Happy Valley Nutrition Limited

Happy Valley Nutrition Limited

Results for announcement to the market
Appendix 4D
Half-year report for the six months ended 31 December 2019
Previous corresponding reporting period six months ended 31 December 2018

	% change	NZ$000's
Revenue from ordinary activities	-	nil
Loss from ordinary activities after tax attributable to owners of Happy Valley Nutrition Limited	-	($11,556)
Loss for the period attributable to owners of Happy Valley Nutrition Limited	-	($11,556)

	31 December 2019 (cents)	31 December 2018 (cents)
Basic earnings per share	(0.13)	(0.00)
Diluted earnings per share	(0.13)	(0.00)
Net tangible asset backing per ordinary share	0.07	0.06

Dividend information

Happy Valley Nutrition Limited does not pay dividends.

Further information

Commentary on the results for the period and additional ASX Appendix 4D (listing Rule 4.2A.2) disclosures can be found in the Condensed Interim Financial Statements of Happy Valley Nutrition Limited are for the six months ended 31 December 2019 attached. This document should be read in conjunction with the Replacement Prospectus dated 22 November 2019 and any public announcements made in the period by the Company in accordance with the continuous disclosure requirements of the Companies Act 1993 and the ASX Listing Rules.

Happy Valley Nutrition Limited is an ASX listed public company limited by shares, incorporated and domiciled in New Zealand. The Company is a for profit entity, registered in New Zealand under the Companies Act 1993.

For and on behalf of the board

Leanne Ralph
Company Secretary
28 February 2020

Happy Valley
Nutrition Limited

Half Year Report

NZCN 5952532 (ARBN 636 597 101)
ASX Code: HVM

ASX Release
Condensed interim financial statements
For the six months ended 31 December 2019

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General information

The Condensed Interim Financial Statements of Happy Valley Nutrition Limited are for the six months ended 31 December 2019.

The condensed interim financial statements are presented in New Zealand dollars, which is Happy Valley Nutrition Limited's functional currency.

Happy Valley Nutrition Limited is an ASX listed public company limited by shares, incorporated and domiciled in New Zealand. It's registered office and principal place of business are

96 St Georges Bay Road
Parnell
Auckland 1052
New Zealand

Happy Valley Nutrition Limited is in the process of planning to develop a vertically integrated, formulaic milk processing, blending and packaging facility (Facility) that produces infant milk formula (IMF) and other nutritional products for sale in the global export markets.

The interim condensed financial statements for the six months ended at 31 December 2019 have been reviewed not audited. Comparative periods have been audited by another auditor.

Directors' Report

for the six months ended 31 December 2019

The board of directors of Happy Valley Nutrition Limited ('HVM' or 'the Company') present their report, together with the financial statements, on the company for the six months period ended 31 December 2019.

Directors

The following persons held office as directors of Happy Valley Nutrition Limited during and since the six months ended 31 December 2019.

The names and details of the directors are:

Ivan Hammerschlag	Chairman
David McCann	Director
Randolph van der Burgh	Director
Anthony Kahn	Director (appointed 22 January 2020)

Review of Operations

The half year to 31 December 2019 saw Happy Valley Nutrition Limited (ASX Code: HVM) prepare for the Initial Public Offering (IPO), which closed on the 4 December 2019. The IPO was fully subscribed and HVM received confirmation on 27 December 2019 that the ASX listing conditions were satisfied subject to certain administrative conditions. HVM was admitted to the official list of the ASX on the 22 January 2020.

Other activity during the period included the commencement of detailed design of the road realignment for the Redlands Road and State Highway 31 intersection. Geotechnical drilling occurred on the area for the road realignment design and the site for the Facility, with the data from this activity to be utilised for the design inputs during 2020. A continuation of design work continues during 2020, anticipated to be ready for the commencement of physical earthworks later in 2020.

