AFC GROUP HOLDINGS LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIOD ENDED 30 SEPTEMBER 2020

AFC GROUP HOLDINGS LIMITED
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FOR THE SIX MONTH PERIOD ENDED 30 SEPTEMBER 2020

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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 Limited. 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.

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.

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 Chairman of the Audit and Risk committee.

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 research and development, purchasing and 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, and member of the Audit and Risk committee.

ZILEI WANG

Mr. Zilei Wang graduated from Shanghai International Studies University, where he obtained a Master Degree of Arts in English Language and Literature. He is a member of The Chinese Institute of Certified Public Accountants (CICPA) and has business experience in corporate finance, cross-border mergers and acquisitions, corporate governance and financial management in New Zealand. He sits on the Board of several private companies in New Zealand.

Mr. Wang joined AFC in 2018 and is an Independent Director of AFC Group Holdings Limited, and member of the Audit and Risk committee.

AFC GROUP HOLDINGS LIMITED
INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTH PERIOD ENDED 30 SEPTEMBER 2020

	Unaudited 6 Months September 2020 $	Unaudited 6 Months September 2019 $
Operating Revenue	287,582	739,664
Cost of Sales	(258,159)	(418,157)
Gross profit	29,423	321,507
Other Income	230,180	23,679
Expenses		
Selling and Distribution Expenses	(70,128)	(166,074)
Administration Expenses	(473,880)	(458,617)
Operating profit / (loss)	(284,405)	(279,505)
Finance Income	7	182
Finance Expense	(32,627)	(24,367)
	(32,620)	(24,185)
Profit / (Loss) before income tax	(317,025)	(303,690)
Income tax	-	-
Net profit / (loss) for the period	(317,025)	(303,690)
Other comprehensive income	-	-
Total comprehensive income / (loss) for the period	(317,025)	(303,690)
Profit/(loss) and Total Comprehensive Income/(Loss) Attributable to:		
Equity holders of the parent	(153,479)	(138,585)
Non-controlling interest	(163,546)	(165,105)
	(317,025)	(303,690)
Profit / (loss) per share:		
Basic and Diluted Earning per share in NZ$	(0.00004)	(0.00004)

The interim financial statements are to be read in conjunction with the notes to the financial statements set out on pages 7 to 22.

AFC GROUP HOLDINGS LIMITED
INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTH PERIOD ENDED 30 SEPTEMBER 2020

	Issued Share Capital $	Accumulated Loss $	Equity Holders $	Non-Controlling Interests $	Total $
Balance as at 1 April 2019	**28,679,503**	**(25,702,468)**	**2,977,035**	**756,684**	**3,733,719**
Comprehensive income					
Net (loss)/profit for the financial period	-	(138,585)	(138,585)	(165,105)	(303,690)
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	(138,585)	(138,585)	(165,105)	(303,690)
Balance as at 30 September 2019 (unaudited)	**28,679,503**	**(25,841,053)**	**2,838,450**	**591,579**	**3,430,029**
Balance as at 1 April 2019	**28,679,503**	**(25,702,468)**	**2,977,035**	**756,684**	**3,733,719**
Comprehensive income					
Net loss for the financial year	-	(615,550)	(615,550)	(555,003)	(1,170,553)
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	(615,550)	(615,550)	(555,003)	(1,170,553)
Balance as at 31 March 2020 (audited)	**28,679,503**	**(26,318,018)**	**2,361,485**	**201,681**	**2,563,166**
Comprehensive income					
Net loss for the financial period	-	(153,479)	(153,479)	(163,546)	(317,025)
Other comprehensive income	-	-	-	-	-
Total comprehensive income/(loss)	-	(153,479)	(153,479)	(163,546)	(317,025)
Balance as at 30 September 2020 (unaudited)	**28,679,503**	**(26,471,497)**	**2,208,006**	**38,135**	**2,246,141**

The interim financial statements are to be read in conjunction with the notes to the financial statements set out on pages 7 to 22.

