ARISTON

HOLDINGS LIMITED

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

ABRIDGED AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

Chairman's Statement

OVERVIEW

The environment continued to be very challenging and was characterised by low consumer spend due to constrained disposable incomes.

The high interest rates and short tenures in the market continued to be a significant risk to the business. The financial markets have continued to provide short term finance that is not in line with the long term nature of our plantation investments, which require long dated debt and single digit interest rates.

As previously stated, support from the major shareholder, Origin Global Holdings ("Origin"), has remained unwavering. During the period under review, US$4.0 million of Origin debt was converted into equity effective of 10 August 2016. As part of that transaction Origin conceded to a write off of cumulative interest on the debt amounting to US$3.3 million (2015: US$1.5 million). This resulted in a reversal of current period interest expense amounting to US$1.8 million and interest expense relating to prior periods amounting to US$1.5 million; the effect of this transaction on profit or loss is reflected in the finance costs reversal line. The Group is fully aware that this positive development can be improved by the restructuring of its remaining debt. To date there has been a reduction in average cost of debt from 19% per annum to 10% per annum.

FINANCIAL RESULTS

After further rationalisation, the Group's revenues declined from US$11.8 million to US$9.2 million. Current year total comprehensive income improved to US$0.1 million from a comprehensive loss of US$5.1 million incurred in prior year. The Group's gearing ratio improved to 69% from 110% in prior year. Total liabilities were reduced to US$30.1 million from US$33.4 million in prior year as the statement of financial position is being aligned to remaining Group activities.

VOLUMES AND OPERATIONS

Macadamia and Tea

Macadamia volumes declined to 1,317 tonnes nut-in-shell from 1,385 tonnes in 2015. Overall the quality was acceptable with some orchards recording exceptional quality. International macadamia prices and demand remained very firm. Once again, all indications are that the prices will remain high. Approximately half of next season's crop has been forward-contracted at these favourable prices.

As mentioned in our half year report, tea production was affected by the low rainfall received in the first half of the year coupled with power outages which affected our ability to irrigate. Nevertheless, bulk tea sales for the year increased by 5% to 1,205 tonnes (2015: 1,170 tonnes). The quality was acceptable. Export tea prices across all grades were weak in the period under review. Accordingly, this affected tea contributions to the Group's financial performance. Predictions on the world market are that tea pricing will continue to be soft on the back of high tea production and subdued demand from major consumers.

The transfer of distribution of blended teas from FAVCO to Brands Africa in April 2015 has brought financial viability to blended teas despite a decline in local sales prices through the leaner and more efficient channel. The trading environment continued to be difficult and blended tea sales volumes suffered a 12% decline to 652 tonnes (2015: 740 tonnes).

The Group has continued to focus on maintaining its certification by Rain Forest Alliance thereby ensuring access to international markets for tea and macadamia.

A macadamia drying facility was constructed during the period under review. This project is expected to be completed by early December 2016, well in time for utilisation during the 2017 harvest period. This facility will significantly improve the quality of our product, thereby improving price. Being fully automated and using renewable energy, it will lead to lower post-harvest costs and improved returns. The speed to market will be significantly enhanced.

Horticulture

Stone fruit production volumes increased from 465 tonnes in prior year to 776 tonnes in the period under review as yields from the young orchards planted in 2012 improved. The yields are expected to continue on an upward trend for next year as well. These results have placed a lot of pressure on post-harvest management which is being dealt with.

Pome fruit production volumes decreased 12% from 1,174 tonnes in prior year to 1,032 tonnes in the period under review. While fruit count was acceptable the fruit size was below expectation as a result of moisture stress linked to erratic power supplies. Going forward power outage risk has been mitigated with the rehabilitation of a micro-hydro power plant on Claremont Estate which should see power availability stabilising. The micro-hydro power plant is expected to be commissioned in December 2016.

Potato production volumes were significantly lower than prior year as cropping was deliberately reduced given the risk identified on irrigation and power outages.

Summer Crops

Kent successfully grew seed and commercial maize under irrigation. Low dam levels will limit cropping in the year ahead unless sufficient rains are received.

Poultry

Poultry production for the year stood at 909,790 birds, up from 865,270 birds in 2015. Kent continued to be an outgrower for Irvines. Site 2 at Kent remained unavailable for production due to farm disruptions. The flock performances continued to show improvement on prior year.