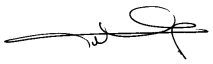
During January and February 2020, the Company continued with its 'Pre-project' activities as outlined in the Prospectus, dated 22 November 2019, which aligns with the Company's four pillar growth strategy:

- Partners/Customers and Products
- Milk Pool
- Construction
- Quality

In late January 2020, Gareth Jones was hired as the Company's CFO and on 3 February 2020 Babbage Consultants Limited were engaged to assist the Company with finalizing the basis of design. Discussions for strategic partners continue with several parties.

Independent review report

The independent review report for the six months ended 31 December 2019 has been received and a copy is reproduced on page 19.



Ivan Hammerschlag
Chairman

28 February 2020

Condensed Interim Statement of Comprehensive Income

for the six months ended 31 December 2019

	Notes	Period Ended 31 Dec 19 NZ$ (unaudited)	Period Ended 31 Dec 18 NZ$ (audited)	Year Ended 30 Jun 19 NZ$ (audited)
Interest Income		2,068	11,478	12,668
Operating Expenses:				
Directors Fees		(176,516)	(134,546)	(301,285)
Employee Costs		(257,159)	(63,654)	(223,795)
LGO Reverse Takeover costs		(617,574)	–	–
Loss on Derecognition of financial liability	3	(324,464)	–	–
Fair value loss on Embedded Derivatives		(751,091)	–	–
Finance Costs		(757,356)	–	–
IPO Costs		(881,841)	–	–
IPO Costs – Share Based Transactions	5	(7,570,703)	–	–
Loan Issue Expense		–	–	(177,768)
Foreign exchange gain/(losses)		(11,657)	–	–
Other Operating Expenses		(207,350)	(67,539)	(140,844)
Total Operating Expenses		**(11,555,711)**	**(265,738)**	**(843,693)**
Operating Loss		**(11,553,643)**	**(254,260)**	**(831,025)**
Depreciation and Amortisation		(1,875)	(1,181)	(2,507)
Total Other Income/(Expenses)		**(1,875)**	**(1,181)**	**(2,507)**
Net Profit (Loss) before Taxation		**(11,555,518)**	**(255,441)**	**(833,532)**
Income Tax Expense		–	71,468	(75,395)
Net Profit (Loss) after Taxation		**(11,555,518)**	**(183,973)**	**(908,927)**
Other Comprehensive Income				
Total Comprehensive Income After Tax		**(11,555,518)**	**(183,973)**	**(908,927)**
Earnings per share				
Basic (cents per share)		(0.13)	(0.00)	(0.01)
Diluted (cents per share)		(0.13)	(0.00)	(0.01)

Condensed Interim Statement of Financial Position

as at 31 December 2019

	Notes	Period Ended 31 Dec 19 NZ$ (unaudited)	Period Ended 31 Dec 18 NZ$ (audited)	Year Ended 30 Jun 19 NZ$ (audited)
Current Assets				
Cash and Cash Equivalents		13,401,499	615,317	1,362,162
Trade and Other Receivables		–	55,424	–
Other Current Assets		57,386	21,777	27,358
Total Current Assets		**13,458,885**	**692,518**	**1,389,521**
Non-Current Assets				
Property, Plant and Equipment	4	6,227,554	4,797,295	5,630,834
Deferred Tax Asset		–	146,863	–
Other Non-Current Assets		–	–	14,193
Total Non-Current Assets		**6,227,554**	**4,944,158**	**5,645,027**
TOTAL ASSETS		**19,686,439**	**5,636,676**	**7,034,548**
Current Liabilities				
Trade and Other Payables		1,680,523	415,250	428,248
Other Current Liabilities		1,756	1,108	758
Convertible Debt	3.01	–	3,214,165	3,214,165
Total Current Liabilities		**1,682,279**	**3,630,523**	**3,643,171**
Non Current Liabilities				
Loan		–	–	2,110,177
Total Non Current Liabilities		**–**	**–**	**2,110,177**
TOTAL LIABILITIES		**1,682,279**	**3,630,523**	**5,753,348**
NET (LIABILITIES)/ASSETS		**18,004,160**	**2,006,154**	**1,281,200**
Equity				
Share Capital		2,384,000	2,384,000	2,384,000
IPO Proceeds Reserve		12,214,023	–	–
Share Option Reserve		5,761,103	–	–
Convertible Debt Reserve		8,493,752	–	–
Share based payment reserve		1,809,600	–	–
Retained Losses		(12,658,318)	(377,846)	(1,102,800)
TOTAL EQUITY		**18,004,160**	**2,006,154**	**1,281,200**

