ARISTON
HOLDINGS LIMITED

ANNUAL REPORT
2017

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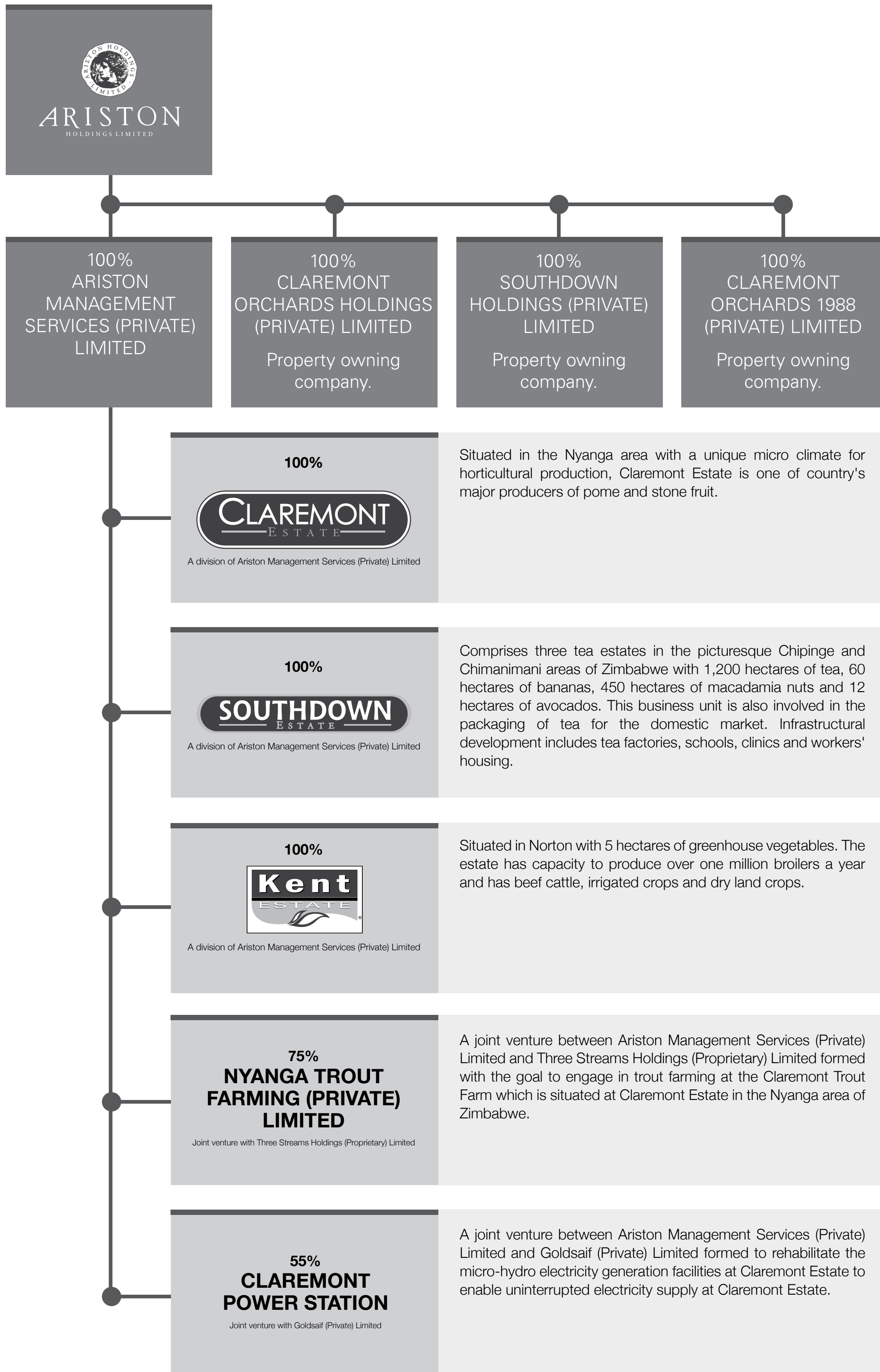
CORPORATE STRUCTURE



FINANCIAL HIGHLIGHTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017

	2017	2016 RESTATED (Note 10)
GROUP SUMMARY (US$)		
Revenue	10,957,560	9,199,482
Earnings/(loss) before interest, tax, depreciation and amortisation (EBITDA) excluding fair value adjustments	1,861,565	(120,471)
Finance costs reversal	-	3,345,033
Finance costs	(1,885,524)	(3,555,709)
Loss before taxation	(1,451,225)	(2,770,692)
Loss attributable to shareholders	(1,761,594)	(2,376,817)
Cash utilised in operating activities	(1,141,699)	(1,593,202)
Capital expenditure	(1,564,175)	(711,145)
Cash resources net of short-term borrowings and short-term finance lease obligations (deficit)	(4,160,169)	(5,060,703)
Total assets employed	44,818,182	44,985,017
ORDINARY SHARE PERFORMANCE		
Number of ordinary shares in issue	1,620,795,595	1,600,795,595
Weighted average number of shares in issue	1,605,795,595	1,415,628,928
Basic loss per ordinary share (dollars)	(0.0011)	(0.0017)
Ordinary shareholders' equity per ordinary share (dollars)	0.009	0.010
Market price per ordinary share at year end (dollars)	0.027	0.0045
Industrial Index - 30 September	418.39	98.96
FINANCIAL STATISTICS		
Interest cover (times)	0.23	(0.72)
Ordinary shareholders' equity to total assets (%)	31.46	35.03
Return on shareholders' equity (%)	(12.50)	(15.08)

DIRECTORATE AND ADMINISTRATION

DIRECTORS

Non-Executive

A.C. Jongwe	Chairman
I. Chagonda	
C.P. Conradie	
Dr. A.J. Masuka	
T.C. Mazingi	
C. Mudenda	(appointed 22 November 2016)
H.A. Nolte	(resigned 31 January 2017)
J.W. Riekert	(appointed 31 August 2017)

Executive

P.T. Spear	Group Chief Executive Officer

BOARD COMMITTEES

Audit and Risk Committee

I. Chagonda	Chairman
C.P. Conradie	
A.C. Jongwe	

Human Resources and Remuneration Committee

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

Operations/Technical Committee

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

SENIOR MANAGEMENT

Head Office

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

Operations

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

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

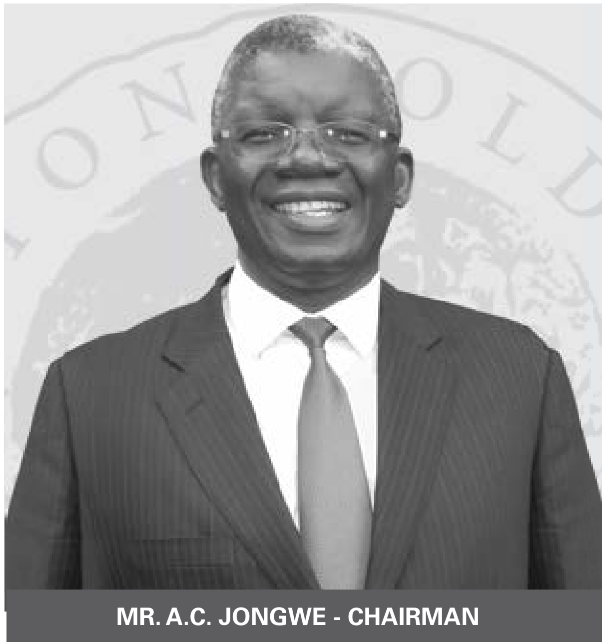
COMPANY SECRETARY
R.A. Chinamo

SHARE TRANSFER SECRETARIES
ZB Transfer Secretaries (Private) Limited
21 Natal Road
Avondale
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
Agricultural Bank of Zimbabwe
CBZ Bank Limited
Metbank Limited
Stanbic Bank Limited
Standard Chartered Bank Zimbabwe Limited
Steward Bank Limited
ZB Bank Limited

CHAIRMAN’S STATEMENT



MR. A.C. JONGWE - CHAIRMAN

> **“Preparations for the ensuing season have progressed well. The irrigation infrastructure is in good condition, with scheduled plant repairs already having been completed in time for the season ahead. This coupled with the currently adequate dam levels, gives the comfort that the season ahead will show an improvement on current year.”**

OVERVIEW

The agricultural season just ended was much better than anticipated. While the rains arrived late, they were adequate for our farming requirements.

The local operating environment continued to be challenging. The liquidity constraints, low disposable incomes and cash shortages noted in our half-year report continued unabated. The cash shortages however had the greatest effect on our operations compounding a difficult situation as farm workers continued to prefer wages in cash. While the Group encouraged the use of available electronic funds transfer platforms, their acceptance by farm workers was slow and sporadic. Accordingly, a lot of downtime was experienced around paydays as employees spent time in bank queues.

REVIEW OF OPERATIONS

Production volumes for most of our crops were ahead of prior year; average selling prices were also ahead of prior year resulting in an improvement in the Group’s financial performance. The Chipinge and Chimanimani operations recorded improvements in the quality of their products. Overall demand for our crops remained firm during the period.

FINANCIAL RESULTS

As stated in our half-year report, the Group’s mandatory adoption of the amendments to International Accounting Standard 16: Property, Plant and Equipment (IAS 16) and International Accounting Standard 41: Agriculture (IAS 41), resulted in the Group changing its accounting policy relating to biological assets; accordingly the Group restated the comparative financial results as required by International Financial Reporting Standards (IFRS).

The Group’s revenue improved to US$11.0 million from US$9.2 million recorded in prior year. Gross margin for the year improved to 31% from 18% in prior year. Operating expenses declined from US$4.4 million to US$4.3 million, a 2% saving in the current year. The Group posted a profit before interest and tax of US$0.4 million (2016: loss before interest and tax of US$2.5 million).

Finance costs incurred during the period were down to US$1.9 million from the US$3.6 million incurred in prior year due to changes in the Group’s borrowings profile in terms of both cost and tenure. Management continued to restructure the Group’s borrowings profile during the period under review, and as a result, the Group obtained a lower average cost of borrowings

CHAIRMAN'S STATEMENT - Continued

of 8% per annum (2016: 10% per annum) coupled with longer terms on borrowing facilities. Subsequent to year-end, the Group obtained approval for conversion of the remaining short-term borrowings into a facility with a lower cost and longer tenure.

While it is evident that the Group has turned around, stringent cashflow management continues to be imperative as the Group deals with legacy liabilities. Significant progress has been made on these.

OUTLOOK

Preparations for the ensuing season have progressed well. The irrigation infrastructure is in good condition, with scheduled plant repairs already having been completed in time for the season ahead. This coupled with the currently adequate dam levels, gives the comfort that the season ahead will show an improvement on current year. Average selling prices on all our export crops remain firm.

DIVIDEND

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

DIRECTORATE

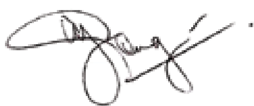
Mr. C. Mudenda was appointed to the Board as a non-executive director on 22 November 2016.

Mr. H.A. Nolte retired from the Board on 31 January 2017. We thank him for his commitment and contribution to the Board.

Mr. J.W. Riekert was appointed to the Board with effect from 31 August 2017.

