



ARISTON

HOLDINGS LIMITED

Registered Office: 306 Hillside Road Msasa Woodlands P.O. Box 4019 Harare Zimbabwe Tel: (4) 486 961/2 486 967/8 Fax: (4) 487 134 Email ariston@ariston.co.zw

UNAUDITED FINANCIAL RESULTS FOR THE HALF YEAR ENDED 31 MARCH 2015

Operational Overview

Introduction

Despite reasonable seasonal totals on most estates the distribution of rain this season has been most unfavourable for cropping. The much anticipated uplift in crop yields has now started with notable gains in most crops. Tea production is the exception where yields have been managed downward in response to low export prices. Operational cash flows have improved but servicing expensive debt remains a significant challenge.

Macadamia and Tea

The macadamia harvest is slightly ahead of expectations and looks set to be another record this season. Macadamia prices are again firm and demand is strong. Nut quality has improved in response to expanded irrigation. Tea production is below last season partly as a result of a late start to the rains but also as a deliberate strategy to reduce production while export prices are low. Upgrades in all factories have continued and are producing noticeable improvements in made tea quality. Thus productive capacity is well positioned to exploit any improvements in the market. Global tea prices, while still depressed, are showing signs of recovery. Sales of branded teas have been slightly below expectation in the first half. We anticipate improvements to distribution in the second half of the year to make up this deficit.

Horticulture

As predicted stone fruit yields showed significant growth this year. This trend will accelerate in the season ahead. The new clingstone varieties were well received on the local market. Post harvest management of this crop will be our focus in the future. The apple harvest is in progress. Yields are in line with expectations and at least 30% above last season. Generally quality has shown significant improvement on last year with the exception of a small area damaged by hail. Local sales are firm but still at a discount to imported produce.

Annual crops

Potato production has been 30% up on last year and the market remains firm. Dry-land crops at Kent have not performed well. Late rains delayed planting resulting in a reduced planted area. Those crops that germinated have received inadequate rains so sub-economic yields are expected.

Poultry

Placements in the first half have been slightly higher than anticipated. Overall performance has been acceptable. Part of the poultry capacity is the subject of an on-going land dispute. A great deal of effort has been put into ensuring that all concerned fully understand the situation. In this regard we thank our Chairman and all the officials involved for their valuable input.

Trading

FAVCO remains a loss making operation. The modification of this business unit is at an advanced stage.

Financial Performance

Group revenues dropped 8% to \$8.0m on the back of a \$0.6m decline in revenue at Favco. The Group's operating loss reduced from a \$2.7m loss in 2014 to a \$0.8m loss in the period under review. The loss before taxation was \$1.2m after fair value adjustment of \$1.5m (2014 fair value adjustment: \$5.0m).

Favco's turnover at \$2.4m was a 21% reduction on prior year and resulted in its total contribution to Group revenues declining from 35% to 30%. Its operating loss for the period was \$0.67m compared to a profit of \$0.05m in 2014.

Kent contributed 7% (\$0.6m) to Group revenues while its operating loss increased from \$0.6m in 2014 to \$0.9m this year. Kent's loss before taxation was \$1.2m after a fair value loss of \$200k.

Claremont recorded the largest revenue growth of 48% for the half year at \$1.3m. Its operating profit was \$0.1m which was a \$0.6m improvement on prior year. Fair value gains were \$91k (2014: \$1.4m) and the division reported a loss of \$100k for the period.

Southdown recorded a turnover of \$4.0m and contributed 51% to the Group's revenue. It had an operating profit of \$1.3m (2014: \$0.3m loss) and fair value gains of \$1.6m (2014: \$2.7m). Profit before taxation increased by 11% to \$2.3m.

The increase in finance costs is as a result of the accrual of interest due to the major shareholder. In the year ended 30 September 2014 there were no interest charges accrued on the loans. There is no requirement from the shareholder for the Group to repay this loan in the short term.

