AH-VEST LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 1989/000100/06)
("AH-Vest" or "the Company" or "the Group")
Share code: AHL ISIN code: ZAE000129177

UNAUDITED CONDENSED GROUP INTERIM FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2021

Condensed Group statement of financial position

	Unaudited 6 Months 31 Dec 2021 R	Audited 12 Months 30 June 2021 R	Unaudited 6 Months 31 Dec 2020 R
ASSETS			
Non-current assets	**69,913,439**	**71,040,420**	**72,747,588**
Property, plant and equipment	40,077,413	41,246,659	42,857,373
Right of use assets	29,755,432	29,713,167	29,809,621
Intangible assets	80,594	80,594	80,594
Current assets	**93,499,863**	**69,303,088**	**71,160,264**
Inventories	14,824,690	14,572,461	17,284,144
Loan to shareholders	20,353,390	21,708,396	13,167,756
Trade and other receivables	58,160,193	32,269,599	39,935,770
Cash and cash equivalents	161,590	752,632	772,594
Total Assets	**163,413,302**	**140,343,508**	**143,907,852**
EQUITY AND LIABILITIES			
Capital and reserves	**49,361,000**	**44,246,852**	**39,555,985**
Share capital	21,307,610	21,293,071	21,293,071
Retained income	28,053,390	22,953,781	18,262,914
Non-current liabilities	**45,626,830**	**44,606,733**	**41,251,146**
Other financial liabilities	9,658,441	11,078,902	12,452,286
Lease liabilities	27,581,736	27,319,919	23,968,516
Deferred income	4,427,853	4,629,099	4,830,344
Deferred tax	3,958,799	1,578,813	-
Current liabilities	**68,425,472**	**51,489,923**	**63,100,721**
Trade and other payables	59,417,333	45,138,772	47,646,114
Other financial liabilities	2,794,156	2,698,070	2,605,784
Lease liabilities	982,381	1,321,103	4,745,843
Deferred income	402,491	402,491	402,491
Provisions	1,227,265	817,825	1,338,901
Bank overdraft	3,601,846	1,111,662	5,274,404
Deferred Tax	-	-	1,087,184
Total Equity and Liabilities	**163,413,302**	**140,343,508**	**143,907,852**
Net asset value per share (cents)	48.38	43.39	38.79
Tangible net asset value per share (cents)	48.30	43.31	38.71
Shares in issue at period end	102,035,730	101,973,333	101,973,333

Condensed Group statement of comprehensive income

	Unaudited 6 Months 31 Dec 2021 R	Unaudited 6 Months 31 Dec 2020 R	Audited 12 Months 30 June 2021 R
Revenue	**110,738,498**	**93,018,439**	**180,202,750**
Cost of sales	(68,977,697)	(53,489,204)	(104,617,927)
Gross profit	**41,760,802**	**39,529,235**	**75,584,823**
Other income	1,779,682	1,629,924	4,763,171
Operating expenses	(33,617,157)	(31,820,071)	(64,446,209)
Operating profit	**9,923,328**	**9,339,087**	**15,901,785**
Investment revenue	643,570	452,083	1,173,692
Finance costs	(2,066,945)	(2,131,908)	(4,233,718)
Profit before taxation	**8,499,953**	**7,659,263**	**12,841,759**
Taxation	(2,379,987)	(2,144,594)	(2,636,223)
Profit for the period	**6,119,966**	**5,514,669**	**10,205,536**
Attributed to:			
Equity holders of the company	**6,119,966**	**5,514,669**	**10,205,536**
Per share information (cents)			
Earnings per share	6.00	5.41	10.01
Diluted earnings per share	6.00	5.41	10.01

