

# **AFC GROUP HOLDINGS LIMITED**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE SIX MONTHS PERIOD ENDED 30 SEPTEMBER 2023**

**AFC GROUP HOLDINGS LIMITED**  
**INTERIM CONSOLIDATED REPORT CONTENTS**  
**FOR THE SIX MONTHS PERIOD ENDED 30 SEPTEMBER**  
**2023**

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**AFC GROUP HOLDINGS LIMITED**  
**INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE SIX MONTH PERIOD ENDED 30 SEPTEMBER 2023**

		Unaudited 6 Months September 2023 \$	Unaudited 6 Months September 2022 \$
Operating Revenue	2	489,319	671,308
Cost of Sales		<u>(102,716)</u>	<u>(113,447)</u>
<b>Gross profit</b>		386,603	557,861
Other Income	2	2,241	10,576
<b>Expenses</b>			
Selling and Distribution Expenses	3	(180,042)	(53,927)
Administration Expenses	3	<u>(308,050)</u>	<u>(422,855)</u>
<b>Operating profit / (loss)</b>		(99,248)	91,655
Finance Income		1,031	5
Finance Expense		<u>(27,574)</u>	<u>(26,424)</u>
		(26,543)	(26,419)
<b>Profit / (Loss) before income tax</b>		(125,791)	65,236
Income tax			
<b>Net profit / (loss) for the period</b>		<u>(125,791)</u>	65,236
Other comprehensive income		-	-
<b>Total comprehensive income / (loss) for the period</b>		<u><u>(125,791)</u></u>	<u><u>65,236</u></u>
<b>Profit/(loss) and Total Comprehensive Income/(Loss) Attributable to:</b>			
Equity holders of the parent		(79,316)	(14,701)
Non-controlling interest		<u>(46,475)</u>	<u>79,862</u>
		<u><u>(125,791)</u></u>	<u><u>65,161</u></u>
<b>Profit / (loss) per share:</b>			
Basic and Diluted Earning per share in NZ\$	5	(0.00002165)	(0.00000401)

*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 2023**

	Note	Unaudited At 30 September 2023 \$	Audited At 31 March 2023 \$
<b>SHAREHOLDERS EQUITY</b>			
Issued share capital	6	28,679,503	28,679,503
Accumulated losses		(27,585,187)	(27,505,871)
<b>Total Equity attributable to shareholders of the company</b>		<b>1,094,316</b>	<b>1,173,632</b>
Non-controlling Interest		(845,638)	(799,163)
<b>Total shareholders funds</b>		<b>248,678</b>	<b>374,469</b>
<i>Represented by:</i>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	7	14,318	4,963
Trade, other and related party receivables	9	2,219	10,846
Inventories	8	392,879	314,725
Prepayments and other current assets		77,750	69,243
<b>Total current assets</b>		<b>487,166</b>	<b>399,777</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	1,388,369	1,397,148
Right-of-use assets	11	64,379	84,710
Intangible assets and goodwill	12	483	558
<b>Total non-current assets</b>		<b>1,453,231</b>	<b>1,482,416</b>
<b>Total assets</b>		<b>1,940,397</b>	<b>1,882,193</b>
<b>CURRENT LIABILITIES</b>			
Trade, other and related party payables	13	1,533,932	1,333,748
Lease liabilities	11	42,626	35,110
Short-term Loan	14	37,272	1,562
<b>Total current liabilities</b>		<b>1,613,830</b>	<b>1,370,420</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	14	44,575	81,847
Lease liabilities	11	33,314	55,457
<b>Total non-current liabilities</b>		<b>77,889</b>	<b>137,304</b>
<b>Total liabilities</b>		<b>1,691,719</b>	<b>1,507,724</b>
<b>Net assets</b>		<b>248,678</b>	<b>374,469</b>