AFC GROUP HOLDINGS LIMITED
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2020

	Note	Unaudited At 30 September 2020 $	Audited At 31 March 2020 $
SHAREHOLDERS EQUITY			
Issued share capital	3	28,679,503	28,679,503
Accumulated losses		(26,471,497)	(26,318,018)
Total Equity attributable to shareholders of the company		**2,208,006**	**2,361,485**
Non-controlling Interest		38,135	201,681
Total shareholders funds		**2,246,141**	**2,563,166**
Represented by:			
CURRENT ASSETS			
Cash and cash equivalents	4	19,305	197,905
Inventories	5	884,976	456,916
Trade, other and related party receivables	6	158,987	884,681
Prepayments and other current assets		131,709	76,563
Total current assets		**1,194,977**	**1,616,065**
NON-CURRENT ASSETS			
Property, plant and equipment	7	1,690,747	1,729,695
Right-of-use assets	8	577,698	657,066
Intangible assets and goodwill	9	933	1,008
Total non-current assets		**2,269,378**	**2,387,769**
Total assets		**3,464,355**	**4,003,834**
CURRENT LIABILITIES			
Trade, other and related party payables	10	561,246	766,269
Lease liabilities	8	158,417	151,991
Total current liabilities		**719,663**	**918,260**
NON-CURRENT LIABILITIES			
Borrowings	11	53,400	-
Lease liabilities	8	445,151	522,408
Total non-current liabilities		**498,551**	**522,408**
Total liabilities		**1,218,214**	**1,440,668**
Net assets		**2,246,141**	**2,563,166**

For and on behalf of the Board,

The interim financial statements are to be read in conjunction with the notes to the financial statements set out on pages 7 to 22.

AFC GROUP HOLDINGS LIMITED
INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTH PERIOD ENDED 30 SEPTEMBER 2020

	Note	Unaudited 6 Months September 2020 $	Unaudited 6 Months September 2019 $
Cash flows from operating activities			
Cash was received from:			
Receipts from customers		412,679	766,376
Receipts from related parties		172,832	691,581
Interest received		7	182
Other receipts		228,074	23,679
Cash was applied to:			
Payments to suppliers and employees		(855,777)	(1,133,899)
Payments to related parties		(216,064)	(91,805)
Interest paid		(9,416)	-
Leases interest		(23,211)	(24,367)
Net cash inflow/(outflow) from operating activities		(290,876)	231,747
Cash flows from investing activities			
Cash was received from:			
Proceeds from disposal of property, plant and equipment		-	1,530
Cash was applied to:			
Purchase of property, plant and equipment	7	-	(4,179)
Net cash outflow from investing activities		-	(2,649)
Cash flows from financing activities			
Cash was received from:			
Proceeds from borrowings		53,400	-
Receipts from related parties		131,240	-
Cash was applied to:			
Payments for lease liabilities principal		(74,470)	(66,463)
Net cash inflow/(outflow) from financing activities		110,170	(66,463)
Net increase/(decrease) in cash and cash equivalents		(180,706)	162,635
Foreign currency translation adjustment		2,106	(25,658)
Cash and cash equivalents at the beginning of the period		197,905	240,645
Cash and cash equivalents at the end of the period	4	19,305	377,622

The interim financial statements are to be read in conjunction with the notes to the financial statements set out on pages 7 to 22.

1. ACCOUNTING POLICIES

REPORTING ENTITY

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

The interim consolidated financial statements of AFC Group Holdings Limited for the six month period ended 30 September 2020 comprise the Company and its subsidiaries (together referred to as the "Group"). For the purposes of complying with generally accepted accounting practice in New Zealand ("NZ GAAP"), the Group is a for-profit entity. The principal activity of the Company and the Group is to produce, manufacture and purchase food, health, and cosmetic products for distribution in New Zealand and the Chinese markets. The Group also operates in the winery and vineyard industry which has manufacturing operations.