Condensed Group statement of changes in equity

	Unaudited 6 Months 31 Dec 2021 R	Audited 12 Months 30 June 2021 R	Unaudited 6 Months 31 Dec 2020 R
Share capital and share premium			
Opening balance	21,293,071	21,293,071	21,293,071
Changes during the year	14,539	-	-
Closing balance	**21,307,610**	**21,293,071**	**21,293,071**
Retained income			
Opening balance	22,953,781	13,560,361	13,560,361
Dividend declared	(1,020,357)	(812,116)	(812,116)
Profit for the period	6,119,966	10,205,536	5,514,669
Closing balance	**28,053,390**	**22,953,781**	**18,262,914**
Total	**49,361,000**	**44,246,852**	**39,555,985**

Condensed Group statement of cash flows

	Unaudited 6 months 31 Dec 2021 R	Audited 12 Months 30 June 2021 R	Unaudited 6 months 31 Dec 2020 R
Cash flows from operations (see note below)	**625,740**	**19,492,346**	**3,518,125**
Interest received	-	11,695	-
Interest paid	(2,066,945)	(4,033,508)	(1,931,697)
Dividend paid	(44,027)	(35,063)	(35,063)
Cash generated from/(utilised in) operating activities	**(1,485,233)**	**15,435,469**	**1,551,365**
Cash flows from investing activities			
Purchase of property plant and equipment	(176,959)	(271,718)	(271,718)
Advances to shareholders	(11 044 233)	(22,953,524)	(13,569,173)
Advances to shareholder repaid	12,066,479	10,200,867	8,335,068
Cash (utilised in)/generated from investing activities	**845,287**	**(13,024,375)**	**(5,505,823)**
Cash flows from financing activities			
Repayment of other financial liabilities	(1,324,375)	(2,103,375)	(822,281)
Payment of lease liabilities	(1,116,905)	(1,712,433)	(770,756)
Cash utilised in financing activities	**(2,441,280)**	**(3,815,808)**	**(1,593,037)**
Net decrease in cash and cash equivalents	**(3,081,225)**	**(1,404,714)**	**(5,547,495)**
Cash and cash equivalents at beginning of period	(359,030)	1,045,684	1,045,685
Cash and cash equivalents at period end	**(3,440,255)**	**(359,030)**	**(4,501,810)**

Cash flows from operations			
Profit before taxation for the year	8,499,953	12,841,759	7,659,263
Finance income	(643,570)	(1,173,692)	(452,083)
Finance costs	2,066,945	4,233,718	2,131,908
Depreciation	2,343,941	4,543,792	2,261,849
Movement in provisions	409,440	(101,914)	419,162
Profit on disposal of assets	-	(18,611)	-
Government grants	(201,246)	(402,490)	(201,245)
Increase in inventories	(252,229)	(3,295,038)	(6,006,721)
Increase in trade receivables	(25,876,055)	(1,218,592)	(8,884,765)
Increase in trade payables	14,278,561	4,083,414	6,590,757
	625,740	**19,492,346**	**3,518,125**

COMMENTARY

The Board of Directors ("the Board") of AH-Vest is pleased to present the results for the half year ended 31 December 2021 (HY2022). These results are being compared to the results for the half year ended 31 December 2020 (HY2021). Net revenue has increased from R93.0 million (HY2021) to R110.7m (HY2022), an increase of 19% due to higher demand from customers, despite lost sales in July 2021 due to the unrest in the KwaZulu-Natal (KZN) and Gauteng Provinces.

Gross profit margins decreased from 42.5% in HY2021 to 37.7% in HY2022. This can be attributed to an increase in manufacturing costs during the period mostly due to increased import costs. The Rand also depreciated in the period and shipping costs increased significantly across the board due to disruptions in the global supply chain.

Operating expenses increased marginally by 5.7% from R31.8 million to R33.6 million from the prior period.

Finance costs decreased by 3.0% to R2.1 million during the period under review. This was a combination of reduced interest rates and reducing borrowings from the prior period.

Profit before taxation increased by 10.4% from R7.7 million to R8.5 million from the prior period. This was due to higher revenues, despite lower margins, and operating cost containment. Costs grew at a lower rate than the revenue increase.

Profit after taxation increased by 10.9% from R5.5 million to R6.1 million from the prior period.

The balance sheet review is a comparison of the balances as at 30 June 2021 to those at 31 December 2021.