*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 2023**

	Issued Share Capital \$	Accumulated Loss \$	Equity Holders \$	Non- Controlling Interests \$	Total \$
<b>Balance as at 1 April 2022</b>	<b>28,679,503</b>	<b>(27,360,700)</b>	<b>1,318,803</b>	<b>(765,913)</b>	<b>552,890</b>
<b>Comprehensive income</b>					
Net loss for the financial period	-	(14,701)	(14,701)	79,862	65,161
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income/(loss)</b>	<b>-</b>	<b>(14,701)</b>	<b>(14,701)</b>	<b>79,862</b>	<b>65,161</b>
<b>Balance as at 30 September 2022 (unaudited)</b>	<b>28,679,503</b>	<b>(27,375,401)</b>	<b>1,304,102</b>	<b>(686,051)</b>	<b>618,051</b>
<b>Balance as at 1 April 2022</b>	<b>28,679,503</b>	<b>(27,360,700)</b>	<b>1,318,803</b>	<b>(765,913)</b>	<b>552,890</b>
<b>Comprehensive income</b>					
Net loss for the financial year	-	(145,171)	(145,171)	(33,250)	(178,421)
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income</b>	<b>-</b>	<b>(145,171)</b>	<b>(145,171)</b>	<b>(33,250)</b>	<b>(178,421)</b>
<b>Balance as at 31 March 2023(audited)</b>	<b>28,679,503</b>	<b>(27,505,871)</b>	<b>1,173,632</b>	<b>(799,163)</b>	<b>374,469</b>
<b>Comprehensive income</b>					
Net loss for the financial period	-	(79,316)	(79,316)	(46,475)	(125,791)
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income/(loss)</b>	<b>-</b>	<b>(79,316)</b>	<b>(79,316)</b>	<b>(46,475)</b>	<b>(125,791)</b>
<b>Balance as at 30 September 2023 (unaudited)</b>	<b>28,679,503</b>	<b>(27,585,187)</b>	<b>1,094,316</b>	<b>(845,638)</b>	<b>248,678</b>

*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 2023**

	Unaudited 6 Months September 2023	Unaudited 6 Months September 2022
Note	\$	\$
<b>Cash flows from operating activities</b>		
<i>Cash was received from:</i>		
Receipts from customers	20,961	75,758
Receipts from related parties	476,993	591,347
Interest received	1,031	5
Other receipts	3,579	30,371
<i>Cash was applied to:</i>		
Payments to suppliers and employees	(302,154)	(545,288)
Payments to related parties	(103,129)	(56,854)
Interest paid	(23,231)	(20,604)
Leases interest	(4,343)	(5,820)
Net cash inflow/(outflow) from operating activities	69,707	68,915
<b>Cash flows from investing activities</b>		
<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	-	-
Net cash outflow from investing activities	-	-
<b>Cash flows from financing activities</b>		
<i>Cash was received from:</i>		
Proceeds from borrowings	-	29,000
Receipts from related parties	-	-
<i>Cash was applied to:</i>		
Payments for lease liabilities principal	(14,627)	(16,512)
Repayment borrowings	(1,562)	-
Payments to related parties	(42,825)	(74,411)
Net cash inflow/(outflow) from financing activities	(59,014)	(61,923)
<b>Net increase/(decrease) in cash and cash equivalents</b>	10,693	6,992
Foreign currency translation adjustment	(1,338)	(19,795)
<b>Cash and cash equivalents at the beginning of the period</b>	4,963	14,451
<b>Cash and cash equivalents at the end of the period</b>	7	1,648

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 2023

#### 1. ACCOUNTING POLICIES

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##### 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 2023 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 \_\_\_\_\_. 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 2023 to 30 September 2023. The comparative period is in respect of the six months period 1 April 2022 to 30 September 2022. The year-end balance date will be 31 March 2024 and full financial statements will cover the 12 months period 1 April 2023 to 31 March 2024.

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 2023 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 2023.

