



# Annual Report 2014



ARISTON  
HOLDINGS LIMITED



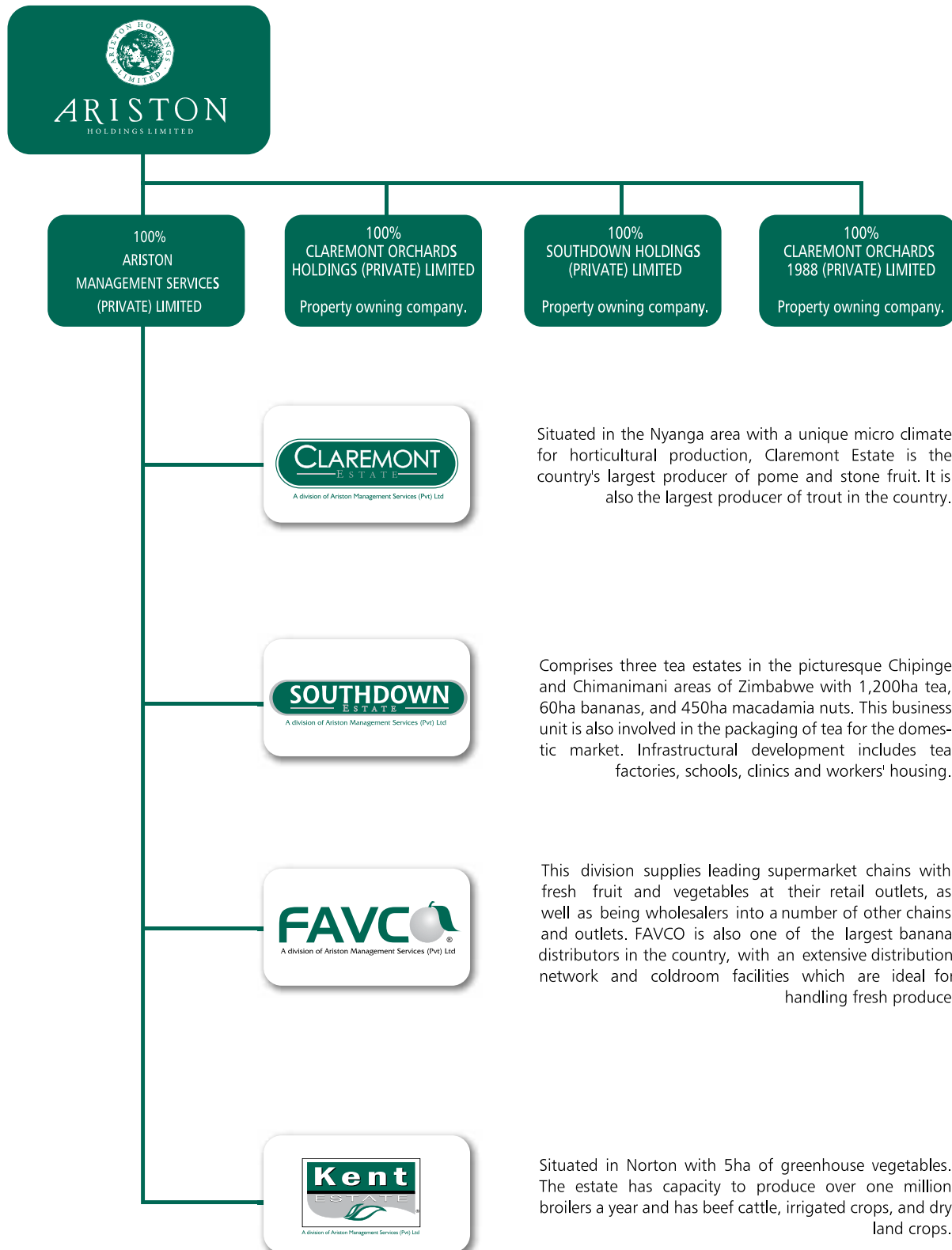


# CONTENTS

CORPORATE STRUCTURE	1	GROUP STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	13
FINANCIAL HIGHLIGHTS	2	STATEMENTS OF FINANCIAL POSITION	14
DIRECTORATE AND ADMINISTRATION	3	STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY	15
CHAIRMAN'S STATEMENT	4	GROUP STATEMENT OF CASHFLOWS	16
OPERATIONAL OVERVIEW	6	NOTES TO THE FINANCIAL STATEMENTS	17
REPORT OF THE DIRECTORS	8	SHAREHOLDERS' PROFILE	52
CORPORATE GOVERNANCE	9	NOTICE TO SHAREHOLDERS	54
REPORT OF THE INDEPENDENT AUDITORS	12		



# Corporate Structure



# Financial Highlights

FOR THE YEAR ENDED 30 SEPTEMBER 2014

All figures in US\$	2014	2013
<b>CONSOLIDATED RESULTS</b>		
Revenue	18,344,396	17,103,408
Profit before taxation	957,542	4,104,719
Profit attributable to shareholders	615,160	2,375,870
Total assets employed	48,685,202	41,279,587
Cash utilised in operating activities	(467,304)	(4,461,942)
Capital expenditure	1,784,148	3,237,685
Finance costs	1,132,000	1,576,190
Cash resources net of short-term borrowings (deficit)	(10,602,112)	(9,802,333)
<b>ORDINARY SHARE PERFORMANCE</b>		
Ordinary shares in issue	1,378,595,595	1,378,595,595
Basic earnings per ordinary share (dollars)	0.0004	0.0017
Ordinary shareholders' equity per ordinary share (dollars)	0.014	0.014
Market price at year end (dollars)	0.0060	0.0100
Industrial Index - 30 September	195.25	200.05
<b>FINANCIAL STATISTICS</b>		
Interest cover (times)	0.54	1.51
Ordinary shareholders' equity to total assets	39.57%	45.18%
Return on shareholders' equity	3.19%	12.74%

# Directorate and Administration

## DIRECTORS

### Non- Executive

Dr. R.M. Mupawose	Chairman
I. Chagonda	
S.G. Chella	
C.P. Conradie	
A.C. Jongwe	
T.C. Mazingi	
S.K. Mutepfa	

### Executive

P.T. Spear	Group Chief Executive Officer
Dr. A.J. Masuka	Chief Operating Officer
Martin Dzviti	Finance Director (resigned 30 October 2014)

## BOARD COMMITTEES

### Audit Committee

S.G. Chella	Chairperson
A.C. Jongwe	
S.K. Mutepfa	
I. Chagonda	

### Human Resources and Remuneration Committee

Dr. R.M. Mupawose	Chairman
C.P. Conradie	
T.C. Mazingi	

### Operations/Technical Committee

S.K. Mutepfa	Chairman
S.G. Chella	
C.P. Conradie	

## SENIOR MANAGEMENT

### HEAD OFFICE

P.T. Spear	Group Chief Executive Officer
Dr. A.J. Masuka	Chief Operating officer
M. Dzviti	Finance Director (resigned 30 October 2014)
B.T. Kagondo	Group Human Resources Executive
Dr. M.S.D. Mutopo	Business Development Manager
C.J. Connick	Financial Analyst

## OPERATIONS

T. Makaure	Manager - FAVCO
W. Madzingautswa	Estate Manager (Kent)
E. Makandwa	Estate Manager (Claremont)
L. Nyagura	Head Sales & Marketing - Southern Region
D. Mafuvadze	Senior Estate Manager - Southdown
W. Chibonda	Estate Manager - Roscommon
I. Mukandi	Estate Manager - Clearwater
E. Chafewa	SHE Manager
M. Hondova	Finance Manager (resigned 30 September 2014)

## REGISTERED OFFICE

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

## COMPANY SECRETARY

C. Connick (Acting)

## SHARETRANSFER SECRETARIES

ZB Transfer Secretaries (Pvt) Ltd  
Ground Floor  
ZB Centre  
59 Kwame Nkrumah Ave and First Street  
P.O Box 2540  
Harare

## AUDITORS

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

## BANKERS

Agribank  
CBZ Bank  
Stanbic Bank of Zimbabwe  
Standard Chartered Bank Zimbabwe  
Tetrad Bank  
ZB Bank



# Chairman's Statement



DR. R.M. MUPAWOSE - CHAIRMAN

## OVERVIEW

The economic environment deteriorated further during the reporting period, as manifested through lower disposable incomes, a shift towards buying smaller units and unsustainably high interest rates. The mismatch between short-term, expensive funding and the long term nature of agriculture continues to put a strain on cash flows in the Group.

Resultantly, the year under review has been generally disappointing financially, although in many incidences volumes were better than prior year. The increased activity at operational level has not been reflected in improved financial performance.

The local liquidity constraints persist and, combined with depressed international tea prices and soft local demand for tea products, resulted in weaker than expected returns from the tea crop.

Investments in infrastructure and orchards continue and we are another year closer to realising the full value of these investments.

The major shareholder's continued financial support has been invaluable to the Group. Support from local financial institutions has been most welcome, although finance continues to be generally expensive and of short tenure.

## REVIEW OF OPERATIONS

The Group saw increased contributions from those areas that have benefited from investments made in earlier rehabilitation. Tea yields rose significantly and newly planted fruit orchards showed encouraging growth. The foundation for increased productivity has now been laid at all operations. The full benefits of the rehabilitation programme at all farms are now beginning to be realised.

The expansion on short term crops principally potatoes this season produced increased output although not to anticipated levels. This was compounded by an incessantly wet season leading to delays in lifting and planned plantings.

Despite the current year's results being below expectation the investments already made in infrastructure and long term crops have started to show anticipated results and we expect increasing volumes in the years ahead. An additional US\$1.8 million was spent on capital projects in the current year.

Trading operations have had a very difficult year with performance below expectation because of a combination of depressed economic activity, lower margins and lower than anticipated sales volumes for key products. Sales to the mass market increased to 29% of revenue compared to 7% in prior year, but with lower margins. Cost realignment continued with encouraging results. Further integration of FAVCO with the farming operations will continue in the year ahead.

# Chairman's Statement - cont'd

In the financial year under review the Group posted a profit after tax of US\$615,160 compared to a profit of US\$2,375,870 in 2013. The operating loss increased from US\$2,705,621 in 2013 to US\$4,019,103 in 2014 while the cost of funding decreased from US\$1,576,190 in 2013 to US\$1,132,000.

## OUTLOOK

Preparations for the season ahead have progressed well. For the first time, orchards planted after the capital raise will contribute to production, while increase in output related to irrigation development is expected to continue. With adequate rainfall we look forward to a successful season.

## DIVIDEND

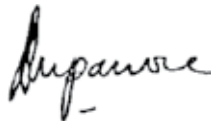
In view of the cash-flow constraints that I have highlighted and the urgent need to generate and preserve the available cash, the Board has seen it prudent not to declare a dividend.

## DIRECTORATE

Mr. Martin Dzviti, Financial Director, resigned on the 30th of October 2014 to pursue personal interests. We thank him for his valuable contribution to the Board.

## APPRECIATION

I thank our shareholders, management and staff for their ongoing contribution to the growth of the Group. I also wish to thank my fellow Directors for their support during this period.