Outlook

The investments made in tea processing mean that we are able to scale up production without sacrificing quality. Should prices recover tea production can return to full capacity in the season ahead. As expected tea stocks are significant at the half year. The combination of lower overall production and the anticipated improvement in second half local sales will reduce year end stocks. Expanded macadamia irrigation will have a positive impact this dry season supporting the steady growth in this important crop. Sustainable increases in nut quality will offer significant opportunities for increased contributions in the future.

New orchards at Claremont are at the start of a period of rapid growth which will see yields double over the next two seasons.

At Kent irrigation capacity is due to be expanded in the second half bringing this phase of expansion to a close.

The focus throughout the group is now on increasing productivity to fully utilise the investments made to date. As these investments mature the opportunities that remain to be exploited become more apparent.

Dividend

In view of the need to preserve the available cash, the Board has seen it prudent not to declare a dividend for the half year ended 31 March 2015.

Appreciation

Management and staff are grateful for the continued support given by the Board and Shareholders.

BY ORDER OF THE BOARD

P. SPEAR
CHIEF EXECUTIVE OFFICER

25 June 2015

Abridged Consolidated Statement of Profit or Loss And Other Comprehensive Income

| All figures in US\$ | Unaudited Half Year Ended 31-Mar-15 | Unaudited Half Year Ended 31-Mar-14 |
|---|-------------------------------------|-------------------------------------|
| Turnover | 7,918,373 | 8,609,876 |
| Profit before taxation and interest | 682,818 | 2,339,776 |
| Operating loss | (839,976) | (2,682,466) |
| Fair value adjustments | 1,522,794 | 5,022,242 |
| Finance costs | (1,896,806) | (1,023,047) |
| (Loss)/profit before taxation | (1,213,988) | 1,316,729 |
| Income tax | 389,785 | (332,376) |
| (Loss)/profit for the period | (824,203) | 984,353 |
| Other comprehensive income | - | - |
| Total comprehensive (loss)/profit for the period | (824,203) | 984,353 |
| No. of shares in issue | 1,378,595,595 | 1,378,595,595 |
| No. of shares in issue (Weighted) | 1,378,595,595 | 1,378,595,595 |
| Loss/(profit) per share Dollars | | |
| -Basic | (0.0006) | \$0.0007 |
| -Diluted | (0.0006) | \$0.0007 |

Abridged Consolidated Statement of Financial Position

| All figures in US\$ | Unaudited Half Year Ended 31-Mar-15 | Unaudited Half Year Ended 31-Mar-14 | Audited Full Year Ended 30-Sep-14 |
|-------------------------------------|-------------------------------------|-------------------------------------|-----------------------------------|
| ASSETS | | | |
| Non - current assets | | | |
| Property, plant and equipment | 11,537,896 | 11,998,078 | 11,905,938 |
| Biological assets - bearer | 18,193,992 | 20,775,023 | 17,240,177 |
| Investments | 25,650 | 25,650 | 25,650 |
| Deferred tax | 5,295,380 | 4,223,115 | 4,562,796 |
| | 35,052,918 | 37,021,866 | 33,734,561 |
| Current assets | | | |
| Biological assets - consumable | 10,779,870 | 3,400,025 | 10,101,624 |
| Inventory | 3,253,953 | 5,364,820 | 2,564,748 |
| Trade and other receivables | 2,331,528 | 2,691,094 | 2,224,145 |
| Cash and cash equivalents | 152,626 | 212,112 | 60,124 |
| | 16,517,977 | 11,668,051 | 14,950,641 |
| Total assets | 51,570,895 | 48,689,917 | 48,685,202 |
| EQUITY | | | |
| Share capital and reserves | | | |
| Share capital | 1,378,595 | 1,378,595 | 1,378,595 |
| Share premium | 7,059,932 | 7,059,932 | 7,059,932 |
| Share-based payments reserve | 9,697 | 11,901 | 9,697 |
| Non-distributable reserves | 10,998,626 | 10,998,626 | 10,998,626 |
| Accumulated (losses)/profit | (1,003,915) | 187,277 | (179,712) |
| | 18,442,935 | 19,636,331 | 19,267,138 |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Deferred tax | 9,515,353 | 8,822,868 | 9,172,554 |
| Finance lease obligation | 27,384 | - | 71,509 |
| Borrowings | 7,234,947 | 3,000,000 | 2,850,000 |
| | 16,777,684 | 11,822,868 | 12,094,063 |
| Current liabilities | | | |
| Trade and other payables | 8,358,838 | 6,076,911 | 6,661,765 |
| Finance lease obligation | 54,723 | - | 53,284 |
| Borrowings | 7,936,715 | 11,153,807 | 10,608,952 |
| | 16,350,276 | 17,230,718 | 17,324,001 |
| Total equity and liabilities | 51,570,895 | 48,689,917 | 48,685,202 |

