PADENGA

PADENGA HOLDINGS LIMITED

"PADENGA"

(A public company incorporated in the Republic of Zimbabwe on 27 July 2010 under company registration number 2888/2010)

PRE-LISTING STATEMENT

relating to a listing by Introduction of the entire issued share capital of Padenga of 541 593 440 ordinary shares on the Zimbabwe Stock Exchange

Financial Advisors

IMARA INVESTING IN AFRICA

Corporate Finance

Imara Corporate Finance Zimbabwe (Private) Limited

Sponsoring Broker

IMARA INVESTING IN AFRICA

Securities

Imara Edwards Securities (Private) Limited

MEMBERS OF THE ZIMBABWE STOCK EXCHANGE

Legal Advisors

Coghlan, Welsh & Guest

LEGAL PRACTITIONERS

Coghlan, Welsh and Guest

Auditors and Independent Reporting Accountants

ERNST & YOUNG

Ernst & Young

Chartered Accountants (Zimbabwe

Share Transfer Secretaries

INNSCOR Africa Limited

Innscor Transfer Secretaries

This Pre-Listing Statement is not an invitation to the public to subscribe for shares in the Company but is issued in compliance with the ZSE Listing Requirements, for the purpose of giving information to the public with regard to the Company.

All of the directors of Padenga, whose names are given in paragraph 10.3 of this Pre-Listing Statement, collectively and individually, accept full responsibility for the accuracy of the information given and certify that, to the best of their knowledge and belief, there are no other material facts, the omission of which would make any statement in this Pre-Listing Statement false or misleading and that they have made all reasonable enquiries to ascertain such material facts and that this Pre-Listing Statement contains all information required by law.

The Directors confirm that the listing particulars include all such information within their knowledge (or which it would be reasonable for them to obtain by making enquiries) as investors and their professional advisors would reasonably require and reasonably expect to find for the purpose of making an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the issuer and of the rights attaching to the securities to which the listing particulars relate.

Each of the Company's advisors, legal advisors, sponsoring broker, transfer secretaries and reporting accountants have consented in writing to act in the capacity stated and to their names being stated in the Pre-Listing Statement and have not withdrawn their consents prior to the publication of this Pre-Listing Statement.

Corporate Information

Directors:	**Position Held:**
Alexander Kenneth Calder	Non-Executive Chairman
Gary John Sharp	Chief Executive Officer
Oliver Tendai Kamundimu	Chief Financial Officer
Michael John Fowler	Executive Director
Annie Mutsa Mazvita Madzara	Non-Executive Director
Thembinkosi Nkosana Sibanda	Non-Executive Director

Company Secretary and Registered Office:
Andrew Lorimer
First Floor, Edward Building
Corner First Street and Nelson Mandela Avenue
(PO Box A88, Avondale)
Harare
Zimbabwe

Transfer Secretaries:
Innscor Transfer Secretaries
1 Ranelagh Road
Highlands
(PO Box A88, Avondale)
Harare
Zimbabwe

Financial Advisors:
Imara Corporate Finance
Zimbabwe (Private) Limited
Block 2, 1st Floor, Tendeseka Office Park
Samora Machel Avenue East
Eastlea
(PO Box 1475, Harare)
Harare
Zimbabwe

Reporting Accountants and Auditors:
Ernst & Young
Chartered Accountants (Zimbabwe)
Angwa City
Corner Julius Nyerere/Kwame Nkrumah Avenue
(PO Box 702, Harare)
Harare
Zimbabwe

Sponsoring Brokers:
Imara Edwards Securities (Private) Limited
Block 2, 1st Floor, Tendeseka Office Park
Samora Machel Avenue East
Eastlea
(PO Box 1475, Harare)
Harare
Zimbabwe

Legal Advisors:
Coghlan, Welsh & Guest
Executive Chambers
14-16 George Silundika Avenue
Central Business District
(PO Box 53, Harare)
Harare
Zimbabwe

Principal Bankers:
CBZ Bank Limited
Union House
60 Kwame Nkurumah Avenue
(PO Box 3313, Harare)
Harare
Zimbabwe

Principal Bankers:
Standard Chartered Bank Zimbabwe Limited
1st Floor, Africa Unit Square Building
68 Nelson Mandela Avenue
(PO Box 60, Harare)
Harare
Zimbabwe

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Definitions

"AGM"	Annual General Meeting of the shareholders of Innscor;
"Auditors" or "Independent Reporting Accountants"	Ernst & Young Chartered Accountants (Zimbabwe), Independent Auditors of the Company and Independent Reporting Accountants in connection with the listing;
"B.Acc"	Bachelor of Accounting Honours Degree;
"BA"	Bachelor of Arts Degree;
"Board"	The Board of Directors of Padenga;
"BSc"	Bachelor of Science Degree;
"Cert."	Certificate;
"CFAZ"	Crocodile Farmers' Association of Zimbabwe;
"CITES"	Convention on International Trade in Endangered Species of Wild Fauna and Flora, is an international agreement between governments, drafted as a result of a resolution adopted in 1963 at a meeting of members of the International Union for Conservation of Nature;
"Cm"	Centimetre, a unit of measurement of length;
"Companies Act of Zimbabwe"	The Companies Act Chapter 24:03 of Zimbabwe, as amended;
"Company Advisors"	The advisors to the Company, Imara Corporate Finance Zimbabwe (Private) Limited, a company incorporated in Zimbabwe under company registration number 6369/1992;
"Demerger"	The purchase by Padenga of the assets and liabilities held by the Niloticus Division on 1 August 2010 and the subsequent distribution of Padenga's entire issued share capital by way of a dividend in specie to shareholders of Innscor;
"Dipl."	Diploma;
"Directors"	The Directors of Padenga;
"EPS"	Earnings per share;
"Farms"	Shall mean KCF, NCF and UCF;
"Financial year"	The fiscal year for the Company, which runs from 1 July to 30 June;
"GOZ"	Government of Zimbabwe;
"HCP Group"	Hermès Cuir Prècieux Group;
"Heng Long"	Heng Long Leather Company, a prominent skins tannery based in Singapore;
"Hermès"	Hermès International Société Anonyme ;
"IAS"	International Accounting Standards;

"IES" or "Sponsoring Brokers"	Imara Edwards Securities (Private) Limited, a company registered under the Companies Act of Zimbabwe, a licensed stockbroker in terms of the Zimbabwe Securities Act of 2004 (Chapter 24:25) and Sponsoring Brokers in Zimbabwe to Padenga in connection with the Listing;
"IFRS"	International Financial Reporting Standards;
"Innscor"	Innscor Africa Limited, a public company incorporated in the Republic of Zimbabwe and listed on the ZSE;
"IP"	Intellectual Property;
"IPO"	Initial Public Offering;
"KCF"	Kariba Crocodile Farm;
"Kg"	Kilogram, a unit of measurement of weight;
"Km"	Kilometres, a unit of measurement of distance;
"Listing"	The proposed listing of Padenga shares by way of Introduction on the Main Board of the ZSE on Monday 29 November 2010;
"Main Board"	The main board category for listing shares on the ZSE;
"MBA"	Masters of Business Administration;
"MSc"	Master of Science Degree,
"NCF"	Nyanyana Crocodile Farm;
"NGO"	Non-Governmental Organisation;
"Niloticus Division" or "the Division"	A wholly-owned division of Innscor engaged in the business of crocodile rearing and the resultant processing of crocodile skins and meat for export. This Division's assets and liabilities were purchased by Padenga on 1 August 2010 in exchange for an issue of 541 593 440 ordinary shares in Padenga to Innscor;
"Padenga" or "the Company"	Padenga Holdings Limited, a public company incorporated in the Republic of Zimbabwe on 27 July 2010 under company registration number 2888/2010. Padenga's entire issued share capital of 541 593 440 ordinary shares is held by Innscor. On 19 November Innscor intends to distribute these shares to Innscor shareholders by way of a dividend in specie using the ratio of one (1) Padenga share for one (1) Innscor share, following which these shares will be listed on the ZSE;
"PGrad"	Post Graduate;
"Pre-Listing Statement"	This pre-listing statement including all the annexures;
"PWLMA"	Parks and Wildlife Management Authority of Zimbabwe;
"Record Date"	The date on which the register of Innscor Shareholders will be closed to determine eligibility of Shareholders for participation in the dividend, which date is expected to be at noon (1200 hrs) on Friday 19 November 2010;
"Share Transfer Secretaries"	Innscor Transfer Secretaries, a division of Innscor which provides share transfer secretarial services to Padenga;
"TCIM"	A French tannery;
"Ton"	1 000 kg's, a unit of measurement of weight;

"UCF"	Ume Crocodile Farm;
"US$"	United States Dollar, the legal tender of the United States of America in which certain monetary amounts in this Pre-Listing Statement are expressed;
"Zimbabwe"	The Republic of Zimbabwe;
"ZIMRA"	The Zimbabwe Revenue Authority;
"ZSE Listing Requirements"	The Listing Requirements of the ZSE; and
"ZSE"	The Zimbabwe Stock Exchange, constituted in terms of the Securities Act (Chapter 24:25) of 2004.

Salient Features of the Listing

Overview of the Business
Padenga is a company engaged in the production, processing and sale of crocodile products. The business has been in continual operation since 1965, making it the oldest crocodile producer in Zimbabwe.

Prior to the incorporation of a stand-alone entity in July 2010, the operations of Padenga were conducted as the Niloticus Division of Innscor.

The Company operates three farms located on the shores of Lake Kariba in Zimbabwe, producing premium quality skins and meat for export to Europe and Asia. Padenga, one of the largest Nile Crocodile farming operations in Africa, currently supplies approximately 33% of the world's demand for large high-quality Nile skins.

Crocodiles are hatched and raised from eggs collected from the wild and from the Company's own breeding stock. Padenga has developed infrastructure, systems and animal husbandry techniques that allow it to produce a consistent quality and size of skin that differentiates it from other producers and this secures its position in the market. Very few of the competing producers of crocodile skins across the world are currently able to consistently match the standards set by Padenga.

Business Units
Padenga operates four stand-alone business units, comprising Kariba Crocodile Farm, Nyanyana Crocodile Farm, Ume Crocodile Farm and the abattoir located on the Kariba farm. The four units are managed as independent profit centres, each with a dedicated management team, reporting in to the Company executives.

The Farms are similar in size, structure, stock numbers, staff levels and management systems. This provides opportunities for direct comparison and benchmarking on every aspect of operational performance across the Farms. Lessons learned on one unit are shared with other units, enabling best practice to be followed whilst still allowing freedom for management to explore alternatives to improve performance. The geographical spread of the breeding sites serves to reduce the risk of a catastrophic disease outbreak and to improve bio-security.

The Company operates an abattoir that is self financing from meat sales. The abattoir provides slaughter services to the three farms.

A small head office component comprising the Company executives, accounting and human resources staff are based on location at the Kariba Crocodile Farm.

Financial Highlights
The following abridged trading update has been extracted from the audited financial statements of Innscor, in respect of the Niloticus Division, under which Padenga has been reported for the years ended 30 June 2010 and 2009.

	30 June 2010 audited US$	**30 June 2009 audited US$**
Statement of Comprehensive Income Highlights		
Revenue	11 775 217	10 219 844
Operating profit before depreciation and amortisation	1 297 340	69 879
Attributable (loss)/earnings	**(824 888)**	**2 337 142**
Statement of Financial Position Highlights		
Total assets	39 625 904	36 689 166
Total liabilities	10 745 369	3 405 219
Net asset value	**28 880 535**	**33 283 947**
Statement of Cash Flows Highlights		
Net cash flow available from operating activities	(3 178 178)	2 325 358
Net cash flow available from investing activities	(1 428 033)	(2 122 006)
Net cash flow available from financing activities	5 056 096	70 928
Net cash flow	449 885	274 280
Closing cash balance	**959 614**	**509 729**

Terms of the Listing

At a Board meeting held on the 27th of August 2010, the Directors of Innscor deemed that for its Niloticus Division to capitalise on its achievements to date and for it to continue to advance, it would be better suited for the Division to function as a stand-alone entity with renewed and specific focus. In pursuit of this objective, the Directors approved the demerger of the assets and liabilities of this Division from Innscor and the transfer of these assets and liabilities into a new public company wholly owned by Innscor in exchange for 541 593 440 issued shares in the new public company and to distribute the entire issued share capital of the new public company to shareholders of Innscor by way of a dividend in specie. The Directors also agreed to seek a listing of the Company on the ZSE.

Innscor shareholders were advised of these intentions in the Innscor Chairman's Statement published in the national press on the 10th and 11th of September 2010, together with the Innscor financial results for the financial year ended 30th June 2010. Innscor has now transferred all the assets and liabilities of its Niloticus Division into a new public company called Padenga.

