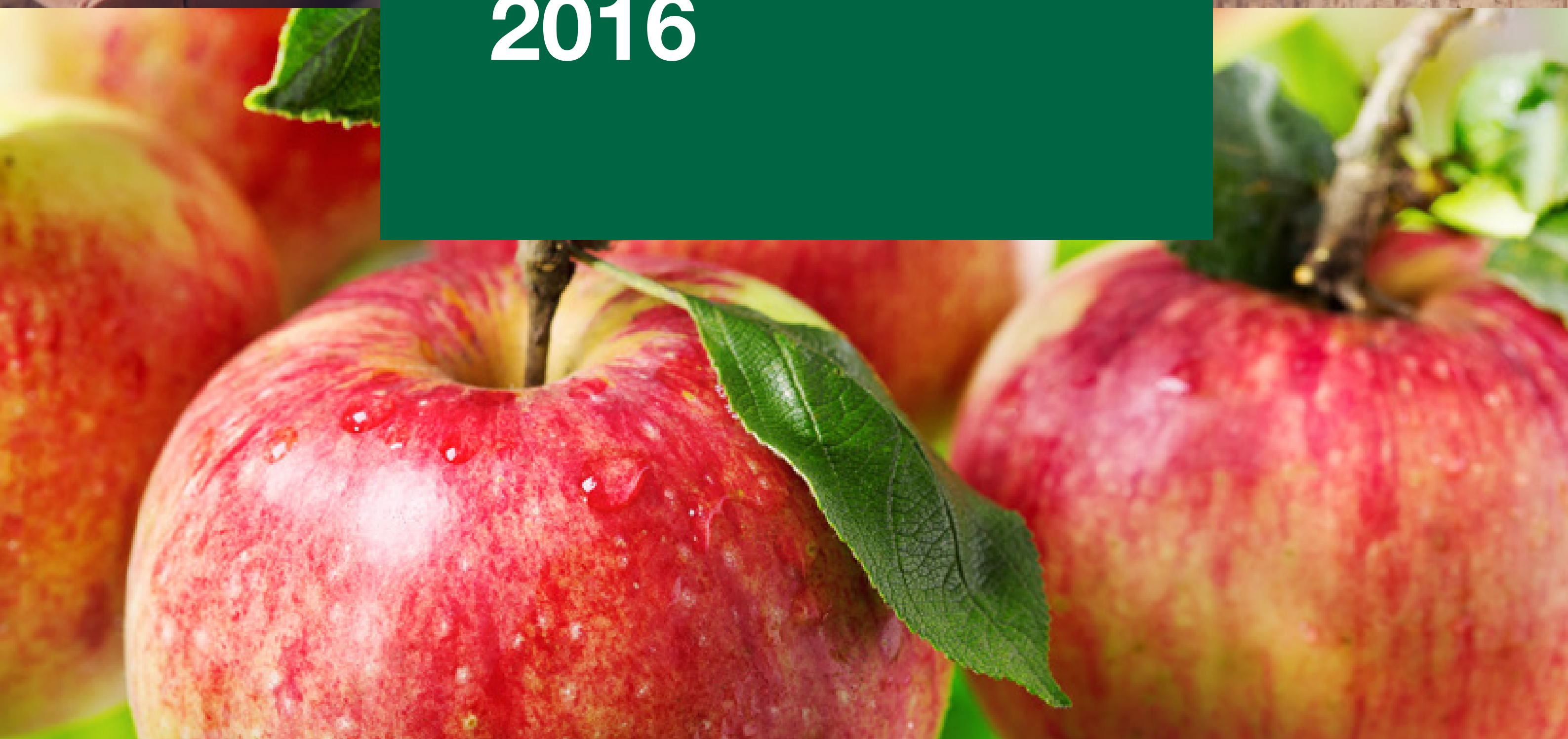
ARISTON HOLDINGS LIMITED

ANNUAL REPORT 2016



CONTENTS

CORPORATE STRUCTURE

ARISTON HOLDINGS LIMITED

100% ARISTON MANAGEMENT SERVICES (PRIVATE) LIMITED

100% CLAREMONT ORCHARDS HOLDINGS (PRIVATE) LIMITED
Property owning company.

100% SOUTHDOWN HOLDINGS (PRIVATE) LIMITED
Property owning company.

100% CLAREMONT ORCHARDS (1988) (PRIVATE) LIMITED
Property owning company.

100%
CLAREMONT ESTATE
A division of Ariston Management Services (Private) Limited

Situated in the Nyanga area with a unique micro climate for horticultural production. Claremont Estate is one of country's major producers of pome and stone fruit.

100%
SOUTHDOWN ESTATE
A division of Ariston Management Services (Private) Limited

Comprises three tea estates in the picturesque Chipinge and Chimanimani areas of Zimbabwe with 1,200 hectares of tea, 60 hectares of bananas, 450 hectares of macadamia nuts and 12 hectares of avocadoes. This business unit is also involved in the packaging of tea for the domestic market. Infrastructural development includes tea factories, schools, clinics and workers' housing.

100%
Kent ESTATE
A division of Ariston Management Services (Private) Limited

Situated in Norton with 5 hectares of greenhouse vegetables. The estate has capacity to produce over one million broilers a year and has beef cattle, irrigated crops and dry land crops.

75%
NYANGA TROUT FARMING (PRIVATE) LIMITED
Joint venture with Three Streams Holdings (Proprietary) Limited

A joint venture between Ariston Management Services (Private) Limited and Three Streams Holdings (Proprietary) Limited formed with the goal to engage in trout farming at the Claremont Trout Farm which is situated at Claremont Estate in the Nyanga area of Zimbabwe.

55%
CLAREMONT POWER STATION
Joint venture with Goldsaif (Private) Limited

A joint venture between Ariston Management Services (Private) Limited and Goldsaif (Private) Limited formed to rehabilitate the micro-hydro electricity generation facilities at Claremont Estate to enable uninterrupted electricity supply at Claremont Estate.

FINANCIAL HIGHLIGHTS

FOR THE YEAR ENDED 30 SEPTEMBER 2016

	2016	2015
GROUP SUMMARY (US$)		
Revenue	9,199,482	11,779,732
(Loss)/earnings before interest, tax, depreciation and amortisation (excluding fair value adjustments)	(120,471)	846,994
Profit/(loss) before taxation	598,273	(2,558,190)
Loss for the year from discontinued operations	-	(3,436,756)
Profit/(loss) attributable to shareholders	124,639	(5,144,519)
Total assets employed	48,225,561	47,498,378
Cash utilised in operating activities	(1,593,202)	(1,407,769)
Capital expenditure	(711,145)	(628,310)
Finance costs reversal	3,345,033	-
Finance costs	(3,555,709)	(2,986,818)
Cash resources net of short-term borrowings (deficit)	(5,060,703)	(5,431,154)
ORDINARY SHARE PERFORMANCE		
Number of ordinary shares in issue	1,600,795,595	1,378,595,595
Basic earnings/(loss) per ordinary share (dollars)	0.00009	(0.0037)
Ordinary shareholders' equity per ordinary share (dollars)	0.011	0.010
Market price per ordinary share at year end (dollars)	0.0045	0.0020
Industrial Index - 30 September	98.96	131.93
FINANCIAL STATISTICS		
Interest cover (times)	0.04	(0.57)
Ordinary shareholders’ equity to total assets (%)	37.67	29.73
Return on shareholders’ equity (%)	0.69	(36.43)

DIRECTORATE AND ADMINISTRATION

DIRECTORS

Non-Executive

Dr. R.M. Mupawose	Chairman (resigned 26 February 2016)
A.C. Jongwe	Chairman (appointed 26 February 2016)
I. Chagonda	
S.G. Chella	(resigned 26 February 2016)
C.P. Conradie	
Dr. A.J. Masuka	(appointed 26 February 2016)
T.C. Mazingi	
H.A. Nolte	(appointed 26 February 2016)

Executive

P.T. Spear	Group Chief Executive Officer

BOARD COMMITTEES

Audit and Risk Committee

S.G. Chella	Chairperson (resigned 26 February 2016)
I. Chagonda	Chairman (appointed 26 February 2016)
A.C. Jongwe	
H.A. Nolte	

Human Resources and Remuneration Committee

Dr. R.M. Mupawose	Chairman (resigned 26 February 2016)
C.P. Conradie	Chairman (appointed 26 February 2016)
A.C. Jongwe	
T.C. Mazingi	
P.T. Spear	

Operations/Technical Committee

A.C. Jongwe	Chairman (resigned 26 February 2016)
Dr. A.J. Masuka	Chairman (appointed 26 February 2016)
C.P. Conradie	
P.T. Spear	

SENIOR MANAGEMENT

Head Office

P.T. Spear	Group Chief Executive Officer
R.A. Chinamo	Group Finance Director (appointed 6 June 2016)
B.T. Kagondo	Group Human Resources Executive

Operations

E. Chafewa	Safety, Health and Environment Manager - Southdown Estates
E. Chenyika	Estate Manager - Kent Estate
W. Chibonda	Estate Manager - Roscommon Estate
E. Makandwa	Estate Manager - Claremont Estate
W. Mangezi	Manager - Blended Tea Factory
G. Manyukwa	Engineer - Southdown Holdings
I. Mukandi	Senior Estate Manager - Clearwater Estate and Southdown Estates
J. Zindi	Estate Manager - Southdown Estate

REGISTERED OFFICE
306 Hillside Road
Msasa Woodlands
P.O. Box 4019
Harare

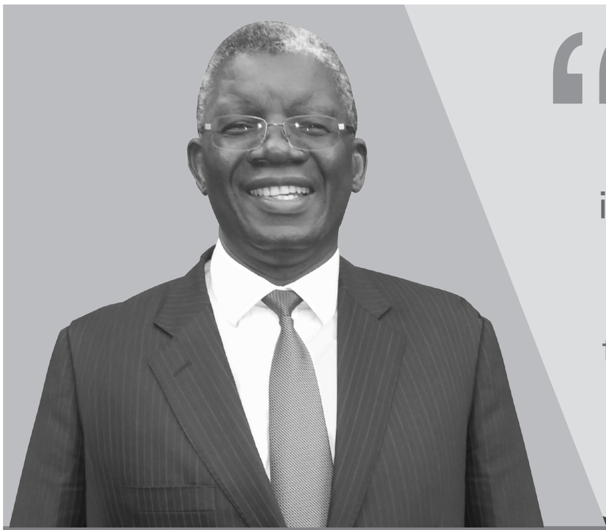
COMPANY SECRETARY
R.A. Chinamo (appointed 6 June 2016)

SHARE TRANSFER SECRETARIES
ZB Transfer Secretaries (Private) Limited
21 Natal Road
Avondale
P.O. Box 2540
Harare

AUDITORS
Deloitte & Touche Chartered Accountants (Zimbabwe)
West Block, Borrowdale Office Park
Borrowdale Road, Borrowdale
P.O. Box 267
Harare

BANKERS
Agricultural Development Bank of Zimbabwe (Agribank)
CBZ Bank Limited
Stanbic Bank Zimbabwe Limited
Standard Chartered Bank (Zimbabwe) Limited

CHAIRMAN'S STATEMENT



MR. A.C. JONGWE - CHAIRMAN

> "Preparations for the season ahead have progressed well; inputs at higher levels than the previous season are in place thus giving the comfort that the season ahead will show an improvement on current year."

OVERVIEW

The environment continued to be very challenging and was characterised by low consumer spend due to constrained disposable incomes.

The high interest rates and short tenures in the market continued to be a significant risk to the business. The financial markets have continued to provide short term finance that is not in line with the long term nature of our plantation investments, which require long dated debt and single digit interest rates.

As previously stated, support from the major shareholder, Origin Global Holdings Limited ("Origin"), has remained unwavering. During the period under review, US$4.0 million of Origin debt was converted into equity effective of 10 August 2016. As part of that transaction, Origin conceded to a write-off of cumulative interest on the debt amounting to US$3.3 million (2015: US$1.5 million). This resulted in a reversal of current period interest expense amounting to US$1.8 million and interest expense relating to prior periods amounting to US$1.5 million; the effect of this transaction on profit or loss is reflected in the finance costs reversal line. The Group is fully aware that this positive development can be improved by the restructuring of its remaining debt. To date there has been a reduction in average cost of debt from 19% per annum to 10% per annum.

REVIEW OF OPERATIONS

The production volumes for most of our crops were lower than those achieved in prior year, mainly due to the effect of limited rainfall and hot temperatures experienced, coupled with power outages which affected our ability to irrigate.

The Chipinge and Chimanimani operations yielded macadamia of acceptable quality with some orchards recording exceptional quality. However volumes declined 5% on prior year. Average selling prices were weighed down by one Estate whose quality showed a slight decline.

Tea production was also lower than prior year. Overall tea sales, most of which are exported, were 11% behind the previous year's 2,289 tonnes. Local blended tea sales were 12% behind prior year with overall sales performance having been affected by the difficult trading environment.

Fruit count at Claremont showed an improvement, with the young orchards performing in line with expectations. Strategies have been put in place to ensure that both Claremont and Kent contribute positively to the Group's performance. As the local market continues to be hampered by liquidity challenges, greater focus is being placed on growing export volumes.

