



ARISTON
HOLDINGS LIMITED

Registered Office: 306 Hillside Road, Maasa Woodlands, P.O. Box 4019, Harare

REVIEWED FINANCIAL RESULTS

FOR THE HALF YEAR ENDED 31 MARCH 2020



INFLATION ADJUSTED FINANCIAL HIGHLIGHTS	
REVENUE +23% Period-on-Period Change ZWL 76,070,092	EBITDA (excluding fair value adjustments) -21% Period-on-Period Change ZWL (12,093,780)
LOSS BEFORE TAX -140% Period-on-Period Change ZWL 11,183,901	BASIC LOSS PER SHARE ZWL 0.0424 -1226% Period-on-Period Change

ARISTON 1008

CHAIRMAN'S STATEMENT

INTRODUCTION
The operating environment continued to deteriorate during the period under review.

The rains for the 2020 agricultural year were below normal. Whilst the Group relies extensively on its installed irrigation capacity, utilisation was adversely affected by incessant power outages experienced. Furthermore, utilisation of generators for irrigation and production processes negatively affected net margins.

FINANCIAL PERFORMANCE (on inflation adjusted terms)
The Group's inflation adjusted revenue for the half year reflects a 23% increase to ZWL 76.07 million from ZWL 61.82 million realised during the comparative period. Revenue growth was driven by improved pricing achieved on macadamia due to quality improvement as well as improved local pricing of horticulture products sold during the period. Costs of production increased by 47% relative to the prior comparative period as a result of local suppliers using an implied exchange rate greater than the interbank rate, thus driving costs upwards. Export revenues were, however converted using the interbank rate. Operating expenses were kept under control despite inflationary pressures, reducing by 17% against the prior comparative period. The Group posted a loss from operations for the period of ZWL 14.77 million, which was down 25% from the prior comparative period's inflation adjusted loss from operations of ZWL 19.79 million. Overall the Group posted a loss before interest and tax of ZWL 8.96 million compared to a profit of ZWL33.49 million for the prior comparative period. The current period loss is largely driven by the fact that the ZWL revenue recognised on export crops is determined by converting the US dollars (USD) earned using the interbank rate, which lags behind inflation, whilst inflationary pressures exist on production costs, hence resulting in reported performance reflecting losses.

Positive steps continued to be taken in restructuring of the Group's statement of financial position. The Group's debt tenures remained largely

long, however, weighted average interest rate increased from 6% per annum to 8% per annum.

VOLUMES AND OPERATIONS

Tea
Production volumes declined marginally by 2% from 1907 tonnes produced in the prior year comparative period to 1870 tonnes.

Current period export tea sales volume and USD selling prices declined by 36% and 8% respectively. Export tea sales were affected by high global tea production volumes, coupled with COVID-19 closures of companies that purchase the product. Given the reduced demand resulting from the effects of COVID-19, we believe that this low demand trend will persist for the remainder of the financial year.

Current period local blended tea sales volumes and selling prices improved by 31% and 841% respectively against the prior comparative period. This was largely driven by improved marketing of the product locally.

Macadamia
At the end of the half year, 30% of the annual crop had been harvested, with 14% of the annual production having been sold. The current period production volume was 10% lower than that achieved in the prior comparative period, however further improvements in quality will enable the Group to obtain better export prices. As at the half year end, exports made were at a price 2% higher than that achieved in the prior comparative period. Demand for macadamia has held firm with confirmed orders on hand for the remainder of the current year crop.

Stone fruit and Pome fruit
Harvesting and selling of stone fruit had been completed at the end of the half year. Production volume of stone fruit declined from 1207 tons to 1149 tons. Selling prices were 515% ahead of those in the prior comparative period.

Harvesting of pome fruit had commenced but had not been completed yet. 896 tons were harvested in the current period, which was 191% ahead of that achieved in the prior comparative period. Production volumes for the full year are projected to be 5% ahead of prior year at 1 580 tonnes. Sales volume as at 31 March 2020 of 545 tons was 159% ahead of prior comparative period's sales volume.

