



# ARISTON

HOLDINGS LIMITED

Registered Office: 18 Coghlan Road, Harare, Zimbabwe, P.O. Box 4019,



## UNAUDITED FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 31 MARCH 2024

### Chairman's Statement

#### Operating environment and overview

El Nino induced climatic conditions were experienced at all the Estates; although to varying degrees. Year to date rainfall for the Chipinge located Estates was 19% below prior year and 1% below prior year for Chimanimani. On the other hand, Norton's rainfall was severely affected at 21% below the prior comparative period, coupled with poor distribution characterised by a significant hot period of no rain. The Group had mitigatory measures in place, to ensure that production volumes would not be severely affected, however, all dryland agricultural activities were limited.

Challenges continued to be presented by the economic environment, both local and external. These were characterised locally by increasing local input costs due to inflationary pressure, liquidity challenges slowing down the working capital chain and this was compounded by a difficult external market.

#### Financial performance

At the beginning of the financial year, the Group noted that its functional currency had changed to the United States dollar (USD). It is on this basis that the financial results for the current period have been prepared and presented in USD. The considerations that were made by the Group are detailed in Note 12.

Revenue of USD 2,427,642 generated during the first half of the year was 7% below the prior comparative period. This was mainly attributable to a decline in export tea volumes. The decline in revenue posted, coupled with the 27% increase in the cost of production resulted in the Group posting a gross loss during the period.

In the comparative period, the Group had unrealised exchange losses, mainly arising from United States Dollar denominated liabilities. Since the change in functional currency, exchange gains have been generated arising from Zimbabwe dollar denominated liabilities. Finance cost declined by 5%, when compared to the prior comparative period. As a result of all the above, the Group posted a 14% improvement in the loss incurred during the first half of the year.

#### Volumes and operations

##### Tea

During the period, 1,830 tonnes of tea were produced. This was a 14% improvement on the prior comparative period's volume of 1,599 tonnes.

A 6% improvement in the average selling price of export tea was noted, however, this was coupled by suppressed export tea demand which resulted in export tea volumes declining by 56%. This resulted in a 53% decline in export tea revenue.

Local tea demand remained firm as evidenced by a 40% increase in local tea sales volumes compared to the prior comparative period.

Overall, tea sales revenue ended the period 14% below the prior comparative period.

##### Macadamia

Production volumes for the period at 603 tonnes were 4% below the prior comparative period. During the current period, 386 tonnes of macadamia nuts were sold, but all these nuts related to the stocks held at the start of the current year. No current season macadamia nuts had been sold as at 31 March 2024 as the season commences in April. In the prior comparative period, no macadamia nuts were sold during the first half of the prior year as sales commenced in the second half of the year.

##### Other products

In response to the dry spell, other products such as potatoes were not grown in the current period, in order to preserve the dam water for the commercial row crops that were planted under irrigation. This resulted in a decline in revenue generated from other products. The commercial row crops are harvested and sold in the second half of the year.

##### Joint ventures

The three joint ventures namely, Bonemarrow Investments (Private) Limited trading as Claremont Powerstation, Claremont Orchards Holdings (Private) Limited and Mombe Shoma (Private) Limited contributed positively to the Group's performance.

##### Investments

During the period, the Group acquired a macadamia scanning machine, which allows for the scanning of nut-in-shell macadamia nuts to determine their quality before export. This will enable the Group to determine nut quality and defects and assists in pricing the macadamia nuts more effectively for export by being able to grade better and guarantee the quality being sold. The equipment was commissioned in April 2024 in time for the current year macadamia selling season.

##### Outlook

The first half of the year is mainly characterised by incurring production costs, while the majority of selling activities occur in the second half. The Group is looking forward to an improved selling season for the current year.

The operating environment is expected to remain challenging, therefore the Group will continue to focus on cost control measures whilst driving revenue.

##### Dividend

In view of the need to revitalise the productive assets and the need to preserve available cash resources, the Board has seen it prudent not to declare a dividend.

##### Directorate

Mr. Paul Timothy Spear retired from the position of Group Chief Executive Officer with effect from 1 March 2024. He served the Group for 27 years in various capacities. Among his many achievements at the Group, Mr. Spear led the company to being the first large scale macadamia producer for export in Zimbabwe. To maximise on his invaluable agricultural expertise, the Group has retained Mr. Spear in a consultancy role for a period of twelve months.