Business Unit Financial Performance

Southdown Estates continued to be the dominant contributor to the Group's revenues at US$7.1 million or 77% of the Group's revenue (2015: US$8.8 million or 75% of Group revenues). However, its operating profit reduced to US$1.3 million, from US$2.5 million in prior year. Fair value adjustments were higher at US$3.4 million compared to an adjustment of US$1.7 million in prior year as a result of increased tea output and improvement in macadamia quantity and quality.

Claremont Estate's revenues for the year declined by 44% to US$1.1 million (2015:US$2.0 million). This resulted in the operating loss increasing to US$0.6 million from a prior year loss of US$0.1 million.

Kent Estate recorded a 9% decrease in its current year revenue to US$1.0 million from US$1.1 million in prior year. In spite of the drop in revenues, the operating loss narrowed to US$0.5 million from US$0.9 million in prior year.

Withdrawal of Kent Estate Offer Letter

On 12 April 2016, the Group received communication from the Ministry of Lands and Rural Resettlement advising of the intention to withdraw Kent Estate's offer letter notwithstanding the existence of a valid BIPPA agreement. This notice has been challenged and negotiations for an amicable resolution are underway. Shareholders will be updated on the outcome of these discussions.

OUTLOOK

The Southdown Estates' production prospects are very positive so far. The tea production volumes are expected to increase by 60% on the current year volumes. So far limited rainfall and hot temperatures being experienced have resulted in low early season production. However, the season is predicted to have above normal rains. Inputs at higher levels than prior year are in place thus giving the comfort that the season ahead will show an improvement on current year.

Blended tea sales are expected to improve marginally as marketing activities increase.

The macadamia crop on the trees is good and it is expected to exceed previous levels. Measures have been taken to further improve the quality in line with the stringent export markets' requirements. Macadamia prices remain firm and there has been strong interest from established buyers.

Pome fruit and stone fruit have shown a significant improvement on prior year production. Marketing activities have been enhanced so as to improve the sales uptake. New export markets are being explored given the significant increase in the yields coupled to a limited local market.

The young pome fruit orchards will be in their second year of production. The combination of the improved yields from the young orchards and the mature orchards will result in significantly higher production volumes from now on. These orchards still have potential to double yields over the next few seasons.

The Group's ability to manage working capital will continue to be a critical success factor.

DIVIDEND

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

DIRECTORATE

Dr. R. Mupawose, who was the Board Chairman and had been a member of the Board for over 25 years retired from the Board on 26 February 2016. We would like to thank him for his wise counsel and guidance during his tenure.

Mrs. S.G. Chella also retired from the Board on 26 February 2016. We thank her for the commitment and immense contribution to the Board.

Dr. A.J. Masuka and Mr. H.A. Nolte were appointed to the Board on 26 February 2016. I replaced Dr. R. Mupawose as Board chairman on the same date.

APPRECIATION

I wish to extend my appreciation to all our customers, suppliers, staff, shareholders, strategic partners and my fellow board members for their unwavering support for the business.

FOR AND ON BEHALF OF THE BOARD

MR. A.C. JONGWE
CHAIRMAN

15 DECEMBER 2016

Abridged Group Statement of Financial Position

All figures in US$	Audited As at 30-Sep-16	Audited As at 30-Sep-15
ASSETS		
Non - current assets		
Property, plant and equipment	9,987,720	10,613,666
Biological assets - bearer	23,155,151	20,370,564
Investment in a joint venture	-	-
Investments	25,650	25,650
Deferred tax	5,572,662	5,558,981
	38,741,183	**36,568,861**
Current assets		
Biological assets - consumable	7,422,932	7,965,734
Inventories	891,706	1,532,211
Trade and other receivables	1,027,365	1,353,694
Cash and cash equivalents	142,375	77,878
	9,484,378	**10,929,517**
Total assets	**48,225,561**	**47,498,378**
EQUITY		
Share capital and reserves		
Share capital	1,600,795	1,378,595
Share premium	10,756,492	7,059,932
Share-based payments reserve	940	2,468
Non-distributable reserves	-	10,998,626
Distributable reserves	5,807,791	(5,317,002)
	18,166,018	**14,122,619**
LIABILITIES		
Non-current liabilities		
Borrowings	7,212,577	10,042,135
Deferred tax	9,805,627	9,318,312
Finance lease obligation	53,402	60,181
	17,071,606	**19,420,628**
Current liabilities		
Trade and other payables	7,784,859	8,446,099
Borrowings	5,099,065	5,463,862
Finance lease obligation	104,013	45,170
	12,987,937	**13,955,131**
Total equity and liabilities	**48,225,561**	**47,498,378**

