

AFC GROUP HOLDINGS LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIOD ENDED 30 SEPTEMBER 2022

AFC GROUP HOLDINGS LIMITED
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FOR THE SIX MONTH PERIOD ENDED 30 SEPTEMBER 2022

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AFC GROUP HOLDINGS LIMITED
INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTH PERIOD ENDED 30 SEPTEMBER 2022

	Unaudited 6 Months September 2022 \$	Unaudited 6 Months September 2021 \$
Operating Revenue	671,308	111,431
Cost of Sales	(113,447)	(97,590)
Gross profit	557,861	13,841
Other Income	10,576	62,228
Expenses		
Selling and Distribution Expenses	(53,927)	(26,793)
Administration Expenses	(422,855)	(460,981)
Operating profit / (loss)	91,655	(411,705)
Finance Income	5	2
Finance Expense	(26,424)	(39,417)
	(26,419)	(39,415)
Profit / (Loss) before income tax	65,236	(451,120)
Income tax		-
Net profit / (loss) for the period	65,236	(451,120)
Other comprehensive income		-
Total comprehensive income / (loss) for the period	65,236	(451,120)
Profit/(loss) and Total Comprehensive Income/(Loss) Attributable to:		
Equity holders of the parent	(14,701)	(245,535)
Non-controlling interest	79,862	(205,585)
	65,161	(451,120)
Profit / (loss) per share:		
Basic and Diluted Earning per share in NZ\$	(0.00000401)	(0.00006701)

The interim financial statements are to be read in conjunction with the notes to the financial statements set out on pages 7 to 21.

AFC GROUP HOLDINGS LIMITED
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2022

	Note	At 30 September 2022 \$	At 31 March 2022 \$
SHAREHOLDERS EQUITY			
Issued share capital	6	28,679,503	28,679,503
Accumulated losses		(27,375,401)	(27,360,700)
Total Equity attributable to shareholders of the company		1,304,102	1,318,803
Non-controlling Interest		(686,051)	(765,913)
Total shareholders funds		618,051	552,890
<i>Represented by:</i>			
CURRENT ASSETS			
Cash and cash equivalents	7	1,648	14,451
Inventories	8	378,852	352,162
Trade, other and related party receivables	9	13,146	8,943
Prepayments and other current assets		97,434	49,005
Total current assets		491,080	424,561
NON-CURRENT ASSETS			
Property, plant and equipment	10	1,405,015	1,431,194
Right-of-use assets	11	102,978	9,553
Intangible assets and goodwill	12	633	708
Total non-current assets		1,508,626	1,441,455
Total assets		1,999,706	1,866,016
CURRENT LIABILITIES			
Trade, other and related party payables	13	1,187,762	1,248,492
Lease liabilities	11	35,994	11,234
Total current liabilities		1,223,756	1,259,726
NON-CURRENT LIABILITIES			
Borrowings	14	82,400	53,400
Lease liabilities	11	75,499	-
Total non-current liabilities		157,899	53,400
Total liabilities		1,381,655	1,313,126
Net assets		618,051	552,890

The interim financial statements are to be read in conjunction with the notes to the financial statements set out on pages 7 to 21.

AFC GROUP HOLDINGS LIMITED
INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTH PERIOD ENDED 30 SEPTEMBER 2022

	Issued Share Capital	Accumulated Loss	Equity Holders	Non- Controlling Interests	Total
	\$	\$	\$	\$	\$
Balance as at 1 April 2021	28,679,503	(26,950,481)	1,729,022	(437,707)	1,291,315
Comprehensive income					
Net loss for the financial year	-	(410,219)	(410,219)	(328,206)	(738,425)
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	(410,219)	(410,219)	(328,206)	(738,425)
Balance as at 31 March 2022(audited)	28,679,503	(27,360,700)	1,318,803	(765,913)	552,890
Comprehensive income					
Net loss for the financial period	-	(14,701)	(14,701)	79,862	65,161
Other comprehensive income	-	-	-	-	-
Total comprehensive income/(loss)	-	(14,701)	(14,701)	79,862	65,161
Balance as at 30 September 2022 (unaudited)	28,679,503	(27,375,401)	1,304,102	(686,051)	618,051

The interim financial statements are to be read in conjunction with the notes to the financial statements set out on pages 7 to 21.