**DR. ROBBIE MATONGO MUPAWOSE**  
**CHAIRMAN**

**Ariston Holdings Limited**  
**Harare**

**18 December 2014**

# Operational Overview



“ The uplift will continue rapidly in the seasons ahead and we expect stone fruit output to double again in the next two years. ”

MR. P.T. SPEAR - CHIEF EXECUTIVE OFFICER

## INTRODUCTION

Despite a continued deterioration in the macro economy, there has been good progress with our on-going rehabilitation of tea gardens and expansion of irrigation infrastructure. New orchard development has been encouraging and the first plantings are expected to come into production this season.

## MACADAMIA AND TEA

Macadamia volumes were marginally lower this season at 1,105 tonnes compared to 1,174 tonnes in 2013, a 6% reduction. Persistent summer rains retarded nut growth and reduced the effectiveness of pest control chemicals with a consequent reduction in quality. Nevertheless, international nut prices remain very firm. All three Southdown estates have established adequate nurseries in anticipation of orchard replanting and expansion.

Bulk tea sales for the year increased to 2,588t, more than a 1,300t or 117% increase on 2013. Quality was acceptable. Local blended tea sales declined to 750t compared to 846t in the previous year. Despite the significant uplift in made tea production, the anticipated increased financial contribution from tea was disappointing. Export prices were very weak throughout the year across all grades and the expected increase in blended tea sales did not materialise. Additional upgrades to tea factories and improved agronomy this year will translate into quality improvements in the year ahead. On the world market predictions are for a glut in tea production and subdued demand from major consumers.

## HORTICULTURE

Stone fruit production was in line with expectation. The first, albeit small, crop was harvested from the orchards planted in 2012. As a consequence of incessant early season rains and hail damage, pome fruit yield and quality were compromised and sales and prices were well below expectation.

Potato production was more than double the previous year. Timing of plantings is critical to optimising yield, quality and market demand. Future plantings will focus on optimal yield and price.

## SUMMER CROPS

Kent grew 400ha of maize and soya. Performance was largely in line with expectations.

## POULTRY

This unit is operating at full capacity with 1.32 million birds being placed during the year. Performance was better than prior year, consistent and satisfactory.

## TRADING

The weak demand for local blended tea led FAVCO to reduce margins to the barest minimum with a consequent reduction in tea contribution. Restructuring at FAVCO has produced some positive results, however, both activity and overall performance have been disappointing, although better than 2013.



# Operational Overview - cont'd

## FINANCIAL PERFORMANCE

Revenues increased by 7% to US\$18.3m, largely driven by the increased contribution of tea. The operating loss of US\$4.0m included US\$0.4m retrenchments costs and US\$0.8m costs incurred for potato plantings, the revenue thereof is expected in 2015. Finance costs reduced from US\$1.6m to US\$1.1m in the period under review, after restructuring of a US\$4m loan from the major shareholder. Fair value adjustments reduced by 28% to US\$6.1m. Total comprehensive income for the period under review amounted to US\$0.6m (2013: US\$2.4m).

Southdown Estates contributed 52% to Group revenues with a turnover of US\$9.5m. Profit before taxation, inclusive of fair value gains of US\$4.3m (2013: US\$7.1m), was US\$3.5m (2013: US\$7.4m).

Kent Estate reported a turnover of US\$2.3m, an increase of 47% on prior year. The loss before taxation was US\$0.2m which was a 7% improvement on 2013.

Claremont Estate turnover remained static at US\$1.7m. An operating loss of US\$0.5m was incurred compared to an operating profit of US\$0.5m in 2013. After fair value adjustments, the division reported a loss before taxation of US\$0.4m (2013: US\$0.5m profit).

FAVCO switched to an agency model with its sister operations in the year under review, recognising commission sales in 2014 as opposed to gross revenues in 2013. As a result reported revenue was US\$4.8m (Gross: US\$9.0m) compared to US\$8.3m reported in 2013. The loss before taxation reduced to US\$0.9m (2013: US\$1.0m).

## OUTLOOK

Early tea production is in line with expectation and marginally above last year. There is no sign of recovery in the international tea price and the forecast is not expected to improve during the next season. While demand for blended teas locally is expected to remain weak export initiatives will offer limited and much needed growth.

Demand for macadamia remains very strong. Fruit set is very encouraging on all three estates. For the first time in several years, macadamia orchards will be rehabilitated where appropriate and modest new plantings will take place with the rains.

Stone fruit production has been on target so far. The newly planted orchards will produce their first significant crop this season. Production in the current season will be double the output from this category of fruit in 2014. The uplift will continue rapidly in the seasons ahead and we expect stone fruit output to double again in the next two years.

The apple crop on the mature orchards is promising. Most encouraging is the fact that 2015 will see a modest harvest from the apples planted in 2012 and 2013. Claremont is entering a phase of rapid and sustained growth in orchard output.

Passion fruit output will not be expanded to manage competition for resources. Potato production will continue to focus on optimal planting windows to maximise both yield and price. Modest increments in potato plantings are anticipated across all estates.

At Kent expanded irrigation capacity now fully utilises available water resources. Refurbishment of greenhouses will continue.

Working capital for the first half of 2014/15 will be in short supply. Capital projects will again be kept to a minimum. As resources allow, there remains considerable opportunity to expand productive capacity on all farms.

## APPRECIATION

Management is grateful to the Chairman, Board and Shareholders for their support in our rehabilitation programme. To our employees and stakeholders we owe a debt of thanks for their forbearance during these difficult times that we believe will soon end.



**PAUL TIMOTHY SPEAR**  
**CHIEF EXECUTIVE OFFICER**

**18 December 2014**

# 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 2014.

## CAPITAL

### Authorised

The authorised capital of your Company remained at 1,600,000,000 shares of US\$0.001.

### Issued

There were no changes in the issued share capital for the year ended 30 September 2014.

### Unissued

At 30 September 2014; 197,114,405 (2013; 197,114,405) shares were under the control of Directors; and 23,075,000 (2013: 23,075,000) shares were set aside under the Senior Staff Option Scheme (2003, 2005 and 2011).

### Reserves

The movement in the reserves of the Group and the Company are shown on page 15 of the financial statements.

## GROUP FINANCIAL RESULTS

The results for the year were as follows:

	\$
Profit before taxation	957,542
Income tax expense	(342,382)
Profit attributable to shareholders	615,160

## DIVIDENDS

In view of the present environment the Board has considered it prudent not to declare a dividend for the year ended 30 September 2014.

## DIRECTORATE

Mr. Martin Dzviti, Financial Director, resigned on the 30th of October 2014 to pursue personal interests. We thank him for his valuable contribution to the Board.

## REPORT OF THE DIRECTORS

The Directors who held office during the year ended 30 September 2014 held directly and indirectly the following shares in the Company.

	At 30/09/14	At 30/09/13
Dr. R.M. Mupawose	112,000	112,000
Mr I. Chagonda	-	-
Mrs S.G. Chella	-	-
Mr C.P. Conradie	-	-
Mr A.C. Jongwe	-	-
Mrs T.C. Mazingi	658,870	658,870
Mr S.K. Mutepefa	91,000	91,000

## AUDITORS

Messrs Deloitte & Touche retire and offer themselves for re-appointment.

## By order of the Board



**P. SPEAR**  
**CHIEF EXECUTIVE OFFICER**

**18 December 2014**

# Corporate Governance

Ariston Holdings Limited 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 & APPOINTMENT

The Board of Directors is chaired by a non-executive director and comprises six non-executive and two executive directors.

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 Board 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. FINANCIAL STATEMENTS AND MANAGEMENT REPORTING

A decentralised management structure exists with divisional 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 main Board. Financial progress is monitored monthly and annual forecasts are reviewed quarterly.

Internal auditors are tasked with ensuring adherence to internal controls and systems to minimise risk.

### Attendance of Directors at Board and committee meetings during the year ended 30 September 2014

Directors	Board	Audit & Risk Committee	Human Resources & Remuneration Committee	Operations/ Technical Committee
Dr R.M. Mupawose	4/4	-	4/4	-
I. Chagonda	2/4	3/4	-	-
S. G. Chella	3/4	3/4	-	3/4
C.P. Conradie	4/4	1/4	4/4	4/4
M. Dzviti (resigned 30 October 2014)	3/4	3/4	-	-
A.C. Jongwe	4/4	4/4	-	-
Dr. A Masuka	4/4	4/4	4/4	4/4
T. C. Mazingi	4/4	-	4/4	-
S. K. Mutepfa	2/4	4/4	-	4/4
P.T. Spear	4/4	4/4	4/4	4/4

# Corporate Governance - cont'd

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.

## 3. BOARD COMMITTEES

### Board and 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 combined Audit & Risk Committee and independent assessments by the independent auditors.

### 3.1 Audit & Risk Committee

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

### 3.2 Human Resources & Remuneration Committee

The Human Resources & 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 formulate 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 Ariston Holdings Limited operates. Accordingly, a performance related profit share is offered in addition to a basic salary package whilst a discretionary share purchase scheme is in place for staff members who meet certain performance ratings. 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 Operation/Technical Committee comprises of three (3) non-executive directors and two executive directors. 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. OTHER CORPORATE GOVERNANCE MEASURES

### 4.1 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 the Group assets; and
- \* Reviewing compliance with applicable legislation, regulations, Group policies and procedures.

The internal audit function reports to the Audit & Risk Committee and has unrestricted access to this committee. Each entity within the Group is audited regularly by the internal auditors based on the annual work plan and close communication is maintained between internal and external audit.

### 4.2 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 - cont'd

## 4.3 Environment

Ariston 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.

## 4.4 Social Responsibility

Ariston 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.

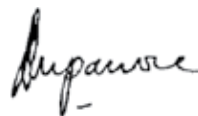
The Group participates in fair trade label programmes and subjects its operations to audit by international organisations, to ensure compliance with the highest standards in its respective operations.

## 4.5 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 Ariston Holdings Limited's annual 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.

## 4.6 Insider Trading

No director, officer or employee of the Company may deal with 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.



**DR ROBBIE MATONGO MUPAWOSE**  
**CHAIRMAN**



**PAUL TIMOTHY SPEAR**  
**CHIEF EXECUTIVE OFFICER**

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARISTON HOLDINGS LIMITED

We have audited the financial statements of Ariston Holdings Limited ('the Company') and its subsidiaries ('the Group'), which comprise the consolidated and separate statements of financial position as at 30 September 2014, and the consolidated statement of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 13 to 51.

### Director's Responsibility for the Financial Statements

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of Zimbabwe (Chapter 24:03), 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, these financial statements present fairly, in all material respects, the consolidated and separate financial position of Ariston Holdings Limited as at 30 September 2014, and its consolidated financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

### Report on other legal and regulatory requirements

In our opinion, the financial statements have, in all material respects, been properly prepared in compliance with the disclosure requirements of the Companies Act (Chapter 24:03) and the relevant statutory instruments (SI 33/99 and SI 62/96).

### Emphasis of matter

#### Going concern assumption

Without qualifying our opinion, we draw your attention to note 26, which indicates that the Group incurred an operating loss of US\$ 4,019,103 (2013 : US\$ 2,705,621). As at 30 September 2014, the Group had an accumulated loss of US\$ 179,712 (2013 : US\$ 797,076) and as of that date the Group's current liabilities exceeded the current assets by US\$ 2,373,360 (2013 : US\$ 4,297,624).

