ARISTON HOLDINGS LIMITED

ARISTON
HOLDINGS LIMITED

ANNUAL REPORT 2018

CONTENTS

CORPORATE STRUCTURE

ARISTON HOLDINGS LIMITED

100% ARISTON MANAGEMENT SERVICES (PRIVATE) LIMITED

100% CLAREMONT ORCHARDS HOLDINGS (PRIVATE) LIMITED

Property owning company.

100% SOUTHDOWN HOLDINGS (PRIVATE) LIMITED

Property owning company.

100% CLAREMONT ORCHARDS 1988 (PRIVATE) LIMITED

Property owning company.

100% CLAREMONT ESTATE

A division of Ariston Management Services (Private) Limited

Situated in the Nyanga area with a unique micro climate for horticultural production. Claremont Estate is one of country's major producers of pome and stone fruit.

100% SOUTHDOWN ESTATE

A division of Ariston Management Services (Private) Limited

Comprises three estates in the picturesque Chipinge and Chimanimani areas of Zimbabwe with 1,140 hectares of tea, 510 hectares of macadamia nuts, 40 hectares of bananas and 12 hectares of avocados. This division is also involved in the packaging of tea for the domestic market. Infrastructural development includes tea factories, schools, clinics and workers' housing.

100% Kent ESTATE

A division of Ariston Management Services (Private) Limited

Situated in Norton with 5 hectares of greenhouse vegetables. The estate has capacity to produce over one million broilers a year and has beef cattle, irrigated crops and dry land crops.

75%
NYANGA TROUT FARMING (PRIVATE) LIMITED

Joint venture with Three Streams Holdings (Proprietary) Limited

A joint venture between Ariston Management Services (Private) Limited and Three Streams Holdings (Proprietary) Limited which was formed to engage in trout farming at the Claremont Trout Farm situated at Claremont Estate in the Nyanga area of Zimbabwe. This entity was placed under voluntary liquidation.

55%
CLAREMONT POWER STATION

Joint venture with Goldsaif (Private) Limited

A joint venture between Ariston Management Services (Private) Limited and Goldsaif (Private) Limited formed to rehabilitate the micro-hydro electricity generation facilities at Claremont Estate to enable uninterrupted electricity supply at Claremont Estate. It produces 270KWH of electricity at maximum capacity.

FINANCIAL HIGHLIGHTS

FOR THE YEAR ENDED 30 SEPTEMBER 2018

	2018	2017
GROUP SUMMARY (US$)		
Revenue	14,130,164	10,957,560
Earnings before interest, tax, depreciation and amortisation (EBITDA) excluding fair value adjustments	5,554,460	1,861,565
Finance costs	(1,081,465)	(1,885,524)
Profit/(loss) before taxation	3,662,410	(1,451,225)
Profit/(loss) attributable to shareholders	2,854,119	(1,761,594)
Cash generated from/(utilised in) operating activities	564,076	(1,141,699)
Capital expenditure	(1,711,159)	(1,564,174)
Cash resources net of short-term borrowings and short-term finance lease obligations (deficit)	(2,258,265)	(4,160,169)
Total assets employed	46,375,431	44,818,182
ORDINARY SHARE PERFORMANCE		
Number of ordinary shares in issue	1,627,395,595	1,620,795,595
Weighted average number of shares in issue	1,622,445,595	1,605,795,595
Basic earnings/(loss) per ordinary share (dollars)	0.0018	(0.0011)
Ordinary shareholders' equity per ordinary share (dollars)	0.010	0.009
Market price per ordinary share at year end (dollars)	0.016	0.027
Industrial Index - 30 September	386.97	418.39
FINANCIAL STATISTICS		
Interest cover (times)	4.39	0.23
Ordinary shareholders' equity to total assets (%)	36.75	31.46
Return on shareholders equity (%)	16.74	(12.50)

DIRECTORATE AND ADMINISTRATION

DIRECTORS

Non-Executive

A.C. Jongwe	Chairman
I. Chagonda	
C.P. Conradie	
Dr. A.J. Masuka	
T.C. Mazingi	
C. Mudenda	(resigned 31 December 2017)
J.W. Riekert	

Executive

P.T. Spear	Group Chief Executive Officer

BOARD COMMITTEES

Audit and Risk Committee

I. Chagonda	Chairman
C.P. Conradie	
A.C. Jongwe	
J.W. Riekert	

Human Resources and Remuneration Committee

C.P. Conradie	Chairman
A.C. Jongwe	
T.C. Mazingi	
P.T. Spear	

Operations/Technical Committee

Dr. A.J. Masuka	Chairman
C.P. Conradie	
P.T. Spear	

SENIOR MANAGEMENT

Head Office

P.T. Spear	Group Chief Executive Officer
R.A. Chinamo	Group Finance Director
B.T. Kagondo	Group Human Resources Executive
F. Kunje	Group Internal Auditor

Operations

E. Chafewa	Safety, Health and Environment Manager - Southdown Estates
W. Chibonda	Estate Manager - Roscommon Estate
E. Makandwa	Estate Manager - Claremont Estate
W. Mangezi	Manager - Blended Tea Factory
G. Manyukwa	Engineer - Southdown Estates
J. Mbewe	Operations Manager - Kent Estate
I. Mukandi	Senior Estate Manager - Clearwater Estate and Southdown Estates
J. Zindi	Estate Manager - Southdown Estate

REGISTERED OFFICE
306 Hillside Road
Msasa Woodlands
P.O. Box 4019
Harare

COMPANY SECRETARY
R.A. Chinamo

SHARE TRANSFER SECRETARIES
ZB Transfer Secretaries (Private) Limited
21 Natal Road
P.O. Box 2540
Avondale
Harare

AUDITORS
Deloitte & Touche Chartered Accountants (Zimbabwe)
West Block, Borrowdale Office Park
Borrowdale Road, Borrowdale
P.O. Box 267
Harare

BANKERS
CBZ Bank Limited
Metbank Limited
Nedbank Zimbabwe
Stanbic Bank Limited

CHAIRMAN'S STATEMENT

"The Group's financial position continues to improve. The majority of our crops are destined for the export market, and as long as the Group continues to focus on quality and maintaining its international accreditation, the strides made in 2018 will be improved upon."

MR. A.C. JONGWE - CHAIRMAN

INTRODUCTION

As a predominantly foreign currency generator, the Group was able to ensure minimal disruptions to operations in the prevailing economic environment.

FINANCIAL RESULTS

The Group's revenue increased by 29% from US$11.0 million recorded in prior year to US$14.1 million in the current year. Gross margin for the year increased to 36% from 31% in prior year. Operating expenses declined by 4% as cost cutting measures introduced continue to bear fruit. Profit before taxation of US$3.7 million was achieved compared to a loss before taxation of US$1.5 million in prior year.

REVIEW OF OPERATIONS

Tea

Production volume at 3,285 tonnes was 35% up on prior year. Average selling prices increased to US$1.82/kg from US$1.73/kg. Overall demand for tea remained firm during the year.

Macadamia

Production volume at 1,351 tonnes, was marginally ahead of the prior year level of 1,324 tonnes. Average selling price improved by 18% on prior year. International macadamia prices and demand remained firm.

Fruit

Revenue for the fruit category comprising of pome fruit, stone fruit, avocado and banana increased by 64% from prior year. The increase in pome and stone fruit revenue was driven by improved average selling prices due to overall improvements in fruit quality and size with production volumes little changed from prior year. There were modest increases in avocado and banana production volumes with the average selling price for avocado remaining unchanged from prior year while the average selling price for banana was down 12% on prior year.

Business unit financial performance

Southdown Estates (comprising of Southdown, Clearwater, Roscommon and Blended Tea Factory) continued to be the Group's dominant contributor to both revenue and profitability. In the current year Southdown Estates' contribution to overall revenue declined to 80% from 83% in prior year, which is attributable to improved contribution to Group revenue by Claremont Estate and Kent Estate.

OUTLOOK

The 2019 agricultural season has commenced on a good note. The Group's financial position continues to improve. The majority of our crops are destined for the export market, and as

CHAIRMAN'S STATEMENT - Continued

OUTLOOK - continued

long as the Group continues to focus on quality and maintaining its international accreditation, the strides made in 2018 will be improved upon.

Early indications are that export prices and demand will continue to be firm for the forthcoming season.

The Group is still investing heavily in enhancing its future growth and performance by making substantial capital expenditure and repairs and maintenance.

DIVIDEND

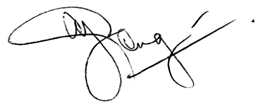
In view of the Group's need to generate and preserve the available cash so as to clear all legacy debt, the Board has seen it prudent not to declare a dividend

DIRECTORATE

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

APPRECIATION

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.



ALEXANDER CRISPEN JONGWE
CHAIRMAN

28 DECEMBER 2018

GROUP OPERATIONAL OVERVIEW

"Preparations for the ensuing season have progressed well. The irrigation infrastructure is in good working order and the Estate dams have sufficient water levels. All scheduled plant maintenance was completed in time for the season ahead. This coupled with the fact that the orchards are all in good condition gives the comfort that the season ahead will continue to show an improvement on the current year."

MR. P.T. SPEAR - CHIEF EXECUTIVE OFFICER

INTRODUCTION

The Group experienced a good agricultural season. The rainfall levels were sufficient for the Group's farming requirements; this enabled the Group's operations to leverage off the good base set in prior financial periods resulting in an overall improvement in the Group's financial performance.

The Group continued on its focus on maintaining and improving on its Rain Forest Alliance accreditation so as to maintain its access to the international market for its macadamia and tea. These two crops currently underpin the Group's activities.

VOLUMES AND OPERATIONS

Tea

Export tea production volumes increased from 1,394 tonnes to 2,156 tonnes in current year. Average selling prices increased by 5%. New and additional processing lines were acquired and installed in the current year. The effect of the new equipment on operations will be more evident in the ensuing season in that the overall quality of tea will improve further.

Local tea production volumes increased by 9% from 1,040 tonnes to 1,129 tonnes. Average selling prices were up 14% on prior year.

Macadamia

Production volume at 1,351 tonnes, was marginally ahead of the prior year level of 1,324 tonnes. The average selling price for the current year was up 18% on prior year due to overall quality improvement driven by improved farming techniques coupled with improved processing quality. The macadamia drying facility installed in late 2016 has had such a positive impact on processing quality however during the year, capacity constraints limited the drying facility's throughput to approximately 65% of the total crop. Accordingly, the Board has approved a new project to increase the drying facility's capacity in order to enable the entire crop to be processed to the specification required by the upper tier markets. A further improvement in average selling prices should ensue.

Stone fruit

Current year production decreased to 883 tonnes from 943 tonnes in the prior year due to heavy pruning undertaken on the young orchards undertaken to ensure improvement in fruit size and quality. As a result, the average selling price was up 60% on prior year. Before year end, the Group had obtained the requisite approval for sales to new export markets in the ensuing season which commenced in October 2018. The export of a significant portion of the crop will increase export earnings for the Group while ensuring the local market demand remains buoyant.

Pome fruit

Production volumes decreased marginally by 4% to 1,093 tonnes from the prior year level of 1,133 tonnes, as once again the result of regular maintenance on the orchards by pruning techniques yielded positive results on both fruit size and quality. Average selling prices were up 56% on prior year due to the coupled effect of improved local market pricing and enhanced product quality.

GROUP OPERATIONAL OVERVIEW - Continued

Avocado
The avocado production improved to 160 tonnes, a 20% increase on prior year volumes. The average selling price remained in line with prior year. This crop is primarily grown for the export market.

Summer cropping
Kent Estate had significant improvements in the year under review. Kent successfully grew and delivered 1,202 tonnes of commercial maize to the Grain Marketing Board.

Potato
Potato production volumes increased to 801 tonnes from 654 tonnes in prior year.

Bananas
Banana production volumes improved from 790 tonnes in prior year to 1,140 in current year. However, the average selling prices declined by 12%.

Poultry
Resolution of the issues relating to the proposed withdrawal of Kent Estate's offer letter at the end of prior year resulted in the Group being able to increase its capacity utilisation in the year under review. Accordingly, a second poultry site was refurbished and utilised during the current year. This enabled poultry production to increase from 0.7 million birds in prior year to 1.2 million birds in the current year.