APPRECIATION

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



ALEXANDER CRISPEN JONGWE
CHAIRMAN

29 DECEMBER 2017

GROUP OPERATIONAL OVERVIEW

MR. P.T. SPEAR - CHIEF EXECUTIVE OFFICER

> **"The 2018 agricultural season has commenced on a good note. The Group is in a better financial position than prior year which should propel it to an improved financial performance. Production volumes are expected to surpass the 2017 levels. Early production volumes of tea are showing that current harvest is approximately 40% ahead of prior year for the same comparative period."**

INTRODUCTION

The Group experienced a good agricultural season. The heavy rains received ensured that all the dams on the Estates were full thereby enabling adequate irrigation of crops.

The Group has continued to focus on maintaining its Rain Forest Alliance so as to ensure access to international markets for both tea and macadamia.

VOLUMES AND OPERATIONS

Stone fruit

As predicted in prior periods, the stone fruit volumes have been increasing significantly year-on-year as the young orchards' yields improve in line with their maturity profiles. In the current period, the production volumes increased from 776 tonnes to 943 tonnes. The yields are expected to continue on the same upward trend for the ensuing season. The average selling price however declined pointing to the evident requirement to export a significant quantity of the product in order to avoid local market saturation. The requisite work to obtain export status for the fruit has been attended to, meaning that from 2018, a portion of the stone fruit will be exported thereby ensuring improved returns for the Group and export proceeds for the country.

Pome fruit

Production volume improved from 1,032 tonnes to 1,133 tonnes in the year under review. The average selling price achieved improved by 6% when compared to prior year. Again, these are young orchards whose yield is expected to continue on an upward trend as the orchards mature. There was an improvement in both the fruit count and fruit size.

Avocado

The avocado production for 2017 was in line with production volumes achieved in prior year.

Summer cropping

Kent Estate successfully grew commercial maize and seed maize in line with the annual cropping plan. In the period under review, 610 tonnes of seed maize was delivered to seed houses. This was a big improvement from the 133 tonnes delivered in 2016. At the same time, commercial maize grown in the period under review was delivered to the Grain Marketing Board (GMB).

Further, a sugar bean crop was grown, however deliveries to the ultimate buyers had not been effected as at year-end.

Potato

Potato production volumes improved to 1,103 tonnes from 965 tonnes in prior year. Average selling price however, declined by 10% when compared with prior year.

Bananas

Banana production improved marginally with volumes going up from 739 tonnes to 790 tonnes for the year. The average selling price remained in line with prior year.

Poultry

Poultry production for the 2017 financial year stood at 743,850 which was 18% below prior year's production. The reduction arose from the day-old chick supply challenges encountered in the poultry sector during the period under review. Post year-end however, the situation changed with placement of day-old chicks improving significantly when compared with 2017 year. The increased placements were possible due to improved

GROUP OPERATIONAL OVERVIEW - Continued

supply of chicks coupled with an increase in capacity arising from the utilisation of an additional site as a result of the High Court ruling made in Kent's favour in the matter relating to the disruption of a portion of the Estate's farm operations.

Tea

The sufficient dam levels ensured adequate water supply for irrigation and as a result of this, overall tea sales volumes increased by 16% from 2,048 tonnes to 2,389 tonnes in 2017. Export tea sales volumes at 1,367 tonnes were 17% up on prior year volume of 1,167 tonnes. Local sales improved by 16% to 1,022 tonnes for the period under review. The international tea prices firmed up resulting in the average export tea selling price achieved by the Group improving by 12% in 2017. The average tea selling price for the local market declined by 6% in the period under review due to changes in the sales mix.

Macadamia

Macadamia production volumes improved marginally from 1,317 tonnes to 1,324 tonnes in the year under review. Overall, the quality improved significantly resulting in the average selling prices increasing by 42% year-on-year. International macadamia prices and demand remained very firm. Indications are that the demand and pricing will continue to be firm for the forthcoming season.

The macadamia drying facility which was commissioned in December 2016 was used for the first time in processing the macadamia for the 2017 harvesting period. We attribute the significant improvement in the quality of our processed macadamia nuts to the establishment of this processing facility as well as adoption of some improved agricultural techniques. Specifically, the macadamia drying facility enabled us to access the International buyers who pay favourable prices but have rigorous quality and moisture content requirements.

Business unit financial performance

Southdown Estates continued to be the Group's dominant contributor to revenue and profitability. Southdown revenue for 2017 was US$9.0 million or 83% of the Group's revenue (2016: US$7.1 million or 78% of the Group's revenue). Earnings before interest tax and amortisation (EBITDA) excluding fair value adjustments improved to US$2.8 million from US$1.3 million in prior year.

Claremont Estate's revenue for 2017 was US$1.0 million which was marginally lower than the prior year revenue of US$1.1 million. The Estate's EBITDA excluding fair value adjustments at US$0.5 million (loss) was marginally down on the US$0.6 million (loss) in prior year.

Kent Estate's revenue for 2017 at US$0.9 million was marginally lower than the US$1.0 million achieved in prior year. The operating losses continued to narrow down with the current period's EBITDA excluding fair value adjustments reducing to US$0.2 million (loss) from US$0.5million (loss) in prior year.

Kent Estate land offer letter

Further to the update provided in our annual report for 2016, we advise that the Ministry of Lands and Rural Resettlement's proposed withdrawal of the Kent Estate Offer letter was set aside by the High Court of Zimbabwe.

OUTLOOK

The 2018 agricultural season has commenced on a good note. The Group is in a better financial position than prior year which should propel it to an improved financial performance. Production volumes are expected to surpass the 2017 levels. Early production volumes of tea are showing that current harvest is approximately 40% ahead of prior year for the same comparative period.

The macadamia crop on the trees is good and production quantity is expected to be in line with that of the current year. However, due to the heavy pruning undertaken, quality and therefore pricing is expected to improve further.

Pome fruit and stone fruit have once again shown significant improvement on 2017 production. Marketing activities have been greatly enhanced so as to improve on the weighted average selling price. The first exports of stone fruit were undertaken subsequent to year-end. Further export markets for our fruit will be established in order to enhance their financial contribution to the Group.

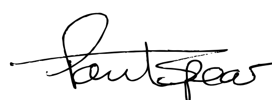
The young pome fruit orchards are now in their third year of production. Production volumes are thus expected to be significantly higher than 2017. As previously stated the pome fruit orchards have the potential to double yields over the next few years as the orchards mature.

Early indications on pricing are showing that the prices will remain firm on tea, macadamia and avocado which are our biggest revenue contributors.

The Group will continue to stringently manage its cash flows as it completes its turnaround and re-organisation of its statement of financial position. A lot of progress was made in 2017 and this will be continued into 2018.

APPRECIATION

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



PAUL TIMOTHY SPEAR
CHIEF EXECUTIVE OFFICER

29 DECEMBER 2017

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 2017.

CAPITAL

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

Issued
The issued share capital of the company increased to 1,620,795,595 shares of US$0.001 each from the 1,600,795,595 shares of US$0.001 each reported in the prior period, as a result of an allotment of 20,000,000 shares in settlement of arrear salaries.

Unissued
At 30 September 2017 unissued share capital comprised of 379,204,405 shares of US$0.001 each and of these, 177,114,405 (2016: 197,114,405) shares were under the control of directors, 23,075,000 (2016: 23,075,000) shares were set aside under the Senior Staff Option Scheme (2003, 2005 and 2011) and 179,015,000 (2016: 179,015,000) shares were under the control of shareholders.

Reserves
The movement in the reserves of the Group and the Company are shown on page 20 of these financial statements.

GROUP FINANCIAL RESULTS

The results for the year were as follows:

All figures in US$	2017	2016
		RESTATED (Note 10)
Loss before taxation	(1,451,225)	(2,770,692)
Income tax (expense)/credit	(310,369)	393,875
Loss for the year	(1,761,594)	(2,376,817)

DIVIDENDS

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

DIRECTORATE

In accordance with article 107 of the Company's Articles of Association, Mr. I. Chagonda and Mr. A.C. Jongwe retire as directors of the Company and, being eligible, offer themselves for re-election.

Mr. C. Mudenda and Mr. J.W. Riekert who were appointed as non-executive directors of the Board on 22 November 2016 and 31 August 2017 respectively, also retire and, being eligible offer themselves for re-election in terms of article 114 of the Company's Articles of Association.

DIRECTORS' SHAREHOLDINGS

At 30 September 2017, the directors held directly and indirectly the following number of shares in the Company:

Director	At 30/09/2017	At 30/09/2016
Mr. I. Chagonda	-	-
Mr. C.P. Conradie	-	-
Mr. A. C. Jongwe	-	-
Dr. A.J. Masuka	-	-
Mrs. T.C. Mazingi	658,870	658,870
Mr. J.W. Riekert	-	-
Mr. P.T. Spear	22,996,919	1,581,672

DIRECTORS' REMUNERATION

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

AUDITORS

At the forthcoming Annual General Meeting, as part of ordinary business, shareholders will be requested to approve remuneration for the auditors for the year ended 30 September 2017 and to appoint auditors for the ensuing year.

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

BY ORDER OF THE BOARD

MRS. R.A. CHINAMO
COMPANY SECRETARY

29 DECEMBER 2017

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The directors of the Group are responsible for the maintenance of adequate accounting records and the preparation and integrity of the consolidated annual financial statements and related information. The Group’s independent external auditors, Deloitte & Touche, have audited the consolidated annual financial statements and their report appears on pages 13 to 17.

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

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

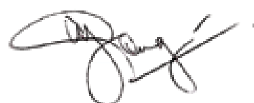
The directors are also responsible for the systems of internal control. These are designed to provide reasonable, but not absolute assurance as to the reliability of the consolidated financial statements, and to adequately safeguard, verify and maintain accountability of assets, and to prevent and to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

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

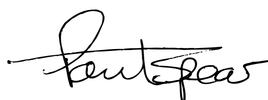
The directors are of the opinion that the preparation of the consolidated financial statements on a going concern basis is appropriate. The Group incurred a loss from operations of US$95,875 (2016: US$1,937,915), total comprehensive losses of US$1,761,594 (2016: US$2,376,817) and had cash outflows from operating activities of US$1,141,699 (2016: US$1,593,202). As at 30 September 2017, the Group's current liabilities exceeded its current assets by US$4,682,502 (2016: US$7,348,009). (refer to note 27).

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

The consolidated financial statements set out on pages 18 to 59 were approved by the Board of Directors and are signed on their behalf by:



A.C. JONGWE
CHAIRMAN



P.T. SPEAR
CHIEF EXECUTIVE OFFICER

29 DECEMBER 2017

CORPORATE GOVERNANCE

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

1. BOARD COMPOSITION AND APPOINTMENT

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

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

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

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

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

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

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

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

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

2. BOARD ACCOUNTABILITY AND DELEGATED FUNCTIONS

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

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

Attendance of directors at Board and Board committee meetings during the year ended 30 September 2017

Director	Board	Audit and Risk Committee	Human Resources and Remuneration Committee	Operations/ Technical Committee
I. Chagonda	4/4	4/4	-	-
C.P. Conradie	4/4	4/4	4/4	4/4
A.C. Jongwe	4/4	4/4	4/4	-
Dr. A.J. Masuka	4/4	-	-	4/4
T.C. Mazingi	4/4	-	4/4	-
C. Mudenda (appointed 22 November 2016)	1/4	-	-	-
H.A. Nolte (retired 31 January 2017)	-	-	-	-
J.W. Riekert (appointed 31 August 2017)	1/1	-	-	-
P.T. Spear	4/4	4/4	4/4	4/4

CORPORATE GOVERNANCE - Continued

3. BOARD COMMITTEES

3.1 Audit and Risk Committee

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

3.2 Human Resources and Remuneration Committee

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

This Committee comprises three (3) non-executive directors (one of whom is the Chairperson) and one executive director. This Committee is mandated to deal with staff development and 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 the Group 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 Operations/ Technical Committee comprises of two (2) non- executive directors and one executive director. The purpose of the Committee is to assist the Board in its oversight of the technical and operational risks of the Group in delivering its business plans.