These events indicate a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and therefore the Company may be unable to realize its assets and discharge its liabilities in the normal course of business.

*Deloitte & Touche*

Deloitte & Touche  
Harare, Zimbabwe  
30 December 2014

# Group Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 30 SEPTEMBER 2014

All figures in US\$	Notes	GROUP	
		2014	2013
Revenue	5	18,344,396	17,103,408
Cost of production		(13,640,741)	(11,072,667)
Gross profit		4,703,655	6,030,741
Other operating income		454,371	164,721
		5,158,026	6,195,462
Operating expenses		(9,177,129)	(8,901,083)
Loss from operations	7	(4,019,103)	(2,705,621)
Loss on orchard scrapping	11	-	(134,545)
Fair value adjustments	11	6,108,645	8,521,075
Profit before taxation and interest		2,089,542	5,680,909
Finance costs		(1,132,000)	(1,576,190)
Profit before taxation		957,542	4,104,719
Income tax	8	(342,382)	(1,728,849)
Profit for the year		615,160	2,375,870
Other comprehensive income (net of tax)		-	-
<b>Total comprehensive income for the year</b>		<b>615,160</b>	<b>2,375,870</b>
Basic earnings per share (dollars)	9	0.0004	0.0017
Diluted earnings per share (dollars)	9	0.0004	0.0017

Statement of profit or loss and other comprehensive income transactions for the Company were immaterial for separate disclosures in current year.

# Statements of Financial Position

AS AT 30 SEPTEMBER 2014

		COMPANY		GROUP	
All figures in US\$	Notes	2014	2013	2014	2013
ASSETS					
Non-current assets					
Property, plant and equipment	10	-	-	11,905,938	11,590,244
Biological assets - bearer	11	-	-	17,240,177	17,101,084
Investments	12	34,649	34,649	25,650	25,650
Deferred tax	16	-	-	4,562,796	3,218,858
		34,649	34,649	33,734,561	31,935,836
Current assets					
Biological assets - consumable	11	-	-	10,101,624	3,892,103
Inventories	13	-	-	2,564,748	3,032,056
Trade and other receivables	14	8,393,448	8,431,142	2,224,145	2,148,687
Cash at bank and on hand		-	-	60,124	270,905
		8,393,448	8,431,142	14,950,641	9,343,751
Total assets		8,428,097	8,465,791	48,685,202	41,279,587
EQUITY					
Share capital and reserves					
Share capital	15	1,378,595	1,378,595	1,378,595	1,378,595
Share premium		7,059,932	7,059,932	7,059,932	7,059,932
Share-based payment reserve		9,697	11,901	9,697	11,901
Non-distributable reserves		-	-	10,998,626	10,998,626
Accumulated losses		(95,178)	(59,688)	(179,712)	(797,076)
		8,353,046	8,390,740	19,267,138	18,651,978
LIABILITIES					
Non-current liabilities					
Deferred tax	16	1,283	1,283	9,172,554	7,486,234
Finance lease obligation	23	-	-	71,509	-
Borrowings	18	-	-	2,850,000	1,500,000
		1,283	1,283	12,094,063	8,986,234
Current liabilities					
Trade and other payables	17	73,768	73,768	6,661,765	3,568,137
Finance lease obligation	23	-	-	53,284	-
Borrowings	18	-	-	10,608,952	10,073,238
		73,768	73,768	17,324,001	13,641,375
Total equity and liabilities		8,428,097	8,465,791	48,685,202	41,279,587

**DR R. M. MUPAWOSE**  
Chairman

**P.T. SPEAR**  
Chief Executive Officer

18 December 2014



# Statements of Changes in Shareholders' Equity

FOR THE YEAR ENDED 30 SEPTEMBER 2014

## COMPANY

All figures in US\$	Share capital	Share premium	Share-based payment reserve	Non - distributable reserves	Accumulated losses	Total
<b>Balance at 30 September 2012</b>	<b>1,378,420</b>	<b>7,059,079</b>	<b>17,631</b>	-	<b>(34,138)</b>	<b>8,420,992</b>
Transfer to share capital on share options exercised	175	-	(175)	-	-	-
Transfer to share premium on share options exercised	-	853	(853)	-	-	-
Transfer to accumulated loss on share options expired	-	-	(4,702)	-	4,702	-
Total comprehensive loss for the year	-	-	-	-	(30,252)	(30,252)
<b>Balance at 30 September 2013</b>	<b>1,378,595</b>	<b>7,059,932</b>	<b>11,901</b>	-	<b>(59,688)</b>	<b>8,390,740</b>
Transfer to accumulated loss on share options expired	-	-	(2,204)	-	2,204	-
Total comprehensive loss for the year	-	-	-	-	(37,694)	(37,694)
<b>Balance at 30 September 2014</b>	<b>1,378,595</b>	<b>7,059,932</b>	<b>9,697</b>	-	<b>(95,178)</b>	<b>8,353,046</b>

## GROUP

All figures in US\$	Share capital	Share premium	Share-based payment reserve	Non - distributable reserves	Accumulated losses	Total
<b>Balance at 30 September 2012</b>	<b>1,378,420</b>	<b>7,059,079</b>	<b>17,631</b>	<b>10,998,626</b>	<b>(3,177,648)</b>	<b>16,276,108</b>
Transfer to share capital on share options exercised	175	-	(175)	-	-	-
Transfer to share premium on share options exercised	-	853	(853)	-	-	-
Transfer to accumulated loss on share options expired	-	-	(4,702)	-	4,702	-
Total comprehensive income for the year	-	-	-	-	2,375,870	2,375,870
<b>Balance at 30 September 2013</b>	<b>1,378,595</b>	<b>7,059,932</b>	<b>11,901</b>	<b>10,998,626</b>	<b>(797,076)</b>	<b>18,651,978</b>
Transfer to accumulated loss on share options expired	-	-	(2,204)	-	2,204	-
Total comprehensive income for the year	-	-	-	-	615,160	615,160
<b>Balance at 30 September 2014</b>	<b>1,378,595</b>	<b>7,059,932</b>	<b>9,697</b>	<b>10,998,626</b>	<b>(179,712)</b>	<b>19,267,138</b>

# Group Statement of Cashflows

FOR THE YEAR ENDED 30 SEPTEMBER 2014

All figures in US\$	Notes	2014	2013
<b>Cash flows from operating activities</b>			
Profit before taxation and interest		2,089,542	5,680,909
Net non-cash flow items	6.1	(4,910,324)	(7,301,883)
Cash outflow from operations		(2,820,782)	(1,620,974)
Finance costs		(1,132,000)	(1,576,190)
Income taxes paid		-	-
Change in working capital	6.2	3,485,478	(1,264,778)
Cash utilised in operating activities		(467,304)	(4,461,942)
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(1,543,649)	(2,536,248)
Proceeds from sale of property, plant and equipment		30,164	39,046
Net cash outflow on biological assets		(240,499)	(701,437)
Cash utilised investing activities		(1,753,984)	(3,198,639)
<b>Cash flows from financing activities</b>			
Increase in borrowings		2,010,507	7,924,920
Cash generated from financing activities		2,010,507	7,924,920
Net cash (outflow)/inflow		(210,781)	264,339
Cash and cash equivalents at beginning of year		270,905	6,566
<b>Cash and cash equivalents at end of year</b>		<b>60,124</b>	<b>270,905</b>
Cash and cash equivalents at end of year comprising:			
Cash and cash equivalents		60,124	270,905
<b>Cash and cash equivalents at the end of year</b>		<b>60,124</b>	<b>270,905</b>

There were no cash flow movements in the Company. All cash transactions are made through Ariston Management Services (Private) Limited, a one hundred percent (100%) owned subsidiary.

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2014

## 1. GENERAL DISCLOSURES

### 1.1 Country of Incorporation and Main Activities

Ariston Holdings Limited ("the Company"), an investment holding company, its subsidiaries and associated companies ("the Group") are incorporated in Zimbabwe. The main activity of the Group is horticulture, tea, macadamia nut production, fishery, poultry production and the supply of fresh farm produce. The ultimate holding company of the Group is Afrifresh Group Proprietary Limited.

### 1.2 Currency

The financial statements are presented in United States dollars (US\$) which is the functional currency of the Company and the Group.

### 1.3 Borrowing powers

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

## 2. ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

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

#### IFRS 10 Consolidated Financial Statements (issued 12 May 2011, effective January 2013)

Requires a parent to present consolidated financial statements as those of a single economic entity, replacing the requirements previously contained in IAS 27 Consolidated and Separate Financial Statements and Standing Interpretations Committee (SIC) 12 Consolidation - Special Purpose Entities.

The standard identifies the principles of control, determines how to identify whether an investor controls an investee and therefore must consolidate the investee, and sets out the principles for the preparation of consolidated financial statements.

The standard introduces a single consolidation model for all entities based on control, irrespective of the nature of the investee (i.e. whether an entity is controlled through voting rights of investors or through other contractual arrangements as is common in 'special purpose entities'). Under IFRS 10, control is based on whether an investor has:

- power over the investee;
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect the amount of the returns.

#### IFRS 11 Joint Arrangements (issued May 2011, effective January 2013)

Replaced IAS 31 Interests in Joint Ventures. Requires a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations and then account for those rights and obligations in accordance with that type of joint arrangement.

Joint arrangements are either joint operations or joint ventures:

- a joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint operators recognise their assets, liabilities, revenue and expenses in relation to its interest in a joint operation (including their share of any such items arising jointly).
- a joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (joint venturers) have rights to the net assets of the arrangement. A joint venturer applies the equity method of accounting for its investment in a joint venture in accordance with IAS 28 Investments in Associates and Joint Ventures (2011). Unlike IAS 31, the use of 'proportionate consolidation' to account for joint ventures is not permitted.

The application of this IFRS does not have a material impact on the Company's financial statements, as the Company does not have joint operations or joint ventures as defined in IFRS 11.

# Notes to the Financial Statements - cont'd

FOR THE YEAR ENDED 30 SEPTEMBER 2014

## 2. ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS - continued

### **IFRS 12 Disclosure of Interests in Other Entities (issued May 2011, effective January 2013)**

Requires the extensive disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, interests in other entities and the effects of those interests on its financial position, financial performance and cash flows.

In high-level terms, the required disclosures are grouped into the following broad categories:

- significant judgements and assumptions - such as how control, joint control, significant influence has been determined;
- interests in subsidiaries - including details of the structure of the group, risks associated with structured entities, changes in control, and so on;
- interests in joint arrangements and associates - the nature, extent and financial effects of interests in joint arrangements and associates (including names, details and summarised financial information); and
- interests in unconsolidated structured entities - information to allow an understanding of the nature and extent of interests in unconsolidated structured entities and to evaluate the nature of, and changes in, the risks associated with its interests in unconsolidated structured entities.

### **IFRS 13 Fair Value Measurement (issued 12 May 2011, effective January 2013)**

Replaces the guidance on fair value measurement in existing IFRS accounting literature with a single standard.

The IFRS defines fair value, provides guidance on how to determine fair value and requires disclosures about fair value measurements. It does not change the requirements regarding which items should be measured or disclosed at fair value.