**AFC GROUP HOLDINGS LIMITED**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE SIX MONTH PERIOD ENDED 30 SEPTEMBER 2023**

**2. Revenue**

	September 2023 NZ\$	September 2022 NZ\$
<b>Operating revenue</b>		
Sales - wine products	430,748	659,432
Sales - cosmetic products	58,461	10,737
Sales - other products	111	1,139
<b>Total operating revenue</b>	<b>489,319</b>	<b>671,308</b>
Other Income	2,241	10,576
<b>Total Other Income</b>	<b>2,241</b>	<b>10,576</b>
<b>Total Income</b>	<b>491,560</b>	<b>681,884</b>

**3. Expense**

	September 2023 NZ\$	September 2022 NZ\$
<b>Profit / (Loss) before income tax has Included in Selling and Distribution Expenses</b>		
Business Events	3,516	5,259
Freight and Courier	1,887	28,225
Salaries and Sales Commission	174,192	16,603
Other expense	446	3,841
<b>Total Selling and Distribution Expenses</b>	<b>180,042</b>	<b>53,927</b>
<b>Included in Administration Expenses</b>		
Salaries	66,565	204,309
Audit Fees	34,931	24,737
Depreciation	22,206	26,031
Management fee	20,000	20,000
Repairs and Maintenance	7,800	3,220
Consulting & Accounting	54,075	18,240
Licences & Subscriptions	10,441	10,738
Insurance	7,825	10,372
Rent	10,042	9,840
Storage fee	6,200	9,500
Share Registry & listing Costs	19,887	15,253
Other expenses	48,078	70,616
<b>Total Administration Expenses</b>	<b>308,050</b>	<b>422,855</b>
<b>Finance costs:</b>		
Interest paid on borrowings from related parties	17,384	20,459
Lease interest	4,343	5,820
Other interest paid	5,724	146
	<b>27,451</b>	<b>26,424</b>

**AFC GROUP HOLDINGS LIMITED**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE SIX MONTH PERIOD ENDED 30 SEPTEMBER 2023**

**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 2022: 28%).

The Group has an unused tax losses of \$ 1,462,472 bought forward from 31 March 2023. 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 are as follows:

	<b>September 2023 NZ\$</b>	<b>September 2022 NZ\$</b>
<b>Basic earnings per share</b>		
Profit/ (Loss) after taxation attributable to equity holders of the parent	(79,316)	(14,701)
Weighted average number of ordinary shares on issue	3,664,253,194	3,664,253,194
Basic and Diluted Earning per share in NZ\$	(0.00002165)	(0.00000401)

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**

<b>Balance as at 31 March 2022</b>	<b>Shares Issued</b>	
	<b>No.</b>	<b>\$</b>
<b>Ordinary shares</b>		
Balance at 1 April 2022		
Ordinary shares on issue	3,664,253,194	28,679,577
Treasury shares	(37,082)	(74)
<b>Ordinary shares on issue at 1 April 2022 excluding treasury shares</b>	3,664,216,112	28,679,503
<b>Movement for 2023 financial year</b>		
Ordinary shares authorised and issued	-	-
<b>Ordinary shares on issue at 31 March 2023</b>	3,664,216,112	28,679,503
<b>Movement to 30 September 2023</b>		
Ordinary shares authorised and issued	-	-
<b>Ordinary shares on issue at 30 September 2023 excluding treasury shares</b>	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 2023 (September 2022: 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 2023**

**7. CASH AND CASH EQUIVALENTS**

	September 2023 \$	March 2023 \$
Cash at bank and on hand	14,318	4,963
<b>Total cash and cash equivalents</b>	<b>14,318</b>	<b>4,963</b>

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 petty cash.

**8. INVENTORIES**

	September 2023 \$	March 2023 \$
Work in progress	230,735	158,534
Finished goods	420,066	413,454
Provision for inventory	(257,921)	(257,263)
<b>Total Inventories</b>	<b>392,879</b>	<b>314,725</b>
<b>Provision of closing stock</b>		
Opening provision of closing stock	(257,263)	(273,920)
Reversal of opening provision for inventory	-	-
Released/(Charged) to profit & loss	(659)	16,658
<b>Closing provision for closing stock</b>	<b>(257,921)</b>	<b>(257,263)</b>

Inventory of \$257,921 has been written down to net realisable value/lower of cost (31 March 2023: \$257,263).