In terms of the existing legislation Innscor is obliged to deduct ten per cent (10%) withholding tax and remit this to the ZIMRA in respect of the Padenga shares being issued to all individual, trust and non-resident shareholders. For administrative reasons, the Directors of Innscor have resolved that Innscor will itself pay the withholding tax liability to ZIMRA in respect of individual, trust and non-resident shareholders being issued with nine hundred and ninety nine (999) ordinary shares or less, rather than deduct the withholding tax directly from the shares being issued. In respect of individual, trust and non-resident shareholders who will be issued with one thousand (1000) ordinary shares or more, Innscor shall deduct the withholding tax directly from the shares being issued to such persons and shall remit the withholding tax liability to ZIMRA. In settlement of this withholding tax liability, Innscor will withhold ten per cent (10%) of the ordinary shares issued by way of the dividend in specie.

Subject to the fulfilment of certain formalities the ZSE Listings Committee has approved the listing of the entire issued share capital of Padenga on Monday 29 November 2010.

Costs of the Listing

The total cost associated with the incorporation and listing of Padenga on the ZSE is approximately US$400 000.

Important Dates	
	2010
Dividend notice published in press	5 November
Record Date, Innscor share register closed (at 1200 hours)	19 November
Innscor share register reopens	22 November
Pre-Listing Statement posted to Innscor shareholders registered on the record date	22 November
Padenga share certificates posted to shareholders	22 November
Padenga shares Listing on the ZSE	29 November

The above dates are subject to change and any amendments will be published in the press.

All transactions on the ZSE in Innscor shares before the closure of the Innscor register on the Record Date will be for immediate settlement.

Rationale for Listing

The principal reasons for the Listing are as follows:

- To establish a strong stand-alone business, with a clear operational focus which is both attractive to investors and able to pursue its own independent strategy;
- To provide the Company with the ability to undertake mergers and acquisitions with entities in the same and complimentary spheres of operation with the objective of improving shareholder value;
- To enable the Company to report independently and transparently to its shareholders so that it may be valued appropriately;
- To strengthen the Padenga brand in the crocodile industry globally;
- To allow Padenga customers to assess the Company's performance and sustainability with a view to securing and entrenching valuable trading relationships; and
- To unlock shareholder value.

Inspection of the Pre-Listing Statement

The public may inspect this Pre-Listing Statement during normal business hours from 5 November 2010 to 29 November 2010, from the following offices:

Sponsoring Brokers:
Imara Edwards Securities (Private) Limited
Block Two, Tendeseka Office Park
Samora Machel Avenue East
Harare
Zimbabwe

Financial Advisors:
Imara Corporate Finance Zimbabwe (Private) Limited
Block Two, Tendeseka Office Park
Samora Machel Avenue East
Harare
Zimbabwe

Share Transfer Secretaries:
Innscor Transfer Secretaries
1 Ranelagh Road
Highlands
Harare
Zimbabwe

1. OVERVIEW OF PADENGA

1.1 Naming of Padenga

Padenga is a Shona word that refers to or describes a high point such as on top of a roof, on top of a tree or a mountain top or above the clouds. It may be used to refer to something intangible, indescribable, lofty and exalted.

Padenga describes a desirable position, a place of comfort and authority. Class, quality, luxury, brilliance, aspiration and affability are all words that may be associated with Padenga.

The adoption of the word Padenga for the Company's name describes and symbolises the Company's vision to be regarded as the world's foremost supplier of premium quality Nile crocodile skins to the exclusive luxury leather fashion brands.

1.2 History of Padenga

KCF was originally established in 1965 on the shores of Lake Kariba and was the first crocodile producing venture in the country. UCF was added to the Kariba operations in 1973. In 1993 a company which later formed an integral part of Innscor purchased the entire crocodile operation from Astra Corporation. The operations were formally incorporated as part of Innscor in 1998 and have been reported by Innscor as the Niloticus Division since then.

KCF and UCF have undergone significant development and expansion since being acquired by Innscor and today each is a stand-alone production facility yielding 14 000 crocodiles per annum. The KCF and UCF farms are located on land leased under long-term leases from PWLMA and Nyaminyami Rural District Council respectively.

KCF operates as the main farm, housing the Company's administrative and support facilities as well as the abattoir. The UCF farm is situated on the Ume River 65km away from Kariba. The remote location of UCF and difficult access to it pose certain logistical challenges whilst at the same time ensuring that it is protected from the risk of biological cross-contamination from the other two farms.

Construction of NCF, which is adjacent to KCF, commenced in May of 2005. The farm facilities were designed and built in-house incorporating the considerable experience gained over the years of operating the other farms. It is the largest known investment into a crocodile operation anywhere in the world in recent years with a capability of yielding 20 000 animals per year.

Many years of experience and the passion and commitment of the team on the farms have been integral in bringing the operations to the level they are at today. Staffing levels have increased from 33 in 1993 to a total of 662 staff currently, making Padenga a vital part of the economy of the Kariba area.

On the 27th of July 2010, Padenga was incorporated as a wholly-owned subsidiary of Innscor. On 1 August 2010, Padenga purchased by way of a Purchase and Sale Agreement the entire assets and liabilities of Niloticus Division from Innscor.

1.3 The Industry

Padenga skins are sold to prominent exotic skin tanneries who in turn onward sell to luxury brand houses such as Hermès, Cartier, Louis Vuitton and Prada for the manufacture of high value leather accessories and clothing. The market for crocodile leather, known in the trade as the "classic" skin market, includes the market for alligator, nile and porosus, or saltwater crocodile skins. Other smaller species, including siamensis, novaguinea and caiman, are also produced commercially but these do not have the same attraction for the market.

Alligator skin production dominates world trade in terms of volume but mainly services the watchband market with only limited numbers of large skins being produced that are suitable for handbags and leather apparel. The production of alligator skins is believed to be around 350 000 skins annually.

Nile skins constitute the second largest production volume with around 200 000 skins being produced annually, predominantly from Zimbabwe, South Africa and Zambia. These skins are generally grown larger than alligator skins and are used for the manufacture of handbags, accessories and leather apparel.

Porosus is produced in Australasia but production volumes are limited due to difficulties in securing hatchling stock and the challenges of handling this very aggressive animal. Production is estimated to be 35 000 skins annually and because of the limited production volume this is the skin in premium demand. However, because of the challenges of raising the animal, only 50% of the skins produced meet the quality standards of the high-end manufacturers.

The classic skin market is segmented according to quality and size, with a significant premium attaching to larger skins of a higher quality. Despite the global volumes, few of the skins produced fall into this premium category for the simple reason that as the animals grow, they have a propensity to bite one another or incur other injuries, leaving scars which impacts severely on the perceived quality of the skin.

Out of the approximately 350 000 alligator skins produced annually, around 320 000 skins are used for watchbands with approximately 70% going to high-end luxury brands and the balance going to lower-tier manufacturers. Of the remaining 30 000 large alligator skins produced approximately 70% meet the quality criteria as set by premium brands.

For Nile skins, the proportion of premium grade skins produced annually is even less. Of the approximately 200 000 skins produced annually only about 50 000 skins meet the quality demands of top-tier brand manufacturers. Padenga has been, and intends to remain, a major source of these high quality skins.

1.4 Crocodile Skin Customer Base

Padenga's largest sales customer is currently TCIM, a French tannery based in Vivoin. TCIM is one of the four tanneries owned by the HCP Group which in-turn is a wholly-owned subsidiary of the luxury brand house Hermès. Padenga has concentrated on producing the size and quality of skin demanded by the HCP Group for supply to their principal and other top-tier luxury brands for use in the manufacture of high-end handbags and other fashion accessories.

Padenga has become a key supplier to the HCP Group and seeks to maintain this relationship by continuously improving the quality and the size of the skins in line with the changing market demands.

A significant proportion of skins are sold to Heng Long, a prominent exotic skins tannery based in Singapore and listed on the Singapore Stock Exchange. Heng Long in-turn supplies finished skins to European luxury brands such as the Richemont Group, Hermès, Prada, Stefano Ricci, Testoni and Rolex as well as the Asian handbag manufacturer Kwan Pen.

Within its customer base, Padenga currently supplies three of the five top-tier crocodilian leather tanneries and is seeking ways to achieve better servicing of its customers' needs. Consequently, joint venture tanning and marketing opportunities are being pursued to ensure continued placement of Padenga skins with those selected luxury brands that are able to pay premium prices for the high quality skins being produced.

Ultimately the demand for Padenga's skins is a function of the luxury branded goods market. Whilst the market has in the recent past been impacted by the effects of the global financial crisis, the future prospects are good with strong growth based in the emerging markets, particularly Brazil, Russia, India and China compensating for slower spending recovery in the Western nations.

Reuters has reported Admando Branchini, secretary general of Italy's luxury goods association Altagamma, as predicting a return to pre-crisis levels of demand by the first half of 2011. Branchini said he is expecting the emerging markets to account for 50% of global luxury spending by 2020 implying a doubling in the overall sector within 10 years. Already a strong improvement in luxury spending has been reported by American Express Business Insights which reported overall luxury spending growing by 9% in the second quarter of 2010. This positive view of the luxury branded market has been supported by the strong current financial performance reported from two of Padenga's top customers which reported revenue growth of 40% (HCP) and 63.1% (Heng Long).

Padenga is positioned to directly benefit from this increase in demand overall for luxury branded goods, whilst its larger skins and consistent high quality secures its position as a first choice supplier.

1.5 Operations

Padenga utilises eggs from both its own breeding herd and wild harvested eggs. The adult breeder herd at 30 September 2010 totalled 1 951 animals with an additional 3 144 immature animals that are expected to reach reproductive maturity between 2012 and 2014. This investment in breeding stock will make the company self-sustaining in terms of egg production by 2013 after which no wild harvesting is expected to be undertaken. The use of its own eggs will reduce operational costs significantly and protect the Company from any potential future changes in the regulations governing the collection of wild eggs as well as enabling the selective breeding of those crocodiles which show the best traits. The breeder stock is housed on all three farms, with eggs being transferred to the Kariba incubator for hatching.

KCF and UCF both hold wild egg collection rights allocated by the CFAZ against an annual wild egg collection permit issued by the PWLMA to the Crocodile Industry as a whole. Wild egg collection occurs annually on Lake Kariba within areas prescribed on the permit. The eggs are then transferred to incubators for incubation and hatching. The Company consistently achieves hatch rates in excess of 90%.

The hatchlings are raised in custom-designed pens until they reach nine months of age. The hatchling pens are managed to optimise growth and to reduce stress by providing a constant temperature environment. Hatchlings are then moved to the grower pens. A lot of effort has been directed into reducing stocking densities within grower pens in order to reduce stress on the animal, maximise growth and minimise skin damage. The proportion of basking space to pond space, the amount and degree of shade within the pens and the timing and nature of the pen cleaning cycle are all significant in preventing scarring and maximising the growth potential.

Cull age varies according to market demand and occurs between 30 and 42 months of age. A total of 63 500 crocodiles were slaughtered during the 2010 financial year at an average skin size of 38.4 cm's. A cull of this magnitude was a once-off event, which followed the adoption of a new business model after the onset of the global financial crisis and the resultant contraction in the exotic skins market. Padenga responded to the contraction in the exotic skins market and the global financial crisis by placing emphasis on producing a reduced number of higher quality, larger skins for sale to the premier luxury brand houses worldwide. This strategy is positioning Padenga into the upper-end of the market where prices are higher and demand more stable. Competitors struggle to achieve the consistent animal growth and skin quality standards that are routinely achieved at Padenga, making it difficult for them to compete effectively in this niche, despite the attraction of the higher prices.

Skins are sold to a number of customers in both Europe and Asia to prevent overdependence on any one customer and to maximise the return on the range of skin sizes produced. The strategy also seeks to spread risk between the European and Asian markets. Annual skins sales contracts are negotiated against prevailing market conditions, trends and forecasts, with culling being adjusted to produce skins that will yield the highest return for the Company.

Skins sales during the 2010 financial year totalled 40 558 skins at an average size of 39.4 cm's. 30,181 of these skins, at an average size of 40.2 cm's, were sold to customers in Europe with the remainder being sold to Asian tanneries.

1.6 Other Products

Padenga also produces crocodile meat for export. The Company is approved to export into selected countries in Europe and Asia. Padenga is one of only two companies currently licensed to export crocodile meat from Zimbabwe and enjoys strong demand for the product. Meat from crocodiles produced by both Kariba based farms is processed for export, whereas meat from animals slaughtered at UCF is not exported.

A total of 96.3 tons of meat was produced during the 2010 financial year, with 29.7 tons being exported to the high-value European market and 66.3 tons of low-value cuts going to the Asian market. Total exportable yield per crocodile amounted to 3.75 kg's.

The Company has excellent relationships with all key customers and a strategic balance of sales is maintained to satisfy the specialised needs of each market.

As with skins, further value-add processing opportunities are being considered for both meat and related by-products.

2. BUSINESS UNITS

Padenga operates four stand-alone business units. The three Farms plus the abattoir are managed as independent profit centres, each with a dedicated management team comprising a General Manager, Operations Manager, Accountant and ancillary support staff.

The Farms are almost identical in size, structure, stock numbers, staff levels and management systems and this provides opportunity for direct comparison on every aspect of both financial and operational performance. This is a powerful management tool, quickly identifying where business units may be underperforming and allowing opportunity for new ideas and strategies to be quickly assessed and shared across the Farms. The Farms compete vigorously against one another at a local level but understand at a global level the importance of all the Farms succeeding in order to produce a satisfactory result for Padenga.