IFRS 13 applies when another IFRS requires or permits fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements). With some exceptions, the standard requires entities to classify these measurements into a 'fair value hierarchy' based on the nature of the inputs:

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

Entities are required to make various disclosures depending upon the nature of the fair value measurement (e.g. whether it is recognised in the financial statements or merely disclosed) and the level in which it is classified.

The application of this IFRS does not have a material impact on the Company's financial statements, as the Company's financial instruments are currently all measured at amortised cost, and there is no intention to change their classification or measurement basis.

### **IAS 19 Employee Benefits (amended June 2011, effective January 2013)**

Amended IAS 19 Employee Benefits with revised requirements for pensions and other post-retirement benefits, termination benefits and other changes.

The key amendments included:

- requiring the recognition of changes in the net defined benefit liability (asset) including immediate recognition of defined benefit cost, disaggregation of defined benefit cost into components, recognition of remeasurements in other comprehensive income, plan amendments, curtailments and settlements (eliminating the 'corridor approach' permitted by the existing IAS 19)
- introducing enhanced disclosures about defined benefit plans



# Notes to the Financial Statements - cont'd

FOR THE YEAR ENDED 30 SEPTEMBER 2014

## 2. ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS - continued

- modifying accounting for termination benefits, including distinguishing benefits provided in exchange for service and benefits provided in exchange for the termination of employment and affect the recognition and measurement of termination benefits
- clarifying various miscellaneous issues, including the classification of employee benefits, current estimates of mortality rates, tax and administration costs and risk-sharing and conditional indexation features
- incorporating other matters submitted to the IFRS Interpretations Committee.

The application of this IFRS does not have a material effect on the Company's financial statements, with respect to accounting for defined benefit plans, as it does not operate or participate in defined benefit pension schemes. The entity had already started distinguishing benefits provided in exchange for service and benefits provided in exchange for the termination of employment in prior financial statements.

### IAS 27 Separate Financial Statements (issued May 2011, effective January 2013)

This is an amended version of IAS 27 which now only deals with the requirements for separate financial statements, which have been carried over largely unamended from IAS 27 Consolidated and Separate Financial Statements. Requirements for consolidated financial statements are now contained in IFRS 10 Consolidated Financial Statements.

The standard requires that when an entity prepares separate financial statements, investments in subsidiaries, associates, and jointly controlled entities are accounted for either at cost, or in accordance with IFRS 9 Financial Instruments.

The standard also deals with the recognition of dividends, certain group reorganisations and includes a number of disclosure requirements.

### IAS 28 Investments in Associates and Joint Ventures (issued May 2011, effective January 2013)

This standard supersedes IAS 28 Investments in Associates and prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.

The standard defines significant influence and provides guidance on how the equity method of accounting is to be applied (including exemptions from applying the equity method in some cases). It also prescribes how investments in associates and joint ventures should be tested for impairment.

The application of this IFRS does not have a material impact on the Company's financial statements, as it does not currently have any associates or joint ventures.

## 2.2 Amendments to IFRSs mandatorily effective at the end of the reporting period with no material effect on the reported amounts and disclosures in the current period or prior period

### IFRS 7 Financial Instruments: Disclosures (amended December 2011, effective January 2013)

Amends the disclosure requirements in IFRS 7 Financial Instruments: Disclosures to require information about all recognised financial instruments that are set off in accordance with paragraph 42 of IAS 32 Financial Instruments: Presentation. The amendments also require disclosure of information about recognised financial instruments subject to enforceable master netting arrangements and similar agreements even if they are not set off under IAS 32.

The application of these amendments do not have any material effect on the Company's financial statements, as it does not offset any of its financial instruments.

### IFRS 1 First-time Adoption of International Financial Reporting Standards (amended March 2012, effective January 2013)

Amends IFRS 1 First-time Adoption of International Financial Reporting Standards to address how a first-time adopter would account for a government loan with a below-market rate of interest when transitioning to IFRSs. The amendments mirror the requirements for existing IFRS preparers in relation to the application of amendments made to IAS 20 Accounting for Government Grants and Disclosure of Government Assistance in relation to accounting for government loans.

# Notes to the Financial Statements - cont'd

FOR THE YEAR ENDED 30 SEPTEMBER 2014

## 2. ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS - continued

The application of these amendments do not have any effect on the Company's financial statements, as it is not a first-time adopter of IFRSs, and neither does it have any government loans.

### **Annual Improvements 2009-2011 Cycle (issued May 2012, effective January 2013)**

Makes amendments to the following standards:

- IFRS 1 — Permits the repeated application of IFRS 1, borrowing costs on certain qualifying assets
- IAS 1 — Clarification of the requirements for comparative information
- IAS 16 — Classification of servicing equipment
- IAS 32 — Clarification that the tax effect of a distribution to holders of equity instruments should be accounted for in accordance with IAS 12 Income Taxes
- IAS 34 — Clarification of interim reporting of segment information for total assets in order to enhance consistency with the requirements in IFRS 8 Operating Segments

The application of these amendments do not have any effect on the Company's financial statements, as it is not a first-time adopter of IFRSs, and neither did it recognise or encounter any transactions or events affected by the stated IFRSs.

### **Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance (Issued June 2012, effective January 2013)**

Amends IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities, to provide additional transition relief by limiting the requirement to provide adjusted comparative information to only the preceding comparative period.

Also, amendments to IFRS 11 and IFRS 12 eliminate the requirement to provide comparative information for periods prior to the immediately preceding period.

The application of these amendments do not have any effect on the Company's financial statements.

### **Disclosures — Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) (issued December 2011) (Applicable to annual periods beginning on or after 1 January 2013)**

Amends the disclosure requirements in IFRS 7 Financial Instruments: Disclosures to require information about all recognised financial instruments that are set off in accordance with paragraph 42 of IAS 32 Financial Instruments: Presentation.

The amendments also require disclosure of information about recognised financial instruments subject to enforceable master netting arrangements and similar agreements even if they are not set off under IAS 32. The IASB believes that these disclosures will allow financial statement users to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with an entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.

### **Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) (Issued December 2011, effective January 2014)**

Amends IAS 32 Financial Instruments: Presentation to clarify certain aspects because of diversity in application of the requirements on offsetting, focused on four main areas:

- the meaning of 'currently has a legally enforceable right of set-off'
- the application of simultaneous realisation and settlement
- the offsetting of collateral amounts
- the unit of account for applying the offsetting requirements.

### **Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39) (Issued June 2013, effective January 2014)**

Amends IAS 39 Financial Instruments: Recognition and Measurement to make it clear that there is no need to discontinue hedge accounting if a hedging derivative is novated provided certain criteria are met.

# Notes to the Financial Statements - cont'd

FOR THE YEAR ENDED 30 SEPTEMBER 2014

## 2. ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS - continued

A novation indicates an event where the original parties to a derivative agree that one or more clearing counterparties replace their original counterparty to become the new counterparty to each of the parties. In order to apply the amendments and continue hedge accounting, novation to a central counterparty (CCP) must happen as a consequence of laws or regulations or the introduction of laws or regulations.

### **IFRIC 21 Levies (Issued May 2013, effective January 2014)**

Provides guidance on when to recognise a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and those where the timing and amount of the levy is certain.

The Interpretation identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation. It provides the following guidance on recognition of a liability to pay levies:

- The liability is recognised progressively if the obligating event occurs over a period of time
- If an obligation is triggered on reaching a minimum threshold, the liability is recognised when that minimum threshold is reached.

The future application of this IFRS is not expected to have a material impact on the Company's financial statements, as the Company does not have any levies imposed on by government that would require accounting treatments proposed by IFRIC 21.

### **Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36) (issued May 2013, effective January 2014)**

Amends IAS 36 Impairment of Assets to reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique.

The future application of this IFRS will have an effect on the Company's financial statements, to the extent that any impairment arises on its assets in line with IAS 36 requirements.

### **IAS 32 Financial Instruments: Presentation (amended December 2011, effective January 2014)**

Amends IAS 32 Financial Instruments: Presentation to clarify certain aspects because of diversity in application of the requirements on offsetting, focused on four main areas:

- the meaning of 'currently has a legally enforceable right of set-off'
- the application of simultaneous realisation and settlement
- the offsetting of collateral amounts
- the unit of account for applying the offsetting requirements.

The future application of this IFRS will not have a material effect on the Company's financial statements, as it does not offset any of its financial instruments.

### **Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27) (Issued October 2012, effective January 2014)**

Amends IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements to:

- provide 'investment entities' (as defined) an exemption from the consolidation of particular subsidiaries and instead require that an investment entity measure the investment in each eligible subsidiary at fair value through profit or loss in accordance with IFRS 9 Financial Instruments or IAS 39 Financial Instruments: Recognition and Measurement
- require additional disclosure about why the entity is considered an investment entity, details of the entity's unconsolidated subsidiaries, and the nature of relationship and certain transactions between the investment entity and its subsidiaries

# Notes to the Financial Statements - cont'd

FOR THE YEAR ENDED 30 SEPTEMBER 2014

## 2. ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS - continued

- require an investment entity to account for its investment in a relevant subsidiary in the same way in its consolidated and separate financial statements (or to only provide separate financial statements if all subsidiaries are unconsolidated).

The future application of this IFRS will not have a material effect on the Company's financial statements, as it is not an investment entity.

### **Defined Benefit Plans: Employee Contributions (Amendments to IAS 19) (Issued November 2013, applicable to annual periods beginning on or after 1 July 2014)**

Amends IAS 19 Employee Benefits to clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. In addition, it permits a practical expedient if the amount of the contributions is independent of the number of years of service, in that contributions, can, but are not required, to be recognised as a reduction in the service cost in the period in which the related service is rendered.

### **Annual Improvements 2010-2012 Cycle (issued December 2013, effective July 2014)**

Makes amendments to the following standards:

IFRS 2 — Amends the definitions of 'vesting condition' and 'market condition' and adds definitions for 'performance condition' and 'service condition'

IFRS 3 — Require contingent consideration that is classified as an asset or a liability to be measured at fair value at each reporting date

IFRS 8 — Requires disclosure of the judgements made by management in applying the aggregation criteria to operating segments, clarify reconciliations of segment assets only required if segment assets are reported regularly

IFRS 13 — Clarify that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure certain short-term receivables and payables on an undiscounted basis (amends basis for conclusions only)

IAS 16 and IAS 38 — Clarify that the gross amount of property, plant and equipment is adjusted in a manner consistent with a revaluation of the carrying amount

IAS 24 — Clarify how payments to entities providing management services are to be disclosed

### **Annual Improvements 2011-2013 Cycle (issued December 2013, effective July 2014)**

Makes amendments to the following standards:

IFRS 1 — Clarify which versions of IFRSs can be used on initial adoption (amends basis for conclusions only)

IFRS 3 — Clarify that IFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself

IFRS 13 — Clarify the scope of the portfolio exception in paragraph 52

IAS 40 — Clarifying the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property

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

### **IFRS 9 Financial Instruments (issued November 2009, no stated effective date)**

IFRS 9 introduces new requirements for classifying and measuring financial assets, as follows:

- debt instruments meeting both a 'business model' test and a 'cash flow characteristics' test are measured at amortised cost (the use of fair value is optional in some limited circumstances);
- investments in equity instruments can be designated as 'fair value through other comprehensive income' with only dividends being recognised in profit or loss;



# Notes to the Financial Statements - cont'd

FOR THE YEAR ENDED 30 SEPTEMBER 2014

## 2. ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS - continued

- all other instruments (including all derivatives) are measured at fair value with changes recognised in the profit or loss; and
- the concept of 'embedded derivatives' does not apply to financial assets within the scope of the standard and the entire instrument must be classified and measured in accordance with the above guidelines.