Condensed Interim Statement of Changes in Equity

for the six months ended 31 December 2019

(unaudited)	Share Capital NZ$	IPO Proceeds Reserve NZ$	Share Option Reserve NZ$	Share Based payment Reserve NZ$	Convertible Debt Reserve NZ$	Retained (Losses) NZ$	Total NZ$
Balance at 1 July 2019	2,384,000	–	–	–	–	(1,102,800)	1,281,200
Loss for the period	–	–	–	–	–	(11,555,518)	(11,555,518)
Total comprehensive loss for the period	–	–	–	–	–	(11,555,518)	(11,555,518)
Credit to equity for IPO proceeds	–	13,016,764	–	–	–	–	13,016,764
Debit to equity for IPO costs	–	(802,741)	–	–	–	–	(802,741)
Credit to equity for Share options	–	–	5,761,103	–	–	–	5,761,103
Credit for Share based payment	–	–	–	1,809,600	–	–	1,809,600
Credit to equity for convertible debt	–	–	–	–	8,493,752	–	8,493,752
Total contributions by and distributions to owners	–	12,214,023	5,761,103	1,809,600	8,493,752	–	28,278,478
Equity as at 31 December 2019	**2,384,000**	**12,214,023**	5,761,103	1,809,600	8,493,752	**(12,658,318)**	**18,004,160**

(audited)	Share Capital NZ$	IPO Proceeds Reserve NZ$	Share Option Reserve NZ$	Share Based payment Reserve NZ$	Convertible Debt Reserve NZ$	Retained (Losses) NZ$	Total NZ$
Balance at 1 July 2018	2,384,000	–	–	–	–	(193,873)	2,190,127
Loss for the period	–	–	–	–	–	(908,927)	(908,927)
Total comprehensive loss for the period	–	–	–	–	–	(908,927)	(908,927)
Total contributions by and distributions to owners	–	–	–	–	–	–	–
Equity as at 30 June 2019	**2,384,000**	**–**	**–**	**–**	**–**	**(1,102,800)**	**1,281,200**

(audited)	Share Capital NZ$	IPO Proceeds Reserve NZ$	Share Option Reserve NZ$	Share Based payment Reserve NZ$	Convertible Debt Reserve NZ$	Retained (Losses) NZ$	Total NZ$
Balance at 1 July 2018	2,384,000	–	–	–	–	(193,873)	2,190,127
Loss for the period	–	–	–	–	–	(183,973)	(183,973)
Total comprehensive loss for the period	–	–	–	–	–	(183,973)	(183,973)
Total contributions by and distributions to owners	–	–	–	–	–	–	–
Equity as at 31 December 2018	**2,384,000**	**–**	**–**	**–**	**–**	**(377,846)**	**2,006,154**