FINANCIAL RESULTS

After further rationalisation, the Group's revenues declined from US$11.8 million to US$9.2 million. Current year total comprehensive income improved to US$0.1 million from a total comprehensive loss of US$5.1 million incurred in prior year. The Group's gearing ratio improved to 68% from 110% in prior year. Total liabilities were reduced to US$30.1 million from US$33.4 million in prior year as the statement of financial position is being aligned to remaining Group activities.

CHAIRMAN'S STATEMENT - Continued

OUTLOOK
Preparations for the season ahead have progressed well; inputs at higher levels than the previous season are in place, thus giving the comfort that the season ahead will show an improvement on current year. With adequate rainfall, we look forward to a successful season.

DIVIDEND
In view of the working capital constraints highlighted and the urgent need to generate and preserve the available cash, the Board has seen it prudent not to declare a dividend.

DIRECTORATE
Dr. R.M. Mupawose, who was the Board chairman and had been a member of the Board for over 25 years, retired from the Board on 26 February 2016. We would like to thank him for his wise counsel and guidance during his tenure.

Mrs. S.G. Chella also retired from the Board on 26 February 2016. We thank her for the commitment and immense contribution to the Board.

Dr. A.J. Masuka and Mr. H.A. Nolte were appointed to the Board on 26 February 2016. I replaced Dr. R.M. Mupawose as Board chairman on the same date.

APPRECIATION
I wish to extend my appreciation to all our customers, suppliers, staff, shareholders, strategic partners and my fellow board members for their unwavering support for the business.

ALEXANDER CRISPEN JONGWE
CHAIRMAN

15 DECEMBER 2016

GROUP OPERATIONAL OVERVIEW

"The Group has continued to focus on maintaining its certification by Rain Forest Alliance thereby ensuring access to international markets for tea and macadamia."

MR. P.T. SPEAR - CHIEF EXECUTIVE OFFICER

INTRODUCTION

High temperatures and erratic power supplies in the first half of the year negatively impacted yields on the majority of our crops. The second half of the year was characterised by more stable power supplies enabling irrigation.

VOLUMES AND OPERATIONS

Macadamia and Tea

Macadamia volumes declined to 1,317 tonnes nut-in-shell from 1,385 tonnes in 2015. Overall the quality was acceptable with some orchards recording exceptional quality. International macadamia prices and demand remained very firm. Once again, all indications are that the prices will remain high. Approximately half of next season's crop has been forward-contracted at these favourable prices.

As mentioned in our half year report, tea production was affected by the low rainfall received in the first half of the year coupled with power outages which affected our ability to irrigate. Overall tea sales volumes for the year declined 11% on prior year to 2,048 tonnes (2015: 2,289 tonnes). The quality was acceptable. Export tea prices across all grades were weak in the period under review. Accordingly, this affected tea contributions to the Group's financial performance. Predictions on the world market are that tea pricing will continue to be soft on the back of high tea production and subdued demand from major consumers.

The transfer of distribution of the blended teas from FAVCO to Brands Africa in April 2015 has brought financial viability to blended teas despite a decline in local sales prices through the leaner and more efficient channel. The trading environment continued to be difficult and blended tea sales volumes suffered a 12% decline to 652 tonnes (2015: 740 tonnes).

The Group has continued to focus on maintaining its certification by Rain Forest Alliance thereby ensuring access to international markets for tea and macadamia.

A macadamia drying facility was constructed during the period under review. This project is expected to be completed by early December 2016, well in time for utilisation during the 2017 harvest period. This facility will significantly improve the quality of our product, thereby improving price. Being fully automated and using renewable energy, it will lead to lower post-harvest costs and improved returns. The speed to market will be significantly enhanced.

Horticulture

Stone fruit production volumes increased from 465 tonnes in prior year to 776 tonnes in the period under review as yield from the young orchards planted in 2012 improved. The yields are expected to continue on an upward trend for next year as well. These results have placed a lot of pressure on post-harvest management which is being dealt with.

Pome fruit production volumes decreased 12% from 1,174 tonnes in prior year to 1,032 tonnes in the period under review. While fruit count was acceptable the fruit size was below expectation as a result of moisture stress linked to erratic power supplies. Going forward power outage risk has been mitigated with the rehabilitation of a micro-hydro power plant on Claremont Estate which should see power availability stabilising. The micro-hydro power plant is expected to be commissioned in December 2016.

GROUP OPERATIONAL OVERVIEW - Continued

Potato production volumes were significantly lower than prior year as cropping was deliberately reduced given the risk identified on irrigation and power outages.

Summer Crops

Kent successfully grew seed and commercial maize under irrigation. Low dam levels will limit cropping in the year unless sufficient rains are received.

Poultry

Poultry production for the year stood at 909,790 birds, up from 865,270 birds in 2015. Kent continued to be an outgrower for Irvines. Site 2 at Kent remained unavailable for production due to farm disruptions. The flock performances continued to show improvement on prior year.

Business Unit Financial Performance

Southdown Estates continued to be the dominant contributor to the Group's revenue at $7.1 million or 77% of the Group's revenue (2015: $8.8 million or 75% of the Group's revenue). However, its operating profit reduced to US$1.3 million, from US$2.5 million in prior year. Fair value adjustments were higher at US$3.4 million compared to an adjustment of US$1.7 million in prior year as a result of increased tea output and improvement in macadamia quantity and quality.

Claremont Estate's revenues for the year declined by 44% to US$1.1 million (2015: US$2 million). This resulted in the operating loss increasing to US$0.6 million from a prior year loss of US$0.1 million.

Kent Estate recorded a 9% decrease in its current year revenue to US$1.0 million from US$1.1 million in prior year. In spite of the drop in revenues, the operating loss narrowed to US$0.5 million from US$0.9 million in prior year.

Withdrawal of Kent Estate Land Offer Letter

On 12 April 2016, the Group received communication from the Ministry of Lands and Rural Resettlement advising of the intention to withdraw Kent Estate's land offer letter notwithstanding the existence of a valid Bilateral Investment Promotion and Protection Agreement (BIPPA). This notice has been challenged and negotiations for an amicable resolution are underway. Shareholders will be updated on the outcome of these discussions.

OUTLOOK

The Southdown Estates' production prospects are very positive so far. The tea production volumes are expected to increase by 60% on the current year volumes. So far limited rainfall and hot temperatures being experienced have resulted in low early season production. However, the season is predicted to have above normal rains. Inputs at higher levels than prior year are in place thus giving the comfort that the season ahead will show an improvement on current year.

Blended tea sales are expected to improve marginally as marketing activities increase.

The macadamia crop on the trees is good and it is expected to exceed previous levels. Measures have been taken to further improve the quality in line with the stringent export markets' requirements. Macadamia prices remain firm and there has been strong interest from established buyers.

Pome fruit and stone fruit have shown a significant improvement on prior year production. Marketing activities have been enhanced so as to improve the sales uptake. New export markets are being explored given the significant increase in the yields coupled to a limited local market.

The young pome fruit orchards will be in their second year of production. The combination of the improved yields from the young orchards and the mature orchards will result in significantly higher production volumes from now on. These orchards still have potential to double yields over the next few seasons.

The Group's ability to manage working capital will continue to be a critical success factor.

APPRECIATION

Management is grateful to the Chairman, Board and Shareholders for their support. To our employees and stakeholders we owe a debt of thanks for their forbearance during these difficult times.

PAUL TIMOTHY SPEAR
CHIEF EXECUTIVE OFFICER

15 DECEMBER 2016

REPORT OF THE DIRECTORS

The directors have pleasure in presenting their report, together with the audited financial statements of the Company, for the year ended 30 September 2016.

CAPITAL

Authorised

The authorised capital of your Company increased to 2,000,000,000 shares of US$0.001 each from 1,600,000,000 shares of US$0.001 each reported in the prior period.

Issued

The issued share capital of the company increased to 1,600,795,595 shares of US$0.001 each as a result of an issue of 222,200,000 shares in a transaction involving conversion of debt to equity and a private placement of the shares issued.

Unissued

At 30 September 2016 unissued share capital comprised of 399,204,405 shares of US$0.001 each and of these, 197,114,405 (2015: 197,114,405) shares were under the control of directors, 23,075,000 (2015: 23,075,000) shares were set aside under the Senior Staff Option Scheme (2003, 2005 and 2011) and 179,015,000 (2015: 1,215,000) shares were under the control of shareholders.

Reserves

The movement in the reserves of the Group and the Company are shown on page 15 of the financial statements.

GROUP FINANCIAL RESULTS

The results for the year were as follows:

All figures in US$	2016
Profit before taxation	598,273
Income tax expense	(473,634)
Profit for the year	124,639

DIVIDENDS

In view of the working capital constraints highlighted in the Chairman's Statement and the urgent need to generate and preserve the available cash, the Board has seen it prudent not to declare a dividend for the year ended 30 September 2016.

DIRECTORATE

Dr. R.M. Mupawose, who was the Board chairman, and Mrs. S.G. Chella also retired from the Board on 26 February 2016.

In accordance with article 107 of the Company's Articles of Association Mr. C.P. Conradie and Mrs. T.C. Mazingi retire from the Board by rotation, and being eligible, offer themselves for re-election.

Dr. A.J. Masuka and Mr. H.A. Nolte were appointed to the Board on 26 February 2016. Mr. A.C. Jongwe replaced Dr. R.M. Mupawose as Board chairman on the same date.

Dr. A.J. Masuka and Mr. H.A. Nolte who were appointed as non-executive directors of the Board on 26 February 2016, also retire and, being eligible offer themselves for re-election in terms of article 114 of the Company's Articles of Association.

DIRECTORS' SHAREHOLDINGS

At 30 September 2016, the directors held directly and indirectly the following number of shares in the Company:

Director	30/09/2016	30/09/2015
Mr. I. Chagonda	-	-
Mr. C.P. Conradie	-	-
Mr. A. C. Jongwe	-	-
Dr. A.J. Masuka	-	-
Mrs. T.C. Mazingi	658,870	658,870
Mr. H.A. Nolte	-	-
Mr. P.T. Spear	1,581,672	1,581,672

DIRECTORS' REMUNERATION

Non-executive directors' remuneration is subject to shareholder approval.

AUDITORS

At the forthcoming Annual General Meeting, as part of ordinary business, shareholders will be requested to approve renumeration for the auditors for the year ended 30 September 2016 and to appoint auditors for the ensuing year.

The present auditors, Messrs Deloitte & Touche, offer themselves for re-appointment.

BY ORDER OF THE BOARD

Chinamo

MRS. R.A. CHINAMO
COMPANY SECRETARY

15 DECEMBER 2016

CORPORATE GOVERNANCE

Ariston Holdings Limited ("the Group") is committed to maintaining the highest levels of integrity and accountability in all its business practices and its corporate governance policy is aimed at these objectives. This is achieved by ensuring the Group is correctly structured and appropriate reporting and control mechanisms are in place.

1. BOARD COMPOSITION & APPOINTMENT

The Board of directors ("the Board") is chaired by an independent non-executive director and comprises six non-executive directors (including the chairman) and one executive director.

The Board enjoys a strong mix of skills and experience. It is the primary governance organ. The role of the Board is to determine overall policies, plans and strategies of the Group and to ensure that these are implemented in an ethical and professional manner.

The Board meets regularly, at least four times a year, and guides corporate strategy, risk management practices, annual budgets and business plans.

Special board meetings may be convened on an adhoc basis when necessary to consider issues requiring urgent attention or decision.

The Company Secretary maintains an attendance register of directors for all scheduled meetings during the year through which directors can assess their devotion of sufficient time to the Group.

The Board has overall responsibility for ensuring the integrity of the Group's accounting and financial reporting systems including the independent audit, and that appropriate systems of control, risk management and compliance with laws are in place.

To ensure effectiveness, Board members have unfettered access to information regarding the Group's operations which is available through Board meetings, Board and Management Committees as well as strategic planning workshops organised by the Group.

The Board appointments are made to ensure a variety of skills and expertise on the Board. A third of the directors are required to retire on a rotational basis each year, along with any directors appointed to the Board during the year.

Executive directors are employed under performance-driven service contracts setting out responsibilities of their particular office.

Attendance of directors at Board and Board committee meetings during the year ended 30 September 2016

Director	Board	Audit and Risk Committee	Human Resources and Remuneration Committee	Operations/ Technical Committee
Dr. R.M. Mupawose (retired 26 February 2016)	2/2	-	2/2	-
I. Chagonda	2/4	2/4	-	-
S. G. Chella (retired 26 February 2016)	2/2	2/2	-	-
C.P. Conradie	4/4	-	4/4	4/4
A. C. Jongwe	3/4	3/4	3/4	3/4
Dr. A. Masuka (appointed 26 February 2016)	2/2	-	-	2/2
T. C. Mazingi	4/4	-	4/4	-
H.A. Nolte (appointed 26 February 2016)	1/2	1/2	-	-
P.T. Spear	4/4	-	4/4	4/4

CORPORATE GOVERNANCE - Continued

2. BOARD ACCOUNTABILITY AND DELEGATED FUNCTIONS

The Board is supported by various committees in executing its responsibilities. The committees meet quarterly to assess, review performance and provide guidance to management on both operational and policy issues.

Each committee acts within certain written terms of reference under which certain functions of the Board are delegated with clearly defined purposes. The Board may take independent professional advice at the Group's expense where necessary. The Board monitors the effectiveness of controls through reviews by the Audit and Risk Committee and independent assessments by the independent auditors.

