



ARISTON
HOLDINGS LIMITED

Registered Office: 306 Hillside Road, Msasa Woodlands,
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ABRIDGED UNAUDITED FINANCIAL RESULTS FOR THE HALF YEAR ENDED 31 MARCH 2018

Financial Highlights

Revenue ▲ **53%**
*US\$5.31 million
*Unaudited Half Year ended 31 March 2018

EBITDA (excluding fair value adjustments) ▲ **358%**
*US\$1.46 million

Profit Before Taxation ▲ **124%**
*US\$0.46 million

Basic Earnings Per Share (cents) ▲ **101%**
*0.0018c

Chief Executive Officer's Statement

INTRODUCTION

The 2018 agricultural season commenced on a good note. The period under review was characterised by sufficient rainfall which ensured that the dams on the Estates were full, thereby enabling adequate irrigation of crops.

The Group is in a better financial position than prior year; this has consequently propelled the Group to an improved year-to-date financial performance compared to prior year.

The environment continues to be challenging with the Group not being spared from the constrained liquidity and declining disposable incomes characterising the local operating environment.

FINANCIAL PERFORMANCE

The Group recorded revenue of US\$5.31 million in the six-month period ended 31 March 2018 compared to US\$3.48 million recorded in the prior comparative period. The 53% increase in revenue arose out of the combined effect of significant volume and pricing improvements.

Southdown Estates contributed 72% to the Group's revenue compared to 71% in the prior comparative period. Claremont Estate and Kent Estate contributed 17% and 11% respectively to the Group's revenue compared to 20% and 9% respectively in the prior comparative period.

Other operating income improved to US\$1.27 million from US\$0.16 million in the prior comparative period. On the back of the Reserve Bank of Zimbabwe export incentive scheme, the Group has been able to increase its export sales offering to include by-products of our production processes which in the absence of the incentive scheme would not be economic to export.

The Group posted a profit from operations of US\$0.63 million in the six-month period ended 31 March 2018 compared to a loss from operations of US\$1.40 million posted in the prior comparative period. Finance costs at US\$0.67 million were marginally below prior year.

During the six-month period ended 31 March 2018, the Group completed the restructuring of a portion of its borrowings into a facility with a longer tenure which enables the matching of repayments to future cash inflows.

VOLUMES AND OPERATIONS

Macadamia

At half year, harvesting of macadamia had commenced, however, only 27% of the crop had been harvested. The current year volumes are expected to surpass prior levels, while quality is much improved. This, coupled with the use of the macadamia drying facility installed and commissioned in 2017, puts the Group in a good position to achieve much improved average selling prices. Year-to-date production at 419 tonnes was 26% ahead of the prior comparative period, while the year-to-date average selling price was 31% ahead of the prior comparative period.

Tea

Tea production for the six-month period improved to 1,907 tonnes compared to 1,392 tonnes for the prior comparative period. Full year production is expected to be significantly ahead of prior year. In the

current period export tea sales volumes doubled and average selling prices improved by 3% over the prior comparative period.

Sales of blended teas at 431 tonnes were 13% behind the prior comparative period. However, average selling prices improved by 22% as a result of changes in the sales mix. Thus, blended tea revenue improved by 7% over the prior comparative period.

Stone and pome fruit

Harvesting and selling of stone fruit for the current year had been completed by half year. Current year revenue at US\$0.46 million was 73% ahead of prior year due to improved quality and increased exports.

Pome fruit harvesting had commenced as at 31 March 2018 with 48% of the harvest in. At that date, revenue at US\$0.21 million was 44% ahead of the prior comparative period due to improved quality of the crop. The current year overall production volume for pome fruit is expected to be much higher than prior year as the production capacity of the young orchards continues to increase in line with expectations.

Other products

The products described above contributed an aggregate of 81% towards the Group's revenue. The other products representing 19% of the Group's revenue contributed positively to overall performance with revenue attributable to these products being 3% above the prior comparative period.

OUTLOOK

Due to the cyclical nature of our agricultural model, the second half of the year represents the harvesting and selling season for the majority of our products. The positive trends apparent in the first half of the year will be enhanced in the second half of the year.

DIVIDEND

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

DIRECTORATE

Mr. C. Mudenda resigned from the Board on 31 December 2017. We thank him for his contribution to the Group.

APPRECIATION

Management and staff are grateful for the continued support given by the Board, Shareholders, the Reserve Bank of Zimbabwe and the Group's various stakeholders.