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 2023 \$	March 2023 \$
Trade receivables - third parties	45	8,230
Trade receivables - related parties	2,174	2,624
	2,219	10,854
Allowance for impairment losses	-	(8)
<b>Total trade and related party receivables</b>	<b>2,219</b>	<b>10,846</b>

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 2023**

**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.

	<b>September 2023</b>	<b>March 2023</b>
	<b>\$</b>	<b>\$</b>
<b>Movement in the allowance for impairment losses</b>		
Opening Balance 1 April	8	6
Reversal of prior year provision	(8)	(6)
Charge for the financial year	-	8
<b>Closing Balance 30 September/31 March</b>	<b>-</b>	<b>8</b>

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE SIX MONTH PERIOD ENDED 30 SEPTEMBER 2023**

**10. PROPERTY, PLANT AND EQUIPMENT**

	Land \$	Buildings \$	Land Improvement s \$	Plant & Equipment \$	Motor Vehicles \$	Computer Equipmen t \$	Fixture & Fittings, Office \$	Bearer Plants - Grape \$	Total \$
<b>As at 31 March 2023</b>									
<b>Cost</b>									
Cost as at 1 April 2022	320,000	905,200	50,000	322,108	71,469	33,159	104,215	80,000	<b>1,886,151</b>
Additions	-	-	-	1,315	-	-	1,804	-	<b>3,120</b>
Disposal	-	-	-	-	-	-	-	-	<b>-</b>
Impairment	-	-	-	(10,640)	-	(13,999)	(74,897)	-	<b>(99,537)</b>
Prior period correction	-	-	-	(8,834)	4,666	-	1,325	-	<b>(2,844)</b>
<b>Cost as at 31 March 2023</b>	<b>320,000</b>	<b>905,200</b>	<b>50,000</b>	<b>303,949</b>	<b>76,135</b>	<b>19,159</b>	<b>32,447</b>	<b>80,000</b>	<b>1,786,891</b>
<b>Accumulated Depreciation</b>									
Accumulated Depreciation at 1 April 2022	-	(13,383)	-	(236,847)	(57,477)	(28,733)	(88,626)	(29,888)	<b>(454,954)</b>
Depreciation charge for the period	-	(2,023)	-	(9,874)	(1,556)	(2,029)	(3,197)	(3,758)	<b>(22,437)</b>
Disposal	-	-	-	-	-	-	-	-	<b>-</b>
Prior period correction	-	928	-	8,599	(7,010)	-	325	-	<b>2,841</b>
Impairment	-	-	-	8,378	-	13,632	62,798	-	<b>84,808</b>
<b>Accumulated Depreciation at 31 March 2023</b>	<b>-</b>	<b>(14,477)</b>	<b>-</b>	<b>(229,744)</b>	<b>(66,043)</b>	<b>(17,130)</b>	<b>(28,700)</b>	<b>(33,647)</b>	<b>(389,742)</b>
<b>Carrying Amount</b>									
Cost	320,000	905,200	50,000	303,949	76,135	19,159	32,447	80,000	<b>1,786,890</b>
Accumulated Depreciation	-	(14,477)	-	(229,744)	(66,043)	(17,130)	(28,700)	(33,647)	<b>(389,742)</b>
<b>Carrying Amount 31 March 2023</b>	<b>320,000</b>	<b>890,723</b>	<b>50,000</b>	<b>74,204</b>	<b>10,092</b>	<b>2,029</b>	<b>3,747</b>	<b>46,353</b>	<b>1,397,148</b>
<b>As at 30 September 2023</b>									
<b>Cost</b>									
Cost as at 1 April 2023	320,000	905,200	50,000	303,949	76,135	19,159	32,447	80,000	<b>1,786,890</b>
Additions	-	-	-	-	-	-	-	-	<b>-</b>
Impairment	-	-	-	-	-	-	-	-	<b>-</b>
Disposal	-	-	-	-	-	-	-	-	<b>-</b>
<b>Cost as at 30 September 2023</b>	<b>320,000</b>	<b>905,200</b>	<b>50,000</b>	<b>303,949</b>	<b>76,135</b>	<b>19,159</b>	<b>32,447</b>	<b>80,000</b>	<b>1,786,890</b>
<b>Accumulated Depreciation</b>									
Accumulated Depreciation at 1 April 2023	-	(14,477)	-	(229,744)	(66,043)	(17,130)	(28,700)	(33,647)	<b>(389,742)</b>
Depreciation charge for the period	-	(951)	-	(4,268)	(652)	(507)	(662)	(1,738)	<b>(8,779)</b>
disposal	-	-	-	-	-	-	-	-	<b>-</b>
<b>Accumulated Depreciation at 30 September 2023</b>	<b>-</b>	<b>(15,428)</b>	<b>-</b>	<b>(234,012)</b>	<b>(66,695)</b>	<b>(17,637)</b>	<b>(29,362)</b>	<b>(35,385)</b>	<b>(398,521)</b>
<b>Carrying Amount</b>									
Cost	320,000	905,200	50,000	303,949	76,135	19,159	32,447	80,000	<b>1,786,890.00</b>
Accumulated Depreciation	-	(15,428)	-	(234,012)	(66,695)	(17,637)	(29,362)	(35,385)	<b>(398,519.66)</b>
<b>Carrying Amount 30 September 2023</b>	<b>320,000</b>	<b>889,772</b>	<b>50,000</b>	<b>69,937</b>	<b>9,440</b>	<b>1,522</b>	<b>3,085</b>	<b>44,615</b>	<b>1,388,369</b>