This competition is healthy and precipitates a constant refinement of operating systems which in turn achieves greater efficiency and lower costs across the operations.

The abattoir is self financing from meat sales and is not therefore a cost to the Farms for slaughter services.

A small Head Office component including Company executives, accounting and human resources staff is based on KCF.

The Company currently employs 662 employees with 521 attached to the three production Farms. Employees who work at UCF live on location at the farm, while staff who work at KCF and NCF generally live off site within the surrounding residential areas. All staff members are incentivised to achieve agreed key performance targets.

A clinic has recently been constructed on KCF to provide appropriate medical care and medicines to staff members and their dependents.

3. RECENT ACQUISITIONS

Padenga acquired the assets and liabilities of the Niloticus Division of Innscor, in terms of a Sale and Purchase Agreement ("the Agreement") dated 1 August 2010, in exchange for issuing 541 593 440 shares in Padenga to Innscor. The terms of the Agreement stipulated that Padenga would purchase the Niloticus Division as a going concern, including all assets and liabilities and an obligation to employ all employees of the Division. The Agreement has been lodged with the ZSE Listings Committee.

4. FINANCIAL INFORMATION

Below are extracts from the financial statements of Innscor relating to the Niloticus Division for the year ended 30 June 2010 with comparatives for 30 June 2009. Information in this paragraph should be read in conjunction with Annexure 1 - The Independent Reporting Accountants' Report.

Statement of Comprehensive Income of the Niloticus Division extracted from the Innscor Audited Financial Statements	**30 June 2010 audited US$**	**30 June 2009 audited US$**
Revenue	**11 775 217**	**10 219 844**
Operating profit before depreciation and amortisation	**1 297 340**	**69 879**
Depreciation and amortisation	(1 245 505)	(860 337)
Operating profit before interest and fair value adjustments	**51 835**	**(790 458)**
Fair value adjustments - listed equities	(112)	183
Fair value adjustments - biological assets	(1 035 933)	667 817
Monetary adjustments	-	807 488
Operating profit before interest and tax	**(984 210)**	**685 030**
Net interest	(632 386)	(137 018)
(Loss)/profit before tax	**(1 616 596)**	**548 012**
Tax	791 708	1 789 130
(Loss)/profit after tax	**(824 888)**	**2 337 142**

Statement of Financial Position of the Niloticus Division extracted from the Innscor Audited Financial Statements	30 June 2010 audited US$	30 June 2009 audited US$
ASSETS		
Non-current assets		
Property, plant and equipment	14 409 433	14 501 935
Investments	69	183
Biological assets - non current	1 183 801	908 917
Total	**15 593 303**	**15 411 035**
Current assets		
Biological assets - current	16 736 273	17 160 087
Inventories	711 326	1 836 638
Trade and other receivables	5 625 388	1 771 677
Income tax receivable	2 248 526	1 510 738
Cash and cash equivalents	959 614	509 729
Total	**26 281 127**	**22 788 869**
Total assets	**41 874 430**	**38 199 904**
EQUITY AND LIABILITIES		
Equity		
Issued share capital	-	-
Non distributable reserves	11 970 687	11 970 687
Distributable reserves	19 158 374	21 313 260
Total Equity	**31 129 061**	**33 283 947**
Total shareholders' equity	**31 129 061**	**33 283 947**
Non-current liabilities		
Deferred tax liability	2 078 917	2 132 839
Interest bearing debt- inter-company	7 815 216	1 429 120
Total	**9 894 133**	**3 561 959**
Current liabilities		
Trade and other payables	683 047	1 258 382
Provisions	168 189	95 616
Total	**851 236**	**1 353 998**
Total liabilities	**10 745 369**	**4 915 957**
Total equity and liabilities	**41 874 430**	**38 199 904**

Statement of Cash Flows of the Niloticus Division extracted from the Innscor Audited Financial Statements	**30 June 2010 audited US$**	**30 June 2009 audited US$**
Cash (utilised)/generated from operating activities	(2 545 792)	2 468 920
Net interest paid	(632 386)	(137 018)
Tax paid	-	(6 544)
Net cash flow from operating activities	**(3 178 178)**	**2 325 358**
Net cash flow from investing activities	**(1 428 033)**	**(2 122 006)**
Net cash flow from financing activities	**5 056 096**	**70 928**
Net increase in cash	449 885	274 280
Opening cash balance	509 729	235 449
Closing cash balance	**959 614**	**509 729**

4.1 Extracts from the Performance Review for the Niloticus Division for the year ended 30 June 2010

4.1.1 Statement of Comprehensive Income Review

The Division reported revenue of US$11.78 million, with an operating profit of US$51 835 before interest and fair value adjustments, against revenue of US$10.22 million in the prior financial year and a loss of US$790 458 before interest and fair value adjustments. The Division incurred a fair value adjustment loss of US$1.035 million in the 2010 financial year versus a fair value gain of US$667 817 in the 2009 financial year.

The global financial crisis has had a severe negative impact on the international exotic skins market as both demand and prices for skins moved sharply downwards. Many producers, particularly those who moved into this business in the United States in response to the high prices being paid pre-2007, dumped their stocks of smaller, lower quality skins on the market and have subsequently ceased production as was reported in the New York Times, 30 September 2009. Prices offered for skins reduced by as much as 30% in the first half of the financial year as a result. In addition, the market changed with new demands on sizes and quality as the luxury brands concentrated on the higher-end of their markets where demand and price have remained firm.

In the face of the depressed world skin prices, the Division was forced to destock. The destocking exercise and the depressed average skin prices resulted in the Division incurring a US$1.035 million fair value loss during the financial year versus a US$667 817 fair value gain in the prior financial year and a very small profit from operations.

The business has in the past sold the full year's cull in the year the skins were produced but this was not the case during the current financial year. In order to produce the bigger skin sizes demanded by the market, more than 50% of the annual off-take was completed in the fourth quarter of 2010 financial year, and the Division closed the year with skin stocks worth over US$4 million.

The proactive decision taken eighteen months ago to absorb the cost of changing the operation from producing 60 000 small skins a year to 42 000 larger skins has placed the Company in an ideal position to take advantage of the changed market regime. The Company now grows larger crocodiles of a much improved skin quality, with the added physical space available for each individual animal reducing stress factors which in-turn has enabled better growth rates and significantly lower incidences of injury from biting. Scarring of the hides from bite marks impacts negatively on the perceived skin quality and therefore the value of scarred skins is significantly reduced.

The average skin size achieved during the current financial year was 18% larger than during the prior financial year, with a further 11% increase in average size forecast for the 2011 financial year.

Whilst significant in itself, the skin size increase was matched by an equally important improvement in skin quality which has now differentiated Padenga in the market. Current skin quality exceeds current minimum specification set by the Company's customers and will enable improved prices which are expected to return the Company to strong profitability for the 2011 financial year and secure its position in the market going forward.

The Division culled 63 500 animals during the current financial year against a budget of 57 000 animals. The exotic skins market has shown signs of recovery although demand is limited to large skins of premium quality. In line with the right-sizing exercise started eighteen months ago, the Company will cull 45 000 animals in the coming financial year before further reducing this to 42 000 the following year. Padenga anticipates realising higher turnovers on reduced volumes on the back of improved skin size and quality.

The Division suspended meat exports at the beginning of the current financial year due to weak demand on the back of excessive stocks worldwide. However, meat exports were resumed in the fourth quarter of the 2010 financial year following a recovery of demand and improved prices and are anticipated to contribute significantly in the 2011 financial year.

4.1.2 Statement of Financial Position Review at 30 June 2010

Fixed Assets (US$14 409 433)
The net book value of fixed assets at US$14 409 433, comprises mainly abattoir and incubator equipment, crocodile rearing pens and ancillary facilities.

Biological Assets - Non-Current (US$1 183 801)
This represents the Division's breeder stock. The Division has a breeder herd of 5 095 animals of which 1 951 are mature and 3,144 are immature. The immature breeder stock will reach full reproductive maturity between 2012 and 2014.

Biological Assets - Current (US$16 736 273)
This represents the Division's grower crocodile stock. The Division had 115 811 grower crocodiles aged between seven months and three years of age. The Company expects to hatch a further 45 000 hatchlings in December 2010 before culling starts in January 2011.

Inventories (US$711 326)
Inventory is made up of crocodile feed, cleaning and treatment chemicals, fuel stocks and other stocks.

Trade and other receivables (US$5 625 388)
This constitutes export debtors for skins and meat, prepayments for imported stocks and other debtors. The debtors' book is within agreed credit terms.

Deferred tax liability (US$2 078 917)
This arises from future depreciation on assets on which tax capital allowances have been claimed in full.

Interest bearing debt (US$7 815 216)
The seasonal nature of the Company's culling and turnover necessitates borrowings to fund working capital. The average interest rate on the loans is 15% per annum. The borrowings will be repaid by receipts from skin sales arising from slaughters and skin stocks in the second half of the 2011 financial year.

Trade and other payables (US$683 047)
Trade and other payables are made up of trade creditors and accruals, which are all within normal business terms.

Provisions (US$168 189)
This is mainly provision for leave pay.

5. MATERIAL CHANGES

There have been no material changes in the trading and financial position of Padenga since its incorporation on the 27th of July 2010.

6. FACTS AND EVENTS WHICH MAY HAVE A MATERIAL ADVERSE EFFECT ON PADENGA

As an agro-business operating in Zimbabwe, Padenga is exposed to various risks. These include, but are not limited to:

- Drought and associated effects on costs of animal feeds;
- Impact of disease outbreaks on animal stocks;
- Adjustment to dollarisation and the associated cost increments;
- Changes in local government policies;

- Limited access to loan financing and the high costs of borrowing within Zimbabwe;
- Duties on imports of feed ingredients and other primary inputs; and
- Limited local production of animal feeds making import substitution a necessity.

More specific threats are considered below.

6.1 Depressed market conditions as a consequence of the global economic recession

Whilst the market for exotic skins has tightened considerably over the last 18 months following an expectation of reduced sales of luxury goods, major brands are reporting a continued strong demand for luxury leather goods and accessories. Demand for low quality skins has dropped significantly. Padenga responded to the market conditions by reducing production volumes by 30%, increasing overall skin sizes and focusing on the production of premium quality skins. This adjustment has resulted in increased demand for the Company's skins. Demand now exceeds supply notwithstanding the prevailing market conditions and consequently management believe they have overcome the challenges presented by the global recession.

6.2 Over-production of crocodilian skins worldwide

As a consequence of the global recession, demand patterns have changed in the market. Whilst demand has remained strong in the upper-end, the lower-end of the market and especially that for watch straps has experienced a significant drop in demand and is not currently showing signs of recovery. Tanneries worldwide are reducing the quantity of skins they purchase and forcing producers into cutting back production. This coupled with a demand for improved quality is forcing low-end producers out of production and ensuring that only the most efficient remain. Tanneries are also moving towards long-term supply contracts, such as those obtained by Padenga, with selected producers which will bring stability in terms of production volumes. These measures will result in a decrease in the numbers of skins produced and avoid a repeat of the over-supply situation experienced in 2008.

6.3 Catastrophic disease outbreak leading to loss of livestock

Effective disease prevention and control is a fundamental of any intensive livestock management operations. Padenga engages the services of an experienced veterinary consultant to advise on, and monitor the health status of the animals and to conduct disease surveillance on an on-going basis.

Further to this, the Company adheres to the Code of Practice for crocodile production as laid down by the statutory authorities. The farms are inspected annually and must meet the standards defined in order to sustain operations.

As one of only two farms approved for crocodile meat exports, Padenga has to submit meat samples for routine analysis that identifies not only disease but also antibiotic and heavy metal residues. This intense sampling provides a constant window into herd health which is beneficial to management. The Company operates three farms, managed as stand-alone operations with extensive bio-security measures practiced on each, reducing the risk of disease transmission between the farms.

Finally, crocodiles are remarkably resilient animals and very resistant to large-scale disease outbreaks.

6.4 Withdrawal of wild egg collection rights

The Division has harvested a quota of wild eggs under a permit issued by PWLMA to the industry. This constitutes ranching of the species as defined by CITES and is an approved system of crocodile and alligator production practised across the world. Wild harvested eggs are costly to procure as the exercise is a difficult and arduous one with high levels of uncertainty as egg numbers vary depending on the season and more particularly on lake levels in Kariba.

In an effort to reduce production costs and mindful of new emergent operators pressing for egg allocations, the Division set aside stock during the period 2000 to 2004 to grow-out as future breeders. With a ten-year period to reproductive maturity, these animals are now starting to produce domestic eggs in significant numbers. The contribution by wild eggs to total hatchling production decreased from 49% in 2009 to 35% in 2010 and forecasts indicate that by 2013 the Company will be fully self-sustaining.

6.5 Limited Customer Base

The high-end exotic skin market is dominated by a small number of key players with the requisite technical skills, intellectual property related to tanning techniques and the appropriate infrastructure necessary to process large volumes of skins.