Abridged Group Statement of Profit or Loss and Other Comprehensive Income

All figures in US$	Audited Year ended 30-Sep-16	Audited Year ended 30-Sep-15
CONTINUING OPERATIONS		
Revenue	**9,199,482**	**11,779,732**
Profit before interest and taxation	808,949	428,628
Loss from operations	(1,224,041)	(305,500)
Fair value adjustments	2,095,990	802,703
Share of loss of a joint venture	(63,000)	(68,575)
Finance costs reversal	3,345,033	-
Finance costs	(3,555,709)	(2,986,818)
Profit/(loss) before taxation	598,273	(2,558,190)
Income tax (expense)/credit	(473,634)	850,427
Profit/(loss) for the period from continuing operations	124,639	(1,707,763)
DISCONTINUED OPERATIONS		
Loss for the period from discontinued operations	-	(3,436,756)
Profit/(loss) for the period	124,639	(5,144,519)
Other comprehensive income	-	-
Total comprehensive income/(loss) for the period	**124,639**	**(5,144,519)**
Number of shares in issue	**1,600,795,595**	**1,378,595,595**
Number of shares in issue (weighted)	**1,415,788,928**	**1,378,595,595**
Profit/(loss) per share (Dollars)		
-Basic	**0.00009**	**(0.0037)**
-Diluted	**0.00009**	**(0.0037)**

Abridged Group Statement of Cash Flows

All figures in US$	Audited Year ended 30-Sep-16	Audited Year ended 30-Sep-15
Cash flows from operating activities		
Profit before interest and taxation	808,949	428,628
Non-cash items	847,964	346,105
Cash inflow from operations	1,656,913	774,733
Finance costs	(3,555,709)	(2,986,818)
Income taxes paid	-	-
Change in working capital	305,594	804,316
Cash utilised in operating activities - continuing operations	(1,593,202)	(1,407,769)
Cash utilised in operating activities - discontinued operations	-	(157,679)
Cash utilised in operating activities	**(1,593,202)**	**(1,565,448)**
Cash flows from investing activities		
Cash utilised in investing activities - continuing operations	(652,972)	(602,778)
Cash generated from investing activities - discontinued operations	-	158,377
Cash utilised in investing activities	**(652,972)**	**(444,401)**
Cash flows from financing activities		
Cash generated from financing activities - continuing operations	2,310,671	2,102,593
Cash utilised in financing activities - discontinued operations	-	(74,990)
Cash generated from financing activities	**2,310,671**	**2,027,603**
Net cash inflow	**64,497**	**17,754**
Cash and cash equivalents at beginning of period	77,878	60,124
Cash and cash equivalents at end of period	**142,375**	**77,878**

Abridged Group Statement of Changes in Equity

All figures in US$	Share capital	Share premium	Share-based payment reserve	Non-distributable reserves	Distributable reserves	Total
Balance as at 30 September 2014	**1,378,595**	**7,059,932**	**9,697**	**10,998,626**	**(179,712)**	**19,267,138**
Transfer to distributable reserves on share options expired	-	-	(7,229)	-	7,229	-
Total comprehensive loss for the period	-	-	-	-	(5,144,519)	(5,144,519)
Balance as at 30 September 2015	**1,378,595**	**7,059,932**	**2,468**	**10,998,626**	**(5,317,002)**	**14,122,619**
Transfer to distributable reserves on share options expired	-	-	(1,528)	-	1,528	-
Transfer to distributable reserves*	-	-	-	(10,998,626)	10,998,626	-
Share issue through debt-to-equity conversion	222,200	3,777,800	-	-	-	4,000,000
Share issue expenses	-	(81,240)	-	-	-	(81,240)
Total comprehensive income for the period	-	-	-	-	124,639	124,639
Balance as at 30 September 2016	**1,600,795**	**10,756,492**	**940**	**-**	**5,807,791**	**18,166,018**

* The directors resolved to transfer an amount totaling US$10,998,626 from non-distributable reserves to distributable reserves. Non-distributable reserves arose as a result of change in functional currency from Zimbabwe dollars to United States of America dollars.