AFC GROUP HOLDINGS LIMITED
INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTH PERIOD ENDED 30 SEPTEMBER 2022

	Note	Unaudited 6 Months September 2022 \$	Unaudited 6 Months September 2021 \$
Cash flows from operating activities			
<i>Cash was received from:</i>			
Receipts from customers		75,758	155,831
Receipts from related parties		591,347	139,613
Interest received		5	2
Other receipts		30,371	62,228
<i>Cash was applied to:</i>			
Payments to suppliers and employees		(545,288)	(389,765)
Payments to related parties		(56,854)	-
Interest paid		(20,604)	(22,059)
Leases interest		(5,820)	(17,358)
Net cash inflow/(outflow) from operating activities		68,915	(71,508)
Cash flows from investing activities			
<i>Cash was received from:</i>			
Proceeds from disposal of property, plant and equipment		-	-
<i>Cash was applied to:</i>			
Purchase of property, plant and equipment	10	-	(3,064)
Net cash outflow from investing activities		-	(3,064)
Cash flows from financing activities			
<i>Cash was received from:</i>			
Proceeds from borrowings		29,000	-
Receipts from related parties		-	162,421
<i>Cash was applied to:</i>			
Payments for lease liabilities principal		(16,512)	(80,795)
Payments to related parties		(74,411)	-
Net cash inflow/(outflow) from financing activities		(61,923)	81,626
Net increase/(decrease) in cash and cash equivalents		6,992	7,054
Foreign currency translation adjustment		(19,795)	(5,801)
Cash and cash equivalents at the beginning of the period		14,451	3,375
Cash and cash equivalents at the end of the period	7	1,648	4,628

The interim financial statements are to be read in conjunction with the notes to the financial statements set out on pages 7 to 21.

AFC GROUP HOLDINGS LIMITED

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIOD ENDED 30 SEPTEMBER 2022

1. ACCOUNTING POLICIES

REPORTING ENTITY

AFC Group Holdings Limited (the "Company") is a company incorporated and domiciled in New Zealand and registered under the Companies Act 1993. The Company is listed and its ordinary shares are quoted on the NZX main board equity security market (NZX main market) and the addresses of its registered office and principal place of business are disclosed in the Corporate Information section of this report. The Company is an FMC Reporting Entity under the Financial Markets Conduct Act 2013 and its financial statements comply with the Companies Act 1993 and the Financial Markets Conduct Act 2013.

The interim consolidated financial statements of AFC Group Holdings Limited for the six month period ended 30 September 2022 comprise the Company and its subsidiaries (together referred to as the "Group"). For the purposes of complying with generally accepted accounting practice in New Zealand ("NZ GAAP"), the Group is a for-profit entity. The principal activity of the Company and the Group is to produce, manufacture and purchase food, health, and cosmetic products for distribution in New Zealand and the Chinese markets. The Group also operates in the winery and vineyard industry which has manufacturing operations.

1.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with NZ GAAP. These consolidated financial statements comply with New Zealand Equivalents to International Financial reporting Standards ("NZ IFRS") and other applicable Financial Reporting Standards, as appropriate for profit oriented entities.

The condensed interim consolidated financial statements were approved and authorised for issue by the directors on 23 November 2022. The directors are not able to amend the financial statements after issue.

1.2 Basis of preparation

The interim financial statements are in respect of the six months period 1 April 2022 to 30 September 2022. The comparative period is in respect of the six months period 1 April 2021 to 30 September 2021. The year-end balance date will be 31 March 2023 and full financial statements will cover the 12 months period 1 April 2022 to 31 March 2023.

The interim consolidated financial statements are prepared on a cost basis except for financial assets which are carried at amortised cost. The interim consolidated financial statements for the Group are presented in New Zealand dollars (\$), which is the functional currency of all entities within the Group. All financial information has been rounded to the nearest dollar unless otherwise stated.

These unaudited consolidated condensed interim financial statements ('interim financial statements') have been prepared in accordance with New Zealand Generally Accepted Accounting Practice and comply with the requirements of International Accounting Standard (IAS) 34 Interim Financial Reporting and with New Zealand Equivalent to International Accounting Standard (NZ IAS) 34 Interim Financial Reporting and the NZX Main Board Listing Rules.

The interim financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, these interim financial statements should be read in conjunction with the audited consolidated financial statements for the period ended 31 March 2022 and any public announcements made by the Group during the interim reporting period and up to the date of these interim financial statements.

1.3 Significant accounting policies

The preparation of the interim financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the interim financial statements. The estimates and underlying assumptions are based on historical experience and adjusted for current market conditions and other factors, including expectations of future events that are considered to be reasonable under the circumstances. If outcomes within the next financial period are significantly different from assumptions, this could result in adjustments to carrying amounts of the asset or liability affected.

AFC Group Holdings Limited has applied the same accounting policies and methods of computation in its interim consolidated financial statements as were applied in the annual financial statements for the year ended 31 March 2022.

