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AFC GROUP HOLDINGS LIMITED

ANNUAL REPORT 2018

FOR THE YEAR ENDED 31 MARCH 2018

AFC GROUP HOLDINGS LIMITED
ANNUAL REPORT CONTENTS
FOR THE YEAR ENDED 31 MARCH 2018

AFC GROUP HOLDINGS LIMITED
DIRECTORS' PROFILES

YANG XIA

Yang Xia is a Chinese National with more than 30 years of experience in commerce and finance. Prior to starting his own business, he held management and leadership roles in the Chinese Government's finance department and in major nationally owned Chinese companies. He is a former director general of the Anhui Chaohu Foreign Trade and Economic Relations Commission. He currently holds directorships in various Chinese companies spanning a range of industries.

In 2007 Mr Xia formed his own investment company, Guangdong Yinrui Investment & Management Company. While a majority of his investments are in China, he has also invested in a chemical company in Thailand. Mr Xia is currently in the process of expanding his investment activities into Australia and New Zealand having founded NZ Silveray Group Limited in February 2014.

BO XIAN CAO

Mr. Bo Xian Cao is a Chinese National and a New Zealand Citizen. He moved to New Zealand in 1994 and he has over 22 years business experience in China and New Zealand. He has held various executive positions in export related sectors specifically primary industries (including Hydroponics) and Skin Care industries. Mr. Cao has developed skills in trading between New Zealand and Asian countries specialising in Hong Kong and China.

Mr. Cao joined AFC in 2016 and he is currently the director of AFC Group Holdings Limited, and a Chairman of the Audit and Risk committee.

HAO LONG

Mr. Hao Long moved to New Zealand in 2002 and graduated from Massey University with a double major in Accounting and Marketing. He is a Chartered Accountant (CA), a member of Chartered Accountants Australia and New Zealand, and a Chartered Member of the Institute of Director (CMInstD). He has over 12 years professional accounting experience, including working for a Big 4 accounting firm plus governance and management experience in the commercial sectors in China and New Zealand.

Mr. Long joined AFC in 2015 and is the Executive Director and CFO of AFC Group Holdings Ltd, and the CEO of AFC Longview Limited.

QIANG LI

Mr. Qiang Li had more than 10 years' experience in the health industry before he came to New Zealand in 2001 to study for his MBA qualification. He joined GMP Dairy Limited in 2004. He gained experience in R&D, purchasing, production department. He's also promoted New Zealand health products into the Chinese market successfully while he was working with GMP. He joined the GMP management group in 2010, and during that time promoted the "KAWALA" brand of milk products into the Chinese market.

Mr. Li joined AFC in 2016 and is an Independent Director of AFC Group Holdings Limited.

AFC GROUP HOLDINGS LIMITED
DIRECTORS' REPORT

During the 2018 financial year, not only did AFC Group continue its normal business operations but also achieved comprehensive and consistent development.

Under the leadership of managers at all levels within the group, all employees in China and New Zealand were committed and motivated during the year. The Group made PAYE payments of NZ$160 thousand, which is an increase of 100% from last year's PAYE paid of NZ$80 thousand. The Group has offered and provided a total of 40 employment positions in the market, which is an increase of 200% from last year.

AFC Group Holdings Ltd has achieved remarkable results in all the operating segments of the Group. AFC Group Holdings Ltd has combined the advantages of resource integration in the capital market in China and New Zealand. This has been achieved through the Group's complementary insights of the business resources and markets of the New Zealand and China business environment. After more than two year's development, the Group has laid the foundation of self-development in the food processing, wine industry, trade logistics, biotechnology, cross-border e-commerce and other sectors. The Group has also played a role in promoting China-New Zealand economic and trade exchanges and non-governmental exchanges.

For 2018, AFC Group has achieved sales revenue of NZ$6.61 million. The Group experienced a net loss of NZ$473 thousand for the year, which is NZ$851 thousand less than the loss incurred in the 2017 year. AFC Group further strengthened its financial team and management systems, and formulated policies and procedures covering all aspects and levels of the organisation. AFC Biotechnology Manufacture Co Ltd has successfully and smoothly continued production since the beginning of the year's trial operation. The production capacity has reached the ideal state during continuous debugging and learning. The popularity of the high-quality DD Mask continues to increase under the brand promotion of China and New Zealand. AFC International Trading Group Ltd wholeheartedly organised several large-scale events for its brand. DD Mask's brand was effectively promoted and successfully expanded sales performance. The wine varieties of AFC Longview Ltd include premium, medium and low wines. The Longview flagship of White diamond sweet white wine statement is now broadcasted. It is not only supported by the signature of two former New Zealand Prime Ministers and parliament members, but also by the admiration of the Rothschild family, as well as Francisco Bandlin, the director general of UNESCO. In the past year, National Dairy Group Ltd has obtained trademark registration rights for brands including Morning, DD Mask and others. In general, there is a qualitative leap in the Group's systems and management, brand building and publicity, work production and financial processes, staffing, managerial level, and employee awareness.

Below are the operation summaries of each subsidiary for the 2018 year:

National Dairy Group Limited
In the food industry, starting from the OEM and trade of milk powder and honey, we have put the first attention across China and New Zealand's market development which in the urban peoples 'internet plus breakfast series products, as well as the "MORNING" Brand's operation.

AFC Longview Limited
In the wine industry, we have built a series of projects for the world's top sweet white wine brands based on the principles of quality, priority, value discovery, value enhancement and differentiated operation. At the same time, AFC Longview Ltd also cooperated with New Zealand's famous vineyard and launched various fine wines.

AFC International Trading Group Limited
In the field of international trade, we have made AFC International Trading Group Ltd a bridge for trade between Australia, New Zealand and China by integrating the resources of China and New Zealand 's markets, funds and talents, and increasing the number of agency products.

AFC GROUP HOLDINGS LIMITED
DIRECTORS' REPORT

AFC Biotechnology Manufacture Co Limited
In the field of biotechnology development, we have established and developed AFC Biotechnology Manufacture Co Ltd. It owns the GMP standard mask production line with the highest capacity, automation and intelligence in New Zealand. Its products and brand are deeply loved and favoured by consumers both in New Zealand and China. To provide business partners with opportunities for cooperation and development, we have also launched two new products at the China E-Commerce Summit and Investment and Trade Forum 2018 which was held in May 2018.

AFC Group Holding Limited
AFC Group was authorised to assume the responsibilities of the China Council for the promotion of the International Trade Guangzhou Committee, Guangdong Logistics Profession Association and the Guangdong Cross-border E-commerce Industry Associations' New Zealand Office. This has also brought AFC Group more than 50,000-members companies' information and resources. In the past two years, the AFC Group has undertaken several delegations from both the political and business communities across the country and has become an important bridge and window for trade cooperation between China and New Zealand.

As a multinational investment Group, our shareholders would appreciate that while making unremitting efforts to develop the Group, we must also be mindful of social responsibility and international responsibility. Creating a community of human destiny is not only the mission of China and New Zealand but also the responsibility of non-governmental organisations and enterprises in various countries. The AFC Group is actively undertaking corporate social responsibility as the first Chinese listed company in New Zealand. All of these accomplishments are indebted to the excellent vision and high-efficient leadership by the Board, whole-hearted support from shareholders, hard work from management and employees, fair and open business environment of New Zealand, and extensive support from all sectors of society. For this, the Board gives sincere thanks. Moreover, we hope the shareholders will support our work as always. The Broad promises to work harder to make AFC a better enterprise, and to create more value and revenue for the shareholders, and more tax revenue for the country!

Yang Xia
Chairman of the Board of Directors

AFC GROUP HOLDINGS LIMITED
CORPORATE GOVERNANCE STATEMENT

The Board of Directors ("the Board") of AFC Group Holdings Limited ("AFC" or "the Company") recognises the need for strong corporate governance practices and has adopted a comprehensive corporate governance code.

The Board believes that the corporate governance structures and practices encourage the creation of value for AFC shareholders whilst ensuring the highest standards of ethical conduct and providing accountability and control systems commensurate with the risks involved.

ROLE AND COMPOSITION OF THE BOARD

The Board is responsible for the direction and control of AFC and is accountable to shareholders and others for AFC's performance and its compliance with applicable laws, regulations and standards.

AFC offers shareholders an experienced Board with skills across a number of industries and disciplines.

The AFC Constitution requires a minimum of three Directors. The Board elects a Chairman whose primary responsibility is the efficient functioning of the Board.

For 31 March 2018, the Board comprised of the following directors:

Yang Xia	Non-Executive (Chair)
Bo Xian Cao	Non-Executive
Hao Long	Executive
Qiang Li	Non-Executive

Profiles of the individual Directors can be found on page 2.

A breakdown of the gender composition of directors and officers as at the Company's balance date, including comparative figures is shown below:

	2018 Male	2017 Male
Directors	4	4

The Board met 4 times during the year and received papers, including regular reports from management, to read and consider before each meeting. The Board is provided at all times with accurate timely information on all aspects of AFC's operations and is kept informed of key risks to AFC on a continuing basis.

In addition, the Board meets whenever necessary to deal with specific matters needing attention between scheduled meetings, including a number of meetings of sub committees to consider various opportunities. These meetings are not included in the numbers below. The sub-committee has had meetings every quarter during the 2018 financial year.

Board Members	Meetings Attended	Meetings Held
Yang Xia	4	4
Bo Xian Cao	4	4
Hao Long	4	4
Qiang Li	4	4

AUDIT COMMITTEE

The AFC Audit Committee has been established to focus on audit and risk management and specifically addresses responsibilities relative to financial reporting and regulatory conformance.

The Audit Committee is accountable for ensuring the performance and independence of the external auditors and also makes recommendations to the Board. The committee met twice during the year.

ETHICAL CONDUCT

AFC has adopted a policy of business ethical conduct that is designed to formalise its commitment to high standards of ethical conduct and to provide all Directors and representatives with clear guidance on those standards. These are governed by its Code of Ethics, Conflicts of Interest Policy and its Insider Trading Policy.

AFC's Code of Ethics details the ethical and professional behavioural standards required of the Directors and other officers. The code also provides the means for proactively addressing and resolving potential ethical issues.

The Conflicts of Interest Policy details the process to be adopted for identifying conflicts of interest and the actions that should be taken.

OTHER COMMITTEES

Due to the importance of nomination and remuneration matters the Board as a whole addresses these and consequently there is no separate Nomination or Remuneration Committee.

SHAREHOLDER INFORMATION

The Board recognises the importance of providing comprehensive and timely information to shareholders.

AFC maintains a website for shareholders, www.afcnz.com. Shareholder reports, market announcements, copies of Annual Reports, presentations, press releases and news articles, as well as performance data, are posted on the website.