Whilst this may be perceived as a business risk, the very nature of the industry dictates that the tanneries in turn have a very diverse customer base. The two largest tannery groups are either listed entities in their own rights or subsidiaries of public companies with strong balance sheets and long histories of trade in the business. Their knowledge and experience of the cyclical nature of the industry and their dependence on stable, long-term supplier relationships, to guarantee customers continuity of supply of skins for the production of products are fundamental to reducing market risk.

7. DIVIDEND POLICY

Subject to the cash requirements for on-going expansion of the Company, a dividend policy of approximately three times cover has been set by the Board. This policy is in-line with comparative companies identified by the Company and is considered appropriate. This policy will be reviewed by the Directors from time to time.

8. FUTURE PROSPECTS FOR THE COMPANY

As noted in Paragraph 1.4 above, overall growth in the luxury branded goods market is predicted to more than double over the next decade according to Armando Branchini of the luxury goods association Altagamma, with growth led by demand from the emerging markets. Continued demand for quality crocodile skins is therefore assured. Padenga, by virtue of its concentration on size and quality of the skins have ensured that they will remain a part of the supply chain that will benefit from that growth.

As a primary producer, the Company loses a significant amount of value by virtue of the sale of an unfinished commodity product with limited value addition. A priority therefore is to add value to the skins produced where possible in a manner that will not compete with existing customers. The Company is investigating opportunities to achieve this goal through improved trading arrangements with key customers in a way that meets the common objectives of all parties in creating enhanced security of market, value and financial return.

In keeping with the vertical integration strategies being followed by certain luxury brands, Padenga intends to pursue potential joint venture projects with suitable partners in an effort to access technology, increase value creation in Zimbabwe, secure market access and enhance returns to shareholders.

Considerable opportunity exists to extend into the production of alligators and saltwater crocodiles in the United States and Australia respectively. Although perceived as competitors to the Nile crocodile, the skins of these two species are predominantly used in the production of different luxury accessories. The limited overlap in end-product utilisation makes this an attractive proposition. Padenga has developed significant Intellectual Property in livestock husbandry, capable of competing against the systems used in these continents.

Crocodile oils and related by-products are perceived to have significant value in the pharmaceutical and cosmetics industries. This is the result of a long history of Chinese and other Asian cultures using crocodile extracts to cure a number of health problems and ailments. A constraint to the pursuit of this interest has been the necessity to achieve volume production, in order to confer a degree of stability in production volumes and supply. Padenga has achieved the numbers and consistency of supply to pursue this with interested business partners with the objective of supplying by-products of the highest quality for use in appropriate products.

Padenga's location on Lake Kariba and its operations as primarily a livestock production and husbandry operation confers significant opportunity to expand into additional forms of farming. Commercial fish production is an enterprise under consideration, employing production principles not dissimilar to those in operation at present. The additional advantage conferred from this enterprise is the ability to generate by-products for use as food ingredients for crocodiles. The commonality in terms of operational and production systems, raw feed ingredients, abattoir and processing plant technology, export markets and end customers makes this a very exciting prospect.

The Niloticus Division has historically made profits in the past. However due to the global financial crises this has affected current profits. Management are confident that the Company will make profits in the future.

In conclusion, Padenga will look to establish itself as a diversified agro-business involved in the primary production of crocodilians and their derivatives, freshwater fish and related animal proteins. It is the intention of Padenga to pursue value-added processing of these products for maximum financial advantage. The Company seeks to become a dominant force in the production and marketing of crocodilian skins, meats and by-products to discerning customers worldwide.

9. AVAILABLE FOR SALE FINANCIAL ASSETS

The Company has no material assets available for sale.

10. DIRECTORS

10.1 Board

The primary responsibility of the Board is to discharge its fiduciary responsibility to the shareholders and the Company. The Board is accordingly the highest policy organ of the Company and also acts to direct strategy. Meeting regularly, with a minimum of four scheduled meetings annually, the Board receives key information pertaining to the operations of Padenga.

10.2 Composition

The Board consists of three executive directors and three non-executive directors, comprising a cross-section of professionals and major shareholder representatives.

The non-executive directors of Padenga comprise individuals with proven track records and a wide range of different skills and experience, which they employ for the Company's benefit, and who also provide crucial independence and guidance to the Company's strategic decision making process and corporate governance practices.

10.3 Details of Directors

The full names, addresses and positions of the Directors of Padenga are set out below:

Full Name	Residential Address	Position
Calder, Alexander Kenneth	14 Ambassador Drive, Colne Valley, Chisipite, Harare, Zimbabwe	Non-Executive Chairman
Fowler, Michael John	23 Willowmead Lane, Borrowdale, Harare, Zimbabwe	Executive Director
Kamundimu, Oliver Tendai	540 Camphill, Kariba, Zimbabwe	Chief Financial Officer
Madzara, Annie Mutsa Mazvita	17759 Blakeway Drive, Lincoln Green, Belvedere, Harare, Zimbabwe	Non-Executive Director
Sharp, Gary John	135 Lagoon Drive, Kariba, Zimbabwe	Chief Executive Officer
Sibanda, Thembinkosi Nkosana	1st Floor, Century Building, Corner 10th Avenue/ Jason Moyo Street, Bulawayo, Zimbabwe	Non-Executive Director

Alexander Kenneth Calder (61) (Zimbabwean) - Non-Executive Chairman
Qualifications - BA.UED, Chartered Accountant (Zimbabwe)

Ken is a Chartered Accountant by profession and is a retired Partner of PricewaterhouseCoopers. He has twenty seven years of experience in the profession of which ten years were in Management Consultancy (Change Management and Human Capital) and seventeen years in Auditing and Risk Management Consultancy.

His primary focus in later years was in corporate governance, internal audit, risk management and general consulting and he was a founding member of the Zimbabwe National Task Force on Corporate Governance.

Ken is married to Margie and they have two children.

His interests and hobbies include cycling, antique cars, music and fishing.

Michael John Fowler (47) (Zimbabwean) - Executive Director

Mike was born in 1963 and educated at Vainona High School in Harare. He then went on to Dale College in South Africa where he completed his schooling. He has been with companies that formed Innscor since 1982 and has been an Executive Director since the listing of Innscor in 1998.

Mike has been in-charge of companies that formed the Agro-Processing Division of Innscor (namely the Niloticus Division and Colcom Holdings Limited). He has been instrumental in converting Innscor into a well-respected Public Company.

In 2006 Mike was appointed the Group CEO for Innscor and in 2008 he took up the role of Innscor Executive Deputy Chairman, a position he currently holds in Innscor. Mike sits on the Remuneration Committee of Innscor.

Mike is a past director of Colcom Holdings Limited and National Foods Holdings Limited and currently sits on the Innscor Zambia Board.

Mike is married to Sharon and has five children.

Thembinkosi Nkosana Sibanda (56) (Zimbabwean) - Non-Executive Director
Qualifications- B. Acc (University of Zimbabwe), Chartered Accountant (Zimbabwe)

Themba graduated from the University of Zimbabwe (formerly University of Rhodesia) in 1978 with a Bachelor of Accounting Honours degree.

Themba joined Barclays Bank of Botswana at its Head Office in Gaborone upon graduating from university. In the early 1980's he returned to Zimbabwe and joined the accountancy profession. He completed his articles of clerkship in 1984 qualifying as a Chartered Accountant (Zimbabwe) the same year. He has remained in the profession since qualifying and has worked in compliance and audit services for the last 30 years.

Over the years, Themba has served on the Board of several listed companies and local authorities, some of the most notable of which include Barclays Bank of Zimbabwe Limited, Steelnet Zimbabwe Limited, Fidelity Life Assurance Company of Zimbabwe Limited, City of Bulawayo Mayor's Business Development Committee, to name a few.

Themba currently sits on various boards and mainly chairs the Board's Audit Committees; these companies include Delta Corporation Limited, Innscor and Phoenix Consolidated Industries Limited. He currently chairs the board of Edgars Stores Zimbabwe Limited. Themba is also a trustee of Mater Dei Hospital in Bulawayo and Masiyephambili Schools.

A passionate rancher, Themba runs a herd of beefmaster in the Insiza area of Matabeleland where he also does some horticulture under drip irrigation.

Themba is married to Nobuhle and they have two sons.

Annie Mutsa Mazvita Madzara (43) (Zimbabwean) - Non-Executive Director
Qualifications - BSc in Ecology (Honours), MSc in Aquaculture, PGrad Dipl. in Land and Agrarian Studies, PGrad Cert. in Business Management, PGrad Dipl. in Business Management, MBA (Nottingham Trent Business School, United Kingdom)

Annie is an Environment and Development Professional with 19 years experience in the field, 11 years of which have been in senior positions. Annie holds a natural and aquatic sciences qualification at Masters Level, a business management degree at Masters Level, in addition to relevant undergraduate and several postgraduate academic and professional qualifications. She has field and managerial experience from both the Public and NGO sectors and is a fellow for Leadership for Environment and Development (LEAD International).

Through her association with the Parks and Wildlife Management Authority, Sustainable Tourism Enterprises Promotion (STEP) Trust, and the Southern Alliance for Indigenous Resources (SAFIRE) and through her engagements with many stakeholders and participation in many consultancies and major conferences she has contributed towards the realisation of goals for the institutions and clients she served.

Annie has successfully upheld the ethics of sustainable conservation and has provided meaningful direction during the commercialisation of the PWLMA where she held the role of Commercial Director.

Annie is married to Clever and the couple have two children.

Gary John Sharp (54) (Zimbabwean) - Chief Executive Officer
Qualifications - MSc (TRE)

Gary completed his secondary education at Mount Pleasant High School in Harare. He was awarded a Master of Science (Tropical Resources Ecology) degree by the University of Zimbabwe in 1982 whilst serving with the Department of National Parks and Wildlife Management as a Senior Ecologist.

In 1988 Gary joined the private sector being engaged by Lonrho Zimbabwe Group to develop a wildlife utilisation programme on the extensive ranching properties owned by the Group. In line with this brief, Gary established Savanna Wildlife as the operating company incorporating an intensive domestic ostrich production operation; a consumptive and non-consumptive safari operation based out of Central Estates in the Midlands, plus sustained yield capture and cropping operations on the various Lonhro Zimbabwe Group ranches. The integration of these wildlife operations into extensive cattle ranching operations posed unique challenges that had to be addressed and overcome.

Gary joined Innscor in 2000 as Chief Executive Officer of their crocodile business, the Niloticus Division. During his tenure with the Division, Gary and his management team have focused on producing a crocodile skin that is in high demand by the premium luxury brands worldwide. This has been achieved through the application of standard livestock husbandry protocols and in particular, a focus on good nutrition, optimal facilities, reduced stocking rates and a high level of bio-security.

Gary and his team embarked on a major expansion programme in 2005 with the construction of the new Nyanyana Farm which is today the flagship of the operation. This Greenfield project provided a unique opportunity to plan and construct a production farm from inception.

Gary resides in Kariba and has two children who are both pursuing careers in the tourism sector.

Oliver Tendai Kamundimu (43) (Zimbabwean) - Chief Financial Officer
Qualifications - B. Acc (University of Zimbabwe), Chartered Accountant (Zimbabwe)

Educated at Mutare Boys High School, Oliver graduated from the University of Zimbabwe with a Bachelor of Accountancy Honours degree in 1988. He served his articles of Clerkship with the then Coopers and Lybrand and qualified as a Chartered Accountant in Zimbabwe in 1992.

Between 1993 and 1997 Oliver worked for Lonrho Africa Limited where he assumed the role of Regional Audit Manager before accepting an appointment to join Manica Africa as Group Business Auditor for Southern Africa, a position he held until 1999.

Oliver joined Innscor in 1999 and was tasked with the setting up of Innscor's internal audit department before leaving to join First Mutual Zimbabwe in 2001 where he assumed the role of Finance Executive until 2004.

In 2004 Oliver joined the Niloticus Division as Financial Director and has held this position since then.

Married to Rufaro, the couple have three children.

10.4 Extracts from the Memorandum and Articles of Association of Padenga and its subsidiaries

The relevant provisions in Padenga's Articles and Memorandum of Association concerning the appointment, qualification, remuneration, borrowing and voting powers and retirement information relating to the Directors are available to be viewed along with the other documentation available for inspection as outlined in Paragraph 27 of this document.

10.5 Directors Direct and Indirect Interests

As at 30 September 2010, the Directors, directly and/or indirectly, held beneficial interests aggregating approximately 109 609 331 Innscor shares representing approximately 20.2 % of the issued share capital of the Company. The Directors will hold the same shareholding in Padenga. Details of the direct and indirect interests held by the Directors are set out below:

Director	Number of shares held directly and indirectly as at 30 September 2010
A. K. Calder	-
M. J. Fowler	107 858 631
O. T. Kamundimu	125 700
A. M. M. Madzara	-
G. J. Sharp	1 625 000
T. N. Sibanda	-
Total	**1 09 609 331**

10.6 Directors' interests in contracts and services rendered by third parties to Padenga

None of the Directors have an interest in any contracts of significance relating to services provided to Padenga by third parties.

11. AUTHORISATIONS FOR THE LISTING

The shareholders of Padenga, Innscor, authorised the listing of Padenga on the ZSE at their board meeting held on the 27th of August 2010.