AFC GROUP HOLDINGS LIMITED
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 SEPTEMBER 2022

2. Revenue

	September 2022 NZ\$	September 2021 NZ\$
Operating revenue		
Sales - wine products	659,432	63,832
Sales - cosmetic products	10,737	46,183
Sales - other products	1,139	1,416
Total operating revenue	671,308	111,431
Other Income	630	8,011
Rental Income	9,946	7,280
Covid-19 wage subsidy	-	46,937
Total Other Income	10,576	62,228
Total Income	681,884	173,659

3. Expense

	September 2022 NZ\$	September 2021 NZ\$
Profit / (Loss) before income tax has been Included in Selling and Distribution Expenses		
Business Events	5,259	9,644
Freight and Courier	28,225	2,370
Salaries and Sales Commission	16,603	14,580
Other expense	3,841	199
Total Selling and Distribution Expenses	53,927	26,793
Included in Administration Expenses		
Salaries	204,309	229,265
Audit Fees	24,737	31,510
Depreciation	26,031	90,376
Management fee	20,000	15,000
Loss on fixed asset disposal	14,729	-
Consulting & Accounting	18,240	11,400
Licences & Subscriptions	10,738	8,337
Insurance	10,372	10,741
Rent	9,840	12,639
Storage fee	9,500	-
Share Registry Costs	8,592	12,639
Other expenses	65,768	39,074
Total Administration Expenses	422,855	460,981
Finance costs:		
Interest paid on borrowings from related parties	20,459	21,840
Lease interest	5,820	17,358
Other interest paid	146	219
	26,424	39,417

AFC GROUP HOLDINGS LIMITED
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 SEPTEMBER 2022

4. INCOME TAX

The Group calculates the period's income tax expense using 28% which is the tax rate that would be applicable to the expected total annual earnings (September 2021: 28%).

The Group has an unused tax losses of \$1,383,881 bought forward from 31 March 2022. Losses can be carried forward indefinitely under New Zealand tax law (assuming shareholder continuity requirements are met and approval of the Inland Revenue Department is obtained).

The Group has not recognised a deferred tax asset on its Statement of Financial Position as at reporting date. In deciding whether to recognise the deferred tax assets, the Group has determined if the utilisation of deferred assets is probable and whether it is likely that sufficient and suitable taxable profits will be available in the future against which the reversal of temporary differences can be deducted.

5. EARNINGS PER SHARE

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share

	September 2022 NZ\$	September 2021 NZ\$
Basic earnings per share		
Profit/ (Loss) after taxation attributable to equity holders of the parent	(14,701)	(245,535)
Weighted average number of ordinary shares on issue	3,664,253,194	3,664,253,194
Basic and Diluted Earning per share in NZ\$	(0.00000401)	(0.00006701)

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

6. AUTHORISED AND ISSUED SHARE CAPITAL

Balance as at 31 March 2021	Shares Issued	
	No.	\$
Ordinary shares		
Balance at 1 April 2021		
Ordinary shares on issue	3,664,253,194	28,679,577
Treasury shares	(37,082)	(74)
Ordinary shares on issue at 1 April 2021 excluding treasury shares	3,664,216,112	28,679,503
Movement for 2022 financial year		
Ordinary shares authorised and issued	-	-
Ordinary shares on issue at 31 March 2022	3,664,216,112	28,679,503
Movement to 30 September 2022		
Ordinary shares authorised and issued	-	-
Ordinary shares on issue at 30 September 2022 excluding treasury shares	3,664,216,112	28,679,503

The Group has not issued any new shares during the period. All ordinary shares issued are fully paid. All ordinary shares rank equally with one vote attached to each fully paid ordinary share and have equal dividend rights and no par value. The Group has not declared or proposed to pay any dividends for the period ended 30 September 2022 (September 2021: Nil).

Treasury shares are those shares acquired by the company from shareholders who exercised their minority buy back rights at the time shares were issued to NZ Silveray Group Limited. These shares are held by the company until the directors resolve to reissue the shares or to cancel the shares. At reporting date, the company held 37,082 treasury shares which were acquired during 2016.

AFC GROUP HOLDINGS LIMITED
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 SEPTEMBER 2022

7. CASH AND CASH EQUIVALENTS

	September 2022	March 2022
	\$	\$
Cash at bank and on hand	1,648	14,451
Total cash and cash equivalents	1,648	14,451

The carrying amount of cash and cash equivalents approximates their fair value. Cash at bank earns interest at floating rates on daily deposit balances. Cash and cash equivalents consist of bank accounts and credit cards.