Business unit financial performance
Southdown Estates continued to be the Group's dominant contributor to both revenue and profitability. Southdown Estates comprising of Southdown, Clearwater, Roscommon and Blended Tea Factory achieved revenue of US$11.3 million, which is 80% of the Group's total revenue (2017: US$9.0 million or 83% of the Group's total revenue). Southdown's earnings before depreciation, interest, tax and amortisation (EBITDA) excluding fair value adjustments improved to US$4.0 million from US$2.8 million in prior year.

Claremont Estate's revenue for 2018 improved to US$1.5 million from US$1.0 million in prior year. The Estate's EBITDA excluding fair value adjustments was a loss of US$0.07 million, a reduction from the loss of US$0.5 million incurred in prior year.

Kent Estate's revenue for 2018 improved to US$1.4 million from US$0.9 million achieved in prior year. Its EBITDA excluding fair value adjustments was a loss of US$0.2 million, a reduction of 34% from the loss of US$0.3 million incurred in prior year.

With the Group's cash flow improving, settlement discounts were obtained from a number of its creditors. This resulted in current liabilities reducing by US$4.3 million in the year under review.

OUTLOOK
Preparations for the ensuing season have progressed well. The irrigation infrastructure is in good working order and the Estate dams have sufficient water levels. All scheduled plant maintenance was completed in time for the season ahead. This coupled with the fact that the orchards are all in good condition gives the comfort that the season ahead will continue to show an improvement on the current year.

Macadamia crop on the trees is good. Once again pruning was undertaken on the orchards that had not been pruned in the last cycle. Volumes are forecast to remain unchanged while the average selling price is expected to improve further; overall macadamia revenue to 2019 is expected to be ahead of that achieved in 2018.

Pome fruit and stone fruit volumes are forecast to grow in 2019. The volumes are expected to grow in line with the orchards' maturity profiles. Marketing activities for 2019 have been improved with a significant volume destined for the export market.

Indications are that both demand and pricing will continue to be firm across all product ranges.

In the ensuing year, the Group will continue to stringently manage its cash flows so as to clear all legacy debt..

APPRECIATION
Management is grateful for the support given to the business by the Chairman, Board, shareholders, employees and other stakeholders.

PAUL TIMOTHY SPEAR
CHIEF EXECUTIVE OFFICER

28 DECEMBER 2018

REPORT OF THE DIRECTORS

The directors have pleasure in presenting their report, together with the audited financial statements of the Company, for the year ended 30 September 2018.

CAPITAL

Authorised

The authorised capital of your Company remained at 2,000,000,000 shares of US$0.001.

Issued

The issued share capital of the Company increased to 1,627,395,595 shares of US$0.001 each as a result of an allotment of 6,600,000 shares in settlement of arrear salaries.

Unissued

At 30 September 2018 unissued share capital comprised of 372,604,405 (2017: 379,204,405) shares of US$0.001 each and of these 29,370,286 (2017: 35,970,286) shares were under the control of directors, 23,075,000 (2017: 23,075,000) shares were set aside under the Senior Staff Option Scheme (2003, 2005 and 2011) and 320,159,119 (2017: 320,159,119) shares were set aside under the 2016 Ariston Share Ownership Trust.

Reserves

The movement in the reserves of the Group and the Company are shown on page 19 of these financial statements.

GROUP FINANCIAL RESULTS

The results for the year were as follows:

All figures in US$	2018	2017
Profit/(loss) before taxation	3,662,410	(1,451,225)
Income tax expense	(808,291)	(310,369)
Profit/(loss) for the year	2,854,119	(1,761,594)

DIVIDENDS

In view of the Group's need to generate and preserve the available cash, the Board has seen it prudent not to declare a dividend.

DIRECTORATE

In accordance with article 107 of the Company's Articles of Association, Dr. A.J. Masuka and Mrs. T.C. Mazingi retire by rotation, and being eligible, offer themselves for re-election.

DIRECTORS' SHAREHOLDINGS

At 30 September 2018, the directors held directly and indirectly the following number of shares in the Company:

Director	At 30/09/2018	At 30/09/2017
Mr. I. Chagonda	-	-
Mr. C.P. Conradie	-	-
Mr. A.C. Jongwe	-	-
Dr. A.J. Masuka	-	-
Mrs. T.C. Mazingi	658,870	658,870
Mr. J.W. Riekert	-	-
Mr. P.T. Spear	29,536,312	22,996,919

DIRECTORS' REMUNERATION

Non-executive directors' remuneration is subject to shareholder approval.

AUDITORS

At the forthcoming Annual General Meeting, as part of ordinary business, shareholders will be requested to approve remuneration for the auditors for the year ended 30 September 2018 and to appoint auditors for the ensuing year.

The current auditors, Messrs Deloitte & Touche offer themselves for re-appointment.

BY ORDER OF THE BOARD

MRS. R.A. CHINAMO
COMPANY SECRETARY

28 DECEMBER 2018

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The directors of the Group are responsible for the maintenance of adequate accounting records and the preparation and integrity of the financial statements and related information. The Group's independent external auditors, Deloitte & Touche, have audited the financial statements and their report appears on pages 13 to 16.

The directors are required by the Companies Act (Chapter 24:03) and the relevant Statutory Instruments (SI 33/99 and SI 62/96) to maintain adequate accounting records and to prepare financial statements for each financial year which present a true and fair view of the state of affairs of the Group at the end of the financial period and the performance and cash flows for the period.

In preparing the accompanying financial statements, International Financial Reporting Standards have been applied, reasonable, and prudent judgements and estimates have been made. The financial statements incorporate full and responsible disclosure in line with the accounting philosophy of the Group.

The directors are also responsible for the systems of internal control. These are designed to provide reasonable, but not absolute assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability of assets, and to prevent and to detect material misstatement and loss. The systems are implemented and monitored by suitably trained personnel with an appropriate segregation of authority and duties.

Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

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 year ended 30 September 2018, the financial position as at 30 September 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.

The Group's financial statements have been prepared under the supervision of Mrs. R.A. Chinamo CA(Z) and have been audited in terms of section 29 (1) of the Companies Act (Chapter 24:03).

The financial statements set out on pages 17 to 57 were approved by the Board of directors and are signed on their behalf by:

A.C. JONGWE
CHAIRMAN

P.T. SPEAR
CHIEF EXECUTIVE OFFICER

28 DECEMBER 2018

CORPORATE GOVERNANCE

Ariston Holdings Limited ("the Group") is committed to maintaining the highest levels of integrity and accountability in all its business practices and its corporate governance policy is aimed at these objectives. This is achieved by ensuring the Group is correctly structured and appropriate reporting and control mechanisms are in place.

1. BOARD COMPOSITION AND APPOINTMENT

The Board of directors ("the Board") is chaired by an independent non-executive director and comprises six non-executive directors (including the chairman) and one executive director.

The Board enjoys a strong mix of skills and experience. It is the primary governance organ. The role of the Board is to determine overall policies, plans and strategies of the Group and to ensure that these are implemented in an ethical and professional manner.

The Board meets regularly, at least four times a year, and guides corporate strategy, risk management practices, annual budgets and business plans.

Special board meetings may be convened on an adhoc basis when necessary to consider issues requiring urgent attention or decision.

The company secretary maintains an attendance register of directors for all scheduled meetings during the year through which directors can assess their devotion of sufficient time to the Group.

The Board has overall responsibility for ensuring the integrity of the Group's accounting and financial reporting systems including the independent audit, and that appropriate systems of control, risk management and compliance with laws are in place.

To ensure effectiveness, Board members have unfettered access to information regarding the Group's operations which is available through Board meetings, Board and management committees as well as strategic planning workshops organised by the Group.

The Board appointments are made to ensure a variety of skills and expertise on the Board. A third of the directors are required to retire on a rotational basis each year, along with any directors appointed to the Board during the year.

Executive directors are employed under performance-driven service contracts setting out responsibilities of their particular office.

2. BOARD ACCOUNTABILITY AND DELEGATED FUNCTIONS

The Board is supported by various committees in executing its responsibilities. The committees meet quarterly to assess, review performance and provide guidance to management on both operational and policy issues.

Each committee acts within certain written terms of reference under which certain functions of the Board are delegated with clearly defined purposes. The Board may take independent professional advice at the Group's expense where necessary. The Board monitors the effectiveness of controls through reviews by the Audit and Risk Committee, the Group internal audit function and independent assessments by the independent external auditors.

Attendance of directors at Board and Board committee meetings during the year ended 30 September 2018

Director	Board	Audit and Risk Committee	Human Resources and Remuneration Committee	Operations/ Technical Committee
I. Chagonda	3/4	3/4	-	-
C.P. Conradie	4/4	4/4	4/4	4/4
A.C. Jongwe	4/4	4/4	4/4	-
Dr. A.J. Masuka	4/4	-	-	4/4
T.C. Mazingi	4/4	-	4/4	-
J.W. Riekert	4/4	4/4	-	-
P.T. Spear	4/4	-	4/4	4/4

CORPORATE GOVERNANCE - Continued

3. BOARD COMMITTEES

3.1 Audit and Risk Committee

The Audit and Risk Committee is chaired by a non-executive director. The independent external auditors and the Group internal auditor have unrestricted access to the committee and attend all meetings. It reviews the interim and annual financial statements, the Group systems and controls and ensures that audit recommendations are considered and where appropriate, implemented.

3.2 Human Resources and Remuneration Committee

The Human Resources and Remuneration Committee is chaired by a non-executive director and reviews remuneration levels of members of staff throughout the Group.

This Committee comprises three (3) non-executive directors (one of whom is the Chairperson) and one executive director. This Committee is mandated to deal with staff development and formulates remuneration policies as well as approve remuneration packages for executive directors and senior executives.

The remuneration policy is designed to reward performance, to attract, motivate and retain high calibre individuals who will contribute fully to the success of each of the businesses in which the Group operates. The committee draws on external market survey data from independent advisors to ensure that the remuneration policy is appropriate and relevant to the prevailing times.

3.3 Operations/Technical Committee

It is chaired by a non-executive director. The Operations/Technical Committee comprises of two (2) non-executive directors and one executive director. The purpose of the Committee is to assist the Board in its oversight of the technical and operational risks of the Group in delivering its business plans.

The Committee assesses management's operational policies, strategies, budgets and action plans, reviews implementation or execution and makes recommendations to the Board.

4. FINANCIAL STATEMENTS AND MANAGEMENT REPORTING

A decentralised management structure exists with business unit management attending to the daily activities of individual business units.

Annual budgets and plans are compiled by each business unit and reviewed and agreed by the Board.

Each business unit has comprehensive management and financial reporting disciplines, which include monthly management accounts, physical and financial expenditure controls, planned capital expenditure programmes and detailed operating budgets.

The Group maintains internal controls and systems to support these disciplines, and the results of each operation are approved by the Board. Financial progress is monitored monthly and annual forecasts are reviewed quarterly.

The annual financial statements are prepared on a going concern basis, as the directors are satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future. The statements are prepared in accordance with International Financial Reporting Standards (IFRS) and are based on policies which are reasonable and prudent. The independent auditors are responsible for carrying out independent examination of the financial statements in accordance with International Standards on Auditing (ISA) and the directors accept responsibility for the preparation of and information presented in the financial statements.

5. OTHER CORPORATE GOVERNANCE MEASURES

5.1 Internal Audit

The internal audit department is headed by the Group internal auditor. Its main activities are to address the following issues at each of the business units of the Group:

- Appraising of systems, procedures and management controls;
- Evaluating the integrity of management and financial information;
- Assessing the controls over Group assets; and
- Reviewing the compliance with applicable legislation, regulations, Group policies and procedures.

5.2 Worker Participation

Worker participation and employer/employee relations are handled through regular works councils and worker committee meetings in each operating division. Regular meetings ensure information dissemination, consultation and resolution of conflict areas timeously and to the benefit of all parties.

CORPORATE GOVERNANCE - Continued

5. OTHER CORPORATE GOVERNANCE MEASURES - continued

5.3 Environment

The Group adopts a responsible approach and complies with all regulatory and legislative requirements to ensure the protection and maintenance of the environment in which it operates.

5.4 Social Responsibility

The Group contributes to the social well-being of its employees and their dependents within the communities in which the Group's operations are located. Provision of health, educational, recreational and sporting facilities on the Group's estates provides amenities for employees as well as members of the surrounding communities.

The Group participates in fair trade label programmes and subjects its operations to audit by international organisations, to ensure compliance with the highest standards in its respective operations.

