PADENGA

HOLDINGS LIMITED

PADENGA HOLDINGS LIMITED

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

Directors: A. K. Calder (Chairman); G. J. Sharp (Chief Executive Officer); O. T. Kamundimu (Chief Financial Officer); M. J. Fowler (Executive Director); A. M. M. Madzara; T. N. Sibanda.

Registered Office: First Floor Edward Building, Corner First Street/Nelson Mandela Avenue, Harare, Zimbabwe.

ABRIDGED 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 ("ZSE")

Financial Avisors

IMARA INVESTING IN AFRICA

Corporate Finance

Sponsoring Broker

IMARA INVESTING IN AFRICA

Securities

Auditors & Independant Reporting Accountants

ERNST & YOUNG

Legal Advisors

Coghlan, Welsh & Guest

LEGAL PRACTITIONERS

Share Transfer Secretaries

INNSCOR Africa Limited

Innscor Transfer Secretaries

1. INTRODUCTION

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 Holdings Limited ("the Company" or "Padenga") were conducted as the Niloticus Division of Innscor Africa Limited ("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 skins.

Crocodiles are sourced 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 the rest of the producers and this secures its position in the market. Few other producers of Nile skins in the world are currently able to consistently match the standards set by Padenga.

Detailed information on the Company is more fully set out in the full Pre-Listing Statement dated Friday 5 November ("Pre-Listing Statement"). The Pre-Listing Statement should be read in its entirety for the full appreciation of the rationale for the Listing, as well as the future prospects for Padenga. This abridged Pre-Listing Statement should accordingly be read in conjunction with the Pre-Listing Statement, and with reference to the definitions contained therein.

2. 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.

3. 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, that 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 new 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 the 30th of June 2010.

Innscor has now transferred all the assets and liabilities of its Niloticus Division into a new public company called Padenga and subject to the fulfilment of certain formalities, the ZSE Listing Committee has approved the listing, on the ZSE, of the entire issued share capital of Padenga on Monday 29 November 2010.

In terms of existing legislation Innscor is obliged to deduct a ten per cent (10%) withholding tax and remit this to the Zimbabwe Revenue Authority ("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 (1 000) 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, in terms of the dividend in specie.

4. COSTS OF THE LISTING

The total costs associated with the preparation and listing of Padenga on the ZSE is approximately US$400,000.

5. 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 relationships; and
- To unlock shareholder value.

6. FINANCIAL HIGHLIGHTS

The business reported revenue of US$11.78 million for the financial year ended 30 June 2010, with an operating profit of US$51,835 before interest and fair value adjustments, against revenue of US$10.22 million for the comparative period ended 30 June 2009 and a loss of US$790,458 before interest and fair value adjustments. The business incurred a fair value adjustment loss of US$1.035 million in the financial year ended 30 June 2010 versus a fair value gain of US$667,817 for the financial year ended 30 June 2009.

The global financial crisis has had a severe negative impact on the international exotic skins market as both demand for, and prices of 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 (ref New York Times 30 September 2009). Prices offered for skins reduced by as much as 30% in the first half of the financial year ended 30 June 2010. In addition, the market changed with new demands on sizes and quality as the luxury brands moved into the higher-end of their markets where demand and price have remained firm.

In the face of depressed world skin prices, the business has had to destock. The destocking and the depressed average skin prices resulted in the business incurring a US$1.035 million fair value loss during the year (2009: US$667,817 fair value gain) and a very small profit from operations.

The business has in the past sold a full year's cull in the year the skins were produced but this was not the case during the financial year ended 30 June 2010. 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 the financial year ended 30 June 2010, and the Company 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 heavily on the perceived skin quality and therefore the value of the skin is reduced. The average skin size achieved during the financial year ended 30 June 2010 was 18% larger than during the comparative period, with a further 11% increase in average size forecast for the financial year ending 30 June 2011.

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 during 2011 and secure its position in the market going forward.

The business culled 63,500 animals during the financial year ended 30 June 2010 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 business suspended meat exports at the beginning of the financial year ended 30 June 2010 due to weak demand on the back of excessive stocks worldwide. However, meat exports were resumed in the fourth quarter of the financial year ended 30 June 2010 following a recovery of demand and viable prices and are anticipated to contribute significantly in 2011.

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 financial year ended 30 June 2010.

	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 flows	449 885	274 280
Closing cash balance	**959 614**	**509 729**

7. FUTURE PROSPECTS

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 has ensured that it will remain a part of the supply chain that will benefit from that growth.

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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.

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.

8. 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

9. DIVIDENDS

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.

10.AUTHORISATION 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.

11. SHARE CAPITAL

Set out below is an analysis of the current authorised and issued share capital of Padenga:

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 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**

11.1 Authorised but unissued share capital

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

11.2 Variation of rights

According to Paragraph 7 of Padenga'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.

11.3 Summary of Issues and Offers

Since the date of incorporation of Padenga, there has been no issue of shares, other than the 541 593 440 issued to Innscor on the 1st of August 2010.

11.4 Preferential Rights in Respect of Shares

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

11.5 Voting Rights

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

11.6 Adequacy of Capital

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

11.7 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.

12. 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 roughly 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 ZMD Investments (Private) Limited and H M Barbour (Private) Limited have provided written undertakings not to sell their shares for a period of at least eight months from the date of listing.

13. DOCUMENTS 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 addresses set out in paragraph 15 below:

- The Articles and Memorandum of Association of Padenga;
- The written consents from the advisors;
- The written undertakings detailed in Paragraph 12 of this abridged Pre-Listing Statement;
- Extracts from the audited financial statements of Innscor, for the years ended 30 June 2010 and 30 June 2009; and
- The Independent Reporting Accountants' Report, for the period ended 30 September 2010.

14. IMPORTANT DATES

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.

15. INSPECTION OF THE PRE-LISTING STATEMENT

The public may inspect the documents listed in paragraph 13 above during normal business hours from 5 November 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 Advisers:

Imara Corporate Finance (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

16. QUERIES

If you have any questions on any aspects of this notice or the Pre-Listing Statement, please contact your stockbroker, accountant, banker, legal practitioner or other professional advisor, or Sean Gammon or Nicholas Ralph at Imara Corporate Finance Zimbabwe (Private) Limited, Block Two, Tendeseka Office Park, Samora Machel Avenue, Eastlea, Harare, Zimbabwe; Telephone number +263 4 701320; Fax +263 4 701319; E-mail: sean.gammon@imara.co or nick.ralph@imara.co.

By order of the Board
A.D. Lorimer
Company Secretary

2 November 2010