The future application of this IFRS will not have a material impact on the Company's financial statements, as the Company currently measures its borrowings at amortised cost, does not have any investments in equity instruments and does not have any financial instruments with embedded derivatives.

### **IFRS 9 Financial Instruments (issued October 2010, no stated effective date)**

This is a revised version of IFRS 9 incorporating revised requirements for the classification and measurement of financial liabilities, and carrying over the existing derecognition requirements from IAS 39 Financial Instruments: Recognition and Measurement. The revised financial liability provisions maintain the existing amortised cost measurement basis for most liabilities. New requirements apply where an entity chooses to measure a liability at fair value through profit or loss – in these cases, the portion of the change in fair value related to changes in the entity's own credit risk is presented in other comprehensive income rather than within profit or loss.

The future application of this IFRS will not have a material impact on the Company's financial statements, as the Company currently measures its borrowings at amortised cost and has no future intention to measure them at fair value.

### **IFRS 9 Financial Instruments (Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39) (2013) (issued November 2009, no stated effective date)**

A revised version of IFRS 9 which:

- introduces a new chapter to IFRS 9 on hedge accounting, putting in place 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
- permits an entity to apply only the requirements introduced in IFRS 9 (2010) for the presentation of gains and losses on financial liabilities designated as at fair value through profit or loss without applying the other requirements of IFRS 9, meaning the portion of the change in fair value related to changes in the entity's own credit risk can be presented in other comprehensive income rather than within profit or loss
- removes the mandatory effective date of IFRS 9 (2013), IFRS 9 (2010) and IFRS 9 (2009), leaving the effective date open pending the finalisation of the impairment and classification and measurement requirements. Notwithstanding the removal of an effective date, each standard remains available for application.

The future application of this IFRS will not have a material impact on the Company's financial statements, as the Company does not engage in transactions that give rise to hedge accounting.

### **IFRS 14 Regulatory Deferral Accounts (Applicable to an entity's first annual IFRS financial statements for a period beginning on or after 1 January 2016) (issued January 2014, effective January 2016)**

IFRS 14 permits an entity which is a first-time adopter of International Financial Reporting Standards to continue to account, with some limited changes, for 'regulatory deferral account balances' in accordance with its previous GAAP, both on initial adoption of IFRS and in subsequent financial statements.

The future application of this IFRS will not have a material impact on the Company's financial statements, as the Company is not a first time adopter of IFRS.

# Notes to the Financial Statements - cont'd

FOR THE YEAR ENDED 30 SEPTEMBER 2014

## 2. ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS - continued

### **IFRS 15 Revenue from Contracts with Customers (Applicable to an entity's first annual IFRS financial statements for a period beginning on or after 1 January 2017) (issued May 2014, effective January 2017)**

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.

### **Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38) (issued May 2014, effective January 2016)**

Amends IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets to:

- clarify that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment,
- introduce a rebuttable presumption that an amortisation method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated add guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset.

### **Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41) (issued June 2014, effective January 2016)**

Amends IAS 16 Property, Plant and Equipment and IAS 41 Agriculture to:

- include 'bearer plants' within the scope of IAS 16 rather than IAS 41, allowing such assets to be accounted for as property, plant and equipment and measured after initial recognition on a cost or revaluation basis in accordance with IAS 16,
- introduce a definition of 'bearer plants' as a living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales clarify that produce growing on bearer plants remains within the scope of IAS 41.

### **Equity Method in Separate Financial Statements (Amendments to IAS 27) (issued August 2014, effective January 2016)**

Amends IAS 27 Separate Financial Statements to permit investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements.

### **Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) (issued September 2014, effective January 2016)**

Amends IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) to clarify the treatment of the sale or contribution of assets from an investor to its associate or joint venture, as follows:

- require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 Business Combinations)
- require the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognised only to the extent of the unrelated investors' interests in that associate or joint venture.

These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occurs by an investor transferring shares in an subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves.

# Notes to the Financial Statements - cont'd

FOR THE YEAR ENDED 30 SEPTEMBER 2014

## 2. ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS - continued

### Annual Improvements 2012-2014 Cycle (issued September 2014, effective July 2016)

Makes amendments to the following standards:

IFRS 5 — Adds specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued

IFRS 7 — Additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset, and clarification on offsetting disclosures in condensed interim financial statements

IAS 9 — Clarify that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid

IAS 34 — Clarify the meaning of 'elsewhere in the interim report' and require a cross-reference

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 3.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, (IFRS).

### 3.2 Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for certain biological assets and financial instruments that are measured at revalued amounts or 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.

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. However, the directors believe that under the current economic, political and legal environment a continuous assessment of the environment will need to be performed to determine the continued appropriateness of this assumption.

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.

# Notes to the Financial Statements - cont'd

FOR THE YEAR ENDED 30 SEPTEMBER 2014

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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 non-controlling 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.

## 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.

# Notes to the Financial Statements - cont'd

FOR THE YEAR ENDED 30 SEPTEMBER 2014

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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.

### 3.5 Investments in associates

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.

The results, assets, and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associates.

# Notes to the Financial Statements - cont'd

FOR THE YEAR ENDED 30 SEPTEMBER 2014

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

### 3.6 Biological assets

Biological assets include the following:

- tea
- poultry
- macadamia
- bananas
- pome fruit
- stone fruit
- passion fruit
- gum plantations
- livestock
- trout
- avocados
- potatoes

Biological assets are measured at cost on initial recognition and at each period end at their fair values. Any change is included in the net profit or loss for the period in which it arises, as more fully set out below:

#### Growing crops and orchards

Growing crops and orchards comprise two elements:

- Bearer biological assets – pome trees, stone trees, deciduous trees, banana plants etc. Bearer biological assets are valued at fair value based on the present value of net cash flows expected to arise from these assets.
- Consumable biological assets – standing pome fruits, deciduous fruit, bananas, tea leaves, standing macadamia nuts etc. Consumable biological assets are measured at fair value, determined on current estimated market prices, less estimated harvesting, transport, packing and costs to sell. Growing fruit at estimated yields, quality standards, age and market prices.

The method used to carry out the valuation of these assets is summarised as follows:

- i. Looking ahead for a period of 10 years for tea and macadamia, and for less depending on the expected life and susceptibilities of variety changes to the biological asset.
- ii. Calculating the present value of the net cashflow expected to arise from those assets over the periods stated in (i) above.
- iii. The net cash flow being based on annual production levels, the selling price less point of sale costs for the agricultural produce and deducting the variable costs of agricultural production.

#### Livestock

Livestock are measured at their fair value less estimated point-of-sale costs, fair value being determined upon the age and size of the animals and relevant market price. Market price is determined on the basis that the animal is either to be sold to be slaughtered or realised through sale to customers at fair market value.

Surpluses or deficits arising from the annual change in the valuation are taken to the 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.



# Notes to the Financial Statements - cont'd

FOR THE YEAR ENDED 30 SEPTEMBER 2014

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

### 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.

#### Financial assets:

##### Trade receivables

Trade 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 initial 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.

##### 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.

When a trade 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.

# Notes to the Financial Statements - cont'd

FOR THE YEAR ENDED 30 SEPTEMBER 2014

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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 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 are also measured at amortised cost using the effective interest rate method.

### Derecognition of financial liabilities

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

### 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 deductible 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.

# Notes to the Financial Statements - cont'd

FOR THE YEAR ENDED 30 SEPTEMBER 2014

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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

Plant, equipment, motor vehicles, freehold and leasehold improvements are stated at costs less accumulated depreciation and accumulated impairment losses.

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

Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Plant and equipment	3 - 20 years
Motor vehicles	5 years
Freehold improvements	7 – 40 years
Leasehold improvements	10 – 40 years (See below)
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.

### 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 estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any 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.

# Notes to the Financial Statements - cont'd

FOR THE YEAR ENDED 30 SEPTEMBER 2014

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

### 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.

### 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.

### 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.

# Notes to the Financial Statements - cont'd

FOR THE YEAR ENDED 30 SEPTEMBER 2014

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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.

### 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 entity.

# Notes to the Financial Statements - cont'd

FOR THE YEAR ENDED 30 SEPTEMBER 2014

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

### 3.16 Retirement benefit costs

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

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 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

Revenue is measured at the fair value of the consideration received or receivable. Revenue excludes value added and other taxes, and is reduced for estimated customer returns, rebates and other similar allowances.

#### Sale of goods

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the 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.

### 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.



# Notes to the Financial Statements - cont'd

FOR THE YEAR ENDED 30 SEPTEMBER 2014

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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

#### Estimated production per year

Production has been based on the average of the actual production for the past five years adjusted for projected growth. This provides the best possible estimate of the future generating capacities of the business.

# Notes to the Financial Statements - cont'd

FOR THE YEAR ENDED 30 SEPTEMBER 2014

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

### Selling prices

Selling prices for agricultural produce are quoted in US dollars. The average of the selling prices of the current financial year are used as the best estimate of future prices with reference to the historical prices.

### Agricultural and Country Risk Factor

A risk factor of 40% has been used for all crops except tea, whose risk factor is 45%. This risk is attributed to inherent farming uncertainties such as changing rainfall patterns in coming seasons and the effects of global warming.

The Company is planning to change its mix of tea produced with more emphasis being on value-added products such as packaged tea rather than bulk tea. The tea production volume is also expected to increase significantly as a result of fertilising and irrigation. There is thus an added risk that the Company may not be able to achieve the expected product mix and prices. Thus we have applied a further 5% risk attached to tea production crops.

### Discount Factor

A discount factor of 18.28% per annum has been used. This discount factor has been derived from the weighted average cost of capital (WACC) using the Capital Asset Pricing Model (CAPM) for Ariston. The risk-free rate used for the computation of this WACC was derived from the United States government bond yield.

## 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.

## 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.

The directors believe that the preparation of the financial statements on a going-concern basis is still appropriate notwithstanding the dynamics of land ownership in Zimbabwe.

# Notes to the Financial Statements - cont'd

FOR THE YEAR ENDED 30 SEPTEMBER 2014

## 5. SEGMENT REPORTING

For management purposes, the Group is organised into four major divisions: Southdown Estates, Claremont Estate, Kent Estate, and FAVCO. These divisions are the basis on which the Group reports its business segment information.

The principal products and services of each of these divisions 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, passion fruit, potatoes and trout.

Kent Estate - the growing of horticultural crops, and rearing of poultry and livestock.

FAVCO - the distribution of fresh fruit and vegetables.