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**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.

<b>11.1 Right-of-use assets</b>	<b><u>Buildings</u></b>	<b><u>Forklift</u></b>	<b><u>Total</u></b>
<b><u>31 March 2023</u></b>			
At 1 April 2022	6,334	3,218	9,553
Termination of lease	-	(2,816)	(2,816)
Addition of lease	121,982	-	121,982
Depreciation	(43,607)	(402)	(44,009)
At 31 March 2023	<b>84,710</b>	<b>0</b>	<b>84,710</b>
<b><u>30 September 2023</u></b>			
At 1 April 2023	84,710	-	84,710
Depreciation	(20,330)	-	(20,330)
Addition	-	-	-
disposal	-	-	-
At 30 September 2023	<b>64,379</b>	<b>-</b>	<b>64,379</b>
<b>11.2 Lease liabilities</b>			
	<b><u>Buildings</u></b>	<b><u>Forklift</u></b>	<b><u>Total</u></b>
<b><u>31 March 2023</u></b>			
At 1 April 2022	7,509	3,724	11,234
Termination of lease	-	(3,578)	(3,578)
Addition of lease liabilities	121,982	-	121,982
Lease interest	10,326	-	10,326
Lease payments	(49,251)	(146)	(49,397)
At 31 March 2023	<b>90,567</b>	<b>-</b>	<b>90,567</b>
<b>Lease liabilities</b>			
Current lease liabilities	35,110	-	35,110
Non-current lease liabilities	55,457	-	55,457
Total lease liabilities	<b>90,567</b>	<b>-</b>	<b>90,567</b>
<b><u>30 September 2023</u></b>			
At 1 April 2023	90,567	-	90,567
Lease interest	4,343	-	4,343
Lease payments	(18,969)	-	(18,969)
At 30 September 2023	<b>75,940</b>	<b>-</b>	<b>75,940</b>
<b>Lease liabilities</b>			
Current lease liabilities	42,626	-	42,626
Non-current lease liabilities	33,314	-	33,314
Total lease liabilities	<b>75,940</b>	<b>-</b>	<b>75,940</b>