3. BOARD COMMITTEES

3.1 Audit and Risk Committee

The Audit and Risk Committee is chaired by a non-executive director and the independent auditors have unrestricted access to the committee and attend all meetings. It reviews the interim and annual financial statements, the Group systems and controls and ensures that audit recommendations are considered and where appropriate, implemented.

3.2 Human Resources and Remuneration Committee

The Human Resources and Remuneration Committee is chaired by a non-executive director and reviews remuneration levels of members of staff throughout the Group.

This Committee comprises three (3) non-executive directors (one of whom is the Chairman) and one executive director. This committee is mandated to deal with staff development and formulate remuneration policies as well as approve remuneration packages for executive directors and senior executives.

The remuneration policy is designed to reward performance, to attract, motivate and retain high calibre individuals who will contribute fully to the success of each of the businesses in which the Group operates. Accordingly, a performance related profit share is offered in addition to a basic salary package whilst a discretionary share purchase scheme is in place for staff members who meet certain performance ratings. The committee draws on external market survey data from independent advisors to ensure that the remuneration policy is appropriate and relevant to the prevailing times.

3.3 Operations/Technical Committee

It is chaired by a non-executive director. The Operation/ Technical Committee comprises of three (3) non-executive directors and one executive director. The purpose of the Committee is to assist the Board in its oversight of the technical and operational risks of the Group in delivering its business plans.

The Committee assesses management's operational policies, strategies, budgets and action plans, reviews implementation or execution and makes recommendations to the Board.

4. FINANCIAL STATEMENTS AND MANAGEMENT REPORTING

A decentralised management structure exists with business unit management attending to the daily activities of individual business units.

Annual budgets and plans are compiled by each business unit and reviewed and agreed by the Board.

Each business unit has comprehensive management and financial reporting disciplines, which include monthly management accounts, physical and financial expenditure controls, planned capital expenditure programmes and detailed operating budgets.

The Group maintains internal controls and systems to support these disciplines, and the results of each operation are approved by the Board. Financial progress is monitored monthly and annual forecasts are reviewed quarterly.

The annual financial statements are prepared on a going concern basis, as the directors are satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future. The annual financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and are based on policies which are reasonable and prudent. The independent auditors are responsible for carrying out independent examination of the financial statements in accordance with International Standards on Auditing (ISA) and the directors accept responsibility for the preparation of and information presented in the annual financial statements.

5. OTHER CORPORATE GOVERNANCE MEASURES

5.1 Worker Participation

Worker participation and employer/employee relations are handled through regular works councils and worker committee meetings in each operating business unit.

CORPORATE GOVERNANCE - Continued

Regular meetings ensure information dissemination, consultation and resolution of conflict areas timeously and to the benefit of all parties.

5.2 Environment

The Group adopts a responsible approach and complies with all regulatory and legislative requirements to ensure the protection and maintenance of the environment in which it operates.

5.3 Social Responsibility

The Group contributes to the social well-being of its employees and their dependents within the communities in which the Group's operations are located. Provision of health, educational, recreational and sporting facilities on the Group's estates provides amenities for employees as well as members of the surrounding communities.

The Group participates in fair trade label programmes and subjects its operations to audit by international organisations, to ensure compliance with the highest standards in its respective operations.

5.4 Related Party Transactions

The Company has a process in place whereby the directors and key management have confirmed that, to the best of their knowledge, the information disclosed in the Group's annual financial statements fairly represents their shareholding in the Company, both beneficial and indirect, interest in share options of the Company and the compensation earned from the Company for the financial year. In addition, the directors and key management have confirmed that all interests have been declared.

5.5 Insider Trading

No director, officer or employee of the Company may deal directly or indirectly in the Company's shares on the basis of unpublished price-sensitive information regarding its business or affairs. In addition, no director, officer or employee may trade in the Company's shares during closed periods. Closed periods are from the end of the interim and annual reporting periods to the announcement of financial and operating results for the respective periods, and while the Company is under a cautionary announcement.

ALEXANDER CRISPEN JONGWE
CHAIRMAN

PAUL TIMOTHY SPEAR
CHIEF EXECUTIVE OFFICER

15 DECEMBER 2016

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ARISTON HOLDINGS LIMITED

We have audited the accompanying financial statements of Ariston Holdings Limited ("the Company") and its subsidiaries ("the Group") as set out on pages 13 to 48, which comprise the Group and Company statements of financial position as at 30 September 2016, the Group statement of profit or loss and other comprehensive income, the Group and Company statements of changes in equity and the Group statement of cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act (Chapter 24:03). This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements 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 judgment, 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 controls. 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 opinion.

Opinion

In our opinion the financial statements present fairly, in all material respects, the financial position of Ariston Holdings Limited ("the Company") and its subsidiaries ("the Group") as at 30 September 2016 and its Group financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

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 (SI 33/99 and SI 62/96).

Emphasis of matter

Going concern assumption

Without qualifying our opinion, we draw your attention to note 27, which indicates that the Group incurred a loss from operations of US$1,224,041 (2015: US$305,500). As at 30 September 2016, the Group's current liabilities exceeded the current assets by US$3,503,559 (2015: US$3,025,614).

In addition, the Group received communication from the Ministry of Lands and Rural Resettlement of its intention to withdraw the offer letter in respect of ownership of Kent Estate land, as detailed in note 27.

These events indicate a material uncertainty that may cast doubt on the Group's ability to continue as a going concern and therefore the Company may be unable to realise its assets and discharge its liabilities in the normal course of business.

Deloitte & Touche

Deloitte & Touche
Harare, Zimbabwe

15 December 2016

GROUP STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 SEPTEMBER 2016

All figures in US$	Notes	GROUP 2016	GROUP 2015
CONTINUING OPERATIONS			
Revenue	5	9,199,482	11,779,732
Cost of production		(6,825,965)	(7,440,665)
Gross profit		2,373,517	4,339,067
Other operating income		770,771	249,312
		3,144,288	4,588,379
Operating expenses		(4,368,329)	(4,893,879)
Loss from operations	7	(1,224,041)	(305,500)
Fair value adjustments	12	2,095,990	802,703
Share of loss of joint ventures	13	(63,000)	(68,575)
Profit before interest and taxation		808,949	428,628
Finance costs reversal		3,345,033	-
Finance costs		(3,555,709)	(2,986,818)
Profit/(loss) before taxation		598,273	(2,558,190)
Income tax (expense)/credit	8	(473,634)	850,427
Profit/(loss) for the year from continuing operations		124,639	(1,707,763)
DISCONTINUED OPERATIONS			
Loss for the year from discontinued operations	9.2	-	(3,436,756)
Profit/(loss) for the year		124,639	(5,144,519)
Other comprehensive income (net of tax)		-	-
Total comprehensive income/(loss) for the year		**124,639**	**(5,144,519)**
EARNINGS/(LOSS) PER SHARE (DOLLARS)			
From continuing and discontinued operations:			
Basic earnings/(loss) per share	10	0.00009	(0.0037)
Diluted earnings/(loss) per share	10	0.00009	(0.0037)
From continuing operations:			
Basic earnings/(loss) per share	10	0.00009	(0.0012)
Diluted earnings/(loss) per share	10	0.00009	(0.0012)

Statement of profit or loss and other comprehensive income transactions for the Company were immaterial for separate dislosures in current year.

STATEMENTS OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2016

		COMPANY		GROUP	
All figures in US$	**Notes**	**2016**	**2015**	**2016**	**2015**
ASSETS					
Non-current assets					
Property, plant and equipment	11	-	-	9,987,720	10,613,666
Biological assets - bearer	12	-	-	23,155,151	20,370,564
Investment in joint ventures	13	-	-	-	-
Investments	14	34,649	34,649	25,650	25,650
Deferred tax	18	-	-	5,572,662	5,558,981
		34,649	34,649	38,741,183	36,568,861
Current assets					
Biological assets - consumable	12	-	-	7,422,932	7,965,734
Inventories	15	-	-	891,706	1,532,211
Trade and other receivables	16	12,263,716	8,362,756	1,027,365	1,353,694
Cash and cash equivalents		-	-	142,375	77,878
		12,263,716	8,362,756	9,484,378	10,929,517
Total assets		**12,298,365**	**8,397,405**	**48,225,561**	**47,498,378**
EQUITY					
Share capital and reserves					
Share capital	17	1,600,795	1,378,595	1,600,795	1,378,595
Share premium		10,756,492	7,059,932	10,756,492	7,059,932
Share-based payment reserve		940	2,468	940	2,468
Non-distributable reserves		-	-	-	10,998,626
(Accumulated losses)/distributable reserves		(145,413)	(118,641)	5,807,791	(5,317,002)
		12,212,814	8,322,354	18,166,018	14,122,619
LIABILITIES					
Non-current liabilities					
Borrowings	20	-	-	7,212,577	10,042,135
Deferred tax	18	1,283	1,283	9,805,627	9,318,312
Finance lease obligation	21	-	-	53,402	60,181
		1,283	1,283	17,071,606	19,420,628
Current liabilities					
Trade and other payables	19	84,268	73,768	7,784,859	8,446,099
Borrowings	20	-	-	5,099,065	5,463,862
Finance lease obligation	21	-	-	104,013	45,170
		84,268	73,768	12,987,937	13,955,131
Total equity and liabilities		**12,298,365**	**8,397,405**	**48,225,561**	**47,498,378**

A.C. JONGWE
CHAIRMAN

P.T. SPEAR
CHIEF EXECUTIVE OFFICER

15 DECEMBER 2016

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2016

COMPANY

All figures in US$	Share capital	Share premium	Share-based payment reserve	Non - distributable reserves	Accumulated losses	Total
Balance at 30 September 2014	**1,378,595**	**7,059,932**	**9,697**	**-**	**(95,178)**	**8,353,046**
Transfer to distributable reserves on share options expired	-	-	(7,229)	-	7,229	-
Total comprehensive loss for the year	-	-	-	-	(30,692)	(30,692)
Balance at 30 September 2015	**1,378,595**	**7,059,932**	**2,468**	**-**	**(118,641)**	**8,322,354**
Transfer to distributable reserves on share options expired	-	-	(1,528)	-	1,528	-
Share issue through debt-to-equity conversion	222,200	3,777,800	-	-	-	4,000,000
Share issue expenses	-	(81,240)	-	-	-	(81,240)
Total comprehensive loss for the year	-	-	-	-	(28,300)	(28,300)
Balance at 30 September 2016	**1,600,795**	**10,756,492**	**940**	**-**	**(145,413)**	**12,212,814**

GROUP

All figures in US$	Share capital	Share premium	Share-based payment reserve	Non - distributable reserves	Distributable Reserves	Total
Balance at 30 September 2014	**1,378,595**	**7,059,932**	**9,697**	**10,998,626**	**(179,712)**	**19,267,138**
Transfer to distributable reserves on share options expired	-	-	(7,229)	-	7,229	-
Total comprehensive loss for the year	-	-	-	-	(5,144,519)	(5,144,519)
Balance at 30 September 2015	**1,378,595**	**7,059,932**	**2,468**	**10,998,626**	**(5,317,002)**	**14,122,619**
Transfer to distributable reserves on share options expired	-	-	(1,528)	-	1,528	-
Transfer to distributable reserves*	-	-	-	(10,998,626)	10,998,626	-
Share issue through debt-to-equity conversion	222,200	3,777,800	-	-	-	4,000,000
Share issue expenses	-	(81,240)	-	-	-	(81,240)
Total comprehensive income for the year	-	-	-	-	124,639	124,639
Balance at 30 September 2016	**1,600,795**	**10,756,492**	**940**	**-**	**5,807,791**	**18,166,018**

* The directors resolved to transfer an amount totaling US$10,998,626 from non-distributable reserves to distributable reserves. Non-distributable reserves arose as a result of change in functional currency from Zimbabwe dollars to United States of America dollars.

GROUP STATEMENT OF CASHFLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2016

All figures in US$	Notes	2016	2015
Cash flows from operating activities			
Cash inflow from operations - continuing operations		1,656,913	774,733
- Profit before interest and taxation		808,949	428,628
- Non-cash items	6.1	847,964	346,105
Cash outflow from operations - discontinued operations		-	(2,177,429)
- Loss before taxation and interest		-	(2,573,500)
- Non-cash items		-	396,071
Finance costs		**(3,555,709)**	**(3,850,074)**
- Continuing operations		(3,555,709)	(2,986,818)
- Discontinued operations		-	(863,256)
Income taxes paid		-	-
- Continuing operations		-	-
- Discontinued operations		-	-
Changes in working capital		305,594	3,687,322
- Continuing operations	6.2	305,594	804,316
- Discontinued operations		-	2,883,006
Cash utilised in operating activities - continuing operations		(1,593,202)	(1,407,769)
Cash utilised in operating activities - discontinued operations	9.3	-	(157,679)
Cash utilised in operating activities		(1,593,202)	(1,565,448)
Cash flows from investing activities			
Purchase of property, plant and equipment	11	(565,350)	(436,516)
Proceeds from sale of property, plant and equipment		58,173	25,532
Net cash outflow on biological assets	12	(145,795)	(191,794)
Cash utilised in investing activities - continuing operations		(652,972)	(602,778)
Cash generated from investing activities - discontinued operations	9.3	-	158,377
Cash utilised in investing activities		(652,972)	(444,401)
Cash flows from financing activities			
Increase in borrowings		2,391,911	2,102,593
Payment for share issue expenses		(81,240)	-
Cash generated from financing activities - continuing operations		2,310,671	2,102,593
Cash utilised in financing activities - discontinued operations	9.3	-	(74,990)
Cash generated from financing activities		2,310,671	2,027,603
Net cash inflow		64,497	17,754
Cash and cash equivalents at beginning of year		77,878	60,124
Cash and cash equivalents at end of year		**142,375**	**77,878**
Cash and cash equivalents at end of year comprising:			
Cash and cash equivalents		142,375	77,878
Cash and cash equivalents at the end of year		**142,375**	**77,878**

There were no cash flow movements in the Company. All cash balances are held in Ariston Management Services (Private) Limited, a one hundred percent (100%) owned subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2016

1. GENERAL DISCLOSURES

1.1. Country of Incorporation and Main Activities

Ariston Holdings Limited ("the Company"), an investment holding company, its subsidiaries and joint venture companies ("the Group") are incorporated in Zimbabwe. The principal activities of the Group are farming operations which include, tea, macadamia nuts, horticulture, deciduous fruits, fishery and poultry. The ultimate holding company of the Group is Afrifresh Group (Proprietary) Limited, a South African registered company.