Other Crops
The crops described above contribute 83% (89% in prior comparative period) to the Group's total revenue. Other crops, which include commercial maize, seed maize, seed sugar beans, soya beans, avocados, bananas and potatoes, representing 17% (11% in prior comparative period) also contributed positively to the Group's overall performance.

IMPACT OF COVID-19
Tea harvesting slowed down due to decline in head count as a result of implementation of social distancing rules. Export tea sales are subdued as the movement of tea samples is affected by airlines since demand for travel plummeted. This is expected to result in 20% reduction in overall tea sales. Reduction in global tea demand has resulted in a 10% reduction in selling prices.

Harvesting of macadamia, fruit and other horticultural products is unaffected with adequate labour for the operations existing on the Estates. Macadamia export sales remain firm as orders are on hand for the entire current season crop. Pome fruit exports have been negatively affected by suspension of airline services, hence 1,580 tonnes will have to be locally consumed. 30% of local pome fruit sales are made through the vendor market and since vendors are generally unable to operate during lockdown, there has been a decline in demand.

During the lockdown, delays in processing payments by local bankers constrained the business. Supply chain disruptions are being encountered as South Africa remains largely on lockdown.

OUTLOOK
Due to the cyclical nature of our agricultural model, the majority of our harvesting and selling activities occur in the second half of the year. Export prices for macadamia are expected to remain stable at current levels. Export tea demand and pricing will continue to be under pressure for the remainder of this year due to global oversupply and effects of COVID-19. Exports of avocado and pome fruit are expected to be better than the prior year. Production volumes of other crops grown for local consumption, which include commercial maize, seed maize, seed sugar beans, soya beans, avocados, bananas and potatoes are expected to exceed prior year yields. The Group's financial performance for the year is expected to be in line with prior year.

DIVIDEND
In view of the need to enhance the productive assets and the need to preserve available cash resources, the Board has seen it prudent not to declare a dividend.

DIRECTORATE
There have been no changes in the Board's composition in the period under review.

APPRECIATION
I wish to extend my appreciation to all our customers, suppliers, staff, shareholders and strategic partners and my fellow Board members for their unwavering support for the business, especially given the challenging business operating environment.

ALEXANDER CRISPEN JONGWE
CHAIRMAN

29 June 2020

CONDENSED GROUP STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

All figures in ZWL	Note	Inflation Adjusted		* Historical	
		REVIEWED Half Year Ended 31-Mar-20	UNAUDITED Half Year Ended 31-Mar-19	UNAUDITED Half Year Ended 31-Mar-20	UNAUDITED Half Year Ended 31-Mar-19
Revenue	8	76,070,092	61,817,535	59,588,246	7,962,184
Cost of production		(50,506,289)	(34,399,879)	(34,369,528)	(4,430,752)
Gross profit		25,563,803	27,417,656	25,218,718	3,531,432
Other operating income		954,136	2,342,320	701,351	301,694
Operating expenses		(41,292,580)	(49,547,250)	(28,992,220)	(6,381,753)
(Loss)/ Profit from operations		(14,774,941)	(19,787,214)	(2,872,151)	(2,548,833)
Fair value adjustments		(46,790,801)	55,996,837	77,768,105	7,212,470
Exchange differences		(6,136,388)	(2,715,025)	(6,516,825)	(349,699)
Monetary gain/loss		57,742,294	-	-	-
Share of profit of a joint venture		1,003,776	-	754,188	-
(Loss)/ Profit before interest and taxation		(8,956,060)	33,494,502	69,333,317	4,314,138
Finance costs		(2,227,842)	(5,855,729)	(1,805,586)	(754,226)
(Loss)/ Profit before taxation		(11,183,902)	27,638,773	67,527,731	3,559,912
Income tax expense	3	(5,7825,648)	(21,512,331)	(14,978,489)	(2,770,818)
(Loss)/ Profit for the year		(69,009,550)	6,126,442	52,549,242	789,094
Other comprehensive income (net of tax)		-	-	-	-
Total comprehensive (loss)/ income for the year		(69,009,550)	6,126,442	52,549,242	789,094
Number of shares in issue		1,627,395,595	1,627,395,595	1,627,395,595	1,627,395,595
Weighted average number of shares in issue		1,627,395,595	1,627,395,595	1,627,395,595	1,627,395,595
(Loss)/ Earnings per share (dollars)					
Basic (loss)/ earnings per share		(0.04240)	0.00376	0.03229	0.00048
Diluted (loss)/ earnings per share		(0.04240)	0.00376	0.03229	0.00048