12. CORPORATE GOVERNANCE

12.1 Introduction

Padenga is committed to a Code of Corporate Practices and Conduct based on the principles laid down in the King Report and the Principles for Corporate Governance in Zimbabwe as laid out in the Manual of Best Practice. The Directors recognize the need to conduct the affairs of the Company with principles of transparency, integrity, and accountability and in accordance with generally accepted corporate practices in the interests of its shareholders, employees and other stakeholders. This process enables the Company's shareholders to derive the assurance that in protecting and adding value to Padenga's financial and human resource investments, the Company is being managed ethically according to prudently determined risk parameters and in compliance with best international practice.

12.2 Board of Directors

The Board of Padenga currently comprises three executive Directors and three non-executive Directors. The Chairman and the non-executive Directors bring a significant amount of experience and intuition to guide an ambitious executive management team. The Board meets quarterly to monitor the performance of management and to ensure proper control over the strategic direction of the Company.

12.3 Audit Committee

Padenga has an audit committee that assists the Board in the fulfilment of their duties. The audit committee of the Board deals inter alia, with compliance, internal control and risk management. The committee currently comprises one executive director and two non-executive directors. A non-executive director chairs the committee. The committee meets at least three times a year with the Company's external and internal auditors to consider compliance with financial reporting requirements monitor the appropriateness of accounting policies and the effectiveness of the systems of internal control and consider the findings of internal and external auditors. Both internal and external auditors have unrestricted access to the audit committee to ensure their independence and the objectivity of their reports.

12.4 Remuneration Committee

The remuneration committee determines, on behalf of the Board and the shareholders, the individual remuneration packages of the executive Directors and other executive management. The Company's remuneration policy is to provide packages that attract, retain and motivate high quality individuals who will contribute substantially to the growth and success of the Company. Packages include basic salaries, benefits and performance related bonuses.

12.5 Dealings in Shares

The Company has a policy prohibiting dealings in its shares by Directors, officers and executive management for a designated period, which is from the close of the financial reporting period to the date of the announcement of its results, or when they are in possession of price sensitive information not readily available to the public.

12.6 Ethics and Business Integrity

Professional and ethical conduct and the highest standards of integrity are an integral part of how the Company conducts its business affairs. The Company recognises that investor and stakeholder perceptions are based on the manner in which the Company, its Directors, management and staff conduct business and the Company therefore strives to achieve the highest standards of integrity and business ethics at all times.

13. MANAGEMENT

The executive management team, some of whom are significant shareholders of Padenga, is extremely professional and committed to the future growth and profitability of Padenga. The Company currently employs 662 permanent staff.

The key members of the executive management team are included in the table below:

Management	Position
Gary Sharp	Chief Executive Officer
Oliver Kamundimu	Chief Financial Officer
Michael Fowler	Executive Director
Charles Boddy	Operations Executive
Michael Mukarati	Human Resources Executive
Jimmyson Kazangarare	General Manager KCF
Prince Chapenyama	General Manager NCF
Pierre Steyn	General Manager UCF
Jeremiah Hunzvi	Abattoir Manager

14. BUSINESS RISK FACTORS

14.1 Financial Risk Management

The Company's financial instruments comprise bank loans and overdrafts and short-term deposits. The main purpose of these financial instruments is to raise finance for the Company's operations or to achieve a return on surplus short-term funds. The Company has various other financial assets and financial liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Company's financial instruments are interest rate risk, foreign currency risk, credit risk, liquidity risk and fair valuation risk.

14.2 Interest Rate Risk

The Company's exposure to risk for changes in market interest rates relates primarily to variable short-term overdraft rates. The Company's policy is to manage its interest cost by limiting exposure to overdrafts and where borrowings are required, to borrow at favourable and fixed rates of interest.

14.3 Foreign Currency Risk

The Company has transactional currency exposures. Such exposures arise from the sale or purchase by the Company in currencies other than the functional currency. The Company limits exposure to exchange fluctuations by pre-paying for purchases when deemed favourable for the Company

14.4 Credit Risk

The Company trades only with recognised, creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an on-going basis with the result that the Company's exposure to bad debts is not significant.

14.5 Liquidity Risk

The Company's objective is to maintain a balance between continuity of funding through a well managed portfolio of short-term investments and flexibility through the use of bank overdrafts, bank loans and finance leases.

The table below summarises the maturity profile of the Company's financial assets and liabilities at 30 September 2010.

	Within 3 months US$	Between 4 to 12 months US$	More than 12 months US$	Total US$
Liabilities				
Interest bearing borrowings	5 552 553			5 552 553
Trade and other accounts payable	673 851			673 851
Cash and cash equivalents	111 532			111 532
Total	**6 337 936**	**-**	**-**	**6 337 936**
Assets				
Trade and other accounts receivable	3 067 667			3 067 667
Investments	55			55
Total	**3 067 722**	**-**	**-**	**3 067 722**

14.6 Biological Assets Risk Management Policies

Biological Assets are living animals that are managed by the Company. Agricultural produce is the harvested product of the biological asset. Biological assets of the Company are crocodiles.

These biological assets are exposed to various risks, which include disease or infection outbreaks, theft, price fluctuations and marketing risk. The Company has put in place measures and controls to safeguard losses due to the above risks. These measures include among other things, insurance against theft and natural deaths, vaccination to prevent infections and regular evaluation of prices.

15. SKILLS RETENTION ARRANGEMENTS AND REMUNERATION

15.1 Share Option Scheme

At the present moment there is no share option scheme in place. However the Directors intend to introduce such a scheme within the next financial year. Shareholders will be notified as to the contents of the scheme in due course.

16. SHARE CAPITAL

Authorised:
800 000 000 ordinary shares US$ 0.0001
Issued: (At 1 August 2010)
541 593 440 ordinary shares of US$ 0.0001

Shares in issue	
In issue at the beginning of the year	nil
Issued to Innscor on 1 August 2010	**541 593 440**

Stated Capital	US$
Balance at beginning of year	nil
Capital in respect of demerger	54 159
Share Premium	28 567 002
Total Stated Capital	**28 621 161**

16.1 Authorised but unissued share capital

The authorised but unissued share capital of the Company is under the control of the Directors.

16.2 Variation of Rights

According to Paragraph 7 of the Company's Articles of Association, the rights attached to any class of securities issued by the Company may be modified, abrogated or varied with the consent in writing of the holders of three-fourths of the nominal amount of the issued shares of that class, or with the sanction of a resolution passed at a separate general meeting of the holders of the shares of that class.

16.3 Summary of Issues and Offers

Since the date of incorporation of Padenga, there has been no additional issue of shares, other than the 541 593 440 shares issued to Innscor.

16.4 Preferential Rights in Respect of Shares

There are no Padenga shares with preferred rights in respect of the Company's share capital.

16.5 Voting Rights

All existing authorised but unissued and issued Padenga ordinary shares are of the same class and rank pari passu in every respect.

16.6 Adequacy of Capital

The Directors are of the opinion that the Company's share capital and working capital are adequate for the foreseeable future.

16.7 Working Capital and Cash Flow

The Directors are of the opinion that the available working capital is sufficient to cover the cash flow requirements of the Company.

17. MAJOR SHAREHOLDERS

The table below details the top twenty shareholders of Innscor holding a beneficial interest in excess of 0.9% as at 30 September 2010 and these shareholders will have approximately the same initial shareholding in Padenga.

	Shares At 30 September 2010	% of Total
ZMD Investments (Private) Limited	101 775 000	18.8%
H M Barbour (Private) Limited	100 231 360	18.5%
Old Mutual Group	34 651 191	6.4%
Sarcor Investments (Private) Limited	22 450 058	4.1%
Fed Nominees (Private) Limited	19 511 722	3.6%
Pharaoh Limited NNR	16 176 614	3.0%
Muzika Rubi Holdings (Private) Limited	11 295 944	2.1%
City & General Holdings (Private) Limited	9 822 598	1.8%
Barclays Zimbabwe Nominees (Private) Limited - NNR	9 166 770	1.7%
Schutex Investments (Private) Limited	9 000 000	1.7%
Old Mutual Zimbabwe Limited	8 986 612	1.7%
Barclays Zimbabwe Nominees (Private) Limited - NNR	8 689 302	1.6%
Music Ventures (Private) Limited	7 777 817	1.4%
Norton Textiles (Private) Limited	7 612 271	1.4%
Dextrine Services	6 957 931	1.3%
General Electronics (Private) Limited	6 509 642	1.2%
Datvest Nominees	5 778 864	1.1%
Barclays Zimbabwe Nominees (Private) Limited - NNR	5 200 000	1.0%
Adventure Centre (Private) Limited	5 003 486	0.9%
J-Soft (Private) Limited	4 657 083	0.9%
Total Top Twenty Shareholders	401 254 265	74.1%
Other Shareholders	140 339 175	25.9%
Grand Total	**541 593 440**	**100.0%**

The Directors of the two largest shareholders, ZMD Investments (Private) Limited and H M Barbour (Private) Limited, who between them own 37.3% of Padenga, have provided written undertakings not to sell their shares for a period of at least eight months from the date of listing.

18. CAPITAL COMMITMENTS, LEASE COMMITMENTS AND CONTINGENT LIABILITIES

18.1 Capital Commitments

The Company has the following capital commitments as of 30 September 2010.

	2011 US$ Forecast	2012 US$ Forecast	2013 US$ Forecast	2014 US$ Forecast
Maintenance	532 528	460 266	381 900	491 000
Expansion	249 400	546 500	534 500	438 000
Total	**781 928**	**1 006 766**	**916 400**	**929 000**

18.1 Operating Lease Commitments

As of the date of listing, Padenga had the following material operating leases:

	2011 US$ Forecast	2012 US$ Forecast
Long-term Leases	94 500	94 500

The above leases are held with PWLMA and the Nyami Nyami Rural District Council.

18.2 Finance Lease Commitments

As of 30 September 2010, Padenga had no material Finance Lease Commitments.

18.3 Contingent Liabilities

As of 30 September 2010, Padenga had no material Contingent Liabilities.

19. INDEPENDENT REPORTING ACCOUNTANTS' REPORT

The information set out in Paragraph 4 should be read in conjunction with the Independent Reporting Accountants' Report in Annexure 1.

20. INTEREST-BEARING LOANS AND BORROWINGS

20.1 Borrowing Powers

In terms of Paragraph 111 of the Company's Articles of Association, the Directors may, from time to time at their discretion, raise or borrow any sum or sums of money for the purpose of the Company subject to the Articles.

The borrowing powers of the Directors have not been exceeded since the Company's incorporation on 27 July 2010.

20.2 Material Borrowings

As at 30 September 2010, the Company's borrowings amounted to US$5 552 553.

20.3 Loans Receivable

As at 30 September 2010, the Company has no material Loans Receivable.

21. MATERIAL CONTRACTS

As at 30 September 2010, Padenga had not entered into any material contracts, other than in the ordinary course of business.

22. LITIGATION STATEMENT

The Company is not involved in any litigation or arbitration proceedings which may have, or which have had, during the twelve months preceding the date of this Pre-Listing Statement, a significant effect on the financial position of the Company, nor is the Company aware that any such proceedings are pending or threatening.

23. ARTICLES AND MEMORANDUM OF ASSOCIATION OF PADENGA

The ZSE has reviewed the Articles and Memorandum of Association of the Company and has confirmed that they comply with the ZSE Listing Requirements.

24. WITHHOLDING TAX PAYABLE ON THE DISTRIBUTION OF PADENGA SHARES

In terms of existing legislation Innscor is obliged to deduct ten per cent (10%) withholding tax and remit this to ZIMRA in respect of the Padenga shares being issued to all individual, trust and non-resident shareholders. For administrative reasons, the Directors of Innscor have resolved that Innscor will itself pay the withholding tax liability to ZIMRA in respect of individual, trust and non-resident shareholders being issued with nine hundred and ninety nine (999) ordinary shares or less, rather than deduct the withholding tax direct from the shares being issued. In respect of individual, trust and non-resident shareholders who will be issued with one thousand (1,000) ordinary shares or more, Innscor shall deduct the withholding tax directly from the amount of shares being issued to such persons and shall remit the withholding tax liability to ZIMRA. In settlement of this withholding tax liability, Innscor will withhold ten per cent (10%) of the ordinary shares issued by way of the dividend in specie.

25. EXCHANGE CONTROL APPROVAL FOR THE DIVIDEND IN SPECIE

In terms of a letter dated 27 September 2010, The Reserve Bank of Zimbabwe has approved the dividend in specie to Non-Resident Shareholders.

26. EXPERTS' CONSENTS

The Legal Advisors, Financial Advisors, Transfer Secretaries, Auditors and Independent Reporting Accountants and Sponsoring Brokers have submitted their written consents to act in the capacities stated and to their names being stated in this Pre-Listing Statement which consents have not been withdrawn as at 5 November 2010. The abovementioned consents are available for inspection by interested parties in terms of Paragraph 27 below.