1.1 Statement of compliance

These consolidated interim financial statements have been prepared in accordance with NZ GAAP. These consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with AFC Group Holdings Limited's Annual Report for the year ended 31 March 2020.

The condensed interim consolidated financial statements were approved and authorised for issue by the directors on 26/11/2020. The directors are not able to amend the financial statements after issue.

1.2 Basis of preparation

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

1.3 Significant accounting policies

The preparation of the interim financial statements in compliance with IAS 34 requires the use of certain critical accounting estimates. 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 1.4.

AFC Group Holdings Limited has applied the same accounting policies and methods of computation in its interim consolidated financial statements as were applied in the annual financial statements for the year ended 31 March 2020, except for those that relate to new standards and interpretations effective for the first time for periods beginning on (or after) 1 April 2020 and will be adopted in the 2021 annual financial statements.

1.4 Critical accounting judgments and key sources of estimation uncertainty

The same significant judgments, estimates and assumptions included in the notes to the financial statements in the Group's financial statements for the year ended 31 March 2020 have been applied to these Interim Consolidated Financial Statements.

1. ACCOUNTING POLICIES

1.5 Going concern

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

As at 30 September 2020, the Group is in a positive working capital position of $475,314 (31 March 2020: $697,805) and net equity of $2,246,141 (31 March 2020: $2,563,166). The Group did not raise any equity funding during the period (31 March 2020: $Nil). The longer-term effects of Covid-19 are not clear at the present point in time. Several scenarios were considered, reflecting a range of outcomes potentially resulting from the aftermath of Covid-19.

Key assumptions underpinning the going concern assessment include:
- The Directors have forecasts that indicate the Group can manage its working capital requirements and trade levels for at least 12 months from the date of these financial statements.
- Costs savings initiatives implemented post period end:
    - All directors of AFC Group have volunteered to take a 30% decrease in remuneration from 1 April 2020
- Assumptions made to achieve this budget include:

Vineyard and Winery:
- Budget Assumptions:
    - Promotion sales for White Diamond wine for cashflow and achieved by more than 500 bottles sold within a month.
    - Restructure and reduce hours for some staff to reduce staff cost.

- Other Assumptions:
    - Most of the wines manufactured by Longview do not age quickly, the wine is stable and age well.
    - The Vineyard has been existence from 1960, therefore making the vines a heritage plant, which increases the value of wine.

Manufacturing:
- Budget Assumptions:
    - Applying multiple promotion to stimulate sales.
    - Restructuring and redundancy process ongoing to reduce staff cost.
    - Old stock clearance for cashflow.

- Other Assumptions:
    - $126,000 sold to a related party in China in October 2020.
    - Increased use of online live streaming distribution channels will be used in 2021. Examples include Internet Celebrities promote masks, Jingdong, Wei Pin Hui and Staff Live Stream on Tmall.
    - New product versions to be launched in 2021.

2. INCOME TAX

The Group calculates the period's income tax expense using 28% which is the tax rate that would be applicable to the expected total annual earnings (September 2019: 28%).

The Group has tax losses of $3,211,411 bought forward from 31 March 2020. 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).

2. INCOME TAX (continued)

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

3. AUTHORISED AND ISSUED SHARE CAPITAL

Balance as at 31 March 2020	**Shares Issued No.**	**$**
Ordinary shares		
Balance at 1 April 2019		
Ordinary shares on issue	3,664,253,194	28,679,577
Treasury shares	(37,082)	(74)
Ordinary shares on issue at 1 April 2019 excluding treasury shares	3,664,216,112	28,679,503
Movement for 2020 financial year		
Ordinary shares authorised and issued	-	-
Ordinary shares on issue at 31 March 2020	3,664,216,112	28,679,503
Movement to 30 September 2020		
Ordinary shares authorised and issued	-	-
Ordinary shares on issue at 30 September 2020 excluding treasury shares	3,664,216,112	28,679,503

The company has not issued any new shares during the period.