1.2. Currency

The financial statements are presented in United States dollars (US$) which is the functional currency of the Company and the Group.

1.3. Borrowing powers

The directors may, at their discretion, borrow an amount equal to double the aggregate of shareholders' funds of the Group.

2. ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

2.1 Amendments to IFRSs that are mandatorily effective at the end of the reporting period with no material effect on reported amounts and disclosures in the current period or prior period

IFRS 14 Regulatory Deferral Accounts (Applicable to an entity's first annual IFRS financial statements for a period beginning on or after 1 January 2016) (issued January 2014, effective January 2016)

IFRS 14 permits an entity which is a first-time adopter of International Financial Reporting Standards to continue to account, with some limited changes, for 'regulatory deferral account balances' in accordance with its previous GAAP, both on initial adoption of IFRS and in subsequent financial statements.

The future application of this IFRS will not have a material impact on the Group's financial statements, as the Group is not a first time adopter of IFRS.

IFRS 11 Joint Arrangements: Accounting for Acquisition of Interests (issued, effective January 2016)

The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business, must apply the relevant IFRS 3 Business Combinations principles for business combination accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation if joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments do not have any impact on the Group as there has been no interest acquired in a joint operation during the period.

Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38) (issued May 2014, effective January 2016)

Amends IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets to:

- clarify that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment,

- introduce a rebuttable presumption that an amortisation method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated,

- add guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset.

NOTES TO THE FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 30 SEPTEMBER 2016

2. ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS - continued

Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41) (Issued June 2014, effective January 2016)
Amends IAS 16 Property, Plant and Equipment and IAS 41 Agriculture to:

- include 'bearer plants' within the scope of IAS 16 rather than IAS 41, allowing such assets to be accounted for as property, plant and equipment and measured after initial recognition on a cost or revaluation basis in accordance with IAS 16,
- introduce a definition of 'bearer plants' as a living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales clarify that produce growing on bearer plants remains within the scope of IAS 41.

Equity Method in Separate Financial Statements (Amendments to IAS 27) (issued August 2014, effective January 2016)
Amends IAS 27 Separate Financial Statements to permit investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) (issued September 2014, effective January 2016)
Amends IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) to clarify the treatment of the sale or contribution of assets from an investor to its associate or joint venture, as follows:

- require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 Business Combinations)
- require the partial recognition of gains and losses where the assets do not constitute a business, a gain or loss is recognised only to the extent of the unrelated investors' interests in that associate or joint venture.

These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occurs by an investor transferring shares in an subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves.

Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception (effective for annual periods beginning on or after 1 January 2016)
The amendments clarify that the exemption from preparing consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all its subsidiaries at fair value in accordance with IFRS 10. Consequential amendments have also been made to IAS 28 to clarify that the exemption from applying the equity method is also applicable to an investor in an associate or joint venture if that investor is a subsidiary of an investment entity that measures all its subsidiaries at fair value.

The amendments further clarify that the requirement for an investment entity to consolidate a subsidiary providing services related to the former's investment activities applies only to subsidiaries that are not investment entities themselves.

Moreover, the amendments clarify that in applying the equity method of accounting to an associate or a joint venture that is an investment entity, an investor may retain the fair value measurements that the associate or joint venture used for its subsidiaries.

Lastly, clarification is also made that an investment entity that measures all its subsidiaries at fair value should provide the disclosures required by IFRS 12 Disclosures of Interests in Other Entities.

The amendments apply retrospectively for annual periods beginning on or after 1 January 2016 with earlier application permitted.

NOTES TO THE FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 30 SEPTEMBER 2016

2. ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS - continued

Annual Improvements 2012-2014 Cycle (issued September 2014, effective July 2016)
Makes amendments to the following standards:

IFRS 5 - Adds specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held-for-sale to held-for-distribution or vice versa and cases in which held-for-distribution accounting is discontinued.

IFRS 7 - Additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset, and clarification on offsetting disclosures in condensed interim financial statements.

IAS 19 - Clarifies that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid.

IAS 34 - Clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report (e.g., in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. This amendment must be applied retrospectively.

These amendments do not have any impact on the Group.

Amendments to IAS 1 Disclosure Initiative (Effective for annual periods beginning on or after 1 January 2016)
The amendments to IAS 1 clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:

- The materiality requirements in IAS 1
- That specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated
- That entities have flexibility as to the order in which they present the notes to financial statements
- That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss
- Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and OCI.

These amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted These amendments do not have any impact on the Group.

2.2 New, revised and amended IFRSs in issue, but not yet mandatorily effective at the end of the reporting period and not yet adopted

IFRS 9 Financial Instruments (issued November 2009, effective January 2018)
IFRS 9 introduces new requirements for classifying and measuring financial assets, as follows:

- Debt instruments meeting both a ‘business model’ test and a ‘cashflow characteristics’ test are measured at amortised cost (the use of fair value is optional in some limited circumstances);
- Investments in equity instruments can be designated as ‘fair value through other comprehensive income’ with only dividends being recognised in profit or loss;
- all other instruments (including all derivatives) are measured at fair value with changes recognised in the profit or loss; and
- the concept of ‘embedded derivative’ does not apply to financial assets within the scope of the standard and the entire instrument must be classified and measured in accordance with the above guidelines.

The future application of this IFRS will not have a material impact on the Group’s financial statements, as the Group currently measures its borrowings at amortised cost, does not have any investments in equity instruments and does not have any financial instruments with embedded derivatives.

NOTES TO THE FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 30 SEPTEMBER 2016

2. ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS - continued

IFRS 9 Financial Instruments (issued October 2010, effective January 2018)

This is a revised version of IFRS 9 incorporating revised requirements for the classification and measurement of financial liabilities, and carrying over the existing derecognition requirements from IAS 39 Financial Instruments: Recognition and Measurement. The revised financial liability provisions maintain the existing amortised cost measurement basis for most liabilities. New requirements apply where an entity chooses to measure a liability at fair value through profit or loss – in these cases, the portion of the change in fair value related to changes in the entity's own credit risk is presented in other comprehensive income rather than within profit or loss.

The future application of this IFRS will not have a material impact on the Group's financial statements, as the Group currently measures its borrowings at amortised cost and has no future intention to measure them at fair value.

IFRS 9 Financial Instruments (Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39) (2013) (issued November 2009, effective January 2018)

A revised version of IFRS 9 which:

- introduces a new chapter to IFRS 9 on hedge accounting, putting in place a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures
- permits an entity to apply only the requirement introduced in IFRS 9 (2010) for presentation of gains and losses on financial liabilities designated as at fair value through profit or loss without applying the other requirements of IFRS 9, meaning the portion of the change in fair value related to changes in the entity's own credit risk can be presented in other comprehensive income rather than within profit or loss
- remove the mandatory effective date of 1 January 2015 pending the finalisation of the impairment and classification and measurement requirements. Notwithstanding the removal of an effective date, each standard remains available for application.

The future application of this IFRS will not have a material impact on the Group's financial statements, as the Group does not engage in transactions that give rise to hedge accounting.

IFRS 15 Revenue from Contracts with Customers (Applicable to an entity's first annual IFRS financial statements for a period beginning on or after 1 January 2017) (issued May 2014, effective January 2017)

Provides a single, principles based five-step model to be applied to all contracts with customers. The five steps in the model are as follows:

- Identify the contract with the customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contracts
- Recognise revenue when (or as) the entity satisfies a performance obligation.

Guidance is provided on topics such as the point in which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced.

The future application of this IFRS will not have a material impact on the Group's financial statements, as the Group does not engage in transactions that give rise to hedge accounting.

IFRS 16 Leases (Applicable to an entity's first annual IFRS financial statements for a period beginning on or after 1 January 2019) (issued January 2016, effective January 2019)

IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

IFRS 16 was issued in January 2016 and applies to annual reporting periods beginning on or after 1 January 2019.

NOTES TO THE FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 30 SEPTEMBER 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, (IFRS), as issued by the International Accounting Standards Board (IASB).

3.2 Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for certain biological assets and financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The directors have assessed the ability of the Group to continue as a going concern and believe that the preparation of the financial statements on a going concern basis is appropriate. However, the directors believe that under the current economic, political and legal environment a continuous assessment of the environment will need to be performed to determine the continued appropriateness of this assumption.

The principal accounting policies are set out below:

3.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

NOTES TO THE FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 30 SEPTEMBER 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

3.3.1 Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

3.4 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

(1) deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;

(2) liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-based Payment at the acquisition date and

(3) assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

NOTES TO THE FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 30 SEPTEMBER 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

3.4 Business combinations - continued

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and includedas part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period'(which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

3.5 Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

NOTES TO THE FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 30 SEPTEMBER 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

3.5 Investments in associates and joint ventures - continued

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount, Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IAS 39. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

3.6 Biological assets

Biological assets include the following:

- tea
- poultry
- macadamia
- bananas
- pome fruit
- stone fruit
- passion fruit
- livestock
- avocados
- potatoes

NOTES TO THE FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 30 SEPTEMBER 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

3.6 Biological assets - continued

Biological assets are measured at fair value on intial recognition and at each period end at their fair values. Any change is included in the net profit or loss for the period in which it arises, as more fully set out below:

Growing crops and orchards

Growing crops and orchards comprise two elements:

- Bearer biological assets – pome trees, stone trees, deciduous trees , banana plants etc. Bearer biological assets are valued at fair value based on the present value of net cash flows expected to arise from these assets.
- Consumable biological assets – standing pome fruits, deciduous fruit, bananas, tea leaves, standing macadamia nuts etc. Consumable biological assets are measured at fair value, determined on current estimated market prices, less estimated harvesting, transport, packing and costs to sell. Growing fruit at estimated yields, quality standards, age and market prices.

The method used to carry out the valuation of these assets is summarised as follows:

i. Looking ahead for a period of 10 years for tea and macadamia, and for less depending on the expected life and susceptibilities of variety changes to the biological asset.
ii. Calculating the present value of the net cashflow expected to arise from those assets over the periods stated in (i) above.
iii. The net cash flow being based on annual production levels, the selling price less point of sale costs for the agricultural produce and deducting the variable costs of agricultural production.

Livestock

Livestock are measured at their fair value less estimated point-of-sale costs, fair value being determined upon the age and size of the animals and relevant market price. Market price is determined on the basis that the animal is either to be sold to be slaughtered or realised through sale to customers at fair market value..

Surpluses or deficits arising from the annual change in the valuation are taken to the income statement as a fair value adjustment.

3.7 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they occur.

3.8 Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets:

Trade receivables

Trade receivables are measured at initial recognition at fair value. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at inital recognition.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposit and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

NOTES TO THE FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 30 SEPTEMBER 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

3.8 Financial instruments - continued

Investments

Investments are recognised and derecognised on a trade basis where the purchase or sales of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus directly attributable transaction costs.

Subsequent to the reporting date, debt securities that the Group has the express intention and ability to hold to maturity (held-to-maturity debt securities) are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts.

Impairment of financial assets

Financial assets other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment. For all other financial assets, including redeemable notes classified as available for sale and finance lease receivables, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments;
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio, as well as observable changes in national or local economic conditions that correlate with default on receivables. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cashflows, discounted at the financial asset's original effective interest rate. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account.

When a trade receivable is considered uncollectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss if reversed through profit or loss to the extent that the carrying amount of the investment at the date of impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity securities, impairment losses previously recognised through profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised directly in equity.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay.

NOTES TO THE FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 30 SEPTEMBER 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

3.8 Financial instruments - continued

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

Financial liabilities:

Trade and other payables

Trade payables are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest rate method,with interest expense recognised on an effective yield basis. Borrowings are also measured at amortised cost using the effective interest rate method.

Derecognition of financial liabilties

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

3.9 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductable temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

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

NOTES TO THE FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 30 SEPTEMBER 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

3.9 Taxation - continued

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred taxes are recognised in profit or loss, except when they relate to items recognised in other comprehensive income or directly in equity, in which case, the tax is also recognised directly in equity. In the case of a business combination, the tax effect is taken into account in calculating goodwill or in determining the excess of the acquiree's interest, in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the business combination.