AFC GROUP HOLDINGS LIMITED

AFC LONGVIEW LIMITED

Longview Estate was established by the Vuletich family in 1969. Longview Estate Wines pioneered wine-growing in Whangarei. Longview is the oldest commercially operating vineyard in northern New Zealand with a total area of 6.5 hectares of vines. The Winery produces a series of wines with annual output of 25 tonnes. Varieties include Cabernet Sauvignon, Merlot, Cabernet Franc, Malbec, Syrah, Chardonnay, White Diamond and Gewürztraminer. The major wines are Reserve Gewurztraminer, Chardonnay, White Diamond, Merlot Cabernet Franc Malbec-Syrah and Gumdiggers Port. White Diamond is the unique product in New Zealand. White Diamond grapes produce a sweet fragrant, fruity wine, with an intense grape flavour. "Once tasted never forgotten".

AFC GROUP HOLDINGS LIMITED

AFC INTERNATIONAL TRADING GROUP LIMITED

AFC International Trading Group Limited (AFCIT) was setup to purchase products in New Zealand and to export these to China and Hong Kong. AFCIT is able to draw on the capital resources of AFC and hence it can purchase products from suppliers and export these to the most lucrative markets. AFCIT has helped many exporters to gain access to the Chinese and Hong Kong markets without having to spend valuable money on expensive marketing trips and promotion.

AFC GROUP HOLDINGS LIMITED

NATIONAL DAIRY GROUP LIMITED

National Dairy Group Limited (NDG) is involved in research and development, manufacturing and management. All NDG products pass the qualification of GMP (Good Manufacturing Practice) in New Zealand. NDG is a wholly owned subsidiary of AFC Group Holdings Limited (AFC), NDG owns the " Morning " brand plus other brands. Its products are sold across New Zealand, Australia and China. NDG promotes natural health and scientific nutrition so it is able to provide its customers with high quality health food.

AFC GROUP HOLDINGS LIMITED

AFC BIOTECHNOLOGY MANUFACTURE CO. LIMITED

AFC Biotechnology Manufacture Co Limited started production within six months after incorporation in July 2016. The designed annual capacity of the production line is 10 million sheets of face mask. With the most advanced face mask production line in New Zealand, the company adopts GMP standard and operates in a dust-free work shop. The Company sells both in New Zealand and exports primarily to China.

AFC GROUP HOLDINGS LIMITED

AFC GOGLOBAL ECOMMERCE LIMITED

GoGlobal is designed to be a platform which specialises in the sale of quality New Zealand and Australian products to China. This easy to use international platform allows producers and retailers to access the vast Chinese market with ease. The sellers can control their own prices, inventory, and all other aspects of the marketing and sales process from New Zealand.

AFC EDUCATION INVESTMENT LIMITED

AFC Education Investment Limited (AFCEI) was established to acquire and reconstruct for educational institutes. It will integrate the educational resources and models of studying abroad between China and New Zealand.

AFC GROUP HOLDINGS LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

AFC GROUP HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018 NZ$	2017 NZ$
Operating Revenue	2	6,506,888	12,740,658
Cost of Sales		(5,146,361)	(11,263,720)
Gross profit		1,360,527	1,476,938
Other Income	2	347,473	43,997
Expenses			
Selling and Distribution Expenses	3	(510,382)	(290,816)
Administration Expenses	3	(1,657,882)	(2,479,848)
Operating profit / (loss)		(460,264)	(1,249,729)
Finance Income	3	1,431	2,780
Finance Expense	3	(13,989)	(76,835)
		(12,558)	(74,055)
Profit / (Loss) before income tax		(472,822)	(1,323,784)
Income tax benefit	4	-	-
Profit / (loss) for the year		(472,822)	(1,323,784)
Other comprehensive income		-	-
Total comprehensive income / (loss) for the year		(472,822)	(1,323,784)
Profit/(loss) and Total Comprehensive Income Attributable to:			
Equity holders of the parent		(412,406)	(896,704)
Non-controlling interest	7	(60,416)	(427,080)
		(472,822)	(1,323,784)
Profit / (loss) per share:			
Basic earnings per share (cents per share)	5	(0.00013)	(0.00040)
Diluted earnings per share (cents per share)	5	(0.00013)	(0.00025)

The financial statements are to be read in conjunction with the notes to the financial statements set out on pages 17 to 52.

AFC GROUP HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2018

	Notes	Issued Share Capital NZ$	Accumulated Losses NZ$	Equity Holders of the Parent NZ$	Non-Controlling Interests NZ$	Total NZ$
Balance as at 1 April 2016		25,540,835	(23,810,181)	1,730,654	1,151,151	2,881,805
Net loss for the financial year		-	(896,704)	(896,704)	(427,080)	(1,323,784)
Other comprehensive income		-	-	-	-	-
Total comprehensive income/(loss)		-	(896,704)	(896,704)	(427,080)	(1,323,784)
Transactions with owners						
Ordinary shares issued		-	-	-	290,000	290,000
Exercise of Warrants	6	3,160,396	-	3,160,396	-	3,160,396
Share Issue Costs	6	(21,728)	-	(21,728)	-	(21,728)
Total transactions with owners		3,138,668	-	3,138,668	290,000	3,428,668
Balance as at 31 March 2017		**28,679,503**	**(24,706,885)**	**3,972,618**	**1,014,071**	**4,986,689**
Net loss for the financial year		-	(412,406)	(412,406)	(60,416)	(472,822)
Other comprehensive income		-	-	-	-	-
Total comprehensive income/(loss)		-	(412,406)	(412,406)	(60,416)	(472,822)
Transactions with owners						
Ordinary shares issued	6,7	-	-	-	200,000	200,000
Exercise of Warrants	6	-	-	-	-	-
Share Issue Costs	6	-	-	-	-	-
Total transactions with owners		-	-	-	200,000	200,000
Balance as at 31 March 2018		**28,679,503**	**(25,119,291)**	**3,560,212**	**1,153,655**	**4,713,867**

The financial statements are to be read in conjunction with the notes to the financial statements set out on pages 17 to 52.

AFC GROUP HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2018

	Notes	2018 NZ$	2017 NZ$
SHAREHOLDERS EQUITY			
Issued share capital	6	28,679,503	28,679,503
Accumulated losses		(25,119,291)	(24,706,885)
Total Equity attributable to shareholders of the company		**3,560,212**	**3,972,618**
Non-controlling Interest	7	1,153,655	1,014,071
Total shareholders funds		**4,713,867**	**4,986,689**
Represented by:			
CURRENT ASSETS			
Cash and cash equivalents	8	665,779	777,841
Trade and related party receivables	9	1,298,761	1,761,472
Inventories	11	1,308,632	1,429,472
Prepayments and other current assets	10	313,793	574,865
Total current assets		**3,586,965**	**4,543,650**
NON-CURRENT ASSETS			
Property, plant and equipment	12	1,912,123	1,991,244
Intangible assets and goodwill	14	2,249	169,157
Deferred tax assets	4	-	-
Total non-current assets		**1,914,372**	**2,160,401**
Total assets		**5,501,337**	**6,704,051**
CURRENT LIABILITIES			
Trade and other payables	15	787,470	1,717,362
Total current liabilities		**787,470**	**1,717,362**
Total liabilities		**787,470**	**1,717,362**
Net assets		**4,713,867**	**4,986,689**

The financial statements are to be read in conjunction with the notes to the financial statements set out on pages 17 to 52.

AFC GROUP HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018 NZ$	2017 NZ$
Cash flows from operating activities			
Cash was received from:			
Receipts from customers		6,628,350	12,512,405
Receipts from related parties		718,364	-
Interest received		1,431	2,780
Other receipts		56,930	50,211
Cash was applied to:			
Payments to suppliers and employees		(7,553,745)	(12,137,791)
Payments to related parties		-	(1,053,088)
Interest paid		(13,989)	(76,835)
Income tax paid		-	(590)
Net cash outflow from operating activities	17	(162,659)	(702,908)
Cash flows from investing activities			
Cash was applied to:			
Purchase of property, plant and equipment	12	(41,755)	(524,750)
Purchase of intangible assets	14	(1,500)	(1,100)
Net cash outflow from investing activities		(43,255)	(525,850)
Cash flows from financing activities			
Cash was received from:			
Proceeds from exercise of warrants		-	3,160,396
Proceeds from issue of equity to non-controlling interests	7	200,000	290,000
Receipts from related parties		-	40,000
Cash was applied to:			
Payments to related parties		(119,701)	(2,109,670)
Payment of share issue costs		-	(21,728)
Net cash inflow from financing activities		80,299	1,358,998
Net increase in cash and cash equivalents		(125,615)	130,240
Foreign currency translation adjustment		13,553	(41,387)
Cash and cash equivalents at the beginning of the year		777,841	688,988
Cash and cash equivalents at the end of the year		665,779	777,841

The financial statements are to be read in conjunction with the notes to the financial statements set out on pages 17 to 52.

AFC GROUP HOLDINGS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

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 on the Alternative Market of the New Zealand Stock Exchange ("NZAX") 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 consolidated financial statements of AFC Group Holdings Limited for the year ended 31 March 2018 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. As a listed company, the Group is considered a Tier One entity. The principal activity of the Company and the Group is to produce, manufacture and purchase food, health, and cosmetic products for distribution in the New Zealand, China and Hong Kong markets. The Group also operates in the winery and vineyard industry.

1.1 Statement of compliance

These financial statements have been prepared in accordance with NZ GAAP. They comply with New Zealand equivalents to International Financial Reporting Standards and other applicable Financial Reporting Standards ("NZ IFRS"), as applicable to the Group as a profit oriented entity. These financial statements also comply with International Financial Reporting Standards ("IFRS").

The 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 consolidated financial statements are prepared on a historical cost basis except for biological produce which has been measured at fair value. The preparation of financial statements in conformity with NZ IFRS and IFRS requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 1.24.

The 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.

1.3 New accounting standards adopted

No new standards, amendments to standards and interpretations to existing standards which are mandatory for the first time for year ended 31 March 2018 have been adopted by the Group.

1.4 New accounting standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations have been approved but are not yet effective and have not been adopted by the Group for the year ended 31 March 2018. These will be applied when they become mandatory.

1. ACCOUNTING POLICIES (continued)

1.4 New accounting standards and interpretations not yet adopted (continued)

NZ IFRS 9 (2014): Financial Instruments – applicable to the Group from 1 April 2018
The International Accounting Standards Board (IASB) issued the completed version of IFRS 9: Financial Instruments (to replace NZ IAS 39: Financial Instruments: Recognition and Measurement), bringing together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39: Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9.

Impact: Financial assets and liabilities of the Group are measured at amortised cost with the exception of any foreign currency forward exchange contracts and options or interest rate swaps which are held at fair value. The classification and measurement of these will remain the same under NZ IFRS 9. However, for those financial liabilities held at fair value, the Group will be required to separate the fair value movement that relates to changes in the Group's credit risk and record this through Other Comprehensive Income rather than through profit or loss where the remaining change in value will be recorded. The impairment model in the standard also moves from the previous "incurred loss" model to an "expected loss" model. Management has assessed the impact of NZIFRS 9 and the main area of potential impact is impairment provisioning on trade receivables due to the requirement to use a "expected loss" model. It is considered that the adoption of NZ IFRS 9 may result in an increase in the Group's provision for doubtful debts depending on other external factors that will be considered for the forward-looking approach.