All ordinary shares issued are fully paid. All ordinary shares rank equally with one vote attached to each fully paid ordinary share and have equal dividend rights and no par value. The Group has not declared or proposed to pay any dividends for the period ended 30 September 2020 (September 2019: Nil).

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

4. CASH AND CASH EQUIVALENTS

	September 2020 $	**March 2020 $**
Cash at bank and on hand	19,305	197,905
Total cash and cash equivalents	19,305	197,905

The carrying amount of cash and cash equivalents approximates their fair value. Cash at bank earns interest at floating rates on daily deposit balances. There is no overdraft facility for the Group.

5. INVENTORIES

	September 2020 $	March 2020 $
Work in progress	182,255	125,501
Finished goods	843,719	921,973
Provision for inventory	(140,998)	(162,793)
Total Inventories	884,976	884,681
Provision of closing stock		
Opening provision of closing stock	(162,793)	(76,019)
Reversal of opening provision for inventory	32,872	46,427
Charged to profit and loss	(11,077)	(133,201)
Closing provision for closing stock	(140,998)	(162,793)

There has been $11,077 charged to the profit and loss for inventory in the current year and there is $140,998 has been written down to net realisable value (March 2020: $162,793). 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.

6. TRADE, OTHER AND RELATED PARTY RECEIVABLES

	Note	September 2020 $	March 2020 $
Trade receivables - third parties		48,229	173,625
Trade receivables - related parties	12	110,917	283,749
		159,146	457,374
Allowance for impairment losses		(159)	(458)
Total trade and related party receivables		158,987	456,916

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 12.

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

6. TRADE, OTHER AND RELATED PARTY RECEIVABLES (continued)

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

	September 2020 $	March 2020 $
Movement in the allowance for impairment losses		
Opening Balance 1 April	458	60,462
Reversal of prior year provision	(458)	(60,462)
Charge for the financial year	159	458
Closing Balance 30 September/31 March	159	458

AFC GROUP HOLDINGS LIMITED
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 SEPTEMBER 2020

7. PROPERTY, PLANT AND EQUIPMENT

	Land $	Buildings $	Land Improvements $	Plant & Equipment $	Motor Vehicles $	Computer Equipment $	Fixture & Fittings, Office Equipment $	Bearer Plants - Grape Vines $	**Total** **$**
As at 31 March 2020									
Cost									
Cost as at 1 April 2019	320,000	905,199	50,000	447,775	98,744	30,252	205,591	80,000	**2,137,561**
Additions	-	-	-	2,697	-	502	980	-	**4,179**
Disposal	-	-	-	(417)	-	-	(4,500)	-	**(4,917)**
Written off	-	-	-	(11,865)	-	-	-	-	**(11,865)**
Cost as at 31 March 2020	320,000	905,199	50,000	438,190	98,744	30,754	202,071	80,000	**2,124,958**
Accumulated Depreciation									
Accumulated Depreciation at 1 April 2019	-	(5,578)	-	(143,167)	(56,221)	(19,288)	(67,763)	(16,684)	**(308,701)**
Depreciation charge for the	-	(2,435)	-	(45,759)	(14,191)	(5,671)	(19,815)	(4,749)	**(92,620)**
Disposal	-	-	-	263	-	-	1,908	-	**2,171**
Written off	-	-	-	3,887	-	-	-	-	**3,887**
Accumulated Depreciation at 31 March 2020	-	(8,013)	-	(184,776)	(70,412)	(24,959)	(85,670)	(21,433)	**(395,263)**
Carrying Amount									
Cost	320,000	905,199	50,000	438,190	98,744	30,754	202,071	80,000	**2,124,958**
Accumulated Depreciation	-	(8,013)	-	(184,776)	(70,412)	(24,959)	(85,670)	(21,433)	**(395,263)**
Carrying Amount 31 March 2020	320,000	897,186	50,000	253,414	28,332	5,795	116,401	58,567	**1,729,695**
As at 30 September 2020									
Cost									
Cost as at 1 April 2020	320,000	905,199	50,000	438,190	98,744	30,754	202,071	80,000	**2,124,958**
Additions	-	-	-	-	-	-	-	-	**-**
Written off	-	-	-	-	-	(1,999)	(2,843)	-	**(4,842)**
Cost as at 30 September 2020	320,000	905,199	50,000	438,190	98,744	28,755	199,228	80,000	**2,120,116**
Accumulated Depreciation									
Accumulated Depreciation at 1 April 2020	-	(8,013)	-	(184,776)	(70,412)	(24,959)	(85,670)	(21,433)	**(395,263)**
Depreciation charge for the period	-	(1,145)	-	(18,895)	(5,796)	(1,252)	(8,873)	(2,196)	**(38,157)**
Written off	-	-	-	-	-	1,208	2,843	-	**4,051**
Accumulated Depreciation at 30 September 2020	-	(9,158)	-	(203,671)	(76,208)	(25,003)	(91,700)	(23,629)	**(429,369)**
Carrying Amount									
Cost	320,000	905,199	50,000	438,190	98,744	28,755	199,228	80,000	**2,120,116**
Accumulated Depreciation	-	(9,158)	-	(203,671)	(76,208)	(25,003)	(91,700)	(23,629)	**(429,369)**
Carrying Amount 30 September 2020	**320,000**	**896,041**	**50,000**	**234,519**	**22,536**	**3,752**	**107,528**	**56,371**	1,690,747