3.10 Property, plant and equipment

Plant, equipment, motor vehicles, freehold and leasehold improvements are stated at costs less accumulated depreciation and accumulated impairment losses.

Costs capitalised include all directly attributable costs incurred in bringing the relevant assets to their fully productive state.

Depreciation is recognised so as to write off the costs of assets less (other than freehold land and properties under construction) residual values over their useful lives, using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any change in estimate accounted for on a prospective basis.

The following rates are used for the depreciation of property, plant and equipment:

Plant and equipment	3 - 20 years
Motor vehicles	5 years
Freehold improvements	7 – 40 years
Leasehold improvements	10 – 40 years
Buildings	40 years

Assets held under finance lease are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

Derecognition of property, plant and equipment

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3.11 Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost, less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

NOTES TO THE FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 30 SEPTEMBER 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

3.12 Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3.13 Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation (including property under construction for such purposes), is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains and losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

3.14 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 30 SEPTEMBER 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

3.14 Leasing - continued

The Group as lessee

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3.15 Provisions

Provisions are recognised when:

- the Group has a present obligation (legal or constructive) as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the amount of the obligation; and
- a reliable estimate can be made of the amount of the obligation

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Onerous contract

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

Restructurings

A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the Group.

3.16 Retirement benefit costs

The Group contributes to a defined contribution plan (hereafter refereed to as"pension fund") for the benefit of certain eligible employees. The pension fund is administered by a life assurance society .The Group's defined pension fund currently has a "paid up" status and is being reconstituted. In addition, all Group employees contribute to the defined contribution scheme established by the National Social Security Authority Act of 1989.

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

NOTES TO THE FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 30 SEPTEMBER 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

3.17 Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

The cost of inventories are determined as follows:
Farm produce - Fair value based on market value at the point of harvest less estimated costs to sell.
Stores and materials - The lower of cost and net realisable value with cost being calculated on a weighted average basis.

3.18 Revenue recognition

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract.

Dividend and interest income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Rental income

The Group's policy for recognition of revenue from operating leases is described under "leasing" refer to note 3.14.

3.19 Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date using the intrinsic value method.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share option reserve. The reserve created is transferred to share premium and share capital as options are exercised. For options that expire or are forfeited, the value relating to the expired or forfeited options is transferred to distributable reserves.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

NOTES TO THE FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 30 SEPTEMBER 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

3.19 Share-based payments - continued

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

3.20 Related party transactions

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation. Transactions with other related parties such as directors, key management and shareholders are made at arm's length. The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No expense has been recognised in the period for bad or doubtful debts, in respect of the amounts owed by related parties.

The directors have assessed the recoverability of the receivables and are confident that the related parties' balances are recoverable.

3.21 Foreign currencies

In preparing the financial statements of the Group, transactions in currencies other than the Group's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTIES

In the application of the Group's accounting policies, which are described above, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations, that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

4.1 Biological Assets

Estimated production per year

Production has been based on the average of the actual production for the past five years adjusted for projected growth. This provides the best possible estimate of the future generating capacities of the business.

Selling prices

Selling prices for agricultural produce are quoted in United States of America dollars(US$). The average of the selling prices of the current financial year are used as the best estimate of future prices.

Agricultural and Country Risk Factor

A risk factor of 40% has been used for all crops except tea, whose risk factor is 45%. This risk is attributed to inherent farming uncertainties such as changing rainfall patterns in coming seasons and the effects of global warming.

The Group is planning to change its mix of tea produced with more emphasis being on value-added products like packaged tea and decaffeinated tea rather than bulk tea. The tea production volume is also expected to increase significantly as a result of fertilising and irrigation. There is thus an added risk that the Company may not be able to achieve the expected product mix and prices. Thus we have applied a further 5% risk attached to tea production crops.

NOTES TO THE FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 30 SEPTEMBER 2016

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTIES - continued

4.1 Biological Assets - continued

Discount Factor

A discount factor of 10.35% per annum has been used. This discount factor has been derived from the weighted average cost of capital (WACC) using the Capital Asset Pricing Model (CAPM) for Ariston. The risk-free rate used for the computation of this WACC was derived from the US government bond yield.

The 10-year US government bond yield has been used due to the fact that the country is currently operating using a multi-currency system, and the Zimbabwean money market does not have long-term rates of yields for use as a risk-free rate.

4.2 Inventories

Inventories are stated at the lower of cost and net realisable value. Adjustments to reduce the cost of inventory to its net realisable value, if required, are made at the product level for estimated excess, obsolescence or damages. Factors influencing these adjustments include changes in demand, physical deterioration and quality issues.

4.3 Allowance for credit losses

Allowance for credit losses is determined based upon a combination of factors to ensure that the trade receivables are not overstated due to uncollectability. The allowance for credit losses for all customers is based on a variety of factors, including the overall quality and ageing of the receivables and continuing credit evaluation of the customers' financial circumstances. Also, specific provisions for individual accounts are recorded when the Group becomes aware of the customers' inability to meet its financial obligations such as in the case of deterioration in the customer's operating results or financial position.

4.4 Property, plant and equipment

The cost of property, plant and equipment is depreciated over the estimated useful life of the asset. The estimated useful life is based on expected usage of the asset and expected physical wear and tear, which depends on operational factors such as the number of shifts for which the asset is to be used and the repair and maintenance programme and technological obsolescence arising from changes and residual value. Management has assumed the residual value approximates nil due to the specialised nature and relative age of the property, plant and equipment with the exception of land and buildings.

4.5 Land

The Group has not recognised the value of land because the current legislation in the country vests all the land in the State. However, the Group still holds title deeds to the land that it operates on. The Group in 2003 entered into an agreement with the Government where it ceded part of the land for resettlement and the Government undertook to preserve the Group's operations on the remaining land. To date, the Group's operations have largely not been affected and the Group is of the view that this will remain so, going forward.

The directors believe that the preparation of the financial statements on a going-concern basis is still appropriate notwithstanding the dynamics of land ownership in Zimbabwe.

4.6 Classification of Nyanga Trout as a joint venture

Note 13.1 describes that Nyanga Trout (Private) Limited is classified as an investment in a joint venture of the Group although the Group owns a 75% ownership interest in Nyanga Trout (Private) Limited. Nyanga Trout (Private) Limited is a limited liability company whose legal form confers separation between the parties to the joint arrangement and the Group itself. Furthermore, there is a contractual arrangement with Three Streams Holdings Limited and other facts and circumstances that indicate that the parties to the joint arrangement have rights to the net assets of the joint arrangement. The contractual arrangement establishes that the parties are liable to the arrangement only to the extent of their respective interests in the arrangements, which includes any long-term interests that, in substance, form part of the Group's net investment in the associate. Accordingly, Nyanga Trout (Private) Limited is classified as an investment in a joint venture of the Group. See note 13.1 for details.

NOTES TO THE FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 30 SEPTEMBER 2016

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTIES - continued

4.7 Classification of the Group's Investment in Claremont Power Station as a joint venture

Note 13.2 describes that Claremont Power Station is classified as an investment in a joint venture of the Group although the Group owns a 55% ownership interest in Claremont Power Station. There is a contractual arrangement with Goldsaif (Private) Limited and other facts and circumstances that indicate that the parties to the joint arrangement have rights to the net assets of the joint arrangement. The contractual arrangement establishes that the parties are liable to the arrangement only to the extent of their respective interests in the arrangements, which includes any long-term interests that, in substance, form part of the Group's net investment in the associate. Accordingly, Claremont Power Station is classified as an investment in a joint venture of the Group. See note 13.2 for details.

4.8 Recognition of deferred tax assets

Deferred tax assets of US$5,572,662 as at 30 September 2016 (2015:US$5,558,981) are recognised in respect of tax losses incurred by the Group in the current year and preceding years. Management's projections support the assumption that it is probable that the results of the Group's future operations will generate sufficient taxable income to utilise these deferred tax assets.

5. SEGMENT REPORTING

For management purposes, the Group is organised into three major operating divisions – Southdowns Estates, Claremont Estate and Kent Estate. These divisions are the basis on which the Group reports its business segment information.

The principal products and services of each of these divisions are as follows:
Southdown Estates - the growing and manufacturing of tea, macadamia nuts, avocados, potatoes and bananas.
Claremont Estate - the growing of pome and stone fruit, passion fruit and potatoes.
Kent Estate - the growing of horticultural crops, and rearing of poultry and livestock.

The Group does not report by geographical segments as such a split would not be meaningful for our operations and decision-making processes.

Segment revenues

	EXTERNAL SALES		INTER-SEGMENT SALES		TOTAL SALES	
All figures in US$	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**
Southdown Estates	7,135,875	8,753,642	-	-	7,135,875	8,753,642
Claremont Estate	1,104,105	1,976,077	-	-	1,104,105	1,976,077
Kent Estate	959,502	1,050,013	-	-	959,502	1,050,013
Total	**9,199,482**	**11,779,732**	-	-	**9,199,482**	**11,779,732**

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2015: US$ nil).

Revenue from major products and services

The following is an analysis of the Group's revenue from its major products and services.

All figures in US$	2016	2015
Tea	3,485,737	3,909,502
Macadamia nuts	3,210,215	3,936,335
Vegetables and fruits	1,892,864	3,404,023
Poultry	533,104	424,188
Other	77,562	105,684
Total	**9,199,482**	**11,779,732**

Information about major customers

Included in revenues arising from sales of tea of US$3,485,737 (2015: US$3,909,502) are revenues of approximately US$1,281,618 (2015: US$1,088,679) which arose from sales to the Group's largest customer which operates in the retail market.

Included in revenues arising from sales of macadamia nuts of US$3,210,215 (2015: US$3,936,335) are revenues of approximately US$2,318,800 (2015: US$3,068,615) which arose from sales to two of the Group's foreign customers.

NOTES TO THE FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED 30 SEPTEMBER 2016

5. SEGMENT REPORTING - continued

Segment results

All figures in US$	2016	2015
Southdown Estates	4,367,751	2,735,369
Claremont Estate	(2,677,657)	(913,749)
Kent Estate	(1,322,515)	(2,318,449)
Ariston Corporate Office	293,694	(1,992,786)
Total segment profit/(loss) for continuing operations	661,273	(2,489,615)
Share of loss of joint ventures	(63,000)	(68,575)
Profit/(loss) before tax from continuing operations	598,273	(2,558,190)
Income tax (expense)/credit	(473,634)	850,427
Profit/(loss) for the year from continuing operations	**124,639**	**(1,707,763)**

The accounting policies of the reportable segments are the same as the Group's accounting policies described in notes 2 to 4. Segment profit/(loss) represents the profit/(loss) earned by each segment without allocation of central administration costs and directors' salaries, investment income, other gains and losses, income tax expense and the share of loss of a joint venture. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and assessment of segment performance.

Segment assets and liabilities

	Assets		Liabilities	
All figures in US$	**2016**	**2015**	**2016**	**2015**
Southdown Estates	21,483,414	27,510,686	(4,072,126)	(2,703,283)
Claremont Estate	6,112,543	6,377,802	(750,955)	(636,765)
Kent Estate	3,421,417	2,774,633	(950,375)	(980,114)
Ariston Corporate Office	11,635,525	5,276,276	(14,480,460)	(19,737,285)
Adjustments and eliminations	5,572,662	5,558,981	(9,805,627)	(9,318,312)
Total	**48,225,561**	**47,498,378**	**(30,059,543)**	**(33,375,759)**

For the purposes of monitoring segment performance and allocating resources between segments:
- All assets are allocated to reportable segments other than current and deferred tax assets; and
- All liabilities are allocated to reportable segments other than current and deferred tax liabilities; and
- Liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets.

Other segment information

	EBITDA excluding fair value adjustments		Depreciation and amortisation		Additions to non-current assets	
All figures in US$	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**
Southdown Estates	1,301,212	2,500,600	354,442	324,964	591,304	278,698
Claremont Estate	(647,578)	(140,693)	169,907	180,644	51,598	224,450
Kent Estate	(455,609)	(916,814)	210,390	228,051	54,738	99,484
Ariston Corporate Office	(318,496)	(596,099)	368,831	418,835	13,505	25,678
Continuing operations	(120,471)	846,994	1,103,570	1,152,494	711,145	628,310
FAVCO - discontinued operation	-	(2,456,006)	-	117,494	-	7,158
Total	**(120,471)**	**(1,609,012)**	**1,103,570**	**1,269,988**	**711,145**	**635,468**

NOTES TO THE FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED 30 SEPTEMBER 2016

6. CASH FLOW INFORMATION

	All figures in US$	2016	2015
6.1	Non-cash items		
	Depreciation (including biological assets)	1,103,570	1,152,494
	Fair value adjustments on biological assets	(2,095,990)	(802,703)
	Loss/(profit) on sale of property, plant and equipment	29,553	(3,686)
	Interest expense written off by shareholder	1,810,831	-
		847,964	**346,105**
6.2	Changes in working capital		
	Movements in:		
	Decrease in inventories	640,505	457,714
	Decrease/(increase) in trade and other receivables	326,329	(406,330)
	(Decrease)/increase in trade and other payables	(661,240)	752,932
		305,594	**804,316**
7.	LOSS FROM OPERATIONS		
	- auditors' remuneration	100,000	82,100
	- allowance for credit losses	30,218	32,376
	- depreciation	1,103,570	1,152,494
	- loss/(profit) on disposal of property, plant and equipment	29,553	(3,686)
	- selling and distribution expenses	287,518	532,874
	- staff expenses		
	* salaries and wages	4,041,829	4,503,226
	* pensions (1)	71,434	105,634
	Directors' emoluments		
	* fees	54,700	58,250

(1) The pension expense incurred is in respect of mandatory contributions for employees of the Group towards a retirement benefit plan operated by the National Social Security Authority (NSSA).