8. INVENTORIES

	September 2022	March 2022
	\$	\$
Work in progress	186,060	123,509
Finished goods	454,646	502,573
Provision for inventory	(261,853)	(273,920)
Total Inventories	378,852	352,162
Provision of closing stock		
Opening provision of closing stock	(273,920)	(335,809)
Released/(Charged) to profit & loss	12,067	61,889
Closing provision for closing stock	(261,853)	(273,920)

Inventory of \$261,853 has been written down to net realisable value/lower of cost (31 March 2022: \$273,920).

Assessing write downs for inventory obsolescence and net realisable value involves making estimates and judgements in relation to future selling prices between the most recent store stock counts and reporting date.

9. TRADE, OTHER AND RELATED PARTY RECEIVABLES

	September 2022	March 2022
Note	\$	\$
Trade receivables - third parties	13,152	6,849
Trade receivables - related parties	-	2,100
	13,152	8,949
Allowance for impairment losses	(6)	(6)
Total trade and related party receivables	13,146	8,943

Trade debtors are non-interest bearing and receipt is normally on 30 days terms. Related party receivables are non-interest bearing and repayable on demand as disclosed in note 15.

AFC GROUP HOLDINGS LIMITED
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 SEPTEMBER 2022

9. TRADE, OTHER AND RELATED PARTY RECEIVABLES(contiued)

The directors consider that there is no material difference between the carrying value and fair value of trade debtors and related party receivables. The Group's management considers that all financial assets that are not impaired or past due for each of the reporting dates under review are of good credit quality. The directors also consider that the receivables that are past due and not impaired are fully recoverable.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and related party receivables. The main component of this allowance is a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

	September	March
	2022	2022
	\$	\$
Movement in the allowance for impairment losses		
Opening Balance 1 April	(6)	(182)
Reversal of prior year provision	-	182
Charge for the financial year	-	(6)
Closing Balance 30 September/31 March	(6)	(6)

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 SEPTEMBER 2022**

10. PROPERTY, PLANT AND EQUIPMENT

	Land \$	Buildings \$	Land Improvements \$	Plant & Equipment \$	Motor Vehicles \$	Computer Equipment \$	Fittings, Office Equipment \$	Bearer Plants - Grape Vines \$	Total \$
As at 31 March 2022									
Cost									
Cost as at 1 April 2021	320,000	905,199	50,000	322,108	71,469	28,755	156,820	80,000	1,934,351
Additions	-	-	-	-	-	4,403	-	-	4,403
Disposal	-	-	-	-	-	-	(52,604)	-	(52,604)
Cost as at 31 March 2022	320,000	905,199	50,000	322,108	71,469	33,158	104,215	80,000	1,886,149
Accumulated Depreciation									
Accumulated Depreciation at 1 April 2021	-	(10,818)	-	(224,394)	(55,589)	(26,253)	(103,416)	(25,826)	(446,296)
Depreciation charge for the period	-	(2,565)	-	(12,453)	(1,888)	(2,480)	(10,222)	(4,063)	(33,671)
Disposal	-	-	-	-	-	-	25,012	-	-
Accumulated Depreciation at 31 March 2022	-	(13,383)	-	(236,847)	(57,477)	(28,733)	(88,626)	(29,889)	(454,955)
Carrying Amount									
Cost	320,000	905,199	50,000	322,108	71,469	33,158	104,215	80,000	1,886,149
Accumulated Depreciation	-	(13,383)	-	(236,847)	(57,477)	(28,733)	(88,626)	(29,889)	(454,955)
Carrying Amount 31 March 2022	320,000	891,816	50,000	85,261	13,992	4,425	15,589	50,111	1,431,194
As at 30 September 2022									
Cost									
Cost as at 1 April 2022	320,000	905,199	50,000	322,108	71,469	33,158	104,215	80,000	1,886,149
Additions	-	-	-	-	-	-	-	-	-
Disposal	-	-	-	(10,640)	-	(13,999)	(74,897)	-	(99,537)
Cost as at 30 September 2022	320,000	905,199	50,000	311,468	71,469	19,159	29,318	80,000	1,786,612
Accumulated Depreciation									
Accumulated Depreciation at 1 April 2022	-	(13,383)	-	(236,847)	(57,477)	(28,733)	(88,626)	(29,889)	(454,955)
Depreciation charge for the period	-	(1,011)	-	(4,902)	(778)	(1,015)	(1,865)	(1,879)	(11,450)
disposal	-	-	-	8,378	-	13,632	62,798	-	84,808
Accumulated Depreciation at 30 September 2022	-	(14,394)	-	(233,371)	(58,255)	(16,115)	(27,694)	(31,768)	(381,598)
Carrying Amount									
Cost	320,000	905,199	50,000	311,468	71,469	19,159	29,318	80,000	1,786,612.47
Accumulated Depreciation	-	(14,394)	-	(233,371)	(58,255)	(16,115)	(27,694)	(31,768)	(381,597.53)
Carrying Amount 30 September 2022	320,000	890,805	50,000	78,097	13,214	3,043	1,624	48,232	1,405,015