8. RIGHT-OF-USE ASSETS

The group leases two properties in the New Zealand. The periodic rent is fixed over the lease term for both the property leases.

		Buildings	Forklift	Total
8.1	**Right-of-use assets**			
	At 1 April 2020	644,192	12,874	657,066
	Depreciation	(209,458)	(4,023)	(213,481)
	Increase in rent modification	3,641	-	3,641
	At 30 September 2020	**438,375**	**8,851**	**447,226**
8.2	**Lease liabilities**			
	At 1 April 2020	661,236	13,163	674,399
	Lease interest	22,410	801	23,211
	Lease payments	(94,767)	(2,916)	(97,683)
	Increase in rent modification	3,641	-	3,641
	At 30 September 2020	**592,520**	**11,048**	**603,568**
	Lease liabilities			
	Current lease liabilities	153,698	4,719	158,417
	Non-current lease liabilities	438,822	6,329	445,151
	Total lease liabilities	**592,520**	**11,048**	**603,568**

9. INTANGIBLE ASSETS

	Trademarks $	Total $
Year ended 31 March 2020		
Cost		
Cost as at 1 April 2019	1,500	1,500
Additions	-	-
Cost as at 31 March 2020	**1,500**	**1,500**
Accumulated Amortisation		
Accumulated amortisation 1 April 2019	(342)	(342)
Amortisation for the year	(150)	(150)
Accumulated amortisation as at 31 March 2020	**(492)**	**(492)**
Carrying Amount		
Cost	1,500	1,500
Accumulated amortisation	(492)	(492)
Carrying Amount 31 March 2020	**1,008**	**1,008**

9. INTANGIBLE ASSETS (continued)

	Trademarks $	Total $
Period ended 30 September 2020		
Cost		
Cost as at 1 April 2020	1,500	1,500
Additions	-	-
Cost as at 30 September 2020	**1,500**	**1,500**
Accumulated Amortisation		
Accumulated amortisation 1 April 2020	(492)	(492)
Amortisation for the period	(75)	(75)
Accumulated amortisation as at 30 September 2020	**(567)**	**(567)**
Carrying Amount		
Cost	1,500	1,500
Accumulated amortisation	(567)	(567)
Carrying Amount 30 September 2020	**933**	**933**

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

10. TRADE, OTHER AND RELATED PARTY PAYABLES

	Note	**September 2020 $**	**March 2020 $**
Trade payables		97,255	63,647
Accruals		78,929	115,908
Related party payables	12	348,102	432,926
Other payables		36,960	153,788
		561,246	766,269