The trade and other receivables have increased by 96.9% from R32 million (FY2021) to R63 million. This was due to increased sales in the second quarter FY2022 compared to the fourth quarter of FY2021. The second quarter (Q2) of each year is traditionally our busy season. However, Q2 in the current period was better than Q2 in the previous year, showing a significant increase in trade and other receivables over December 2020. The trade receivables were subsequently collected within terms.

The trade and other payables have increased by 31.1% from R45 million (FY2021) to R59 million. This was due to increased purchases ahead of the festive season.

Provisions have increased by 50% from R 0.8 million (FY2021) to R1.2 million at HY2022. The increase was mainly due to the provision for growth incentives to customers during the period under review. The growth incentive provision runs on a calendar year basis hence at HY2022 it will reflect the full calendar year provision compared to FY2021 which only reflected six months' provision.

Other financial liabilities relate to a bank medium-term loan which has decreased by 9.4% from R13.8 million (FY2021) to R12.5 million at HY2022 due to repayments.

Lease liabilities have decreased by 0.3% from R28.64 million (FY2021) to R28.54 million. This was due to the conclusion of a new finance lease of R1.0 million during the period under review and repayments of existing lease liabilities of R1.1 million.

Impact of COVID-19

COVID-19 fortunately did not have a direct impact on the business during the period under review. However there was an indirect impact from the disruptions in the global supply chain. Shipping costs have increased significantly and have had a knock-on effect in terms of increased costs of raw materials. In addition to this, shortages of shipping containers resulted in substantial delays in imported materials, thereby affecting supply.

The health and wellness of our staff and the safety of our customers continues to be a priority for the business. We continued our focus on the sustainability of our operations, safeguarding liquidity, and strengthening the balance sheet. Generating and preserving cash in our working capital management remained paramount. Non-essential capital expenditure and costs are still deferred until we get a better picture of the economic recovery.

The Group has considered the JSE COVID-19 related guidance notes as well as the related educational documents prepared by SAICA regarding the impact of COVID-19 on the application of IFRS in the preparation of these financial statements. Inventory and debtor provisions have been reviewed and there has been no material movements in income statement adjustments compared to the prior period.

July 2021 Riots

The riots that took place in Gauteng and KZN in the month of July had a direct impact on the trading pattern of the business. Most of our customers, in both retail and the independent trade, were impacted by either looting or some type of destruction. We offered various forms of assistance to some of the affected customers. Sales fell below average during the month due to this unrest. However, there was no direct damage to the assets of the business.

Loadshedding and adverse weather conditions
Towards the end of the second quarter, the business sustained a lot of power outages due to load shedding and storm related damage to the Eskom infrastructure. A lot of person-hours and production time was lost during this period.

RELATED PARTY BALANCES AND TRANSACTIONS
The Company has a number of contracts with related parties through its holding company, Eastern Trading Co (Pty) Limited ("Eastern Trading"), which is deemed to be a related party to AH Vest. These contracts are considered to be in the ordinary course of business and have been in place for a number of years. When related party contracts are entered into, or at the time of variation of a contract, the terms thereof are assessed by the disinterested directors and, where relevant, comparable quotes are obtained. The terms of the existing related party contracts are either market related or better than market related, which is of benefit to AH-Vest and its stakeholders. Details of key arrangements are set out below.

Eastern Trading is the entity through which the Company purchases most of its tomato paste in season. These purchases are at the same terms as the other customers of Eastern Trading. The strategic benefit of this is the ability to obtain supply of locally produced tomato paste, which, aside from supporting South African farmers and job creation, proved vital during the lockdown when imported tomato paste was seriously interrupted. AH-Vest regards this as a strategic source of supply.

The Company also rents its factory facility from Eastern Trading at a competitive rate. This was achieved by signing a 25-year lease in 2013.