AFC GROUP HOLDINGS LIMITED
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 SEPTEMBER 2022

11. RIGHT-OF-USE ASSETS

The Group terminated two leased properties and leases one new property in New Zealand. The periodic rent is fixed over the lease term.

11.1 Right-of-use assets	<u>Buildings</u>	<u>Forklift</u>	<u>Total</u>
<u>31 March 2022</u>			
At 1 April 2021	486,417	8,046	494,463
Depreciation	(161,643)	(4,828)	(166,470)
Effect of modification to lease terms	(318,440)	-	(318,440)
At 31 March 2022	6,334	3,218	9,553
<u>30 September 2022</u>			
At 1 April 2022	6,334	3,218	9,553
Depreciation	(22,944)	(402)	(23,346)
Addition	119,587	-	119,587
disposal	-	(2,816)	(2,816)
At 30 September 2022	102,978	-	102,978
11.2 Lease liabilities			
	<u>Buildings</u>	<u>Forklift</u>	<u>Total</u>
<u>31 March 2022</u>			
At 1 April 2021	517,178	8,770	525,948
Lease interest	30,754	787	31,541
Lease payments	(190,476)	(5,833)	(196,309)
Effect of modification to lease terms	(349,946)	-	(349,946)
At 31 March 2022	7,509	3,724	11,234
Lease liabilities			
Current lease liabilities	7,509	3,724	11,234
Non-current lease liabilities	-	-	-
Total lease liabilities	7,509	3,724	11,234
<u>30 September 2022</u>			
At 1 April 2022	7,509	3,724	11,234
Lease interest	5,820	-	5,820
Lease payments	(21,424)	(3,724)	(25,148)
Increase in rent modification	119,587	-	119,587
At 30 September 2022	111,493	-	111,493
Lease liabilities			
Current lease liabilities	35,994	-	35,994
Non-current lease liabilities	75,499	-	75,499
Total lease liabilities	111,493	-	111,493

AFC GROUP HOLDINGS LIMITED
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 SEPTEMBER 2022

12. INTANGIBLE ASSETS

Period ended 31 March 2022	Trademarks \$	Total \$
Cost		
Cost as at 1 April 2021	1,500	1,500
Additions	-	-
Cost as at 31 March 2022	1,500	1,500
Accumulated Amortisation		
Accumulated amortisation 1 April 2021	(642)	(642)
Amortisation for the year	(150)	(150)
Accumulated amortisation as at 31 March 2022	(792)	(792)
Carrying Amount		
Cost	1,500	1,500
Accumulated amortisation	(792)	(792)
Carrying Amount 31 March 2022	708	708
Period ended 30 September 2022		
Cost		
Cost as at 1 April 2022	1,500	1,500
Additions	-	-
Cost as at 30 September 2022	1,500	1,500
Accumulated Amortisation		
Accumulated amortisation 1 April 2022	(792)	(792)
Amortisation for the period	(75)	(75)
Accumulated amortisation as at 30 September 2021	(867)	(867)
Carrying Amount		
Cost	1,500	1,500
Accumulated amortisation	(867)	(867)
Carrying Amount 30 September 2022	633	633

Amortisation and impairment charges of \$75 are recognised under administration expenses in the Statement of Comprehensive Income.

13. TRADE, OTHER AND RELATED PARTY PAYABLES

	September 2022	March 2022
Note	\$	\$
Trade payables	130,976	139,620
Accruals	94,011	125,534
Related party payables	15 886,260	968,153
Other payables	76,516	15,185
	1,187,762	1,248,492

The normal trade credit terms granted to the Group range from 30 to 90 days. The trade payables are unsecured and non-interest bearing. The carrying amount disclosed above is a reasonable approximation of fair value.

Related party payables are unsecured and repayable on demand. The related party payables except for funds in advance are non-interest bearing. For funds in advance, interest is charged at 10.08% per annum for outstanding amounts.

AFC GROUP HOLDINGS LIMITED
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 SEPTEMBER 2021

14. BORROWINGS

	September 2022 \$	March 2022 \$
Small business cashflow loan	82,400	53,400
	82,400	53,400
<u>Non-current</u>		
Between one and two years	82,400	53,400
	82,400	53,400

Borrowings are initially recognised at fair value plus transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (plus transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method. Borrowings are classified as non-current liabilities as the Group has an unconditional right to defer settlement of the liability 12 months after the balance sheet date.