Condensed Interim Statement of Cash Flows

for the six months ended 31 December 2019

	Notes	Period Ended 31 Dec 19 NZ$ (unaudited)	Period Ended 31 Dec 18 NZ$ (audited)	Year Ended 30 Jun 19 NZ$ (audited)
Cash Flows from Operating Activities				
Payments to Suppliers and Employees		(1,150,982)	(308,124)	(1,083,296)
Interest received		2,068	11,478	12,668
Cash receipts from other operating activities		(15,699)	23,465	58,978
Net Cash Flows from Operating Activities		**(1,164,613)**	**(273,181)**	**(1,011,650)**
Cash Flows from Investing Activities				
Payment for property, plant and equipment		(598,595)	(1,118,369)	(1,743,234)
Other receipts from investing activities		–	–	–
Net Cash Flows from Investing Activities		**(598,595)**	**(1,118,369)**	**(1,743,234)**
Cash Flows from Financing Activities				
Proceeds from Share Issue		13,016,764	–	–
Share Issue Costs		(16,119)	–	–
Net proceeds from Notes and Loans		801,900	–	2,110,177
Net Cash Flows from Financing Activities		**13,802,545**	**–**	**2,110,177**
Net (decrease)/increase in cash		**12,039,337**	**(1,391,550)**	**(644,707)**
Cash at beginning of the period		1,362,162	2,006,867	2,006,867
Cash at end of the period		**13,401,499**	**615,317**	**1,362,162**

Reconciliation of profit after income tax to net cash outflow from operating activities

for the six months ended 31 December 2019

	Notes	Period Ended 31 Dec 19 NZ$ (unaudited)	Period Ended 31 Dec 18 NZ$ (audited)	Year Ended 30 Jun 19 NZ$ (audited)
Loss for the period		(11,555,518)	(183,973)	(908,927)
Non-cash and non-operating items:				
Depreciation		1,875	1,181	2,507
Convertible Note – novation		534,600	–	–
Share Based Payment Expense		7,570,703	–	–
Loss on Derecognition of financial liability		324,464	–	–
Fair value loss on Embedded Derivatives		751,091	–	–
Finance Costs		757,356	–	–
Deferred Tax		–	(71,468)	75,395
Movements in working capital:				
(increase)/decrease in trade and other receivables		–	–	45,242
(increase)/decrease in other current assets		(15,699)	23,466	13,736
increase/(decease) in trade and other payables		1,253,137	(42,387)	(239,602)
Working capital items relating to investing activities		–	–	–
Working capital items relating to financing activities		(786,622)	–	–
Net cash outflow from operating activities		(1,164,613)	(273,181)	(1,011,650)

Notes to the Condensed Interim Financial Statements

for the six months ended 31 December 2019

The unaudited Condensed Interim Financial Statements presented are those of Happy Valley Nutrition Limited ('HVM' or 'the Company'). The Company is an ASX listed public company limited by shares, incorporated and domiciled in New Zealand. The Company's purpose is to plan and potentially develop a vertically integrated, formulaic milk processing, blending and packaging facility that produces infant milk formula and other nutritional products for sale in the global export markets.

The Company is a for profit entity, registered in New Zealand under the Companies Act 1993.

The Condensed Interim Financial Statements were authorised by the Board of Directors on 28 February 2020.

The comparative periods for the six months ended 31 December 2018 and year ended 30 June 2019 were audited by another auditor who expressed an unmodified opinion.

1. Basis of preparation and significant accounting policies

1.01 Basis of Preparation

The Condensed Interim Financial Statements for the six months ended 31 December 2019 have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ('NZ GAAP') and comply with New Zealand International Accounting Standard IAS 34 *Interim Financial Reporting* (NZ IAS 34), as appropriate for for-profit oriented entities. Compliance with NZ IAS 34 ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting.

These Condensed Interim Financial Statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2019.

These condensed interim financial statements are presented in New Zealand dollars (NZ$), which is the Company's functional currency.

1.02 Changes in Accounting Policies

Apart from the adoption of NZ IFRS 16 noted below, the principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

1.03 New Standards Adopted

NZ IFRS 16 Leases

NZ IFRS 16 is effective for annual periods beginning on or after 1 January 2019. The standard introduces a single lessee accounting model for all lessees which recognises all leases in the statement of financial position through an asset representing a right to use the leased item during the leased term and a liability for the obligation to make lease payments.