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

4. FINANCIAL STATEMENTS AND MANAGEMENT REPORTING

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

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

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

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

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

5. OTHER CORPORATE GOVERNANCE MEASURES

5.1 Worker Participation

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

5.2 Environment

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

5.3 Social Responsibility

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

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

CORPORATE GOVERNANCE - Continued

5.4 Related Party Transactions

The Company has a process in place whereby the directors and key management have confirmed that, to the best of their knowledge, the information disclosed in the Group's 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.

5.5 Insider Trading

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

ALEXANDER CRISPEN JONGWE
CHAIRMAN

PAUL TIMOTHY SPEAR
CHIEF EXECUTIVE OFFICER

29 DECEMBER 2017

Deloitte.

P O Box 267
Harare
Zimbabwe

Deloitte & Touche
West Block
Borrowdale Office Park
Borrowdale Road
Harare

Tel: +263 (0)8677 000261
+263 (0)8644 041005
Fax: +263 (0)4 852130

www.deloitte.com

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ARISTON HOLDINGS LIMITED

Report on the Financial Statements

Opinion

We have audited the financial statements of Ariston Holdings Limited ("the Company") and its subsidiaries ("the Group") set out on pages 18 to 59, which comprise the consolidated and separate statements of financial position as at 30 September 2017, 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 the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes.

In our opinion the financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 30 September 2017 and the consolidated financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

Key Audit Matters

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

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

Key Audit Matter	How the matter was addressed in the audit
Biological assets valuation	
Following amendments to International Accounting Standard (IAS) 41 Agriculture, livestock, poultry, timber plantations and biological produce have remained classified as biological assets accounted for in accordance with IAS 41. There are a number of key estimates and assumptions made by the Directors in determining fair value. The assumptions include: • For livestock, poultry and timber, determination of market prices for fair valuation; and • For produce growing on bearer plants, determination of maturity profile of the produce on the plant at the reporting date. The key data inputs into the valuation models are: • Expected yields; and • Average selling prices less costs to sell for produce growing on the bearer plants at period end. Due to the restatement resulting from this transition and the estimates involved in the determination of the fair value of biological assets, this area has been considered a key audit matter.	Disclosures relating to the biological assets are included in note 3.6, note 4.1 and note 12 to the financial statements. In addressing the matter, our procedures included the following: • Evaluating the Directors’ methodology applied in the valuation of biological assets and biological produce; • Assessing the consistency and challenging the reasonableness of assumptions used in the Directors' valuation model to determine the value of biological assets. These assumptions were assessed as follows: - For livestock, poultry and timber, values were compared to the market prices at the reporting date; - For produce on bearer plants, the maturity profiles were assessed against historical data. • Testing a selection of key data inputs underpinning the carrying value of biological assets including estimated yields and selling prices, against appropriate supporting documentation, to assess the accuracy, reliability and completeness thereof. • Assessing the reliability of the Directors' estimated yields through a comparison of actual results in the current year against forecasts made in the current year; • Testing the accuracy of the adjustments to the prior period comparative information as a result of the implementation of the revised standard; and • Evaluating the financial statement disclosures for appropriateness and adequacy. We found the measurement of biological assets to be appropriate. We found the disclosures, including those related to the restatement, to be detailed and complete.

Key Audit Matter	How the matter was addressed in the audit
Classification, measurement and valuation of bearer plants	
Bearer plants were excluded from the scope of IAS 41 Agriculture: Bearer Plants (Amendments to IAS 16: and IAS 41), which applies to annual periods from or after 1 January 2016. Bearer plants have been accounted for in terms of IAS 16 Property, Plant and Equipment and measured at cost less accumulated depreciation and any accumulated impairment losses. Due to the intricacies involved in such a significant transition, and the risk of errors in the classification, valuation and disclosure of bearer plants, this has been considered a key audit matter. The disclosures relating to the retrospective restatement arising from the revisions to the standards are contained in note 2.4 and note 10 and related judgements and presentation of bearer plants are contained in note 3.10, note 4.4 and note 11 to the financial statements.	To address the key audit matter we performed audit procedures which included: • Evaluating the Directors’ classification of assets into either biological assets or bearer plants as prescribed by IAS 41; • Assessing the Directors’ estimation of useful lives with reference to the productive life cycles of the bearer plants; • Evaluating cost and depreciation computations for bearer plants, including prior period restatement calculations; • Performing an impairment assessment of the carrying amount at year end through: - Assessing the reasonableness of Directors’ assumptions in determining the value in use of assets, which included cash flow projections and determination of weighted average cost of capital (WACC); - Utilising internal valuation specialists to review the WACC computation and assess the appropriateness thereof; and • Evaluating the financial statement disclosures for appropriateness and adequacy, given the reclassification of bearer plants. We determined that the assets have been appropriately classified as either biological assets or bearer plants. We found the recognition, measurement and disclosures of bearer plants, including those related to the restatement, to be appropriate.

Key Audit Matter	How the matter was addressed in the audit
Appropriateness of the going concern assumption	
Note 27 to the financial statements indicates that the Group incurred a loss from operations of US$95,876 (2016: US$1,937,915), total comprehensive losses of US$1,761,594 (2016: US$2,376,817) and had cash outflows from operating activities of US$1,141,699 (2016: US$1,593,202). As at 30 September 2017, the Group's current liabilities exceeded its current assets by US$4,682,502 (2016: US$7,348,009). These conditions may cast significant doubt on the Group's ability to continue as a going concern and as such, we have considered this to be a key audit matter.	The following summarises how the matter was addressed in the audit: • We enquired from the Directors and management whether an assessment of the going concern for the Group had been performed; • We verified that the assessment covered at least 12 months from the date of the financial statements; • We reviewed the budgets and cash flow forecasts prepared by management and assessed the key assumptions used by management and the Directors for reasonableness; • We inspected subsequent repayments of borrowings as well as agreements for restructuring borrowings from respective lenders; • We enquired of any subsequent events that may affect the going concern of the Group; • We reviewed board minutes to identify any matters that may affect the going concern of the Group; and • We considered the adequacy of going concern disclosures. Due to the positive developments achieved by the Group, as described in note 27, (including the restructuring of debt and the new long term loan facility agreement subsequent to year end), we concur with the Directors' assertion that although conditions existed at year end, there is no material uncertainty with regards to the going concern assumption. We considered the conclusion reached by the Directors to prepare the financial statements on the basis of a going concern, and the resultant disclosures, to be appropriate.

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

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

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

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

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

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

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

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

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

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

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

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

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

Deloitte & Touche
Per: Stelios Michael
Partner
(PAAB Practice Certificate Number 0443)
Deloitte & Touche Chartered Accountants (Zimbabwe)
29 December 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 SEPTEMBER 2017

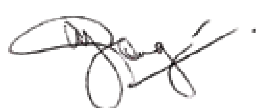
All figures in US$	Notes	GROUP 2017	GROUP 2016 RESTATED (Note 10)
Revenue	5	10,957,560	9,199,482
Cost of production		(7,593,219)	(7,539,839)
Gross profit		3,364,341	1,659,643
Other operating income		802,935	770,771
		4,167,276	2,430,414
Operating expenses		(4,263,152)	(4,368,329)
Loss from operations	7	(95,876)	(1,937,915)
Fair value adjustments	12	530,710	(559,101)
Share of loss of a joint venture	13	(535)	(63,000)
Profit/(loss) before interest and taxation		434,299	(2,560,016)
Finance cost reversal	7	-	3,345,033
Finance costs		(1,885,524)	(3,555,709)
Loss before taxation		(1,451,225)	(2,770,692)
Income tax (expense)/credit	8	(310,369)	393,875
Loss for the year		(1,761,594)	(2,376,817)
Other comprehensive income (net of tax)		-	-
Total comprehensive loss for the year		**(1,761,594)**	**(2,376,817)**
Loss per share (dollars)			
Basic loss per share	9	(0.0011)	(0.0017)
Diluted loss per share	9	(0.0011)	(0.0017)

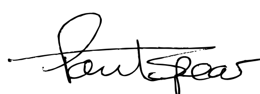
Statement of profit or loss and other comprehensive income transactions for the Company were immaterial for separate disclosures in current year.

STATEMENTS OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2017

		COMPANY		GROUP		
All figures in US$	**Notes**	**30-Sep-17**	**30-Sep-16**	**30-Sep-17**	**30-Sep-16**	**1-Oct-15**
					RESTATED (Note 10)	**RESTATED (Note 10)**
ASSETS						
Non-current assets						
Property, plant and equipment	11	-	-	33,030,136	33,426,233	34,620,258
Biological assets	12	-	-	293,128	320,545	297,590
Investment in joint ventures	13	-	-	-	-	-
Investments	14	34,649	34,649	25,650	25,650	25,650
Deferred tax	18	-	-	5,080,894	5,572,662	5,558,981
		34,649	34,649	38,429,808	39,345,090	40,502,479
Current assets						
Biological assets	12	-	-	4,136,608	3,578,481	4,160,537
Inventories	15	-	-	1,085,686	891,706	1,532,211
Trade and other receivables	16	12,302,892	12,263,716	998,217	1,027,365	1,353,694
Cash and cash equivalents		-	-	167,863	142,375	77,878
		12,302,892	12,263,716	6,388,374	5,639,927	7,124,320
TOTAL ASSETS		**12,337,541**	**12,298,365**	**44,818,182**	**44,985,017**	**47,626,799**
EQUITY						
Share capital and reserves						
Share capital	17	1,620,795	1,600,795	1,620,795	1,600,795	1,378,595
Share premium		10,836,492	10,756,492	10,836,492	10,756,492	7,059,932
Share-based payment reserve		940	940	940	940	2,468
Non-distributable reserves		-	-	-	-	10,998,626
(Accumulated losses)/distributable reserves		(195,737)	(145,413)	1,640,094	3,401,688	(5,221,649)
		12,262,490	12,212,814	14,098,321	15,759,915	14,217,972
LIABILITIES						
Non-current liabilities						
Borrowings	20	-	-	10,775,017	7,212,577	10,042,135
Deferred tax	18	1,283	1,283	8,789,788	8,971,187	9,351,380
Finance lease obligation	21	-	-	84,180	53,402	60,181
		1,283	1,283	19,648,985	16,237,166	19,453,696
Current liabilities						
Trade and other payables	19	73,768	84,268	6,742,844	7,784,858	8,446,099
Borrowings	20	-	-	4,258,256	5,099,065	5,463,862
Finance lease obligation	21	-	-	69,776	104,013	45,170
		73,768	84,268	11,070,876	12,987,936	13,955,131
TOTAL EQUITY AND LIABILITIES		**12,337,541**	**12,298,365**	**44,818,182**	**44,985,017**	**47,626,799**