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**12. INTANGIBLE ASSETS**

	Trademarks	Total
	\$	\$
<b>Period ended 31 March 2023</b>		
<b>Cost</b>		
Cost as at 1 April 2022	1,500	1,500
Additions	-	-
<b>Cost as at 31 March 2023</b>	<b>1,500</b>	<b>1,500</b>
<b>Accumulated Amortisation</b>		
Accumulated amortisation 1 April 2022	(792)	(792)
Amortisation for the year	(150)	(150)
<b>Accumulated amortisation as at 31 March 2023</b>	<b>(942)</b>	<b>(942)</b>
<b>Carrying Amount</b>		
Cost	1,500	1,500
Accumulated amortisation	(942)	(942)
<b>Carrying Amount 31 March 2023</b>	<b>558</b>	<b>558</b>
<b>Period ended 30 September 2023</b>		
<b>Cost</b>		
Cost as at 1 April 2023	1,500	1,500
Additions	-	-
<b>Cost as at 30 September 2023</b>	<b>1,500</b>	<b>1,500</b>
<b>Accumulated Amortisation</b>		
Accumulated amortisation 1 April 2023	(943)	(943)
Amortisation for the period	(75)	(75)
<b>Accumulated amortisation as at 30 September 2023</b>	<b>(1,018)</b>	<b>(1,018)</b>
<b>Carrying Amount</b>		
Cost	1,500	1,500
Accumulated amortisation	(1,018)	(1,018)
<b>Carrying Amount 30 September 2023</b>	<b>483</b>	<b>483</b>

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	March
	2023	2023
	\$	\$
	Note	
Trade payables	189,065	61,924
Accruals	63,919	124,469
Related party payables	15 1,226,389	1,082,531
Other payables	-	25,643
GST payable	54,560	39,182
	<b>1,533,932</b>	<b>1,333,748</b>

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.

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**14. BORROWINGS**

	September 2023 \$	March 2023 \$
Small business cashflow loan	81,847	81,847
Other(Insurance expense financing)	-	1,562
	<u>81,847</u>	<u>83,409</u>
<u>Current</u>	37,272	1,562
Non-current: Between one and five years	44,575	81,847
	<u>81,847</u>	<u>83,409</u>

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 distinguished between current and non-current liabilities based on the repayment schedule.

The Small Business Cash flow (Loan) Scheme (SBCS) has been introduced to support businesses impacted by Covid-19. The Group have received loans of \$53,400 on 8 September 2020 and \$29,000 on 7 June 2022 with the final repayment date being five years after the receipt. The loans are subject to an annual interest rate of 3% from the date the loan is made available. Interest will not be charged if the loan is fully repaid within 2 years.

**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 major shareholder, Mr Yang Xia
Australasian International Group Limited	Company associated to major shareholder, Mr Yang Xia
Bo Xian Cao	Director of company
E Way Holdings Group Limited	Company associated with director, Mr Bo Xian Cao
Guangdong Farmside International Trading Co. Limited	Company associated to major shareholder, Mr Yang Xia
Hao Long	Director of subsidiary, senior management of AFC
Howard & Co Consulting and Advisory Services Limited	Company associated with director of subsidiary, senior management Mr Hao Long

**AFC GROUP HOLDINGS LIMITED**  
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**15. RELATED PARTIES (continued)**

**Related Parties:**

NZ Silveray Group Limited	Company's major shareholder
Suncare Nutrition (NZ)	Company associated with former director, Mr Qiang Li
New Zealand National Trade Limited	Company associated with former director, Mr Qiang Li
Shuang Xia	Director of subsidiary, director of NZ Silveray Group Limited
Yang Xia	Director of company and subsidiary
Zilei Wang	Director of company
Jianfeng Chen	Director of company
Ex space limited	Company associated with director, Mr Jianfeng Chen
JFC Group Limited	Company associated with director, Mr Jianfeng Chen

**Related party balances**

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

		<b>September 2023</b>	<b>March 2023</b>
<b>Related Party Receivables</b>	<b>Nature of Transactions</b>	<b>\$</b>	<b>\$</b>
Guangdong Farmside International Trading Co. Limited	Payment on behalf of Farmside	2,174	2,174
Ex space limited	Sale of products	-	450
		<b>2,174</b>	<b>2,624</b>
<b>Related Party Payables</b>			
Anhui Asin International Trade Co. Ltd	Purchase of goods	54,305	52,945
Anhui Asin International Trade Co. Ltd	Purchase of goods	34,975	34,640
Australasian International Group Limited	Purchase of goods	117,676	119,298
E Way Holdings Group Limited	Advance	-	10,726
Guangdong Farmside International Trading Co. Limited	Purchase of goods	104,712	54,387
Guangdong Farmside International Trading Co. Limited	Advance	595,578	60,000
Hao Long	Advance	59,121	70,429
New Zealand National Trade Limited	Director fees	12,075	12,075
Howard & Co Consulting and Advisory Services Limited	Management fees & salary	-	15,392
NZ Silveray Group Limited	Advances	121	556,827
Ex Space Limited	Sales incentive	247,826	91,304
Suncare Nutrition (NZ)	Storage fee	-	4,509
		<b>1,226,389</b>	<b>1,082,532</b>