27. DOCUMENTS AND CONSENTS AVAILABLE FOR INSPECTION

Between 5 November 2010 and 29 November 2010, copies of the following documents will be available for inspection, during normal working hours, at the Sponsoring Brokers, Financial Advisors, as well as Innscor Transfer Secretaries, at the addresses set out in the "Corporate Information" section at the beginning of this document:

- The Articles and Memorandum of Association of the Company;
- The written consents detailed in Paragraph 26 of this document;
- The written undertakings from ZMD Investments (Private) Limited and H M Barbour (Private) Limited;
- The audited financial statements of Innscor, for the years ended 30 June 2010 and 30 June 2009;
- The Independent Reporting Accountants' Report, for the year ended 30 June 2010, which is set out in Annexure 1; and
- The Auditors' Report, for the two months ended 30 September 2010, which is set out in Annexure 2.

28. DIRECTORS RESPONSIBILITY STATEMENT

The Directors, whose names appear in paragraph 10.3 of this document, collectively and individually accept full responsibility for the accuracy of the information given herein, and certify that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement false or misleading, and that they have made all reasonable enquiries to ascertain such facts.

The Directors confirm that these pre-listing particulars include all such information within their knowledge (or which it would be reasonable for them to obtain by making enquiries) that investors and their professional advisors would reasonably expect to find for the purpose of making an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the issuer, and of the rights attaching to the securities to which the listing particulars relate.

Alexander Kenneth Calder	**Non-Executive Chairman**	....
Gary John Sharp	**Chief Executive Officer**	....
Oliver Tendai Kamundimu	**Chief Financial Officer**	....
Michael John Fowler	**Executive Director**	....
Annie Mutsa Mazvita Madzara	**Non-Executive Director**	....
Thembinkosi Nkosana Sibanda	**Non-Executive Director**	....

ANNEXURE 1

Independent Reporting Accountants' Report

ERNST & YOUNG

Chartered Accountants (Zimbabwe)
Angwa City
Cnr Julius Nyerere Way/
Kwame Nkrumah Avenue
P.O. Box 62 or 702
Harare
Tel: +263 4 750905 / 750979
Fax: +263 4 750707 / 773842
E-mail: admin@zw.ey.com

5 November 2010

The Directors
Padenga Holdings Limited
First Floor, Edward Building
Corner 1st Street and Nelson Mandela Avenue
Harare

Dear Sirs,

REPORT OF THE INDEPENDENT REPORTING ACCOUNTANTS ON THE HISTORICAL *PRO FORMA* FINANCIAL INFORMATION OF THE NILOTICUS DIVISION OF INNSCOR AFRICA LIMITED ("NILOTICUS" or "THE DIVISION")

(Innscor Africa Limited ("Innscor" or "the Group")was incorporated in the Republic of Zimbabwe in 1994 under company registration number 3867/94)

1. **Introduction**

   At your request and for the purposes of the Pre-Listing Statement to Padenga Holdings Limited ("Padenga") shareholders, to be dated 5 November 2010, we present our report on the historical Statement of Financial Position, Statement of Comprehensive Income and Statement of Cash Flows (collectively referred to as "the historical *pro forma* financial information") as set out on pages 4 to 6 of the Pre-Listing Statement, issued in compliance with the Listing Requirements of the Zimbabwe Stock Exchange ("ZSE"). Padenga was incorporated as a wholly-owned subsidiary of Innscor on 27 July 2010, and on 1 August 2010 it acquired the entire assets and liabilities of Niloticus Division from Innscor

2. **Responsibility**

   The directors are solely responsible for the preparation of the Pre-Listing Statement to which this report relates and the information contained therein. Our responsibility is to express an opinion on the historical *pro forma* financial information set out on pages 4 to 5 of the Pre Listing Statement.

3. **Scope**

   We audited the divisional historical *pro forma* financial information for the years ended 30 June 2005 to 30 June 2010 which has been extracted from the annual financial statements of Innscor

   A multi-currency framework was introduced in February 2009 and as a result the financial statements for the years ended 30 June 2009 and 30 June 2010 are stated in United States dollars. The financial statements for years prior to 30 June 2009 were stated in Zimbabwe dollars in a hyperinflationary environment and therefore the five-year historical statements have been excluded from the Pre-Listing Statement for comparative purposes, with the consent of the ZSE.

We conducted our audits in accordance with International Standards on Auditing and guidance issued by the Institute of Chartered Accountants of Zimbabwe. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the historical *pro forma* financial information relating to the financial years ended 30 June 2005 and 30 June 2010 are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

4. Audit Opinion

In our reports to the members of Innscor regarding the annual financial statements for the respective years we reported as follows:

4.1 Financial Year Ended 30 June 2010

4.1.1 Basis for Qualified Opinion

An adverse audit opinion was issued on the financial performance and cash flows relating to the prior year due to non-compliance with International Accounting Standards ("IAS") 29 (Financial Reporting in Hyperinflationary Economies) and IAS 21 (The Effects of Changes in Foreign Exchange Rates).

4.1.2 Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements, in all material respects, give a true and fair view of the financial position at 30 June 2010 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

4.1.3 Report on other legal and regulatory requirements

In our opinion, the financial statements have, in all material respects, been properly prepared in compliance with the disclosure requirements of the Companies Act (Chapter 24:03) and the relevant Statutory Instruments.

4.2 Financial Year Ended 30 June 2009

4.2.1 Basis of adverse opinion on non-compliance with International Financial Reporting Standards

International Accounting Standard (IAS) 29: (Financial Reporting in Hyperinflationary Economies)
Up to and until 1 February 2009, the Zimbabwe economy was recognised as being hyperinflationary for purposes of financial reporting. The financial statements for the year ended 30 June 2009 were not prepared in conformity with International Financial Reporting Standards in that the requirements of IAS 29 were not complied with. The standard requires that the financial statements of entities that report in the currency of a hyperinflationary economy should be stated in terms of the measuring unit current at the balance sheet date. The financial effect of non-compliance with IAS 29 was not established.

International Accounting Standard (IAS) 21: (The effects of Changes in Foreign Exchange Rates)
The Company's local operations were operating in a hyperinflationary environment up to 1 February 2009 when the use of multiple currencies across the economy was adopted. Owing to the inability to apply the requirements of IAS 29 as noted above, the Group was unable to apply the provision of IAS 21 applicable to transactions measured prior to 1 February 2009 in the currency (Zimbabwe dollars) of a hyperinflationary economy. Consequently some transactions mainly affecting the comparatives, the Statement of Comprehensive Income and the Statement of Cash Flows were not determined in terms of International Financial Reporting Standards.

International Accounting Standard (IAS) 1: (Presentation of Financial Statements)
For the reasons outlined in the preceding paragraphs concerning non compliance with IAS 21 and 29, we did not audit comparative financial statements (i.e. 2008 Financial Information) in United States dollars and accordingly we did not express an opinion on the comparative financial information.

4.2.2 Adverse opinion on non-compliance with International Financial Reporting Standards on all comparative information, the Statement of Comprehensive Income and the Statement of Cash Flows

Because of the significance of the matters described in the Basis for Adverse Opinion paragraph, the comparative financial information, the Statement of Comprehensive Income and the Statement of Cash Flows do not give a true and fair view of the of the results of the Group's operations and cash flows for the year ended 30 June 2009 in accordance with International Financial Reporting Standards.

4.2.3 Unqualified opinion on the Statement of Financial Position

In our opinion, the Group Statement of Financial Position, in all material respects, gives a true and fair view of the financial position of the Group at 30 June 2009 in accordance with International Financial Reporting Standards.

4.2.4 Report on other legal and regulatory requirements

In our opinion, the financial statements have been properly prepared in all material respects in accordance with the disclosure requirements of the Companies Act (Chapter 24:03) and the relevant Statutory Instruments.

4.3 Financial Years Ended 30 June 2005 to 2008

The financial statements for the years ended 30 June 2005 to 2008 were expressed in Zimbabwe dollars. Our audit reports were issued without qualification.

As the purpose of the appended financial information differs from the purpose of the financial statements prepared for members, the appended financial information is not intended to comply with the full presentation and disclosure requirements of the Companies Act (Chapter 24:03) and International Financial Reporting Standards.

Yours faithfully

Ernst & Young

ERNST & YOUNG
Chartered Accountants (Zimbabwe)
Harare

ANNEXURE 2

Independent Reporting Accountants' Report on the Reviewed Historial Financial Information of Padenga for the two months ended 30 September 2010

ERNST & YOUNG

Chartered Accountants (Zimbabwe)
Angwa City
Cnr Julius Nyerere Way/
Kwame Nkrumah Avenue
P.O. Box 62 or 702
Harare

Tel: +263 4 750905 / 750979
Fax: +263 4 750707 / 773842
E-mail: admin@zw.ey.com

5 November 2010

The Directors
Padenga Holdings Limited
First Floor, Edward Building
Corner 1st Street and Nelson Mandela Avenue
Harare

Dear Sirs,

REPORT OF THE INDEPENDENT REPORTING ACCOUNTANTS ON THE REVIEWED STATEMENT OF COMPREHENSIVE INCOME,STATEMENT OF FINANCIAL POSITION AND STATEMENT OF CASHFLOWS (COLLECTIVELY REFERRED TO AS "THE FINANCIAL INFORMATION FOR THE TWO MONTHS ENDED 30 SEPTEMBER 2010") OF PADENGA HOLDINGS LIMITED ("PADENGA" OR "THE COMPANY")

(Incorporated in the Republic of Zimbabwe on 27 July 2010 under company registration number 2888/2010)

1. **Introduction and Responsibility**
   We have reviewed the financial information for the two month period ended 30 September 2010 of Padenga set out on pages 30 to 52 of the Pre-Listing Statement to the Shareholders of Padenga to be dated 5 November 2010. These financial statements are the responsibility of the directors of Padenga, our responsibility is to issue a report on the financial information based on our review.

2. **Basis of Review Opinion**
   The financial information for the two month period ended 30 September 2010 has not been audited in accordance with International Standards on Auditing. We conducted our review in accordance with International Standard on Review Engagements 2400. This standard requires that we plan and perform the review to obtain moderate assurance that the financial information for the two month period ended 30 September 2010, is free from material misstatement. A review is limited primarily to enquiries of company personnel and analytical procedures applied to financial data and this provides less assurance than an audit. We have not performed an audit of the above mentioned financial information and accordingly we do not express an audit opinion thereon.

3. **Review Opinion**
   Based on our review nothing has come to our attention that causes us to believe that the financial information of Padenga for the two month period ended 30 September 2010 is not fairly presented, in all material respects, in accordance with International Financial Reporting Standards and the Zimbabwe Stock Exchange Listing Requirements.

Yours faithfully

Ernst & Young

ERNST & YOUNG
Chartered Accountants (Zimbabwe)
Harare

Padenga Financial Statements
for the two months ended 30 September 2010

Statement of Comprehensive Income

for the two months ended 30 September 2010

	Notes	30 September 2010 unaudited US$
Revenue		**1 537 174**
Net operating costs	7.1	(1 677 978)
Operating loss before depreciation and amortisation		**(140 804)**
depreciation and amortisation	11	(204 356)
Operating loss before interest and fair value adjustments		**(345 160)**
fair value adjustments on listed equities		(14)
fair value adjustments on biological assets		(455 680)
Loss before interest and tax		**(800 854)**
net interest	8	(163 429)
Loss before tax		**(964 283)**
tax	9	66 723
Loss for the period attributable to shareholders of the holding company		**(897 560)**
EARNINGS PER SHARE (CENTS)		
Basic Loss per Share	5	**(0.17)**
Diluted Loss per Share	5	**(0.17)**

Statement of Cash Flows

for the month 30 September 2010

	Notes	30 September 2010 unaudited US$
Cash generated from operating activities	10.1	**1 687 046**
net interest paid	8	(163 429)
Total cash available from operations		**1 523 617**
Investing activities	10.2	**688 843**
Net cash flow before financing activities		**2 212 460**
Financing activities		**(2 323 992)**
Decrease in borrowings		(2 323 992)
Net decrease in cash		**(111 532)**
Cash and cash equivalents at 1 August 2010		**-**
Cash and cash equivalents at 30 September 2010		**(111 532)**

Padenga Holdings Limited

Statement of Financial Position

at 30 September 2010

	Notes	30 September 2010 unaudited US$
ASSETS		
Non-current assets		
property, plant and equipment	11	14 203 841
other investments	12	55
biological assets	13	1 199 963
		15 403 859
Current assets		
biological assets	13	16 785 171
inventories	14	966 668
trade and other accounts receivable	15	3 067 667
deferred tax asset	23	673 400
		21 492 906
Total assets		**36 896 765**
EQUITY AND LIABILITIES		
Capital and reserves		
ordinary share capital	16	54 159
non-distributable reserves	17	28 567 002
distributable reserves	18	(897 560)
Total equity		**27 723 601**
Non-current liabilities		
deferred tax liability	19	2 671 566
interest-bearing borrowings	20	5 552 553
		8 224 119
Current liabilities		
overdrawn cash balances		111 532
trade and other accounts payable	21	673 851
provisions	22	163 662
		949 045
Total liabilities		**9 173 164**
Total equity and liabilities		**36 896 765**

Padenga Holdings Limited

Statement of Changes in Shareholders' Equity

for period ended 30 September 2010

	Notes	Share Capital unaudited US$	Non- Distributable Reserves unaudited US$	Distributable Reserves unaudited US$	TOTAL unaudited US$
Balance on 1 August 2010		**-**	**-**	**-**	**-**
Issued to Innscor on 1 August 2010	16	54 159	28 567 002	-	**28 621 161**
Net loss for the period		-	-	(897 560)	**(897 560)**
Shareholders' equity at 30 September 2010		**54 159**	**28 567 002**	**(897 560)**	**27 723 601**

1. CORPORATE INFORMATION

The financial statements of Padenga Holdings Limited for the two months period ended 30 September 2010 were authorised in accordance with a resolution of the Directors on 29 October 2010. Padenga Holdings Limited is a limited liability company incorporated and domiciled in Zimbabwe whose shares will be publicly traded on the Zimbabwe Stock Exchange with effect from 29 November 2010. The principal activities of the Company include the rearing of crocodiles and processing of Nile crocodile skins and meat.

