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ARISTON

HOLDINGS LIMITED

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UNAUDITED FINANCIAL RESULTS FOR THE HALF YEAR ENDED 31 MARCH 2013

Operational Review

During the period under review the management team at Ariston has been reinforced with the appointment of Dr. Anxious Masuka as Chief Operating Officer (COO) and Martin Dzviti as the Finance Director (FD). As predicted at year end, activity on all farms has increased significantly in the period up to March 2013. Certain capital projects are already yielding results. Funding has been adequate for all operations and projects to date. Restructuring at FAVCO has aligned costs with activity and positive results are beginning to emerge. Nevertheless for the period activity has been disappointing.

MACADAMIA AND TEA

Macadamia production is set to break another record. Year to date production is 11% above last season, a trend that is set to continue. Only part of last season's irrigation investment was in place before the rains in 2012. Nevertheless the area that was irrigated has showed a remarkable response in terms of yield and quality. Generally adequate pest control and the first phase of canopy rehabilitation has improved quality significantly., this fact being reflected in very firm early season prices. The positive response to last season's investment has prompted an expanded program of irrigation installation this dry season. Tea production has increased to 130% of last year. Tea quality has benefited from the partial factory upgrades and firm export prices have reflected this. Total Tea sales are 76% ahead of last year. Blended tea output is more than double last year. Sales to date are 80% ahead of last season but behind expectation. Stocks of blended teas are adequate to supply the anticipated cold season demand. The tea decaffeination plant is operational and the first teas have been exported.

HORTICULTURE

Stone fruit production was in line with forecasts but below last season as a result of the removal of loss making orchards last season. Quality and thus prices improved, a reflection of the impact of last seasons investment in equipment and working capital. The pome fruit harvest was 19% ahead of last year despite the removal of non performing orchards last year. Quality is much improved . Phase 2 of orchard rehabilitation is due to start in May with a target of an additional 46ha being planted before year end. All the orchards mentioned will be planted with fully rehabilitated irrigation systems. In an effort to make optimum use of land and existing irrigation as well as reinforce integration with FAVCO, Kent and Claremont have embarked on an extensive potato production initiative .The first harvest of a new variety for Ariston will be lifted in April. Yield indications are very positive. Potatoes are expected to make a significant contribution in the second half of the financial year.

RAINFED CROPS

Kent is due to harvest 300ha of rainfed crops - half each of maize and soya. Despite very late germinating rains the crop is expected to yield in line with forecasts.

POULTRY

Placements so far this year have been several times greater than the same period last year. In fact, placements for the full year 2012 have already been surpassed. Facilities are now approaching full capacity. Return per bird has been barely adequate so far. New brooding equipment will be installed in May after which reduced costs and improved performance is expected.

TRADING

Internal controls have been repaired and management restructured during the period. Activity has stabilised for now at break even levels. The second half will see emphasis on growth through improved integration and focus on the key areas of banana and blended tea sales.

FINANCIAL PERFORMANCE

Group revenues reduced slightly to $6.682m. The operating profit was $2.917m after fair value adjustment of $5.163m. Finance costs increased by 31.6% as borrowings increased to $9.6m leading to a profit before tax of $2.227m. Profit after tax was $2.047m.

Southdown reported a turnover of $1.357m which was a slight reduction of 2% excluding intercompany sales of $1.193m to FACVO. This represents 20% of Group turnover. An operating loss of $.090m was posted compared to a loss of $0.253m in 2012. The fair value adjustment resulted in Southdown reporting a profit before interest and tax of $2.645m.

FAVCO turnover was reduced slightly by 2% to $4.249m and contributed 64% to Group turnover. An operating loss of $0.265 was recorded.

Claremont Estate's turnover of $0.759m was 11% of group turnover, an increase of 27% compared to 2012. An operating loss of $0.365m was reported compared to a $0.067m operating loss in 2012. The fair value adjustment of $1.332m resulted in Claremont reporting a profit before interest and tax of $0.968m.

Kent Estate recorded a turnover of $0.318m which was a reduction of 24% over the prior year and 5% of group turnover. An operating loss of $0.594m was reported compared to $0.277m in 2012. The profit before interest and tax of $0.502m was reported after the fair value adjustment of $1.096m.

OUTLOOK

Adequate funding in the first half of the year has seen improvements across the board particularly in agricultural activity. The introduction of a large potato crop will bring a new balance to horticultural activities. Much remains to be done to reach full potential thus additional investment in the second half of the year will be made into irrigation, plant material and factory equipment. Increased production has not all been converted into sales. The second half will see focus on converting the considerable stock into cash. Winter traditionally sees strong blended tea sales which, combined with improved focus, should see trading make a contribution in the second half of the financial year.

As mentioned at year end production at full capacity is still a prospect for the future. Nevertheless significant strides have already been made in rehabilitating the group.

APPRECIATION

Management and staff are grateful for the continued support given to us by our Chairman, Board and Shareholders.