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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**15. RELATED PARTIES (continued)**

	September 2023 \$	September 2022 \$
<b>Related party transactions</b>		

**Sales of products or services provided to the following:**

NZ Silveray Group Limited	-	588,800
Ex space limited	412,174	-
Howard & Co Consulting and Advisory Limited	7,670	448
JFC Group Limited	56,700	-
	<b>476,543</b>	<b>589,249</b>

**Purchases from the following for services or products provided:**

Guangdong Farmside International Trading Co., Ltd	49,000	25,000
Howard & Co Consulting and Advisory Limited	76,450	20,000
Ex space limited	156,522	-
New Zealand National Trade Limited	-	4,375
	<b>281,972</b>	<b>49,375</b>

**Interest paid or credited on related party balances:**

E Way Holdings Group Limited	-	5,094
Hao Long	3,512	2,288
NZ Silveray Group Limited	13,872	13,077
	<b>17,384</b>	<b>20,460</b>

**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 2023 \$	September 2022 \$
Salaries and other short-term benefits	55,500	109,859
Directors' fees	-	4,375
	<b>55,500</b>	<b>114,234</b>

**16. COMMITMENTS AND CONTINGENCIES**

The Group has no capital commitments at 30 September 2023(31 March 2023: 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\$
<b>30 September 2023</b>			
<i>Financial Assets:</i>			
Cash and cash equivalents	14,318	-	14,318
Trade and related party receivables	2,219	-	2,219
<b>Total financial assets</b>	<b>16,537</b>	<b>-</b>	<b>16,537</b>
<i>Financial liabilities:</i>			
Trade and other payables	-	1,479,372	1,479,372
Borrowings	-	81,847	81,847
Lease liabilities	-	75,940	75,940
<b>Total financial liabilities</b>	<b>-</b>	<b>1,637,159</b>	<b>1,637,159</b>
<b>31 March 2023</b>			
<i>Financial Assets:</i>			
Cash and cash equivalents	4,963	-	4,963
Trade and related party receivables	10,846	-	10,846
<b>Total financial assets</b>	<b>15,809</b>	<b>-</b>	<b>15,809</b>
<i>Financial liabilities:</i>			
Trade and other payables	-	1,294,566	1,294,566
Borrowings	-	83,409	83,409
Lease liabilities	-	90,567	90,567
<b>Total financial liabilities</b>	<b>-</b>	<b>1,468,542</b>	<b>1,468,542</b>

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 2023	March 2023
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

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE SIX MONTH PERIOD ENDED 30 SEPTEMBER 2023

#### 19. SEGMENT REPORTING

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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 varietals 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 2023 and 2022, respectively:

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**19. SEGMENT REPORTING (continued)**

