



ARISTON

HOLDINGS LIMITED

UNAUDITED FINANCIAL RESULTS FOR THE HALF YEAR ENDED 31 MARCH 2014

Operations Overview

INTRODUCTION

As expected the first half of the year has seen significant increases in crop production. Some of the uplift is attributable to the good rains, however the bulk is as a result of targeted investments in irrigation and equipment. Working capital for the season has been at best adequate. As a result, the pace at which the Group is moving towards full rehabilitation has had to be slowed to match cash outflows on capital projects to cash generation. Heavy mid season rain delayed cash inflow in the second quarter of the year. Tight liquidity on the local market has reduced demand for blended teas as well as reducing margins on fruit and vegetable sales. Due to ongoing improvements in the farming operations, biological assets have increased at all Estates.

Macadamia and Tea

Macadamia harvest has been slightly delayed by the persistent rains. Despite the late start, production is in line with last year. Harvest is set to accelerate from now on. Early season sales have started with firmer prices than last year. Despite erratic power supplies, tea production was 40% up on last year thanks to a mild winter, much improved irrigation and good rains. This trend is expected to continue into the second half of the year and we expect to exceed forecast production for the season. Investment in tea factory upgrades last year has improved tea quality at all factories. Global tea prices are significantly lower than last year, thus, despite the manufacturing improvements mentioned export tea prices are marginal at present. Liquidity constraints on the local market have resulted in blended tea sales being 14% lower than the same period last year.

Horticulture

Stone fruit yields and prices were in line with forecast. Of interest was that the first crop from peach orchards planted in 2012 was harvested in January 2014, a good sign for the future. The apple harvest is in progress and yields are expected to be slightly lower than last year. Quality was affected by hail damage in some orchards. Local sales are firm but still at a discount to imported produce. All new orchards of pome and stone fruit are growing as expected. Next season should see the first significant contributions from these orchards. Passion fruit orchards have been expanded after trial plantings proved successful.

Field crops

This season is our first effort at year round potato production. Potato production so far is four times last season despite some rain related delays. Prices have been as predicted. Dry land crops at Kent have responded well to the favourable rains despite a late start to the season and are expected to produce marginally above predicted levels.

Poultry

Placements in the first half were slightly lower than anticipated however they are expected to reach forecast levels by year end. Batch performance has been acceptable and consistent.

Trading

Restructuring at FAVCO is now complete. The combination of cost management and improved marketing of the Estates' produce is now producing acceptable performance.

Financial Performance

Group revenues increased by 29% to \$8.610m. The profit before taxation and interest was \$2.340m after fair value adjustment of \$5.022m. Finance costs increased by 48% as borrowings increased to \$14.154m as a result of the rehabilitation programmes. Profit before tax was \$1.317m and the resultant profit after tax for the period was \$0.984m.

Claremont Estate's turnover of \$0.849m was 10% of Group turnover, an increase of 12% compared to March 2013. An operating loss of \$0.606m was reported compared to a \$0.365m operating loss in March 2013. The fair value adjustment of \$1.364m resulted in Claremont reporting a profit before interest and tax of \$0.758m.

Kent Estate recorded a turnover of \$0.631m which was an increase of 98% over the prior year and was 7% of Group turnover. An operating loss of \$0.604m was reported compared to \$0.594m in March 2013. The profit before interest and tax of \$0.366m was reported after the fair value adjustment of \$0.970m.

Southdown reported a turnover of \$4.134m. This represents 48% of Group turnover. An operating loss of \$0.300m was posted compared to a loss of \$0.090m in March 2013. The fair value adjustment resulted in Southdown reporting a profit before interest and tax of \$2.387m.

FAVCO turnover was \$2.996m and contributed 35% to Group turnover. An operating profit of \$0.049m was recorded compared to a loss of \$0.265m in March 2013.

Outlook

The second half of the year will see the bulk of our produce being sold and the proceeds brought to book. With half the export teas still to sell we expect a modest recovery in international tea prices in the second half of the year. Traditionally winter accounts for the bulk of blended tea sales. With a few exceptions, productivity throughout the Group will be much improved and the investments already made in productive capacity will ensure that, without further investment, productivity will continue to increase in the years ahead. That said, there remains underutilised capacity in addition to that already rehabilitated and this additional potential will be developed as resources allow.