Small business cashflow loan established and administered by the Crown to provide loans to assist small business impacted by the Covid-19 economic shock to support immediate cashflow needs and meet fixed costs. The interest rate for the loan is 3%. The Group will not be charged any interest on the loan if repay all the outstanding loan amount in full before 24 months date. The loan contract will be terminated when the Group have repaid all amounts owing to IRD.

15. RELATED PARTIES

Related party transactions have arisen where a person(s) has control or significant influence over the reporting entity or where two entities are controlled or jointly controlled by a person(s) that has control or significant influence over the reporting entity.

Related Parties:

Anhui Asin International Trade Co. Ltd	Company associated to company's major shareholder, Mr Yang Xia
Australasian International Group Limited	Company associated to company's major shareholder, Mr Yang Xia
Bo Xian Cao	Director of company and subsidiary
E Way Holdings Group Limited	Company associated with director, Mr Bo Xian Cao
E Way Trading Limited	Company associated with director, Mr Bo Xian Cao
Federation of New Zealand Shenzhen Societies Inc.	Company associated with director, Mr Bo Xian Cao
Guangdong Farmside International Trading Co. Limited	Company associated to company's major shareholder, Mr Yang Xia
Guangdong Sanjiang Industry Development Limited	Company associated to company's major shareholder, Mr Yang Xia
Guangdong Silver Fern Network Technology Co. Limited	Company associated to company's major shareholder, Mr Yang Xia
Guangdong Yinrui Investment & Management Company	Company associated to company's major shareholder, Mr Yang Xia
Hao Long	Director of subsidiary, senior employee of AFC, shareholder of company
Hefei Ge Lun Bu E-commerce Co., Ltd	Company associated to company's major shareholder, Mr Yang Xia
Howard & Co Consulting and Advisory Limited	Company associated with director of subsidiary, Mr Hao Long

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15. RELATED PARTIES (continued)

Related Parties:

New Zealand Asia-Pacific Cultural Exchange Centre Limited	Company associated to company's major shareholder, Mr Yang Xia
New Zealand Fantasy Angel Biotechnology Limited	Company associated with director, Mr Bo Xian Cao
New Zealand Guangdong General Association of Commerce Inc	Company associated with director, Mr Bo Xian Cao
New Zealand National Trade Limited	Company associated with director, Mr Qiang Li
NZ Guangdong Business Development Corporation Limited	Company associated with director, Mr Bo Xian Cao
NZ Silveray Group Limited	Company's major shareholder
Qiang Li	Director of company
Shuang Xia	Director of the company, director of NZ Silveray Group Limited
Shuopeng Wang	Shareholder of company
Super Life NZ Ltd	Company associated to company's major shareholder, Mr Yang Xia
Tongqu Trading Group Limited	Company associated with director, Mr Zilei Wang
Yang Xia	Director of company and subsidiary
Zilei Wang	Director of company
Foshan Shunde Amante Trading Co., Ltd	Company associated with senior employee, Kelly Hu

Related party balances

The following balances were held with related parties at period/year end.

		September 2022	March 2022
Related Party Receivables	Nature of Transactions	\$	\$
Hefei Ge Lun Bu E-commerce Co., Ltd	Sale of products	-	2,100
		-	2,100
Related Party Payables			
Anhui Asin International Co. Ltd	Purchase of goods	55,912	50,036
Anhui Asin International Co. Ltd	Purchase of goods	34,640	34,640
Australasian International Group Limited	Purchase of goods	112,535	103,679
E Way Holdings Group Limited	Director fee	-	4,696
E Way Holdings Group Limited	Advance	101,072	101,569
Guangdong Farmside International Trading Co. Limited	Purchase of goods	57,277	26,553
Howard & Co Consulting and Advisory Limited	Management fees	-	3,833
Hao Long	Advance	27	108,494
New Zealand National Trade Limited	Director fee	12,075	18,113
NZ Silveray Group Limited	Management fees	-	38,372
NZ Silveray Group Limited	Advances	512,721	478,169
		886,260	968,153

The related parties payables are unsecured and repayable on demand. There is no collateral or guarantees for related parties payables. Related parties payables for purchases of goods, directors fees and management fees are non-interest bearing.

The related party advances with NZ Silveray Group Limited, Hao Long and E Way Holdings Group Limited are interest bearing advances with interest being charged at 10.08% per annum for outstanding amounts.