8. INCOME TAX

All figures in US$	2016	2015
Current tax	-	-
Deferred tax (note 18)	(473,634)	850,427
	(473,634)	**850,427**
	-	-
Reconciliation of income tax (expense)/credit for the year		
Notional tax at statutory rates	(0.26)	(0.26)
Adjustments relating to:		
- Non-taxable / non deductible items	(0.53)	(0.07)
Actual income tax credit (expense)/credit	**(0.79)**	**(0.33)**

9. DISCONTINUED OPERATIONS

9.1 Disposal of FAVCO operations

On 15 July 2015, the Group entered into a sale agreement to dispose of a major group of assets pertaining to the FAVCO business unit, which carried out the Group's trading operations in the retail sector. The Group committed to a plan to discontinue this business unit's trading operations following a strategic decision to place greater focus on the Group's

NOTES TO THE FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 30 SEPTEMBER 2016

9. DISCONTINUED OPERATIONS - continued

farming operations. The comparative financial information relating to the discontinued operations has been presented in line with the requirements of International Financial Reporting Standard 5 - Non-current assets held for sale and discontinued operations (IFRS 5).

	All figures in US$	2016	2015
9.2	Analysis of loss for the year from discontinued operations		
	Revenue	-	2,826,546
	Other gains	-	128,086
		-	2,954,632
	Expenses	-	(6,391,388)
	Loss before tax	-	(3,436,756)
	Attributable income tax	-	-
	Loss for the year from discontinued operations	-	(3,436,756)
9.3	Cashflows utilised in discontinued operations		
	Cash utilised in operating activities	-	(157,679)
	Cash generated from investing activities	-	158,377
	Cash utilised in financing activities	-	(74,990)
	Net cash outflow	-	(74,292)

10. EARNINGS/(LOSS) PER SHARE

All figures in US$	2016	2015
(i) Basic earnings/(loss) per share		
From continuing and discontinued operations:		
Profit/(loss) after tax	124,639	(5,144,519)
Weighted average number of shares at year end	1,415,628,928	1,378,595,595
Basic earnings/(loss) per share (dollars)	0.00009	(0.0037)
From continuing operations:		
Profit/(loss) after tax	124,639	(1,707,763)
Weighted average number of shares at year end	1,415,628,928	1,378,595,595
Basic earnings/(loss) per share (dollars)	0.00009	(0.0012)
(ii) Diluted earnings/(loss) per share		
Weighted average number of shares used in the calculation of basic earnings/(loss) per share	1,415,628,928	1,378,595,595
Shares determined to be issues in respect of employee options	160,000	420,000
Weighted average number of ordinary shares used in the calculation of diluted earnings/(loss) per share	1,415,788,928	1,379,015,595
<u>From continuing and discontinued operations:</u>		
Diluted earnings/(loss) per share (dollars)	0.00009	(0.0037)
<u>From continuing operations:</u>		
Diluted earnings/(loss) per share (dollars)	0.00009	(0.0012)

NOTES TO THE FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 30 SEPTEMBER 2016

11. PROPERTY, PLANT AND EQUIPMENT

All figures in US$	2016	2015
Land, buildings and leasehold improvements		
At cost	16,549,076	16,533,986
Accumulated depreciation	(10,497,423)	(10,166,705)
Net carrying amount	6,051,653	6,367,281
Plant and equipment		
At cost	24,894,397	24,607,536
Accumulated depreciation	(22,277,598)	(21,786,086)
Net carrying amount	2,616,799	2,821,450
Motor vehicles		
At cost	2,766,923	2,794,733
Accumulated depreciation	(1,829,885)	(1,646,003)
Net carrying amount	937,038	1,148,730
Assets held under finance lease		
At cost	464,391	318,889
Accumulated depreciation	(82,161)	(42,684)
Net carrying amount	382,230	276,205
Total property, plant and equipment		
At cost	44,674,787	44,255,144
Accumulated depreciation	(34,687,067)	(33,641,478)
Net carrying amount	**9,987,720**	**10,613,666**

All figures in US$	2016	2015
Reconciliation of movements for the year		
Carrying amount at beginning of year	**10,613,666**	**11,905,938**
Additions at cost		
- land, buildings and leasehold improvements	15,090	54,713
- plant and equipment	397,985	182,344
- motor vehicles	6,773	77,648
- assets held under finance lease	145,502	128,969
	565,350	443,674
Disposals at carrying amount		
- plant and equipment	(84,978)	(297,681)
• cost	(111,124)	(1,273,011)
• accumulated depreciation	26,146	975,330
- motor vehicles	(2,748)	(168,277)
• cost	(34,583)	(836,263)
• accumulated depreciation	31,835	667,986
	(87,726)	(465,958)
Depreciation for the year		
- land, buildings and leasehold improvements	(330,718)	(296,615)
- plant and equipment	(517,658)	(604,896)
- motor vehicles	(215,717)	(332,938)
- assets held under finance lease	(39,477)	(35,539)
	(1,103,570)	(1,269,988)
Carrying amount at end of year	**9,987,720**	**10,613,666**

Assets pledged as security

Assets pledged as security have been disclosed under note 20.

NOTES TO THE FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 30 SEPTEMBER 2016

12. BIOLOGICAL ASSETS

2016	Tea	Macadamia	Fruit trees	Livestock and poultry	Gum plantations	Fresh produce	Total
Carrying amount at the beginning of the year	7,775,816	13,887,707	5,918,199	127,170	182,660	444,746	28,336,298
Additions	-	78,656	79,900	17,340	-	-	175,896
Disposals	-	-	(30,101)	-	-	-	(30,101)
Fair value adjustments	966,623	2,438,796	(1,192,917)	5,439	1,400	(123,351)	2,095,990
Carrying amount at the end of the year	**8,742,439**	**16,405,159**	**4,775,081**	**149,949**	**184,060**	**321,395**	**30,578,083**
Current - Consumable	2,030,506	3,874,359	1,183,208	13,464	-	321,395	7,422,932
Non-current - Bearer	6,711,933	12,530,800	3,591,873	136,485	184,060	-	23,155,151
	8,742,439	**16,405,159**	**4,775,081**	**149,949**	**184,060**	**321,395**	**30,578,083**

2015	Tea	Macadamia	Fruit trees	Livestock and poultry	Gum plantations	Fresh produce	Total
Carrying amount at the beginning of the year	9,313,117	10,499,116	4,638,968	265,610	182,660	2,442,330	27,341,801
Additions	-	44,434	163,319	-	-	-	207,753
Disposals	-	-	-	(15,959)	-	-	(15,959)
Fair value adjustments	(1,537,301)	3,344,157	1,115,912	(122,481)	-	(1,997,584)	802,703
Carrying amount at the end of the year	**7,775,816**	**13,887,707**	**5,918,199**	**127,170**	**182,660**	**444,746**	**28,336,298**
Current - Consumable	1,959,376	3,963,251	1,586,121	12,240	-	444,746	7,965,734
Non-current - Bearer	5,816,440	9,924,456	4,332,078	114,930	182,660	-	20,370,564
	7,775,816	**13,887,707**	**5,918,199**	**127,170**	**182,660**	**444,746**	**28,336,298**

The valuation of biological assets is exposed to changes in sensitive parameters such as the discount rate, prices and the country risk factor. A discount rate of 10.35% (2015: 14.22%) and a country risk factor of 45% for tea and 40% for all other long term crops were used for the valuation at year end.

Below is an analysis of the degree of sensitivity of the profit or loss to a 1% movement in the discount rate and the country risk factor.

All figures in US$	30 September 2016	
	At 9.35%	**At 11.35%**
Discount rate sensitivity		
Increase/(decrease) in profits	1,185,833	(1,106,016)

All figures in US$	30 September 2016	
	At 44% (tea) and 39% all other crops	**At 46% (tea) and 41% all other crops**
Country risk factor sensitivity		
Increase/(decrease) in profits	391,248	(391,248)

Fair value hierarchy

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are the inputs , other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

In determining the fair values of the biological assets as stated above, the Group used the Level 2 fair value hierarchy.

NOTES TO THE FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 30 SEPTEMBER 2016

13. INVESTMENT IN JOINT VENTURES

Details of the Group's investment in joint ventures at the end of the reporting period are as follows:

13.1

Name of Joint venture	Principal activity	Place of incorporation and principal place of business	Proportion of ownership interests held by the Group		Proportion of voting rights held by the Group	
			2016	2015	2016	2015
Nyanga Trout Farming (Private) Limited	Trout farming	Zimbabwe	75%	75%	50%	50%

The above joint venture is accounted for using the equity method in these consolidated financial statements.

All figures in US$	2016	2015
Summarised financial information		
Carrying amount of the Group's net interest in joint venture	-	-
Group's share of loss for the year	55,000	68,575
Reconciliation of the above summarised financial information		
Investment at cost	75	75
Unsecured loans advanced by Group - treated as part of net investment in joint venture	123,500	68,500
Group's share of loss of joint venture - recognised in prior periods	(68,575)	-
Group's share of loss for the year	(55,000)	(68,575)
Carrying amount of the Group's net interest in joint venture	-	-

13.2

Name of Joint venture	Principal activity	Place of incorporation and principal place of business	Proportion of ownership interests held by the Group		Proportion of voting rights held by the Group	
			2016	2015	2016	2015
Claremont Power Station	Hydro Electricity Generation	Zimbabwe	55%	N/A	50%	N/A

The above joint venture is accounted for using the equity method in these consolidated financial statements.

All figures in US$	2016	2015
Summarised financial information		
Carrying amount of the Group's net interest in joint venture	-	-
Group's share of loss for the year	8,000	-
Reconciliation of the above summarised financial information.		
Investment at cost	-	-
Unsecured loans advanced by Group - treated as part of net investment in joint venture	8,000	-
Group's share of loss for the year	(8,000)	-
Carrying amount of the Group's net interest in joint venture	-	-

14. INVESTMENTS

	COMPANY		GROUP	
All figures in US$	**2016**	**2015**	**2016**	**2015**
Unquoted shares in subsidiaries	8,999	8,999	-	-
Unquoted - Europi	25,650	25,650	25,650	25,650
	34,649	**34,649**	**25,650**	**25,650**

NOTES TO THE FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 30 SEPTEMBER 2016

14. INVESTMENTS - continued

Details of the Group's principal subsidiaries, all incorporated in Zimbabwe at 30 September 2016 are as follows:

NAME OF SUBSIDIARY	OWNERSHIP INTEREST	PRINCIPAL ACTIVITY
Claremont Orchards 1988 (Private) Limited	100%	Property Company
Claremont Orchards Holdings (Private) Limited	100%	Property Company
Southdown Holdings (Private) Limited	100%	Property Company
Ariston Management Services (Private) Limited	100%	Owns Claremont, Southdown, Clearwater, Roscommon and Kent Estates.

15. INVENTORIES

All figures in US$	2016	2015
Farm produce	201,539	1,000,376
Stores and materials	690,167	531,835
	891,706	**1,532,211**

The cost of inventories recognised as an expense includes US$18,451 (2015: US$65,074) in respect of write-downs of inventory to net realisable value. The write down relates to products that would have gone wholly or partly unsalable and those whose selling prices have declined below the cost.

16. TRADE AND OTHER RECEIVABLES

	COMPANY		GROUP	
All figures in US$	**2016**	**2015**	**2016**	**2015**
Trade receivables	-	-	1,133,297	1,396,473
Allowance for credit losses	-	-	(656,129)	(607,207)
Net trade receivables	-	-	477,168	789,266
Other receivables	12,263,716	8,362,756	991,292	1,024,227
Allowance for credit losses	-	-	(441,095)	(459,799)
Net other receivables	12,263,716	8,362,756	550,197	564,428
Trade and other receivables	12,263,716	8,362,756	2,124,589	2,420,700
Allowance for credit losses	-	-	(1,097,224)	(1,067,006)
Net trade and other receivables	**12,263,716**	**8,362,756**	**1,027,365**	**1,353,694**

All company receivables are deemed to be current and owed by the subsidiary companies.

The average credit period for trade receivables was 19 days (2015: 24 days). No interest is charged on overdue trade receivables. The Group provides fully for all receivables outstanding over 365 days because historical experience is such that the receivables that are aged beyond 365 days are generally not recoverable. The Group provides for receivables aged between 91 days and 365 days on a case-by-case basis where subsequent developments suggest that recovery of the amounts is doubtful.

Trade receivables disclosed above include amounts (see below for aged analysis) that are past due at the end of the reporting period for which the Group has not recognised an allowance for doubtful debts because there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by the Group to the counterparty.

The past due but not impaired balances amount to US$14,191 (2015: US$103,257).

NOTES TO THE FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 30 SEPTEMBER 2016

16. TRADE AND OTHER RECEIVABLES - continued

	GROUP	
All figures in US$	**2016**	**2015**
Ageing analysis of Trade Receivables as at 30 September		
Current	260,154	313,230
30-90 days	202,823	372,779
Above 90 days	14,191	103,257
	477,168	**789,266**
Movement in allowance for credit losses		
Balance at beginning of the year	1,067,006	108,516
Impairment losses recognised on receivables	30,218	958,490
- relating to continuing operations	30,218	32,376
- relating to discontinued operations	-	926,114
Balance at the end of the year	**1,097,224**	**1,067,006**

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, management believes that there is no further credit provision required in excess of the allowance for credit losses.