5.5 Related Party Transactions

The Company has a process in place whereby the directors and key management have confirmed that, to the best of their knowledge, the information disclosed in the Group's financial statements fairly represents their shareholding in the Company, both beneficial and indirect, interest in share options of the Company and the compensation earned from the Company for the financial year. In addition, the directors and key management have confirmed that all interests have been declared.

5.6 Insider Trading

No director, officer or employee of the Company may deal directly or indirectly in the Company's shares on the basis of unpublished price-sensitive information regarding its business or affairs. In addition, no director, officer or employee may trade in the Company's shares during closed periods. Closed periods are from the end of the interim and annual reporting periods to the announcement of financial and operating results for the respective periods, and while the Company is under a cautionary announcement.

ALEXANDER CRISPEN JONGWE
CHAIRMAN

PAUL TIMOTHY SPEAR
CHIEF EXECUTIVE OFFICER

28 DECEMBER 2018

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INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Ariston Holdings Limited

Report on the Financial Statements

Opinion

We have audited the financial statements of Ariston Holdings Limited ("the Company") and its subsidiaries ("the Group") set out on pages 17 to 57, which comprise the consolidated and separate statements of financial position as at 30 September 2018, the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Group and the Company as at 30 September 2018 and the consolidated and separate financial performance and the consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Companies Act (Chapter 24:03).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Public Accountants and Auditors Board (PAAB) Code of Professional Conduct, which is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code, Parts A and B), together with other ethical requirements that are relevant to our audit of the financial statements in Zimbabwe, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report. The key audit matters below relate to the audit of the Group financial statements.

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Ariston Holdings Limited (continued)

Key Audit Matter	How the matter was addressed in the audit
Biological assets valuation	
Livestock, poultry, timber plantations and biological produce are classified as biological assets and are accounted for in accordance with International Accounting Standard (IAS) 41 *Agriculture.* There are a number of key estimates and assumptions made by the Directors in determining fair value. The assumptions include: • For livestock, poultry and timber, determination of market prices for fair valuation; and • For produce growing on bearer plants, determination of maturity profile of the produce on the plant at the reporting date. The key data inputs into the valuation models are: • Expected yields; and • Average selling prices less costs to sell for produce growing on the bearer plants at period end. Due to the estimates involved in the determination of the fair value of biological assets, this area has been considered a key audit matter. Disclosures relating to the biological assets and biological produce are included in note 3.6, note 4.1 and note 11 to the financial statements.	In addressing the matter, our procedures included the following: • Evaluating the Directors' methodology applied in the valuation of biological assets and biological produce; • Assessing the consistency and challenging the reasonableness of assumptions used in the Directors' valuation model to determine the value of biological assets. These assumptions were assessed as follows: - For livestock, poultry and timber, values were compared to the market prices at the reporting date; - For produce on bearer plants, the maturity profiles were assessed against historical data. • Testing a selection of key data inputs underpinning the carrying value of biological assets including estimated yields and selling prices, against appropriate supporting documentation, to assess the accuracy, reliability and completeness thereof. • Assessing the reliability of the Directors' estimated yields through a comparison of actual results in the current year against forecasts made in the current year; and • Evaluating the financial statement disclosures for appropriateness and adequacy. We found the measurement of biological assets to be appropriate.

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Ariston Holdings Limited (continued)

Other Information

The Directors are responsible for the other information. The other information includes the Chairman's Statement, Group Operational Overview, Report of the Directors, the Directors' responsibility for financial reporting, Corporate Governance report and other explanatory information (excluding audited amounts and schedules); which we obtained prior to the date of this auditor's report as required by the Companies Act (Chapter 24:03). The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act (Chapter 24:03) and the relevant statutory instruments (SI 33/99 and SI 62/96), and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Ariston Holdings Limited (continued)

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in the internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosures about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, these financial statements have been prepared in accordance with the disclosure requirements of the Companies Act (Chapter 24:03) and the relevant statutory instruments (SI33/99 and SI62/96).

Deloitte & Touche

Deloitte & Touche
Chartered Accountants (Zimbabwe)
Per: Stelios Michael
Partner (PAAB Practice Certificate Number 0443)
Date: 28 December 2018

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 SEPTEMBER 2018

		COMPANY		GROUP	
All figures in US$	**Notes**	**2018**	**2017**	**2018**	**2017**
Revenue	5	-	-	14,130,164	10,957,560
Cost of production		-	-	(9,066,588)	(7,593,219)
Gross profit		**-**	**-**	**5,063,576**	**3,364,341**
Export incentive and other operating income		64,350	-	2,796,952	802,935
Operating expenses		(37,033)	(50,324)	(4,091,543)	(4,263,152)
Profit/(loss) from operations	7	**27,317**	**(50,324)**	**3,768,985**	**(95,876)**
Fair value adjustments	11	-	-	907,260	530,710
Share of profit/(loss) of a joint venture	12	-	-	67,630	(535)
Profit/(loss) before interest and taxation		**27,317**	**(50,324)**	**4,743,875**	**434,299**
Finance costs		-	-	(1,081,465)	(1,885,524)
Profit/(loss) before taxation		**27,317**	**(50,324)**	**3,662,410**	**(1,451,225)**
Income tax expense	8	-	-	(808,291)	(310,369)
Profit/(loss) for the year		**27,317**	**(50,324)**	**2,854,119**	**(1,761,594)**
Other comprehensive income (net of tax)		-	-	-	-
Total comprehensive income/(loss) for the year		**27,317**	**(50,324)**	**2,854,119**	**(1,761,594)**
Earnings/(loss) per share (dollars)					
Basic earnings/(loss) per share	9			0.0018	(0.0011)
Diluted earnings/(loss) per share	9			0.0018	(0.0011)

STATEMENTS OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2018

		COMPANY		GROUP	
All figures in US$	**Notes**	**2018**	**2017**	**2018**	**2017**
ASSETS					
Non-current assets					
Property, plant and equipment	10	-	-	33,004,376	33,030,136
Biological assets	11	-	-	274,481	293,128
Investment in joint ventures	12	-	-	67,630	-
Investments	13	8,999	34,649	-	25,650
Deferred tax	17	-	-	4,200,891	5,080,894
		8,999	**34,649**	**37,547,378**	**38,429,808**
Current assets					
Biological assets	11	-	-	5,062,515	4,136,608
Inventories	14	-	-	1,920,572	1,085,686
Trade and other receivables	15	12,448,259	12,302,892	1,751,504	998,217
Cash and cash equivalents		-	-	93,462	167,863
		12,448,259	**12,302,892**	**8,828,053**	**6,388,374**
TOTAL ASSETS		**12,457,258**	**12,337,541**	**46,375,431**	**44,818,182**
EQUITY					
Share capital and reserves					
Share capital	16	1,627,395	1,620,795	1,627,395	1,620,795
Share premium		10,922,292	10,836,492	10,922,292	10,836,492
Share-based payment reserve		-	940	-	940
(Accumulated losses)/distributable reserves		(167,480)	(195,737)	4,495,153	1,640,094
		12,382,207	**12,262,490**	**17,044,840**	**14,098,321**
LIABILITIES					
Non-current liabilities					
Borrowings	19	-	-	13,644,210	10,775,017
Deferred tax	17	1,283	1,283	8,718,076	8,789,788
Finance lease obligation	20	-	-	159,175	84,180
		1,283	**1,283**	**22,521,461**	**19,648,985**
Current liabilities					
Trade and other payables	18	73,768	73,768	4,457,403	6,742,844
Borrowings	19	-	-	2,137,850	4,258,256
Finance lease obligation	20	-	-	213,877	69,776
		73,768	**73,768**	**6,809,130**	**11,070,876**
TOTAL EQUITY AND LIABILITIES		**12,457,258**	**12,337,541**	**46,375,431**	**44,818,182**

The financial statements were approved and authorised for issue by the Board of directors on 28 December 2018 and have been signed on its behalf by:

A.C. JONGWE
CHAIRMAN

28 DECEMBER 2018

P.T. SPEAR
CHIEF EXECUTIVE OFFICER

28 DECEMBER 2018

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2018

COMPANY

All figures in US$	Share capital	Share premium	Share-based payment reserve	Accumulated losses	Total
Balance at 30 September 2016	**1,600,795**	**10,756,492**	**940**	**(145,413)**	**12,212,814**
Share issue	20,000	80,000	-	-	100,000
Total comprehensive loss for the year	-	-	-	(50,324)	(50,324)
Balance at 30 September 2017	**1,620,795**	**10,836,492**	**940**	**(195,737)**	**12,262,490**
Share issue	6,600	85,800	-	-	92,400
Transfer to distributable reserves on expiry of share options	-	-	(940)	940	-
Total comprehensive income for the year	-	-	-	27,317	27,317
Balance at 30 September 2018	**1,627,395**	**10,922,292**	**-**	**(167,480)**	**12,382,207**

GROUP

All figures in US$	Share capital	Share premium	Share-based payment reserve	Distributable reserves	Total
Balance at 30 September 2016	**1,600,795**	**10,756,492**	**940**	**3,401,688**	**15,759,915**
Share issue	20,000	80,000	-	-	100,000
Total comprehensive loss for the year	-	-	-	(1,761,594)	(1,761,594)
Balance 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
Transfer to distributable reserves on expiry of share options	-	-	(940)	940	-
Total comprehensive income for the year	-	-	-	2,854,119	2,854,119
Balance at 30 September 2018	**1,627,395**	**10,922,292**	**-**	**4,495,153**	**17,044,840**

STATEMENTS OF CASHFLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2018

		COMPANY		GROUP	
All figures in US$	**Notes**	**2018**	**2017**	**2018**	**2017**
Cash flows from operating activities					
Profit/(loss) before interest and taxation		27,317	(50,324)	4,743,875	434,299
Non-cash items	6.1	(64,350)	-	682,879	1,416,372
Cash (outflow)/inflow from operations		(37,033)	(50,324)	5,426,754	1,850,671
Finance costs		-	-	(1,081,465)	(1,885,524)
Income taxes paid		-	-	-	-
Changes in working capital	6.2	(52,967)	50,324	(3,781,213)	(1,106,846)
Cash generated from/(utilised in) operating activities		**(90,000)**	**-**	**564,076**	**(1,141,699)**
Cash flows from investing activities					
Purchase of property, plant and equipment	10	-	-	(1,459,490)	(1,392,108)
Net cash outflow on bearer plants	10	-	-	(251,669)	(172,066)
Proceeds from sale of property, plant and equipment		-	-	14,799	13,189
Proceeds from sale of investments		90,000	-	90,000	-
Cash generated from/(utilised in) investing activities		**90,000**	**-**	**(1,606,360)**	**(1,550,985)**
Cash flows from financing activities					
Proceeds from borrowings	6.3	-	-	7,975,402	5,574,734
Repayments of borrowings	6.3	-	-	(7,226,615)	(2,853,103)
Net proceeds from/(repayments of) finance leases	6.3	-	-	219,096	(3,459)
Cash generated from financing activities		**-**	**-**	**967,883**	**2,718,172**
Net cash (outflow)/inflow		-	-	(74,401)	25,488
Cash and cash equivalents at beginning of year		-	-	167,863	142,375
Cash and cash equivalents at end of year		**-**	**-**	**93,462**	**167,863**
Cash and cash equivalents at end of year comprising:					
Cash and cash equivalents		-	-	93,462	167,863
Cash and cash equivalents at end of year		**-**	**-**	**93,462**	**167,863**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2018

1. GENERAL DISCLOSURES

1.1 Country of Incorporation and Main Activities

Ariston Holdings Limited ("the Company"), an investment holding company, its subsidiaries and joint venture companies ("the Group") are incorporated in Zimbabwe. The principal activities of the Group are farming operations which include tea, macadamia, avocados, bananas, stone fruit, pome fruit, livestock, poultry and horticulture. The ultimate holding company of the Group is Afrifresh Group (Proprietary) Limited, a South African registered company.

1.2 Currency

The financial statements are presented in United States dollars (US$) which is the functional currency of the Company and the Group. In the current environment the determination of functional currency is a significant judgement area.

1.3 Borrowing powers

The directors may, at their discretion, borrow an amount equal to double the aggregate of shareholders' funds of the Group.

1.4 Preparer of financial statements

These financial statements have been prepared under the supervision of Mrs. R.A. Chinamo CA(Z) and have been audited in terms of section 29 (1) of the Companies Act (Chapter 24:03).

2. ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

2.1 New and revised IFRSs that are mandatorily effective at the end of the reporting period with no material effect on reported amounts and disclosures in the current period or prior period

Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)

Issued: 19 January 2016
Effective date: Applicable to annual reporting periods beginning on or after 1 January 2017

Amends IAS 12 Income Taxes to clarify the following aspects:
- Unrealised losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use.
- The carrying amount of an asset does not limit the estimation of probable future taxable profits.
- Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences.
- An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilisation of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.

The amendments do not have any impact on the Group.

Disclosure Initiative (Amendments to IAS 7)

Issued: 29 January 2016
Effective date: Applicable to annual reporting periods beginning on or after 1 January 2017

Amends IAS 7 Statement of Cash Flows to clarify that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

Annual Improvements to IFRS Standards 2014-2016 Cycle

Issued: 8 December 2016
Effective date: The amendment to IFRS 12 is effective for annual periods beginning on or after 1 January 2017

IFRS 12 - Clarifies the scope of the standard by specifying that the disclosure requirements in the standard, except for those in paragraphs B10–B16, apply to an entity's interests listed in paragraph 5 that are classified as held for sale, as held for distribution or as discontinued operations in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations .

The amendments do not have any impact on the Group.

NOTES TO THE FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 30 SEPTEMBER 2018

2. ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS - Continued

2.2 New, revised IFRSs in issue, but not yet mandatorily effective at the end of the reporting period and not yet adopted

IFRS 9 Financial Instruments (2014)

Issued: 24 July 2014
Effective date: Effective for annual periods beginning on or after 1 January 2018

A finalised version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 Financial Instruments: Recognition and Measurement. The standard contains requirements in the following areas:

Classification and measurement
Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk.

Impairment
The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognised.

Hedge accounting
Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.

Derecognition
The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

The directors anticipate that this standard, in future periods, will have no significant impact on the financial statements of the Group.

IFRS 15 Revenue from Contracts with Customers

Issued: 28 May 2014
Effective date: Applicable to an entity's first IFRS financial statements for a period beginning on or after 1 January 2018

Provides a single, principles based five-step model to be applied to all contracts with customers. The five steps in the model are as follows:

- Identify the contract with the customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contracts
- Recognise revenue when (or as) the entity satisfies a performance obligation.

Guidance is provided on topics such as the point in which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced.

The directors anticipate that this standard, in future periods, will have no significant impact on the financial statements of the Group.

NOTES TO THE FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 30 SEPTEMBER 2018

2. ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS - Continued

2.2 New, revised IFRSs in issue, but not yet mandatorily effective at the end of the reporting period and not yet adopted - continued

Clarifications to IFRS 15 'Revenue from Contracts with Customers'

Issued: 12 April 2016
Effective date: Applicable to annual reporting periods beginning on or after 1 January 2018

Amends IFRS 15 Revenue from Contracts with Customers to clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts.

The directors anticipate that this amendment, in future periods, will have no significant impact on the financial statements of the Group.

Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)

Issued: 20 June 2016
Effective date: Applicable to annual reporting periods beginning on or after 1 January 2018

Amends IFRS 2 Share-based Payment to clarify the standard in relation to the accounting for cash-settled share-based payment transactions that include a performance condition, the classification of share-based payment transactions with net settlement features, and the accounting for modifications of share-based payment transactions from cash-settled to equity-settled.

The directors anticipate that this amendment, in future periods, will have no significant impact on the financial statements of the Group.

Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (Amendments to IFRS 4)

Issued: 12 September 2016
Effective date: Overlay approach to be applied when IFRS 9 is first applied. Deferral approach effective for annual periods beginning or after 1 January 2018 and only available for three years after that date

Amends IFRS 4 Insurance Contracts provide two options for entities that issue insurance contracts within the scope of IFRS 4:
- an option that permits entities to reclassify, from profit or loss to other comprehensive income, some of the income or expenses arising from designated financial assets; this is the so-called overlay approach;
- an optional temporary exemption from applying IFRS 9 for entities whose predominant activity is issuing contracts within the scope of IFRS 4; this is the so-called deferral approach.

The application of both approaches is optional and an entity is permitted to stop applying them before the new insurance contracts standard is applied.

The directors anticipate that this amendment, in future periods, will have no significant impact on the financial statements of the Group.

Transfers of Investment Property (Amendments to IAS 40)

Issued: 8 December 2016
Effective date: Applicable to annual reporting periods beginning on or after 1 January 2018

The amendments to IAS 40 Investment Property:

Amends paragraph 57 to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use.

The list of examples of evidence in paragraph 57(a) – (d) is now presented as a non-exhaustive list of examples instead of the previous exhaustive list.

The directors anticipate that this amendment, in future periods, will have no significant impact on the financial statements of the Group.

NOTES TO THE FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 30 SEPTEMBER 2018

2. ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS - Continued

2.2 New, revised IFRSs in issue, but not yet mandatorily effective at the end of the reporting period and not yet adopted - continued

Annual Improvements to IFRS Standards 2014–2016 Cycle

Issued: 8 December 2016
Effective date: The amendments to IFRS 1 and IAS 28 are effective for annual periods beginning on or after 1 January 2018.

Makes amendments to the following standards:
IFRS 1 - Deletes the short-term exemptions in paragraphs E3–E7 of IFRS 1, because they have now served their intended purpose.

IAS 28 - Clarifies that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organisation, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.

The directors anticipate that this amendment, in future periods, will have no significant impact on the financial statements of the Group.

Prepayment Features with Negative Compensation (Amendments to IFRS 9)

Issued: 12 October 2017
Annual periods beginning on or after 1 January 2019

Amends the existing requirements in IFRS 9 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments.

The directors anticipate that this amendment, in future periods, will have no significant impact on the financial statements of the Group. .

Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)

Issued: 12 October 2017
Annual periods beginning on or after 1 January 2019

Clarifies that an entity applies IFRS 9 Financial Instruments to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.

The directors anticipate that this amendment, in future periods, will have no significant impact on the financial statements of the Group.

Annual Improvements to IFRS Standards 2015–2017 Cycle

Issued: 12 December 2017
Annual periods beginning on or after 1 January 2019

Makes amendments to the following standards:
IFRS 3 and IFRS 11 - The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.

IAS 12 - The amendments clarify that the requirements in the former paragraph 52B (to recognise the income tax consequences of dividends where the transactions or events that generated distributable profits are recognised) apply to all income tax consequences of dividends by moving the paragraph away from paragraph 52A that only deals with situations where there are different tax rates for distributed and undistributed profits.

IAS 23 - The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

NOTES TO THE FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 30 SEPTEMBER 2018

2. ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS - Continued

2.2 New, revised IFRSs in issue, but not yet mandatorily effective at the end of the reporting period and not yet adopted - continued

Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)

Issued: 7 February 2018
Annual periods beginning on or after 1 January 2019

The amendments in Plan Amendment, Curtailment or Settlement (Amendments to IAS 19) are:

- If a plan amendment, curtailment or settlement occurs, it is now mandatory that the current service cost and the net interest for the period after the remeasurement are determined using the assumptions used for the remeasurement.
- In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling.

The directors anticipate that this amendment, in future periods, will have no significant impact on the financial statements of the Group.

IFRS 16 Leases

Issued: 13 January 2016
Effective date: Applicable to annual reporting periods beginning on or after 1 January 2019

IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

The directors anticipate that this standard, in future periods, will have no significant impact on the financial statements of the Group.

IFRS 17 Insurance Contracts

Issued: 18 May 2017
Effective date: Applicable to annual reporting periods beginning on or after 1 January 2021

IFRS 17 requires insurance liabilities to be remeasured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts as of 1 January 2021.

The directors anticipate that this standard, in future periods, will have no significant impact on the financial statements of the Group.

2.3 New or revised interpretations in issue, but not yet mandatorily effective at the end of the reporting period and not yet adopted

IFRIC 22 Foreign Currency Transactions and Advance Consideration

Issued: 8 December 2016
Effective date: Applicable to annual reporting periods beginning on or after 1 January 2018

The interpretation addresses foreign currency transactions or parts of transactions where:

- there is consideration that is denominated or priced in a foreign currency;
- the entity recognises a prepayment asset or a deferred income liability in respect of that consideration, in advance of the recognition of the related asset, expense or income; and
- the prepayment asset or deferred income liability is non-monetary.

NOTES TO THE FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 30 SEPTEMBER 2018

2. ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS - Continued

2.3 New or revised interpretations in issue, but not yet mandatorily effective at the end of the reporting period and not yet adopted - continued

The Interpretations Committee came to the following conclusion:

- the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability.
- If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt.

The directors anticipate that this standard, in future periods, will have no significant impact on the financial statements of the Group.

IFRIC 23 Uncertainty over Income Tax Treatments

Issued: 7 June 2017
Effective date: Applicable to annual reporting periods beginning on or after 1 January 2019

The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers:

- Whether tax treatments should be considered collectively
- Assumptions for taxation authorities' examinations
- The determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- The effect of changes in facts and circumstances

The directors anticipate that this standard, in future periods, will have no significant impact on the financial statements of the Group.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards, (IFRS), as issued by the International Accounting Standards Board (IASB).

3.2 Basis of preparation

The financial statements have been prepared on the historical cost basis except for certain biological assets and financial instruments that are measured at fair values, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

NOTES TO THE FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 30 SEPTEMBER 2018

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

3.2 Basis of preparation - continued

In addition, for financial reporting purposes, fair value measurements are categorised into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs, other than quoted prices included within level 1, that are observable for the asset or liability directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The directors have assessed the ability of the Group to continue as a going concern and believe that the preparation of the financial statements on a going concern basis is appropriate.

The principal accounting policies are set out below:

3.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

3.3.1 Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the noncontrolling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between:
(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest; and
(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

NOTES TO THE FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 30 SEPTEMBER 2018

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

3.4 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:
(1) deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;

(2) liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-based Payment at the acquisition date; and

(3) assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period'(which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

NOTES TO THE FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 30 SEPTEMBER 2018

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

3.5 Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount, Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IAS 39. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

NOTES TO THE FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 30 SEPTEMBER 2018

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

3.5 Investments in associates and joint ventures - continued

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

3.6 Biological assets

Biological assets exclude bearer plants and include the following:

Produce growing on bearer plants	Seasonal crops	Other
tea	potatoes	timber - gum and pine trees
macadamia	commercial maize	livestock
avocado fruit	seed maize	poultry
banana	sugar beans	
stone fruit	soya beans	
pome fruit	other fresh produce	

Produce growing on bearer plants and seasonal crops

These biological assets are measured at fair value on intial recognition and at fair values less costs to sell at each period end. Fair value is determined based on current estimated market prices, less estimated harvesting, transport and packaging costs. Other variables used in determining fair values include estimated yield and expected quality.

Livestock, poultry and timber

These biological assets are measured at fair value less costs to sell, fair value being determined upon the age, size and relevant market price.

Surpluses or deficits arising from the annual change in the valuation are taken to profit or loss as a fair value adjustment.

3.7 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they occur.

3.8 Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

NOTES TO THE FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 30 SEPTEMBER 2018

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

3.8 Financial instruments - continued

Financial assets:

Trade and other receivables

Trade and other receivables are measured at initial recognition at fair value. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at inital recognition.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposit and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Investments

Investments are recognised and derecognised on a trade basis where the purchase or sales of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus directly attributable transaction costs.

Subsequent to the reporting date, debt securities that the Group has the express intention and ability to hold to maturity (held-to-maturity debt securities) are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts.

Unquoted shares in subsidiaries are measured at cost in the separate financial statements and are eliminated in full on consolidation.

Impairment of financial assets

Financial assets other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment. For all other financial assets, including redeemable notes classified as available for sale and finance lease receivables, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments;
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio, as well as observable changes in national or local economic conditions that correlate with default on receivables. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cashflows, discounted at the financial asset's original effective interest rate. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account.

NOTES TO THE FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 30 SEPTEMBER 2018

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

3.8 Financial instruments - continued

When a trade or other receivable is considered uncollectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date of impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity securities, impairment losses previously recognised through profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised directly in equity.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay.

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

Financial liabilities:

Trade and other payables

Trade and other payables are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest rate method,with interest expense recognised on an effective yield basis.

Borrowings

Interest bearing borrowings are measured at amortised cost using the effective interest rate method.

