



REVIEWED CONDENSED CONSOLIDATED GROUP FINANCIAL RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2021

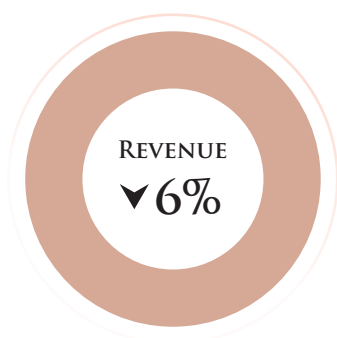
SHORT-FORM FINANCIAL ANNOUNCEMENT

Issued in terms of Practice Note 13 of the Zimbabwe Stock Exchange

This short-form financial announcement is the responsibility of the Directors and is only a summary of the information contained in the full announcement and does not contain full or complete details. Any investment decisions by investors and/or shareholders should be based on consideration of the full announcement published on the ZSE Data Portal and the Company website as a whole.

A copy of the full announcement has been shared with shareholders using the latest email addresses supplied by the shareholder, and is available upon request, and for inspection, at no charge at the Company's registered office or via email request to corpserve@escrowgroup.org. The full announcement is also available on the Victoria Falls Stock Exchange website: www.vfex.exchange and the Company website: www.padenga.com.

SALIENT FEATURES



	30-June-21 reviewed US\$	30-June-20 reviewed US\$	% change 2021 vs 2020
Revenue	21 186 456	22 497 828	-6%
Operating (loss)/ profit before depreciation, impairment and amortisation	(8 553 815)	2 250 286	-480%
(Loss)/profit before taxation	(12 711 553)	9 303 715	-237%
(Loss)/profit attributable to shareholders	(7 075 244)	7 737 857	-191%
Cash generated from operations	4 130 231	20 559 513	-80%
Capital expenditure	9 861 650	6 635 223	49%
Total Assets	155 049 846	149 339 959	4%
Total Equity	74 004 230	85 766 262	-14%
Total Liabilities	81 045 616	63 573 697	27%
Earnings per share (cents)			
Basic earnings per share	(1.31)	1.43	-191%
Diluted earnings per share	(1.29)	1.43	-190%
Basic headline earnings per share	(1.31)	0.34	-481%
Diluted headline earnings per share	(1.29)	0.34	-479%
Dividend per share			
Dividends declared and paid since reporting date (cents)	-	-	-

Dividends

Due to the losses experienced in the period and the significant investment into the mining business, the Group's cash resources are currently constrained. The Group will therefore not be paying an interim dividend.

Auditors Statement

This short-form financial announcement should be read in conjunction with the condensed consolidated interim financial statements for the half year ended 30 June 2021. The condensed consolidated interim financial statements have been reviewed by Ernst & Young Chartered Accountants (Zimbabwe), who have issued a qualified opinion for non-compliance with IAS 21 (The Effects of Changes in Foreign Exchange Rates), IAS 8 (Accounting Policies,

Changes in Accounting Estimates and Errors), IAS 29 (Financial Reporting in Hyperinflationary Economies) and IFRS 3 (Business Combinations). The auditors' report on the condensed consolidated interim financial statements, from which this short-form announcement is extracted, is available for inspection at the Company's registered office.

T N SIBANDA

Independent, Non-Executive Chairman 22 September 2021

Directors: *Themba Sibanda (Chairman)*, Charles P.J. Caraguel*, Annie Madzara*, Evelyn Mkondo*, Sternford Moyo*, Gary Sharp (Chief Executive Officer), Oliver Kamundimu (Chief Financial Officer), Michael Fowler (*Non-Executive)



The Directors are pleased to present the **REVIEWED CONDENSED CONSOLIDATED FINANCIAL RESULTS** for the six months ended 30 June 2021

Financial Highlights

For the half year ended 30 June 2021

All figures in US\$	30-June-21	30-June-20
Group Summary		
Revenue	21 186 456	22 497 828
Operating (loss)/profit before depreciation, impairment and amortisation	(8 553 815)	2 250 286
(Loss)/profit before taxation	(12 711 553)	9 303 715
(Loss)/profit attributable to shareholders	(7 075 244)	7 737 857
Cash generated from operations	4 130 231	20 559 513
Capital expenditure	9 861 650	6 635 223
Net assets	74 004 230	80 472 663
Share Performance		
Basic (loss)/earnings per share (cents)	(1.31)	1.43
Diluted (loss)/earnings per share (cents)	(1.29)	1.43
Basic headline (loss)/earnings per share (cents)	(1.31)	0.34
Diluted headline earnings per share (cents)	(1.29)	0.34
Market price per share (cents)	36.07	24.06
Number of shares in issue at reporting date	541 593 440	541 593 440
Market capitalisation (US\$)	195 371 533	130 286 511

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 interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The principal accounting policies of the Group are consistent with those applied in the previous financial year.

Functional Currency

The financial statements are presented in United States Dollar (US\$), which is the functional and presentation currency of the entity.

Reviewer's Statement

These condensed interim financial results should be read in conjunction with the complete set of consolidated interim financial statements for the half year ended 30 June 2021, which have been reviewed by Ernst & Young Chartered Accountants (Zimbabwe).

In all respects the financial results are consistent with IFRS's, other than a qualified review conclusion being issued arising from continuing issues from prior years relating to non-compliance with International Accounting Standards (IAS) IAS 21- "The Effects of Changes in Foreign Exchange Rates", Application of IAS 8- "Accounting Policies, Changes in accounting estimates and errors"; mainly correction of prior exchange rate due to non-availability of official market rates. IAS 29- "Financial Reporting in Hyperinflationary economies" on the Group's subsidiary mainly arising from non-compliance with IAS21 which feeds into IAS 29 computation. In addition, the Group was non-compliant with the International Financial Reporting Standard 3 paragraph 18 which requires Management to establish the fair values of the net assets and fair values of the Non-Controlling Interests (NCI) of an acquired subsidiary on the date of acquisition. This is currently being addressed.