Supplementary Information

All figures in US$	Audited Year ended 30-Sep-16	Audited Year ended 30-Sep-15
1. Depreciation of property, plant and equipment	**1,103,570**	**1,152,494**
2. Capital expenditure for the period	**565,350**	**628,310**
3. Trade and other payables		
Trade	1,038,981	3,192,699
Other	6,745,878	5,253,400
	7,784,859	**8,446,099**
4. Borrowings		
Long-term	7,212,577	10,042,135
Short-term	5,099,065	5,463,862
	12,311,642	**15,505,997**

The weighted average effective interest rate on borrowings is 10% per annum (2015: 19% per annum). A loan obtained from one financial institution is covered by a "note-of-hand" over Southdown Estate property and loans obtained from two financial institutions are secured by Notarial General Covering bonds over movable assets and supported by cession of the Group's multi-peril insurance.

5. Commitments for capital expenditure		
Authorised by directors but not contracted	1,120,063	1,131,316
	1,120,063	**1,131,316**

The capital expenditure is to be financed out of the Group's own resources and existing facilities.

6. Reportable Segments

All figures in US$	Southdown Estates	Claremont Estate	Kent Estate	Corporate Office	Adjustments & Eliminations	Total
30 September 2016						
Segment revenue	7,135,875	1,104,105	959,502	-	-	**9,199,482**
Segment EBITDA (excluding fair value adjustments)	1,301,212	(647,578)	(456,240)	(381,496)	-	**(184,102)**
Segment depreciation	(354,442)	(169,907)	(210,390)	(368,831)	-	**(1,103,570)**
Segment assets	21,058,232	6,112,543	3,421,417	12,060,707	5,572,662	**48,225,561**
Segment liabilities	(3,913,741)	(7,064,112)	(5,936,312)	(3,339,751)	(9,805,627)	**(30,059,543)**
30 September 2015						
Segment revenue	8,753,642	1,976,077	1,050,013	-	-	**11,779,732**
Segment EBITDA (excluding fair value adjustments)	2,500,600	(140,693)	(916,814)	(596,100)	-	**846,993**
Segment depreciation	(324,964)	(180,644)	(228,051)	(418,835)	-	**(1,152,494)**
Segment assets	27,510,686	6,377,802	2,774,633	5,276,276	5,558,981	**47,498,378**
Segment liabilities	(2,703,283)	(636,765)	(980,114)	(19,737,285)	(9,318,312)	**(33,375,759)**

7. Currency of reporting
The Group's abridged financial results reflect United States dollars (US$). This is the functional currency of the Group.

8. Statement of compliance
The Group's financial statements which are summarised by these abridged financial results have been prepared in compliance with International Financial reporting Standards ("IFRS") promulgated by the International Accounting Standards Board (IASB), which includes standards and interpretations approved by the IASB as well as the Standing Interpretations Committee (SIC).

The abridged financial results do not include all the information and disclosures to fully comply with IFRS and should be read in conjunction with the Group's financial statements which are available on the Company's website.

9. Basis of preparation
The abridged financial results have been prepared on the historical cost basis except for certain biological assets and financial instruments that are measured at fair values.

10. Accounting policies
The accounting policies adopted in the preparation of the consolidated financial statements for the year ended 30 September 2015 have been consistently applied in the preparation of these abridged financial results.

11. Going concern
The Directors have assessed the ability of the Company and its subsidiaries to continue as a going concern and believe that the preparation of the consolidated financial statements from which these abridged financial results are derived on a going concern basis is appropriate.

The Group incurred a loss from operations of US$1,224,041 (2015: US$305,000). As at 30 September 2016 the Group's current liabilities exceeded the current assets by US$3,503,559 (2015: US$3,025,614).

12. Audit opinion
The Group's auditors, Deloitte & Touche, have issued an unqualified opinion with an Emphasis on Matter on going concern on the Group's consolidated financial statements with respect to the operating losses, working capital deficits and the notice to withdraw the offer letter on Kent Estate. The signed audit opinion is available for inspection at the Company's registered office.

13. Events after reporting date
There have been no significant events after the reporting date.

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. H.A. Nolte *Executive