Derecognition of financial liabilties

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

3.9 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

NOTES TO THE FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 30 SEPTEMBER 2018

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

3.9 Taxation - continued

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductable temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred taxes are recognised in profit or loss, except when they relate to items recognised in other comprehensive income or directly in equity, in which case, the tax is also recognised directly in equity. In the case of a business combination, the tax effect is taken into account in calculating goodwill or in determining the excess of the acquiree's interest, in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the business combination.

3.10 Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and any recognised impairment. Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Costs capitalised include all directly attributable costs incurred in bringing the relevant assets to their fully productive state.

Bearer plants are included in property, plant and equipment. Before maturity, bearer plants are measured at their accumulated cost. After maturity bearer plants are measured at cost less accumulated depreciation and any recognised impairment recognised in profit or loss. The useful life of the bearer plants is determined in order to depreciate them and this is re-evaluated each year.

NOTES TO THE FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 30 SEPTEMBER 2018

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

3.10 Property, plant and equipment - continued

The Group's bearer plants at year end comprise tea bushes, macadamia trees, avocado trees, banana trees, stone fruit trees and pome fruit trees. The useful lives of bearer plants are as follows:

Tea bushes	100 years
Macadamia trees	50 years
Avocado trees	40 years
Banana trees	10 years
Stone fruit trees	25 years
Pome fruit trees	25 years

The useful lives are reviewed at the end of each reporting period to determine whether events and circumstances continue to support these useful lives.

Depreciation is not provided on freehold land. Depreciation on other categories of property, plant and equipment is calculated on a straight line basis over their estimated useful lives as follows:

Plant and equipment	3 - 20 years
Motor vehicles	5 years
Freehold improvements	7 – 40 years
Leasehold improvements	10 – 40 years
Buildings	40 years

Assets held under finance lease are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each financial period.

An asset's carrying amount is immediately written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal of assets are determined by comparing the proceeds with the carrying amount. These are included in the statement of comprehensive income.

Derecognition of property, plant and equipment

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3.11 Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost, less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

NOTES TO THE FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 30 SEPTEMBER 2018

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

3.12 Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3.13 Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation (including property under construction for such purposes), is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains and losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

3.14 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards.

NOTES TO THE FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 30 SEPTEMBER 2018

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

3.14 Leasing - continued

The Group as lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Group as lessee

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3.15 Provisions

Provisions are recognised when:

- the Group has a present obligation (legal or constructive) as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the amount of the obligation; and
- a reliable estimate can be made of the amount of the obligation

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Onerous contract

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

NOTES TO THE FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 30 SEPTEMBER 2018

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

3.15 Provisions - continued

Restructurings

A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the Group.

3.16 Retirement benefit costs

The Group contributes to a defined contribution plan (hereafter referred to as"pension fund") for the benefit of certain eligible employees. The pension fund is administered by a life assurance society .The Group's defined pension fund currently has a "paid up" status and is being reconstituted. In addition, all Group employees contribute to the defined contribution scheme established by the National Social Security Authority Act of 1989.

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

3.17 Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

The cost of inventories are determined as follows:
Farm produce - Fair value based on market value at point of harvest less estimated costs to sell.
Stores and materials - The lower of cost and net realisable value with cost being calculated on a weighted average basis.

3.18 Revenue recognition

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract.

Dividend and interest income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Rental income

The Group's policy for recognition of revenue from operating leases is described under "leasing" refer to note 3.14.

NOTES TO THE FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 30 SEPTEMBER 2018

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

3.19 Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date using the intrinsic value method.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share option reserve. The reserve created is transferred to share premium and share capital as options are exercised. For options that expire or are forfeited, the value relating to the expired or forfeited options is transferred to distributable reserves.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

3.20 Related party transactions

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation. Transactions with other related parties such as directors, key management and shareholders are made at arm's length. The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No expense has been recognised in the period for bad or doubtful debts, in respect of the amounts owed by related parties.

The directors have assessed the recoverability of the receivables and are confident that the related parties' balances are recoverable.

3.21 Foreign currencies

In preparing the financial statements of the Group, transactions in currencies other than the Group's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTIES

In the application of the Group's accounting policies, which are described above, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations, that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

4.1 Biological assets

Estimate of biological produce quantities

The biological produce on bearer assets at year-end is based on the estimated production for the produce at the point of maturity and is adjusted accordingly based on the stage of maturity at year-end.

NOTES TO THE FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 30 SEPTEMBER 2018

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTIES - Continued

4.1 Biological assets - continued

Selling prices

Average selling prices for agricultural produce are quoted in United States of America dollars (US$). The current average selling prices at year end are used as the best estimate of future prices. Reference is also made to contracts post year-end which provide market-related information about pricing at year-end.

Other factors

The Group's agricultural operations are subject to the usual agricultural hazards such as fire, wind, insects and other natural phenomena/occurrences. Management considers adequate preventive measures are in place to mitigate against the hazards. Forces of nature such as temperature and rainfall may also affect yields. Nevertheless, unexpected factors affecting harvestable agricultural produce may result in re-measurement or changes in harvests in future accounting periods.

4.2 Inventories

Inventories are stated at the lower of cost and net realisable value. Adjustments to reduce the cost of inventory to its net realisable value, if required, are made at the product level for estimated excess, obsolescence or damages. Factors influencing these adjustments include changes in demand, physical deterioration and quality issues.

4.3 Allowance for credit losses

Allowance for credit losses is determined based upon a combination of factors to ensure that the trade receivables are not overstated due to uncollectability. The allowance for credit losses for all customers is based on a variety of factors, including the overall quality and ageing of the receivables and continuing credit evaluation of the customers' financial circumstances. Also, specific provisions for individual accounts are recorded when the Group becomes aware of the customers' inability to meet its financial obligations such as in the case of deterioration in the customer's operating results or financial position.

4.4 Property, plant and equipment

The cost of property, plant and equipment is depreciated over the estimated useful life of the asset. The estimated useful life is based on expected usage of the asset and expected physical wear and tear, which depends on operational factors such as the number of shifts for which the asset is to be used and the repair and maintenance programme and technological obsolescence arising from changes and residual value. Management has assumed the residual value approximates nil due to the specialised nature and relative age of the property, plant and equipment with the exception of land and buildings.

Tea bushes, macadamia trees, avocado trees, banana trees, stone fruit trees and pome fruit trees are shown in the statement of financial position at cost less accumulated depreciation and impairment charges under the 'bearer plants' category within property, plant and equipment. An assessment was made in order to determine whether the value of bearer plants were impaired at year-end.

In assessing the bearer plants for impairment, the directors determined the value in use based on a discounted cashflows model. Cashflows for the next 10 years were considered limited to the remaining useful lives of the assets as appropriate.

Key assumptions in determining the value in use included:

Estimated annual production

This was based on historical average annual production adjusted for projected growth which provided the best possible estimate of the future generating capacity of the business.

Selling prices

The current average selling prices at year-end were used as the best estimate of future prices. Reference is also made to contracts post year-end which provide market related information about pricing at year-end.

Discount rate

The discount rate of 12.5% was based on the Group's weighted average cost of capital (WACC) determined basing on the Group's capital structure at year-end. Cost of borrowings was determined as the weighted average costs of the Group's borrowings at year-end. The cost of equity was determined using the capital asset pricing model (CAPM).

NOTES TO THE FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 30 SEPTEMBER 2018

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTIES - Continued

4.5 Land

The Group has not recognised the value of land because the current legislation in the country vests all the land in the State. However, the Group still holds title deeds to the land that it operates on. The Group in 2003 entered into an agreement with the Government where it ceded part of the land for resettlement and the Government undertook to preserve the Group's operations on the remaining land. To date, the Group's operations have largely not been affected and the Group is of the view that this will remain so, going forward.

4.6 Classification of the Group's Investment in Nyanga Trout as a joint venture

Note 12.1 describes that Nyanga Trout (Private) Limited is a joint venture of the Group although the Group owns a 75% ownership interest in Nyanga Trout (Private) Limited. Nyanga Trout (Private) Limited is a limited liability company whose legal form confers separation between the parties to the joint arrangement and the Group itself. Furthermore, there is a contractual arrangement with Three Streams Holdings Limited and other facts and circumstances that indicate that the parties to the joint arrangement have rights to the net assets of the joint arrangement. The contractual arrangement establishes that the parties are liable to the arrangement only to the extent of their respective interests in the arrangements, which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture. Accordingly, Nyanga Trout (Private) Limited is classified as a joint venture of the Group. See note 12.1 for details.

4.7 Classification of the Group's Investment in Claremont Power Station as a joint venture

Note 12.2 describes that Claremont Power Station is a joint venture of the Group although the Group owns a 55% ownership interest in Claremont Power Station. There is a contractual arrangement with Goldsaif (Private) Limited and other facts and circumstances that indicate that the parties to the joint arrangement have rights to the net assets of the joint arrangement. The contractual arrangement establishes that the parties are liable to the arrangement only to the extent of their respective interests in the arrangements, which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture. Accordingly, Claremont Power Station is classified as a joint venture of the Group. See note 12.2 for details.

4.8 Recognition of deferred tax assets

Deferred tax assets of US$4,200,891 as at 30 September 2018 (2017: US$5,080,894) are recognised in respect of tax losses incurred by the Group in preceding years. Management's projections support the assumption that it is probable that the results of the Group's future operations will generate sufficient taxable income to utilise these deferred tax assets.

5. SEGMENT REPORTING

For management purposes, the Group is organised into three major operating business units namely Southdown Estates, Claremont Estate and Kent Estate. These business units are the basis on which the Group reports its business segment information.

The principal products and services of each of these business units are as follows:

Southdown Estates - the growing and manufacturing of tea, macadamia nuts, avocados and bananas.
Claremont Estate - the growing of pome and stone fruit and potatoes.
Kent Estate - the growing of horticultural crops and rearing of poultry and livestock.

The Group does not report by geographical segments as such a split would not be meaningful for the Group's operations and decision-making processes.

Segment revenues

	EXTERNAL SALES		INTER-SEGMENT SALES		TOTAL SALES	
All figures in US$	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
Southdown Estates	11,322,689	9,040,261	-	-	11,322,689	9,040,261
Claremont Estate	1,445,913	1,013,602	-	-	1,445,913	1,013,602
Kent Estate	1,361,562	903,697	-	-	1,361,562	903,697
Total	**14,130,164**	**10,957,560**	-	-	**14,130,164**	**10,957,560**

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2017: US$ nil).

NOTES TO THE FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 30 SEPTEMBER 2018

5. SEGMENT REPORTING - Continued

Revenue from major products and services

The following is an analysis of the Group's revenue from its major products and services.

All figures in US$	2018	2017
Tea	5,539,402	4,133,281
Macadamia nuts	5,250,294	4,580,840
Vegetables and fruits	2,339,723	1,721,425
Poultry	680,707	416,180
Other	320,038	105,834
Total	**14,130,164**	**10,957,560**

Information about major customers

Included in revenues arising from sales of tea of US$5,539,402 (2017: US$4,133,281) are revenues of approximately US$2,196,692 (2017: US$1,801,016) which arose from sales to the Group's largest customer which operates in the retail market.

Included in revenues arising from sales of macadamia nuts of US$5,250,294 (2017: US$4,580,840) are revenues of approximately US$4,684,941 (2017: US$3,798,455) which arose from sales to two of the Group's foreign customers.

Segment results

All figures in US$	2018	2017
Southdown Estates	3,238,909	2,678,737
Claremont Estate	(124,901)	(1,184,010)
Kent Estate	(857,677)	(1,062,495)
Ariston Corporate Office	1,338,449	(1,882,922)
Total segment profit/(loss)	3,594,780	(1,450,690)
Share of profit/(loss) of a joint venture	67,630	(535)
Profit/(loss) before tax	3,662,410	(1,451,225)
Income tax expense	(808,291)	(310,369)
Profit/(loss) for the year	**2,854,119**	**(1,761,594)**

The accounting policies of the reportable segments are the same as the Group's accounting policies described in notes 2 to 4. Segment results represents the profit or loss earned by each segment without allocation of inter-segment cost recoveries from the Corporate Office segment; this is the measure reported to the chief operating decision makers for the purposes of resource allocation and assessment of segment performance. Head office administration costs, investment income and other gains and losses are reported under the Corporate Office segment.