The reviewer's report on the interim 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. The engagement partner for this review is Mr Walter Mupanguri (PAAB Practicing Certificate Number 367).

Financial

Consolidated Results

The Group recorded turnover of US\$21,186,456 in the period under review. This is a 6% reduction from the US\$22,497,828 recorded in the comparable period in prior year. The mining business contributed 72% of the total revenue amounting to US\$15,237,058 (US\$13,778,415 H1, 2020) from the sale of 270kgs of gold. The Zimbabwean crocodile operation contributed 23% at US\$4,789,073 (US\$6,406,181 H1, 2020) whilst the Texas operation's contribution amounted to 5% of turnover at US\$1,160,325 (US\$2,313,232 H1, 2020).

Loss before taxation for the six months under review amounted to US\$12,711,553. This was 237% below the profit of

US\$9,303,715 reported in the comparable period in prior year. This half year loss was largely driven by a low ore grade and high strip ratio at the mining division's Pickstone Peerless mine and below target sales volumes for the Zimbabwe crocodile operation.

We sold 15,331 skins compared to 19,323 skins in the comparable period in 2020. The Zimbabwean operation sold 8,298 skins in the period under review (5,463 H1, 2020) at budgeted prices. The Texas operation contributed 46% of the total skin volumes sold (70% H1, 2020) but the majority of these were lower grade skins.

This sales total was negatively impacted by a 50% reduction in the number of skins contracted for sale in 2021 and Covid related lockdowns preventing the harvesting of skins.

The Group generated cash amounting to US\$4,130,231 from operating activities for the six months to June 2021. This cash inflow was achieved despite increases in inventory and livestock costs incurred to mitigate against Covid and market disruptions.

Dallaglio Financials

Dallaglio recorded a loss before tax of US\$9,220,237 in the period under review, compared to a profit of US\$7,796,089 in the prior comparable period. Volumes achieved of 270kgs (344kgs, H1, 2020) were lower than expected, due to low feed grade ore and flooding of the open pit following heavy rains at Pickstone mine during the first quarter of the year.

Although the business recorded a loss in the period, cash generated from operations amounted to US\$838,551 contributing to working capital relief.

Nile Crocodile Financials

In the Nile crocodile operation, a loss before tax of US\$2,824,633 was recorded compared to a profit before tax of US\$4,649,274 for the prior comparative reporting period. The operation had 20,017 skins in inventory at the end of the period. Of these, 11,299 were skins that, although 75% are Grade I skins, are no longer immediately desirable for current premium markets and for which non-traditional markets are being sourced. Profitability was consequently negatively impacted by a reduction in fair valuation income for these 40/+ cm skins in anticipation that it will take 12 to 18 months to move this stock and potentially at discounted prices. No export meat sales were recorded because of Covid-19 disruptions to the European restaurant trade which is the primary end-user of crocodile meat.

The Zimbabwean crocodile operation utilised US\$984,713 in cash for operating activities for the period under review. This cash outflow was a consequence of the losses incurred in the period. Capex was reduced and or deferred in light of the prevailing economic environment, but without prejudice to mission critical improvements focused on skin quality improvement.

Alligator Financials

The Alligator operation recorded a loss of US\$526,351 compared to a loss before tax of US\$2,284,992 for the prior comparative reporting period. This loss resulted from the sale of low-grade skins at reduced prices to clear stock in a depressed market.

Operations

Mining Operations

The rehabilitation of mining and processing works at Delta Gold (Private) Limited's Eureka Mine continued smoothly during the period. The mine started production on schedule in July 2021. It is expected to reach full production by year-end.

Production challenges were experienced at Breckridge's Pickstone Peerless Mine resulting in the mine missing its gold production target for the period by 57kgs. These included flooding of the mine pit during the heavy rains in the first quarter of the year plus the consequences of inappropriate mining methods used historically which limit opportunities to cost-effectively expand the open pit operation. Management has fully reviewed its options and is working on a remedial programme.

Nile Crocodile Operations

Harvesting of crocodiles occurred throughout the six months, and a 21% increase in skin volumes was achieved relative to prior period. A total of 16,644 skins were harvested; up from 13,784 harvested in the comparable prior period. Skin quality was consistent with expectations despite a decreasing tolerance in respect of minor defects within the belly panel.

Rescreeding of pen floors continues to play a critical role in improving skin quality, and operations continued to resurface pens across all farms with long lasting polyurethane floor coverings.

Capital expenditure was considerably reduced against prior years with the main project being the consolidation of wastewater discharge in preparation for primary treatment to be implemented in a phased program over the next five years.

We closed the period with a total of 133,659 grower crocodiles on the ground compared to 137,313 at the end of June 2020.

Alligator Operations

The number of skins sold in the period was 49% below prior year. A total of 7,033 skins were sold compared to 13,860 in the prior period. Production volumes were deliberately reduced because of depressed demand for alligator skins. Animals harvested were processed in-house with good efficiencies being achieved.

There were 1,185 breeders in the extensive breeder project. Egg numbers and fertility rates confirm that the majority of the stock have not yet reached reproductive maturity and are expected to do so over the next three years.

Covid-19 Update

The coronavirus (Covid-19) pandemic has had a significant impact on the global economy. The lockdowns implemented the world over since the beginning of the Covid-19 pandemic have impacted on global supply chains. Notwithstanding this, operations at the mines and farms were not materially impacted by lockdown restrictions as both were classed as essential service providers.