Assets pledged as security

Assets pledged as security have been disclosed under note 20.

17. SHARE CAPITAL

	Number of Shares	
All figures in US$	**2016**	**2015**
AUTHORISED SHARE CAPITAL		
Issued shares at the end of the year	1,600,795,595	1,378,595,595
Unissued shares		
- Shares alocated to share option scheme	23,075,000	23,075,000
- Shares under the control of directors	197,114,405	197,114,405
- Shares under the control of shareholders	179,015,000	1,215,000
	2,000,000,000	**1,600,000,000**
Movement in the number of ordinary shares		
Issued at beginning of year	1,378,595,595	1,378,595,595
Issued through debt-to-equity transaction	222,200,000	-
Share options exercised	-	-
Issued at end of year	**1,600,795,595**	**1,378,595,595**
1,600,795,595 ordinary shares of US0.1 cents each (2015: 1,378,595,595 ordinary shares of US0.1 cents each)	**1,600,795**	**1,378,595**

NOTES TO THE FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 30 SEPTEMBER 2016

17. SHARE CAPITAL - continued

The details of share options outstanding under the 2005 scheme are as follows:

All figures in US$			2016 Actual Number of shares	2015 Actual Number of shares
(2005) scheme				
Date of grant	**Expiry date**	**Price**		
23 May 2006	22 May 2016	ZW$ 6.80	4,135,000	4,135,000
27 February 2007	26 February 2017	ZW$110.00	6,000,000	6,000,000
02 May 2008	1 May 2018	ZW$4,500,000	820,000	820,000
			10,955,000	10,955,000
Movements for the year				
Options outstanding at beginning of year			420,000	420,000
- options cancelled			(260,000)	-
Total options outstanding at end of year			**160,000**	**420,000**

All shares options granted have vested.

18. DEFERRED TAX

	COMPANY		GROUP	
All figures in US$	**2016**	**2015**	**2016**	**2015**
Deferred tax liability				
At the beginning of year	1,283	1 283	9,318,312	9,172,554
- income statement (i)	-	-	487,315	145,758
At the end of year	**1,283**	**1,283**	**9,805,627**	**9,318,312**
Analysis of deferred tax liability				
Property, plant and equipment	-	-	2,382,416	2,419,418
Biological assets	-	-	7,419,414	6,887,448
Prepayments and receivables	1,283	1,283	3,797	11,446
	1,283	**1,283**	**9,805,627**	**9,318,312**
Deferred tax asset				
At the beginning of the year	-	-	5,558,981	4,562,796
Deferred tax released to				
- income statement (ii)	-	-	13,681	996,185
Deferred tax asset arising from tax loss	**-**	**-**	**5,572,662**	**5,558,981**
Income tax (net of (i) and (ii))	-	-	(473,634)	850,427

In current year assessed losses of US$259,279 (2015:US$378,814) previously recognised as deferred tax assets expired.

NOTES TO THE FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED 30 SEPTEMBER 2016

19. TRADE AND OTHER PAYABLES

	COMPANY		GROUP	
All figures in US$	**2016**	**2015**	**2016**	**2015**
Trade	-	-	1,038,981	3,192,699
Other	84,268	73,768	6,745,878	5,253,400
	84,268	**73,768**	**7,784,859**	**8,446,099**

The average credit period on purchases is 55 days (2015: 116 days). No interest is charged on the trade payables.

All figures in US$	2016	2015
Ageing analysis of Trade Payables as at 30 September		
Current	214,348	491,781
30-120 days	268,365	1,759,848
Above 120 days	556,268	941,070
	1,038,981	**3,192,699**
Provisions		
Employee benefits (current)	149,821	197,009
	149,821	**197,009**

The provision for employee benefits represents annual leave.

20. BORROWINGS

All figures in US$	2016	2015
Ariston Management Services (Private) Limited has borrowing facilities totaling US$12,311,642 (2015: US$15,611,348). The utilised portion was:	**12,311,642**	**15,505,997**
Unsecured – at amortised cost		
Loans from banks	-	570,517
Bank overdrafts	714,167	860,209
Other loans	500,000	-
Loans from related parties	-	5,534,202
	1,214,167	6,964,928
Secured – at amortised cost		
Loans from banks	11,097,475	8,541,069
	12,311,642	**15,505,997**
Current	5,099,065	5,463,862
Non-current	7,212,577	10,042,135
	12,311,642	**15,505,997**

The weighted average effective interest rate on the bank loans is 10% per annum (2015: 19% per annum.)

Assets pledged as security
- Notarial General Covering Bonds covering all movable assets, machinery and equipment and cession of book debts;
- Joint and several guarantees;
- Mortgage bonds over Claremont Estate;
- Negative pledge on unencumbered assets;
- Notes of hand registered over Southdown Estate.

NOTES TO THE FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 30 SEPTEMBER 2016

20. BORROWINGS - continued

Breach of loan agreements

During the year under review, the Group fell behind on its commitments in servicing the principal and interest obligations of some of its facilities. At the reporting date, the Group had contractual breaches relating to unsanctioned overdrafts and unserviced scheduled commitments amounting to US$2,986,795 (2015: US$1,133,494).

21. FINANCE LEASE OBLIGATION

During the year the Group procured tea plucking machinery from African Century Leasing Limited on 3-year finance lease arrangements. Interest payable on the lease arrangments is at a rate of 18% per annum. The residual value payable at the end of the lease period for the machinery is US$2,237.

During the year ended 30 September 2015, the Group procured tea harvesting and tea processing machinery from African Century Leasing on 3-year finance lease arrangements. Interest payable on the lease arrangements is at a rate of 18% per annum. The residual value payable at the end of the lease period for the machinery is US$1,994.

During the year ended 30 September 2014, the Group procured two tractors from African Century Leasing Limited on a 3-year finance lease arrangements. Interest payable on the lease arrangement is at a rate of 18% per annum. The residual value payable at the end of the lease period for the two tractors is US$2,136.

The Group will assume ownership of the machinery and tractors once the lease term is over and all payments have been made.

Future lease payments are due as follows:

All figures in US$	Tractors					
	Minimum lease payments		Interest		Present value	
	2016	2015	2016	2015	2016	2015
Not later than one year	42,841	42,841	3,901	10,271	38,940	32,570
Later than one year and not later than five years	-	42,841	-	3,901	-	38,940
	42,841	**85,682**	**3,901**	**14,172**	**38,940**	**71,510**

All figures in US$	Plant & equipment					
	Minimum lease payments		Interest		Present value	
	2016	2015	2016	2015	2016	2015
Not later than one year	78,953	22,841	13,880	10,241	65,073	12,600
Later than one year and not later than five years	59,903	25,759	6,501	4,518	53,402	21,241
	138,856	**48,600**	**20,381**	**14,759**	**118,475**	**33,841**

The outstanding values of future lease payments are analysed as:

All figures in US$	2016	2015
Current liabilities	104,013	45,170
Non-current liabilities	53,402	60,181
	157,415	**105,351**

NOTES TO THE FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED 30 SEPTEMBER 2016

22. CAPITAL COMMITMENTS

All figures in US$	2016	2015
Commitments for capital expenditure approved by the directors:		
- authorised but not contracted	1,120,063	1,265,020
	1,120,063	**1,265,020**

The commitments will be financed from the Group's resources and existing facilities. As at the date of this report, there are no agreements concluded in respect of any acquisitions.

23. FINANCIAL RISK MANAGEMENT

Derivative financial instruments
The Group does not use derivative financial instruments in its management of foreign currency. Derivative financial instruments are not held or issued for trading purposes.

Interest rate risk management
Group policy is to adopt a non-speculative approach to manage interest rate risk whilst maximising profit.

Credit risk management
This refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties. The Group conducts credit assessment on these counterparties based on publicly available information and the Group's own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread among approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved regularly. Ongoing credit evaluation is performed on the financial condition of accounts receivable. Apart from one customer in the retail market who is also the largest local customer of the Group, the Group does not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities. Concentration of credit risk related to this retail market customer approximates 20% of gross monetary assets at any time during the year. Concentration of credit risk to any other counterparty did not exceed 20% of gross monetary assets at any time during the year.

Liquidity risk management
Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities, based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. The contractual maturity is based on the earliest date on which the Group may be required to pay.

	Weighted average effective interest rate	1-3 months	3 months to 1 year	1-5 years	5+ years	Total
	%	US$	US$	US$	US$	US$
2016						
Fixed interest rate loans	10	922,042	4,177,023	7,011,186	201,391	**12,311,642**
2015						
Fixed interest rate loans	19	1,133,494	4,330,368	4,507,933	5,534,202	**15,505,997**

The Group has access to financing facilities amounting to US$12,311,642 (2015:US$15,611,348) and US$nil (2015: US$nil) were unused at the end of the reporting period. The Group expects to meet its obligations from cash flows and proceeds of maturing financial assets.

NOTES TO THE FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 30 SEPTEMBER 2016

23. FINANCIAL RISK MANAGEMENT - continued

Foreign exchange risk management

The Group operates certain transactions denominated in foreign currencies, hence exposure to exchange rate fluctuations arise. The Group's net foreign asset exposure as at year end determined at the fair market rates is US$nil (2015: US$nil).

Fair values

The carrying amounts of receivables, cash and short-term deposits, payables and accrued expenses, and short-term borrowings approximate their fair values due to the short-term maturities of these assets and liabilities.

24. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2015.

The capital structure of the Group consists of net debt and equity of the Group (comprising issued share capital, share premium, share-based payment reserves and distributable reserves). The Group is not subject to any externally imposed capital requirements.

The Group's Board reviews the capital structure of the Group regularly. As part of this review, the Board considers the cost of capital and the risks associated with each class of capital. The gearing ratio at 30 September 2016 was 68% (2015: 110%).

All figures in US$	2016	2015
Debt (i)	12,469,057	15,611,348
Cash and bank balances	(142,375)	(77,878)
Net debt	12,326,682	15,533,470
Equity (ii)	18,166,018	14,122,619
Net debt to equity ratio	68%	110%

(i) Debt is defined as long and short-term borrowings

(ii) Equity includes all capital and reserves of the Group that are managed as capital.

25. RELATED PARTY DISCLOSURES

The following balances were outstanding at the end of the reporting period:

	Receivables		Payables		Borrowings	
All figures in US$	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**
Afrifresh	-	-	281,857	240,000	-	-
Fruit Du Suid	-	-	-	78,124	-	-
Origin Global Holdings Limited	-	-	1,136,390	1,160,764	-	5,534,202
Directors and Key Management	-	-	417,541	315,285	-	-

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No expense has been recognised in the current or prior years for bad or doubtful debts in respect of the amounts owed by related parties.

Compensation of key management personnel

The remuneration of directors and other members of key management personnel during the year was as follows:

All figures in US$	2016	2015
Short-term benefits	461,773	549,123
	461,773	**549,123**

NOTES TO THE FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 30 SEPTEMBER 2016

25. RELATED PARTY DISCLOSURES - continued

The remuneration of directors and key executives is determined by the Human Resources and Remuneration Committee having regards to the performance of individuals and market trends.

26. DEFINED CONTRIBUTION PLANS

The Group has in place a defined contribution retirement benefit plan for all qualifying employees. The assets of the plan are held separately from those of the Group in funds under the control of trustees. Where employees leave the plan prior to full vesting of the contributions, the contributions payable by the Group are reduced by the amount of forfeited contributions.

The employees of the Group are also members of a State-managed retirement benefit plan operated by the National Social Security Authority (NSSA). The Group is required to contribute a specified percentage of basic pay to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

The total expense recognised in profit or loss amounts to US$71,434 (2015: US$105,634) representing contributions payable by the Group at rates specified in the rules of the plan.

Due to lack of cash resources in prior periods, the Group accumulated benefit arrears in respect of both the defined contribution retirement plan and NSSA contributions. The Group applied for a ‘paid-up’ exemption for the defined contribution retirement plan so as to halt the increase in outstanding contributions as well as provide the Group an opportunity to clear its arrears.

The Group accrued US$47,343 (2015: US$nil) in respect of interest on contributions outstanding from prior periods relating to the Group’s defined contribution retirement plan.

27. GOING CONCERN

During the current period, the Group incurred a loss from operations of US$1,224,041 (2015: US$305,500). As at 30 September 2016, the Group’s current liabilities exceeded the current assets by US$3,503,559 (2015: US$3,025,614).

During the current period, the Group received communication from the Ministry of Lands and Rural Resettlement advising of the intention to withdraw Kent Estate’s land offer letter notwithstanding the existence of a valid Bilateral Investment Promotion and Protection Agreement (“BIPPA”). This notice has been challenged and negotiations for an amicable resolution are underway. Shareholders will be updated on the outcome of these discussions.

Based on an assessment made by the directors as at 30 September 2016, the directors have every reason to believe that the Group has adequate resources to continue in operation for the foreseeable future. Accordingly, these financial statements have been prepared on a going concern basis.

28. EVENTS AFTER THE REPORTING DATE

There have been no significant events after the reporting date.

