Director's Report

Preliminary Announcement of AFC Group Holdings Limited

The financial statements of AFC Group Holdings Limited ("AFC Group") are still under audit for the period ended 31 March 2019. The net assets were NZ$3.73 million, which is a 21% decrease from the 2018 financial year. Cash and cash equivalent products were NZ$240 thousand, and fixed asset was NZ$1.83 million. The annual sales revenue in the 2019 financial year was NZ$2.60 million dollars, the market capitalisation value was NZ$3.66 million, and net loss was NZ$0.98 million, which is NZ$0.51 million higher than the loss incurred in the 2018 financial year.

In the 2019 financial year, AFC Group Holdings Limited has further strengthened its management from process to people. At the same time, the company has successfully merged to NZX on 01/ February/ 2019. In October 2018, the Group participated in the first China International Import Expo (CIIE) and achieved excellent results in sales.

AFC Biotechnology Manufacture Co Ltd reached strategic cooperation agreements with several large distributors to wholesale DDMASK products within New Zealand. At the same time, the company launched a series of new products, and successfully entered the airport duty-free shop.

AFC Longview Limited has actively and repeatedly participated in the NZWINE and NZTE exhibitions. At the same time, the company has also cooperated with many famous New Zealand wineries to launch several red and white wines.

In summary, the Company has laid a solid foundation for its development in 2019-2020 by deepening the reform of its corporate structure and personnel structure, actively exploring channels and closely uniting management and employees.

On behalf of the Board of Directors

Hao Long

Director

AFC Group Holdings Limited

AFC Group Holdings Limited

Results for announcement to the market

Reporting Period	12 months to 31 March 2019
Previous Reporting Period	12 months to 31 March 2018

	Amount (000s)	Percentage change
Revenue from ordinary activities	$2,602	-60%
Profit (loss) from ordinary activities after tax attributable to security holder	($980)	-107%
Net profit (loss) attributable to security holders	($980)	-107%

Interim/Final Dividend	Amount per security	Imputed amount per security
	None	Not applicable

Record Date	Not Applicable
Dividend Payment Date	Not Applicable
Comments:	Please refer to the directors' report attached

PRELIMINARY ANNUAL REPORT ANNOUNCEMENT

For Full Year Ended 31 March 2019

(referred to in this report as the "current year")

1.1 Preliminary annual report on results for the year ended 31 March 2019 (including the results for the previous corresponding year) in accordance with Listing Rule 10.3.2.

3.1 The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS") and other applicable Financial Reporting Standards, as appropriate for profit-oriented entities.

The financial statements also comply with International Financial Reporting Standards ("IFRS").

The Listed Issuer (AFC Group Holdings Limited) has a formally constituted Audit Committee of the Board of Directors.

1.3 (a) **Statement of financial performance**

Refer to draft financial statements attached

1.3 (b) **Statement of financial position**

Refer to draft financial statements attached

1.3 (c) **Statement of cash flows**

Refer to draft financial statements attached

1.3 (d) **Dividends**

	Amount per security
Final dividend	Nil
Record date for determining entitlement to the final dividend	Not Applicable
Imputation credits	Not Applicable
Supplementary dividend	Not Applicable

1.3 (e) **Dividend or distribution reinvestment plans**

Not Applicable

1.3 (f) **Statement of movements in equity**

Refer to draft financial statements attached

1.3 (g) **Net tangible assets per security**

	March 2019	March 2018
Net tangible assets per ordinary security (NZ$)	$0.0013	$0.0010

1.3(h) **Control of entities gained or lost during the year**

Control gained:

Name of subsidiary or group of subsidiaries	Not Applicable
Contribution to net profit for the year attributable to members	Not Applicable
Date from which such contribution has been calculated	Not Applicable

Control lost:

Name of subsidiary or group of subsidiaries	Not Applicable
Contribution to net profit for the year attributable to members	Not Applicable
Date from which such contribution has been calculated	Not Applicable

1.3 (i) **Details of associates and joint venture entities**

Not Applicable

1.3 (J) **Any other significant information**

Refer to directors' report and draft financial statements attached

1.3 (k) **Commentary on the results of the period**

Refer to directors' report attached

Details of basic EPS

	March 2019	March 2018
	NZ cents	**NZ cents**
Basic EPS (Normalised) - Non-GAAP (see explanatory notes attached)	-0.00027	-0.00013
Basic EPS (Reported)	-0.00027	-0.00013

Return to shareholders

Not Applicable

Significant features of operating performance

Not Applicable

Segment results

Not Applicable

Performance trends

Not Applicable

Result affected by other factors

Not Applicable

1.3 (l) **This report is based on unaudited financial statements of AFC Group Holdings Limited and subsidiaries.**

The financial statements are in the process of being audited

1.3 (m) **Subsequent events**

Not applicable

1.3 (n) **Unrealised gains resulting from revaluation of assets**

Not Applicable

3.2 & 3.3 **Critical accounting policies and changes in accounting policies**

The company adopted NZIFRS 9 and NZIFRS 15 in the year. There was no significant impact.