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

### Segment revenues

All figures in US\$	EXTERNAL SALES		INTER-SEGMENT SALES		TOTAL SALES	
	2014	2013	2014	2013	2014	2013
Southdown Estates	9,512,667	5,474,745	-	2,336,493	9,512,667	7,811,238
Claremont Estate	1,699,467	1,706,406	-	257,767	1,699,467	1,964,173
Kent Estate	2,340,381	1,589,704	-	44,601	2,340,381	1,634,305
FAVCO	4,791,881	8,332,553	1,057,374	-	5,849,255	8,332,553
<b>Total</b>	<b>18,344,396</b>	<b>17,103,408</b>	<b>1,057,374</b>	<b>2,638,861</b>	<b>19,401,770</b>	<b>19,742,269</b>
Elimination					<b>(1,057,374)</b>	<b>(2,638,861)</b>
					<b>18,344,396</b>	<b>17,103,408</b>

All revenue was generated from the sale of goods.

### Segment results

All figures in US\$	2014	2013
Southdown Estates	3,497,756	7,358,589
Claremont Estate	(434,788)	479,919
Kent Estate	(168,743)	(181,999)
FAVCO	(859,283)	(1,044,444)
Ariston Corporate Office	(1,077,400)	(2,507,346)
Profit before taxation	957,542	4,104,719
Income tax	(342,382)	(1,728,849)
<b>Profit for the year</b>	<b>615,160</b>	<b>2,375,870</b>

The accounting policies of the reportable segments are the same as the Group's accounting policies described in notes 2 to 4. Segment profit represents the profit earned by each segment without allocation of central administration costs and directors' salaries, investment income, other gains and losses and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

# Notes to the Financial Statements - cont'd

FOR THE YEAR ENDED 30 SEPTEMBER 2014

## 5. SEGMENT REPORTING - continued

### Segment assets and liabilities

All figures in US\$	Assets		Liabilities	
	2014	2013	2014	2013
Southdown Estates	26,144,193	21,761,636	(2,713,918)	(1,476,022)
Claremont Estate	6,295,343	5,216,402	(753,333)	(392,080)
Kent Estate	3,873,902	2,898,138	(770,996)	(303,506)
FAVCO	2,540,018	2,456,272	(1,375,707)	(964,286)
Ariston Corporate Office	5,268,950	5,728,281	(14,631,556)	(12,005,481)
	<b>44,122,406</b>	<b>38,060,729</b>	<b>(20,245,510)</b>	<b>(15,141,375)</b>

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.
- Liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets.

### Other segment information

All figures in US\$	Depreciation and amortisation		Additions to non-current assets	
	2014	2013	2014	2013
Southdown Estates	371,710	305,478	890,264	1,126,470
Claremont Estate	168,469	140,815	369,504	1,262,197
Kent Estate	129,999	100,641	384,173	611,426
FAVCO	130,359	123,955	96,655	168,791
Ariston Corporate Office	405,271	406,040	67,817	68,801
<b>Total</b>	<b>1,205,808</b>	<b>1,076,929</b>	<b>1,808,413</b>	<b>3,237,685</b>

### 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\$	2014	2013
Tea	6,086,300	5,420,966
Macadamia nut	2,789,500	3,011,993
Vegetables and fruits	7,670,403	6,462,951
Poultry	780,430	562,494
Other	1,017,763	1,645,004
<b>Total</b>	<b>18,344,396</b>	<b>17,103,408</b>

### Information about major customers

Included in revenues arising from direct sales of vegetables and fruits of US\$7,670,403 (2013; US\$6,462,951) are revenues of approximately US\$1,626,488 (2013; US\$2,252,913) which arose from sales to the Group's largest customer which operates in the retail market.

Also included in revenues arising from direct sales of tea of US\$6,086,300 (2013; US\$5,420,966) are revenues of approximately US\$3,200,970 (2013; US\$1,907,665) which arose from sales to two of the Group's foreign customers.

# Notes to the Financial Statements - cont'd

FOR THE YEAR ENDED 30 SEPTEMBER 2014

## 6. CASH FLOW INFORMATION

### 6.1 Net non-cash items

All figures in US\$	2014	2013
Depreciation (including biological assets)	1,205,808	1 076 929
Impairment loss of biological assets	-	134 545
Fair value adjustments of biological assets	(6,108,645)	(8,521,075)
Impairment loss of property, plant and equipment	-	45,993
Profit on sale of property, plant and equipment	(7,487)	(33,807)
Unrealised exchange gains	-	(4,468)
	<b>(4,910,324)</b>	<b>(7,301,883)</b>

### 6.2 Change in working capital

Movements in:		
Decrease/(increase) in inventories	467,308	(1,507,370)
(Increase)/decrease in trade and other receivables	(75,458)	339,674
Increase/(decrease) in trade and other payables	3,093,628	(97,082)
	<b>3,485,478</b>	<b>(1,264,778)</b>

## 7. LOSS FROM OPERATIONS

This is stated after charging and crediting:

- auditors' remuneration	120,000	120,000
- (reversal)/allowance for credit losses	(247,533)	111,582
- debtors' write-off	-	26,842
- depreciation (including biological assets)	1,205,808	1,076,929
- impairment loss	-	45,993
- profit on disposal of property, plant and equipment	(7,487)	(33,807)
- staff costs		
• selling and distribution	2,099,022	1,901,709
• salaries and wages (i)	6,733,461	5,814,551
• pensions	21,840	150,000
Directors's emoluments		
• fees	61,200	49,350

(i) Included in salaries and wages are restructuring costs of US\$ 361,000

## 8. INCOME TAX

Current tax	-	-
Deferred tax (note 16)	(342,382)	(1,728,849)
	<b>(342,382)</b>	<b>(1,728,849)</b>
Reconciliation of income tax credit for the year		
Notional tax at statutory rates	(0.26)	(0.26)
Adjustments relating to:		
- Non-taxable / non deductible items	(0.10)	(0.16)
<b>Actual income tax credit</b>	<b>(0.36)</b>	<b>(0.42)</b>

# Notes to the Financial Statements - cont'd

FOR THE YEAR ENDED 30 SEPTEMBER 2014

All figures in US\$		2014	2013
<b>9. EARNINGS PER SHARE</b>			
Profit for the year		615,160	2,375,870
(i) Weighted average number of shares at year end		1,378,595,595	1,378,581,012
Basic earnings (dollars)		0.0004	0.0017
(ii) Weighted average number of shares used in the calculation of basic earnings per share		1,378,595,595	1,378,581,012
Shares deemed to be issues in respect of employee options		1,650,000	2,025,000
Weighted average number of ordinary shares used in the calculation of diluted earnings per share		1,380,245,595	1,380,606,012
Diluted profit per share (dollars)		0.0004	0.0017
<b>10. PROPERTY, PLANT AND EQUIPMENT</b>			
<b>Land, buildings and leasehold improvements</b>			
At cost		16,479,273	16,314,007
Accumulated depreciation		(9,870,090)	(9,574,642)
Net carrying amount		6,609,183	6,739,365
<b>Plant and equipment</b>			
At cost		25,698,203	24,646,064
Accumulated depreciation		(22,156,520)	(21,484,784)
Net carrying amount		3,541,683	3,161,280
<b>Motor vehicles</b>			
At cost		3,553,348	3,445,264
Accumulated depreciation		(1,981,051)	(1,755,665)
Net carrying amount		1,572,297	1,689,599
<b>Assets held under finance lease</b>			
At cost		189,920	-
Accumulated depreciation		(7,145)	-
Net carrying amount		182,775	-
<b>Total property, plant and equipment</b>			
At cost		45,920,744	44,405,335
Accumulated depreciation		(34,014,806)	(32,815,091)
Net carrying amount		<b>11,905,938</b>	<b>11,590,244</b>



# Notes to the Financial Statements - cont'd

FOR THE YEAR ENDED 30 SEPTEMBER 2014

## 10. PROPERTY, PLANT AND EQUIPMENT - continued

All figures in US\$	2014	2013
<b>Reconciliation of movements for the year</b>		
Carrying amount at beginning of year	11,590,244	10,181,461
<b>Additions at cost</b>		
- land, buildings and leasehold improvements	165,266	174,272
- plant and equipment	1,052,989	1,663,674
- motor vehicles	135,474	698,302
- assets held under finance lease	189,920	-
	1,543,649	2,536,248
<b>Disposals at carrying amount</b>		
- land, buildings and leasehold improvements	-	-
- plant, furniture and fittings	(467)	(3,022)
- motor vehicles	(22,210)	(2,217)
	(22,677)	(5,239)
<b>Depreciation for the year</b>		
- land, buildings and leasehold improvements	(295,448)	(285,267)
- plant and equipment	(672,119)	(554,996)
- motor vehicles	(230,566)	(235,970)
- assets held under finance lease	(7,145)	-
	(1,205,278)	(1,076,233)
<b>Impairment loss for the year</b>		
- plant, furniture and fittings	-	(45,993)
<b>Carrying amount at end of year</b>	<b>11,905,938</b>	<b>11,590,244</b>

## 11. BIOLOGICAL ASSETS

2014	Tea	Macadamia	Fruit trees	Livestock, trout and poultry	Gum plantations	Fresh produce	Total
Carrying amount at the beginning of the year	8,095,993	8,051,784	3,888,396	298,754	-	658,260	20,993,187
Additions	-	40,430	224,334	-	-	-	264,764
Depreciation	-	-	-	(530)	-	-	(530)
Disposals	-	-	-	(24,265)	-	-	(24,265)
Fair value adjustments	1,217,124	2,406,902	526,238	(8,349)	182,660	1,784,070	6,108,645
<b>Carrying amount at the end of the year</b>	<b>9,313,117</b>	<b>10,499,116</b>	<b>4,638,968</b>	<b>265,610</b>	<b>182,660</b>	<b>2,442,330</b>	<b>27,341,801</b>
Current	2,858,464	3,216,803	1,461,185	122,842	-	2,442,330	10,101,624
Non-current	6,454,653	7,282,313	3,177,783	142,768	182,660	-	17,240,177
	<b>9,313,117</b>	<b>10,499,116</b>	<b>4,638,968</b>	<b>265,610</b>	<b>182,660</b>	<b>2,442,330</b>	<b>27,341,801</b>

# Notes to the Financial Statements - cont'd

FOR THE YEAR ENDED 30 SEPTEMBER 2014

## 11. BIOLOGICAL ASSETS - continued

2013	Tea	Macadamia	Fruit trees	Livestock, trout and poultry	Flowers	Fresh produce	Total
Carrying amount at the beginning of the year	6,607,314	2,791,380	1,970,495	305,493	30,102	201,132	11,905,916
Additions	-	111,922	589,515	-	-	-	701,437
Loss on orchard scrapping	-	-	(134,545)	-	-	-	(134,545)
Depreciation	-	-	-	(696)	-	-	(696)
Fair value adjustment	1,488,679	5,148,482	1,462,931	(6,043)	(30,102)	457,128	8,521,075
<b>Carrying amount at the end of the year</b>	<b>8,095,993</b>	<b>8,051,784</b>	<b>3,888,396</b>	<b>298,754</b>	<b>-</b>	<b>658,260</b>	<b>20,993,187</b>
Current	355,654	2,119,039	668,866	90,284	-	658,260	3,892,103
Non-current	7,740,339	5,932,745	3,219,530	208,470	-	-	17,101,084
	<b>8,095,993</b>	<b>8,051,784</b>	<b>3,888,396</b>	<b>298,754</b>	<b>-</b>	<b>658,260</b>	<b>20,993,187</b>

The valuation of biological assets is exposed to changes in sensitive parameters such as the discount rate, prices and the country risk factor. A discount rate of 18.28% (2013: 21%) and a country risk factor of 45% for tea and 40% for all other long term crops were used for the valuation at year end.

