	3 017 114
Trade and other payables	1 893 464	1 598 804
Provisions	358 871	319 036
T 4 10 100	7 781 099	5 617 271
Total liabilities	23,039,214	18,105,513
Total equity and liabilities	84 742 418	71 450 692

Consolidated Statement of Changes in Equity

	Share	Share	Change in	Retained		Controlling		
	Capital	Premium	ownership	Earnings		Interest	TOTAL	
	audited	audited	audited	audited	Total	audited	audited	
Notes	US\$	US\$	US\$	US\$	US\$	US\$	US\$	
Balance at 1 January 2016	54 159	27 004 245	(165 948)	19 421 793	46 314 249	629 353	46 943 602	
Total comprehensive income	34 103	27 004 243	(100 340)	8 948 240	8 948 240	(546 317)	8 401 923	
Acquisition of non-controlling interest			(70 998)	0 340 240	(70 998)	297 579	226 581	
Dividends paid		-	(10 330)	(2 226 927)	(2 226 927)	-	(2 226 927)	
Balance at 31 December 2016	54 159	27 004 245	(236 946)	26 143 106	52 964 564	380 615	53 345 179	
For the year ended 31 December 2017								
						Non -		
	Share	Share	Change in	Retained		Controlling		
	Capital	Premium	ownership	Earnings		Interest	TOTAL	
	audited	audited	audited	audited	Total	audited	audited	
Notes	USS	USS	USS	US\$	USS	US\$	US\$	
Balance at 1 January 2017	54 159	27 004 245	(236 946)	26 143 106	52 964 564	380 615	53 345 179	
Total comprehensive income				13 020 828	13 020 828	(167 577)	12 853 251	
Change in degree of ownership			173 083		173 083	(173 083)		

 (4 495 226)
 (4 495 226)
 (4 495 226)

 54 159
 27 004 245
 (63 863)
 34 668 708
 61 663 249
 39 955
 61 703 204

31 Dec 2017

1 668 820

US\$

1 189 023

Consolidated Statement of Cash Flows

Cash generated from operating activities	
Interest income	

Taxation paid Net cash generated from operations Cash flow from investing activities

Interest paid

For the year ended 31 December 2017

Net cash outflow from investing activities proceeds on disposal of property, plant and equipment purchase of property, plant and equipment expenditure on non-current biological assets

purchase of intangible assets payment of deferred consideration Net cash flow before financing activities

Cash flow from financing activities Increase in borrowings

repayments - additional investment by non-controlling interest - payment for purchase of additional interes

by holding company Net cash flow utilised in financing activities Net increase / (decrease) in cash and cash equivalents Cash and cash equivalents at the beginning of the period Cash and cash equivalents at the end of the period

Made up as follows: Bank balances and cash Short-term investments

CASH AND CASH FOUIVALENTS

Dividends paid

(748 234 (3 072 328) 6 692 437 1 787 459 (4 507 400) (4 051 115) 6 236 243 890 (3 465 427) (4 139 295) (157 109) (145 413) (8 930) (466 582) (425885)2 641 322 (2 719 941) 4 687 275 2814412 (9 194 307) (9 025 110) 226 582 (480 000) (4 495 226) (2 226 927) (4 495 226) (1 680 814) 2 460 348 960 508 (259 593) 10 525 248 9 121 723 7 910 001 2 104 440 2 355 654 11 226 163 10 265 655 Directors: Ken Calder-Chairman* | Anne Madzara* | Themba Sibanda* | Gary Sharp-Chief Executive Officer | Oliver Kamundimu-Chief Financial Officer

Supplementary Information

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 differate chies and most and alligator skins and meat.

This subsidiary previously known as Lone Star Alligator Farms, LLC changed its name to Tallow Creek Ranch, LLC on 1 June 2017.

Basis of preparation

The financial 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.

Statement of compliance
The Group's 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).

Currency of reportingThe financial results are expressed in United States Dollars which is the Group's presentation and

functional currency.

Estimates

When preparing the 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 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 2016.

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 2017.

The following tables present revenue and profit information about the Group's operating segments for the year ended 31 December 2017.