Transport services are also provided to the Company and comparable quotes are obtained and presented to the disinterested directors when a proposal to amend the rate is received to ensure that the Company receives logistics services at a competitive rate. These costs are expected to increase due to the recent substantial fuel cost increases. This expected increase is considered to be in the ordinary course of business. Historically, the recovery rate has also reduced when the cost of fuel has declined.

A management fee is also charged for administration services, which covers certain remuneration for some executive directors, sales personnel and other administration charges. The disinterested directors consider that this structure is more beneficial to the business than that of appointing separate personnel to these key roles. The disinterested Board members have approved an increase of R50 000 in the monthly management fee with effect from 1 January 2022, after a period of 8 years where there was no cost increase. This increase is considered to be in the ordinary course of business and does not exceed any categorisation limits in terms of the JSE Listings Requirements.

Tin Can Man (Pty) Limited ("TCM") is also a related party as it is a 100% subsidiary of Eastern Trading. TCM supplies packaging products to AH-Vest, along with other suppliers, at market related prices.

Darsot and More Chemicals (Pty) Ltd ("DMC") is also a related party as it is a 100% subsidiary of Eastern Trading. Similarly, this is one of the suppliers to AH-Vest at market related prices.

Transactions between AH-Vest and these related parties are disclosed in the table below:

Related Party Transactions and Balances	Unaudited 6 months 31 Dec 2021 R	Audited 12 Months 30 June 2021 R	Unaudited 6 months 31 Dec 2020 R
Transactions with Eastern Trading			
Purchase of goods	8,961,117	8,159,804	4,553,240
Revenue from sale of goods*	(19,737,435)	(12,952,425)	(4,400,476)
Rent paid	1,680,000	3,270,000	1,590,000
Administration and management fees paid	1,260,360	2,862,001	1,797,297
Transport	7,638,095	16,643,087	6,701,689
Interest received	(643,570)	(1,161,997)	(452,083)
Energy and operating costs	4,095,059	5,111,958	3,112,636
*There was an increase in the sales of goods in this period due to increased demand from the prior year.			
Balances with Eastern Trading			
Loan	20,353,390	21,708,396	13,167,756
Trade receivables	28,707,199	15,624,292	8,053,143
Balance with DMC			
Trade receivables	114,217	103,126	-
Transactions with TCM			
Purchase of goods	-	51,943	43,373
There was a reduction in TCM purchases as the plastic factory was closed due to lack of power at the new premises.			
Key management remuneration			
Executive directors' remuneration	2,298,911	4,793,033	2,576,246
Non-executive directors' remuneration	273,420	440,482	169,753

STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The unaudited condensed Group interim financial statements have been prepared in accordance with the framework concepts and the measurement and recognition requirements of the International Financial Reporting Standards ("IFRS"), the information required by IAS 34: Interim Financial Reporting, the South African Companies Act, 2008 (as amended), Financial Reporting Pronouncements as issued by Financial Reporting Standards Council and the JSE Listings Requirements.

The results have been prepared by the Chief Financial Officer , Mr C Sambaza CA (SA). These results have not been audited or reviewed by the Group's external auditors. The directors take full responsibility for the preparation of these condensed unaudited financial results.

ACCOUNTING POLICIES

The interim condensed consolidated financial statements do not include all the information and disclosures required for complete annual financial statements prepared in accordance with IFRS and should be read in conjunction with the Group's annual financial statements as at 30 June 2021. The accounting policies adopted in the preparation of the unaudited condensed Group interim financial statements are consistent with those followed in the Group's annual consolidated financial statements for the year ended 30 June 2021.

New standards and interpretations in issue not yet effective

The Group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the Group's accounting periods beginning on or after 01 July 2021 or later periods. These standards will be implemented in the applicable year for which they are mandatory.

There is unlikely to be a material impact on the future implementation of any of these standards.