NZ IFRS 15: Revenue from Contracts with Customers – applicable to the Group from 1 April 2018
NZ IFRS 15 establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. NZ IFRS 15 supersedes NZ IAS 18 Revenue. The core principle of NZ IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services. An entity will recognise revenue in accordance with that core principle by applying the following steps: Step 1: Identify the contract(s) with a customer; Step 2: Identify the performance obligations in the contract; Step 3: Determine the transaction price; Step 4: Allocate the transaction price to the performance obligations within the contract; Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

There has been an amendment to NZ IFRS 15 which clarifies how to: (a) Identify a performance obligation in a contract; (b) Determine whether an entity is a principal or an agent, and; (c) Determine whether revenue from granting a licence should be recognised at a point in time or over time. The amendment also provides additional relief to reduce cost and complexity for an entity when it first applies NZ IFRS 15.

Impact: Management have reviewed the new standard and related guidance and considered the core principle and steps required to recognise revenue. The Group has performed an assessment of the impact of the changes in NZ IFRS 15 and does not expect the recognition and measurement of revenue to materially change under the new standard. The Group's contracts with customers is for the supply of products and revenue is recognised at a point in time when the sale is completed. The Group does not have any additional performance obligations under these contracts that would need to be spread over a longer term. For 2018, the Group has assessed that no adjustments would be required on adopting the standard or recognising revenue in the future.

NZ IFRS 16: Leases – applicable to the Group from 1 April 2019
IFRS 16 requires lessees to account for all leases under a single on-balance sheet model (subject to certain exemptions) in a similar way to finance leases under IAS 17: Leases. Lessees will be required to recognise a liability to pay rentals with a corresponding asset, and recognise interest expense and depreciation separately. Reassessment of certain key considerations (e.g. lease term, variable rents based on an index or rate, discount rate) by the lessee is required upon certain events. Lessor accounting is substantially the same as lessor accounting under IAS 17's dual classification approach.

1. ACCOUNTING POLICIES (continued)

1.4 New accounting standards and interpretations not yet adopted (continued)

Impact: The Group currently has the operating lease commitments as disclosed under note 19, which will fall under NZ IFRS 16. The Group has assessed the impact of the changes in NZ IFRS 16 on its accounting policy for the recognition of leases. The Group will be required to recognise a 'Right-of-use Asset' and a corresponding 'Finance Liability' in the statement of financial position for all of the leases. The change will also affect the profile of expenses (interest and depreciation) and the timing of these expenses relative to the lease payments which are currently recognised. Based on the operating lease commitments as at 31 March 2018, the Group will have a 'Right of use Asset' of $1,217,346 and a corresponding 'Finance Liability' of $1,217,346 to recognise as at 1 April 2019.

1.5 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 March 2018. Subsidiaries are those entities over which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:
- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of an investee begins when the Group obtains control over the investee and ceases when the Group loses control of the investee. Assets, liabilities, income and expenses of an investee acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the investee.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. The financial statements of subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the investee is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

1.6 Intangible assets and goodwill

Intangible assets comprise goodwill and acquired brands, trademarks and distribution right asset. Goodwill and brands are indefinite life intangibles subject to annual impairment testing. Brands are not amortised but are tested for impairment annually and are carried at cost less any accumulated impairment losses.

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

1. ACCOUNTING POLICIES (continued)

1.6 Intangible assets and goodwill (continued)

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

Distribution right asset is amortised on the straight line basis over the life of the agreement and is also tested for impairment annually. The distribution right asset is recognised in the statement of financial position at cost less accumulated amortisation and any impairment losses.

Trademarks are also tested for impairment annually and are carried at cost less any accumulated amortisation and impairment losses. Trademarks have a finite useful life of 10 years and the Group amortises these using the straight-line method over 10 years. Trademarks are recognised in the statement of financial position at cost less accumulated amortisation.

1.7 Going concern

The consolidated financial statements have been prepared on a going concern basis. Management has reasonable expectation that the Group had adequate resources to continue in operational existence for the foreseeable future.

As at 31 March 2018, the Group is in a positive working capital position of $2,799,495 (2017: $2,826,288) and net equity of $4,713,867 (2017: $4,986,689). The Group did not raise any equity funding during the year (2017: $3,138,668) from share placements. The Directors consider that using the going concern basis is appropriate having reviewed cash flow projections of the Group to June 2019 based on a number of key assumptions and Director's intentions including:

- All amounts receivable from trade receivables will be received as per customer agreements and repayment terms.
- The Directors have forecasts that indicate the Group can manage it's working capital requirements and trade levels for at least 12 months from the date of these financial statements.
- The Group has no external debt and is therefore not subject to any externally imposed capital requirements.
- Bearing in mind past losses, the Group has restructured its business operations and forecasts for profits to June 2019.

1.8 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods
Revenue is recognised when the significant risks and rewards of ownership of the goods have been passed to the buyer and the revenue can be measured reliably. Risks and rewards are considered passed to the buyer at the time of delivery of the goods to the customer or at the free on board port/delivery point or as otherwise contractually determined.

Interest income
Interest income is accrued on a time apportioned 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.

1. ACCOUNTING POLICIES (continued)

1.8 Revenue (continued)

Rental Income

Rental Income is recognised as income on a straight-line basis over the term of the lease.

1.9 Foreign currency

Transactions in foreign currencies are translated to the functional currency of the Group at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at the date. The foreign currency gains or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of year.

1.10 Inventories

The valuation of inventory is determined under the principle of lower of cost or net realisable value. The cost of inventories is based on the first in first out principle, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The Directors' assessment of the value is determined after reviewing and comparing the market price with the cost and as a result of this, the carrying value of some inventories have been written down to estimated net realisable value. The total amount of the provision written off to profit or loss at 31 March 2018 was $124,885 (31 March 2017: $241,374).

Included within the cost of inventory is the fair value of the grapes (agricultural produce) at the time the grapes are harvested. At the point of harvest, the harvest of grapes qualify as agricultural produce under NZ IAS 41: Agriculture and are recorded at fair value at that date. The fair value at balance date becomes the basis of cost when accounting for inventories.

Growing Costs : Harvesting of the grape crop is ordinarily performed in late March. Costs incurred in growing the grapes including any applicable harvest costs, are initially allocated into the cost of inventory as part of the total cost to acquire and grow the agricultural produce. At the point of harvest, a fair value adjustment is made so that the cost per tonne is adjusted to fair value in accordance with NZIAS 41: Agriculture and NZIFRS 13 : Fair Value Measurement. Any difference between cost and fair value is included within the statement of comprehensive income as cost of sales.

1.11 Leases – Operating leases

The Group as lessee

A lease in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease. Lease incentives received are recognised in profit or loss in a straight-line basis over the lease term as an integral part of the total lease expense.

1. ACCOUNTING POLICIES (continued)

1.11 Leases – Operating leases (continued)

The Group as a lessor
Rental income from operating leases is recognised in the period to which it relates with maturities of 3 months or less that are subject to an insignificant risk of changes in fair value, and are used by management for short-term commitments.

1.12 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash in bank.

1.13 Employee benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave when it is probable that settlement will be required and they are capable of being measured reliably. Provisions made in respect of employee benefits expected to be wholly settled within twelve months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

1.14 Financial assets

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss, held-to-maturity investments, available-for-sale financial assets, and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. The group only has loans and receivables.

Effective interest method
The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, to the carrying amount of the financial asset. Income is recognised on an effective interest rate basis for debt instruments other than those financial assets 'at fair value through profit or loss'.

Loans and other receivables
Trade and other receivables, and related party receivables have fixed or determinable payments that are not quoted in an active market and are classified as 'loans and receivables'.

Loans and receivables are measured at amortised cost using the effective interest method less impairment. The average credit period for trade receivables is 30 days. Interest is not charged on overdue amounts.

1.15 Financial Liabilities

Financial liabilities are classified into the following specified categories: as either financial liabilities at fair value through profit or loss and financial liabilities at amortised cost. The classification depends on the nature and purpose of the financial liabilities and is determined at the time of initial recognition. The Group only has financial liabilities at amortised cost.

Financial liabilities at amortised cost
Trade and other payables are initially measured at fair value less transaction costs and subsequently carried at amortised cost and due to their short term nature they are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group

1. ACCOUNTING POLICIES (continued)

1.15 Financial Liabilities (continued)

becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are normally paid within 30 days of recognition.

Interest and dividends
Interest and dividends are classified as expenses or as distributions of profit consistent with the statement of financial position classification of the related debt or equity instruments or component parts of compound instruments.

Related party payables
Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method.

1.16 Equity

Share capital is classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of new shares or warrants are shown in equity as a deduction, net of tax, from the proceeds.

Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate. Transactions costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

When shares recognised as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs is recognised as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity and the resulting surplus or deficit on the transaction is presented within share premium.

1.17 Goods and services tax ("GST")

Revenue, expenses, assets and liabilities are recognised net of the amount of goods and services tax (GST), except for receivables and payables, which are recognised inclusive of GST.

1.18 Income tax

Current Tax
Current tax is calculated with reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by the reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax
Deferred tax is accounted for using the balance sheet method in respect of temporary differences arising from differences between the carrying values of assets and liabilities in the financial statements and the corresponding tax base of these items.

Current and deferred tax is recognised as an expense or income in profit or loss, except when it relates to items credited or debited directly to other comprehensive income or equity, in which case the deferred tax or current tax is also recognised directly in other comprehensive income, or where it arises from the initial accounting for a business

1. ACCOUNTING POLICIES (continued)

1.18 Income tax (continued)

combination, in which case it is taken into account in the determination of goodwill. In principle, deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which effects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at the end of each reporting period 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 asset to be recovered.

1.19 Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit and loss component of the consolidated statement of comprehensive income as incurred.

Depreciation

Depreciation is recognised in the consolidated statement of comprehensive income to write off the cost of an item of property, plant and equipment over its expected useful life, at the following rates:

Land & Land Improvements		not depreciated
Buildings	0% - 6%	Diminishing Value
Computer Equipment	40% - 50%	Diminishing value
Leasehold Improvements	20%	Diminishing value
Plant & Equipment	10% - 40%	Diminishing Value
Motor Vehicles	20% - 30%	Diminishing Value
Fixture and Fittings and Office Equipment	8% - 67%	Diminishing Value
Grape Vines / Bearer Plants	7.5%	Diminishing Value

1. ACCOUNTING POLICIES (continued)

1.19 Property, plant and equipment (continued)

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The useful lives and residual values are reviewed annually.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the profit and loss component of the consolidated statement of comprehensive income.

1.20 Biological Assets

Biological assets consist of grape fruit bunches. The Group grows and purchases grapes to use in the production of wine, as part of normal operations. Grapes are normally harvested between March and May each year. The grapes harvested are adjusted to fair value at the point of harvest after taking into consideration of various market factors, as well as reviewing the district average pricing report for grapes of similar quality and variety. Any adjustment to bring the cost of sales to fair value is recognised in inventory and cost of sales.