The Group produced a Padenga Covid-19 policy that mandates the continued application of mitigation measures to minimize the spread of Covid-19. Employees have been encouraged to get vaccinated, as the third wave started during the period under review. Overall, the Group regrettably lost one staff member to the pandemic in the second quarter of the current financial year.

Sustainability & Good Husbandry Practices

Both farming operations comply with the regulations of the relevant statutory bodies that monitor the husbandry of crocodiles and alligators in their respective countries, with adherence to technological and health care attentiveness in light of the Covid-19 pandemic.

The capital project to implement a phased wastewater treatment strategy progressed smoothly with a \$1.5m effluent consolidation program being completed by June 2021. Cost effective treatment options continue to be explored with a focus on vertical integration and value addition. This work reinforces the Group's commitment to sustainable development.

Although reduced in scope because of the consequences of Covid-19, the Group continued its community outreach initiatives in those communities where our operations are

located. Most of the community support was directed towards pandemic containment and mitigation efforts in support of the District Covid Coordinating Committee.

Victoria Falls Stock Exchange (VFEX) Listing

Following the export incentives introduced by the government in May 2021, the Board of Directors made a decision to delist from the Zimbabwe Stock Exchange (ZSE) and list on the Victoria Falls Stock Exchange (VFEX). Padenga Holdings successfully listed on the VFEX on the 9th of July 2021. The additional foreign currency incremental retentions realised as a consequence of this listing will benefit both the local farming and mining businesses in the second half of the year.

Directorate

We are pleased to welcome Ms. Evlyn Mkondo as an independent Non-Executive Director of the Group with effect from the 15th of June 2021. Ms. Mkondo will also serve as a member of the Audit and Risk Committee. Following the appointment of Ms. Mkondo, the Board now comprises 8 Directors, of which 5 are Non-Executive Directors.

Ms. Mkondo is a qualified Chartered Accountant by profession. She is currently an independent Non-Executive Director on the Board of several other prominent listed companies.

Prospects

The Group will continue to supply the market with premium quality skins in constant volumes in the near term from the Zimbabwe operations. The demand for top quality defect-free skins is steady and prices for these remain firm. The market for all low-grade skins is depressed following both an oversupply of these grades of skins and a contraction in the second and third tier markets. New operational initiatives directed at finally eliminating all scar defects during the life of the crocodile are yielding extremely positive results and give promise of a further significant improvement in future skin quality. The alligator operation however will be scaled back until market conditions for that species improve and realistic prices and demand return. In the mining operation, the newly commissioned Eureka mine processing plant is scheduled to reach 100% of its milling capacity by December 2021, having commenced production in July 2021. This is one of the most advanced and efficient mine processing plants in Zimbabwe and with the rehabilitation having being commissioned on time, is anticipated to achieve production forecasts for the remainder of 2021.

The production challenges reported at Pickstone Peerless Mine have received extensive attention from Management and revised production methods are being implemented to restore the operation to profitability.

We remain confident in our strong fundamentals and we will continue to focus on preserving value while managing the risks triggered by the volatile external environment. The Group continues to be focused on stringent but strategic cost control measures.

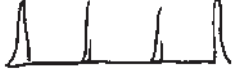
Dividend

Due to the losses experienced in the period and the significant investment into the mining business, the Group's cash resources are currently constrained. The Group will therefore not be paying an interim dividend.

Appreciation and Condolences

The Directors acknowledge the considerable efforts and achievements of the various service providers that have supported Padenga throughout the period of extended lockdowns and during the restricted operational environment that has prevailed, and in particular those that provided Covid-19 mitigation services to Group staff members and their families. Directors, Management and staff extend their sincere condolences to the families and dependents of Group staff who regrettably succumbed to Covid related complications during the period.

On behalf of the Board of Directors, I thank the Group's executives for their outstanding leadership and all of the employees for portraying the Group's resilience in this challenging environment and their enduring commitment to the continued success of the Group.



T N Sibanda , Chairman
22 September, 2021



The Directors are pleased to present the **REVIEWED CONDENSED CONSOLIDATED FINANCIAL RESULTS** for the six months ended 30 June 2021

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2021

		Six months ended 30 June 2021 reviewed US\$	Six months ended 30 June 2020 restated US\$
	Note		
Revenue from contracts with customers	7	21 186 456	22 497 828
Other operating income		257 824	88 468
Credit impairment losses		2 210	-
Foreign currency exchange (losses)/gains		(2 305 994)	3 888 072#
Cost of goods sold		(16 722 130)	(16 410 296)
Employee benefits expense		(5 098 062)	(3 623 863)
Other operating costs		(5 874 119)	(4 189 923)
Operating (loss)/profit before depreciation and amortisation		(8 553 815)	2 250 286
Depreciation and amortisation		(2 301 352)	(2 003 051)
Operating (loss)/profit before interest and fair value adjustments		(10 855 167)	247 235
Fair value adjustments on biological assets		3 146 458	9 386 348
(Loss)/profit before interest and tax		(7 708 709)	9 633 583
Monetary loss		-	(3 210 097)#
Interest income		3 496	5 789 744 #
Interest payable - loans		(4 966 865)	(2 866 432)
Interest payable - leases		(39 476)	(43 083)
(Loss)/profit before tax		(12 711 553)	9 303 715
Income tax credit/(expense)	7.1	761 945	(637 183)
(Loss)/profit for the period		(11 949 608)	8 666 531
Total comprehensive (loss)/income for the period		(11 949 608)	8 666 531
(Loss)/profit for the period attributable to:			
Equity holders of the parent		(7 075 244)	7 737 857
Non-controlling interest		(4 874 364)	928 674
		(11 949 608)	8 666 531
Total comprehensive (loss)/income for the period attributable to:			
Equity holders of the parent		(7 075 244)	7 737 857
Non-controlling interest		(4 874 364)	928 674
		(11 949 608)	8 666 531
(Loss)/earnings per share (cents)			
Basic (loss)/earnings per share	13	(1.31)	1.43
Diluted (loss)/earnings per share	13	(1.29)	1.43
Basic headline (loss)/earnings per share	13	(1.31)	0.34
Diluted headline (loss)/earnings per share	13	(1.29)	0.34