Standard/ Interpretation:	**Effective date: Years beginning on or after**
Disclosure of accounting policies: Amendments to IAS 1 and IFRS Practice Statement 2 to disclose material policies rather than significant policies	1 January 2023
Definition of accounting estimates: Amendments to IAS 8	1 January 2023
Classification of Liabilities as Current or Non-Current - Amendment to IAS 1	1 January 2023
Deferred tax related to assets and liabilities arising from single transactions: Amendments to IAS 12	1 January 2023
Reference to the Conceptual Framework: Amendments to IFRS 3	1 January 2022
Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 9 - fees and costs to be included when applying the '10 per cent' test for purposes of derecognition	1 January 2022
Property, Plant and Equipment: Proceeds before Intended Use: Amendments to IAS 16	1 January 2022
Onerous Contracts - Cost of Fulfilling a Contract -Amendments to IAS 37	1 January 2022
Covid - 19 - Related Rent Concessions - Amendment to IFRS 16	1 April 2021

DISAGGREGATION OF REVENUE

The Group has a single reporting segment which is the sale of sauces to customers based on a group of similar products, therefore only the entity wide disclosures required have been provided. The Group's revenue recognition policies are not complex and relate to the delivery of goods to customers as a single performance obligation. Performance obligations are satisfied at a point in time. There are no performance obligations satisfied over time.

	Unaudited 6 months 31 Dec 2021	**Unaudited 6 months 31 Dec 2020**	**Audited 12 months 30 Jun 2021**
Revenue from sale of goods	145,731,267	130,334,390	251,364,305
Less rebates	(34,992,768)	(37,315,952)	(71,161,555)
	110,738,498	**93,018,439**	**180,202,750**
Revenue from sale of goods	145,731,267	130,334,390	251,364,305
Export revenue	(5,908,614)	(4,857,115)	(7,987,072)
Domestic revenue from sale of goods	139,822,652	125,477,276	243,377,233
Less rebates	(34,992,768)	(37,315,952)	(71,161,555)
Domestic revenue	104,829,884	88,161,324	172,215,678
Export revenue	5,908,614	4,857,115	7,987,072
	110,738,498	**93,018,439**	**180,202,750**

SEGMENTAL REPORTING

IFRS 8 requires an entity to report financial and descriptive information about its reportable segments, which are operating segments or aggregations of operating segments that meet specific criteria. Operating segments are components of an entity about which separate financial information is available that is evaluated regularly by the chief operating decision makers.

The Chief Executive Officer of the Group in conjunction with the Executive Committee are the chief operating decision makers. They evaluate the financial information of the Group as one operating unit. Separate operating segment financial information is not available. Therefore IFRS 8 was not implemented.

CUSTOMER ANALYSIS
An analysis of customers who contribute more than 6% of revenue is set out below:

	Unaudited 6 months 31 Dec 2021	Unaudited 6 months 31 Dec 2020	Audited 12 months 30 Jun 2021
Customer A	53%	48%	51%
Customer B	14%	14%	15%
Customer C	7%	7%	7%
Total	**74%**	**69%**	**73%**

The Company's overall dependence on its top three customers increased by 5 percentage points from the prior comparative financial period. This was mainly due to the growth in customer A. Customer B and C were flat.

What is pleasing is that whilst still a low percentage, the Company's export sales have been increasing and will be separately reported once they exceed 6% of revenue.

HEADLINE EARNINGS
The headline earnings reconciliation and per share information is set out below:

	Unaudited 6 months 31 Dec 2021 R	Unaudited 6 months 31 Dec 2020 R	Audited 12 months 30 Jun 2021 R
Headline earnings reconciliation:			
Profit attributed to equity holder of the company	6,119,966	5,514,669	10,205,536
Adjustments:			
Profit on disposal of property, plant and equipment	-	-	(18,611)
Taxation thereon	-	-	5,211
Headline earnings	**6,119,966**	**5,514,669**	**10,192,136**
Headline earnings per share	6.00	5.41	9.99
Diluted headline earnings per share	6.00	5.41	9.99
Weighted average shares in issue	102,035,730	101,973,333	101,973,333
Diluted weighted average shares in issue	102,035,730	101,973,333	101,973,333

ACQUISITIONS AND DISPOSALS OF PROPERTY PLANT AND EQUIPMENT
Property, plant, and equipment decreased by 2.7% from R41.2 million (FY2021) to R40.1 million. This was mainly due to depreciation for the period. Capital expenditure was R0.2 million and there were no disposals during the period under review. Depreciation for the period under review was R1.3 million.