1.21 Impairment of assets

<u>Financial assets</u>
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 assets, the estimated future cash flows of the investment have been impacted.

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 cash flows, discounted at the 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 loan and trade receivables where the carrying amount is reduced through the use of an allowance account.

When a trade receivable is uncollectible, 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.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

<u>Non-financial assets</u>
At each reporting date 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 impairment exists, the recoverable amount of the asset is estimated to establish the impairment loss, (if any). Goodwill is tested for impairment annually and whenever there is an indication that the asset may be impaired an adjustment is made and is not subsequently reversed.

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 is estimated to be less than its carrying

1. ACCOUNTING POLICIES (continued)

1.21 Impairment of assets (continued)

amount, the carrying value is reduced to the recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

All impairment losses are immediately recognised through profit and loss.

1.22 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprises of warrants.

1.23 Cash Flows

The following are the definitions used in the consolidated statement of cash flows:

Cash and cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Operating activities are the principal revenue-producing activities of the Group and other activities that are not investing or financing activities.

Investing activities are the acquisition and disposal of long-term assets not included in cash and cash equivalents.

Financing activities are activities that result in changes in the size and composition of the contributed equity and borrowings of the Group.

1.24 Critical accounting judgments and key sources of estimation uncertainty

The Group prepares its consolidated financial statements in accordance with NZ IFRS, the application of which often requires judgements to be made by management when formulating the Group's financial position and results. Under NZ IFRS, the Directors are required to adopt those accounting policies most appropriate to the Group's circumstances for the purpose of presenting a true and fair view of the Group's financial position, financial performance and cash flows.

In determining and applying accounting policies, judgement is often required in respect of items where the choice of specific policy, accounting estimate or assumption to be followed could materially affect the reported results or net asset position of the Group should it later be determined that a different choice would be more appropriate.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in more detail below.

1.24 Critical accounting judgments and key sources of estimation uncertainty (continued)

Recognition of provision for deferred tax assets

The Group has not recognised a deferred tax asset (2017: had not recognised a deferred tax asset) on its statement of financial position as at reporting date. Significant judgement is required in determining if the utilisation of deferred assets is probable. The recognition of deferred tax assets is based upon whether it is more likely than not that sufficient and suitable taxable profits will be available in the future against which the reversal of temporary differences can be deducted. To determine the future taxable profits, reference is made to the latest forecasts of future earnings of the Group. Where the temporary differences are related to losses, relevant tax law is considered to determine the availability of the losses to offset against the future taxable profits (refer note 4).

Provision for Doubtful Debts

For the provision for doubtful debts, trade receivables are assessed to determine whether there is any objective evidence that an impairment has been incurred but not yet identified. This assessment involves making estimates and judgements regarding the collectability of trade receivables and includes considering evidence such as significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and the default or delay in payments being made to the Group.

Provision for Inventory

The Group's assessment of provisions for inventory obsolescence and net realisable value involves making estimates and judgements in relation to future selling prices. The Group considers a wide range of factors including historical data, current trends, recent sales data and product information from buyers as part of the process to determine the appropriate value of these provisions.

2. REVENUE

	2018 NZ$	2017 NZ$
Operating revenue		
Sale of goods	6,606,888	12,540,658
Rendering of services - distribution fees	(100,000)	200,000
Total operating revenue	6,506,888	12,740,658
Other Income	57,482	33,097
Rental Income	13,000	10,900
Gain on forgiveness of debt	276,991	-
	347,473	43,997
Total Income	6,854,361	12,784,655

Gain on forgiveness of debt

The Group had a loan from NZ Silveray Limited for the deferred consideration of the NDG Distribution Right Asset (Note 14) with a balance of $276,991 as at 30 September 2017. NZ Silveray Limited agreed to write-off and forgive the amount outstanding in September 2017 and this resulted in income for the gain on forgiveness of debt of $276,991 for the year ended 31 March 2018 (2017: $nil).

Distribution Fees

During the year, the Group issued a credit note to Guangdong Farmside International Trading Co. Limited (formerly known as Guangdong Farmside Dairy Development Limited) for the refund of the monthly distribution fee charged from 1 October 2016 to 30 September 2017 as a result of the distribution agreement ceasing. This resulted in the distribution fee income being a debit of $100,000 which related to the reversal of the distribution fee income relating to the 2017 financial year.

3. EXPENSES

	Note	2018 NZ$	2017 NZ$
Profit / (Loss) before income tax has been determined after charging:			
Selling and Distribution Expenses			
Advertising		136,318	47,837
Business Events		74,649	29,914
Freight and Courier		24,324	12,262
Rent		38,448	32,496
Salaries and Sales Commission		225,692	163,795
Administration Expenses			
Accounting and Consulting		152,575	173,272
Amortisation and Impairment of Intangible Assets	14	168,408	699,762
Depreciation	12	120,876	74,410
Directors Fees	18	114,667	107,333
Entertainment		48,142	23,227
Insurance		23,265	21,877
Kiwisaver Contributions		15,370	5,415
Legal Fees		35,893	5,508
Management Fees	18	14,667	242,334
Rent		134,973	130,417
Salaries		554,253	278,798
NZX costs		12,050	52,445
Travel		68,901	84,258
Auditors' remuneration			
Audit of financial statements			
Audit of 2016 financial statements		-	58,853
Audit of 2017 financial statements		45,000	167,200
Audit of 2018 financial statements		187,662	-
Other services			
Tax compliance fees		370	-
Wine Standards Management Plan audit		1,610	-
Total fees paid to auditors		234,642	226,053

The auditors for 2018 were William Buck Audit (NZ) Limited (2017: Staples Rodway)

	Note	2018 NZ$	2017 NZ$
Finance costs:			
Interest received on bank account		247	1,559
Interest received from related parties	18	189	-
Other Interest received		995	1,221
Interest paid on borrowings from related parties	18	(10,315)	(61,643)
Finance charge on deferred consideration for Distribution Right Asset	18	(3,010)	(14,713)
Other Interest paid		(664)	(479)
Net finance income / (costs)		(12,558)	(74,055)

4. INCOME TAX EXPENSE (continued)

4.1. Components of Income tax expense

	2018 NZ$	2017 NZ$
Current year income tax charge	-	-
Deferred tax movements	-	-
Income tax expense	-	-
Reconciliation of effective tax rate		
Profit / (loss) before income tax	(472,822)	(1,323,784)
Income tax expense/(benefit) calculated at 28%	(132,390)	(370,660)
Expected income expense / (benefit)	(132,390)	(370,660)
Adjustments		
Non deductible expenses	23,259	142,111
Deferred tax movements relating to origination and reversal of temporary differences	8,859	139,617
Losses utilised	(171,362)	(82,430)
Losses Carried Forward	271,634	171,362
Income tax expense	-	-

The tax rate used for the reconciliation above is the corporate tax rate of 28% (2017: 28%) payable by New Zealand corporate entities on taxable profits under New Zealand tax law.

4.2 Deferred tax assets and liabilities

	2018 NZ$	2017 NZ$
Deferred tax assets/(liabilities) arising from the following:		
Unused tax losses	271,634	171,362
Provisions and Accruals	95,180	133,407
Distribution rights asset	-	(47,086)
Tax benefits not recognised	(366,814)	(257,683)
Deferred tax assets as at 31 March 2018	-	-

	Unused tax losses	Accruals	Distribution rights asset NZ$	Deferred tax not recognised	Total NZ$
Balance as at 1 April 2016	82,430	42,149	(95,444)	(29,135)	-
Movements	88,932	91,258	48,358	(228,548)	-
Balance as at 31 March 2017	171,362	133,407	(47,086)	(257,683)	-
Current year movements	100,272	(38,227)	47,086	(109,131)	-
Balance at 31 March 2018	271,634	95,180	-	(366,814)	-

4. INCOME TAX EXPENSE (continued)

The above amounts are tax effected balances. Obtaining the benefits of the deferred tax assets is dependent upon deriving sufficient assessable income and the Group have assessed that there will be sufficient taxable income with which to utilise the asset based on the forecasts provided.

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). Losses incurred prior to the change in shareholder control in 2016 were forfeited at the time the shareholding changed and are therefore not available for future use.

The Group has not recognised the deferred tax asset of $366,814 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:

	2018 NZ$	2017 NZ$
Basic earnings per share		
Profit / (Loss) after taxation	(472,822)	(1,323,784)
Weighted average number ordinary shares on issue	3,664,253,194	3,310,091,845
Basic earnings per share	(0.00013)	(0.00040)
Diluted earnings per share		
Profit / (Loss) after taxation	(472,822)	(1,323,784)
Weighted average number ordinary shares on issue	3,664,253,194	3,310,091,845
Weighted average number warrants not exercised	-	1,902,871,361
Diluted earnings per share	(0.00013)	(0.00025)

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

	Shares Issued No.	Group NZ$
6.1 Ordinary shares		
Balance at 1 April 2016	2,084,043,091	25,540,835
Movement for 2017 financial year		
Ordinary shares authorised and issued:		
Shares issued at 0.2 cents per share	1,580,173,021	3,160,396
Share issue expenses	-	(21,728)
Balance at 31 March 2017	3,664,216,112	28,679,503

6. AUTHORISED AND ISSUED SHARE CAPITAL (continued)

	Shares Issued No.	Group NZ$
Balance at 31 March 2017	3,664,216,112	28,679,503
Movement for 2018 financial year		
Ordinary shares authorised and issued	-	-
Balance at 31 March 2018	3,664,216,112	28,679,503

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.

6.2 Warrants

	Shares Issued No.	Group NZ$
Movement for 2017 financial year		
April 2015 Warrants		
Balance as at 1 April 2016	1,784,080,173	-
Warrants exercised during the year	(1,182,849)	(2,366)
Balance as at 31 March 2017 (April 2015 warrants)	1,782,897,324	(2,366)
May 2016 Warrants		
Warrants issued at no cost	2,085,263,022	-
Warrants exercised	(1,578,990,172)	(3,157,980)
Warrants forfeited - expired	(506,272,850)	-
Balance as at 31 March 2017 (May 2016 warrants)	-	(3,157,980)
Balance as at 31 March 2017	1,782,897,324	-
Movement for 2018 financial year		
Balance as at 1 April 2017	1,782,897,324	-
Warrants forfeited/expired during the year	(1,782,897,324)	-
Balance as at 31 March 2018	-	-

The balance of 1,782,897,324 warrants as at 1 April 2017 related to the April 2015 warrants issued by the company at $nil per warrant to all existing shareholders on the basis of one (1) warrant for each share held at that date. Each warrant being a warrant to subscribe for one (1) ordinary share in the Company at an exercise price of NZ 0.2 cents each payable in cash on exercise, and to be exercisable at any time up to 31 December 2017. This balance was forfeited on 31 December 2017 as under the terms of the warrant issue, warrants not exercised by 31 December 2017 lapsed and all rights in regards to them expired. No other warrants were issued during the year.