BY ORDER OF THE BOARD

P.T. SPEAR
CHIEF EXECUTIVE OFFICER

22 MAY 2018

Abridged Group Statement of Cash Flows

All figures in US\$	UNAUDITED Half Year ended 31-Mar-18	UNAUDITED Half Year ended 31-Mar-17
Cash flows from operating activities		
Profit/(loss) before interest and taxation	1,132,455	(1,188,725)
Non-cash items	277,872	609,123
Cash inflow/(outflow) from operations	1,410,327	(579,602)
Finance costs	(668,282)	(709,637)
Income taxes paid	-	-
Changes in working capital	(1,880,217)	459,865
Cash utilised in operating activities	(1,138,172)	(829,374)
Cash flows from investing activities		
Cash utilised in investing activities	(618,456)	(863,225)
Cash utilised in investing activities	(618,456)	(863,225)
Cash flows from financing activities		
Cash generated from financing activities	2,005,954	1,686,585
Cash generated from financing activities	2,005,954	1,686,585
Net cash inflow/(outflow)	249,326	(6,014)
Cash and cash equivalents at beginning of period	167,863	142,375
Cash and cash equivalents at end of period	417,189	136,361

Abridged Group Statement of Changes in Equity

All figures in US\$	Share Capital	Share Premium	Share-based Payment Reserve	Distributable Reserves	Total
Balance as at 30 September 2016 (as reported)	1,600,795	10,756,492	940	3,835,293	16,193,520
Total comprehensive loss for the period	-	-	-	(1,998,930)	(1,998,930)
Balance as at 31 March 2017 (as reported)	1,600,795	10,756,492	940	1,836,363	14,194,590
Change in accounting policy*	-	-	-	(433,605)	(433,605)
Share issue	20,000	80,000	-	-	100,000
Total comprehensive income for the period	-	-	-	237,336	237,336
Balance as at 30 September 2017	1,620,795	10,836,492	940	1,640,094	14,098,321
Share issue	6,600	85,800	-	-	92,400
Total comprehensive income for the period	-	-	-	28,481	28,481
Balance as at 31 March 2018	1,627,395	10,922,292	940	1,668,575	14,219,202

* The change in accounting policy is an adjustment to opening balances arising from the adoption of amendments to IAS16 and IAS41 effective of 1 October 2015, consequently, in the context of these financial results, the change in accounting policy reflects an adjustment to the opening balance as at 30 September 2016 (as reported 31 March 2017).

Supplementary Information

All figures in US\$	UNAUDITED Half Year ended 31-Mar-18	UNAUDITED Half Year ended 31-Mar-17	AUDITED As at 30-Sep-17		
1. Depreciation					
Depreciation of property, plant and equipment excluding bearer plants	509,081	479,459			
Depreciation of bearer plants	325,848	347,785			
	834,929	827,244			
2. Income tax expense					
Current tax	-	-			
Deferred tax	435,692	100,568			
	435,692	100,568			
3. Capital expenditure for the period					
Capital expenditure incurred on property, plant and equipment excluding bearer plants	555,599	871,272			
Capital expenditure incurred on bearer plants	142,857	86,516			
	698,456	957,788			
4. Commitments for capital expenditure					
Authorised by directors but not contracted	493,787	248,791			
	493,787	248,791			
The capital expenditure will be financed out of the Group's own resources and existing facilities.					
5. Trade and other payables					
Trade payables	1,702,889	2,602,451	1,671,790		
Other payables	4,248,382	6,146,641	5,071,054		
	5,951,271	8,749,092	6,742,844		
6. Borrowings					
Long-term borrowings	13,900,988	7,949,036	10,775,017		
Short-term borrowings	3,138,239	6,039,722	4,258,256		
	17,039,227	13,988,758	15,033,273		
The weighted average effective interest rate on borrowings is 8% per annum (30-Sep-17: 8% per annum). Borrowings are secured by property, plant and equipment and trade and other receivables of the Group.					
7. Reportable segments					
All figures in US\$	Southdown Estates	Claremont Estate	Kent Estate	Corporate Office	Total
31 March 2018					
Segment revenue	3,834,940	868,122	606,935	-	5,309,997
Segment EBITDA (excluding fair value adjustments)	470,999	70,995	(236,017)	1,158,699	1,464,676
Segment depreciation	(437,673)	(129,486)	(72,154)	(195,616)	(834,929)
31 March 2017					
Segment revenue	2,465,007	681,136	333,843	-	3,479,986
Segment EBITDA (excluding fair value adjustments)	(78,746)	(68,830)	(143,976)	(277,003)	(568,555)
Segment depreciation	(404,969)	(147,385)	(79,906)	(194,984)	(827,244)
8. Currency of reporting					
The Group financial results reflect United States Dollars (US\$). This is the functional currency of the Group.					
9. Statement of compliance					
The Group financial results have been prepared in accordance with International Financial Reporting Standards (IFRS), the requirements of the Companies Act (Chapter 24:03), the Zimbabwe Stock Exchange rules and the relevant Statutory Instruments.					
10. Basis of preparation					
The Group financial results have been prepared on the historical cost basis except for biological assets (excluding bearer plants) and financial instruments that are measured at fair value less costs to sell and fair value respectively.					
11. Accounting policies					
The Group has adopted all the new and revised accounting pronouncements applicable for the period ending 31 March 2018 as issued by the International Accounting Standards Board (IASB). The accounting policies adopted in the preparation of the consolidated financial statements as at 30 September 2017 have been consistently applied in these Group financial results.					
12. Contingent liabilities					
There were no contingent liabilities at reporting date.					
13. Going concern					
The directors have assessed the ability of the Group to continue operating as a going concern by reviewing the prospects of the Group; these assessments considered the Group's financial performance for the half year ended 31 March 2018, the financial position as at 31 March 2018 and the current and medium term forecasts for the Group. Based on this background, the directors have every reason to believe that the Group has adequate resources to continue in operation for the foreseeable future. Accordingly, these financial results were prepared on a going concern basis.					
14. Events after reporting date					
There have been no significant events after reporting date at time of issuing these financial results.					