A.C. JONGWE
CHAIRMAN

P.T. SPEAR
CHIEF EXECUTIVE OFFICER

29 DECEMBER 2017

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2017

COMPANY

All figures in US$	Share capital	Share premium	Share-based payment reserve	Non - distributable reserves	Accumulated losses	Total
Balance at 30 September 2015	**1,378,595**	**7,059,932**	**2,468**	**-**	**(118,641)**	**8,322,354**
Transfer to distributable reserves on share options expired	-	-	(1,528)	-	1,528	-
Share issue through debt-to-equity conversion	222,200	3,777,800	-	-	-	**4,000,000**
Share issue expenses	-	(81,240)	-	-	-	**(81,240)**
Total comprehensive loss for the year	-	-	-	-	(28,300)	**(28,300)**
Balance at 30 September 2016	**1,600,795**	**10,756,492**	**940**	**-**	**(145,413)**	**12,212,814**
Share issue	20,000	80,000	-	-	-	**100,000**
Total comprehensive loss for the year	-	-	-	-	(50,324)	**(50,324)**
Balance at 30 September 2017	**1,620,795**	**10,836,492**	**940**	**-**	**(195,737)**	**12,262,490**

CONSOLIDATED

All figures in US$	Share capital	Share premium	Share-based payment reserve	Non - distributable reserves	Distributable Reserves	Total
Balance at 30 September 2015 (as previously stated)	**1,378,595**	**7,059,932**	**2,468**	**10,998,626**	**(5,317,002)**	**14,122,619**
Change in accounting policy (note 10)	-	-	-	-	95,353	**95,353**
Balance at 1 October 2015 (restated)	**1,378,595**	**7,059,932**	**2,468**	**10,998,626**	**(5,221,649)**	**14,217,972**
Transfer to distributable reserves on expired share options	-	-	(1,528)	-	1,528	**-**
Transfer to distributable reserves	-	-	-	(10,998,626)	10,998,626	**-**
Share issue through debt-to-equity conversion	222,200	3,777,800	-	-	-	**4,000,000**
Share issue expenses	-	(81,240)	-	-	-	**(81,240)**
Total comprehensive loss for the year (restated)	-	-	-	-	(2,376,817)	**(2,376,817)**
Balance at 30 September 2016 (restated)	**1,600,795**	**10,756,492**	**940**	**-**	**3,401,688**	**15,759,915**
Share issue	20,000	80,000	-	-	-	**100,000**
Total comprehensive loss for the year	-	-	-	-	(1,761,594)	**(1,761,594)**
Balance at 30 September 2017	**1,620,795**	**10,836,492**	**940**	**-**	**1,640,094**	**14,098,321**

CONSOLIDATED STATEMENT OF CASHFLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2017

All figures in US$	Notes	2017	2016
			RESTATED (Note 10)
Cash flows from operating activities			
Profit/(loss) before interest and taxation		434,299	(2,560,016)
Non-cash flow items	6.1	1,416,372	4,216,929
Cash inflow from operations		1,850,671	1,656,913
Finance costs		(1,885,524)	(3,555,709)
Income taxes paid		-	-
Changes in working capital	6.2	(1,106,846)	305,594
Cash utilised in operating activities		**(1,141,699)**	**(1,593,202)**
Cash flows from investing activities			
Purchase of property, plant and equipment	11	(1,392,108)	(565,350)
Proceeds from sale of property, plant and equipment		13,189	58,173
Net cash outflow on bearer plants	11	(172,066)	(145,795)
Cash utilised in investing activities		**(1,550,985)**	**(652,972)**
Cash flows from financing activities			
Increase in borrowings		2,718,172	2,391,911
Payment for share issue expenses		-	(81,240)
Cash generated from financing activities		**2,718,172**	**2,310,671**
Net cash inflow		25,488	64,497
Cash and cash equivalents at beginning of year		142,375	77,878
Cash and cash equivalents at end of year		**167,863**	**142,375**
Cash and cash equivalents at end of year comprising:			
Cash and cash equivalents		167,863	142,375
Cash and cash equivalents at the end of year		**167,863**	**142,375**

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017

1. GENERAL DISCLOSURES

1.1. Country of Incorporation and Main Activities

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

1.2. Currency

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

1.3. Borrowing powers

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

1.4. Preparer of financial statements

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

2. ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

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

IFRS 11 Joint Arrangements: Accounting for Acquisition of Interests (Amendments to IFRS 11)

Issued: 6 May 2014
Effective date: Applicable to annual periods beginning on or after 1 January 2016
The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business, must apply the relevant IFRS 3 Business Combinations principles for business combination accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation if joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted.

These amendments do not have any impact on the Group.

IFRS 14 Regulatory Deferral Accounts

Issued: 30 January 2014
Effective date: Applicable to an entity's first annual IFRS financial statements for a period beginning on or after 1 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.

The adoption of this standard does not have any impact on the Group.

NOTES TO THE FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 30 SEPTEMBER 2017

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

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

Equity Method in Separate Financial Statements (Amendments to IAS 27)

Issued: 18 August 2014
Effective date: Applicable to annual periods beginning on or after 1 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.

These amendments do not have any impact on the Group.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

Issued: 11 September 2014
Effective date: Applicable to annual periods beginning on or after 1 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, 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 a subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves.

These amendments do not have any impact on the Group.

Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception

Issued: 18 December 2014
Effective date: Applicable to annual periods beginning on or after 1 January 2016
The amendments clarify that the exemption from preparing consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all its subsidiaries at fair value in accordance with IFRS 10. Consequential amendments have also been made to IAS 28 to clarify that the exemption from applying the equity method is also applicable to an investor in an associate or joint venture if that investor is a subsidiary of an investment entity that measures all its subsidiaries at fair value.

The amendments further clarify that the requirement for an investment entity to consolidate a subsidiary providing services related to the former's investment activities applies only to subsidiaries that are not investment entities themselves.

Moreover, the amendments clarify that in applying the equity method of accounting to an associate or a joint venture that is an investment entity, an investor may retain the fair value measurements that the associate or joint venture used for its subsidiaries.

Lastly, clarification is also made that an investment entity that measures all its subsidiaries at fair value should provide the disclosures required by IFRS 12 Disclosures of Interests in Other Entities.

The amendments apply retrospectively for annual periods beginning on or after 1 January 2016 with earlier application permitted.

These amendments do not have any impact on the Group.

NOTES TO THE FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 30 SEPTEMBER 2017

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

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

Annual Improvements 2012-2014 Cycle

Issued: 25 September 2014
Effective date: Applicable to annual periods beginning on or after 1 January 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 19 - 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 - Clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report (e.g., in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. This amendment must be applied retrospectively.

These amendments do not have any impact on the Group.

Amendments to IAS 1 Disclosure Initiative

Issued: 18 December 2014
Effective date: Applicable to annual periods beginning on or after 1 January 2016

The amendments to IAS 1 clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:

- The materiality requirements in IAS 1
- That specific line items in the statement(s) of profit or loss and other comprehensive income (OCI) and the statement of financial position may be disaggregated
- That entities have flexibility as to the order in which they present the notes to financial statements
- That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.
- Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and OCI.

These amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted.

These amendments do not have any impact on the Group.

2.2 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 (2014)

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

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

NOTES TO THE FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 30 SEPTEMBER 2017

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

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

Classification and measurement

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

Impairment

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

Hedge accounting

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

Derecognition

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

IFRS 15 Revenue from Contracts with Customers

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

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

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

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

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

IFRS 16 Leases

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

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

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

NOTES TO THE FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 30 SEPTEMBER 2017

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

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

IFRS 17 Insurance Contracts

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

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

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

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

IFRIC 22 Foreign Currency Transactions and Advance Consideration

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

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

The Interpretations Committee came to the following conclusion:
The date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability.

If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt.

IFRIC 23 Uncertainty over Income Tax Treatments

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

The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers:
- Whether tax treatments should be considered collectively
- Assumptions for taxation authorities' examinations
- The determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- The effect of changes in facts and circumstances

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

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

Amends IAS 12 Income Taxes to clarify the following aspects:
- Unrealised losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible

NOTES TO THE FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 30 SEPTEMBER 2017

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

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

temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use.

- The carrying amount of an asset does not limit the estimation of probable future taxable profits.
- Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences.
- An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilisation of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.

Disclosure Initiative (Amendments to IAS 7)

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

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

Clarifications to IFRS 15 'Revenue from Contracts with Customers'

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

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

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

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

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

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

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

Amends IFRS 4 Insurance Contracts to provide two options for entities that issue insurance contracts within the scope of IFRS 4:

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

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

NOTES TO THE FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 30 SEPTEMBER 2017

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

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

Transfers of Investment Property (Amendments to IAS 40)

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

The amendments to IAS 40 Investment Property:
Amends paragraph 57 to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use.

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

Annual Improvements to IFRS Standards 2014–2016 Cycle

Issued: 8 December 2016
Effective date: The amendments to IFRS 1 and IAS 28 are effective for annual periods beginning on or after 1 January 2018, the amendment to IFRS 12 for annual periods beginning on or after 1 January 2017

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

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

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

2.4 Accounting standards and interpretations adopted impacting the annual financial statements

In the current year, the Group has adopted the amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture which are mandatorily effective in the current period.

IAS 41 Agriculture distinguishes between bearer plants and other biological assets. A bearer plant is defined as a living plant that:
- is used in 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.

Tea bushes, macadamia trees, avocado trees, banana trees, stone fruit trees and pome fruit trees meet the definition of a bearer plant and therefore this amendment has a material impact on the Group's financial statements.

Bearer plants no longer form part of the scope of IAS 41 and are therefore not measured at fair value less costs to sell.

NOTES TO THE FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 30 SEPTEMBER 2017

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

2.4 Accounting standards and interpretations adopted impacting the annual financial statements - continued

The previous valuation method of these non-current assets is replaced by a cost or revaluation approach. The Group has selected the historic cost approach as this removes subjective judgment from the accounting calculation and also results in less fluctuations. The change of policy has been applied retrospectively as if the amendments had always applied.

Tea bushes, macadamia trees, avocado trees, banana trees, stone fruit trees and pome fruit trees are now shown in the consolidated statement of financial position at cost less accumulated depreciation and impairment charges as a separate category within property, plant and equipment. The net changes in fair value of bearer plants previously credited to profit or loss have been reversed and replaced with historic cost depreciation. There is no net change to the cash flow statement, but the adjustment to profit before tax for the net change in fair value of bearer plants has been reversed and replaced with an adjustment for historic cost depreciation and increased capital expenditure.