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 balance date the company is holding 37,082 treasury shares.

The Group has received $200,000 during the period from non-controlling interest for share capital that was unpaid as at 31 March 2017. No dividends have been declared or paid for the year ended 31 March 2018 (2017: $nil)

AFC GROUP HOLDINGS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

7 NON-CONTROLLING INTEREST

There are non-controlling interests in AFC Longview Limited and AFC Biotechnology Manufacture Co Limited.

AFC Longview Limited
On 26 February 2016 AFC Longview Limited was recapitalised by the issue of 2,399,999 shares of $1 each for cash. 1,223,999 shares were subscribed by AFC Group Holdings Limited and a non-controlling interest subscribed to the remaining 1,176,000 shares (49% of the equity).

AFC Biotechnology Manufacture Co Limited
AFC Biotechnology Manufacture Co Limited was incorporated in July 2016 with 100 ordinary shares issued at $10,000 for each share. For the 2018 year, AFC Group Holdings Limited held 51% of the shares and non controlling interest having 49% shareholding.

Both entities are incorporated and domiciled in New Zealand.

The non-controlling interest in AFC Longview Limited and AFC Biotechnology Manufacture Co Limited are set out below. The amounts stated are before any inter-company eliminations.

	AFC Biotechnology Manufacture Co Limited		AFC Longview Limited	
	2018 NZ$	**2017 NZ$**	**2018 NZ$**	**2017 NZ$**
Summarised statement of financial position				
Current assets	1,895,927	271,485	665,860	1,060,635
Current liabilities	1,218,481	310,621	833,607	813,686
Current net assets/(liabilities)	677,446	(39,136)	(167,747)	246,949
Non-current assets	305,408	343,187	1,493,413	1,520,816
Non-current net assets	305,408	343,187	1,493,413	1,520,816
Net assets	982,854	304,051	1,325,666	1,767,765
Net Assets attributed to the equity holders of the parent	501,256	156,185	676,090	901,560
Net Assets attributed to non-controlling interest	481,598	147,866	649,576	866,205
Summarised statement of comprehensive income				
Revenue	2,034,501	-	498,616	1,247,806
Profit/(Loss) for the year	318,803	(335,949)	(442,099)	(581,524)
Other comprehensive income	-	-	-	-
Total comprehensive income/(loss)	318,803	(335,949)	(442,099)	(581,524)
Profit/(Loss) allocated to the equity holders of the parent	**162,590**	**(193,816)**	**(225,470)**	**(296,577)**
Profit/(Loss) allocated to Non-Controlling Interest	**156,213**	**(142,133)**	**(216,629)**	**(284,947)**

7 NON-CONTROLLING INTEREST (continued)

	AFC Biotechnology Manufacture Co Limited		AFC Longview Limited	
	2018 NZ$	**2017 NZ$**	**2018 NZ$**	**2017 NZ$**
Summarised cash flows				
Cash flows from operating activities	(1,091,217)	(311,970)	235,112	(238,763)
Cash flows from investing activities	(19,588)	(355,035)	(9,504)	(82,016)
Cash flows from financing activities	1,121,656	683,590	(65,266)	312,667
Net increase/(decrease) in cash and cash equivalents	10,851	16,585	160,342	(8,112)

The effect on the profit and loss attributable to non-controlling interest and to the equity holders of the parent of AFC Longview Limited and AFC Biotechnology Manufacture Co Limited is summarised as follows:

	Total Comprehensive income/(loss) for the year	Profit/(Loss) allocated to Non-Controlling Interest	Profit/(loss) allocated to the equity holders of the parent
31 March 2018			
AFC Longview Limited	(442,099)	(216,629)	(225,470)
AFC Biotechnology Manufacture Co Limited	318,803	156,213	162,590
Total for 31 March 2018	(123,296)	(60,416)	(62,880)
31 March 2017			
AFC Longview Limited	(581,524)	(284,947)	(296,577)
AFC Biotechnology Manufacture Co Limited	(335,949)	(142,133)	(193,816)
	(917,473)	(427,080)	(490,393)

The effect on the equity attributable to the owners of AFC Longview Limited and AFC Biotechnology Manufacture Co Limited is summarised as follows:

	2018 NZ$	**2017 NZ$**
AFC Longview Limited		
Opening Balance 1 April 2017	866,205	1,151,152
Ordinary Shares Issued	-	-
Profit and total comprehensive income attributed to non-controlling interest	(216,629)	(284,947)
	649,576	866,205
AFC Biotechnology Manufacture Co Limited		
Opening Balance 1 April 2017	147,866	-
Ordinary Shares Issued	200,000	290,000
Profit and total comprehensive income attributed to non-controlling interest	156,213	(142,134)
	504,079	147,866
Total effect of non-controlling interest	**1,153,655**	**1,014,071**

8. CASH AND CASH EQUIVALENTS

	2018 NZ$	2017 NZ$
Cash at bank and on hand	665,779	777,841
Total cash and cash equivalents	665,779	777,841

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

9. TRADE AND RELATED PARTY RECEIVABLES

	Note	2018 NZ$	2017 NZ$
Trade receivables		490,615	597,404
Allowance for impairment losses		(35,085)	(20,411)
Total trade receivables		455,530	576,993
Related party receivables	18	843,231	1,184,479
Total trade and related party receivables		**1,298,761**	**1,761,472**

Analysis of trade and related party receivables	2018 NZ$	2017 NZ$
Current	648,320	728,083
Past due 0-30	230,430	92,010
Past due 31-90	132,437	766,938
Past due more than 90	287,574	174,441
	1,298,761	**1,761,472**

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 18. 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 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.

9. TRADE AND RELATED PARTY RECEIVABLES (continued)

	2018 NZ$	2017 NZ$
Movement in the allowance for impairment losses		
Opening Balance 1 April 2017	20,411	20,411
Increase in provision	14,674	-
Closing Balance 31 March 2018	**35,085**	**20,411**

10. PREPAYMENTS AND OTHER CURRENT ASSETS

	2018 NZ$	2017 NZ$
Prepayments of Inventory	131,049	22,408
Prepayment of expenses	32,273	115,642
Taxation receivable	40,987	41,504
GST receivable	109,484	395,311
	313,793	574,865

Prepayment of inventory is required to secure the production of specific inventory items produced to the company's specification.

11. INVENTORIES

	2018 NZ$	2017 NZ$
Work in progress	54,545	237,071
Finished goods	1,066,956	1,433,775
Inventory in Transit	312,016	-
Provision for inventory	(124,885)	(241,374)
Total Inventories	1,308,632	1,429,472
Provision for closing stock		
Opening provision for inventory	(241,374)	-
Reversal of opening provision for inventory	241,374	-
Charged to profit and loss	(124,885)	(241,374)
Closing provision for closing stock	(124,885)	(241,374)

Inventory of $124,885 has been expensed and written down to net realisable value/lower of cost (31 March 2017: $241,374). There were reversals of $241,374 for the provision for stock during the year (2017: $nil). 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.

The fair value of agricultural produce as at the point of harvest was $27,219 (2017: $35,316). A fair value loss of $194,213 (2017: $126,375) was recorded during the year within cost of sales.

12. PROPERTY, PLANT AND EQUIPMENT

	Land NZ$	Buildings NZ$	Land Improvements NZ$	Plant & Equipment NZ$	Motor Vehicles NZ$	Computer Equipment NZ$	Fixture & Fittings, Office Equipment NZ$	Bearer Plants - Grape Vines NZ$	Total NZ$
Year ended 31 March 2017									
Cost									
Cost as at 1 April 2016	320,000	855,000	50,000	146,169	72,181	1,027	21,299	80,000	**1,545,676**
Additions	-	46,166	-	280,627	22,609	12,676	162,672	-	**524,750**
Cost as at 31 March 2017	320,000	901,166	50,000	426,796	94,790	13,703	183,971	80,000	**2,070,426**
Accumulated Depreciation									
Accumulated Depreciation at 1 April 2016	-	-	-	(1,485)	(3,037)	(43)	(207)	-	**(4,772)**
Depreciation charge for the year	-	(231)	-	(26,662)	(18,908)	(4,525)	(18,084)	(6,000)	**(74,410)**
Accumulated Depreciation at 31 March 2017	-	(231)		(28,147)	(21,945)	(4,568)	(18,291)	(6,000)	**(79,182)**
Carrying Amount									
Cost	320,000	901,166	50,000	426,796	94,790	13,703	183,971	80,000	**2,070,426**
Accumulated Depreciation	-	(231)	-	(28,147)	(21,945)	(4,568)	(18,291)	(6,000)	**(79,182)**
Carrying Amount 31 March 2017	320,000	900,935	50,000	398,649	72,845	9,135	165,680	74,000	**1,991,244**
Year ended 31 March 2018									
Cost									
Cost as at 1 April 2017	320,000	901,166	50,000	426,796	94,790	13,703	183,971	80,000	**2,070,426**
Additions	-	-	-	12,790	3,954	4,569	20,442	-	**41,755**
Cost as at 31 March 2018	320,000	901,166	50,000	439,586	98,744	18,272	204,413	80,000	**2,112,181**
Accumulated Depreciation									
Accumulated Depreciation at 1 April 2017	-	(231)	-	(28,147)	(21,945)	(4,568)	(18,291)	(6,000)	**(79,182)**
Depreciation charge for the year	-	(2,756)	-	(62,695)	(18,068)	(5,947)	(25,860)	(5,550)	**(120,876)**
Accumulated Depreciation at 31 March 2018	**-**	**(2,987)**	**-**	**(90,842)**	**(40,013)**	**(10,515)**	**(44,151)**	**(11,550)**	**(200,058)**
Carrying Amount									
Cost	320,000	901,166	50,000	439,586	98,744	18,272	204,413	80,000	**2,112,181**
Accumulated Depreciation	-	(2,987)	-	(90,842)	(40,013)	(10,515)	(44,151)	(11,550)	**(200,058)**
Carrying Amount 31 March 2018	320,000	898,179	50,000	348,744	58,731	7,757	160,262	68,450	**1,912,123**

Bearer plants consist of grape vines on our vineyards here in New Zealand. As at 31 March 2018, the Group had grape vines planted on 4.75 productive hectares of land (2017: 4.75 hectares). The Group also leases vineyard land which is just under 5 hectares (2017: 5 hectares).

13. BIOLOGICAL ASSETS

Biological assets comprise the grape fruit bunches growing on the grape vines.

Carrying value of biological assets	2018 NZ$	2017 NZ$
Opening Balance	-	-
Movements in Period		
Additions at fair value	27,219	35,316
Transfer of harvested fresh fruit bunches to inventory	(27,219)	(35,316)
Balance as at 31 March 2018	-	-

The Company grows grapes to use in the production of wine, as part of normal operations. Vineyards are located in Whangarei, New Zealand. Grapes are harvested between March and May each year.

During the year ended 31 March 2018, the Group harvested grapes equal to 13,050 litres of wine (2017: 13,345 litres). Of this amount the Company purchased 4,700 litres from independent third party growers. The grapes harvested are adjusted to fair value at the point of harvest and any adjustment to bring the cost of sales to fair value is recognised in inventory and cost of sales.