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

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

11. BORROWINGS

	September 2020 $	March 2020 $
Small business cashflow loan	53,400	-
	53,400	-
Non-current		
Between one and two years	53,400	-
	53,400	-

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

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

12. RELATED PARTIES

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

Related Parties:

Anhui Asin International Co. Ltd	Company associated to company's major shareholder, Mr Yang Xia
Australasian International Group Limited	Company associated to company's major shareholder, Mr Yang Xia
Bo Xian Cao	Director of company and subsidiaries
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
Guangdong Farmside International Trading Co. Limited	Company associated to company's major shareholder, Mr Yang Xia
Guangdong Yinrui Investment & Management Company	Company associated to company's major shareholder, Mr Yang Xia
Hao Long	Director of company and subsidiaries, senior employee of AFC
Howard & Co Consulting and Advisory Services Limited	Company associated with director Mr Hao Long
Hefei Ge Lun Bu E-commerce Co., Ltd	Company associated with Shuang Xia, director of subsidiary
New Zealand Asia-Pacific Cultural Exchange Centre Limited	Company associated to company's major shareholder, Mr Yang Xia

12. RELATED PARTIES (continued)

Related Parties: (continued)

New Zealand Fantasy Angel Biotechnology Limited	Company associated with director, Mr Bo Xian Cao
New Zealand Guangdong General Association of Commerce Inc	Company associated with director, Mr Bo Xian Cao
New Zealand National Trade Limited	Company associated with director, Mr Qiang Li
NZ Silveray Group Limited	Company's major shareholder, own 49% of AFC Longview Limited and 24% of AFC Biotechnology Manufacture Co Limited
Qiang Li	Director of company
Shuang Xia	Director of subsidiary
Tongqu Trading Group Limited	Company associated with director, Mr Zilei Wang
Wei Li	Shareholder of subsidiary
Yang Xia	Director of company and subsidiary
Zilei Wang	Director of company

Related party balances

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

Related Party Receivables	Nature of Transactions	September 2020 $	March 2020 $
Guangdong Farmside International Trading Co. Limited	Sale of products	108,817	283,749
Hefei Ge Lun Bu E-commerce Co., Ltd	Sale of products	2,100	-
		110,917	**283,749**

Related Party Payables	Nature of Transactions	September 2020 $	March 2020 $
Anhui Asin International Co. Ltd	Advances	41,036	-
Anhui Asin International Co. Ltd	Purchase of goods	28,734	-
Australasian International Group Limited	Purchase of goods	101,770	145,159
E Way Holdings Group Limited	Director fee	1,342	-
Guangdong Farmside International Trading Co. Limited	Purchase of goods and services	19,025	-
New Zealand National Trade Limited	Director fee	2,013	-
NZ Silveray Group Limited	Management fees	20,930	-
NZ Silveray Group Limited	Advances	131,240	286,808
Tongqu Trading Group Limited	Director fee	2,012	959
		348,102	**432,926**

The related parties receivables and payables are unsecured, non-interest bearing and repayable on demand. There is no collateral or guarantees for related parties payables.

12. RELATED PARTIES (continued)

Sales made to related parties in China are made on extended terms with payment due 3 months from the date the goods are received by the related party.

Related party payables are unsecured and repayable on demand. The related party payables except for NZ Silveray Group Limited are non-interest bearing. For NZ Silveray Group Limited, interest is charged at 10.08% per annum for outstanding amounts. No interest is charged on any management fees balances payable.