For the six months ended 30 June 2020, Financial income (which has since been updated to "Foreign currency exchange (losses)/gains)" of US\$6 436 757 comprised of foreign currency exchange gains of US\$3 888 072, interest income of US\$5 789 744 and a monetary loss of US\$3 210 097. The prior year amounts have been separated in the current period's presentation. (Refer to note 2.4)

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2021

	30 June 2021 reviewed US\$	30 June 2020 restated US\$
Net cash generated from operating activities	4 130 231	20 559 513
Interest income	3 496	11 399
Interest (paid)/received	(4 796 571)	2 379 391
Interest paid leases	(1 310)	-
Taxation paid	(582 305)	(655 140)
Net cash (utilised in)/generated from operations	(1 246 459)	22 295 163
Cash flow from investing activities		
Net cash outflow from investing activities	(14 112 107)	(13 365 598)
- proceeds on disposal of property, plant and equipment	-	1 491
- purchase of property, plant and equipment	(13 991 007)	(6 110 932)
- expenditure on non-current biological assets	(105 029)	(52 590)
- purchase of intangible assets	(16 071)	(471 701)
- Acquisition of a subsidiary, net of cash acquired	-	(6 731 865)
Net cash (outflow) /inflow before financing activities	(15 358 566)	8 929 566
Increase/(decrease) in borrowings	13 423 529	(12 146 674)
- new loans	19 483 941	766 216
- repayments	(5 982 412)	(12 912 890)
- lease payments	(78 000)	-
Net cash inflow/(outflow) from financing activities	13 423 529	(12 146 674)
Net decrease in cash and cash equivalents	(1 935 037)	(3 217 108)
Net foreign exchange difference	-	(2 199 408)#
Effects of hyperinflation from subsidiary	-	(2 957 483)#
Cash and cash equivalents at the beginning of the period	3 951 118	9 366 759
Cash and cash equivalents at the end of the period	2 016 081	992 760
CASH AND CASH EQUIVALENTS		
Made up as follows:		
Bank balances and cash	1 988 244	954 882
Short-term investments	27 837	37 879
	2 016 081	992 760

For the six months ended 30 June 2020, the net foreign exchange difference of US\$5 156 891 included US\$2 957 483, relating to effects of hyperinflation from the mining subsidiary. (Refer to note 2.4)

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2021

	Share Capital reviewed US\$	Share Premium reviewed US\$	Change in ownership reviewed US\$	Share based option reserve reviewed US\$	Retained Earnings reviewed US\$	Total US\$	Non - Controlling Interest reviewed US\$	TOTAL reviewed US\$
Balance at 1 January 2020	54 159	27 004 245	(63 863)	2 099	40 786 379	67 783 019	(579 333)	67 203 686
Profit for the period	-	-	-	-	7 737 857	7 737 857	928 674	8 666 531
Minority interest on acquisition of subsidiary	-	-	-	-	-	-	4 602 445	4 602 445
Balance at 30 June 2020 (reviewed)	54 159	27 004 245	(63 863)	2 099	48 524 236	75 520 877	4 951 787	80 472 663
For the six months ended 30 June 2021								
Balance at 1 January 2021	54 159	27 004 245	(63 863)	189 671	41 866 100	69 050 312	16 715 950	85 766 262
Loss for the period	-	-	-	-	(7 075 244)	(7 075 244)	(4 874 364)	(11 949 608)
Share based option - charge for the year	-	-	-	187 576	-	187 576	-	187 576
Balance at 30 June 2021 (reviewed)	54 159	27 004 245	(63 863)	377 247	34 790 856	62 162 644	11 841 586	74 004 230

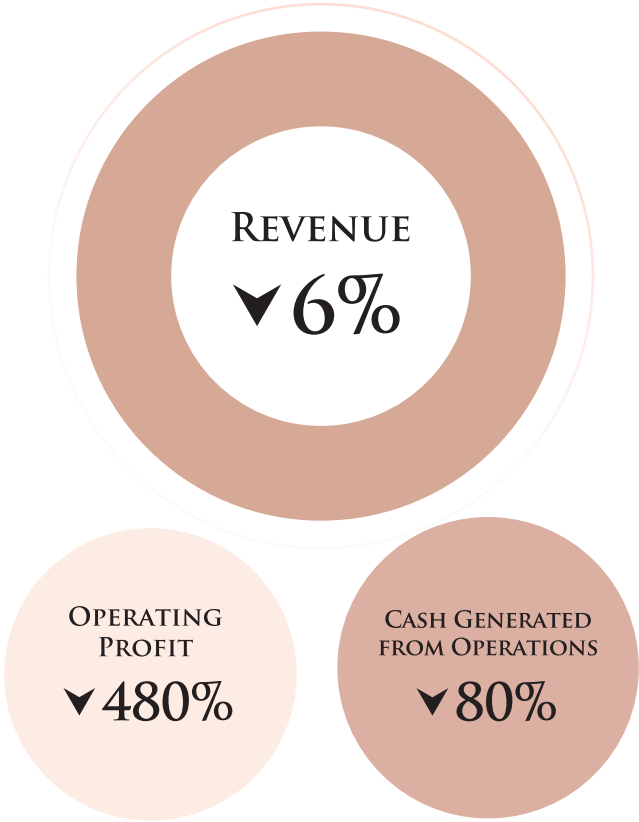
Condensed Consolidated Statement of Financial Position