The Group is exposed to financial risks in respect of agricultural activity. The agricultural activity of the Company consists of the management of vineyards to produce grapes for use in the production of wine. The primary financial risk associated with this activity occurs due to the length of time between expending cash on the purchase or planting and maintenance of grape vines and on harvesting grapes, and ultimately receiving cash from the sale of wine to third parties. The Company's strategy to manage this financial risk is to actively review and manage its working capital requirements. The quality and quantity of the grape harvest is dependent on seasonal climatic factors such as rainfall, sunshine and temperature, including frosts.

Refer to the segment reporting disclosure in Note 22 for details on the vineyard and winery.

14. INTANGIBLE ASSETS

	Goodwill NZ$	Brands NZ$	Trademarks NZ$	Distribution Right Asset NZ$	Total NZ$
Year ended 31 March 2017					
Cost					
Cost as at 1 April 2016	495,785	31,161	-	454,467	981,413
Additions	-	-	1,100	-	1,100
Cost as at 31 March 2017	**495,785**	**31,161**	**1,100**	**454,467**	**982,513**
					-
Accumulated Amortisation and Impairment					-
Accumulated amortisation and Impairment 1 April 2016	-	-		(113,594)	(113,594)
Amortisation and impairment for the year	(495,785)	(31,161)	(109)	(172,707)	(699,762)
Accumulated amortisation and impairment as at 31 March 2017	**(495,785)**	**(31,161)**	**(109)**	**(286,301)**	**(813,356)**

14. INTANGIBLE ASSETS (continued)

	Goodwill NZ$	Brands NZ$	Trademarks NZ$	Distribution Right Asset NZ$	Total NZ$
Carrying Amount					
Cost	495,785	31,161	1,100	454,467	982,513
Accumulated amortisation and impairment	(495,785)	(31,161)	(109)	(286,301)	(813,356)
Carrying Amount 31 March 2017	-	-	**991**	**168,166**	**169,157**
Year ended 31 March 2018					
Cost					
Cost as at 1 April 2017	495,785	31,161	1,100	454,467	982,513
Additions	-	-	1,500	-	1,500
Cost as at 31 March 2018	**495,785**	**31,161**	**2,600**	**454,467**	**984,013**
					-
Accumulated Amortisation and Impairment					-
Accumulated amortisation and Impairment 1 April 2017	(495,785)	(31,161)	(109)	(286,301)	(813,356)
Amortisation and impairment for the year	-	-	(242)	(168,166)	(168,408)
Accumulated amortisation and impairment as at 31 March 2018	**(495,785)**	**(31,161)**	**(351)**	**(454,467)**	**(981,764)**
Carrying Amount					
Cost	495,785	31,161	2,600	454,467	984,013
Accumulated amortisation and impairment	(495,785)	(31,161)	(351)	(454,467)	(981,764)
Carrying Amount 31 March 2018	-	-	**2,249**	-	**2,249**

The goodwill and brands were allocated to the Longview Estate winery and vineyard and have a $nil carrying balance as at 31 March 2018 (2017: $nil).

The distribution right asset was allocated to National Dairy Group Limited.

Amortisation and impairment charges of $168,408 are recognised under administration expenses in the Statement of Comprehensive Income.

Goodwill and brands

The value of the acquired brand that was acquired as part of the Longview Estate was determined by Grant Thornton, Chartered Accountants under the relief of royalty method at the time of acquisition 1 March 2016. A royalty base was determined by reference to the amount for which the asset would be acquired in an arm's length transaction securing the same rights, net of any cost to maintain the asset. The fair value was the net present value of theoretical royalties that was calculated by applying a royalty rate to the royalty base.

14. INTANGIBLE ASSETS (continued)

Goodwill on acquisition was calculated after comparing the net assets acquired at fair value to the consideration paid for the Longview Estate. The value of goodwill acquired was determined after the Longview state assets were valued by Logan Stone, registered valuers and the brands were valued by Grant Thornton and compared to the purchase price paid.

Goodwill and brands were fully impaired last year and have a $nil carrying balance as at 31 March 2018. Management recognised an impairment charge of $494,845 at 31 March 2017 against goodwill, with a final carrying value of $nil and an impairment charge of $31,161 against brands with a final carrying value of $nil as at 31 March 2017. The impairment charge was recorded within administration expenses in the Statement of Comprehensive Income.

Distribution right asset

On 8 December 2015, AFC acquired a Distribution Right Asset owned by National Dairy Group Limited from the Company's major shareholder, NZ Silveray Group Limited for $480,000. At the date of acquisition NDG had not traded, however was in the process of registering trademarks for the "morning" brand. The distribution agreement with Guangdong entitle the Group to exclusive distribution rights of this brand for a consideration of $200,000 a year commencing 1 July 2015 for a 3 year period.

During the year, the Group initially recognised an amortisation charge of $75,750 (2017: $151,499) against the Distribution Right Asset under the amortisation policy. The distribution right asset had suffered impairment as a result of the distribution right agreement with Guangdong ceasing trading during the year. A impairment adjustment of $92,416 resulted in the total amortisation and impairment charge of $168,166 to be recorded within administration expenses in the Statement of Comprehensive Income. The carrying value of the Distribution Right Asset was $nil as at 31 March 2018 (2017: $168,166)

15. TRADE AND OTHER PAYABLES AND ACCRUALS

	Note	2018 NZ$	2017 NZ$
Trade creditors		155,762	861,334
Accruals		203,045	217,037
Related party payables	18	391,034	410,611
Other payables		37,629	228,380
		787,470	1,717,362

The normal trade credit terms granted to the Group range from 30 to 90 days. The trade creditors 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 NZ Silveray Limited are non-interest bearing. For NZ Silveray Limited, interest is charged at 7.04% for amounts advanced up to $600,000 and at 8.32% for amounts advanced over $600,000.

16. BORROWINGS

The Group has no other long-term borrowings (2017: $nil)

17. NET CASH OUTFLOW FROM OPERATING ACTIVITIES

The reconciliation of net profit / (loss) with cash outflow from operations is as follows:

Reconciliation of net profit / (loss) with cash outflow from	**2018 NZ$**	**2017 NZ$**
Profit/(loss) before taxation	(472,822)	(1,323,784)
Adjustment for non cash items		
Depreciation of property, plant and equipment	120,876	74,410
Amortisation and impairment of intangible assets	168,408	699,762
Fair value adjustment on agricultural produce	194,213	126,375
Forgiveness of debt	(276,991)	-
Foreign exchange differences	(13,553)	41,387
Adjustment for movements in working capital items		
Trade and other receivables	121,463	(228,253)
Inventories	(73,373)	(658,923)
Prepayments and other current assets	261,072	639,701
Related party receivable	341,250	(803,433)
Trade and other payables	(910,316)	973,882
Related party payables	377,114	(249,655)
Taxation receivable	-	5,623
Net cash outflow from operating activities	(162,659)	(702,908)

18. 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:

Almond Draw Limited	Company associated with Garth Ward, CFO of Investment Research Group Limited and associated with management of AFC.
Australasian International Group Limited	Company associated to company's major shareholder
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 to company's major shareholder
Guangdong Farmside International Trading Co. Limited (Previously Guangdong Farmside Dairy Development Limited)	Company associated to company's major shareholder
Guangdong Sanjiang Industry Development Limited	Company associated to company's major shareholder

18. RELATED PARTIES (continued)

Guangdong Silver Fern Network Technology Co. Limited	Company associated to company's major shareholder
Guangdong Yinrui Investment & Management Company	Company associated to company's major shareholder
Hao Long	Director of company and subsidiary, senior employee of AFC, director of NZ Silveray Group Limited
Howard & Co Chartered Accountants Limited	Company associated with director Mr Hao Long
Investment Research Group Limited	Company associated with previous director Mr Brent King
Lin Fang	Shareholder of subsidiary
May Sun Trading Limited	Company associated with Lin Fang, director of subsidiary
New Zealand Asia-Pacific Cultural Exchange Centre Limited	Company associated to company's major shareholder
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 subsidiary and shareholder
Super Life NZ Ltd	Company associated to company's major shareholder
Yang Xia	Director of company and subsidiary
Ying Ying Trading Limited	Company associated to Lin Fang, a shareholder
Yinrui Shen	Director of subsidiary and shareholder

Related party balances

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

	Nature of Transactions	31 March 2018 $	31 March 2017 $
Related Party Receivables			
Australasian International Group Limited	Sale of products	121,608	536,501
Guangdong Farmside International Trading Co. Limited	Sale of products and refund of Distribution Fees	648,800	456,434
Guangdong Sanjiang Industry Development Limited	Sale of products	-	167,126
NZ Silveray Group Limited	Sale of products	-	24,055
Other related parties	Advances	-	363
Super Life NZ Limited	Sale of products	72,823	-
		843,231	**1,184,479**
Related Party Payables			
Almond Draw Limited	Services	-	8,937
Australasian International Group Limited	Purchases of goods	380,718	-
E Way Holdings Group Limited	Directors fees	3,833	-
New Zealand Asia-Pacific Cultural Exchange Centre Limited	Purchase of goods and services	1,500	-
NZ Silveray Group Limited	Advance, interest and management fees	4,983	127,693
NZ Silveray Group Limited	Deferred consideration for Distribution Right Asset	-	273,981
		391,034	**410,611**

18. RELATED PARTIES (continued)

The related parties receivables and payables except for NZ Silveray Group Limited are unsecured, non-interest bearing and repayable on demand. There is no collateral or guarantees for related parties payables. The amount payable to NZ Silvery Group Limited is also unsecured and repayable on demand. Interest is charged at 7.04% per annum for amounts below $600,000 and 8.32% per annum for amounts above $600,000.