Abridged Consolidated Statement of Cash Flows

| All figures in US\$ | Unaudited Half Year Ended 31-Mar-15 | Unaudited Half Year Ended 31-Mar-14 |
|---|-------------------------------------|-------------------------------------|
| Cash flows from operating activities | | |
| Operating profit | 682,818 | 2,339,776 |
| Net non-cash flow items | (898,574) | (4,453,956) |
| Cash outflow from operations | (215,756) | (2,114,180) |
| Net financing costs | (1,896,806) | (1,023,047) |
| Income taxes paid | - | - |
| Change in working capital | 900,485 | 1,598,398 |
| Cash utilised in operating activities | (1,212,077) | (1,538,829) |
| Cash flows from investing activities | | |
| Cash utilised in investing activities | (365,445) | (1,100,533) |
| Cash flows from financing activities | | |
| Cash generated from financing activities | 1,670,024 | 2,580,569 |
| Net cash inflow/(outflow) | 92,502 | (58,793) |
| Cash and cash equivalents at beginning of period | 60,124 | 270,905 |
| Cash and cash equivalents at end of period | 152,626 | 212,112 |

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 2013 | 1,378,595 | 7,059,932 | 11,901 | 10,998,626 | (797,076) | 18,651,978 |
| Total comprehensive income for the period | - | - | - | - | 984,353 | 984,353 |
| Balance as at 31 March 2014 | 1,378,595 | 7,059,932 | 11,901 | 10,998,626 | 187,277 | 19,636,331 |
| Transfer to accumulated loss on share options expired | - | - | (2,204) | - | 2,204 | - |
| Total comprehensive loss for the period | - | - | - | - | (369,193) | (369,193) |
| Balance as at 30 September 2014 | 1,378,595 | 7,059,932 | 9,697 | 10,998,626 | (179,712) | 19,267,138 |
| Total comprehensive loss for the period | - | - | - | - | (824,203) | (824,203) |
| Balance as at 31 March 2015 | 1,378,595 | 7,059,932 | 9,697 | 10,998,626 | (1,003,915) | 18,442,935 |

Notes

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 2015.

Supplementary Information

| All figures in US\$ | Unaudited Half Year Ended 31-Mar-15 | Unaudited Half Year Ended 31-Mar-14 |
|------------------------------------|-------------------------------------|-------------------------------------|
| Depreciation | (629,193) | (575,520) |
| Capital expenditure for the period | 365,446 | 1,100,533 |

Trade and other payables

| All figures in US\$ | Unaudited Half Year Ended 31-Mar-15 | Unaudited Half Year Ended 31-Mar-14 | Audited Full Year Ended 30-Sep-14 |
|---------------------|-------------------------------------|-------------------------------------|-----------------------------------|
| Trade payables | 5,174,327 | 3,331,034 | 3,321,324 |
| Other payables | 3,184,511 | 2,745,877 | 3,340,441 |
| | 8,358,838 | 6,076,911 | 6,661,765 |