As at 30 June 2021

	Note	30 June 2021 reviewed US\$	31 December 2020 restated US\$
ASSETS			
Non-current assets			
Property, plant and equipment	10.3	66 334 422	58 494 615
Right of use assets		939 765	1 068 018
Rehabilitation assets		1 389 984	1 536 945
Exploration and evaluation asset		5 450 114	1 320 757
Goodwill		3 672 214	3 672 214
Intangible assets		125 777	113 938
Biological assets		7 493 887	7 226 343
Deffered tax asset		3 015 809	2 631 117 #
		88 421 972	76 063 947
Current assets			
Biological assets		35 982 782	28 485 850
Inventories	9	18 488 375	22 446 079
Tax receivable		207 498	438 740
Trade and other receivables		9 933 138	17 954 225
Cash and cash equivalents		2 016 081	3 951 118
		66 627 874	73 276 012
Total assets		155 049 846	149 339 959
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital		54 159	54 159
Share premium		27 004 245	27 004 245
Share based payment reserve		377 247	189 671
Retained earnings		34 790 856	41 866 100
Change in ownership reserve		(63 863)	(63 863)
Equity attributed to equity holders of the parent		62 162 644	69 050 312
Non- controlling interest		11 841 586	16 715 950
Total shareholders' equity		74 004 230	85 766 262
Non-current liabilities			
Interest bearing borrowings	12.1	33 890 751	5 000 000
Lease liabilities		531 982	585 505
Customer deposits	11.1.2	702 844	-
Provisions	18	2 074 522	1 926 083
Deferred tax liabilities		10 424 074	11 652 910 #
		47 624 173	19 164 498
Current liabilities			
Bank overdraft		3 821 974	7 252 118
Customer deposits	11.1.2	400 000	1 336 925
Short-term interest bearing borrowings	12.2	17 756 736	29 401 501
Trade and other payables	11	8 666 838	4 291 515
Lease liabilities		220 500	198 000
Provisions	18	875 509	63 530
Tax payable		1 679 886	1 865 610
		33 421 443	44 409 199
Total liabilities		81 045 616	63 573 697
Total equity and liabilities		155 049 846	149 339 959

For the year ended 31 December 2020, the deferred asset liability of US\$9 021 793 included a deferred tax asset of US\$2 631 117. The prior year amounts have been separated in the current period's presentation. (Refer to note 2.4)

SALIENT FEATURES





The Directors are pleased to present the **REVIEWED CONDENSED CONSOLIDATED FINANCIAL RESULTS** for the six months ended 30 June 2021

Notes to the condensed consolidated financial statements for the period ended 30 June 2021

1. Corporate Information

Padenga Holdings Limited is a Limited Liability Company incorporated and domiciled in Zimbabwe whose shares are publicly traded on the Victoria Falls Stock Exchange (VFEX). The registered office is located at 121 Borrowdale Road, Gunhill, Harare, Zimbabwe. The Group has an 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. The Group is also engaged in developing and operating large scale commercial gold mines in Zimbabwe, after having acquired a 50.1% stake in Dallaglio Investments Limited, ("Dallaglio").

Assessment of impairment of goodwill:

Goodwill is allocated to the mining business operating segment. The recoverable amount of the cash generating unit of US\$ 34 620 210 has been determined based on value in use calculations. Budgeted operating cash flows for the mining business unit were projected and discounted at the group's weighted average pre-tax cost of capital. The impairment calculations performed indicated that the goodwill was not impaired.

The following key assumptions were made in determining the value in use of the mining business cash-generating unit:

- i. A forecast horizon of five years was used. The forecast horizon comprises the five-year plan drafted in the first quarter of the 2021 financial year, where after a perpetuity growth rate of 5% is used.
- ii. The values assigned to the five-year plan revenue and cost growth assumptions reflect current trends, anticipated market developments and management's experience.
- iii. The key assumptions for the recoverable amount are the long-term growth rate and the discount rate.
- iv. The long-term growth rate used is purely for the impairment testing of goodwill under IAS 36 – Impairment of Assets and does not reflect long-term planning assumptions used by the Group for investment proposals or for any other assessments.
- v. A discount rate of 17.98% per annum, being the Group's pre-tax weighted average cost of capital, was used. The Group's pre tax weighted average cost of capital is deemed appropriate.

Goodwill impairment testing is a six step process

- a. Dividing the entity into cash generating units or identifying the cash generating units
- b. Allocating the goodwill to the cash generating unit(s)
- c. Identifying the carrying amount of the cash generating unit assets
- d. Estimating the future pre-tax cash flows of the cash generating unit under review
- e. Identifying an appropriate discount rate and discounting the future cash flows
- f. Comparing carrying value with value in use and recognizing impairment losses

The goodwill recognised is primarily attributed to the expected synergies and other benefites from combining the assets and activities of Dallaglio with those of the Group. The goodwill is not deductible for income tax purposes.

At the date of the acquisition, the fair value of the trade receivables was US\$ 24 774 446. The carrying amount of trade receivables approximates present value and there is no counterparty credit risk.

2. Basis of preparation

The interim condensed consolidated financial statements for the six months ended 30 June 2021 have been prepared in accordance with IAS 34 Interim Financial Reporting and Companies and Businesses Entities Act (COBE). The Group has prepared the financial statements on the basis that it will continue to operate as a going concern. The Directors consider that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2020.

2.1 Going Concern

The Directors have satisfied themselves that the Group is in a sound financial position and has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they are satisfied that it is appropriate to adopt the going concern basis in preparing the condensed consolidated financial statements.