Related party transactions	September 2020 $	March 2020 $
Sales of products or services provided to the following:		
Australasian International Group Limited (sales of products)	-	653
E Way Holdings Group Limited	2,940	5,243
E Way Trading Limited	-	18,900
Guangdong Farmside International Trading Co., Ltd (sales of products)	108,922	283,749
Hefei Ge Lun Bu e-commerce Co., Ltd	2,100	-
Howard & Co Consulting and Advisory Services Limited	-	87
New Zealand Fantasy Angel Biotechnology Limited	4	10,058
	113,966	**318,690**
Expenses repaid/recharged on behalf of the Group:		
Anhui Asin International Trade Co. Ltd	49,285	-
Guangdong Farmside International Trading Co. Ltd	20,811	1,779
Guangdong Yinrui Investment & Management Company Limited	-	25,124
Other related parties	-	6,509
	70,096	**33,412**
Purchases from the following for services or products provided:		
Anhui Asin International Trade Co. Ltd (purchase of goods)	34,694	-
Australasian International Group Limited (purchase of goods)	-	304,344
E Way Holdings Group Limited	1,803	13,070
Guangdong Farmside International Trading Co. Limited (purchase of goods)	-	954
Howard & Co Consulting and Advisory Services Limited	15,000	30,000
New Zealand Asia-Pacific Cultural Exchange Centre Limited	-	2,043
NZ Silveray Group Limited	11,200	32,000
	62,697	**382,411**
Interest received or debited on related party balances:		
Guangdong Farmside International Trading Co. Limited	-	87
	-	**87**
Interest paid or credited on related party balances:		
NZ Silveray Group Limited - on advances	9,416	1,825
	9,416	**1,825**
Other transactions:		
New Zealand Guangdong General Association of Commerce Inc - donation for annual event	-	1,000
	-	**1,000**

12. RELATED PARTIES (continued)

The have been no share placement during the period ended 30 September 2020.

Key Management Personnel

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

	September 2020 $	March 2020 $
Salaries and other short-term benefits	118,766	202,317
Directors' fees	17,552	58,070
	136,318	**260,387**

13. COMMITMENTS AND CONTINGENCIES

The Group has no capital commitments at 30 September 2020 (31 March 2020: Nil)

14. FINANCIAL INSTRUMENTS

Categories of financial assets and liabilities

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

	Financial asset at amortised cost	Financial liabilities at amortised cost	Total
30 September 2020	**$**	**$**	**$**
Financial Assets:			
Cash and cash equivalents	19,305	-	19,305
Total financial assets	**19,305**	**-**	**19,305**
Financial liabilities:			
Related party payables and loans	-	131,240	131,240
Borrowings	-	53,400	53,400
Lease liabilities	-	603,568	603,568
Total financial liabilities	**-**	**788,208**	**788,208**
31 March 2020			
Financial Assets:			
Cash and cash equivalents	197,905	-	197,905
Total financial assets	**197,905**	**-**	**197,905**
Financial liabilities:			
Related party payables and loans	-	281,825	281,825
Lease liabilities	-	674,399	674,399
Total financial liabilities	**-**	**956,224**	**956,224**

14. FINANCIAL INSTRUMENTS (continued)

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.

15. INVESTMENT IN SUBSIDIARIES

Name of subsidiary	Principal activity	Ownership interest and voting rights	
		September 2020	March 2020
AFC Longview Limited	Vineyard and winery	51%	51%
AFC International Trading Group Limited	Commodity trading	100%	100%
National Dairy Group Limited	Non-Trading	100%	100%
AFC Biotechnology Manufacture Co Limited	Manufacturing	51%	51%
AFC GoGlobal Education Limited	Non-Trading	100%	100%
AFC Education Investment Limited	Non-Trading	100%	100%

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

16. SEGMENT REPORTING

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

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

International marketing and distribution

The operations of this segment were reclassified to Corporate in the 2020 year.

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.

16. SEGMENT REPORTING (continued)

Manufacturing

AFC Biotechnology Manufacture Co Limited which manufactures disposable face masks.

Corporate

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

No operating segments have been aggregated to form the above reportable operating segments. The Group's taxation has not been allocated to segments and is included centrally. Financing has been allocated to segments. Sales between the segments of the Group are carried out at an arm’s length basis in a similar manner to transactions with third parties.