Dividend

In view of the present environment, the Board has considered it prudent not to declare a dividend for the half year ended 31 March 2014.

Appreciation

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

BY ORDER OF THE BOARD

M. DZVITI
FINANCE DIRECTOR/COMPANY SECRETARY

5 May 2014

Abridged Consolidated Statement of Profit or Loss and Other Comprehensive Income

All figures in US\$	Unaudited Half Year ended 31 March 2014	Unaudited Half Year ended 31 March 2013
Turnover	8,609,876	6,682,470
Profit before taxation and interest	2,339,776	2,917,366
Operating loss	(2,682,466)	(2,245,630)
Fair value adjustments	5,022,242	5,162,996
Finance costs	(1,023,047)	(690,627)
Profit before taxation	1,316,729	2,226,739
Income tax	(332,376)	(179,360)
Profit for the period	984,353	2,047,379
Other comprehensive income	-	-
Total comprehensive income for the period	984,353	2,047,379
No. of shares in issue	1,378,595,595	1,378,420,595
No. of shares in issue (Weighted)	1,378,595,595	1,378,420,595
Earnings per share (US\$)		
-Basic	\$0.0007	\$0.0015
-Diluted	\$0.0007	\$0.0015

Abridged Group Statement of Cash Flows

All figures in US\$	Unaudited Half Year ended 31 March 2014	Unaudited Half Year ended 31 March 2013
Cash flows from operating activities		
Operating profit	2,339,776	2,917,366
Net non-cash flow items	(4,453,956)	(4,650,642)
Cash outflow from operations	(2,114,180)	(1,733,276)
Financing costs	(1,023,047)	(690,627)
Income taxes paid	-	-
Change in working capital	1,598,398	(1,999,250)
Cash utilised in operating activities	(1,538,829)	(4,423,153)
Cash flows from investing activities		
Cash utilised in investing activities	(1,100,533)	(1,340,895)
Cash flows from financing activities		
Cash generated from financing activities	2,580,569	5,976,487
Net cash inflow	(58,793)	212,439
Cash and cash equivalents at beginning of period	270,905	6,566
Cash and cash equivalents at end of period	212,112	219,005

Abridged Consolidated Statement of Financial Position

All figures in US\$	Unaudited Half Year Ended 31 March 2014	Unaudited Half Year ended 31 March 2013	Year ended 30 Sept 2013
ASSETS			
Non-current assets			
Property, plant and equipment	11,998,078	10,973,703	11,590,244
Biological assets-bearer	20,775,023	12,595,120	17,101,084
Investments	25,650	25,650	25,650
Deferred tax	4,223,115	3,003,224	3,218,858
	37,021,866	26,597,697	31,935,836
Current assets			
Inventory	3,400,025	3,720,127	3,032,056
Biological assets-consumable	5,364,820	4,510,095	3,892,103
Trade and other receivables	2,691,094	1,739,129	2,148,687
Cash and cash equivalents	212,112	219,005	270,905
	11,668,051	10,188,356	9,343,751
Total assets	48,689,917	36,786,053	41,279,587
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	11,901	16,603	11,901
Non-distributable reserves	10,998,626	10,998,626	10,998,626
Accumulated losses	187,277	(1,130,269)	(797,076)
	19,636,331	18,323,487	18,651,978
LIABILITIES			
Non-current liabilities			
Deferred tax	8,822,868	5,721,114	7,486,234
Borrowings	3,000,000	1,000,000	1,500,000
	11,822,868	6,721,114	8,986,234
Current liabilities			
Trade and other payables	6,076,911	3,116,647	3,568,137
Borrowings	11,153,807	8,624,805	10,073,238
	17,230,718	11,741,452	13,641,375
Total equity and liabilities	48,689,917	36,786,053	41,279,587

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 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 on share options exercised	-	853	(853)	-	-	-
Total comprehensive income 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
Transfer to accumulated loss on share options expired	-	-	(4,702)	-	4,702	-
Total comprehensive income for the period	-	-	-	-	328,491	328,491
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

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 2014.

Supplementary Information

All figures in US\$	Unaudited Half Year ended 31 March 2014	Unaudited Half Year ended 31 March 2013
Depreciation	(575,520)	(524,928)
Capital expenditure for the period	1,100,533	1,356,832