The expected useful life of bearer plants has been defined as follows;

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

The impact of the changes on prior period numbers has been indicated below:

All figures in US$	30-Sep-16 After changes	30-Sep-16 Before changes	01-Oct-15 After changes	01-Oct-15 Before changes
STATEMENT OF FINANCIAL POSITION				
Non-current assets				
Property, plant and equipment	33,426,233	9,987,720	34,620,258	10,613,666
Biological assets	320,545	23,155,151	297,590	20,370,564
	33,746,778	**33,142,871**	**34,917,848**	**30,984,230**
Current assets				
Biological assets	3,578,481	7,422,932	4,160,537	7,965,734
	3,578,481	**7,422,932**	**4,160,537**	**7,965,734**
Equity				
Retained earnings/(accumulated losses)	3,401,688	5,807,791	(5,221,649)	(5,317,002)
	3,401,688	**5,807,791**	**(5,221,649)**	**(5,317,002)**
Non-current liabilities				
Deferred tax	8,971,187	9,805,627	9,351,380	9,318,312
	8,971,187	**9,805,627**	**9,351,380**	**9,318,312**
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME				
Gross profit	1,659,643	2,373,517	-	-
Fair value adjustments	(559,101)	2,095,990	-	-
Loss from operations	(1,937,915)	(1,224,041)	-	-
Income tax credit/(expense)	393,875	(473,634)	-	-
(Loss)/profit for the year	(2,376,817)	124,639	-	-
Total comprehensive loss	(2,376,817)	124,639	-	-

NOTES TO THE FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 30 SEPTEMBER 2017

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), as issued by the International Accounting Standards Board (IASB).

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 fair value less costs to sell and fair value respectively, as explained in the accounting policies below.

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

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

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

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

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

The principal accounting policies are set out below:

3.3 Basis of consolidation

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

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

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

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

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the 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.

NOTES TO THE FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 30 SEPTEMBER 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

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.

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.

NOTES TO THE FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 30 SEPTEMBER 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

3.4 Business combinations - continued

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 and joint ventures

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 30 SEPTEMBER 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

3.5 Investments in associates and joint ventures - continued

be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

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

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

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

3.6 Biological assets

Biological assets exclude bearer plants and include the following:

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

Produce growing on bearer plants and seasonal crops

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

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

Livestock, poultry and timber

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

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

3.7 Borrowing costs

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

3.8 Financial instruments

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

NOTES TO THE FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 30 SEPTEMBER 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

3.8 Financial instruments - continued

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 inital recognition.

Cash and cash equivalents

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

Investments

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

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

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

Impairment of financial assets

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

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

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

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 if 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 - Continued

FOR THE YEAR ENDED 30 SEPTEMBER 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

3.8 Financial instruments - 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 liabilties

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

3.9 Taxation

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

Current tax

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

Deferred tax

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

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

NOTES TO THE FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 30 SEPTEMBER 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

3.9 Taxation - continued

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

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

Current and deferred tax for the period

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

3.10 Property, plant and equipment

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

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

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

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

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

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

Depreciation is not provided on freehold land. Depreciation on other assets is calculated on a straight line basis over their estimated useful lives as follows:

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

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

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

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

Gains and losses on disposal of assets are determined by comparing the proceeds with the carrying amount. These are included in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 30 SEPTEMBER 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

3.10 Property, plant and equipment - continued

Derecognition of property, plant and equipment

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

3.11 Intangible assets

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

Derecognition of intangible assets

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

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.

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.

NOTES TO THE FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 30 SEPTEMBER 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

3.13 Investment property

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

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

3.14 Leasing

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

The Group as lessor

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

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

The Group as lessee

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

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

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

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

3.15 Provisions

Provisions are recognised when:

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

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

NOTES TO THE FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 30 SEPTEMBER 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

3.15 Provisions - continued

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 Group.

3.16 Retirement benefit costs

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

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

3.17 Inventories

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

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

3.18 Revenue recognition

Sale of goods

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

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

Rendering of services

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

Dividend and interest income

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

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably.

NOTES TO THE FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 30 SEPTEMBER 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

3.18 Revenue recognition - continued

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.

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.

NOTES TO THE FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 30 SEPTEMBER 2017

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

4.1 Biological Assets

Estimate of biological produce quantities

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

Selling prices

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

Other factors

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

4.2 Inventories

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

4.3 Allowance for credit losses

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

4.4 Property, plant and equipment

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

Tea bushes, macadamia trees, avocado trees, banana trees, stone fruit trees and pome fruit trees are now shown in the consolidated statement of financial position at cost less accumulated depreciation and impairment charges as a separate category within property, plant and equipment. There is no net change to the cash flow statement, but the adjustment to profit before tax for the net change in fair value of bearer plants has been reversed and replaced with an adjustment for historic cost depreciation and increased capital expenditure. An assessment was made in order to determine whether the restated bearer plants were impaired under the revised accounting treatment at year-end.

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

Key assumptions in determining the value in use included:

Estimated annual production

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

Selling prices

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

NOTES TO THE FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 30 SEPTEMBER 2017

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

4.4 Property, plant and equipment - continued

Discount rate

The discount rate of 10.3% was based on the Group's weighted average cost of capital (WACC) determined basing on the Group's capital structure at year-end. Cost of borrowings was determined as the weighted average costs of the Group's borrowings at year-end. The cost of equity was determined using the capital asset pricing model (CAPM).

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.

Further to the update provided in our annual report for 2016, we advise that the Ministry of Lands and Rural Resettlement’s proposed withdrawal of the Kent Estate land offer letter was set aside by the High Court of Zimbabwe.

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

Note 13.1 describes that Nyanga Trout (Private) Limited is a joint venture of the Group although the Group owns a 75% ownership interest in Nyanga Trout (Private) Limited. Nyanga Trout (Private) Limited is a limited liability company whose legal form confers separation between the parties to the joint arrangement and the Group itself. Furthermore, there is a contractual arrangement with Three Streams Holdings (Proprietary) Limited and other facts and circumstances that indicate that the parties to the joint arrangement have rights to the net assets of the joint arrangement. The contractual arrangement establishes that the parties are liable to the arrangement only to the extent of their respective interests in the arrangements, which includes any long-term interests that, in substance, form part of the Group's net investment in the associate. Accordingly, Nyanga Trout (Private) Limited is classified as a joint venture of the Group. See note 13.1 for details.

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

Note 13.2 describes that Claremont Power Station is a joint venture of the Group although the Group owns a 55% ownership interest in Claremont Power Station. There is a contractual arrangement with Goldsaif (Private) Limited and other facts and circumstances that indicate that the parties to the joint arrangement have rights to the net assets of the joint arrangement. The contractual arrangement establishes that the parties are liable to the arrangement only to the extent of their respective interests in the arrangements, which includes any long-term interests that, in substance, form part of the Group's net investment in the associate. Accordingly, Claremont Power Station is classified as a joint venture of the Group. See note 13.2 for details.

4.8 Recognition of deferred tax assets

Deferred tax assets of US$5,080,894 as at 30 September 2017 (2016: US$5,572,662) are recognised in respect of tax losses incurred by the Group in the current year and preceding years. Management's projections support the assumption that it is probable the results of the Group's future operations will generate sufficient taxable income to utilise these deferred tax assets.

5. SEGMENT REPORTING

For management purposes, the Group is organised into three major operating divisions namely Southdowns Estates, Claremont Estate and Kent Estate. 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, bananas and potatoes.
Claremont Estate - the growing of pome and stone fruit and potates.
Kent Estate - the growing of horticultural crops and rearing of poultry and livestock.

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

NOTES TO THE FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 30 SEPTEMBER 2017

5. SEGMENT REPORTING - Continued

Segment revenues

All figures in US$	EXTERNAL SALES		INTER-SEGMENT SALES		TOTAL SALES	
	2017	2016	2017	2016	2017	2016
Southdown Estates	9,040,261	7,135,875	-	-	9,040,261	7,135,875
Claremont Estate	1,013,602	1,104,105	-	-	1,013,602	1,104,105
Kent Estate	903,697	959,502	-	-	903,697	959,502
Total	**10,957,560**	**9,199,482**	-	-	**10,957,560**	**9,199,482**

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2016: US$ nil).

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$	2017	2016
Tea	4,133,281	3,485,737
Macadamia nuts	4,580,840	3,210,215
Vegetables and fruits	1,721,425	1,892,864
Poultry	416,180	533,104
Other	105,834	77,562
Total	**10,957,560**	**9,199,482**

Information about major customers

Included in revenues arising from sales of tea of US$4,133,281 (2016: US$3,485,737) are revenues of approximately US$1,801,016 (2016: US$1,281,618) which arose from sales to the Group's largest customer which operates in the retail market.

Included in revenues arising from sales of macadamia nuts of US$4,580,840 (2016: US$3,210,215) are revenues of approximately US$3,798,455 (2016: US$2,318,800) which arose from sales to two of the Group's foreign customers.

Segment results

All figures in US$	2017	2016
		RESTATED (Note 10)
Southdown Estates	2,678,737	228,655
Claremont Estate	(1,184,010)	(1,524,847)
Kent Estate	(1,062,495)	(1,042,027)
Ariston Corporate Office	(1,882,922)	(369,473)
Total segment loss	(1,450,690)	(2,707,692)
Share of loss of a joint venture	(535)	(63,000)
Loss before tax	(1,451,225)	(2,770,692)
Income tax (expense)/credit	(310,369)	393,875
Loss for the year	**(1,761,594)**	**(2,376,817)**

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

NOTES TO THE FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 30 SEPTEMBER 2017

5. SEGMENT REPORTING - Continued

Segment assets and liabilities

All figures in US$	Assets (excluding inter-segment balances)		Net inter-segment balances		Liabilities (excluding inter-segment balances)	
	2017	2016	2017	2016	2017	2016
		RESTATED (Note 10)				RESTATED (Note 10)
Southdown Estates	27,417,466	26,412,186	(807,248)	(425,182)	(2,954,764)	(4,072,126)
Claremont Estate	6,105,672	7,164,363	(8,184,382)	(6,690,272)	(730,573)	(750,955)
Kent Estate	2,524,398	2,568,750	(6,407,816)	(5,151,618)	(991,842)	(950,375)
Ariston Corporate Office	3,689,752	3,267,056	15,399,446	12,267,072	(17,252,894)	(14,480,459)
Adjustments and eliminations	5,080,894	5,572,662	-	-	(8,789,788)	(8,971,187)
Total	**44,818,182**	**44,985,017**	**-**	**-**	**(30,719,861)**	**(29,225,102)**

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

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

Other segment information

All figures in US$	EBITDA excluding fair value adjustments		Depreciation and impairment losses		Additions to non-current assets	
	2017	2016	2017	2016	2017	2016
				RESTATED (Note 10)		
Southdown Estates	2,842,729	1,301,212	1,095,127	937,069	1,282,412	591,304
Claremont Estate	(529,493)	(647,578)	289,638	301,154	201,607	51,598
Kent Estate	(249,761)	(455,609)	186,003	210,390	79,835	54,738
Ariston Corporate Office	(201,910)	(318,496)	386,673	368,831	320	13,505
Total	**1,861,565**	**(120,471)**	**1,957,441**	**1,817,444**	**1,564,174**	**711,145**

6. CASH FLOW INFORMATION

All figures in US$	2017	2016
		RESTATED (Note 10)
6.1 Non-cash items		
Depreciation	1,790,554	1,817,444
Impairment losses recognised	166,887	-
Fair value adjustments of biological assets	(530,710)	559,101
(Profit)/loss on sale of property, plant and equipment	(10,358)	29,553
Interest expense written off by shareholder	-	1,810,831
	1,416,373	**4,216,929**
6.2 Changes in working capital		
Movements in:		
(Increase)/decrease in inventories	(193,980)	640,505
Decrease in trade and other receivables	29,148	326,329
Decrease in trade and other payables	(942,014)	(661,240)
	(1,106,846)	**305,594**

NOTES TO THE FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 30 SEPTEMBER 2017

7. LOSS FROM OPERATIONS

All figures in US$	2017	2016 RESTATED (Note 10)
This is stated after charging and crediting:		
- auditors' remuneration	70,000	80,000
- allowance for credit losses	12,287	30,218
- depreciation	1,790,554	1,817,444
- impairment losses recognised	166,887	-
- (profit)/loss on disposal of property, plant and equipment	(10,358)	29,553
- selling and distribution expenses	321,793	287,518
- staff expenses		
* salaries and wages	4,078,669	4 041 829
* pensions (1)	72,085	71,434
- directors' emoluments		
* fees	50,970	54,700
- interest expense written off by shareholder (2)	-	3,345,033

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

(2) The finance cost reversal arose as a result of write-off of cumulative interest previously charged on shareholder loans by the major shareholder as part of the debt-to-equity transaction during the 2016 financial year.