Segment assets and liabilities

	Assets (excluding inter-segment balances)		Net inter-segment balances		Liabilities (excluding inter-segment balances)	
All figures in US$	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
Southdown Estates	26,495,729	27,417,466	(419,776)	(807,248)	(1,408,503)	(2,954,764)
Claremont Estate	6,646,248	6,105,672	(9,242,238)	(8,184,382)	(336,489)	(730,573)
Kent Estate	2,506,497	2,524,398	(7,495,691)	(6,407,816)	(745,728)	(991,842)
Ariston Corporate Office	6,526,066	3,689,752	17,157,705	15,399,446	(18,121,795)	(17,252,894)
Adjustments and eliminations	4,200,891	5,080,894	-	-	(8,718,076)	(8,789,788)
Total	**46,375,431**	**44,818,182**	**-**	**-**	**(29,330,591)**	**(30,719,861)**

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments other than current and deferred tax assets; and
- all liabilities are allocated to reportable segments other than current and deferred tax liabilities; and
- liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets.

NOTES TO THE FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 30 SEPTEMBER 2018

5. SEGMENT REPORTING - Continued

Other segment information

All figures in US$	EBITDA excluding fair value adjustments		Depreciation and impairment losses		Additions to non-current assets	
	2018	2017	2018	2017	2018	2017
Southdown Estates	3,982,058	2,842,729	897,192	1,095,127	1,009,848	1,282,412
Claremont Estate	(68,358)	(529,493)	252,210	289,638	301,647	201,607
Kent Estate	(118,669)	(249,761)	198,089	186,003	384,420	79,835
Ariston Corporate Office	1,759,429	(201,910)	370,354	386,673	15,244	320
Total	**5,554,460**	**1,861,565**	**1,717,845**	**1,957,441**	**1,711,159**	**1,564,174**

6. CASH FLOW INFORMATION

All figures in US$	COMPANY 2018	COMPANY 2017	GROUP 2018	GROUP 2017
6.1 Non-cash items				
Depreciation	-	-	1,659,185	1,790,554
Impairment losses recognised	-	-	58,660	166,887
Fair value adjustments of biological assets	-	-	(907,260)	(530,710)
Loss/(profit) on sale of property, plant and equipment	-	-	4,274	(10,359)
Profit on sale of investments	(64,350)	-	(64,350)	-
Share of profit of a joint venture	-	-	(67,630)	-
	(64,350)	**-**	**682,879**	**1,416,372**
6.2 Changes in working capital				
Movements in:				
Increase in inventories	-	-	(834,886)	(193,980)
(Increase)/decrease in trade and other receivables	(52,967)	60,824	(753,287)	29,148
Decrease in trade and other payables	-	(10,500)	(2,193,040)	(942,014)
	(52,967)	**50,324**	**(3,781,213)**	**(1,106,846)**

NOTES TO THE FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 30 SEPTEMBER 2018

6. CASH FLOW INFORMATION - Continued

6.3 Cashflows arising from interest-bearing borrowings (disclosed in financing activities)

	Long term		Short term		Total	
All figures in US$	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
Opening balance						
Borrowings	10,775,017	7,212,577	4,258,256	5,099,065	15,033,273	12,311,642
Finance lease obligation	84,180	53,402	69,776	104,013	153,956	157,415
	10,859,197	7,265,979	4,328,032	5,203,078	15,187,229	12,469,057
Cashflows						
Proceeds from borrowings	5,973,185	2,048,000	2,002,217	3,526,734	7,975,402	5,574,734
Repayments of borrowings	(2,282,773)	(849,250)	(4,943,842)	(2,003,853)	(7,226,615)	(2,853,103)
Net proceeds from/ (repayments of) finance leases	74,995	30,778	144,101	(34,237)	219,096	(3,459)
	3,765,407	1,229,528	(2,797,524)	1,488,644	967,883	2,718,172
Non-cash movements						
Reclassifications	(821,219)	2,363,690	821,219	(2,363,690)	-	-
Closing balance						
Borrowings	13,644,210	10,775,017	2,137,850	4,258,256	15,782,060	15,033,273
Finance lease obligation	159,175	84,180	213,877	69,776	373,052	153,956
	13,803,385	**10,859,197**	**2,351,727**	**4,328,032**	**16,155,112**	**15,187,229**

7. PROFIT/(LOSS) FROM OPERATIONS

All figures in US$	**2018**	**2017**
This is stated after charging and crediting:		
- auditors' remuneration	80,000	70,000
- (reversal of)/allowance for credit losses	(149,347)	12,287
- depreciation	1,659,185	1,790,554
- impairment losses recognised	58,660	166,887
- loss/(profit) on disposal of property, plant and equipment	4,274	(10,358)
- selling and distribution expenses	184,173	321,793
- staff expenses		
* salaries and wages	3,960,684	4 078 669
* pensions (1)	69,967	72,085
- directors' emoluments		
* fees	61,000	50,970

(1) The pension expense incurred is in respect of mandatory contributions for employees of the Group towards a retirement benefit plan operated by the National Social Security Authority (NSSA).

NOTES TO THE FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 30 SEPTEMBER 2018

8. INCOME TAX

All figures in US$	2018	2017
Current tax	-	-
Deferred tax (note 17)	(808,291)	(310,369)
	(808,291)	**(310,369)**
Reconciliation of income tax expense for the year		
Notional tax at statutory rates	0.26	(0.26)
Adjustments relating to:		
- Non-taxable / non deductible items	(0.04)	0.47
Actual income tax expense	**0.22**	**0.21**

9. EARNINGS/(LOSS) PER SHARE

All figures in US$	2018	2017
(i) Basic earnings/(loss) per share		
Profit/(loss) for the year	2,854,119	(1,761,594)
Weighted average number of shares at year end	1,622,445,595	1,605,795,595
Basic earnings/(loss) per share (dollars)	0.0018	(0.0011)
(ii) Diluted earnings/(loss) per share		
Weighted average number of shares used in the calculation of basic earnings/(loss) per share	1,622,445,595	1,605,795,595
Shares determined to be issues in respect of employee options	-	-
Weighted average number of shares at year end	1,622,445,595	1,605,795,595
Diluted earnings/(loss) per share (dollars)	0.0018	(0.0011)

10. PROPERTY, PLANT AND EQUIPMENT

All figures in US$	2018	2017
Land, buildings and leasehold improvements		
At cost	16,728,188	16,599,560
Accumulated depreciation	(11,217,407)	(10,856,199)
Net carrying amount	5,510,781	5,743,361
Plant and equipment		
At cost	27,214,936	26,073,894
Accumulated depreciation and impairment	(23,652,089)	(23,066,261)
Net carrying amount	3,562,847	3,007,633
Bearer plants		
At cost	24,576,122	24,324,453
Accumulated depreciation	(2,008,816)	(1,365,570)
Net carrying amount	22,567,306	22,958,883

NOTES TO THE FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 30 SEPTEMBER 2018

10. PROPERTY, PLANT AND EQUIPMENT - Continued

All figures in US$	2018	2017
Motor vehicles		
At cost	2,792,073	2,788,181
Accumulated depreciation	(1,947,668)	(1,910,223)
Net carrying amount	844,405	877,958
Assets held under finance lease		
At cost	705,394	565,202
Accumulated depreciation	(186,357)	(122,900)
Net carrying amount	519,037	442,302
Total property, plant and equipment		
At cost	72,016,713	70,351,290
Accumulated depreciation and impairment	(39,012,337)	(37,321,153)
Net carrying amount	**33,004,376**	**33,030,136**
Reconciliation of movements for the year		
Carrying amount at the beginning of year	33,030,136	33,426,233
Additions at cost		
- land, buildings and leasehold improvements	128,628	50,484
- plant and equipment	1,143,572	1,185,118
- bearer plants	251,669	172,066
- motor vehicles	47,098	55,695
- assets held under finance lease	140,192	100,811
	1,711,159	1,564,174
Disposals at carrying amount		
plant and equipment	(1,335)	(2,043)
- cost	(2,530)	(5,621)
- accumulated depreciation	1,195	3,578
motor vehicles	(17,739)	(787)
- cost	(43,206)	(34,437)
- accumulated depreciation	25,467	33,650
	(19,074)	(2,830)
Impairment loss for the year		
- plant and equipment	(58,660)	(166,887)
	(58,660)	(166,887)
Depreciation for the year		
- land, buildings and leasehold improvements	(361,208)	(358,776)
- plant and equipment	(528,362)	(625,355)
- bearer plants	(643,246)	(651,696)
- motor vehicles	(62,912)	(113,988)
- assets held under finance lease	(63,457)	(40,739)
	(1,659,185)	(1,790,554)
Carrying amount at end of the year	**33,004,376**	**33,030,136**

NOTES TO THE FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 30 SEPTEMBER 2018

10. PROPERTY, PLANT AND EQUIPMENT - Continued

Assets pledged as security

Assets pledged as security have been disclosed on note 19 and note 20.

Impairment loss recognised

The impairment loss recognised in the current year relates to the Kent Estate operations. The impairment loss was determined on movable equipment classified under the plant and equipment category of property, plant and equipment whose recoverable amount was determined to be below the carrying amount. The recoverable amount was based on value in use at year end.

The impairment loss recognised was included in the operating expenses line of the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

11. BIOLOGICAL ASSETS

30 September 2018

	Produce growing on bearer plants						
All figures in US$	**Tea on bush**	**Macadamia on tree**	**Fruits on tree**	**Livestock and poultry**	**Timber**	**Seasonal crops**	**Total**
Carrying amount at the beginning of the year	174,829	2,910,236	968,381	120,350	184,060	71,880	4,429,736
Fair value adjustments	38,623	204,373	703,428	21,166	-	(60,330)	907,260
Carrying amount at the end of the year	**213,452**	**3,114,609**	**1,671,809**	**141,516**	**184,060**	**11,550**	**5,336,996**
Current	213,452	3,114,609	1,671,809	51,095	-	11,550	5,062,515
Non-current	-	-	-	90,421	184,060	-	274,481
	213,452	**3,114,609**	**1,671,809**	**141,516**	**184,060**	**11,550**	**5,336,996**

30 September 2017

	Produce growing on bearer plants						
All figures in US$	**Tea on bush**	**Macadamia on tree**	**Fruits on tree**	**Livestock and poultry**	**Timber**	**Seasonal crops**	**Total**
Carrying amount at the beginning of the year	171,403	2,299,080	773,139	149,949	184,060	321,395	3,899,026
Fair value adjustments	3,426	611,156	195,242	(29,599)	-	(249,515)	530,710
Carrying amount at the end of the year	**174,829**	**2,910,236**	**968,381**	**120,350**	**184,060**	**71,880**	**4,429,736**
Current	174,829	2,910,236	968,381	11,282	-	71,880	4,136,608
Non-current	-	-	-	109,068	184,060	-	293,128
	174,829	**2,910,236**	**968,381**	**120,350**	**184,060**	**71,880**	**4,429,736**

NOTES TO THE FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 30 SEPTEMBER 2018

11. BIOLOGICAL ASSETS - Continued

Biological assets comprise of produce growing on the bearer plants, seasonal crops, livestock and poultry and timber. Produce growing on bearer plants is measured at fair value less costs to sell with changes recognised in profit or loss as the produce grows. The fair value was determined by the maturity profile of the produce on the bearer plant at time of reporting and the average selling price of the produce less costs to sell. The fair value for livestock and poultry and gum trees was determined by reference to the market price.

The Group is exposed to financial risks arising from changes in commodity prices. The Group does not anticipate that commodity prices will decline significantly in the foreseeable future and, therefore, has not entered into derivative or other contracts to manage the risk of a decline in commodity prices. The Group reviews its outlook for commodity prices regularly in considering the need for active financial risk management. During the dry season the risk of damage from fire is significant. The Group reduces this risk in the best possible manner by implementing appropriate fire prevention measures such as clearing underbrush ahead of the dry season, constructing fire breaks and 24-hour surveillance. Climate and weather changes pose the risk of damage and affect productivity and quality. Other mitigating measures include irrigation and other good agricultural practices such as pruning and fertilisation depending on seasons. In addition, stone fruit and pome fruit plantations are insured for hail risk. The Group has not obtained insurance coverage for the other plantations as the premium will be excessive in relation to the expected losses.

The valuation of biological assets is exposed to changes in sensitive parameters such as the average selling prices. Below is an analysis of the degree of sensitivity of the profit or loss to a 1% movement in the average selling prices.