The Group has considered the future impact Covid-19 might have on the going concern of the business. Many tanneries were shutdown due to lockdowns. The lockdown in China, USA and the restriction on international travel from China, USA, Europe among other continents have impacted on luxury product sales. However, for the Group, harvesting is going on as normal since the deliveries to the customer are normally concentrated in the fourth quarter of the year. In addition, the lockdown will not affect movement of essential imports as movement of cargo is not restricted. The Group encouraged all employees to be vaccinated. As at 9 September 2021, 90% of PHL staff were fully vaccinated, whilst 100% had received the 1st dose and were waiting for the final dose.

For the mining business, global trade in gold has continued albeit at a minimal scale and this has led to an upsurge in gold prices as people seek refuge in gold due to uncertainties around currency stability. Locally, mining companies have been classified under essential services and therefore the Group's operations have continued unabated. In addition, the lockdown will not affect movement of essential imports as movement of cargo is not restricted.

The Group's imports are mainly from South Africa. The Group continues to monitor wellness programs for its employees to mitigate the threat and safeguard the operations of the Group.

2.2 Basis of Consolidation

The condensed consolidated financial statements comprise the financial statements of Padenga Holdings Limited and its subsidiaries as at 30 June 2021. The subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtained control, and will continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies except where stated.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

2.3 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of new standards effective as of 1 January 2021. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments apply for the first time in 2021, but do not have an impact on the interim condensed consolidated financial statements of the Group.

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 1

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

These amendments had no impact on the interim condensed consolidated financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

2.4 Restatement of opening balances as at 30 June 2021

In June 2021, the Group discovered that there were some balances that had been incorrectly classified on the the face of the financial statements for the six months ended 30 June 2020 and 31 December 2020. The balances have been restated as shown below. The restatement has no impact on the profit for the period and shareholders' equity. The reclassification of balances in the statement of profit or loss had an impact on the headline earnings per share previously reported.

The Group discovered that in December 2020, the deferred tax asset had incorrectly been offset against the deferred tax liabilities. This affected total assets and total liabilities and has been corrected in the current period's presentation.

	30 June 2020 As reported US Cents	Adjustments US Cents	As previously reported US Cents
Headline earnings per share	0.34	(1.07)	1.41

Restated Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income extract
The impact of restatement on opening balances
30 June 2020

	30 June 2020 As reported US\$	Adjustments US\$	As previously reported US\$
Foreign currency exchange (losses)/gains	3 888 072	3 888 072	-
Monetary loss	(3 210 097)	(3 210 097)	-
Interest income	5 789 744	5 758 782	30 962
Financial income	-	(6 436 757)	6 436 757
	6 467 719	-	6 467 719

Restated Condensed Consolidated Statement of Financial Position extract
The impact of restatement on opening balances
30 June 2020

	31 December 2020 As reported US\$	Adjustments US\$	As previously reported US\$
Deferred tax asset	2 631 117	2 631 117	-
Deferred tax liabilities	11 652 910	(2 631 117)	9 021 793
	9 021 793	-	9 021 793

Restated Condensed Consolidated Statement of Cash Flows extract
The impact of restatement on opening balances
30 June 2020

	30 June 2020 As reported US\$	Adjustments US\$	As previously reported US\$
Net foreign exchange difference	(2 199 408)	2 957 483	(5 156 891)
Effects of hyperinflation from subsidiary	(2 957 483)	(2 957 483)	-
	(5 156 891)	-	(5 156 891)

3. Statement of compliance

The Group's half year financial results have been prepared in accordance with VFEX listing rules and in compliance with the requirements of IFRSs.

The financial statements have been prepared in compliance with the Companies and Other Business Entities Act (COBE) (Chapter 24:31). 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.

4. Currency of reporting

The financial statements have been prepared in US\$ after taking into account the considerations for IAS 21.

5. Estimates

When preparing the full year 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 financial statements for the full year ended 31 December 2020.

6. Accounting policies

The principal accounting policies of the Group are consistent in all material respects with those applied in the previous financial year.



The Directors are pleased to present the **REVIEWED CONDENSED CONSOLIDATED FINANCIAL RESULTS** for the six months ended 30 June 2021

Notes to the condensed consolidated financial statements for the period ended 30 June 2021 (continued)

7. Revenue from contracts with customers

Set out below is the disaggregation of the Group's revenue from contracts with customers:

	Padenga Zimbabwe US\$	TCR US\$	Dallaglio US\$	Adjustments and Eliminations US\$	Total US\$
Revenue					
30 June 2021	4 789 073	1 160 325	15 237 058	-	21 186 456
30 June 2020	6 406 181	2 313 232	13 778 415	-	22 497 828

Revenue disaggregation from contracts

	30 June 2021				30 June 2020			
	Total US\$	Dallaglio US\$	Padenga Zimbabwe US\$	TCR US\$	Total US\$	Dallaglio US\$	Padenga Zimbabwe US\$	TCR US\$
Skins Exports	5 734 135	-	4 640 190	1 093 945	5 358 673	-	3 055 191	2 303 482
Meat Exports	-	-	-	-	9 493	-	9 493	-
Meat local sales	148 883	-	148 883	-	31 730	-	31 730	-
Gold deliveries	15 237 058	15 237 058	-	-	13 778 415	13 778 415	-	-
Retail Income	66 380	-	-	66 380	3 319 517	-	3 309 766	9 751
	21 186 456	15 237 058	4 789 073	1 160 325	22 497 828	13 778 415	6 406 180	2 313 233

	Padenga Zimbabwe US\$	TCR US\$	Dallaglio US\$	Adjustments and Eliminations US\$	Total US\$
Segment loss/(profit)					
30 June 2021	(1 871 367)	(526 351)	(9 587 681)	35 791	(11 949 608)
30 June 2020	3 545 307	(2 284 992)	2 645 019	4 761 197	8 666 531

There was no inter-segment revenue in the period.