8. INCOME TAX

All figures in US$	2017	2016 RESTATED (Note 10)
Current tax	-	-
Deferred tax (note 18)	(310,369)	393,875
	(310,369)	**393,875**
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	0.47	0.12
Actual income tax expense/(credit)	**0.21**	**(0.14)**

9. LOSS PER SHARE

All figures in US$	2017	2016 RESTATED (Note 10)
(i) Basic loss per share		
Loss for the year	(1,761,594)	(2,376,817)
Weighted average number of shares at year end	1,605,795,595	1,415,628,928
Basic loss per share (dollars)	(0.0011)	(0.0017)
(ii) Diluted loss per share		
Weighted average number of shares used in the calculation of basic loss per share	1,605,795,595	1,415,628,928
Shares determined to be issues in respect of employee options	-	160,000
Weighted average number of ordinary shares used in the calculation of diluted loss per share	1,605,795,595	1,415,788,928
Diluted loss per share (dollars)	(0.0011)	(0.0017)

NOTES TO THE FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 30 SEPTEMBER 2017

10. CHANGE IN ACCOUNTING POLICY

The Group changed its accounting policy for the treatment of biological assets which meet the definition of bearer plants as a consequence of the adoption of the amendments to IAS 16 and IAS 41 which require bearer plants to be accounted for at cost or valuation in accordance with IAS 16 and not at fair value less costs to sell as previously required by IAS 41.

The Group elected to measure bearer plants at their fair values as at 1 October 2015 and to use such fair values as the deemed costs as at that date. Subsequent to this date the Group will account for bearer plants under the cost model of IAS 16. In the transitional period, any difference between the previous carrying amount and the fair value of bearer plants as at 1 October 2015 was recognised in distributable reserves at that date; and in the Group's case represents costs to sell. Comparative amounts were restated accordingly.

The effect of the change in accounting policy on the Group's financial results for the year ended 30 September 2016 was as follows:

All figures in US$	30-Sep-16
Decrease in fair value adjustments	(2,655,091)
Increase in cost of sales	(713,874)
Decrease in income tax expense	867,508
Decrease in profit for the year	**(2,501,457)**
Decrease in biological assets	(26,679,057)
Increase in property, plant and equipment	23,438,513
Decrease in deferred tax liability	834,440
Decrease in distributable reserves	**(2,406,104)**
Increase in distributable reserves as at 1 October 2015	**95,353**
Decrease in basic earnings per share (dollars)	(0.0018)
Decrease in diluted earnings per share (dollars)	(0.0018)

11. PROPERTY, PLANT AND EQUIPMENT

All figures in US$	30-Sep-17	30-Sep-16	1-Oct-15
		RESTATED (Note 10)	**RESTATED (Note 10)**
Land, buildings and leasehold improvements			
At cost	16,599,560	16,549,076	16,533,986
Accumulated depreciation	(10,856,199)	(10,497,423)	(10,166,705)
Net carrying amount	5,743,361	6,051,653	6,367,281
Plant and equipment			
At cost	26,073,894	24,894,397	24,607,536
Accumulated depreciation and impairment	(23,066,261)	(22,277,598)	(21,786,086)
Net carrying amount	3,007,632	2,616,799	2,821,450
Bearer plants			
At cost	24,324,453	24,152,387	24,006,592
Accumulated depreciation	(1,365,570)	(713,874)	-
Net carrying amount	22,958,883	23,438,513	24,006,592
Motor vehicles			
At cost	2,788,181	2,766,923	2,794,733
Accumulated depreciation	(1,910,223)	(1,829,885)	(1,646,003)
Net carrying amount	877,958	937,038	1,148,730

NOTES TO THE FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 30 SEPTEMBER 2017

11. PROPERTY, PLANT AND EQUIPMENT - Continued

All figures in US$	30-Sep-17	30-Sep-16	1-Oct-15
		RESTATED (Note 10)	**RESTATED (Note 10)**
Assets held under finance lease			
At cost	565,202	464,391	318,889
Accumulated depreciation	(122,900)	(82,161)	(42,684)
Net carrying amount	442,302	382,230	276,205
Total property, plant and equipment			
At cost	70,351,290	68,827,174	68,261,736
Accumulated depreciation and impairment	(37,321,153)	(35,400,941)	(33,641,478)
Net carrying amount	**33,030,136**	**33,426,233**	**34,620,258**

All figures in US$	30-Sep-17	30-Sep-16	1-Oct-15
		RESTATED (Note 10)	**RESTATED (Note 10)**
Reconciliation of movements for the year			
Carrying amount at the beginning of year	**33,426,233**	**34,620,258**	**10,613,666**
Additions at cost			
- land, buildings and leasehold improvements	50,484	15,090	-
- plant and equipment	1,185,118	397,985	-
- bearer plants	172,066	145,795	-
- motor vehicles	55,695	6,773	-
- assets held under finance lease	100,811	145,502	-
	1,564,174	711,145	-
Transfer from biological assets			
- bearer plants at values reported previously	-	-	23,878,171
- gain on bearer plants arising on change in accounting policy	-	-	128,421
	-	**-**	24,006,592
Disposals at carrying amount			
- plant and equipment	(2,043)	(84,978)	**-**
• cost	(5,621)	(111,124)	-
• accumulated depreciation	3,579	26,146	-
- motor vehicles	(787)	(2,748)	-
• cost	(34,437)	(34,583)	-
• accumulated depreciation	33,650	31,835	**-**
	(2,830)	(87,726)	**-**
Impairment loss for the year			
- plant and equipment	(166,887)	-	-
	(166,887)	-	-
Depreciation for the year			
- land, buildings and leasehold improvements	(358,776)	(330,718)	-
- plant and equipment	(625,355)	(517,658)	-
- bearer plants	(651,696)	(713,874)	-
- motor vehicles	(113,988)	(215,717)	-
- assets held under finance lease	(40,739)	(39,477)	-
	(1,790,554)	(1,817,444)	-
Carrying amount at end of the year	**33,030,136**	**33,426,233**	**34,620,258**

Assets pledged as security

Assets pledged as security have been disclosed on note 20.

Impairment loss recognised

The impairment loss recognised relates to the Southdown Estates operations. The impairment loss was determined on hand-held tea harvesting equipment which is classified under the plant and equipment category of property, plant and equipment.

The impairment loss arose as a result of the physical condition of the hand-held harvesting equipment items showing

NOTES TO THE FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 30 SEPTEMBER 2017

11. PROPERTY, PLANT AND EQUIPMENT - Continued

indications of impairment due to them being beyond economic repair; accordingly the impairment loss was based on fair value less costs of disposal. In determining the fair values of the tea harvesting equipment, the Group used the Level 2 fair value hierarchy as specified by IFRS 13.

The impairment loss recognised was included in the operating expenses line of the statement of profit or loss and other comprehensive income.

12. BIOLOGICAL ASSETS

30 September 2017

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

30 September 2016 (restated) Note 10

	Produce growing on bearer plants						
All figures in US$	**Tea on bush**	**Macadamia on tree**	**Fruits on tree**	**Livestock and poultry**	**Timber**	**Seasonal crops**	**Total**
Carrying amount at the beginning of the year (restated)	243,432	2,478,314	981,805	127,170	182,660	444,746	4,458,127
Fair value adjustments (restated)	(72,029)	(179,234)	(208,666)	22,779	1,400	(123,351)	(559,101)
Carrying amount at the end of the year (restated)	**171,403**	**2,299,080**	**773,139**	**149,949**	**184,060**	**321,395**	**3,899,026**
Current	171,403	2,299,080	773,139	13,464	-	321,395	3,578,481
Non-current	-	-	-	136,485	184,060	-	320,545
	171,403	**2,299,080**	**773,139**	**149,949**	**184,060**	**321,395**	**3,899,026**

1 October 2015 (restated) Note 10

All figures in US$	**Tea**	**Macadamia**	**Fruit trees**	**Livestock and poultry**	**Gum Plantations**	**Fresh Produce**	**Total**
Carrying amount at the end of the previous year	7,775,816	13,887,707	5,918,199	127,170	182,660	444,746	28,336,298
Adjustments due to change in acounting policy	(7,532,384)	(11,409,393)	(4,936,394)	-	-	-	(23,878,171)
Carrying amount at the beginning of the year (restated)	**243,432**	**2,478,314**	**981,805**	**127,170**	**182,660**	**444,746**	**4,458,127**
Current	243,432	2,478,314	981,805	12,240	-	444,746	4,160,537
Non-current	-	-	-	114,930	182,660	-	297,590
	243,432	**2,478,314**	**981,805**	**127,170**	**182,660**	**444,746**	**4,458,127**

Biological assets comprise of produce growing on bearer plants, seasonal crops, livestock, poultry and timber. Biological assets are measured at fair value less costs to sell with changes recognised in profit or loss as they grow. The fair value of produce growing on bearer plants and seasonal crops was determined by making reference to their maturity profiles at time of reporting and the average selling price of the produce. The fair value for livestock and poultry and timber was determined by reference to the market price.

The Group is exposed to financial risks arising from changes in commodity prices. The Group does not anticipate that commodity prices will decline significantly in the foreseeable future and, therefore, has not entered into derivative or other contracts to manage the risk of a decline in commodity prices.The Group reviews its outlook for commodity prices regularly in considering the need for active financial risk management.

NOTES TO THE FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 30 SEPTEMBER 2017

12. BIOLOGICAL ASSETS - Continued

During the dry season the risk of damage from fire is significant. The Group reduces this risk in the best possible manner by implementing appropriate fire prevention measures such as clearing underbush ahead of the dry season, constructing fire breaks and 24-hour surveillance. Climate and weather changes pose the risk of damage and affect productivity and quality. Other mitigating measures include irrigation and other good agricultural practices such as pruning and fertilisation depending on seasons. In addition, pome fruit plantations are insured for hail risk. The Group has not obtained insurance coverage for the other plantations as the premium will be excessive in relation to the expected losses.