SHAREHOLDERS' PROFILE

FOR THE YEAR ENDED 30 SEPTEMBER 2016

ANALYSIS OF SHAREHOLDERS

SIZE OF SHAREHOLDING	NUMBER OF SHAREHOLDERS	% OF TOTAL NUMBER OF SHAREHOLDERS	SHARES HELD	% OF TOTAL OF SHARES HELD
1-5000	811	61.81	1,352,361	0.08
5001-10000	146	11.13	1,108,671	0.07
10001-50000	208	15.85	4,626,419	0.29
50001-100000	48	3.66	3,376,720	0.21
100001-and over	99	7.55	1,590,331,424	99.35
	1,312	**100.00**	**1,600,795,595**	**100.00**

CATEGORIES OF SHAREHOLDERS

SHAREHOLDERS' GROUP	NUMBER OF SHAREHOLDERS	% OF TOTAL NUMBER OF SHAREHOLDERS	SHARES HELD	% OF TOTAL OF SHARES HELD
COMPANIES	191	14.56	89,972,959	5.62
ESTATES	2	0.15	785	0.00
INDIVIDUALS	987	75.23	29,255,303	1.83
INSURANCE COMPANIES	7	0.53	14,691,906	0.92
INVESTMENT, TRUST AND PROPERTY COMPANIES	13	0.99	1,442,467	0.09
NOMINEE COMPANY	20	1.52	85,463,680	5.34
NON RESIDENT TRANSFERABLE	67	5.11	1,206,540,244	75.37
PENSION FUNDS	25	1.91	173,428,251	10.83
	1,312	**100.00**	**1,600,795,595**	**100.00**

SHAREHOLDERS' PROFILE

FOR THE YEAR ENDED 30 SEPTEMBER 2016

TOP TWENTY SHAREHOLDERS

HOLDER NAME	TOTAL HOLDING	% OF TOTAL ISSUED SHARES
ORIGIN GLOBAL HOLDINGS LIMITED	1,154,636,981	72.13
STANBIC NOMINEES (PRIVATE) LIMITED - NNR A/C 110008380002	82,314,586	5.14
BARATO INVESTMENTS LIMITED	70,324,454	4.39
NATIONAL SOCIAL SECURITY AUTHORITY - NPS	54,413,428	3.40
NATIONAL SOCIAL SECURITY AUTHORITY	49,922,208	3.12
OLD MUTUAL LIFE ASSURANCE OF ZIMBABWE LIMITED	30,570,563	1.91
NATIONAL SOCIAL SECURITY AUTHORITY - W.C.I.F.	24,321,664	1.52
STANDARD CHARTERED NOMINEES (PRIVATE) LIMITED - NNR	24,291,452	1.52
STANDARD CHARTERED NOMINEES (PRIVATE) LIMITED - NNR	17,582,418	1.10
WORKERS COMPENSATION INSURANCE FUND	11,596,485	0.72
LHG MALTA HOLDINGS LIMITED	6,537,237	0.41
ECONET WIRELESS ZIMBABWE GROUP PENSION FUND	6,250,000	0.39
BARCLAYS BANK PENSION FUND-IMARA A/C 110008090011	5,812,036	0.36
BRUNDISH INVESTMENTS (PRIVATE) LIMITED	4,396,007	0.27
MIMOSA MINING PENSION FUND - IMARA	3,379,140	0.21
MUNSTER INVESTMENTS (PRIVATE) LIMITED	2,481,060	0.15
SCB NOMINEES 033667800001	2,439,285	0.15
STANBIC NOMINEES (PRIVATE) LIMITED - NNR-A/C 110008480001	2,369,583	0.15
GLOWSURGE ENTERPRISES (PRIVATE) LIMITED	2,064,534	0.13
KUHN RALP	1,940,712	0.12
TOTAL HOLDING OF TOP TWENTY SHAREHOLDERS	**1,557,643,833**	**97.29**
REMAINING HOLDING	**43,151,762**	**2.71**
TOTAL ISSUED SHARES	**1,600,795,595**	**100.00**

NOTICE TO SHAREHOLDERS

NOTICE OF ANNUAL GENERAL MEETING (AGM)
NOTICE IS HEREBY GIVEN that the seventieth (70th) Annual General Meeting ("AGM") of Ariston Holdings Limited ("the Company") will be held in the Centenary Room, Royal Harare Golf Club, 5th Street Extension, Harare, Zimbabwe on the 30th of March 2017, at 1430 hours to consider the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited financial statements for the year ended 30 September 2016, together with the reports of the directors and auditors thereon.
2. To elect directors in place of those retiring in accordance with the provisions of the Company's Articles of Association.
   Mr. C.P. Conradie and Mrs. T.C. Mazingi retire by rotation, and being eligible, offer themselves for re-election.
   Dr. A.J. Masuka and Mr. H.A. Nolte, who were appointed as non-executive directors of the Company on 26 February 2016, also retire, and being eligible, offer themselves for re-election.
3. To approve directors' fees for the year ended 30 September 2016.
4. To approve remuneration for the auditors for the year ended 30 September 2016 and to appoint auditors for the ensuing year. The present auditors, Messrs Deloitte & Touche, offer themselves for re-appointment.
5. To transact such business as may be dealt with at an AGM.

SPECIAL BUSINESS

6. Employee Share Ownership Trust
To consider, and if deemed fit, pass with or without modification, the following resolution as an ordinary resolution:

6.1 "That the directors of the Company be and are hereby authorised to establish an Employee Share Ownership Trust (ESOT) for the benefit of Ariston employees, to be called the "2016 Ariston Share Ownership Trust", which ESOT shall be effective from the date that such ESOT is approved by shareholders of the Company, and to grant ordinary shares in respect of the Deed of Trust of the ESOT (which Deed of Trust will be available for inspection at the registered office of the Company, fourteen (14) days before the AGM), with such share options not exceeding in aggregate 320,159,119 (three hundred and twenty million one hundred and fifty-nine thousand, one hundred and nineteen) ordinary shares, being 20% of 1,600,795,595 (one billion six hundred million seven hundred and ninety-five thousand five hundred and ninety-five) ordinary shares in issue on 30 September 2016. The ESOT will be established to make provision for the welfare, advancement, general improvement and empowerment of the employees of the Company, and shall be registered for such purposes in accordance with the laws of Zimbabwe."

6.2 "That subject to approval of resolution 6.1, the directors of the Company be and are hereby authorised in terms of Article 4 of the Company's Articles of Association to allocate to the ESOT 179,015,000 (one hundred and seventy-nine million and fifteen thousand) ordinary shares currently under the control of shareholders and 141,144,119 (one hundred and forty-one million one hundred and forty-four thousand one hundred and nineteen) ordinary shares which are currently under the control of the directors of the Company, which together amount to 320,159,119 (three hundred and twenty million one hundred and fifty-nine thousand, one hundred and nineteen) ordinary shares."

7. Allotment or disposal of unissued shares to employees in settlement of arrear salaries
To consider, and if deemed fit, pass with or without modification, the following resolution as an ordinary resolution:

"That the directors of the Company be and are hereby authorised in terms of Article 4.2 of the Company's Articles of Association to allot or dispose to employees shares not exceeding 30,000,000 (thirty million) ordinary shares in settlement of arrear salaries at a share price no less than US$0.005 (zero comma zero zero five) United States Dollars per ordinary share. In the event that the shares are issued at a discount, the maximum discount permitted with respect to the shares shall be limited to 10% of the weighted average traded price of the shares over the 30-day period prior to the date that the price of the issues is determined by the directors of the Company."

The proposed issue of a maximum of 30,000,000 (thirty million) ordinary shares translates to a 2% (two percent) dilution of existing shareholding. The only employee who has accepted this conversion is the Chief Executive Officer. The sale and purchase agreement will be available for inspection at the registered office of the Company fourteen (14) days before the AGM.

8. Amendments to Articles of Association
To consider, and if deemed fit, pass with or without modification, the following resolutions as special resolutions:

8.1 That the directors of the Company be and are hereby authorised to amend the Articles of Association of the Company by insertion in Article 2, after the definition of "Secretary", of the following definition – 2.1.5. "Securities Act" means the Securities and Exchange Act (Chapter 24:25); and

8.2 That the directors of the Company be and are hereby authorised to amend the Articles of Association of the Company by the insertion after Article 12 of a new Article, Article 12.1 as follows:
"Notwithstanding the preceding provisions of this Article, the directors shall be empowered to resolve that the Company shall issue shares in a dematerialised form, and convert certificated shares to dematerialised shares, all as envisaged by the Securities Act; provided that no certificated share shall be converted to dematerialised share without the consent of the current holder thereof."

8.3 That the directors of the Company be and are hereby authorised to amend the Articles of Association of the Company by the insertion after Article 153 of a new article, Article 153.1 as follows:
"Electronic copies of the Report of Directors, Statements of Financial Position, Profit or Loss and Other Comprehensive Income, Changes in Shareholders' Equity and Cash Flows and all other documents required to be annexed thereto, publicised on the Company website and delivered by electronic means to every member shall be deemed to be sufficient delivery to members. Provided that should a member request a hard copy of the Report of Directors, Statements of Financial Position, Profit or Loss and Other Comprehensive Income, Changes in Shareholders' Equity and Cash Flows and all other documents required to be annexed thereto from the Company, the documents shall be provided to the member in hard copy format."

8.4 That the directors of the Company be and are hereby authorised to amend the Articles of Association of the Company by the insertion of a new article, Article 61.3 as follows:
"Any document required to be sent to members in terms of paragraph 61.1 and 61.2 above may be sent by electronic means to the electronic address last furnished by such members. Such documentation shall be forwarded to the members concerned within the same time frames prescribed by law."

NOTICE TO SHAREHOLDERS - Continued

8.5 That the directors of the Company be and are hereby authorised to amend the Articles of Association of the Company by the insertion after Article 146 of a new article, Article 146.1 as follows:
"Any dividend, interest or other monies payable in respect of the shares may also be paid through any and all approved national payment systems to the member's bank account or other electronic account using the last furnished banking or other account details or to any other person or address requested by him or in the case of joint holders to the one who is first named in the register in respect of such joint holdings. Any one of the two or more joint holders may give effectual receipts for any dividends, bonuses or other money payable in respect of the shares held by them as joint holders. The Company shall not be responsible for the loss in transmission of any electronic transfer. In addition, the Company shall not be responsible for loss or delays of electronic transfer due to incomplete and/or incorrect details furnished by a member."

EXPLANATORY NOTES TO THE PROPOSED RESOLUTIONS

Employee Share Ownership Trust
Article 4 of the Articles of Association of the Company stipulates that the allotment or disposal of any unissued shares in the existing capital of the Company and any new shares in any increased capital, or in the terms upon which such shares may be issued or disposed of, shall be decided by the Company in general meeting, provided that the Company in general meeting may with the approval of the Zimbabwe Stock Exchange ("ZSE"), authorise the directors to allot or dispose of the same upon such terms and conditions as the directors in their discretion think fit.

The 2016 Ariston Share Ownership Trust being proposed is in line with the Company's Indigenisation Plan as required by and as approved by the Ministry of Youth, Indigenisation and Economic Empowerment of the Government of Zimbabwe.

Allotment or disposal of unissued shares to employees in settlement of arrear salaries
Arrear salaries payable to the Company's employees account for a significant portion of the Company's trade and other payables balance. Directors would like to offer eligible employees the option of converting a part of or the entire balance of their arrear salaries into ordinary shares. The conversion price would be set at US$0.005 (zero point zero zero five) United States Dollars per share which is at a premium of 43% to the ZSE trading price as at 15 December 2016 and at a discount of 34% to the Company's Net Asset Value as at 30 September 2016.

Further to the above, the Company's highest trading price on the ZSE for the 2016 financial year was US$0.005 per share, last traded on 31 March 2016. The directors believe that this price is a fair indicator of the intrinsic value of the Company.

Amendments to Articles of Association

Dematerialisation of securities
The implementation and licensing of a Central Securities Depository has necessitated conversion of listed certified securities into their electronic form before any trading on the ZSE can be effected. The Companies Act (Chapter 24.03) and the Company's Articles of Association recognise paper share certificates. However, the Securities and Exchange Act (Chapter 24.25) through provision of section 72 allows securities to be dematerialised. In order to comply with the requirements of the above, it is recommended that the Company passes the necessary resolution.

Electronic shareholder documents and notice
The technological developments in electronic communications that have happened over the years, have ushered in efficiencies while the cost associated with the preparation and delivery of physical copies of annual reports, shareholder notices and related documents has increased. The Company would want to be able to send electronic documents in place of physical documents to its members.

APPOINTMENT OF PROXY
In terms of the Companies Act (Chapter 24:03), a member entitled to attend and vote at the above meeting may appoint one or more proxies to attend, vote, and speak on his/her behalf. A proxy need not be a member of the Company.

A proxy form is enclosed. For it to be valid it should be completed and returned so as to reach the registered office of the Company or the office of the Transfer Secretaries (ZB Transfer Secretaries (Private) Limited, 21 Natal Road, Avondale, Harare) not less than 48 hours before the appointed time for holding of the meeting.

Completion of the proxy form does not preclude a member from subsequently attending and voting in person.

By order of the Board

R.A. Chinamo
Company Secretary

REGISTERED OFFICE
306 Hillside Road
Msasa Woodlands
P.O. Box 4019
Harare

27 February 2017