Mr. Leon Wilhelm Nortier was appointed as the Group Chief Executive Officer. He has 23 years' experience farming in Southern Africa. His agricultural experience covers oil seed production, grain crops, horticulture, plantation crops, fibre, tobacco and livestock.

##### Appreciation

I would like to extend my appreciation to all our customers, suppliers, staff, shareholders, strategic partners and my fellow Board directors for their continued support for the business.

##### By order of the board

Alexander Crispin Jongwe  
Chairman

04 June 2024

### Condensed Group Statement of Profit or Loss and Other Comprehensive Income

All figures in USD	Notes	Half Year Ended 31-Mar-24	Half Year Ended 31-Mar-23
<b>Revenue</b>	8	<b>2,427,642</b>	<b>2,614,799</b>
Cost of production		(3,209,074)	(2,531,599)
<b>Gross (loss)/ profit</b>		<b>(781,432)</b>	<b>83,200</b>
Other operating income		8,872	76,179
Operating expenses		(2,370,480)	(2,741,909)
Fair value adjustments		1,308,464	1,614,833
<b>Loss from operations</b>		<b>(1,834,576)</b>	<b>(967,697)</b>
Exchange gain/ (loss)		231,337	(2,229,707)
Monetary gain		-	1,281,399
Share of net profit of a joint ventures accounted for using the equity method		13,621	355,943
<b>Loss before interest and taxation</b>	5	<b>(1,589,618)</b>	<b>(1,560,062)</b>
Finance costs		(304,188)	(320,711)
<b>Loss before taxation</b>		<b>(1,893,806)</b>	<b>(1,880,773)</b>
Income tax expense	4	(207,422)	(555,950)
<b>Loss for the year</b>		<b>(2,101,228)</b>	<b>(2,436,723)</b>
Other comprehensive income		-	-
<b>Total comprehensive income before tax on comprehensive income</b>		<b>(2,101,228)</b>	<b>(2,436,723)</b>
Tax on other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>(2,101,228)</b>	<b>(2,436,723)</b>
<b>Number of shares in issue</b>		<b>1,627,395,595</b>	<b>1,627,395,595</b>
<b>Weighted average number of shares in issue</b>		<b>1,627,395,595</b>	<b>1,627,395,595</b>
<b>Earnings per share (dollars)</b>			
Basic earnings per share		(0.0013)	(0.0015)
Diluted earnings per share		(0.0013)	(0.0015)
Headline earnings per share		(0.0013)	(0.0069)

### Condensed Group Statement of Financial Position

All figures in USD	Notes	As at 31-Mar-24	As at 31-Mar-23	As at 30-Sep-23
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment		22,454,507	17,856,418	23,945,993
Biological assets		113,637	113,637	113,637
Right of use assets		58,194	79,847	84,772
Investment in joint ventures	5	1,458,124	1,537,647	1,444,503
<b>Current assets</b>				
Biological assets		3,083,190	3,955,700	1,774,726
Inventories		1,226,538	1,852,413	742,603
Trade and other receivables		3,094,293	2,291,884	3,555,405
Cash and cash equivalents		323,433	38,718	107,158
		<b>7,727,454</b>	<b>8,138,715</b>	<b>6,179,892</b>
<b>TOTAL ASSETS</b>		<b>31,811,916</b>	<b>27,726,264</b>	<b>31,768,797</b>
<b>EQUITY</b>				
<b>Share capital and reserves</b>				
Share capital		440,460	440,460	440,460
Share premium		2,956,158	2,956,158	2,956,158
Revaluation reserve		13,790,146	8,939,318	13,790,146
Distributable reserves		(3,963,631)	1,750,124	(1,862,403)
		<b>13,223,133</b>	<b>14,086,060</b>	<b>15,324,361</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Borrowings	7	6,373,768	5,876,801	5,996,532
Deferred tax	4b	3,995,600	4,026,414	3,788,178
Lease liabilities		65,013	75,912	70,598
		<b>10,434,381</b>	<b>9,979,127</b>	<b>9,855,308</b>
<b>Current liabilities</b>				
Borrowings	7	1,237,105	739,273	1,033,053
Trade and other payables	6	6,307,792	2,385,282	5,545,705
Contract liabilities		598,606	526,656	-
Lease liabilities		10,899	9,866	10,370
		<b>8,154,402</b>	<b>3,661,077</b>	<b>6,589,128</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>31,811,916</b>	<b>27,726,264</b>	<b>31,768,797</b>