The following tables present revenue and profit information for the Group's operating segments for the six months ended 30 September 2020 and 2019, respectively:

For the six months ended 30 September 2020

	Vineyard and winery	Corporate	Manufacturing	Eliminations and adjustments	Period ended 30 September 2020
	$	$	$	$	$
Operating Income					
Revenue from external customers	34,004	6,692	246,886	-	287,582
Inter-segment Revenue	17	-	37	(54)	-
Other Income	90,767	91,675	76,670	(28,932)	230,180
Finance Income	-	96,949	7	(96,949)	7
Total Revenue	**124,788**	**195,316**	**323,600**	**(125,935)**	**517,769**
Cost of sales	56,504	6,108	212,172	(16,625)	258,159
Operating Expenses					
Interest	53,269	28,851	47,456	(96,949)	32,627
Amortisation and impairment losses	-	75	-	-	75
Depreciation	11,272	10,219	16,666	-	38,157
Other expenses	85,352	132,729	299,465	(11,770)	505,776
Total operating expenses	149,893	171,874	363,587	(108,719)	576,635
Segment profit/(loss) before tax	**(81,609)**	**17,334**	**(252,159)**	**(591)**	**(317,025)**

16. SEGMENT REPORTING (continued)

For the six months ended 30 September 2019

	Vineyard and winery	Corporate	Manufacturing	Eliminations and adjustments	Period ended 30 September 2019
	$	$	$	$	$
Operating Income					
Revenue from external customers	28,622	6,059	704,983	-	739,664
Inter-segment Revenue	391	47	(2,677)	2,239	-
Other Income	7,460	60,111	1,911	(45,803)	23,679
Finance Income	4	72,070	85	(71,977)	182
Total Revenue	**36,477**	**138,287**	**704,302**	**(115,541)**	**763,525**
Cost of sales	25,276	7,325	399,550	(13,994)	418,157
Operating Expenses					
Interest	38,892	20,082	37,370	(71,977)	24,367
Amortisation and impairment losses	-	75	-	-	75
Depreciation	14,005	12,693	20,194	-	46,892
Other expenses	124,214	64,532	418,226	(29,248)	577,724
Total operating expenses	177,111	97,382	475,790	(101,225)	649,058
Segment profit/(loss) before tax	**(165,910)**	**33,580**	**(171,038)**	**(322)**	**(303,690)**

The following tables present assets and liabilities information for the Group's operating segments as at 30 September 2020 and 31 March 2020, respectively:

As at 30 September 2020

	Vineyard and winery	Corporate	Manufacturing	Eliminations and adjustments	Period ended 30 September 2018
	$	$	$	$	$
Assets					
Segment assets	1,887,594	6,138,189	1,025,870	(5,587,298)	3,464,355
Capital Expenditure	-	-	-	-	-
Segment Liabilities	1,454,409	1,189,995	1,427,108	(2,853,298)	1,218,214

As at 31 March 2020

Assets					
Segment assets	1,927,563	6,243,697	1,385,984	(5,553,410)	4,003,834
Capital Expenditure	2,697	502	980	-	4,179
Segment Liabilities	1,412,769	1,312,837	1,535,063	(2,820,001)	1,440,668

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

17. NET TANGIBLE ASSETS PER SHARE

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

	September 2020 $	March 2020 $
Total assets	3,464,355	4,003,834
Less right-of-use assets	577,698	657,066
Less intangible assets	933	1,008
Tangible assets	2,885,724	3,345,760
Less total liabilities	1,218,214	1,440,668
Add lease liabilities	603,568	674,399
Net tangible assets	2,271,078	2,579,491
Number of ordinary shares on issue	3,664,253,194	3,664,253,194
Net tangible assets / liabilities per share in NZ$	0.0006	0.0007

18. CONTINGENT LIABILITIES

The Group has no contingent liabilities at 30 September 2020 (31 March 2020 : Nil)

19. EVENTS AFTER THE REPORTING PERIOD

There are no significant events after the reporting period.

20. SEASONALITY OF INTERIM OPERATIONS

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

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

AFC GROUP HOLDINGS LIMITED
CORPORATE INFORMATION

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