Abridged Group Statement of Profit or Loss and Other Comprehensive Income

All figures in US\$	Notes	UNAUDITED Half Year ended 31-Mar-18	UNAUDITED Half Year ended 31-Mar-17
Revenue	7	5,309,997	3,479,986
Cost of production		(4,024,746)	(2,662,667)
Gross profit		1,285,251	817,319
Other operating income		1,271,783	158,803
Operating expenses		(2,557,034)	(976,122)
Profit/(loss) from operations		629,747	(1,395,799)
Fair value adjustments		502,708	210,074
Share of loss of a joint venture		-	(3,000)
Profit/(loss) before interest and taxation		1,132,455	(1,188,725)
Finance costs		(668,282)	(709,637)
Profit/(loss) before taxation		464,173	(1,898,362)
Income tax expense	2	(435,692)	(100,568)
Profit/(loss) for the period		28,481	(1,998,930)
Other comprehensive income (net of tax)		-	-
Total comprehensive income/(loss) for the period		28,481	(1,998,930)
Number of shares in issue		1,627,395,595	1,600,795,595
Weighted average number of shares in issue		1,621,895,595	1,600,795,595
Earnings/(loss) per share (cents)			
Basic earnings/(loss) per share		0.0018	(0.12)
Diluted earnings/(loss) per share		0.0018	(0.12)

Abridged Group Statement of Financial Position

All figures in US\$	Notes	UNAUDITED As at 31-Mar-18	UNAUDITED As at 31-Mar-17	AUDITED As at 30-Sep-17
ASSETS				
Non-current assets				
Property, plant and equipment		32,893,662	30,209,790	33,030,136
Biological assets		265,115	-	293,128
Investment in joint ventures		-	-	-
Investments		-	25,650	25,650
Deferred tax		4,739,507	5,456,700	5,080,894
		37,898,284	35,692,140	38,429,808
Current assets				
Biological assets		4,667,329	7,953,551	4,136,608
Inventories		2,270,790	1,569,323	1,085,686
Trade and other receivables		1,065,113	854,116	998,217
Cash and cash equivalents		417,189	136,361	167,863
		8,420,421	10,513,351	6,388,374
TOTAL ASSETS		46,318,705	46,205,491	44,818,182
EQUITY				
Share capital and reserves				
Share capital		1,627,395	1,600,795	1,620,795
Share premium		10,922,292	10,756,492	10,836,492
Share-based payment reserve		940	940	940
Distributable reserves		1,668,575	1,836,363	1,640,094
		14,219,202	14,194,590	14,098,321
LIABILITIES				
Non-current liabilities				
Borrowings	6	13,900,988	7,949,036	10,775,017
Deferred tax		8,884,093	9,106,167	8,789,788
Finance lease obligation		124,604	89,095	84,180
		22,909,685	17,143,298	19,648,985
Current liabilities				
Trade and other payables	5	5,951,271	8,749,092	6,742,844
Borrowings	6	3,138,239	6,039,722	4,258,256
Finance lease obligation		100,308	78,789	69,776
		9,189,818	14,867,603	11,070,876
TOTAL EQUITY AND LIABILITIES		46,318,705	46,205,491	44,818,182

DIRECTORS: Mr. A.C. Jongwe (Chairman), Mr. P.T. Spear* (Chief Executive Officer), Mr. I. Chagonda, Mr. C.P. Conradie, Dr. A.J. Masuka, Mrs. T.C. Mazingi, Mr. J.W. Riekert * Executive