NZ IFRS 16 has not had a significant impact on the Company's condensed interim financial statements. The Company did not have any material non-cancellable operating leases or any lease commitments with a term greater than 12 months. The Company has used the practical expedient available in NZ IFRS 16 to continue to expense short term leases with durations of less than 12 months.

1.04 Interest Income

Interest received is recognised using the effective interest method.

1.05 Goods and Services Tax

All amounts are stated exclusive of goods and services tax (GST) except for accounts payable and accounts receivable which are stated inclusive of GST.

1.06 Income Tax

Income tax is accounted for using the deferred tax basis method. Deferred tax is recognised in respect of tax losses and temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantially enacted at the reporting date. Deferred tax is recognised on the basis that there is probable realisation through future profits.

The Company's accumulated tax losses were forfeited due to the loss of shareholder continuity which occurred upon the issue of new shares on 10 January 2020.

1.07 Property, Plant & Equipment

Freehold land is stated at cost and is not depreciated.

Computer and Office equipment is stated at cost less accumulated depreciation and accumulated impairment loss.

Development costs are those costs directly attributable to the acquisition and development of property and are stated at cost, less any recognised impairment loss. These include costs incurred which are directly attributable to bringing an asset to the location and into the condition necessary for it to be capable of operating in the manner intended by management. Development costs include Consents & Permits which comprises expenditure incurred to obtain the required consents and permits to both construct and operate the Facility.

Depreciation of these assets, determined on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and development costs) less their residual values over their useful lives, using the straight-line method.

The estimated useful lives used for each class of depreciable asset are shown below:

Fixed asset class	Useful Life
Computer and office equipment	2-5 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

1.08 Financial Instruments

Financial assets and financial liabilities are recognised when the Company becomes party to the contractual provisions of the instrument.

On initial recognition financial assets and financial liabilities are measured at fair value. Transaction costs directly attributable to the acquisition or issue to financial assets or financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities as appropriate on initial recognition (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets
All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification
On initial recognition, the Company classifies its financial assets at amortised cost.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets.

Amortised cost
Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The Company's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Impairment of financial assets
Impairment of financial assets is recognised on an expected credit loss (ECL) basis for financial assets measured at amortised cost.

Financial liabilities
The Company measures all financial liabilities initially at fair value less transaction costs. Subsequently financial liabilities are measured at amortised cost using the effective interest rate method or at fair value through profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts the estimated future cash payments through the expected life of the financial liability.

The financial liabilities measured at amortised of the Company comprise trade and other payables, loans, convertible notes and convertible loans.

Financial liabilities measured at fair value through profit or loss comprise embedded derivatives in the convertible notes and convertible loans being the conversion options.

The Company derecognises financial liabilities when and only when the Company's obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability recognised and the consideration paid is recognised in profit or loss.

When the Company exchanges with an existing lender a debt instrument for another debt instrument with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and recognition of a new financial liability. A substantial modification of terms on an existing liability is treated as an extinguishment of the original financial liability and recognition of a new liability.

Embedded derivatives
Derivatives are recognised initially at fair value and are subsequently remeasured to their fair value at the reporting date.

An embedded derivative is a component of a hybrid contract that also includes a non-derivative host (convertible notes and convertible loans). Derivatives embedded in hybrid contract that are financial liabilities are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contract and the host contract is not measured at fair value through profit or loss.

Equity
Debt or equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting its liabilities.

1.09 Share-based Payments

Equity settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market based vesting conditions.

Details regarding the determination of fair value of equity-settled share-based transactions are in Note 5.

The fair value of share-based payments is ascertained using a Black-Scholes pricing model which incorporates all market vesting conditions. The fair value determined at grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of the number of options expected to vest. At the end of each reporting period, the Company revises its estimate of the number of options which are expected to vest based on the non-market vesting conditions. Revisions to the prior period estimate are recognised in profit or loss and equity.

Equity settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtained the good or the counterparty receives the services.