* Historical amounts have been presented as supplementary information and were not subject to an audit or review.

CONDENSED GROUP STATEMENT OF FINANCIAL POSITION

All figures in ZWL	Note	Inflation Adjusted			* Historical		
		REVIEWED As at 31-Mar-20	UNAUDITED As at 31-Mar-19	AUDITED As at 30-Sep-19	UNAUDITED As at 31-Mar-20	UNAUDITED As at 31-Mar-19	AUDITED As at 30-Sep-19
ASSETS							
Non - current assets							
Property, plant and equipment		399,968,629	258,317,979	390,987,455	48,091,464	33,271,713	38,457,898
Biological assets		3,749,800	2,345,316	7,933,644	3,749,800	302,080	2,842,381
Right of Use		1,575,939	-	-	817,980	-	-
Investment in joint ventures		3,066,702	525,072	2,062,926	1,493,271	67,630	739,083
Deferred tax		-	24,903,327	-	-	3,207,583	-
		408,361,070	286,091,694	400,984,025	54,152,515	36,849,006	42,039,362
Current assets							
Biological assets		143,557,808	94,962,451	186,164,765	143,557,808	12,231,295	66,697,122
Inventories		30,891,491	25,785,593	16,981,946	24,216,877	3,321,220	6,084,110
Trade and other receivables		21,099,620	38,189,372	71,874,878	20,367,858	4,918,844	25,750,563
Cash and cash equivalents		4,762,038	4,623,537	12,834,635	4,762,038	5,995,518	4,598,256
		200,310,957	163,560,953	287,856,224	192,904,581	21,066,877	103,130,051
TOTAL ASSETS		608,672,027	449,652,647	688,840,249	247,057,096	57,915,883	145,169,413
EQUITY							
Share capital and reserves							
Share capital		4,542,379	4,542,379	4,542,379	1,627,395	1,627,395	1,627,395
Share premium		30,486,262	30,486,262	30,486,262	10,922,292	10,922,292	10,922,292
Distributable reserves		292,129,008	103,432,092	364,567,573	81,624,852	5,284,247	28,992,465
		327,157,649	138,460,733	399,596,214	94,174,539	17,833,934	41,542,152
LIABILITIES							
Non-current liabilities							
Borrowings	7	46,029,652	137,022,473	120,107,519	46,029,652	17,648,684	43,030,838
Deferred tax		129,515,389	81,486,594	71,689,741	40,662,723	10,495,586	25,684,234
Finance lease obligation		412,206	1,482,981	1,824,909	412,206	191,010	653,809
		175,957,247	219,992,048	193,622,169	87,104,581	28,335,280	69,368,881
Current liabilities							
Trade and other payables	6	101,496,113	74,733,840	84,089,307	61,716,958	9,625,822	30,126,618
Borrowings	7	3,702,964	14,838,699	10,549,916	3,702,964	1,911,245	3,779,711
Finance lease obligation		358,054	1,627,327	982,643	358,054	209,602	352,051
		105,557,131	91,199,866	95,621,866	65,777,976	11,746,669	34,258,980
TOTAL EQUITY AND LIABILITIES		608,672,027	449,652,647	688,840,249	247,057,096	57,915,883	145,169,413