	30 September 2018	
All figures in US$	**1% increase**	**1% decrease**
Average selling price sensitivity		
Increase/(decrease) in profits	52,725	(52,725)

Fair value hierarchy

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Fair value measurements are categorised into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are the inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly;

Level 3 inputs are unobservable inputs for the asset or liability.

In determining the fair values of the biological assets as stated above, the Group used the level 1 and level 2 fair value hierarchy.

12. INVESTMENT IN JOINT VENTURES

Details of the Group's investments in joint ventures at the end of the reporting period are as follows:

12.1

Name of Joint venture	Principal activity	Place of incorporation and principal place of business	Proportion of ownership interests held by the Group		Proportion of voting rights held by the Group	
			2018	**2017**	**2018**	**2017**
Nyanga Trout Farming (Private) Limited	Trout farming	Zimbabwe	75%	75%	50%	50%

The above joint venture is accounted for using the equity method in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 30 SEPTEMBER 2018

12. INVESTMENT IN JOINT VENTURES - Continued

All figures in US$	2018	2017
Summarised financial information		
Group's share of loss for the year	-	(535)
Carrying amount of the Group's net interest in joint venture	-	-
Reconciliation of the above summarised financial information		
Investment at cost	75	75
Unsecured loan advanced by Group - treated as part of net investment in joint venture	124,035	124,035
Cumulative loss of share of joint venture - recognised in prior periods	(124,110)	(123,575)
Group's share of loss for the year	-	(535)
Carrying amount of the Group's net interest in joint venture	-	-

During the financial period ended 30 September 2017, Nyanga Trout Farming (Private) Limited applied for and was granted voluntary liquidation as defined in the Companies Act of Zimbabwe, which legal due process was ongoing at year-end. Accordingly, the Group limited the share of loss of joint venture to the full extent of amounts advanced to the joint venture since its inception, which in substance form part of the net investment. The carrying amount as determined basing on the equity method is US$nil (2017: US$nil).

12.2

Name of Joint venture	Principal activity	Place of incorporation and principal place of business	Proportion of ownership interests held by the Group		Proportion of voting rights held by the Group	
			2018	**2017**	**2018**	**2017**
Claremont Power Station	Hydro electricity generation	Zimbabwe	55%	55%	50%	50%

The above joint venture is accounted for using the equity method in these financial statements.

All figures in US$	2018	2017
Summarised financial information		
Group's share of profit for the year	67,630	-
Carrying amount of the Group's net interest in joint venture	67,630	-
Reconciliation of the above summarised financial information		
Investment at cost	-	-
Group's share of profit for the year	67,630	-
Carrying amount of the Group's net interest in joint picture	67,630	-

NOTES TO THE FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 30 SEPTEMBER 2018

13. INVESTMENTS

	COMPANY		GROUP	
All figures in US$	**2018**	**2017**	**2018**	**2017**
Unquoted shares in subsidiaries	8,999	8,999	-	-
Unquoted shares - Europi	-	25,650	-	25,650
	8,999	**34,649**	**-**	**25,650**

During the year the investment in unquoted shares - Europi was disposed of at a value of US$90,000.

Details of the Group's principal subsidiaries, all incorporated in Zimbabwe at 30 September 2018 are as follows:

NAME OF SUBSIDIARY	OWNERSHIP INTEREST	PRINCIPAL ACTIVITY
Claremont Orchards 1988 (Private) Limited	100%	Property Company
Claremont Orchards Holdings (Private) Limited	100%	Property Company
Southdown Holdings (Private) Limited	100%	Property Company
Ariston Management Services (Private) Limited	100%	Owns Claremont Estate, Southdown Estate,Clearwater Estate, Roscommon Estate, Kent Estate and the Blended Tea Factory

14. INVENTORIES

All figures in US$	2018	2017
Farm produce	688,961	379,660
Stores and materials	1,231,611	706,026
	1,920,572	**1,085,686**

The cost of inventories recognised as an expense includes US$nil (2017: US$11,506) in respect of write-downs of inventory to net realisable value. Inventory write-downs relate to products that would have gone wholly or partly unsalable and those whose selling prices have declined below the cost.

15. TRADE AND OTHER RECEIVABLES

	COMPANY		GROUP	
All figures in US$	**2018**	**2017**	**2018**	**2017**
Trade receivables	-	-	1,588,479	1,423,234
Allowance for credit losses	-	-	(567,560)	(679,955)
Net trade receivables	-	-	1,020,919	743,279
Other receivables	12,448,259	12,302,892	1,123,189	684,494
Allowance for credit losses	-	-	(392,604)	(429,556)
Net other receivables	12,448,259	12,302,892	730,585	254,938
Trade and other receivables	12,448,259	12,302,892	2,711,668	2,107,728
Allowance for credit losses	-	-	(960,164)	(1,109,511)
Net trade and other receivables	**12,448,259**	**12,302,892**	**1,751,504**	**998,217**

All company receivables are deemed to be current and owed by the subsidiary companies.

NOTES TO THE FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 30 SEPTEMBER 2018

15. TRADE AND OTHER RECEIVABLES - Continued

The average credit period for trade receivables was 25 days (2017: 17 days). No interest is charged on overdue trade receivables. The Group provides fully for all receivables outstanding over 365 days because historical experience is such that the receivables that are aged beyond 365 days are generally not recoverable. The Group provides for receivables aged between 91 days and 365 days on a case-by-case basis where subsequent developments suggest that recovery of the amounts is doubtful.

Trade receivables disclosed above include amounts (see below for aged analysis) that are past due at the end of the reporting period for which the Group has not recognised an allowance for doubtful debts because there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by the Group to the counterparty.

The past due but not impaired balances amount to US$1,728 (2017: US$564).

All figures in US$	GROUP	
	2018	**2017**
Ageing analysis of trade receivables as at 30 September		
Current	667,717	372,307
30-90 days	329,474	370,408
Above 90 days	1,728	564
	998,919	**743,279**
Movement in allowance for credit losses		
Balance at beginning of the year	1,109,511	1,097,224
Impairment losses (written back)/incurred	(149,347)	12,287
Balance at the end of the year	**960,164**	**1,109,511**

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. Disclosure on concentration risk is shown on note 5 and note 22.

Assets pledged as security have been disclosed on note 19.

NOTES TO THE FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 30 SEPTEMBER 2018

16. SHARE CAPITAL

	Number of Shares 2018	Number of Shares 2017
AUTHORISED SHARE CAPITAL		
Issued shares at the end of the year	1,627,395,595	1,620,795,595
Unissued shares		
- Shares under the control of directors	29,370,286	35,900,286
- Shares allocated to share option scheme	23,075,000	23,075,000
- Shares allocated to the 2016 Ariston Share Ownership Trust	320,159,119	320,159,119
	2,000,000,000	**2,000,000,000**
Movement in the number of ordinary shares		
Issued		
At beginning of year	1,620,795,595	1,600,795,595
Share issues	6,600,000	20,000,000
Share options exercised	-	-
At end of year	**1,627,395,595**	**1,620,795,595**
1,627,395,595 ordinary shares of US0.1 cents each (2017: 1,620,795,595 ordinary shares of US0.1 cents each)	**1,627,395**	**1,620,795**

The details of share options outstanding under the 2005 scheme are as follows:

All figures in US$			2018 Actual Number of shares	2017 Actual Number of shares
(2005) scheme				
Date of grant	**Expiry date**	**Price**		
23 May 2006	22 May 2016	ZW$ 6.80	4,135,000	4,135,000
27 February 2007	26 February 2017	ZW$110.00	6,000,000	6,000,000
02 May 2008	1 May 2018	ZW$4,500,000	820,000	820,000
			10,955,000	10,955,000
Movements for the year				
Options outstanding at beginning of year			160,000	160,000
- options expired			(160,000)	-
Total options outstanding at end of year			**-**	**160,000**

All shares have vested.

NOTES TO THE FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 30 SEPTEMBER 2018

17. DEFERRED TAX

All figures in US$	COMPANY 2018	COMPANY 2017	GROUP 2018	GROUP 2017
Deferred tax liability				
At the beginning of year	1,283	1 283	8,789,788	8,971,187
- income statement movement (credit) (i)	-	-	(71,712)	(181,399)
	1,283	**1,283**	**8,718,076**	**8,789,788**
Analysis of deferred tax liability				
Property, plant and equipment	-	-	7,393,017	7,667,906
Biological assets	-	-	1,317,322	1,079,833
Prepayments and receivables	1,283	1,283	7,737	42,049
	1,283	**1,283**	**8,718,076**	**8,789,788**
Deferred tax asset				
At the beginning of the year	-	-	5,080,894	5,572,662
Deferred tax released to				
- income statement movement (debit) (ii)	-	-	(880,003)	(491,768)
Deferred tax asset arising from tax loss	**-**	**-**	**4,200,891**	**5,080,894**
Income tax (net of (i) and (ii))	-	-	(808,291)	(310,369)

In current year assessed losses of US$21,380 (2017:US$707,454) previously recognised as deferred tax assets expired. The assessed losses are aged as shown below:

All figures in US$	GROUP Total	Current	1 Year	2-6 years
30 September 2018				
Assessed losses	4,200,891	-	215,686	3,985,205
30 September 2017				
Assessed losses	5,080,894	215,686	272,960	4,592,247

18. TRADE AND OTHER PAYABLES

All figures in US$	COMPANY 2018	COMPANY 2017	GROUP 2018	GROUP 2017
Trade	-	-	1,287,620	1,671,790
Other	73,768	73,768	3,169,783	5,071,054
	73,768	**73,768**	**4,457,403**	**6,742,844**

The average credit period on purchases is 54 days (2017: 79 days). No interest is charged on trade and other payables. Included in other payables are related party payables of US$1,082,457 (2017:US$1,246,043).

NOTES TO THE FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED 30 SEPTEMBER 2018

18. TRADE AND OTHER PAYABLES - Continued

All figures in US$	2018	2017
At 30 September the ageing analysis of trade payables was as follows:		
Current	156,644	344,900
30-120 days	332,588	431,817
Above 120 days	798,388	895,072
	1,287,620	**1,671,790**
Provisions		
Employee benefits (current)	131,345	125,149
	131,345	**125,149**

The provision for employee benefits represents annual leave.

19. BORROWINGS

All figures in US$	2018	2017
Ariston Management Services (Private) Limited has borrowing facilities totaling US$15,782,060 (2017: US$15,033,273). The utilised portion was:	**15,782,060**	**15,033,273**
Secured – at amortised cost		
Loans from banks	7,123,358	6,433,578
Bank overdrafts	302,994	303,680
Loans from other financial institutions	6,000,911	6,164,472
Loans from related parties (note 24)	2,354,797	2,131,543
	15,782,060	**15,033,273**
Current	2,137,850	4,258,256
Non-current	13,644,210	10,775,017
	15,782,060	**15,033,273**

The weighted average effective interest rate on the Group's borrowings is 8% per annum (2017: 8% per annum). The non-current portion of borrowings comprises of borrowings with tenures of 1 - 5 years.

Assets pledged as security

- Notarial General Covering Bonds covering all movable assets, machinery and equipment and cession of book debts;
- Joint and several guarantees;
- Mortgage bonds over Claremont Estate;
- Negative pledge on unencumbered assets;
- Notes on hand registered over Southdown Estate.

20. FINANCE LEASE OBLIGATION

The Group procured tea plucking, tea processing, tea harvesting machinery and tractors from African Century Leasing Limited on 3-year finance lease arrangements. Interest payable on the lease arrangements is at a rate of 18% per annum. The Group will assume ownership of the plant and machinery once the lease term is over and all payments have been made.

NOTES TO THE FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 30 SEPTEMBER 2018

20. FINANCE LEASE OBLIGATION - Continued

Future lease payments are due as follows:

	Plant and equipment					
All figures in US$	**Minimum**		**Interest**		**Present value**	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**
Not later than one year	245,959	87,309	32,082	17,533	213,877	69,776
Later than one year and not later than five years	179,868	94,032	20,693	9,852	159,175	84,180
	425,827	**181,341**	**52,775**	**27,385**	**373,052**	**153,956**

The outstanding values of future lease payments are analysed as:

All figures in US$	2018	2017
Current liabilities	213,877	69,776
Non-current liabilities	159,175	84,180
	373,052	**153,956**

21. CAPITAL COMMITMENTS

All figures in US$	2018	2017
Commitments for capital expenditure approved by the directors:		
- authorised but not contracted	1,706,650	1,049,386
	1,706,650	**1,049,386**

The commitments will be financed from the Group's resources and existing facilities. As at the date of this report, there are no agreements concluded in respect of any acquisitions.