2. BASIS OF PREPARATION

The financial statements are based on the statutory records that are maintained under the historical cost convention, except for biological assets and certain financial instruments that have been measured at fair value.

The financial statements are presented in United States Dollars (USD).

2.1 Statement of Compliance

The financial statements have been prepared in conformity with IFRS, promulgated by the International Accounting Standards Board (IASB), which comprise the standards, International Financial Reporting Standards (IFRS) International Accounting Standards (IAS) and the Interpretations developed by IFRS Interpretations Committee (formerly called the International Financial Reporting Interpretations Committee (IFRIC) or the former Standing Interpretations Committee (SIC)).

The financial statements have been prepared in compliance with the Zimbabwe Companies Act (Chapter 24:03).

3. BASIS OF CONSOLIDATION

The Financial statements are for Padenga Holdings Limited only. No subsidiary results were consolidated as all subsidiaries were dormant.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and value added tax. The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Company has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually upon delivery.

Rendering of services

Revenue from rendering of services is recognised by reference to the stage of completion of the transaction at the end of the reporting period. Where the outcome cannot be measured reliably, revenue is recognised to the extent that expenses incurred are eligible to be recovered. Stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours for each contract.

Interest income

Revenue is recognised as interest accrues using the effective interest method (that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

Dividends

Revenue is recognised when the Company's right to receive the payment is established.

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. All other borrowing costs are expensed as incurred.

A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

To the extent that funds are borrowed specifically for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation on that asset is determined as the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the entity that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

Foreign currencies

Assets and liabilities denominated in foreign currencies are converted to local currencies at rates of exchange at the end of the financial year. Transactions during the year are translated at rates of exchange ruling at the time of those transactions. Translation and transaction gains or losses on conversion or settlement are normally dealt with in the statement of comprehensive income.

Leases

The determination of whether an arrangement contains a lease depends on the substance of the arrangement at inception date and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and whether the arrangement conveys a right to use the assets.

The Company has entered into various operating lease arrangements. Leases where all the risks and benefits of ownership of the asset are not transferred to the Company are classified as operating leases. Operating lease payments are recognised as an expense in the statement of comprehensive income on a straight line basis over the lease period.

Retirement benefit costs

Retirement benefits are currently provided for Company employees through the Innscor Africa Limited Pension Fund. The Company's pension schemes are defined contribution schemes and the cost of retirement benefits is determined by the level of contributions made in terms of the rules.

All eligible employees contribute to the National Social Security Authority defined contribution pension scheme. The cost of retirement benefits applicable to the National Social Security Authority, which commenced operations on 1 October 1994, is determined by the systematic recognition of legislated contributions.

Property, plant and equipment

Plant and equipment are stated at cost, excluding the costs of day to day servicing, less accumulated depreciation and accumulated impairment losses. Such cost includes the cost of replacing part of the plant and equipment. When significant parts of property, plant and equipment are requiring replacement in intervals, the Company recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statement of comprehensive income as incurred. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. Land is carried at cost whereas buildings are carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on a straight line basis over the expected useful lives of the assets such that the cost is reduced to the residual values of the assets over the useful lives of the assets.

The various rates of depreciation are listed below:

Freehold property	2%
Buildings and improvements	2.5%
Leasehold improvements	the lesser of period of lease or 10 years
Plant, Fittings and Equipment	3% - 25%
Vehicles	10% - 30%

The carrying values of plant and equipment are reviewed for impairment annually, or earlier where indications are that the carrying value may be irrecoverable. When the carrying amount exceeds the estimated recoverable amount, assets are written down to the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is included in the statement of comprehensive income in the year the asset is derecognised.

The residual values, useful lives and depreciation methods of property, plant and equipment are reviewed by the Company, and adjusted if necessary, on an annual basis. Depreciation is not charged when the carrying amount of an item of property, plant and equipment becomes equal or less than the residual value.

Impairment of assets

The Company assesses at each reporting date, or earlier where indications that impairment exists, whether an asset may be impaired. This entails estimating the asset's recoverable amount, which is the higher of the asset's fair value less costs to sell and value in use. Where the asset's carrying amount exceeds its recoverable amount, the asset is considered impaired and its carrying amount is written down to its recoverable amount. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflect current market assessments of time value of money and the risks specific to the asset. Impairment losses are recognised in the statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

For all assets excluding goodwill, an assessment is made at each reporting date as to whether previously recognised impairment losses may no longer exist or have decreased. If such indication exists, the recoverable amount is estimated in order to reverse the previously recognised impairment losses. A previously recognised impairment loss is reversed only to the extent that there has been a change in the estimates used in determining the asset's recoverable amount since the last impairment loss was recognised. If that is the case the asset's carrying amount is increased to its recoverable amount.

However, the increased carrying value of the asset is limited to the carrying value determinable, net of depreciation, had the impairment not occurred. Such reversal is taken to the statement of comprehensive income. After the reversal, the depreciation charge is adjusted in future periods to allocate the revised carrying amount, less any residual value, on a systematic basis over the remaining useful life.

Biological assets

Biological assets are living animals that are managed by the Company. Agricultural produce is the harvested product of the biological asset at the point of harvest. Thereafter, products are classified as inventory.

Biological assets of the Company are crocodiles. At initial recognition, biological assets are valued at fair value. Subsequent to initial recognition, biological assets are measured at fair value less estimated point of sale costs. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arms' length transaction.

Fair value is determined with reference to the average theoretical life spans for the various categories of biological assets and available market prices. For each category, the biological assets are split in terms of their life spans at reporting date and the different saleable products derived from each biological asset. On that basis, an indicative value is computed with reference to local and international market prices.

Changes in the carrying value of biological assets are taken directly to the statement of comprehensive income.

Financial assets

Financial assets include trade and other accounts receivable, cash and cash equivalents and investments.

Financial assets in the scope of IAS 39 are classified as either financial assets at fair value through the statement of comprehensive income, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through the statement of comprehensive income, directly attributable transaction costs. The Company determines the classification of its financial assets on initial recognition.

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Company commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace. The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through the statement of comprehensive income

Financial assets at fair value through the statement of comprehensive income includes financial assets held for trading and financial assets designated upon initial recognition as at fair value through the statement of comprehensive income.

Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments or a financial guarantee contract. Financial assets at fair value through the statement of comprehensive income are carried in the statement of financial position with changes in fair value recognised in the statement of comprehensive income.

Where a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as a financial asset at fair value through the statement of comprehensive income, except where the embedded derivative does not significantly modify the cash flows or it is clear that separation of the embedded derivative is prohibited.

Financial assets may be designated at initial recognition as at fair value through the statement of comprehensive income if the following criteria are met:

(i) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or recognising gains or losses on them on a different basis; or
(ii) the assets are part of a group of financial assets which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management strategy; or
(iii) the financial asset contains an embedded derivative that would need to be separately recorded.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets which carry fixed or determinable payments and fixed maturities and which the Company has the positive intention and ability to hold to maturity. These are initially measured at fair value. After initial measurement held to maturity investments are measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount, less allowance for impairment. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. Gains and losses are recognised in the statement of comprehensive income when the investments are derecognised or impaired, as well as through the amortisation process.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in income when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as available for-sale or are not classified in any of the three preceding categories. After initial recognition, available-for-sale financial assets are measured at fair value with gains or losses being recognised as other comprehensive income in the available for sale reserve until the investment is derecognised or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the statement of comprehensive income.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the reporting date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument, which is substantially the same; discounted cash flow analysis and option pricing models.

Trade and other accounts receivable

Trade and other accounts receivable are subsequently carried at amortised cost after taking into account fair value less an allowance for any uncollectible amounts. Provision for bad debts is made when there is objective evidence that the Company will most probably not recover the debts. Bad debts are impaired when identified.

Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and in hand and short-term deposits with an original maturity of three months or less.

Impairment of financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a company of financial assets is impaired. A financial asset or a company of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the company of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a Company of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

De-recognition of financial assets

A financial asset (or, where applicable a part of a financial asset or part of a Company of similar financial assets) is de-recognised when:

- The rights to receive cash flows from the asset have expired.

- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

- When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset.

  In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

  Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Financial liabilities

Financial liabilities include trade and other accounts payable, bank overdrafts and interest bearing loans and these are initially measured at fair value including transaction costs and subsequently amortised costs. Gains or losses are recognised in the statement of comprehensive income when the liabilities are derecognised as well as through the amortisation process.

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, and when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Where the Company expects some or all of the provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit the statement of comprehensive income net of any certain reimbursements.

If the effect of the time value of money is material, provisions are discounted using a pre-tax discount rate that reflects, where appropriate, the risks specific to those provisions. Where discounting is used, the increase in the provision due to passage of time is recognised in the statement of comprehensive income as a borrowing cost.

Provision for leave pay

Leave pay for employees is provided on the basis of leave days accumulated at an expected rate of payment.

Taxes

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current income tax relating to items recognised directly in equity or other comprehensive income is recognised in equity or in other comprehensive income and not in the statement of comprehensive income.

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

  Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

  The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

  Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

  Deferred income tax relating to items recognised directly in equity or other comprehensive income is recognised in equity or other comprehensive income and not in profit or loss. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Value Added Tax

Revenues, expenses and assets are recognised net of the amount of Value Added Tax except:

- where the Value Added Tax incurred on a purchase of assets or services is not recoverable from the tax authority, in which case the Value Added Tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of Value Added Tax included. The net amount of Value Added Tax recoverable from, or payable to, the tax authority is included as part of receivables or payables in the statement of financial position.

Inventories

Inventories are stated at the lower of cost and estimated net realisable value. In general, cost is established on the first in, first out basis. Cost represents the cost of materials and where appropriate, direct labour and manufacturing overheads related to stage of manufacture. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Key estimates, uncertainties and judgements

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year:

Useful lives and residual values of property, plant and equipment

The Company assesses useful lives and residual values of property, plant and equipment each year taking into consideration past experience, technology changes and the local operating environment. The useful lives are set out in this note and no changes to those useful lives have been considered necessary during the period. Residual values will be reassessed each year and adjustments for depreciation will be done in future periods if there is indication of impairment in value.

Fair valuation of biological assets - crocodiles

The Company assumes that all livestock is born on 1 December and that the average theoretical lifespan of a crocodile is 33 months. The fair value calculation is performed only when the crop reaches 12 months of age. Crops which have exceeded an age of 33 months will be discounted by 10% in the first year and 5% in the second year. Average skin and meat prices that were achieved in the financial year, or latest invoices where there is material change, are utilised in the fair value calculations based on second grade prices.

Country of Incorporation and Currency

The Company is incorporated in Zimbabwe and the Financial Statements are stated in United States Dollars

5. EARNINGS PER SHARE

Basic earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	30 September 2010 unaudited US$
Net loss attributable to ordinary equity holders of the parent	**(897 560)**
Weighted average number of ordinary shares for basic earnings per share	**541 593 440**
Weighted average number of ordinary shares adjusted for the effect of dilution	**541 593 440**
Basic loss per shares (US cents)	**(0.17)**
Diluted loss per share (US cents)	**(0.17)**

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of issue of this Pre-Listing Statement.

6. DIVIDENDS PAID

Dividends declared and paid per share are based on the number of shares in issue on the effective date of declaration and entitlement of the shares to the dividend. During the period, no dividends were declared .