BY ORDER OF THE BOARD

F.N. MUSINGA
COMPANY SECRETARY

21 May 2013

Abridged Consolidated Statement of Comprehensive Income

All figures in US$	UNAUDITED HALF YEAR ENDED 31-Mar-13	UNAUDITED HALF YEAR ENDED 31-Mar-12
Turnover	**6,682,470**	**6,704,572**
Profit before taxation and interest	**2,917,366**	**217,331**
Operating loss	(2,245,629)	(788,549)
Fair value adjustments	5,162,995	1,005,880
Finance costs	(690,627)	(524,715)
Profit/(loss) before taxation	**2,226,739**	**(307,384)**
Income tax	(179,360)	81,827
Profit/(loss) for the period	**2,047,379**	**(225,557)**
Other comprehensive income	-	-
Total comprehensive profit/(loss) for the period	**2,047,379**	**(225,557)**
No. of shares in issue	**1,378,595,595**	**445,087,262**
No. of shares in issue (Weighted)	**1,378,566,428**	**444,530,413**
Profit/(loss) per share dollars		
- Basic	**$0.0015**	**($0.0005)**
- Diluted	**$0.0015**	**($0.0005)**

Abridged Consolidated Statement of Cash Flows

All figures in US$	UNAUDITED HALF YEAR ENDED 31-Mar-13	UNAUDITED HALF YEAR ENDED 31-Mar-12
Cash flows from operating activites		
Operating profit	2,917,366	217,331
Net non-cash flow items	(4,650,642)	(702,617)
Cash outflow from operations	(1,733,276)	(485,286)
Net financing costs	(690,627)	(524,715)
Changes in working capital	(1,999,250)	1,172,954
Cash (utilised in)/generated from operating activities	(4,423,153)	162,953
Cash flows from investing activities		
Cash utilised in investing activities	(1,340,895)	(198,802)
Cash flows from financing activities		
Cash generated from financing activities	5,976,487	1,038,535
Net cash inflow	**212,439**	**1,002,686**
Cash and cash equivalents at beginning of period	6,566	99,485
Cash and cash equivalents at end of period	**219,005**	**1,102,171**

Abridged Consolidated Statement of Financial Position

All figures in US$	UNAUDITED HALF YEAR ENDED 31-Mar-13	UNAUDITED HALF YEAR ENDED 31-Mar-12	AUDITED FULL YEAR ENDED 30-Sept-12
ASSETS			
Non-current assets			
Property, plant and equipment	10,973,703	8,688,114	10,181,461
Biological assets - bearer	12,595,120	9,374,561	9,821,815
Investments	25,650	25,650	25,650
Deferred tax	3,003,224	1,093,164	2,225,550
	26,597,697	**19,181,489**	**22,254,476**
Current assets			
Inventories	3,720,127	1,325,010	1,524,686
Biological assets - consumable	4,510,095	399,183	2,084,101
Trade and other receivables	1,739,129	1,584,499	2,488,361
Cash and cash equivalents	219,005	1,102,171	6,566
	10,188,356	**4,410,863**	**6,103,714**
Total assets	**36,786,053**	**23,592,352**	**28,358,190**
EQUITY			
Share capital and reserves			
Share capital	1,378,595	445,087	1,378,420
Share premium	7,059,932	263,142	7,059,079
Share-based payment reserve	16,603	19,100	17,631
Non-distributable reserves	10,998,626	10,998,626	10,998,626
Accumulated losses	(1,130,269)	(2,873,026)	(3,177,648)
	18,323,487	**8,852,929**	**16,276,108**
LIABILITIES			
Non-current liabilities			
Deferred tax	5,721,114	4,238,252	4,764,077
Borrowings	1,000,000	666,667	1,000,000
	6,721,114	**4,904,919**	**5,764,077**
Current liabilities			
Trade and other payables	3,116,647	5,054,492	3,669,687
Borrowings	8,624,805	4,780,012	2,648,318
	11,741,452	**9,834,504**	**6,318,005**
Total equity and liabilities	**36,786,053**	**23,592,352**	**28,358,190**

Abridged Consolidated Statement of Changes in Equity

All figures in US$	Share capital	Share premium	Share-based payment reserve	Non - distributable reserves	Accumulated losses	Total
Balance as at 30 September 2011	**445,087**	**263,142**	**19,100**	**10,998,626**	**(2,647,469)**	**9,078,486**
Loss for the period	-	-	-	-	(225,557)	(225,557)
Balance as at 31 March 2012	**445,087**	**263,142**	**19,100**	**10,998,626**	**(2,873,026)**	**8,852,929**
Transfer to share capital on rights issue exercised	933,333	-	-	-	-	933,333
Transfer to share premium reserve on rights issue exercised	-	7,466,667	-	-	-	7,466,667
Share issue expenses	-	(670,730)	-	-	-	(670,730)
Transfer to accumulated loss on share options expired	-	-	(1,469)	-	1,469	-
Total comprehensive loss for the period	-	-	-	-	(306,091)	(306,091)
Balance as at 30 September 2012	**1,378,420**	**7,059,079**	**17,631**	**10,998,626**	**(3,177,648)**	**16,276,108**
Transfer to share capital on share options exercised	175	-	(175)	-	-	-
Transfer to share premium reserve on share options exercised	-	853	(853)	-	-	-
Total comprehensive profit for the period	-	-	-	-	2,047,379	2,047,379
Balance as at 31 March 2013	**1,378,595**	**7,059,932**	**16,603**	**10,998,626**	**(1,130,269)**	**18,323,487**

Notes

1. **Accounting Policies**
   The principal accounting policies used in the previous period have been consistently applied in the preparation of the interim financial statements for the period ended 31 March 2013.

Supplementary Information

All figures in US$	UNAUDITED HALF YEAR ENDED 31-Mar-13	UNAUDITED HALF YEAR ENDED 31-Mar-12
Depreciation	(524,928)	(345,872)
Capital expenditure for the period	1,356,832	198,802

DIRECTORS: Dr. R.M. Mupawose (Chairman)*, P. T. Spear (CEO), Dr A.J. Masuka (COO), M Dzviti (FD), I Chagonda*, S.G. Chella*, C.P. Conradie*, T.C. Mazingi*, S.K. Mutepfa* *Non-Executive