•					
Revenue	Crocodiles US\$	Alligators US\$	Adjustments & eliminations US\$	Consolidated US\$	
31 December 2017 31 December 2016	28 515 119 27 527 638	1 760 932 3 745 074		30 276 051 31 272 712	
Operating Profit/(loss) before impairment, depreciation, amortization and fair value adjustments	1				
31 December 2017 31 December 2016	13 934 470 12 931 385	(868 385) (614 841)	877 921 299 216	13 944 006 12 615 760	
Depreciation and amortization					
31 December 2017	1 797 883	255 717	-	2 053 600	
31 December 2016	1 699 595	117 072	-	1 816 667	
Interest Expense					
31 December 2017	483 510	747 245	211,381	1 442 136	
31 December 2016	462 960	450 159		913 119	
Profit/(loss) before tax		(
31 December 2017	17 008 557	(978 838)	339 112	16 368 831	
31 December 2016	12 620 546	(1 675 835)	95 668	11 040 379	
Segment assets					
31 December 2017	74 776 214	22 368 513	(12 402 309)	84 742 418	
31 December 2016	62 365 212	14 487 203	(5 401 724)	71 450 691	
Segment liabilities					
31 December 2017	11 546 618	17 442 240	(5 949 644)	23 039 214	
31 December 2016	7 918 046	12 838 172	(2 650 705)	18 105 513	
Capital expenditure (property, biological assets, plant & equipment)					
31 December 2017	3 545 427	86 039	-	3 631 466	
31 December 2016	2 560 152	1 724 556		4 284 708	
Classification of the segments is has	Classification of the segments is based on the type of biological assets				

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

Revenue from one customer amounted to \$29 256 219 (2016: \$30 527 822), arising from sales of

	the crocodile and alligator skins.		
		31 Dec 2017 US\$	31 Dec 2016 US\$
8.	Capital expenditure for the year	3 631 466	4 284 708
	Capital expenditure commitment		
	Authorized but not yet contracted	5 103 809	3 640 847
		5 103 809	3 640 847
9.	Future lease commitments		
	Payable within one year	319 928	306 157
	Payable between two and five years	898 403	884 632
	Payable after five years	694 875	829 500
		1 913 206	2 020 28 9
	The capital expenditure will be financed from the Group's own resources and borrowing facilities.		
10.	Trade and other payables		
10.	Trade	422 598	587 816
:	Accruals	1 429 265	962 381
	Sundry creditors	41 601	48 607
	,	1 893 464	1 598 804
10.1	Customer deposits		
10.1.	1 Non-Current Customer deposits	159 325	1 179 525
10.1.	2 Current Customer deposits	2 234 032	256 432

Customer deposits mainly relate to advances received from our main customer for the acquisition of breeders and hatchlings in the foreign operation. This will be settled through delivery of hatchlings starting in 2018.

11. 11.1	Interest bearing loans and borrowi Non-Current interest bearing loans	ngs and horrowings		
	•	Year repayable		
	Unsecured	2019 - 2021	8 169 151	5 004 705
	Foreign long term borrowings	2019 - 2021	8 169 151	5 004 705
11.2	Current interest bearing loans and			
	Secured	Year repayable		
	Foreign short term borrowings	December 2018	3 294 732	3 017 114
11 3	Deferred consideration		3 294 732	3 017 114
11.5		Year repayable		
	Current Deferred consideration	December 2018		1 366 770
	Reconciliation	December 2010	-	1 300 770
	Opening balance		425 885	1 366 770
	Interest Payments		(425 885)	5 697 (946 582)
	Balance		- (420 000)	425 885

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 was paid in December 2017. 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, trade receivables and biological assets with a carrying value of \$10,000,000. The Group has a short term facility of \$11,600,000, rate of interest for local operations is 6%-10% whilst for the foreign operation ranges from

The facility for the local operation was not utilized at the end of the reporting period, all loans had

Borrowing PowersIn 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.

Basic earnings basis

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.

12.2 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.

Contingent liabilities
The Group had no contingent liabilities at 31 December 2017. Events after reporting period

There were no adjusting or non-adjusting events after the reporting date at the time of issuing these financial results. el Fowler-Executive Director | J.C.P. Caraguel* | *Non-Executive