### Condensed Group Statement of Cash flows

All figures in USD	Half Year Ended 31-Mar-24	Half Year Ended 31-Mar-23
<b>Cash flows from operating activities</b>		
(Loss)/ profit before taxation	(1,893,806)	(1,880,773)
Change in working capital	1,337,869	1,464,960
Non-cash items	270,951	(900,448)
<b>Cash (utilised in)/ generated from operating activities</b>	<b>(284,986)</b>	<b>(1,316,261)</b>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment acquired	(76,671)	(190,537)
Proceeds from sale of property, plant and equipment	1,701	692
<b>Cash generated from/ (utilised in) investing activities</b>	<b>(74,970)</b>	<b>(189,845)</b>
<b>Cash flows from financing activities</b>		
Cash utilised in financing activities	(274,845)	(2,466,463)
Cash generated from financing activities	851,076	3,705,850
<b>Cash generated from financing activities</b>	<b>576,231</b>	<b>1,239,387</b>
<b>Net increase/ (decrease) in cash and cash equivalents</b>	<b>216,275</b>	<b>(266,718)</b>
Cash and cash equivalents at beginning of the year	107,158	305,436
<b>Cash and cash equivalents at the end of the year</b>	<b>323,433</b>	<b>38,718</b>

### Condensed Group Statement of Changes in Equity

All figures in USD	Share Capital	Share Premium	Revaluation Reserve	Distributable Reserves	Total
<b>Balance as at 30 September 2022</b>	<b>440,460</b>	<b>2,956,158</b>	<b>8,939,318</b>	<b>4,186,847</b>	<b>16,522,783</b>
Total comprehensive income for the period	-	-	-	(2,436,723)	<b>(2,436,723)</b>
<b>Balance as at 31 March 2023</b>	<b>440,460</b>	<b>2,956,158</b>	<b>8,939,318</b>	<b>1,750,124</b>	<b>14,086,060</b>
Total comprehensive income for the period	-	-	4,850,828	(3,612,527)	<b>1,238,301</b>
<b>Balance as at 30 September 2023</b>	<b>440,460</b>	<b>2,956,158</b>	<b>13,790,146</b>	<b>(1,862,403)</b>	<b>15,324,361</b>
Total comprehensive income for the period	-	-	-	(2,101,228)	<b>(2,101,228)</b>
<b>Balance as at 31 March 2024</b>	<b>440,460</b>	<b>2,956,158</b>	<b>13,790,146</b>	<b>(3,963,631)</b>	<b>13,223,133</b>