Related party transactions	**Year ended 31 March 2018 $**	**Year ended 31 March 2017 $**
Sales of products or services provided to the following:		
Australasian International Group Limited	184,320	744,773
E Way Holdings Group Limited	2,162	2,956
E Way Trading Limited	30,146	-
Federation of New Zealand Shenzhen Societies Inc.	438	-
Guangdong Farmside International Trading Co., Ltd	892,115	468,652
Howard & Co Chartered Accountants	1,176	-
May Sun Trading Limited	-	1,467
Mr Bo Xian Cao	1,176	-
New Zealand Asia-Pacific Cultural Exchange Centre Limited	324	-
New Zealand Guangdong General Association of Commerce Inc.	491	-
NZ Silveray Group Limited	69	24,203
Super Life NZ Limited	392,352	-
	1,504,769	**1,242,051**
Expenses repaid/recharged on behalf of the Group:		
Guangdong Farmside International Trading Co. Limited	33,729	-
Guangdong Silver Fern Network Technology Co. Limited	1,056	-
Guangdong Yinrui Investment & Management Company Limited	18,647	-
Other related parties	29,806	163,050
	83,238	**163,050**
Purchases from the following for services or products provided:		
Almond Draw Limited	-	76,953
Australasian International Group Limited	664,447	-
E Way Holdings Group Limited	41,000	-
Guangdong Farmside International Trading Co. Limited	702,782	-
Guangdong Sanjiang Industry Development Limited	18,398	-
Guangdong Yinrui Investment & Management Company	12,243	-
Howard & Co Chartered Accountants Limited	20,000	-
Investment Research Group Limited	-	72,890
May Sun Trading Limited	12,000	197,872
New Zealand Asia-Pacific Cultural Exchange Centre Limited	12,342	-
NZ Guangdong Business Development Corporation Limited	1,696	-
NZ Silveray Group Limited	56,333	-
	1,541,241	**347,715**
Interest received or debited on related party balances:		
Guangdong Farmside International Trading Co. Limited	189	-
	189	**-**

18. RELATED PARTIES (continued)

Related party transactions	Year ended 31 March 2018 $	Year ended 31 March 2017 $
Interest paid or credited on related party balances:		
NZ Silveray Group Limited - on advances	10,315	61,643
NZ Silveray Group Limited - on deferred consideration payable for Distribution Right Asset	3,010	14,713
	13,325	**76,356**
Other transactions:		
NZ Silveray Group Limited - deferred consideration payable for Distribution Right Asset extinguished due to Distribution Rights agreement ceasing.	276,991	-
	276,991	**-**
Share Placements during the year:		
NZ Silveray Group Limited subscribed to 858,636,792 shares in AFC at 0.2 cents per share credited to the related party balance	-	1,717,273
Ms Lin Fang subscribed for 100,000,000 shares in AFC at 0.2 cents per share paid in cash	-	200,000
NZ Silveray Group Limited subscribed to 24 shares in AFC Biotechnology Manufacture Co Limited at $10,000 per share.	-	240,000
Ms Yinrui Shen subscribed for 90,000,000 shares in AFC at 0.2 cents per share paid in cash	-	180,000
Mr Hao Long subscribed for 20,000,000 shares in AFC Group Holdings Limited at 0.2 cents per share	-	40,000
	-	**2,377,273**

The have been no share placement during the year ended 31 March 2018 (2017: $2,377,273).

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:

	March 2018 $	March 2017 $
Short-term employee benefits	11,324	1,800
Directors' fees	114,667	178,333
Other remuneration	180,608	61,800
	306,599	**241,933**

19. COMMITMENTS

Operating lease commitments - Group as lessee

Non-cancellable operating lease rentals are payable as follows:

19. COMMITMENTS

The group leases offices and warehouse in Auckland under a non-cancellable operating lease expiring in three years.

The Group also leases additional vineyard land in Whangarei which is just under five hectares in area. The lease is for a term of three years less one day and commenced on 1 March 2016.

The group has also entered into operating leases for eftpos and printing equipment with lease terms expiring in three years.

	2018 NZ$	2017 NZ$
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
As at 31 March:		
Less than one year	193,383	177,113
Between one and five years	183,200	387,345
More than five years	-	-
Total operating lease commitments	**376,583**	**564,458**

Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis for the 2018 financial year as follows:

	2018 NZ$	2017 NZ$
Lease of offices and warehouse - 245 Ti Rakau Drive	172,339	141,711
Lease of printer and eftpos equipment	540	998
Vineyard Rental	12,000	11,000

The Group has no capital commitments at 31 March 2018 (2017: $nil)

20. 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:

31 March 2018	**Loans and receivables NZ$**	**Financial liabilities at amortised cost NZ$**	**Total NZ$**
Financial Assets:			
Cash and cash equivalents	665,779	-	665,779
Trade debtors and other receivables	455,530	-	455,530
Related party receivables	843,231	-	843,231
Total financial assets	1,964,540	-	1,964,540
Financial liabilities:			
Trade creditors and other payables	-	396,436	396,436
Related party payables and loans	391,034	-	391,034
Total financial liabilities	391,034	396,436	787,470

20. FINANCIAL INSTRUMENTS (continued)

31 March 2017	**Loans and receivables**	**Financial liabilities at amortised cost**	**Total**
	NZ$	**NZ$**	**NZ$**
Financial Assets:			
Cash and cash equivalents	777,841	-	777,841
Trade debtors and other receivables	576,993	-	576,993
Related party receivables	1,184,479	-	1,184,479
Total financial assets	2,539,313	-	2,539,313
Financial liabilities:			
Trade creditors and other payables	-	1,306,751	1,306,751
Related party payables and loans	410,611	-	410,611
Total financial liabilities	410,611	1,306,751	1,717,362

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.

The specific financial risks that the Group is exposed to are discussed below.

Capital management

The capital structure of the Group consists of debt and equity attributable to equity holders of the parent, comprising of issued capital and retained earnings. The Group's capital includes shares and retained earnings with total shareholders' funds equal to $4,713,867 (2017: $4,986,689). Related party payables of $391,034 (2017: $410,611) included in the Group's capital structure are disclosed in note 18. As there is no collateral over the related party payables, the maximum exposure is represented by the carrying amount of the payables as at the end of the reporting period.

The Group is not subject to any externally imposed capital requirements.

The Board reviews the Group's capital structure regularly. The capital of the Group is monitored to ensure equity holder objectives are met, the primary of which is to ensure the Group's continued ability to provide a consistent return to its equity shareholders through a combinations of capital growth and distributions. The Group manages its capital to ensure the entities in the Group will be able to continue as going concerns.

Credit risk

Financial instruments which potentially are subject to credit risk principally relate to bank accounts, loans receivable, trade receivables and other receivables. The Group's exposure to credit risk arises from potential default of the counterparty. The bank accounts are placed with high credit quality financial institutions. The Company performs credit evaluations on all customers requiring advances. The Company generally requires collateral or other security to support loans advanced. The board and management on a regular basis assess all receivables.

20. FINANCIAL INSTRUMENTS (continued)

The values in the statement of financial position are also the maximum credit risk exposure.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are 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. Impairment is estimated by management based on prior experience and the current economic environment.

Credit risk concentration profile
The Group's major concentrations of credit risk relate to the amounts owing by three (3) related party customers which constituted approximately 65% of its total trade receivables as at the end of the reporting period. (2017: 57% of the total trade receivables and related party receivables related to two of the Groups' related party customers).

Exposure to credit risk
As the Group does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets as at the end of the reporting period.

The exposure of credit risk for trade and other receivables by geographical region is as follows:

	2018 NZ$	2017 NZ$
Australia	-	621,697
China	770,407	461,579
New Zealand	528,354	678,196
Total trade and related party receivables	1,298,761	1,761,472

Ageing analysis
The ageing analysis of the Group's trade and related party receivables as at reporting date is as follows:

	2018 NZ$	2017 NZ$
Not past due	648,320	728,083
Past due 0-30	230,430	92,010
Past due 31-90	132,437	766,938
Past due more than 90	287,574	174,441
Total trade and related party receivables	1,298,761	1,761,472

The Group has included a provision for impairment losses $35,085 for the year ended 31 March 2018. The Group believes that no further impairment allowance is necessary in respect of the trade and related party receivables. They are substantially companies with good track record. 65% (2017: 84.9%) of the receivables that are past the due date relate to amounts owing by three (3) related parties. A significant portion of trade receivables that are neither past due nor impaired are regular customers that have been transacting with the Group. The Group uses ageing analysis and setting credit terms for different customers to monitor the credit quality of the trade receivables.

Interest rate risk

Interest rate risk is where the risk of loss to the Group from adverse changes in interest rates. The Group exposure to interest rate changes that can affect the performance of the operation relates primarily to changes in fixed rates at the time term loans are renegotiated.

20. FINANCIAL INSTRUMENTS (continued)

The Group is not exposed to interest rate risk as the interest-bearing financial instruments carry fixed interest rates and are measured at amortised cost. As such, sensitivity analysis is not disclosed.

Liquidity risk

Liquidity risk arises mainly from general funding and business activities. The Group practices prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

The Group considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash resources, trade receivables and the provision of funding from related parties and bank loan facilities.

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payment computed using contractual rates or, if floating, based on the rate at the end of the reporting period):

	0 to 6 months NZ $	7 to 12 months NZ $	1 to 2 years NZ $	Over 2 years NZ $	Total NZ $
2018					
Trade creditors and other payables	382,502	225	-	13,709	396,436
Related party payables	391,034	-	-	-	391,034
	773,536	225	-	13,709	787,470
2017					
Trade creditors and other payables	1,355,688	-	-		1,355,688
Related party payables	224,683	136,991	-		361,674
	1,580,371	136,991	-	-	1,717,362

Interest rate risk profile

At the reporting date the interest rate profile of interest-bearing financial instruments was:

	2018 NZ$	2017 NZ$
Fixed interest instruments		
Financial assets	1,964,540	2,539,313
Financial Liabilities	(787,470)	(1,717,362)
Total	1,177,070	821,951

The Financial assets and liabilities are fixed for various terms.

Fair value of financial assets and liabilities

The fair value of financial assets and financial liabilities are determined using standard terms and conditions of the relevant instruments. The method used in determining the fair values of financial instruments are discussed in note 1.14 and 1.15.

21. INVESTMENT IN SUBSIDIARIES

Name of subsidiary	Principal activity	Ownership interest and voting rights	
		2018	2017
AFC Longview Limited	Vineyard and winery	51%	51%
AFC International Trading Group Limited	Commodity trading	100%	100%
National Dairy Group Limited	Source and distribute goods to China	100%	100%
AFC Biotechnology Manufacture Co Limited	Manufacturing	51%	51%
AFC GoGobal Ecommerce 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.

Refer to note 7 for further details of non controlling interests in AFC Longview Limited and AFC Biotechnology Manufacture Co Limited.

22. 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 three segments, namely international marketing and distribution, vineyard and winery and manufacturing. 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.

International marketing and distribution

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. During 2018, National Dairy group became non-active.

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.

22. SEGMENT REPORTING (continued)

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 2018 financial year and have been included under this segment.

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 on an arm's length basis in a similar manner to transactions with third parties.