1.10 Key Estimates and Judgements

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Some of the estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are detailed below.

The Company has also had to make judgements regarding accounting policies and treatments that have a significant impact on the amounts recognised in the condensed interim financial statements.

Judgement on Classification as Equity

IPO Proceeds
The Company received confirmation on 27 December 2019 that the ASX listing conditions were satisfied subject to certain administrative conditions. The IPO subscription raised NZ$13,016,764 (A$12,505,910) pursuant to the offer under the prospectus dated 22 November 2019 and was recognised within equity at the reporting date as the Company was considered to have an obligation to issue of 62,529,546 fully paid ordinary shares at an issue price of A$0.20 per share as at 27 December 2019. These shares were subsequently issued to shareholders on 10 January 2020. HVM was admitted to the Official List of the ASX on 22 January 2020. Official quotation and trading began on 23 January 2020.

Convertible Notes and Converting Loan
Following receipt of the ASX confirmation that the listing conditions were met on 27 December 2019 the automatic conversion obligations of the convertible debt instruments (detailed in Note 3) was activated. At the reporting date the Company recognised the convertible debt within equity as the Company was obliged to issue a fixed number of shares at this date, the issue of these shares occurred on 10 January 2020.

Key Sources of Estimation (Valuation)

Embedded Derivatives

The fair value of the embedded derivative liabilities were determined utilising assumptions and inputs to a Black-Scholes valuation model including: estimated time to expiry of convertible debt instruments, the Company's share price of A$0.20 based on the expected IPO price at the time of recognition, risk free interest rate of 0.74% and assuming a 100% volatility. This volatility was based on similar companies within the industry at the same stage in their life cycle given HVM currently has not trading history.

Share-based Payments

Equity-settled share awards are recognised as an expense based on their fair value at date of grant. The fair value of equity-settled shares and options is estimated through the use of valuation models which require inputs such as the risk-free interest rate, expected dividends, expected volatility and the expected option life, and is expensed over the vesting period.

Some of the inputs used, such as expected volatility and the expected option lives, are not market observable. Using different input estimates or models could produce different option and share values, which would result in the recognition of a higher or lower expense. Refer to Note 5 for further details.

1.11 Reclassification of Prior Period Cashflows

Certain balances have been reclassified in the 31 December 2018 and 30 June 2019 Statements of Cashflows in order to align with the 31 December 2019 presentation.

1.12 Cash and Short Term Deposits

Cash and short term deposits comprise of cash on hand and other short term highly liquid investments that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents includes cash on hand and in banks.

The statement of cash flows is prepared exclusive of GST, which is consistent with the method used in the income statement.

Definition of terms used in statement of cash flows.

Operating activities include all other transactions and other events that are not investing or financing activities.

Investing activities are those activities relating to the acquisition of and disposal of the current and non-current assets, investments and any other non-current assets.

Financing activities are those activities relating to changes in the equity and debt capital structure of HVM and those activities relating to the cost of servicing the Company's equity.

1.13 Foreign Exchange

In the course of normal activities, the Company undertakes transactions denominated in foreign currency hence exposure to exchange rate fluctuations. Convertibles notes and debt are denominated in Australian Dollars and are translated at the exchange rate prevailing at the end of each reporting period. Exchange rate differences are recorded in the income statement in the period they occur.

2. Going Concern

The interim condensed financial statements have been prepared based on going concern basis which assumes that the Company will have sufficient cash to pay its debts as they fall due for a minimum of 12 months from the date of signing of the interim condensed financial statements. The Directors believe the going concern assumption is valid, reaching such a conclusion after having regard to the circumstances which they consider reasonably likely to affect the Company during the period of at least one year from the date these interim condensed financial statements are approved.

As at 31 December 2019 the Company had $13,401,499 of cash and cash equivalents as a result of the successful IPO during December 2019, and the subsequent listing on the ASX in January 2020. As noted at Notes 3 and 10, all converting loans and convertible notes were converted to equity on 27 December and associated shares issued on 10 January 2020, meaning the Company has no external debt from that date.