		30 September 2010 unaudited US$
7.	**OPERATING PROFIT BEFORE DEPRECIATION AND AMORTISATION IS SHOWN AFTER CHARGING/(CREDITING) THE FOLLOWING:**	
7.1	**Net operating costs**	
	Cost of goods and services sold	644 301
	Other operating income	(4 015)
	Other operating costs	532 566
	Staff costs	505 126
		1 677 978
7.2	**Operating lease charges included in other operating costs**	**25 541**
8.	**NET INTEREST PAYABLE**	
	Interest receivable	(5 854)
	Interest payable	169 283
	Net interest payable	**163 429**
9.	**TAXATION**	
9.1	**Income tax credit**	
	Current income tax credit	(673 400)
	Deferred tax charge	606 677
	Total tax credit	**(66 723)**
9.2	**Reconciliation of rate of taxation**	%
	Statutory rate of taxation, inclusive of AIDS levy	25.75
	adjusted for:	
	Non-taxable/non-deductible items	(32.67)
	Effective rate	**(6.92)**

10. STATEMENT OF CASH FLOWS INFORMATION

10.1 Cash generated from operating activities

	Note	30 September 2010 unaudited US$
Loss before interest and tax		(800 854)
Depreciation		204 356
Fair value adjustments on equity investments		14
Fair value adjustment on biological assets		455 680
Profit on disposal of property, plant and equipment		(18 113)
Increase in inventories		(251 931)
Cash inflow from biological assets		124 282
Decrease in receivables		1 750 094
Increase in payables		228 045
Provisions paid		(4 527)
		1 687 046

10.2 Investing activities

	Note	US$
Net cash flow arising from the acquisition of the Niloticus Division of Innscor	10.3	777 407
Expenditure on property, plant and equipment		(100 416)
Proceeds on disposal of property, plant and equipment		25 634
Movement in non-current biological assets		(13 782)
		688 843

10.3 Net cash flow arising from the acquisition of the Niloticus Division of Innscor

During the year, the company acquired the entire assets and liabilities of the Niloticus Division of Innscor. All assets and liabilities on acquisition were measured at fair value. The contractual amounts for trade and other accounts receivable are equal to fair value.

Property, Plant and equipment	(14 315 302)
Other investments	(69)
Non-current biological assets	(1 186 181)
Current biological assets	(17 365 134)
Inventories	(714 737)
Trade & other accounts Receivable	(4 817 761)
Cash and cash equivalents	(777 407)
Trade & other accounts Payable	445 806
Provision	168 189
Deferred tax liability	2 064 889
Interest-bearing borrowings	7 876 546
Net assets of the Niloticus Division acquired	**(28 621 161)**
Equity issued to Innscor	28 621 161
Cash consideration	**-**
Add: cash and cash equivalents acquired	777 407
Net Cash Flow	**777 407**

11. PROPERTY, PLANT AND EQUIPMENT

	Freehold property unaudited US$	Leasehold improvements unaudited US$	Plant, fittings & equipment unaudited US$	Motor vehicles unaudited US$	Total unaudited US$
Cost					
At 1 August 2010	-	-	-	-	-
Acquired through purchase of the Niloticus Division from Innscor	80 086	12 563 138	1 456 867	215 211	14 315 302
Additions	-	34 485	57 522	8 409	100 416
Disposals	-	-	-	(7 521)	(7 521)
At 30 September 2010	**80 086**	**12 597 623**	**1 514 389**	**216 099**	**14 408 197**
Depreciation					
At 1 August 2010	-	-	-	-	-
Disposals	-	-	-	-	-
Charge for the year	(235)	(152 673)	(32 538)	(18 910)	(204 356)
At 30 September 2010	**(235)**	**(152 673)**	**(32 538)**	**(18 910)**	**(204 356)**
Net carrying amount:					
At 1 August 2010	**-**	**-**	**-**	**-**	**-**
At 30 September 2010	**79 851**	**12 444 950**	**1 481 851**	**197 189**	**14 203 841**

11.1 Reconciliation of opening and closing carrying amounts

	30 September 2010 unaudited US$
Net carrying amount at 1 August 2010	**-**
Cost	-
Accumulated depreciation and impairment losses	-
Movement for the year:	
Acquired through the purchase of the Niloticus Division from Innscor	14 315 302
Additions at cost	100 416
Net carrying amount of disposals	(7 521)
Depreciation charge for the year	(204 356)
Net carrying amount 30 September 2010	**14 203 841**
Cost	14 408 197
Accumulated depreciation and impairment losses	(204 356)

Security

Net book value of fixed assets pledged as security for borrowings	Nil

			30 September 2010 unaudited US$
12.	**OTHER INVESTMENTS**	**Notes**	
	Listed Investments		55
	Total other investments		**55**
	Reconciled as follows:		
	At 1 August 2010		-
	Acquired through the purchase of the Niloticus Division from Innscor	10.3	69
	Fair Value adjustments through the statement of comprehensive income		(14)
	At 30 September 2010		**55**

13. BIOLOGICAL ASSETS

Reconciliation of opening and closing carrying amounts

			Crocodiles unaudited US$
13.1	**Non-current biological assets**		
	At 1 August 2010		-
	Purchases		-
	Acquired through the purchase of the Niloticus Division from Innscor	10.3	1 186 181
	Sales		-
	Births		-
	Deaths		-
	Direct costs		13 782
	Thefts		-
	At 30 September 2010		**1 199 963**

13.2	**Current biological assets**		
	At 1 August 2010		-
	Purchases		-
	Acquired through the purchase of the Niloticus Division from Innscor	10.3	17 365 134
	Sales		(635 947)
	Births		58 976
	Deaths		(8 858)
	Direct costs		461 545
	Fair value adjustment		(455 680)
	At 30 September 2010		**16 785 171**

No biological assets have been pledged as collateral for borrowings.

		30 September 2010 unaudited US$
14.	**INVENTORIES**	
	Consumable stores	308 913
	Raw materials and packaging	657 755
		966 668
15.	**TRADE AND OTHER ACCOUNTS RECEIVABLE**	
	Trade receivables	2 466 416
	Prepayments and other receivables	772 095
		3 238 511
	Provision for doubtful debts	(170 844)
		3 067 667

As at 30 September 2010, there were no trade receivables that were past the due date that were not provided for.

16. ORDINARY SHARE CAPITAL

16.1 Authorised

800,000,000 ordinary shares of $0,0001 each	**80 000**

16.2 Issued and fully paid

At 1 August 2010	-
Issued to Innscor 541,593,440 ordinary shares of USS$0.0001 cent each	54 159
Total issued share capital	**54 159**

16.3 Unissued shares

Unissued, to be held in reserve under control of Directors	**25 841**

16.4 Directors' shareholdings

The Directors held directly and indirectly the following number of shares:

A.K. Calder	-
M. J. Fowler	107 858 631
G. J. Sharp	1 625 000
T.N. Sibanda	-
A.M.M. Madzara	-
O.T. Kamundimu	125 700
	109 609 331

There has been no material change in the Directors' interests subsequent to 30 September 2010 to the date of this Pre-Listing Statement.

		Note	30 September 2010 unaudited US$
17.	**NON-DISTRIBUTABLE RESERVES**		
	At 1 August 2010		-
	Share Premium arising on issue of 541 593 440 shares to Innscor		28 567 002
	At 30 September 2010		**28 567 002**
18.	**DISTRIBUTABLE RESERVES**		
	At 1 August 2010		-
	Loss for the period		(897 560)
	At 30 September 2010		**(897 560)**
19.	**DEFERRED TAX LIABILITY**		
19.1	**Reconciliation**		
	At 1 August 2010		-
	Charged to the income statement		606 677
	Acquired through the purchase of the Niloticus Division from Innscor	10.3	2 064 889
	At 30 September 2010		**2 671 566**
19.2	**Analysis of deferred tax liability**		
	Fair value adjustments on biological assets		2 620 056
	Prepayments - current year		51 510
			2 671 566

		Rate of interest	Year Repayable	
20.	**INTEREST-BEARING BORROWINGS**			
	Unsecured			
	Local short-term borrowings	15%-18.5%	up to 90 days	5 552 553
	Total interest - bearing borrowings			**5 552 553**

Short-term borrowings form part of the core borrowings of the Company and are renewed on maturity in terms of ongoing facilities negotiated with the relevant financial institutions.

Borrowing powers
In terms of the Company's Articles of Association, the Company may, with previous sanction of an ordinary resolution of the Company in general meeting, borrow, on the determination of the Directors, amounts that do not exceed the aggregate of total shareholders' funds.

		30 September 2010 unaudited US$
21.	**TRADE AND OTHER ACCOUNTS PAYABLE**	
	Trade payables	203 100
	Other payables	470 751
		673 851
22.	**PROVISIONS**	
	Leave pay provision	163 662
		163 662
23.	**DEFERRED TAX ASSET**	
	Credited to Income Statement	**673 400**

24. CONTINGENT LIABILITIES

The Company had no contingent liabilities at 30 September 2010.

25.	**CAPITAL EXPENDITURE COMMITMENTS**	
	Authorised and contracted	-
	Authorised but not yet contracted	781 928
		781 928

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

26. COMMITMENTS FOR THE DEVELOPMENT OR ACQUISITION OF BIOLOGICAL ASSETS

The Company has not committed itself to acquiring any biological assets. However, the Company is entitled, owing the supply contracts it has with its customers, to supply certain customers with agreed quantities and quality of agricultural products.

27.	**FUTURE LEASE COMMITMENTS**	
	Payable within one year	94 500
	Payable between two and five years	378 000
	Payable six to ten years	472 500
		945 000

28. PENSION FUNDS

28.1 Innscor Africa Limited Pension Fund

This is an Innscor administered, defined contribution fund. Employees of the Company are eligible to become members of the fund. Contributions are at the rate of 14% of pensionable emoluments of which members pay 7%.

28.2 National Social Security Authority Scheme

This scheme was promulgated under the National Social Security Authority Act of 1989. The Company's obligations under the scheme are limited to specific contributions legislated from time to time. These are presently 6% of pensionable emoluments of which the maximum pensionable salary is US$200. A total contribution of US$12 is the maximum per employee per month.

28.3 Pension costs recognised as an expense for the period:

	30 September 2010 unaudited US$
National Social Security Authority Scheme	11 269
Innscor Africa Limited Pension Fund	4 564
	15 833

29. RELATED PARTY INTERESTS

The Company received Tax, Treasury, Salary, Internal Audit and Company Transfer and Secretarial Services from Innscor during the period. The total paid by the Company during the period was US$95 000 towards these services.

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial instruments comprise interest-bearing borrowings, overdrafts, cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Company's operations or to achieve a return on surplus short term funds. The Company has various other financial assets and financial liabilities such as trade receivables and trade payables, which arise directly from its operations. The main risks arising from the Company's financial instruments are interest rate risk, foreign currency risk, credit risk, liquidity risk and equity price risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below:

Interest rate risk

The Company's exposure to the risk for changes in market interest rates relates primarily to variable short-term overdraft rates. The Company's policy is to manage its interest cost by limiting exposure to overdrafts and where borrowings are required, to borrow at favourable and fixed rates of interest.

Foreign currency risk

The Company has transactional currency exposures. Such exposure arises from the sale or purchase by the Company in currencies other than the unit's functional currency. The Company limits exposure to exchange rate fluctuations by either prepaying for purchases or retaining stock until the foreign currency to settle the related liability has been secured.

Credit risk

The Company trades only with recognised, creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to debt impairment is not significant. For transactions that are not denominated in the functional currency of the Company, credit terms are specified contractually within the regulations laid down by the Reserve Bank of Zimbabwe. With respect to credit risk arising from the other financial assets of the Company, which comprise cash and cash equivalents and available-for-sale financial assets, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments less the market value of any security held.

Liquidity risk

The Company's objective is to maintain a balance between continuity of funding through a well managed portfolio of short-term investments and/or flexibility through the use of bank overdrafts and interest-bearing borrowings. Foreign currency risk is the risk that fair value of future cash-flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities when revenues and expenses are denominated in a different currency.

Equity price risk

The Company is exposed to movement in fair value of listed equities. Investments in equities are valued at fair value and are therefore susceptible to market fluctuations. Comprehensive measures and limits are in place to control the exposure of the Company's equity investments to equity price risk. The Company's Treasury office is tasked with the responsibility of performing research into potential opportunities in order to provide suggestions for investment to the Board of Directors. This office monitors the performance of the current investment portfolio and reports to the Board of Directors.

The table below summarises the maturity profile of the Company's financial assets and liabilities:

	Within 3 months US$	**Between 4 to 12 months US$**	**More than 12months US$**	**Total US$**
Liabilities				
Interest bearing borrowings	5 552 553			5 552 553
Trade and other accounts payable	673 851			673 851
Cash and cash equivalents	111 532			111 532
Total	**6 337 936**	**-**	**-**	**6 337 936**
Assets				
Trade and other accounts receivable	3 067 667			3 067 667
Investments	55			55
Total	**3 067 722**	**-**	**-**	**3 067 722**

31. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

Set out below is a comparison of carrying amounts and fair values of all the Company's financial instruments at 30 September 2010.

	Carrying amount 2010 US$	Fair value 2010 US$
Financial assets		
Trade and accounts receivable	3 067 667	3 067 667
Held for trading investments	55	55
	3 067 722	**3 067 722**
Financial liabilities		
Interest bearing loans and borrowings	5 552 553	5 552 553
Overdrawn bank balances	111 532	111 532
Trade and accounts payable	673 851	673 851
	6 337 936	**6 337 936**

32. CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to ensure that all its companies maintain healthy capital ratios in order to support the business and maximise shareholder value.

The Company manages its capital structure and makes adjustment to it in light of changes in the economic environment. To maintain or adjust the capital structure the Company may adjust the dividend payment to shareholders ,return on capital to shareholders ,or issue new shares. No changes were made to the objectives ,policies or processes during the period ended 30 September 2010. The company monitors capital using a gearing ratio, which is calculated as total liabilities divided by total liabilities plus equity.

	2010 USD
Total liabilities	9 173 164
Total equity	27 723 601
Gearing ratio	0.25