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

All figures in US$	30 September 2017	
	1% increase	**1% decrease**
Average selling price sensitivity		
Increase/(decrease) in profits	46,245	(46,245)

Fair value hierarchy

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

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

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

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

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

13. INVESTMENT IN JOINT VENTURES

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

13.1

Name of Joint venture	Principal activity	Place of incorporation and principal place of business	Proportion of ownership interests held by the Group		Proportion of voting rights held by the Group	
			2017	**2016**	**2017**	**2016**
Nyanga Trout Farming (Private) Limited	Trout farming	Zimbabwe	75%	75%	50%	50%

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

All figures in US$	2017	2016
Summarised financial information		
Group's share of loss for the year	(535)	(55,000)
Carrying amount of the Group's net interest in joint venture	-	-
Reconciliation of the above summarised financial information		
Investment at cost	75	75
Unsecured loan advanced by Group - treated as part of net investment in joint venture	124,035	123,500
Cumulative loss of share of joint venture - recognised in prior periods	(123,575)	(68,575)
Group's share of loss for the year	(535)	(55,000)
Carrying amount of the Group's net interest in joint venture	-	-

NOTES TO THE FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 30 SEPTEMBER 2017

13. INVESTMENT IN JOINT VENTURES - Continued

13.2

Name of Joint venture	Principal activity	Place of incorporation and principal place of business	Proportion of ownership interests held by the Group		Proportion of voting rights held by the Group	
			2017	2016	2017	2016
Claremont Power Station	Hydro Electricity Generation	Zimbabwe	55%	55%	50%	50%

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

All figures in US$	2017	2016
Summarised financial information		
Group's share of loss for the year	-	(8,000)
Carrying amount of the Group's net interest in joint venture	-	-
Reconciliation of the above summarised financial information		
Investment at cost	-	-
Unsecured loan advanced by Group - treated as part of net investment in joint venture	-	8,000
Group's share of loss for the year	-	(8,000)
Carrying amount of the Group's net interest in joint venture	-	-

14. INVESTMENTS

All figures in US$	COMPANY 2017	COMPANY 2016	GROUP 2017	GROUP 2016
Unquoted shares in subsidiaries	8,999	8,999	-	-
Unquoted shares - Europi	25,650	25,650	25,650	25,650
	34,649	**34,649**	**25,650**	**25,650**

Details of the Group's principal subsidiaries, all incorporated in Zimbabwe at 30 September 2017 are as follows:

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

15. INVENTORIES

All figures in US$	2017	2016
Farm produce	379,660	201,539
Stores and materials	706,026	690,167
	1,085,686	**891,706**

The cost of inventories recognised as an expense includes US$11,506 (2016: US$18,451) in respect of write-downs of inventory to net realisable value. Inventory write-downs relate to products that would have gone wholly or partly unsalable and those whose selling prices have declined below the cost.

NOTES TO THE FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 30 SEPTEMBER 2017

16. TRADE AND OTHER RECEIVABLES

	COMPANY		GROUP	
All figures in US$	**2017**	**2016**	**2017**	**2016**
Trade receivables	-	-	1,423,234	1,133,297
Allowance for credit losses	-	-	(679,955)	(656,129)
Net trade receivables	-	-	743,279	477,168
Other receivables	12,302,892	12,263,716	684,494	991,292
Allowance for credit losses	-	-	(429,556)	(441,095)
Net other receivables	12,302,892	12,263,716	254,938	550,197
Trade and other receivables	12,302,892	12,263,716	2,107,728	2,124,589
Allowance for credit losses	-	-	(1,109,511)	(1,097,224)
Net trade and other receivables	**12,302,892**	**12,263,716**	**998,217**	**1,027,365**

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

The average credit period for trade receivables was 17 days (2016: 24 days). No interest is charged on overdue trade receivables. The Group provides fully for all receivables outstanding over 365 days because historical experience is such that the receivables that are aged beyond 365 days are generally not recoverable. The Group provides for receivables aged between 91 days and 365 days on a case-by-case basis where subsequent developments suggest that recovery of the amounts is doubtful.

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

The past due but not impaired balances amount to US$564 (2016: US$14,191).

	GROUP	
All figures in US$	**2017**	**2016**
Ageing analysis of trade receivables as at 30 September		
Current	372,307	260,154
30-90 days	370,408	202,823
Above 90 days	564	14,191
	743,279	**477,168**
Movement in allowance for credit losses		
Balance at beginning of the year	1,097,224	1,067,006
Impairment losses recognised on receivables	12,287	30,218
Balance at the end of the year	**1,109,511**	**1,097,224**

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. Disclosure on concentration risk is shown on note 5 and note 23.

Assets pledged as security have been disclosed on note 20.

NOTES TO THE FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 30 SEPTEMBER 2017

17. SHARE CAPITAL

All figures in US$	Number of Shares 2017	Number of Shares 2016
AUTHORISED SHARE CAPITAL		
Issued shares at the end of the year	1,620,795,595	1,600,795,595
Unissued shares		
- Shares allocated to share option scheme	23,075,000	23,075,000
- Shares under the control of directors	177,114,405	197,114,405
- Shares under the control of shareholders	179,015,000	179,015,000
	2,000,000,000	**2,000,000,000**
Movement in the number of ordinary shares		
Issued at beginning of year	1,600,795,595	1,378,595,595
Share issues	20,000,000	222,200,000
Issued at end of year	**1,620,795,595**	**1,600,795,595**
1,620,795,595 ordinary shares of US0.1 cents each (2016: 1,600,795,595 ordinary shares of US0.1 cents each)	**1,620,795**	**1,600,795**

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

All figures in US$			2017 Actual Number of shares	2016 Actual Number of shares
(2005) scheme				
Date of grant	**Expiry date**	**Price**		
23 May 2006	22 May 2016	ZW$ 6.80	4,135,000	4,135,000
27 February 2007	26 February 2017	ZW$110.00	6,000,000	6,000,000
02 May 2008	1 May 2018	ZW$4,500,000	820,000	820,000
			10,955,000	10,955,000
Movements for the year				
Options outstanding at beginning of year			160,000	420,000
- options cancelled			-	(260,000)
Total options outstanding at end of year			**160,000**	**160,000**

All shares have vested.

NOTES TO THE FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED 30 SEPTEMBER 2017

18. DEFERRED TAX

	COMPANY		GROUP		
All figures in US$	**30-Sep-17**	**30-Sep-16**	**30-Sep-17**	**30-Sep-16**	**1-Oct-15**
				RESTATED (Note 10)	**RESTATED (Note 10)**
Deferred tax liability					
At the beginning of year	1,283	1,283	8,971,187	9,351,380	9,318,312
- income statement movement (i)	-	-	(181,399)	(380,193)	33,068
At the end of the year	**1,283**	**1,283**	**8,789,788**	**8,971,187**	**9,351,380**
Analysis of deferred tax liability					
Property, plant and equipment	-	-	7,667,906	7,955,742	8,191,966
Biological assets	-	-	1,079,833	1,003,999	1,147,968
Investments	1,283	1,283	1,283	1,283	-
Other movements	-	-	40,766	10,163	11,446
	1,283	**1,283**	**8,789,788**	**8,971,187**	**9,351,380**
Deferred tax asset					
At the beginning of the year	-	-	5,572,662	5,558,981	5,558,981
Deferred tax released to					
- income statement movement (debit) (ii)	-	-	(491,768)	13,681	-
Deferred tax asset arising from tax loss	**-**	**-**	**5,080,894**	**5,572,662**	**5,558,981**
Income tax (net of (i) and (ii))	-	-	(310,369)	393,874	(33,068)

In current year assessed losses of US$707,454 (2016:US$259,279) previously recognised as deferred tax assets expired.

The assessed losses are aged as shown below:

	GROUP			
All figures in US$	**Total**	**Current**	**1 Year**	**2-6 years**
30 September 2017				
Assessed losses	5,080,894	215,686	272,960	4,592,247
30 September 2016				
Assessed losses	5,572,662	272,960	1,374,999	3,924,703

19. TRADE AND OTHER PAYABLES

	COMPANY		GROUP	
All figures in US$	**2017**	**2016**	**2017**	**2016**
Trade	-	-	1,671,790	1,038,981
Other	73,768	73,768	5,071,054	6,745,877
	73,768	**73,768**	**6,742,844**	**7,784,858**

The average credit period on purchases is 79 days (2016: 55 days). No interest is charged on the trade payables.

NOTES TO THE FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 30 SEPTEMBER 2017

19. TRADE AND OTHER PAYABLES - Continued

All figures in US$	2017	2016
Ageing analysis of trade payables as at 30 September		
Current	344,900	214,348
30-120 days	431,817	268,365
Above 120 days	895,072	556,268
	1,671,790	**1,038,981**
Provisions		
Employee benefits (current)	125,149	149,821
	125,149	**149,821**

The provision for employee benefits represents annual leave.

20. BORROWINGS

All figures in US$	2017	2016
Ariston Management Services (Private) Limited has borrowing facilities totaling US$15,033,273 (2016: US$12,311,642). The utilised portion was:	**15,033,273**	**12,311,642**
Unsecured – at amortised cost		
Bank overdrafts	-	714,167
Other loans	-	500,000
	-	1,214,167
Secured – at amortised cost		
Loans from banks	6,433,578	9,667,360
Bank overdrafts	303,680	-
Loans from other financial institutions	6,164,472	1,430,115
Loans from related parties (note 25)	2,131,543	-
	6,433,578	**12,311,642**
Current	4,258,256	5,099,065
Non-current	10,775,017	7,212,577
	15,033,273	**12,311,642**

The weighted average effective interest rate on the bank loans is 8% per annum (2016: 10% per annum.)

Assets pledged as security

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

Breach of loan agreements

During the year under review, the Group fell behind on its commitments in servicing the principal and interest obligations of some of its facilities. At the reporting date, the Group had contractual breaches relating to unsanctioned overdrafts and unserviced scheduled commitments amounting to US$315,285 (2016: US$2,986,795).

21. FINANCE LEASE OBLIGATION

The Group procured tea plucking, tea processing, tea harvesting machinery and tractors from African Century Leasing Limited on 3-year finance lease arrangements. Interest payable on the lease arrangments is at a rate of 18% per annum.

The Group will assume ownership of the machinery and tractors once the lease term is over and all payments have been made.

NOTES TO THE FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 30 SEPTEMBER 2017

21. FINANCE LEASE OBLIGATION - Continued

Future lease payments are due as follows:

All figures in US$	Plant and equipment					
	Minimum lease payments		Interest		Present value	
	2017	**2016**	**2017**	**2016**	**2017**	**2016**
Not later than one year	87,309	121,794	17,533	17,781	69,776	104,013
Later than one year and not later than five years	94,032	59,903	9,852	6,501	84,180	53,402
	181,341	**181,697**	**27,385**	**24,282**	**153,956**	**157,415**

The outstanding values of future lease payments are analysed as:

All figures in US$	2017	2016
Current liabilities	69,776	104,013
Non-current liabilities	84,180	53,402
	153,956	**157,415**

22. CAPITAL COMMITMENTS

All figures in US$	2017	2016
Commitments for capital expenditure approved by the directors:		
- authorised but not contracted	1,049,386	1,120,063
	1,049,386	**1,120,063**

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.

23. FINANCIAL RISK MANAGEMENT

Derivative financial instruments

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

Interest rate risk management

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

Credit risk management

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

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.

NOTES TO THE FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 30 SEPTEMBER 2017

23. FINANCIAL RISK MANAGEMENT - Continued

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

	Weighted average effective interest rate	1-3 months	3 months to 1 year	1-5 years	5+ years	Total
	%	US$	US$	US$	US$	US$
2017						
Fixed interest rate loans	8	787,664	3,470,592	7,835,205	2,939,812	**15,033,273**
2016						
Fixed interest rate loans	10	922,042	4,177,023	7,011,186	201,391	**12,311,642**

The Group has access to financing facilities amounting to US$15,033,273 (2016: US$12,311,642) and US$nil (2016: US$nil) were unused at the end of the reporting period. The Group expects to meet its obligations from cash flows and proceeds of maturing financial assets. Subsequent to year end the Groups borrowing profile changed materially. Please refer to note 28.