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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15. RELATED PARTIES (continued)

	September 2022 \$	September 2021 \$
Related party transactions		

Sales of products or services provided to the following:

E Way Holdings Group Limited	-	3,099
Guangdong Farmside International Trading Co., Ltd	-	1,660
NZ Silveray Group Limited	588,800	-
Howard & Co Consulting and Advisory Limited	448	-
	589,249	4,759

Purchases from the following for services or products provided:

Guangdong Farmside International Trading Co., Ltd	25,000	-
E Way Holdings Group Limited	-	583
Howard & Co Consulting and Advisory Limited	20,000	15,000
New Zealand National Trade Limited	4,375	5,250
Tongqu Trading Group Limited	-	3,500
	49,375	24,333

Interest paid or credited on related party balances:

E Way Holdings Group Limited	5,094	3,499
Hao Long	2,288	742
NZ Silveray Group Limited	13,077	17,598
	20,460	21,840

Key Management Personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, and include the directors and the Chief Executive. Remuneration paid to key management personnel is as follows:

	September 2022 \$	September 2021 \$
Salaries and other short-term benefits	109,859	93,843
Directors' fees	4,375	9,042
	114,234	102,884

16. COMMITMENTS AND CONTINGENCIES

The Group has no capital commitments at 30 September 2022 (31 March 2022: Nil)

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17. FINANCIAL INSTRUMENTS

Categories of financial assets and liabilities

The carrying amounts presented in the statement of financial position relate to the following categories of assets and liabilities:

	Financial assets at amortised cost NZ\$	Financial liabilities at amortised cost NZ\$	Total NZ\$
30 September 2022			
<i>Financial Assets:</i>			
Cash and cash equivalents	1,648	-	1,648
Trade and related party receivables	13,146	-	13,146
Total financial assets	14,794	-	14,794
<i>Financial liabilities:</i>			
Trade and other payables	-	1,187,762	1,187,762
Borrowings	-	82,400	82,400
Lease liabilities	-	111,493	111,493
Total financial liabilities	-	1,381,655	1,381,655
31 March 2022			
<i>Financial Assets:</i>			
Cash and cash equivalents	14,451	-	14,451
Trade and related party receivables	8,943	-	8,943
Total financial assets	23,394	-	23,394
<i>Financial liabilities:</i>			
Trade and other payables	-	1,243,705	1,243,705
Borrowings	-	53,400	53,400
Lease liabilities	-	11,234	11,234
Total financial liabilities	-	1,308,339	1,308,339

The fair value of the financial instruments of the Group approximates their carrying value. The use of financial instruments exposes the Group to credit, interest rate and liquidity risks. The Group's overall risk management programme seeks to minimise potential adverse effects on the Group's financial performance.

18. INVESTMENT IN SUBSIDIARIES

Name of subsidiary	Principal activity	Ownership interest and voting rights	
		September 2022	March 2022
AFC Longview Limited	Vineyard and winery	51%	51%
AFC International Trading Group Limited	Commodity trading	100%	100%
National Dairy Group Limited	Non-Trading	100%	100%
AFC Biotechnology Manufacture Co Limited	Manufacturing	51%	51%
AFC GoGlobal Education Limited	Non-Trading	100%	100%
AFC Education Investment Limited	Non-Trading	100%	100%

All the subsidiaries are incorporated in New Zealand and have 31 March balance dates. They also apply uniform accounting policies with the parent company.

AFC GROUP HOLDINGS LIMITED
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19. SEGMENT REPORTING

The Group's operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the person or group that allocates resources to and assesses the performance of the operating segments on an entity. The Group has determined the Group's Board of Directors as its chief operating decision-maker as the board is responsible for allocating resources and assessing the performance of the operating segments and making strategic and operating decisions. Income and expenses directly associated with each segment are included in determining each segment's performance.

The Group operates in a number of business segments in New Zealand. The Group has determined its operating segments into four segments, namely international marketing and distribution, vineyard and winery, manufacturing and corporate. These segments reflect the different type of industry sectors within which the Group operates. The Company is considered to be in the corporate operating segment.

Information regarding the operations of each reportable operating segment is included below.

Vineyard and winery

AFC Longview Limited, a vineyard and winery based in Whangarei which produces and sells a number of varieties and blends of wine.

Manufacturing

AFC Biotechnology Manufacture Co Limited which manufactures disposable face masks.

Corporate

The operations of this segment include providing accounting, management and administration services to other segments of the Group. AFC GoGlobal Ecommerce Limited and AFC Education Investment Limited did not trade during the period and have been included under this segment. AFC International Trading Group Limited, which sources packaged food products, cosmetics and health products. National Dairy Group Limited, which sources food products for distribution for China. National Dairy Group Limited was not trading during the period.