RIGHT OF USE ASSETS
Right of use assets increased by 0.3% from R29.7 million (FY2021) to R29.8 million. This was due to the addition of R1 million to right of use motor vehicles. Depreciation for the period under review was R1 million.

CONTINGENCIES
As previously announced, the Company has a contingent liability of R1 500 000 being a proposed fine by the Department of Labour ("Department") in terms of section 20(7) of the Employment Equity Act 55 of 1998 ("Act") in accordance with schedule 1 of the Act. The Department made an application to the Labour Court alleging that the Company was in breach of the Act by failing to prepare and

implement an Employment Equity Plan in terms of section 50(1)(f) and for the Company to be ordered to comply with section 20(1) of the same Act. The Company is disputing these allegations.

Subsequent to this disclosure there has been no movement on the matter as the Department has still not submitted its heads of argument. In January 2020 the business submitted its 2020/2021 Employment Equity Plan which the Department accepted. Management has instructed its attorneys to approach the Department's legal team to withdraw this case and for each party to bear their own costs, in an attempt to resolve this matter, failure of which we will approach the courts to ask for a trial. At the time of releasing this announcement the Department had not responded to our attorneys.

There are no other legal matters that are material to the Company.

ISSUE AND REPURCHASE OF SHARES

There were 62 397 new shares issued under the General Authority to issue shares for cash as the Company is seeking to increase the number of public shareholders and its share liquidity. The Company is continuing with its capital raising roadshow and interested investors should approach the Company or its Designated Advisor for further information. There were no share repurchases during the period under review.

GOING CONCERN

The interim financial statements have been based on accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The focus is on the management of our cash resources and maintaining liquidity in the business. Management is continuously reviewing the order well and ensuring that orders are satisfied as much as possible. Management continues to assess the impact of COVID-19 on the business and adapt its activities accordingly while adhering to the latest guidelines issued by the government. The Company has a strong balance sheet and is generating good profits and cash flow and thus the Board is comfortable with the Going Concern principle.

SUBSEQUENT EVENTS

There were no material subsequent events after the conclusion of the period under review.

CHANGES TO THE BOARD

Mr Bilaal Ismail Darsot resigned from the Board on 21 December 2021, to pursue personal interests. The Board thanks him for his valuable contribution over the years and wishes him success in his future endeavours.

FINANCIAL RISK MANAGEMENT AND FAIR VALUES

There have been no material changes in the Group's financial risk management objectives and policies compared to those disclosed in the consolidated annual financial statements as at and for the year ended 30 June 2021. The Company does not currently carry any assets or liabilities at fair value which required any disclosure on its fair value measurement. The directors are of the opinion that the carrying amount of the financial assets and financial liabilities approximate their fair values due to the short-term nature thereof. Remaining long term borrowings bear interest at market related interest rates which results in the carrying amount approximating its fair value.

DIVIDENDS

The Company declared a gross cash dividend of 1.0 cent per share during the period under review attributable to the year ended 30 June 2021, which was paid to shareholders on 22 October 2021. (HY2021: Nil). No interim dividend has been declared.

FUTURE PROSPECTS AND STRATEGY

Following the conclusion of an agreement with Eskom to install additional power on a self-build basis, we have been informed that the project will begin before the end of the fourth quarter. This should resolve the power problems that have plagued the business for some time and enable the supply of plastic packaging to the Company by TCM without interruption.

The Company continues to focus on growing its exports base in strategically targeted countries and is optimistic about continued growth prospects for the future. The Company also looks forward to benefitting from the Africa Free Trade Agreement. The long-term intention of the Company is to grow the revenue, on a sensible, profitable, organic, and acquisitive basis.

H Takolia
Acting Chairman
Johannesburg

MNI Darsot
Chief Executive Officer

14 March 2022