Based on management budgets and plans, the IPO and listing on the ASX in January 2020 provided sufficient funding to support pre-project activities expected to occur over the next 12 -24 months the timing of which will be dependent on securing a strategic partner. The Company has continued with its pre-project activities as outlined in the prospectus dated 22 November 2019 during January and February 2020.

While the Directors believe that there is no material uncertainty in respect of the Company's ability to continue as a going concern for the period assessed above, there is no guarantee the construction of the IMF Facility will commence or that future funds can be raised after the pre-project activities have been completed. The Company is reliant on:

- securing additional funding (debt or equity) to fund construction and working capital;
- securing long term agreements(s) with strategic partner(s) and milk supply agreements on favourable commercial terms;
- completing the basis of design for the IMF or Other Nutritional Products Facility, followed by construction and commissioning of the Facility within estimated timeframes and budgets;
- obtaining Overseas Investment Office (OIO) approval for remaining land acquisitions;
- Obtaining additional resource consents and permits regulatory approvals, licenses and /or renewals to build and operate the Facility.

If the Company was unable to continue as a going concern, and pay debts as, and when, they become due and payable, adjustments to the carrying value of assets would have to be made to reflect the situation. In such circumstances, assets may need to be realised and liabilities extinguished, other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheet. This situation would likely impact in particular on the carrying value of Property, plant and equipment.

These interim condensed financial statements do not include any adjustments relating to the classification and recoverability of recorded asset amounts or to the amounts and classification of liabilities that may be necessary should the Company be unable to continue as a going concern.

3. Convertible debt

For accounting purposes the convertible debt to issue a variable number of shares, comprising convertible notes and convertible loan instruments has two elements: a debt host liability component and an embedded derivative component.

On initial recognition, the fair value of the embedded derivative components was calculated first and the residual value assigned to the debt host components. No gain or loss was recognised on inception.

The debt host liability components were subsequently carried at amortised cost whereby the initial carrying value of the liability was accreted to the principal amount over the life of the convertible notes and convertible loan.

During the reporting period the Company held the following instruments:

3.01 Secured convertible notes

The secured convertible loan notes were originally issued on 21 May 2018 with the following terms:

- Denominated in NZ$3,214,165
- Maturity date 21 November 2019
- Interest free period until 21 November 2019
- Automatic conversion – upon exchange of HVM shares for Longreach Oil Limited shares under the Share Purchase Agreement (refer Note 5.03)
- Conversion anticipated to be through a back-door listing via Longreach Oil Limited, where the number of shares = (x/0.7619), where x= total number of shares on issue immediately prior to conversion

On 10 October 2019, an amendment to the convertible notes agreement extended the interest free period to 31 March 2020, extended the conversion and redemption period to 31 March 2020, automatically converted the notes into HVM shares upon listing on the ASX and made the notes redeemable if the Company had not listed on the ASX or before the sunset date of 31 March 2020.

The amendment changing the IPO assumption from a back-door listing to a front door listing on the ASX was considered a substantial modification. The original convertible note liability was derecognised on this date, with a corresponding gain (NZ$51,217) recognised in profit or loss and a new convertible note (debt host liability) and embedded derivative recognised.

Subsequently upon receiving ASX confirmation that the listing conditions were met on 27 December 2019 the automatic conversion obligation of the convertible note was activated. On that date the Company reclassified the convertible note (NZ$2,276,285) and associated embedded derivative (NZ $2,4479,188) to equity as the Company was obliged to issue a fixed number of shares. The issue of these shares occurred on 10 January 2020.

Refer Note 8.01 for directors' interest in the convertible note.