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CONDENSED GROUP STATEMENT OF CASHFLOWS

All figures in ZWL	Inflation Adjusted		* Historical	
	REVIEWED Half Year Ended 31-Mar-20	UNAUDITED Half Year Ended 31-Mar-19	UNAUDITED Half Year Ended 31-Mar-20	UNAUDITED Half Year Ended 31-Mar-19
Cash flows from operating activities				
(Loss)/ Profit before interest and taxation	(8,956,060)	33,494,502	69,333,317	4,314,138
Non-cash items	54,149,966	(49,282,180)	(77,244,805)	(6,347,613)
Cash inflow/(outflow) from operations	45,193,906	(15,787,678)	(7,911,488)	(2,033,475)
Finance costs	(2,227,842)	(5,855,729)	(1,805,586)	(754,226)
Changes in working capital	54,722,519	4,661,681	18,840,277	600,431
Cash generated from/(utilised in) operating activities	97,238,583	(16,981,726)	9,123,203	(2,187,270)
Cash flows from investing activities				
Cash utilised in investing activities	(22,349,068)	(8,665,303)	(11,645,888)	(1,116,103)
Cash utilised in investing activities	(22,349,068)	(8,665,303)	(11,645,888)	(1,116,103)
Cash flows from financing activities				
Cash (utilised in) /generated from financing activities	(82,962,112)	29,544,938	2,686,467	3,805,429
Cash (utilised in) /generated from financing activities	(82,962,112)	29,544,938	2,686,467	3,805,429
Net (decrease)/ increase in cash and cash equivalents	(8,722,597)	3,897,909	163,782	502,056
Cash and cash equivalents at beginning of the year	12,834,635	725,628	4,598,256	93,462
Cash and cash equivalents at end of the year	4,762,038	4,623,537	4,762,038	595,518

* Historical amounts have been presented as supplementary information and were not subject to an audit or review.

CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY

All figures in ZWL	Share capital	Share premium	Distributable reserves	Total
Balance as at 30 September 2018	4,542,379	30,486,262	97,305,650	132,334,291
Total comprehensive income for the period	-	-	6,126,442	6,126,442
Balance as at 31 March 2019	4,542,379	30,486,262	103,432,092	138,460,733
Impact of IFRS 9 Adoption	-	-	(65,772)	(65,772)
Total comprehensive income for the period	-	-	261,201,253	261,201,253
Balance as at 30 September 2019	4,542,379	30,486,262	364,567,573	399,596,214
Impact of IFRS 16 Adoption	-	-	(3,429,015)	(3,429,015)
Total comprehensive loss for the period	-	-	(69,009,550)	(69,009,550)
Balance as at 31 March 2020	4,542,379	30,486,262	292,129,007	327,157,649
* HISTORICAL				
Balance as at 30 September 2018	1,627,395	10,922,292	4,495,153	17,044,840
Total comprehensive income for the period	-	-	789,094	789,094
Balance as at 31 March 2019	1,627,395	10,922,292	5,284,247	17,833,934
Impact of IFRS 9 Adoption	-	-	(23,564)	(23,564)
Total comprehensive income for the period	-	-	23,731,782	23,731,782
Balance as at 30 September 2019	1,627,395	10,922,292	28,992,465	41,542,152
Impact of IFRS 16 Adoption	-	-	83,145	83,145
Total comprehensive income for the period	-	-	52,549,242	52,549,242
Balance as at 31 March 2020	1,627,395	10,922,292	81,624,852	94,174,539

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CONDENSED NOTES AND SUPPLEMENTARY INFORMATION

All figures in ZWL	Inflation Adjusted		* Historical	
	REVIEWED Half Year Ended 31-Mar-20	UNAUDITED		