	Vineyard and winery	Corporate	Manufacturing	Eliminations and adjustments	Period ended 30 September
	\$	\$	\$	\$	\$
<b>For the six months ended 30 September 2023</b>					
<b>Operating Income</b>					
Revenue from external customers	430,845	-	58,474	-	489,319
Other Income	3,140	120,164	(1,063)	(120,000)	2,241
Finance Income	2	130,203	48	(129,222)	1,031
<b>Total Revenue</b>	<b>433,987</b>	<b>250,367</b>	<b>57,459</b>	<b>(249,222)</b>	<b>492,591</b>
<b>Cost of sales</b>	<b>55,320</b>	<b>-</b>	<b>47,396</b>	<b>-</b>	<b>102,716</b>
<b>Operating Expenses</b>					
Interest	33,321	27,425	96,050	(129,222)	27,574
Amortisation and impairment losse	-	75	-	-	75
Depreciation	235	20,748	1,222	-	22,206
Other expenses	262,389	233,062	90,361	(120,000)	465,811
<b>Total operating expenses</b>	<b>295,945</b>	<b>281,310</b>	<b>187,633</b>	<b>(249,222)</b>	<b>515,666</b>
<b>Segment profit/(loss) before tax</b>	<b>82,722</b>	<b>(30,943)</b>	<b>(177,570)</b>	<b>-</b>	<b>(125,791)</b>
<b>For the six months ended 30 September 2022</b>					
<b>Operating Income</b>					
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
<b>Total Revenue</b>	<b>670,773</b>	<b>259,677</b>	<b>18,026</b>	<b>(246,792)</b>	<b>701,684</b>
<b>Cost of sales</b>	<b>92,951</b>	<b>-</b>	<b>20,496</b>	<b>-</b>	<b>113,447</b>
<b>Operating Expenses</b>					
Interest	46,949	30,489	75,778	(126,792)	26,424
Amortisation and impairment losse	-	75	-	-	75
Depreciation	470	21,345	4,216	-	26,031
Other expenses	134,506	305,590	150,450	(120,000)	470,546
<b>Total operating expenses</b>	<b>181,925</b>	<b>357,499</b>	<b>230,444</b>	<b>-</b>	<b>523,076</b>
<b>Segment profit/(loss) before tax</b>	<b>395,897</b>	<b>(97,822)</b>	<b>(232,914)</b>	<b>-</b>	<b>65,161</b>

**AFC GROUP HOLDINGS LIMITED**  
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**19. SEGMENT REPORTING (continued)**

The following tables present assets and liabilities information for the Group's operating segments as at 30 September 2023 and 31 March 2023, respectively:

	Vineyard and winery	Corporate	Manufacturing	Eliminations and adjustments	Total
	\$	\$	\$	\$	\$
<b>As at 30 September 2023</b>					
Segment assets	1,681,616	5,563,832	121,314	(5,426,365)	1,940,397
Capital Expenditure	-	-	-	-	-
Segment Liabilities	1,268,365	809,480	2,306,239	(2,692,365)	1,691,719
<b>As at 31 March 2023</b>					
Segment assets	1,628,912	6,188,221	101,765	(6,036,705)	1,882,193
Capital Expenditure	-	-	-	-	-
Segment Liabilities	1,298,384	1,402,925	2,109,120	(3,302,705)	1,507,724

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 2023	March 2023
	\$	\$
Total assets	1,940,397	1,882,193
Less right-of-use assets	64,379	84,710
Less intangible assets	483	558
Tangible assets	1,875,535	1,796,925
Less total liabilities	1,691,719	1,507,724
Add lease liabilities	75,940	90,567
Net tangible assets	259,756	379,768
Number of ordinary shares on issue	3,664,253,194	3,664,253,194
Net tangible assets / liabilities per share in NZ\$	0.00007089	0.00010364

**21. CONTINGENT LIABILITIES**

The Group has no contingent liabilities at 30 September 2023 (31 March 2023 : 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 it's 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**

### **SOLICITORS**

Buddle Findlay New Zealand Lawyers  
P O Box 1433  
Auckland 1140

### **AFC GROUP HOLDINGS LIMITED**

Security code: AFC  
Listed on NZX Market  
NZ Company number: 1799581

### **SHARE REGISTRAR**

Computershare Investor Services Limited  
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Auckland 1142

### **HEAD OFFICE / REGISTERED OFFICE**

AFC Group Holdings Limited  
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Auckland 1010

### **ACCOUNTANTS**

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Auckland 2013

### **TELEPHONE**

64-9-930-0245

### **WEBSITE**

[www.afcnz.com](http://www.afcnz.com)

### **AUDITORS**

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P O Box 106 090  
Level 4, 21 Queen Street  
Auckland 1010

### **BANKERS**

ANZ Bank New Zealand Limited