### Condensed Notes and Supplementary Information

All figures in USD	Half Year Ended 31-Mar-24	Half Year Ended 31-Mar-23
<b>1 Depreciation and amortisation</b>		
Depreciation of property, plant and equipment excluding bearer plants	1,486,985	979,783
Depreciation of bearer plants	68,821	68,570
Depreciation of right of use assets	26,578	22,668
	<b>1,582,384</b>	<b>1,071,021</b>
<b>2 Capital expenditure for the period</b>		
Purchase of property plant and equipment excluding bearer plants	20,391	107,891
Capital expenditure incurred on bearer plants	56,280	82,646
	<b>76,671</b>	<b>190,537</b>
<b>3 Commitments for capital expenditure</b>		
Authorised by directors but not contracted	673,329	1,157,249
	<b>673,329</b>	<b>1,157,249</b>
The capital expenditure will be financed out of the Group's own resources and existing facilities.		
<b>4 Income tax expense</b>		
Current tax	-	-
Deferred tax movement	207,422	555,950
	<b>207,422</b>	<b>555,950</b>
<b>4b Deferred tax liability</b>		
Carrying amount at the beginning of the period	3,788,178	3,470,465
Movement through profit/ loss	207,422	(1,275,173)
Movement through other comprehensive income	-	1,592,886
<b>Carrying amount at the end of the period</b>	<b>3,995,600</b>	<b>3,788,178</b>
<b>Analysis of deferred tax liability</b>		
Property, plant and equipment	4,159,768	4,596,854
Biological assets	790,256	466,803
Right of use	14,386	20,956
Estimated credit losses on trade and other receivables	(44)	(778)
Provisions	26,888	286,269
Assessed losses	(1,013,711)	(1,013,711)
Unrealised exchange loss	18,057	(568,215)
	<b>3,995,600</b>	<b>3,788,178</b>
<b>5 Investment in joint ventures</b>		
Beginning of the period	1,444,503	1,181,704
Share of profit for the period	13,621	459,584
Dividends received	-	(196,785)
<b>End of the period</b>	<b>1,458,124</b>	<b>1,444,503</b>
<b>6 Trade and other payables</b>		
Trade payables	3,642,319	2,671,488
Other payables*	2,665,473	2,874,217
	<b>6,307,792</b>	<b>5,545,705</b>
<i>* Other payables include provisions and statutory liabilities</i>		
<b>7 Borrowings</b>		
At amortised cost		
Loans from banks	2,932,573	2,487,301
Bank overdrafts	4,531	17,497
Loans from related parties	4,673,769	4,524,787
	<b>7,610,873</b>	<b>7,029,585</b>
Long-term	6,373,768	5,996,532
Short-term	1,237,105	1,033,053
	<b>7,610,873</b>	<b>7,029,585</b>
<b>The movement of borrowings is shown below:</b>		
Carrying amount at the beginning of the period	7,029,585	5,422,310
Proceeds	546,870	6,891,411
Interest	309,263	531,672
Repayments	(250,360)	(3,743,533)
Movements in exchange rates	(24,485)	21,703,576
Inflation adjustments	-	(23,775,851)
<b>Carrying amount at the end of the period</b>	<b>7,610,873</b>	<b>7,029,585</b>

### 7 Borrowings (continued)

- (i) Bank loans of USD 2,932,573 (2023: USD 2,487,301) are secured by an assignment of export receivables between Ariston Management Services and 2 customers and an act of surety signed for the full amount of exposure.
- The average effective interest rate on bank loans approximates 13% (2023: 12%) per annum.
- (ii) Bank overdrafts are repayable on demand. Overdrafts of USD 4,531 (2023: USD 17,497) have been secured by joint and several guarantees. The average effective interest rate on bank overdrafts approximates 75% (2023: 75%) per annum.
- (iii) Loans repayable to related parties of the Group are secured by inventories and a mortgage bond over Clearwater Estate and carry interest of 6% (2023: 6%) per annum charged on the outstanding loan balances. The loans are not payable on demand, they are due at the end of the loan agreement.
- (iv) Lease liabilities are effectively secured as the rights to the leased assets recognised in the financial statements revert to the lessor in the event of default.
- The Group did not have any debt covenants.

### 8 Reportable segments

All figures in USD	Half Year Ended 31-Mar-24	Half Year Ended 31-Mar-23
<b>Revenue from major products</b>		
Tea	1,667,215	1,944,429
Macadamia nuts	556,563	56,374
Vegetables and fruits	103,089	252,550
Poultry	97,154	307,739
Other	3,621	53,707
<b>Total</b>	<b>2,427,642</b>	<b>2,614,799</b>

All revenue is recognised at a point in time

All figures in USD	Southdown Estates	Claremont Estate	Kent Estate	Corporate Office	Total
<b>31-Mar-24</b>					
Segment revenue	2,289,987	-	137,655	-	<b>2,427,642</b>
Segment EBITDA (excluding fair value adjustments)	(914,020)	76	(351,873)	(49,842)	<b>(1,315,659)</b>
Segment depreciation and impairment	1,244,644	-	286,546	51,194	<b>1,582,384</b>
Segment assets (excluding intersegment assets)	23,435,300	289,050	3,614,122	4,473,444	<b>31,811,916</b>
Segment liabilities (excluding intersegment liabilities)	(7,485,942)	(84,793)	(543,062)	(10,474,986)	<b>(18,588,783)</b>
Net segment assets/(liabilities)	(1,589,932)	(			