Foreign exchange risk management

The Group operates certain transactions denominated in foreign currencies, hence exposure to exchange rate fluctuations arise. The Group's net foreign asset exposure as at year end determined at the fair market rates is US$nil (2016: US$nil).

Fair values

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

24. 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 2016.

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

The Group's Board reviews the capital structure of the Group regularly. As part of this review, the Board considers the cost of capital and the risks associated with each class of capital. The gearing ratio at 30 September 2017 was 107% (2016: 78%).

All figures in US$	2017	2016
		RESTATED (Note 10)
Debt (i)	15,187,229	12,469,057
Cash and bank balances	(167,863)	(142,375)
Net debt	15,019,366	12,326,682
Equity (ii)	14,098,321	15,759,915
Net debt to equity ratio	107%	78%

(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.

NOTES TO THE FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 30 SEPTEMBER 2017

25. RELATED PARTY DISCLOSURES

Trading transactions

	Finance cost reversal		Finance cost		Management fee expense	
All figures in US$	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
Origin Global Holdings Limited (major shareholder)	-	3,345,033	131,543	1,810,831	240,000	240,000

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

	Receivables		Payables		Borrowings	
All figures in US$	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
GROUP						
Afrifresh Group (Proprietary) Limited (ultimate holding company)	-	-	-	281,857	-	-
Origin Global Holdings Limited (major shareholder)	-	-	1,246,043	1,136,390	2,131,543	-
Bonemarrow Investments (Private) Limited	20,000	-	-	-	-	-
Directors and key management	-	-	258,025	417,541	-	-
COMPANY						
Ariston Management Services (Private) Limited (100% subsidiary company)	12,302,892	12,263,716	-	-	-	-

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No expense has been recognised in the current or prior years for bad or doubtful debts in respect of the amounts owed by related parties.

The loan obtained from the major shareholder, Origin Global Holdings Limited accrues interest at 10% per annum and is classified as non-current as it is not due for repayment within the 12-month period subsequent to year-end.

Bonemarrow Investments (Private) Limited is a related party to Goldsaif (Private) Limited, with whom the Group is a joint venture partner in the Claremont Power Station joint venture.

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$	2017	2016
Short-term benefits	421,887	461,773
	421,887	**461,773**

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

26. 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.

NOTES TO THE FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 30 SEPTEMBER 2017

26. DEFINED CONTRIBUTION PLANS - Continued

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 profit or loss amounts to US$72,085 (2016: US$71,434) representing contributions payable by the Group at rates specified in the rules of the plan.

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

27. GOING CONCERN

The Group incurred a loss from operations of US$95,876 (2016: US$1,937,915), total comprehensive loss for the year of US$1,761,594 (2016: US$2,376,817) and had net cash outflows from operating activities of US$1,141,699 (2016: US$1,593,202). As at 30 September 2017, the Group's current liabilities exceeded its current assets by US$4,682,502 (2016: US$7,348,009).

The directors assess the ability of the Group to continue in operational existence in the foreseeable future on a continuous basis and at each reporting date. As at 30 September 2017, and subsequently, the directors assessed the Group's ability to continue operating as a going concern and believe that the preparation of these financial statements on a going concern basis is still appropriate. These assessments considered the Group's financial performance for the year ended 30 September 2017, financial position as at 30 September 2017 and forecast for the 12 months ending 30 September 2018 and the medium term forecasts for the Group.

The loss from operations and total comprehensive loss for the year have reduced significantly in the year under review. This was driven by a combination of a marginal increase in sales volumes, improvement in quality and higher prices particularly for the macadamia and tea sales. Management has also successfully managed to contain costs without compromising quality resulting a higher gross profit margin of 31% (2016: 18%), and ultimately reduced losses in the year ended 30 September 2017.
Management continued to restructure the Group's borrowings profile during the period under review, and as a result, the Group obtained a lower average cost of borrowings of 8% per annum (2016: 10% per annum) resulting in a reduction in gross finance costs by 47%.

Management has also managed to reduce current liabilities to US$11.07 million from US$12.99 million in 2016. This was achieved by repaying creditors (including arear employee salaries) and restructuring borrowings to facilities with a longer tenure. To improve the entity's net current liability position, subsequent to year-end; the Group has signed a new long-term loan facility agreement for US$6.97 million to retire the Group's legacy debts and to finance working capital needs.

The assumption of a long-dated debt profile will ensure that cashflows generated by the Group will be applied on operations and match loan repayments with the improved forecast cash inflows. The directors are confident that the restructuring of the statement of financial position will result in the Group achieving improved and sustainable financial performance which will be conveyed by improved financial ratios and statistics.

In addition, the production volumes for most of the Group's crops are increasing and are forecast to continue increasing due to sustainable farming models as well as the improved maturity stages of the Group's bearer assets which have improved capacity utilisation, yields and product quality. This coupled with a general increase in average selling prices across all product ranges due to improved quality are positive factors which will further enhance the Group's financial performance.

Further to the update provided in our annual report for 2016, we advise that the Ministry of Lands and Rural Resettlement's proposed withdrawal of the Kent Estate land offer letter was set aside by the High Court of Zimbabwe.

NOTES TO THE FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 30 SEPTEMBER 2017

27. GOING CONCERN - Continued

The major shareholder has also showed continued support to the Group through providing long term finance to fund the operations.

Based on this background, the directors have every reason to believe that the Group has adequate resources to continue in operations for the foreseeable future and no material uncertainty exists with regards to going concern. Accordingly, the financial statements have been prepared on a going concern basis.

28. EVENTS AFTER THE REPORTING DATE

Subsequent to year-end, the Group obtained approval for the conversion of short-term borrowings reported at 30 September 2017 into a facility with a lower cost and longer tenure. This event has a significant effect on the statement of financial position subsequent to year-end.

SHAREHOLDERS' PROFILE

FOR THE YEAR ENDED 30 SEPTEMBER 2017

ANALYSIS OF SHAREHOLDERS

SIZE OF SHAREHOLDING	NUMBER OF SHAREHOLDERS	% NUMBER OF SHAREHOLDERS	SHARES HELD	% OF SHARES HELD
1 - 5000	802	61.88	1,338,069	0.08
5001 - 10000	143	10.88	1,060,644	0.07
10001 - 50000	208	16.20	4,649,367	0.29
50001 - 100000	48	3.70	3,363,900	0.21
100001 - and over	95	7.34	1,610,383,615	99.35
	1,296	**100.00**	**1,620,795,595**	**100.00**

CATEGORIES OF SHAREHOLDERS

SHAREHOLDERS' GROUP	NUMBER OF SHAREHOLDERS	% OF TOTAL NUMBER OF SHAREHOLDERS	SHARES HELD	% OF TOTAL OF SHARES HELD
COMPANIES	195	15.05	173,545,978	10.71
ESTATES	5	0.39	359,699	0.02
INDIVIDUALS	951	73.37	42,368,765	2.61
INSURANCE COMPANIES	6	0.46	12,738,999	0.79
INVESTMENT, TRUST AND PROPERTY COMPANIES	12	0.93	796,570	0.05
NOMINEE COMPANY	36	2.78	88,511,989	5.46
NON RESIDENT TRANSFERABLE	66	5.09	1,201,432,267	74.13
PENSION FUNDS	25	1.93	101,041,328	6.23
	1,296	**100.00**	**1,620,795,595**	**100.00**

SHAREHOLDERS' PROFILE - Continued

FOR THE YEAR ENDED 30 SEPTEMBER 2017

TOP TWENTY SHAREHOLDERS

HOLDER NAME	TOTAL HOLDING	% OF TOTAL ISSUED SHARES
ORIGIN GLOBAL HOLDINGS LIMITED	1,154,636,981	71.24
STANBIC NOMINEES (PRIVATE) LIMITED - NNR A/C	82,314,586	5.08
BARATO INVESTMENTS LIMITED	70,324,454	4.34
NATIONAL SOCIAL SECURITY AUTHORITY - NPS	54,413,428	3.36
NATIONAL SOCIAL SECURITY AUTHORITY	49,922,208	3.08
OLD MUTUAL LIFE ASSURANCE OF ZIMBABWE LIMITED	32,170,372	1.98
NATIONAL SOCIAL SECURITY AUTHORITY (W.C.I.F.)	24,321,664	1.50
STANDARD CHARTERED NOMINEES (PVT) LTD - NNR	24,291,452	1.50
SPEAR PAUL	22,996,919	1.42
STANDARD CHARTERED NOMINEES (PVT) LTD - NNR	17,582,418	1.08
WORKERS COMPENSATION INSURANCE FUND	11,596,485	0.72
ECONET GROUP ZIMBABWE PENSION FUND - FML	6,250,000	0.39
BARCLAYS BANK PENSION FUND - IMARA A/C	5,812,036	0.36
ZB LIFE ASSURANCE LIMITED	4,491,527	0.28
LHG MALTA HOLDINGS LIMITED	3,438,971	0.21
MIMOSA MINING PENSION FUND - IMARA	3,379,140	0.21
MURUMBI OWEN PETER	2,943,221	0.18
ZB FINANCIAL HOLDINGS GROUP PENSION FUND	2,579,454	0.16
MUNSTER INVESTMENTS (PVT) LTD	2,481,060	0.15
SCB NOMINEES 033667800001	2,159,285	0.13
TOTAL HOLDING OF TOP TWENTY SHAREHOLDERS	**1,578,105,661**	**97.37**
REMAINING HOLDING	**42,689,934**	**2.63**
TOTAL ISSUED SHARES	**1,620,795,595**	**100.00**

NOTICE TO SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the seventy-first (71st) Annual General Meeting ("AGM") of Ariston Holdings Limited ("the Company") will be held in the Centenary Room, Royal Harare Golf Club, 5th Street Extension, Harare, Zimbabwe on the 27th of February 2018 at 1600 hours to consider the following business.

ORDINARY BUSINESS

1. To receive, consider and adopt the audited financial statements for the year ended 30 September 2017, together with the reports of the directors and auditors thereon.

2. To elect directors in place of those retiring in accordance with the provisions of the Company's Articles of Association:
   - Mr. C.P. Conradie and Mr. A.C. Jongwe retire from the board by rotation, and being eligible, offer themselves for re-election.
   - Mr. J.W. Riekert who was appointed as a non-executive director of the Company on 31 August 2017, retires and being eligible, offers himself for re-election.
   - Mr. C. Mudenda who was appointed as a non-executive director of the Company on 22 November 2016, retired on 31 December 2017 and does not offer himself for re-election.

3. To approve directors' fees for the year ended 30 September 2017.

4. To approve remuneration for the auditors for the year ended 30 September 2017 and to appoint auditors for the ensuing year. The present auditors, Messrs Deloitte & Touche, offer themselves for re-appointment.

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

APPOINTMENT OF PROXY

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

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

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

By order of the Board

R.A. Chinamo
Company Secretary

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

1 February 2018

ARISTON
HOLDINGS LIMITED