22. FINANCIAL RISK MANAGEMENT

Derivative financial instruments

The Group does not use derivative financial instruments in its management of foreign currency. Derivative financial instruments are not held or issued for trading purposes.

Interest rate risk management

Group policy is to adopt a non-speculative approach to manage interest rate risk whilst maximising profit.

Credit risk management

This refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties. The Group conducts credit assessment on these counterparties based on publicly available information and the Group's own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread among approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved regularly. Ongoing credit evaluation is performed on the financial condition of accounts receivable. Apart from one customer in the retail market who is also the largest local customer of the Group, the Group does not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities. Concentration of credit risk related to this retail market customer approximates 20% of gross monetary assets at any time during the year. Concentration of credit risk to any other counterparty did not exceed 20% of gross monetary assets at any time during the year.

NOTES TO THE FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 30 SEPTEMBER 2018

22. FINANCIAL RISK MANAGEMENT - Continued

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities, based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. The contractual maturity is based on the earliest date on which the Group may be required to pay.

	Weighted average effective interest rate	1-3 months	3 months to 1 year	1-5 years	5+ years	Total
	%	US$	US$	US$	US$	US$
2018						
Fixed interest rate loans	8	195,000	1,942,850	13,644,210	-	**15,782,060**
2017						
Fixed interest rate loans	8	787,664	3,470,592	7,835,205	2,939,812	**15,033,273**

The Group has access to financing facilities amounting to US$15,782,060 (2017: US$15,033,273) and US$nil (2017: US$nil) were unused at the end of the reporting period. The Group expects to meet its obligations from cash flows and proceeds of maturing financial assets.

Foreign exchange risk management

The Group operates certain transactions denominated in foreign currencies and as a result exposure to exchange rate fluctuations arise. The Group's net foreign asset exposure as at year end determined at the fair market rates is US$nil (2017: US$nil).

Fair values

The carrying amounts of receivables, cash and short-term deposits, payables and accrued expenses, and short-term borrowings approximate their fair values due to the short-term maturities of these assets and liabilities.

23. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2017.

The capital structure of the Group consists of net debt and equity of the Group (comprising issued share capital, share premium, share-based payment reserves and distributable reserves). The Group is not subject to any externally imposed capital requirements.

The Group's Board reviews the capital structure of the Group regularly. As part of this review, the Board considers the cost of capital and the risks associated with each class of capital. The gearing ratio at 30 September 2018 was 97% (2017: 107%).

NOTES TO THE FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 30 SEPTEMBER 2018

23. CAPITAL MANAGEMENT - Continued

All figures in US$	2018	2017
Debt (i)	16,155,112	15,187,229
Cash and bank balances	(93,462)	(167,863)
Net debt	16,061,650	15,019,366
Equity (ii)	17,044,840	14,098,321
Net debt to equity ratio	94%	107%

(i) Debt is defined as long and short-term borrowings

(ii) Equity includes all capital and reserves of the Group that are managed as capital.

24. RELATED PARTY DISCLOSURES

Trading transactions

	Finance cost		Management fee expense	
All figures in US$	**2018**	**2017**	**2018**	**2017**
Origin Global Holdings Limited (major shareholder)	223,254	131,543	240,000	240,000

The following balances were outstanding at the end of the reporting period:

	Receivables		Payables		Borrowings	
All figures in US$	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
GROUP						
Origin Global Holdings Limited (major shareholder)	-	-	1,082,457	1,246,043	2,354,797	2,131,543
Bonemarrow Investments (Private) Limited	-	12,000	-	-	-	-
Directors and Key Management	-	-	79,582	258,025	-	-

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No expense has been recognised in the current or prior years for bad or doubtful debts in respect of the amounts owed by related parties. The weighted average interest rate on related party borrowings is 10% p.a. (2017: 10% p.a.). The related party borrowings are payable beyond 12 months from the reporting date, accordingly they are classified as non-current.

Compensation of key management personnel

The remuneration of directors and other members of key management personnel during the year was as follows:

All figures in US$	2018	2017
Short-term benefits	198,100	421,887
Post-employment benefits	-	-
	198,100	**421,887**

The remuneration of directors and key executives is determined by the Human Resources and Remuneration Committee having regards to the performance of individuals and market trends.

NOTES TO THE FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 30 SEPTEMBER 2018

25. DEFINED CONTRIBUTION PLANS

The employees of the Group are members of a State-managed retirement benefit plan operated by the National Social Security Authority (NSSA). The Group is required to contribute a specified percentage of basic pay to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

The total expense recognised in profit or loss amounts to US$69,967 (2017: US$72,085) representing contributions payable by the Group at rates specified in the rules of the plan.

Due to lack of cash resources in prior periods, the Group accumulated benefit arrears in respect of both the defined contribution retirement plan and NSSA contributions. The Group applied for a 'paid-up' exemption for the defined contribution retirement plan so as to halt the increase in outstanding contributions as well as provide the Group an opportunity to clear its arrears.

26. 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 year ended 30 September 2018, the financial position as at 30 September 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.

27. EVENTS AFTER THE REPORTING DATE

There have been no significant events after the reporting date

SHAREHOLDERS' PROFILE

FOR THE YEAR ENDED 30 SEPTEMBER 2018

ANALYSIS OF SHAREHOLDERS

SIZE OF SHAREHOLDING	NUMBER OF SHAREHOLDERS	% OF TOTAL NUMBER OF SHAREHOLDERS	SHARES HELD	% OF TOTAL SHARES HELD
1-5,000	803	62.01	1,319,382	0.08
5,001-10,000	140	10.81	1,048,528	0.06
10,001-50,000	219	16.91	5,122,835	0.31
50,001-100,000	40	3.09	2,920,030	0.18
100,001- and over	93	7.18	1,616,984,820	99.36
	1,295	**100.00**	**1,627,395,595**	**100.00**

CATEGORIES OF SHAREHOLDERS

SHAREHOLDERS' GROUP	NUMBER OF SHAREHOLDERS	% OF TOTAL NUMBER OF SHAREHOLDERS	SHARES HELD	% OF TOTAL SHARES HELD
COMPANIES	188	14.51	173,494,700	10.66
ESTATES	1	0.08	2,593	0.00016
INDIVIDUALS	959	74.05	50,202,111	3.08
INSURANCE COMPANIES	5	0.39	12,412,648	0.76
INVESTMENT, TRUST AND PROPERTY COMPANIES	16	1.24	1,365,240	0.08
NOMINEE COMPANY	40	3.09	97,485,189	5.99
NON RESIDENT TRANSFERABLE	61	4.71	1,197,827,281	73.62
PENSION FUNDS	25	1.93	94,605,833	5.81
	1,295	**100.00**	**1,627,395,595**	**100.00**

SHAREHOLDERS' PROFILE - Continued

FOR THE YEAR ENDED 30 SEPTEMBER 2018

TOP TWENTY SHAREHOLDERS

HOLDER NAME	TOTAL HOLDING	% OF TOTAL ISSUED SHARES
ORIGIN GLOBAL HOLDINGS LIMITED	1,154,636,981	70.95
STANBIC NOMINEES (PRIVATE) LIMITED - NNR A/C	82,314,586	5.06
BARATO INVESTMENTS LIMITED	70,324,454	4.32
NATIONAL SOCIAL SECURITY AUTHORITY - NPS	54,413,428	3.34
NATIONAL SOCIAL SECURITY AUTHORITY	49,922,208	3.07
OLD MUTUAL LIFE ASSURANCE OF ZIMBABWE LIMITED	32,164,519	1.98
SPEAR PAUL	29,536,312	1.81
NATIONAL SOCIAL SECURITY AUTHORITY	24,321,664	1.49
STANDARD CHARTERED NOMINEES (PVT) LTD -NNR-949453	24,291,452	1.49
STANDARD CHARTERED NOMINEES (PVT) LTD -NNR-949455	17,582,418	1.08
WORKERS COMPENSATION INSURANCE FUND	11,596,485	0.71
ECONET GROUP ZIMBABWE PENSION FUND-FML	6,250,000	0.38
STANBIC NOMINEES (PRIVATE) LIMITED - A/C 110008090011	5,812,036	0.36
ZB LIFE ASSURANCE LIMITED	4,491,527	0.28
MIMOSA MINING PENSION FUND-IMARA	3,379,140	0.21
MURUMBI OWEN PETER	3,133,812	0.19
PIM NOMINEES (PVT) LTD	3,024,680	0.19
ZB FINANCIAL HOLDINGS GROUP PENSION FUND	2,579,454	0.16
MUNSTER INVESTMENTS (PVT) LTD	2,481,060	0.15
SCB NOMINEES 033667800001	2,156,922	0.13
TOTAL HOLDING OF TOP TWENTY SHAREHOLDERS	**1,584,413,138**	**97.35**
REMAINING HOLDING	**42,982,457**	**2.65**
TOTAL ISSUED SHARES	**1,627,395,595**	**100.00**

NOTICE TO SHAREHOLDERS

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the seventy-second (72nd) Annual General Meeting ("AGM") of Ariston Holdings Limited ("the Company") will be held in the Centenary Room, Royal Harare Golf Club, 5th Street Extention, Harare, Zimbabwe on the 19th of February 2019 at 1430 hours to consider the following business.

ORDINARY BUSINESS

1. To receive, consider and adopt the audited financial statements for the year ended 30 September 2018, together with the reports of the directors and auditors thereon.

2. To elect directors in place of those retiring in accordance with the provisions of the Company's Articles of Association. Dr. A.J. Masuka and Mrs. T.C. Mazingi retire from the board by rotation, and being eligible, offer themselves for re-election.

3. To approve directors' fees for the year ended 30 September 2018.

4. To approve remuneration for the auditors for the year ended 30 September 2018 and to appoint auditors for the ensuing year. The present auditors, Messrs Deloitte & Touche, offer themselves for re-appointment.

5. To transact such business as may be dealt with at an AGM.

APPOINTMENT OF PROXY

In terms of the Companies Act (Chapter 24:03), a member entitled to attend and vote at the above meeting may appoint one or more proxies to attend, vote and speak on his/her behalf. A proxy need not be a member of the Company.

A proxy form is enclosed. For it to be valid, it should be completed and returned so as to reach the registered office of the Company or the office of the Transfer Secretaries (ZB Transfer Secretaries (Private) Limited, 21 Natal Road, Avondale, Harare) not less than 48 hours before the appointed time for holding of the meeting.

Completion of a proxy form does not preclude a member from subsequently attending and voting in person.

By order of the Board

R.A. Chinamo
Company Secretary

REGISTERED OFFICE
306 Hillside Road
Msasa Woodlands
P.O. Box 4019
Harare

29 January 2019

ARISTON
HOLDINGS LIMITED

PROXY FORM

For use at the seventy-second (72nd) Annual General Meeting ("AGM") of Ariston Holdings Limited to be held in the Centenary Room, Royal Harare Golf Club, 5th Street Extension, Harare, Zimbabwe on the 19th of February 2019 at 14:30 hours.

I/We...

Of...being the registered holder/s

Of...ordinary shares in

Ariston Holdings Limited do hereby appoint:-

1. ....or failing him/her,

2. ....or failing him/her,

the Chairman of the AGM, as my/our proxy to vote on my/our behalf at the seventy-second AGM of Ariston Holdings Limited to be held in the Centenary Room, Royal Harare Golf Club, 5th Street Extension, Harare, Zimbabwe on the 19th of February 2019 and at any adjournment thereof and to vote for me/us on my/our behalf or to abstain from voting as indicated below:

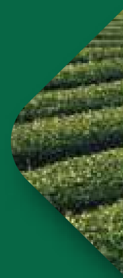
	FOR	AGAINST	ABSTAIN
1. Adoption of the 2018 annual financial statements together with the reports of the directors and auditors thereon.			
2. Election of directors.			
-			
-			
-			
3. Approval of directors' fees.			
4. Appointment of auditors and approval of their remuneration for the previous year.			

The Company Secretary
Ariston Holdings Limited
Registered Office:
P.O. Box 4019
Harare
Zimbabwe

The Company Secretary
Ariston Holdings Limited
Registered Office:
306 Hillside Road
Msasa Woodlands
Harare
Zimbabwe

AFFIX
STAMP
HERE

Signature of Shareholder...   Date...



ARISTON
HOLDINGS LIMITED