Year ended 31 March 2018

	International Marketing	Vineyard and winery	Corporate	Manufacturing	Eliminations and adjustments	Year ended 31 March 2018
	NZ$	**NZ$**	**NZ$**	**NZ$**	**NZ$**	**NZ$**
Operating Income						
Operating Revenue	5,001,158	379,270	-	1,126,460	-	6,506,888
Inter-segment Revenue	17,076	10,566	-	908,041	(935,683)	-
Other Revenue	101,932	13,609	383,845	18,417	(170,330)	347,473
Interest Income	3,371	42	144,876	535	(147,393)	1,431
Total Revenue	**5,123,537**	**403,487**	**528,721**	**2,053,453**	**(1,253,406)**	**6,855,792**
Operating Expenses						
Interest	67,570	40,684	9,543	43,585	(147,393)	13,989
Amortisation and Impairment losses	242	-	168,166	-	-	168,408
Depreciation	6,756	36,908	19,846	57,367	-	120,876
Segment profit (loss) before subvention	(271,045)	(442,099)	(27,204)	318,803	(51,277)	(472,822)
Subvention	-	-	-	-	-	-
Segment profit (loss) before tax	**(271,045)**	**(442,099)**	**(27,204)**	**318,803**	**(51,277)**	**(472,822)**

22. SEGMENT REPORTING (continued)

Year ended 31 March 2018

	International Marketing	Vineyard and winery	Corporate	Manufacturing	Eliminations and adjustments	Year ended 31 March 2018
	NZ$	NZ$	NZ$	NZ$	NZ$	NZ$
Assets						
Segment assets	872,765	2,159,273	4,884,550	2,201,335	(4,616,586)	5,501,337
Capital Expenditure	11,543	9,504	1,119	19,589	-	41,755
Segment Liabilities	395,935	833,607	170,755	1,218,481	(1,831,308)	787,470

Year ended 31 March 2017

	International Marketing	Vineyard and winery	Corporate	Manufacturing	Eliminations and adjustments	Year ended 31 March 2017
	NZ$	NZ$	NZ$	NZ$	NZ$	NZ$
Operating Income						
Operating Revenue	11,529,459	1,211,199	-	-	-	12,740,658
Inter-segment Revenue	8,264	36,607	-	-	(44,871)	-
Other Revenue	28,958	11,039	4,000	-	-	43,997
Interest Income	511	1	2,018	250	-	2,780
Total Revenue	**11,567,192**	**1,258,846**	**6,018**	**250**	**(44,871)**	**12,787,435**
Operating Expenses						
Interest	-	479	76,356	-	-	76,835
Amortisation and Impairment losses	-	527,055	172,707	-	-	699,762
Depreciation	8,845	38,561	15,156	11,848	-	74,410
Segment profit (loss) before subvention	(616,534)	(156,607)	(214,694)	(335,949)	-	(1,323,784)
Subvention	424,917	(424,917)	-	-	-	-
Segment profit (loss) before tax	**(191,617)**	**(581,524)**	**(214,694)**	**(335,949)**	**-**	**(1,323,784)**
Assets						
Segment assets	2,693,781	2,581,451	5,421,602	614,672	(4,607,454)	6,704,052
Capital Expenditure	32,598	82,016	55,101	355,035	-	524,750
Segment Liabilities	1,945,906	813,686	680,603	310,621	(2,033,454)	1,717,362

22. SEGMENT REPORTING (continued)

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

	2018	2017
	NZ$	NZ$
Profit / (loss) before tax for operating segments	(472,822)	(1,323,784)
Taxation benefit for the year	-	-
Profit / (loss) after taxation	(472,822)	(1,323,784)
Total assets for operating segments	5,501,337	6,704,051
Add: deferred tax asset	-	-
Total assets per Statement of Financial Position	5,501,337	6,704,051
Total liabilities for operating segments	787,470	1,717,362
Adjustments	-	-
Total liabilities per Statement of Financial Position	787,470	1,717,362

Geographical segments

Revenue from external customers is attributed to geographical segments on the basis of the country the customer is trading in. Revenues from eleven related party customers of the Group's international marketing, vineyard and manufacturing segments represented 24% of the Group's total operating revenue.

	International Marketing	Vineyard and winery	Corporate	Manufacturing	Eliminations and adjustments	Total
	NZ$	NZ$	NZ$	NZ$	NZ$	NZ$
31 March 2018						
Australia	-	-	-	-	-	-
Hong Kong	553,314	40,320	-	144,000	-	737,634
China	(41,583)	276,829	-	589,628	-	824,874
New Zealand	4,489,427	62,121	-	392,832	-	4,944,380
Operating Revenue	5,001,158	379,270	-	1,126,460	-	6,506,888
31 March 2017						
Australia	422,758	-	-	-	-	422,758
Hong Kong	-	-	-	-	-	-
China	883,111	1,102,646	-	-	-	1,985,757
New Zealand	10,223,590	108,553	-	-	-	10,332,143
Operating Revenue	11,529,459	1,211,199	-	-	-	12,740,658

All operations, assets, and liabilities were domiciled within New Zealand.

23. NET TANGIBLE ASSETS PER SHARE

The net tangible assets and number of shares used in the calculation are as follows:

	2018 NZ$	2017 NZ$
Total Assets	5,501,337	6,704,051
Less Intangible assets	2,249	169,157
Tangible assets	5,499,088	6,534,894
Less total liabilities	787,470	1,717,362
Net tangible assets	4,711,618	4,817,532
Number of ordinary shares on issue	3,664,253,194	3,664,253,194
Net tangible assets / liabilities per share in cents	0.0013	0.0013

24. CONTINGENT LIABILITIES

The Group has no contingent liabilities at 31 March 2018 (2017: Nil)

25. EVENTS AFTER THE REPORTING PERIOD

There are no significant events after balance date.

AFC GROUP HOLDINGS LIMITED
SHAREHOLDER AND STATUTORY INFORMATION

The company is listed on the Alternative Market of the New Zealand Exchange (NZAX).

Largest Shareholders (As at 23 May 2018)

Rank	Shareholder	Holding	%
1	NZ Silveray Group Limited	1,508,808,517	41.18
2	Wei Fang	451,043,376	12.31
3	E Way Holdings Group Limited	198,750,000	5.42
4	Lin Fang	198,750,000	5.42
5	Lei Chen	180,000,000	4.91
6	Yinrui Shen	180,000,000	4.91
7	Yong Zhu	122,578,309	3.35
8	Shuopeng Wang	100,000,000	2.73
9	Zhongsheng Yao	100,000,000	2.73
10	Fei Yao	80,000,000	2.18
11	Mingbao Zhang	80,000,000	2.18
12	Snowdon Peak Investments Limited	55,308,370	1.51
13	Tingsong Zhang	47,505,000	1.30
14	Zhan Qin Xu	30,000,000	0.82
15	Prakash Pandey	28,513,333	0.78
16	Anthony Edwin Falkenstein & Ian Donald Malcolm	22,347,222	0.61
17	Hao Long	20,000,000	0.55
18	Shanshan Lu	20,000,000	0.55
19	Huai Ji Zhou	20,000,000	0.55
20	WeiHua Li	19,334,790	0.53

Spread of Shareholders (as at 23 May 2018)

Size of Holding	Number of shareholders	%	Number of Shares	%
1 - 1,999	43	6.55%	56,376	0.00%
2,000 - 4,999	97	14.76%	333,542	0.01%
5,000 - 9,999	105	15.98%	771,227	0.02%
10,000 - 49,999	240	36.53%	5,692,623	0.15%
50,000 - 99,999	40	6.09%	2,790,820	0.08%
100,000 – 499,999	54	8.22%	10,497,706	0.29%
500,000 – plus	78	11.87%	3,644,110,900	99.45%
	657	**100.00%**	**3,664,253,194**	**100.00%**

Geographic Spread				
New Zealand	643	97.87%	3,661,046,501	99.91%
Other	14	2.13%	3,206,693	0.09%
	657	**100.00%**	**3,664,253,194**	**100.00%**

AFC GROUP HOLDINGS LIMITED
SHAREHOLDER AND STATUTORY INFORMATION

Substantial Product Holders (as at 23 May 2018)

This information reflects the company's records and disclosures made under section 280(1)(b) of the Financial Markets Conduct Act 2013.

	Ordinary Shares Beneficially Held	Ordinary Shares Beneficially Held	% Held	% Held
	2018	2017	2018	2017
NZ Silveray Group Limited	1,508,808,517	1,508,808,517	41.18	41.18
Wei Fang	451,043,376	451,043,376	12.31	12.31
E Way Holdings Group Limited	198,750,000	198,750,000	5.42	5.42
Lin Fang	198,750,000	198,750,000	5.42	5.42
	2,357,351,893	2,357,351,893	64.33	64.33

The total number of voting securities of the company on issue at 14 May 2018 was 3,664,253,194 paid ordinary shares.

Directors

During the year the board of directors comprised:

Non-executive directors	Appointed	Resigned
Bo Xian Cao	06-Jun-16	-
Yang Xia (Chairman)	13-Apr-15	-
Executive directors		
Hao Long	17-Oct-16	-
Qiang Li	09-Mar-17	28-Feb-18

Mr Qiang Li resigned as executive director on 28 February 2018 and was appointed an independent director on 1 April 2018.

Statement of Directors' Security Holdings (as at 31 March 2018)

	Shares Beneficially Owned Held Solely	Shares Beneficially Owned Held by Associated Persons
Bo Xian Cao	-	198,750,000
Yang Xia	-	1,508,808,517
Hao Long	20,000,000	-

Shares beneficially owned held by associated persons for Mr Bo Xian Cao comprise his interest as the owner of all the shares in E Way Holdings Group Limited, which company is the holder of 198,750,000 shares.

Mr Xia's shares beneficially owned held by associated persons comprise his interest as an ultimate shareholder in NZ Silveray Group Limited, which company is the holder of 1,508,808,517 shares.

Statement of Directors' Security Holdings (as at 31 March 2018)

There were no other securities transactions disclosed to the Board and entered into the Interests Register for the year to 31 March 2018.

The following are directorships held by the AFC Group Holdings Limited Directors as at 31 March 2018:

Yang Xia
Anhui Sanhe Concrete Company AFC Group Holdings Limited Guangdong Farmside International Trading Co Limited Guangzhou Ruifeng Fertilizer Company Guangdong Sanjiang Industrial Development Company Guangdong SYYR Investment & Management Company Guangdong Yinrui Investment & Management Company National Dairy Group Ltd NZ Silveray Group Ltd Sanhe Building Materials Technology Company Ltd
Bo Xian Cao
AFC International Trading Group Limited AFC Biotechnology Manufacture Co Limited AFC Group Holdings Limited E Way Holdings Group Limited NZ Guangdong Business Development Corporation Limited
Hao Long
AFC Group Holdings Limited AFC Goglobal Ecommerce Limited AFC Education Investment Limited AFC Longview Limited National Dairy Group Limited Howard & Co Chartered Accountants Limited Long Family Trust Limited NZ Silveray Group Limited

Directors' Remuneration and Other Benefits

The following is the remuneration paid to the Directors of AFC Group Holdings Limited for the twelve months to 31 March 2018:

	Director's fees	Other Remuneration
Yang Xia (Chairman)	$56,333	Nil
Bo Xian Cao	$38,334	Nil
Hao Long	$20,000	$64,931

Hao Long also received a salary of $64,931 during the year. The Directors of AFC Group Holdings Limited did not receive any other benefits from AFC Group Holdings Limited in the 12 months to 31 March 2018.

Employees Remuneration (Excluding Directors)
There were no employees who received remuneration in excess of $100,000 during the year.

Directors' Indemnity and Insurance
The Company has arranged policies of Directors' Liability insurance to ensure that generally, directors will incur no monetary loss as a result of action taken against them as directors.

AFC GROUP HOLDINGS LIMITED
CORPORATE INFORMATION

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BANKERS
ANZ Bank New Zealand Limited

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NZ Company number: 1799581

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