3.4 **Audit Report**

The financial statements are in the process of being audited. The audit report will be available before end of June

3.5 **Any additional facts, figures or interpretative notes**

Not Applicable

Annual Meeting

(a)	To be held at	AFC Office
(b)	Date	TBA
	Time	TBA
(c)	Approximate date of availability of Annual Report	30 June 2019

If this annual report was approved by resolution of the Board of Directors, please indicate date of meeting:

Not Applicable

AFC GROUP HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2019

	2019 NZ$	2018 NZ$
Operating Revenue	2,602,043	6,506,888
Cost of Sales	(1,436,205)	(5,146,361)
Gross profit	1,165,838	1,360,527
Other Income	20,820	347,473
Expenses		
Selling and Distribution Expenses	(957,643)	(510,382)
Administration Expenses	(1,187,412)	(1,628,208)
Impairment loss on trade receivables	(25,377)	(29,674)
Operating profit / (loss)	(983,774)	(460,264)
Finance Income	3,726	1,431
Finance Expense	(100)	(13,989)
	3,626	(12,558)
Profit / (Loss) before income tax	(980,148)	(472,822)
Income tax expenses	-	-
Profit / (loss) for the year	(980,148)	(472,822)
Other comprehensive income	-	-
Total comprehensive income / (loss) for the year	(980,148)	(472,822)
Profit/(loss) and Total Comprehensive Income Attributable to:		
Equity holders of the parent	(583,177)	(412,406)
Non-controlling interest	(396,971)	(60,416)
	(980,148)	(472,822)
Profit / (loss) per share:		
Basic earnings per share (cents per share)	(0.00027)	(0.00013)
Diluted earnings per share (cents per share)	(0.00027)	(0.00013)

AFC GROUP HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019

	2019 NZ$	2018 NZ$
SHAREHOLDERS EQUITY		
Issued share capital	28,679,503	28,679,503
Accumulated losses	(25,702,468)	(25,119,291)
Total Equity attributable to shareholders of the company	**2,977,035**	**3,560,212**
Non-controlling Interest	756,684	1,153,655
Total shareholders funds	**3,733,719**	**4,713,867**
Represented by:		
CURRENT ASSETS		
Cash and cash equivalents	240,645	665,779
Trade, other and related party receivables	969,876	1,298,761
Inventories	1,207,417	1,308,632
Prepayments and other current assets	139,348	313,793
Total current assets	**2,557,286**	**3,586,965**
NON-CURRENT ASSETS		
Property, plant and equipment	1,828,860	1,912,123
Intangible assets and goodwill	1,158	2,249
Deferred tax assets	-	-
Total non-current assets	**1,830,018**	**1,914,372**
Total assets	**4,387,304**	**5,501,337**
CURRENT LIABILITIES		
Trade, other and related party payables	653,585	787,470
Total current liabilities	**653,585**	**787,470**
Total liabilities	**653,585**	**787,470**
Net assets	**3,733,719**	**4,713,867**

AFC GROUP HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2019

	2019 NZ$	2018 NZ$
Cash flows from operating activities		
Cash was received from:		
Receipts from customers	2,955,678	6,628,350
Receipts from related parties	-	718,364
Interest received	3,726	1,431
Other receipts	20,820	56,930
Cash was applied to:		
Payments to suppliers and employees	(3,333,134)	(7,553,745)
Payments to related parties	(41,524)	-
Interest paid	(100)	(13,989)
Income tax paid	-	-
Net cash outflow from operating activities	(394,534)	(162,659)
Cash flows from investing activities		
Cash was received from:		
Proceeds from disposal of property, plant and equipment	1,058	-
Cash was applied to:		
Purchase of property, plant and equipment	(25,978)	(41,755)
Purchase of intangible assets	-	(1,500)
Net cash outflow from investing activities	(24,920)	(43,255)
Cash flows from financing activities		
Cash was received from:		
Proceeds from issue of equity to non-controlling interests	-	200,000
Cash was applied to:		
Payments to related parties	-	(119,701)
Net cash inflow from financing activities	-	80,299
Net increase/(decrease) in cash and cash equivalents	(419,454)	(125,615)
Foreign currency translation adjustment	(5,680)	13,553
Cash and cash equivalents at the beginning of the year	665,779	777,841
Cash and cash equivalents at the end of the year	240,645	665,779

AFC GROUP HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2019

	Issued Share Capital NZ$	Accumulated Losses NZ$	Equity Holders of the Parent NZ$	Non-Controlling Interests NZ$	Total NZ$
Balance as at 1 April 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)	28,679,503	(25,119,291)	3,560,212	953,655	4,513,867
Transactions with owners					
Ordinary shares issued	-	-	-	200,000	200,000
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**
Net loss for the financial year	-	(583,177)	(583,177)	(396,971)	(980,148)
Other comprehensive income	-	-	-	-	-
Total comprehensive income/(loss)	-	(583,177)	(583,177)	(396,971)	(980,148)
Balance as at 31 March 2019	**28,679,503**	**(25,702,468)**	**2,977,035**	**756,684**	**3,733,719**