Below is an analysis of the degree of sensitivity of the profit or loss to a 1% movement in the discount rate and the country risk factor.

	30 September 2014	
All figures in US\$	At 17.28%	At 19.28%
<b>Discount rate sensitivity</b>		
Increase/(decrease) in profits	742,190	(698,091)

	30 September 2014	
All figures in US\$	At 44% (tea) and 39% all other crops	At 46% (tea) and 41% all other crops
<b>Country risk factor sensitivity</b>		
Increase/(decrease) in profits	291,692	(291,692)

### Fair value hierarchy

IFRS 7 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 inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- 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 2 fair value hierarchy.

## 12. INVESTMENTS

All figures in US\$	COMPANY		GROUP	
	2014	2013	2014	2013
Unquoted shares in subsidiaries	8,999	8,999	-	-
Unquoted - Europi	25,650	25,650	25,650	25,650
	<b>34,649</b>	<b>34,649</b>	<b>25,650</b>	<b>25,650</b>

Details of the Group's principal subsidiaries, all incorporated in Zimbabwe, at 30 September 2014 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 Mangement Services (Private) Limited	100%	Owns FAVCO, Claremont, Southdown, Clearwater, Roscommon and Kent Estates.

# Notes to the Financial Statements - cont'd

FOR THE YEAR ENDED 30 SEPTEMBER 2014

## 13. INVENTORIES

All figures in US\$	2014	2013
Farm produce	1,786,443	1,881,503
Stores and materials	778,305	1,150,553
	<b>2,564,748</b>	<b>3,032,056</b>

The cost of inventories recognised as an expense includes US\$80,519 (2013: US\$243,310) in respect of write-downs of inventory to net realisable value. The significant portion of this write down relates to fresh produce that would have gone beyond its useful life.

## 14. TRADE AND OTHER RECEIVABLES

All figures in US\$	COMPANY		GROUP	
	2014	2013	2014	2013
Trade	-	-	1,692,559	1,597,214
Other	8,393,448	8,431,142	531,586	551,473
	<b>8,393,448</b>	<b>8,431,142</b>	<b>2,224,145</b>	<b>2,148,687</b>
Trade receivables are stated after an allowance of credit losses of:			<b>108,516</b>	<b>356,049</b>

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

The average credit period for trade receivables remained the same as prior year at 33 days. No interest is charged on overdue trade receivables. The Group provides fully for all receivables outstanding over 365 days because historical experience shows 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\$380,016 (2013: US\$141,775).

All figures in US\$	GROUP	
	2014	2013
Current	836,567	766,642
30-90 days	475,976	688,797
Above 90 days	380,016	141,775
	<b>1,692,559</b>	<b>1,597,214</b>
<b>Movement in allowance for credit losses</b>		
Balance at beginning of the year	356,049	244,467
Impairment losses recognised on receivables	(247,533)	111,582
<b>Balance at year end</b>	<b>108,516</b>	<b>356,049</b>

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. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, management believes that there is no further credit provision required in excess of the allowance for credit losses.

### Assets pledged as security

A Notarial General Covering Bond covering movables supported by a cession of the Company's multi-peril insurance in the minimum cover of US\$3 million, has been registered as security to secure borrowings from Standard Chartered Bank Zimbabwe Limited. (See note 18)

# Notes to the Financial Statements - cont'd

FOR THE YEAR ENDED 30 SEPTEMBER 2014

## 15. SHARE CAPITAL

	NO. OF SHARES	
	2014	2013
<b>AUTHORISED SHARE CAPITAL</b>		
Issued shares at the end of the year	1,378,595,595	1,378,595,595
Unissued shares		
- Shares allocated to share option scheme	23,075,000	23,075,000
- Shares under the control of directors	197,114,405	197,114,405
- Shares under the control of shareholders	1,215,000	1,215,000
	<b>1,600,000,000</b>	<b>1,600,000,000</b>
<b>Movement in the number of ordinary shares</b>		
Issued		
At beginning of year	1,378,595,595	1,378,420,595
Share options exercised	-	175,000
<b>At end of year</b>	<b>1,378,595,595</b>	<b>1,378,595,595</b>
1,378,595,595 ordinary shares of US 0.1 cents each (2013 - 1,378,595,595 ordinary shares of US 0.1 cents each)	<b>1,378,595</b>	<b>1,378,595</b>
Share options exercised - nil (2013: 175,000 ordinary shares of US 0.1 cents each)	-	<b>175</b>

The details of share options outstanding under the 2003 scheme are as follows:

			2014	2013
All figures in US\$			Actual No. of shares	Actual No. of shares
<b>(2003) scheme</b>				
<b>Date of grant</b>	<b>Expiry Date</b>	<b>Price</b>		
28 March 2003	27 March 2013	ZW\$ 0.09	785,000	785,000
18 August 2003	17 August 2013	ZW\$ 0.40	1,200,000	1,200,000
5 November 2004	4 November 2014	ZW\$ 0.20	2,510,000	2,510,000
			<b>4,495,000</b>	<b>4,495,000</b>
<b>Movements for the year</b>				
Options outstanding at beginning of year			745,000	1,720,000
- options exercised			-	(175,000)
- options cancelled			(375,000)	(800,000)
Options outstanding at end of year			<b>370,000</b>	<b>745,000</b>

# Notes to the Financial Statements - cont'd

FOR THE YEAR ENDED 30 SEPTEMBER 2014

## 15. SHARE CAPITAL - continued

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

All figures in US\$			2014 Actual No. of shares	2013 Actual No. of shares
<b>(2005) scheme</b>				
<b>Date of grant</b>	<b>Expiry Date</b>	<b>Price</b>		
23 May 2006	22 May 2016	ZW \$6.80	4,135,000	4,135,000
27 February 2007	26 February 2017	ZW \$110	6,000,000	6,000,000
02 May 2008	1 May 2018	ZW \$4 500 000	820,000	820,000
			<b>10,955,000</b>	<b>10,955,000</b>
<b>Movements for the year</b>				
Options outstanding at beginning of year			1,280,000	1,280,000
- options exercised			-	-
- options cancelled			-	-
Options outstanding at end of year			1,280,000	1,280,000
<b>Total options outstanding at year end</b>			<b>1,650,000</b>	<b>2,025,000</b>

All shares have vested.

## 16. DEFERRED TAX

All figures in US\$	COMPANY		GROUP	
	2014	2013	2014	2013
<b>Deferred tax liability</b>				
At the beginning of year	1,283	1 283	7,486,234	4,764,077
Deferred tax charged/(released) to				
- income statement (i)	-	-	1,686,320	2,722,157
<b>At the end of the year</b>	<b>1,283</b>	<b>1,283</b>	<b>9,172,554</b>	<b>7,486,234</b>
<b>Analysis of deferred tax liability</b>				
Property, plant and equipment	-	-	2,487,773	2,290,675
Biological assets	-	-	6,680,752	5,114,161
Prepayments and receivables	1,283	1,283	4,029	80,247
Unrealised foreign exchange gain/(loss)	-	-	-	1,151
	<b>1,283</b>	<b>1,283</b>	<b>9,172,554</b>	<b>7,486,234</b>
<b>Deferred tax asset</b>				
Deferred tax asset arising from tax loss				
At the beginning of the year	-	-	3,218,858	2,225,550
Deferred tax released to				
- income statement (ii)	-	-	1,343,938	993,308
<b>At the end of the year</b>	<b>-</b>	<b>-</b>	<b>4,562,796</b>	<b>3,218,858</b>
Income tax (net of (i) and (ii))	-	-	(342,382)	(1,728,849)

# Notes to the Financial Statements - cont'd

FOR THE YEAR ENDED 30 SEPTEMBER 2014

## 17. TRADE AND OTHER PAYABLES

All figures in US\$	COMPANY		GROUP	
	2014	2013	2014	2013
Trade	-	-	3,321,324	1,475,865
Other	73,768	73,768	3,340,441	2,092,272
	<b>73,768</b>	<b>73,768</b>	<b>6,661,765</b>	<b>3,568,137</b>

The average credit period on purchases is 99 days (2013: 48 days). No interest is charged on trade payables.

All figures in US\$	2014	2013
At 30 September the ageing analysis of trade payables was as follows:		
Current	565,641	290,349
30-90 days	785,533	325,253
91-120 days	360,896	300,038
Above 120 days	1,609,254	560,225
	<b>3,321,324</b>	<b>1,475,865</b>
<b>Provisions</b>		
Employee benefits (current)	237,069	235,702
	<b>237,069</b>	<b>235,702</b>

The provision for employee benefits represents annual leave.

## 18. BORROWINGS

All figures in US\$	2014	2013
Ariston Management Services (Private) Limited has borrowing facilities totaling US\$13,840,000 (2013: US\$13,173,238). The utilised portion was:	<b>13,458,952</b>	<b>11,573,238</b>
Unsecured – at amortised cost		
Loans from banks	1,616,164	1,746,420
Bank overdrafts	1,025,965	1,221,459
Other loans	3,581,203	3,037,404
	6,223,332	6,005,283
Secured – at amortised cost		
Loans from banks	7,235,620	5,567,955
	<b>13,458,952</b>	<b>11,573,238</b>
Current	10,608,952	10,073,238
Non-current	2,850,000	1,500,000
	<b>13,458,952</b>	<b>11,573,238</b>

The weighted average effective interest rate on loans is 18% per annum (2013: 21% per annum).

### 18.1 Breach of loan agreements

During the year under review, the Group fell behind on its commitments in servicing the principal and interest obligations on some of its facilities. At the reporting date, the Group had contractual breaches relating to unsanctioned overdrafts and unserviced scheduled commitments amounting to US\$ 4,404,084 (2013: US\$nil).



# Notes to the Financial Statements - cont'd

FOR THE YEAR ENDED 30 SEPTEMBER 2014

## 19. CAPITAL COMMITMENTS

All figures in US\$	2014	2013
Commitments for capital expenditure approved by the directors:		
- authorised but not contracted	1,265,020	1,301,281
	<b>1,265,020</b>	<b>1,301,281</b>

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.

## 20. 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. Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. 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 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.