No operating segments have been aggregated to form the above reportable operating segments. The Group's taxation has not been allocated to segments and is included centrally. Financing has been allocated to segments.

Sales between the segments of the Group are carried out at an arm's length basis in a similar manner to transactions with third parties.

The following tables present revenue and profit information for the Group's operating segments for the six months ended 30 September 2022 and 2021, respectively:

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19. SEGMENT REPORTING (continued)

	Vineyard and winery	Corporate	Manufacturing	Eliminations and adjustments	Period ended 30 September
	\$	\$	\$	\$	\$
For the six months ended 30 September 2022					
Operating Income					
Revenue from external customers	660,571	-	10,737	-	671,308
Other Income	10,202	132,884	7,285	(120,000)	30,371
Finance Income	-	126,793	4	(126,792)	5
Total Revenue	670,773	259,677	18,026	(246,792)	701,684
Cost of sales	92,951	-	20,496	-	113,447
Operating Expenses					
Interest	46,949	30,489	75,778	(126,792)	26,424
Amortisation and impairment losses	-	75	-	-	75
Depreciation	470	21,345	4,216	-	26,031
Other expenses	134,506	305,590	150,450	(120,000)	470,546
Total operating expenses	181,925	357,499	230,444	(246,792)	523,076
Segment profit/(loss) before tax	395,897	(97,822)	(232,914)	-	65,161
For the six months ended 30 September 2021					
Operating Income					
Revenue from external customers	65,248	-	46,183	-	111,431
Inter-segment Revenue	-	-	-	-	-
Other Income	25,626	278,211	7,421	(249,030)	62,228
Finance Income	-	126,997	1	(126,996)	2
Total Revenue	90,874	405,208	53,605	(376,026)	173,661
Cost of sales	16,232	44	87,735	(6,421)	97,590
Operating Expenses					
Amortisation and impairment losses	-	75	-	-	75
Depreciation	8,924	5,592	13,997	-	28,513
Other expenses	120,950	393,658	187,187	(242,609)	459,186
Total operating expenses	195,153	436,721	264,922	(369,605)	527,191
Segment profit/(loss) before tax	(120,511)	(31,557)	(299,052)	-	(451,120)

AFC GROUP HOLDINGS LIMITED
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 SEPTEMBER 2022

19. SEGMENT REPORTING (continued)

The following tables present assets and liabilities information for the Group's operating segments as at 30 September 2022 and 31 March 2022, respectively:

	Vineyard and winery	Corporate	Manufacturing	Eliminations and adjustments	Total
	\$	\$	\$	\$	\$
As at 30 September 2022					
Segment assets	1,702,103	6,212,751	111,588	(6,026,736)	1,999,706
Capital Expenditure	-	-	-	-	-
Segment Liabilities	1,313,519	1,414,714	1,946,158	(3,292,736)	1,381,655
As at 31 March 2022					
Segment assets	1,705,179	6,340,012	106,896	(6,286,071)	1,866,016
Capital Expenditure	-	-	-	-	-
Segment Liabilities	1,712,494	1,444,150	1,708,552	(3,552,071)	1,313,126

The eliminations and adjustments of segment profit, assets and liabilities relate to intercompany transactions and balances which are eliminated on consolidation.

20. NET TANGIBLE ASSETS PER SHARE

The net tangible assets and number of shares are as follows:

	September 2022	March 2022
	\$	\$
Total assets	1,999,706	1,866,016
Less right-of-use assets	102,978	9,553
Less intangible assets	633	708
Tangible assets	1,896,095	1,855,755
Less total liabilities	1,381,655	1,313,126
Add lease liabilities	111,493	11,234
Net tangible assets	625,933	553,863
Number of ordinary shares on issue	3,664,253,194	3,664,253,194
Net tangible assets / liabilities per share in NZ\$	0.0002	0.0002

21. CONTINGENT LIABILITIES

The Group has no contingent liabilities at 30 September 2022 (31 March 2021 : Nil)

22. EVENTS AFTER THE REPORTING PERIOD

There are no significant events after the reporting period.

23. SEASONALITY OF INTERIM OPERATIONS

The vineyard and winery segment harvest its grapes in the second half of the financial year, and processes the grapes into bottles in the interim period. This does not affect the sales for the segment.

There are no other significant seasonality or cyclicity of business affecting the interim operations.

AFC GROUP HOLDINGS LIMITED

CORPORATE INFORMATION

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Listed on NZX Market
NZ Company number: 1799581

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