The following tables present assets and liabilities of the Group's operating segments as at 30 June 2021.

	Padenga Zimbabwe US\$	TCR US\$	Dallaglio US\$	Adjustments and Eliminations US\$	Total US\$
Segment assets					
30 June 2021	118 228 127	6 983 734	64 010 801	(37 188 624)	152 034 037
31 December 2020	118 517 174	7 230 810	56 801 874	(35 841 015)	146 708 842
Segment liabilities					
30 June 2021	46 577 037	11 855 305	38 970 581	(19 373 116)	78 029 807
31 December 2020	45 028 621	11 576 033	22 181 664	(17 843 738)	60 942 580

Classification of the segments is based on the type of production. (Crocodiles, Alligators and Mining).

7.1 Income tax

The Group calculates the period income tax expense using the tax rate applicable to the expected total annual earnings.

The major components of income tax expense in the interim condensed consolidated statement of profit or loss are:

	30 June 2021 reviewed US\$	31 December 2020 audited US\$
Income taxes		
Deferred income tax expense relating to origination and reversal of temporary differences	1 038 510	1 671 576
Current income tax charge	(276 565)	(2 308 759)
Income tax credit/(expense) recognised in statement of (loss)/profit	761 945	(637 183)

8. Capital expenditure for the period

Capital expenditure commitments		
Authorised but not yet contracted	1 532 306	2 436 413
	1 532 306	2 436 413

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

9. Inventories

Crocodile and Alligator		
Raw materials and consumables stocks	4 496 387	4 880 806
Finished goods – skins & meat	6 883 166	9 077 823
	11 379 553	13 958 629
Mining		
Raw materials and consumables stocks	7 108 822	8 487 450
	7 108 822	8 487 450
Grand Total	18 488 375	22 446 079

10. Fair value measurements

10.1 Fair value of financial instruments

The estimated net fair values of all financial instruments, approximates the carrying amounts shown in the financial statements.

10.2 Fair value of Biological assets

Fair value of the Biological assets is determined by reference to the average theoretical life span of the crocodile and alligator stock and the prevailing market prices. The stock is evaluated in terms of its respective life span at the reporting date and consideration given to the different saleable products that could be derived from crocodiles and alligators of each age group at the time. On that basis, an indicative value is established using the prevailing local and international market prices for the respective products.

Fair value for breeders is determined using the cost approach by reference to the prevailing replacement cost per unit of inputs required to bring the breeders to maturity.

Fair value movements of the biological assets are recognised in profit or loss.

Valuation Technique

1. The Harvesting stock of crocodiles and alligators is valued using the income approach. Fair value price is determined from the price the Group sells at the point of harvesting to the market.
2. The breeders are valued using the cost approach. The fair value is determined based on the current replacement costs of a breeder as at year end, being the current costs needed to produce a breeder of similar age, maturity and condition as at the year end.

Type		Valuation technique	Significant unobservable Inputs (Level 3)	Quantitative information 2021	Quantitative information 2020
Crocodiles		Income approach. The valuation model is determined by reference to the average theoretical life span of the crocodile stock and prevailing market prices of the skin and meat. The fair value is based on the value of the skin and meat.			
Harvesting stock	Yearlings, Rearings		Price per skin, Quality grading, Age of crocodiles, Price per kg of meat, Meat yield per crocodile	Price per skin US\$ 160 - US\$ 760, Age 1- 3 years, Meat Price/kg US\$0.74 to US\$1.30, Meat yield per crocodile 8.71 kgs	Price per skin US\$ 160 - US\$ 760, Age 1 - 3 years, Meat Price/kg US\$0.79 to US\$4.00, Meat yield per crocodile 5.12 kgs
Alligators		Income approach. The valuation model is determined by reference to the average theoretical life span of the alligator stock and prevailing market prices. The fair value is based on the value of the skin and meat.			
Harvesting stock	Yearlings, Rearings		Price per skin, Quality grading, Age of alligators, Price per kg of meat, Meat yield per alligator	Price per skin US\$ 50 - US\$ 200, Age 1 - 2 years	Price per skin US\$ 50 - US\$ 200, Age 1 - 2 years
Crocodiles and Alligators	Breeders	Cost approach. The valuation model is determined by reference to the average theoretical life span of the breeding stock and current replacement cost.	Replacement cost of hatchlings plus inputs at current costs up to maturity. Age of the breeders	Replacement cost per breeder US\$ 900 - US\$ 1 500, Age 7 - 41 years.	Replacement cost per breeder US\$ 900 - US\$ 1 500, Age 7 - 41 years.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of biological assets by the valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Fair value hierarchy- 30 June 2021

	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$	Fair value gain/(loss) US\$
Harvesting Alligators	-	-	726 159	726 159	422 434
Harvesting Crocodiles	-	-	35 256 624	35 256 624	2 538 901
Breeders (including Alligators)	-	-	7 493 886	7 493 886	185 123
Total	-	-	43 476 669	43 476 669	3 146 458

Fair Value Hierarchy - 31 December 2020

	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$	30 June 2020 Fair value gain US\$
Harvesting Alligators	-	-	1 401 012	1 401 012	42 597
Harvesting Crocodiles	-	-	27 084 838	27 084 838	9 277 559
Breeders (Including Alligators)	-	-	7 226 343	7 226 343	66 192
Total	-	-	35 712 193	35 712 193	9 386 348

10.3 Property plant and equipment

During the six months ended 30 June 2021, the Group acquired assets with a cost of US\$9 861 650 (31 December 2020: US\$27 699 006). In addition, Dallaglio acquired exploration and evaluation assets with a cost of US\$4 129 357 during the period under review. No borrowing costs were capitalised during the six months ended 30 June 2021 (31 December 2020: US\$Nil). The financial information relating to property, plant and equipment is summarised below:

	30 June 2021 reviewed US\$	31 December 2020 audited US\$
Opening balance at 1 January	58 494 615	24 088 898
Additions	9 861 650	27 699 006
Acquired through acquisition of subsidiary	-	10 757 597
Disposals	-	(321 467)
Depreciation	(2 021 843)	(3 717 282)
Impairment	-	(12 137)
Closing balance at the end of the period	66 334 422	58 494 615
11. Trade and other payables		
Trade	3 058 351	1 942 786
Accruals	5 182 427	2 348 729
Sundry payables	426 060	-
	8 666 838	4 291 515
Accruals for 31 December 2020 are broken down as follows:		
Accruals	-	1 989 292
Sundry payables	-	359 437
11.1 Customer deposits		
11.1.2 Current Customer deposits		
Long term deposits	702 844	-
Short term deposits	400 000	1 336 925
	1 102 844	1 336 925

Customer deposits mainly relate to advances received from our main customer. Performance obligations are normally satisfied within 12 months from date of receipt. The Group did not satisfy the performance obligation due to Covid-19 restrictions.

TO THE MEMBERS OF PADENGA HOLDINGS LIMITED

Report on the Review of the Interim Condensed Consolidated Financial Statements

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Padenga Holdings Limited and its subsidiaries ("the Group") , as set out on pages 1 to 5, which comprise the interim condensed consolidated statement of financial position as at 30 June 2021 and the related interim condensed consolidated statement of profit or loss and other comprehensive income, the interim condensed consolidated statement of changes in equity and the interim consolidated statement of cash flows for the six-month period then ended and explanatory notes.

Management is responsible for the preparation and presentation of the interim condensed consolidated financial statements in accordance with the International Financial Reporting Standards. Our responsibility is to express a review conclusion on the interim condensed consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*". A review of interim condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for qualified review conclusion

Impact of prior year modification on current period

Non-compliance with International Financial Reporting Standards: International Accounting Standard (IAS) 21- The Effects of Changes in Foreign Exchange Rates, IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors, IAS 29-Financial Reporting in Hyperinflationary Economies and IFRS 3-Business Combinations.

As explained in note 15 to the interim condensed consolidated financial statements, the Group's functional and presentation currency is the United States Dollar (US\$).

Our most recent year end audit opinion for the year ended 31 December 2020, was modified due to the impact of the use of inappropriate exchange rates which did not meet IAS21 requirements for spot exchange rates during the period 22 February 2019 to 22 June 2020. The misstatements could not be quantified as an IAS21 compliant exchange rate was not available.

Further contributing to the adverse opinion was the impact of non-compliance with IFRS 3. Effective 1 January 2020, the Group acquired and consolidated a subsidiary. However, the 'at acquisition' fair values of the acquired assets and assumed liabilities were not determined, consequently resulting in misstatement of the Goodwill and Non-Controlling Interest arising on the acquisition of the subsidiary. We were however not able to quantify the impact as the appropriate inputs could not be determined.

The Group's financial statements were further impacted due to consolidation of a subsidiary with underlying misstatements arising from an incorrect date of change in functional currency and use of inappropriate exchange rates contrary to IAS21 requirements which all had a consequential impact on the application of *IAS 29- Financial Reporting in Hyperinflationary Economies*. The misstatements could not be quantified as an IAS21 compliant exchange rate was not available.

INDEPENDENT AUDITOR'S REVIEW CONCLUSION - CONTINUED

PADENGA HOLDINGS LIMITED

Management has not made retrospective adjustments in terms of *IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors* to correct the above matters. Consequently, many corresponding amounts on the interim condensed consolidated financial statements are misstated, impacting comparability of the current period numbers.

Therefore, the matters continue to impact the following amounts on the interim condensed consolidated statement of financial position which still comprise of material amounts from opening balances:

- Property, plant and equipment of US\$7 761 669 included in the closing balance of US\$66 344 422.
- Exploration and Evaluation Asset of US\$ 181 826 included in closing balance of US\$5 450 114.
- Goodwill stated at US\$ 3 672 214.
- Deferred tax liabilities stated at US\$ 7 415 161; and
- Functional currency translation reserve of US\$ 1 849 873.

As opening balances enter into the determination of financial performance, our conclusion on the interim condensed consolidated financial results is qualified in respect of the impact of these matters on the following items in the interim condensed consolidated Statement of Profit or Loss and other comprehensive income:

- Cost of sales of US\$ 180 835 included in total cost for the period of US\$11 722 130.
- Depreciation of US\$ 236 572 included in total expense for the period of US\$ 2 301 352; and
- Consequential impact on taxation.

Consequently, the interim condensed consolidated Statement of Cashflows and retained earnings and non-controlling interests on the interim condensed consolidated Statement of Changes in Equity are impacted.

The effects of the above misstatements are material but not pervasive to the interim condensed consolidated financial statements.

Qualified review conclusion

Except for the matters described in the Basis for Qualified Review Conclusion section of our report, the accompanying interim condensed consolidated financial statements present, in all material respects, the Interim condensed consolidated financial position of the Group as at 30 June 2021, its interim condensed consolidated financial performance and its interim condensed consolidated cash flows the period then ended in accordance with International Financial Reporting Standards.

The engagement partner on the review engagement resulting in this review conclusion report on the interim condensed consolidated financial statement is Mr Walter Mupanguri (PAAB Practicing Certificate Number 367).



ERNST & YOUNG
CHARTERED ACCOUNTANTS (ZIMBABWE)
REGISTERED PUBLIC AUDITORS

Harare

30 September 2021