### 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.

# Notes to the Financial Statements - cont'd

FOR THE YEAR ENDED 30 SEPTEMBER 2014

## 20. FINANCIAL RISK MANAGEMENT - continued

	Weighted average effective interest rate	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5+ years	Total
	%	US\$	US\$	US\$	US\$	US\$	US\$

### 2014

Fixed interest rate loans	18	-	-	10,608,952	-	2,850,000	<b>13,458,952</b>
---------------------------	----	---	---	------------	---	-----------	-------------------

### 2013

Fixed interest rate loans	21	-	-	10,073,238	-	1,500,000	<b>11,573,238</b>
---------------------------	----	---	---	------------	---	-----------	-------------------

The Group has access to financing facilities amounting to US\$13,840,000 (2013:US\$13,173,238) and US\$381,048 (2013: US\$1,600,000) 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 very few transactions denominated in foreign currencies, hence exposure to exchange rate fluctuations is very minimum. The Group's net foreign asset exposure as at year end determined at the fair market rates is summarised as:

	Foreign Balance		US\$ Balance	
	2014	2013	2014	2013
All figures in US\$				
<b>Bank balances</b>				
South African Rand	-	16,762	-	1,621
	-	<b>16,762</b>	-	<b>1,621</b>
<b>Trade receivables</b>				
South African Rand	36,000	-	3,214	-
<b>Trade payables</b>				
South African Rand	(79,967)	(1,454,610)	(7,140)	(140,682)
	<b>(43,967)</b>	<b>(1,454,610)</b>	<b>(3,926)</b>	<b>(140,682)</b>

### 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.

# Notes to the Financial Statements - cont'd

FOR THE YEAR ENDED 30 SEPTEMBER 2014

## 21. 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 2013.

The capital structure of the Group consists of net debt and equity of the Group (comprising issued capital, reserves, and retained earnings). 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 2014 was 70% (2013: 61%).

All figures in US\$	2014	2013
Debt (i)	13,583,745	11,573,238
Cash and bank balances	(60,124)	(270,905)
<b>Net debt</b>	<b>13,523,621</b>	<b>11,302,333</b>
Equity (ii)	19,267,138	18,651,978
Net debt to equity ratio	70%	61%

(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.

## 22. RELATED PARTY DISCLOSURES

### Trading transactions

During the year, Group entities entered into the following trading transactions with related parties that are not members of the Group:

All figures in US\$	Consultancy fees		Purchase of goods	
	2014	2013	2014	2013
Afrifresh - common ownership	-	240,000	-	127,307
Berfin - common ownership	-	-	345,154	272,349
Fruit Du Suid - common ownership	-	-	77,497	85,318

Purchases were made at market price to reflect the quantity of goods purchased and the relationships between the parties.

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

All figures in US\$	Receivables		Payables	
	2014	2013	2014	2013
Afrifresh	-	-	-	102,847
Berfin	-	13,892	197,598	-
Fruit Du Suid	-	-	64,307	48,678
Origin Global Holdings Limited - Shareholder	-	-	3,506,213*	3,037,404
Directors and Key Management	-	-	266,026	119,920

\* The amount payable to the shareholder pertains to short term borrowings disclosed per note 18.

# Notes to the Financial Statements - cont'd

FOR THE YEAR ENDED 30 SEPTEMBER 2014

## 22. RELATED PARTY DISCLOSURES - continued

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.

### 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\$	2014	2013
Short-term benefits	838,920	915,040
Post-employment benefits	21,840	21,840
	<b>860,760</b>	<b>936,880</b>

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

## 23. LEASING ARRANGEMENTS

### Finance lease

The Group procured two vehicles from Credfin (Private) Limited on a finance lease basis. The lease is payable in eleven installments and the lessor is charging interest at a rate of 23.48% per annum.

The Group also procured two tractors from African Century Leasing on a 3 year finance lease arrangement. Interest payable on the lease arrangement is 18% per annum. The residual value payable at the end of the lease period is US\$2,136.

The entity will assume ownership of these tractors and vehicles once the lease term is over and all payments have been made.

Future lease payments are due as follows:

All figures in US\$	Vehicles			Tractors		
	Minimum lease payments	Interest	Present value	Minimum lease payments	Interest	Present value
<b>2014</b>						
Not later than one year	28,486	(2,443)	26,043	42,841	(15,600)	27,241
Later than one year and not later than five years	-	-	-	85,681	(14,172)	71,509
Later than five years	-	-	-	-	-	-
	<b>28,486</b>	<b>(2,443)</b>	<b>26,043</b>	<b>128,522</b>	<b>(29,772)</b>	<b>98,750</b>

The outstanding values of future lease payments are analysed as:

All figures in US\$	2014	2013
Current liabilities	53,284	-
Non-current liabilities	71,509	-
	<b>124,793</b>	<b>-</b>

# Notes to the Financial Statements - cont'd

FOR THE YEAR ENDED 30 SEPTEMBER 2014

## 23. LEASING ARRANGEMENTS - continued

### Operating lease

Operating leases relate to leases of land and property. All operating lease contracts are reviewed on a regular basis. The Group does not have an option to purchase the leased land or property at the expiry of the lease periods.

### Payments recognised as an expense

All figures in US\$	2014	2013
Minimum lease payments	245,498	245,498

## 24. DEFINED CONTRIBUTION PLANS

The Group has in place a defined contribution retirement benefit plan for all qualifying employees. The assets of the plan are held separately from those of the Group in funds under the control of trustees. Where employees leave the plan prior to full vesting of the contributions, the contributions payable by the Group are reduced by the amount of forfeited contributions.

The employees of the Group are also 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 the consolidated statement of profit or loss and other comprehensive income amounts to US\$88,143 (2013: US\$92,158) representing contributions payable to these plans by the Group at rates specified in the rules of the plans.

Due to lack of cash resources in prior periods, the Group has 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. The Group anticipates to resume contributions to the plan in the next financial year.

The Group accrued US\$150,000 in 2013 in respect of the interest on contributions outstanding from prior periods relating to the Group's defined contribution retirement plan.

## 25. CONTINGENT LIABILITY

The National Employment Council for Agricultural industry, Agro Industrial sub-sector, signed a collective bargaining agreement awarding a US\$90 minimum wage as per Statutory Instrument 130 of 2012 with effect from the 1st of June 2012. This award was being challenged by the Zimbabwe Tea Growers Association at court on the basis of their exclusion from the negotiations. In the event that the outcome is in favour of the employees, the Group will apply for an exemption on the basis of inability to pay. In the event of the determination being in the favour of the employees, the Group will be required to pay out US\$ 661,704.

## 26. GOING CONCERN

During the current period, the Group incurred an operating loss of US\$4,019,103 (2013: US\$2,705,621). As at 30 September 2014, the Group had an accumulated loss of US\$179,712 (2013: US\$797,076) and as of that date the Group's current liabilities exceeded the current assets by US\$2,373,360 (2013: US\$4,297,624).

The directors assess the ability of the Group to continue in operational existence at each reporting date. Based on this assessment as at 30th September 2014, directors have every reason to believe that the Group has adequate resources to continue in operation for the foreseeable future. Accordingly, these financial statements have been prepared on a going concern basis.

# Shareholders' Profile

FOR THE YEAR ENDED 30 SEPTEMBER 2014

## ANALYSIS OF SHAREHOLDERS

SIZE OF SHAREHOLDING	NO. OF SHAREHOLDERS	% NO. OF SHAREHOLDERS	SHARES HELD	% OF SHARES HELD
1-5000	821	61.54	1,371,343	0.10
5001-10000	151	11.32	1,144,067	0.08
10001-50000	212	15.89	4,687,510	0.34
50001-100000	50	3.75	3,452,690	0.25
100001-999999999999999	100	7.50	1,367,939,985	99.23
	<b>1,334</b>	<b>100</b>	<b>1,378,595,595</b>	<b>100.00</b>

## CATEGORIES OF SHAREHOLDERS

SIZE OF SHAREHOLDING	NO. OF SHAREHOLDERS	% NO. OF SHAREHOLDERS	SHARES HELD	% OF SHARES HELD
COMPANIES	191	14.32	99,130,968	7.19
INDIVIDUALS	988	74.06	24,321,362	1.76
INSURANCE COMPANIES	8	0.60	52,603,900	3.82
INVESTMENT, TRUST AND PROPERTY COMPANIES	18	1.35	1,122,173	0.08
NOMINEE COMPANY	30	2.25	86,986,343	6.31
NON RESIDENT TRANSFERABLE	69	5.17	977,761,770	70.93
PENSION FUNDS	30	2.25	136,669,079	9.91
	<b>1,334</b>	<b>100</b>	<b>1,378,595,595</b>	<b>100.00</b>

# Shareholders' Profile

FOR THE YEAR ENDED 30 SEPTEMBER 2014

## TOPTWENTY SHAREHOLDERS

HOLDER NAME	NO. HELD	% HELD
ORIGIN GLOBAL HOLDINGS LIMITED	932,436,981	67.64
STANBIC NOMINEES (PRIVATE) LIMITED - NNR A/C 110008380002	82,314,586	5.97
BARATO INVESTMENTS LIMITED	70,324,454	5.10
NATIONAL SOCIAL SECURITY AUTHORITY-NPS	54,413,428	3.95
NATIONAL SOCIAL SECURITY AUTHORITY	49,922,208	3.62
OLD MUTUAL LIFE ASSURANCE COMPANY ZIMBABWE LIMITED	39,424,836	2.86
STANDARD CHARTERED NOMINEES (PVT) LTD-NNR	24,291,452	1.76
STANDARD CHARTERED NOMINEES (PVT) LTD -NNR	17,582,418	1.28
NATIONAL SOCIAL SECURITY AUTHORITY (W.C.I.F.)	12,935,950	0.94
WORKERS COMPENSATION INSURANCE FUND	11,596,485	0.84
NSSA - WCIF ACCOUNT	7,590,476	0.55
BARCLAYS PENSION FUND A/C IMARA	5,812,036	0.42
FED NOMINEES P/L	5,051,655	0.37
BRUNDISH INVESTMENTS (PVT) LTD	4,557,566	0.33
NSSA-WCIF	3,795,238	0.28
MUNSTER INVESTMENTS (PVT) LTD	2,481,060	0.18
MIMOSA MINING PENSION FUND - IMARA	2,461,908	0.18
STANBIC NOMINEES (PVT) LTD(NON RESIDENT & FCDA RES)	2,369,583	0.17
I H ADVISORY (PVT) LIMITED	2,206,573	0.16
STANBIC NOMINEES (PVT) LTD-A/C 140043470003	1,943,186	0.14
<b>TOTAL HOLDING OF TOP TWENTY SHAREHOLDERS</b>	<b>1,333,512,079</b>	<b>96.73</b>
<b>REMAINING HOLDING</b>	<b>45,083,516</b>	<b>3.27</b>
<b>TOTAL ISSUED SHARES</b>	<b>1,378,595,595</b>	<b>100.00</b>



# Notice to Shareholders

**NOTICE IS HEREBY GIVEN** that the Sixty Eighth Annual General Meeting of Ariston Holdings Limited will be held in the Ariston Holdings Limited Main Boardroom, 306 Hillside Road, Harare on 18 February 2015 at 14:30pm for the transaction of the following business:

## ORDINARY BUSINESS

1. To receive, consider and adopt the audited financial statements and reports of directors and auditors for the year ended 30 September 2014.
2. To elect directors in place of those retiring in accordance with the provisions of the Articles of Association.
3. To appoint auditors for the ensuing year and to fix their remuneration for the past audit.
4. To approve Directors' emoluments for the year ended 30 September 2014.

**By order of the Board**

**28 January 2015**

## REGISTERED OFFICE

306 Hillside Road  
Msasa Woodlands  
P O Box 4019  
Harare

### **Note:**

A member entitled to attend and vote at the above meeting may appoint a proxy to attend, vote, and speak on his behalf. A proxy need not be a member of the company.

A form of proxy is enclosed. For it to be valid it should be completed and returned so as to reach the registered office of the company not less than 24 hours before the time fixed for the meeting.

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

# Notes

# Notes