3.02 Unsecured convertible notes

As part of the Deed of Termination and Release with Longreach Oil Limited (refer note 5.2) on 10 October 2019, the Company entered into an unsecured convertible loan note deed with the following terms:

- Denominated in AU$1,250,000 (NZ$1,336,500)
- Issue date tranche 1: AU$500,000 issued on 10-Oct-2019 (original agreement of 5 May 2019 novated and assigned to HVM, with no consideration received)
- Issue date tranche 2: AU$750,000 issued on 10-Oct-2019
- Maturity date: 5 November 2020
- Automatic conversion – upon receiving ASX confirmation
- Convertible into HVM shares on listing on the ASX at a conversion price equal to 80% of the issue price of the HVM shares.

A new convertible note (debt host liability) and embedded derivative was recognised on 10 October 2019. Subsequently upon receipt of the ASX confirmation that the listing conditions were met on 27 December 2019 the automatic conversion obligation of the convertible debt instrument was activated, the financial liability (NZ$1,010,284) and associated embedded derivative (NZ$354,937) were reclassified to equity.

Refer Note 8.01 for directors' interest in the convertible note.

3.03 Secured Converting Loan

On 2 May 2019 the Company entered into a Secured Loan Agreement with the following key terms:

- Denominated in AU$2,000,000 (NZ$2,110,177)
- Redemption amount AU$2,400,000
- Maturity date 2 November 2020
- Interest rate of 20%

On 10 October 2019 an amendment to the secured loan agreement amended the terms of the agreement such that HVM at its discretion could repay the redemption amount by issuing HVM shares on listing on the ASX based on a conversion price equal to 80% of the issue price of the HVM shares on listing.

This amendment was considered a substantial modification due to the inclusion of an embedded derivative which altered the future economic risk exposure of the instrument. The original loan liability was derecognised on this date, with a corresponding loss recognised in profit or loss (NZ$375,681) and a new convertible loan (debt host liability) and embedded derivative recognised. Upon receipt of the ASX confirmation that the listing conditions were met on 27 December 2019 the conversion obligation was activated. On that date the Company reclassified the convertible loan (NZ$2,103,349) and associated derivative (NZ$269,710) to equity as the Company was obliged to issue a fixed number of shares. The issue of these shares occurred on 10 January 2020.

Refer Note 8.01 for directors' interest in the convertible loan.

4. Property, Plant and Equipment

	Land NZ$	Computer & Office Equipment NZ$	Development Costs NZ$	Total NZ$
Balance at 31 December 2018	**832,639**	**3,131**	**3,961,525**	**4,797,295**
Additions	64,498	3,461	766,906	**834,865**
Disposals	–	–	–	**–**
Depreciation	–	(1,326)	–	**(1,326)**
Balance at 30 June 2019	**897,137**	**5,266**	**4,728,431**	**5,630,834**
Additions	10,000	1,565	587,030	**598,595**
Disposals	–	–	–	**–**
Depreciation	–	(1,875)	–	**(1,875)**
Balance at 31 December 2019	**907,137**	**4,956**	**5,315,461**	**6,227,554**

5. Share-based Payment Transactions

5.01 Share Options

During the year, as part of HVM's IPO (and as included in its prospectus dated 22 November 2019), the Directors were granted the following options on 11 October 2019.

- IPO Options – each director received options with vesting conditions requiring the Company to list on the ASX and expiry dates range from 3-5 years. Details of the options are included in the table below.
- Milestone Options – 3 of the directors received options, provided in 3 separate tranches with vesting conditions based on strategic, financial and production targets for the Company and an implied service condition associated with the continued involvement of the directors. Expiry dates range from 3-5years from the date of vesting. Details of the options are included in the table below.

The options do not carry rights to dividends or voting rights.

IPO Options

The IPO options vested upon listing on the ASX, deemed to be 27 December 2019, and were issued on 10 January 2020. NZ$4,719,708 was expensed as a share-based payment in profit or loss in the current period.

IPO OPTIONS

Option Holder	IPO Options	Exercise Price AU$	Expiry date	Black-Scholes Price AU$	Total Value AU$	Total Value NZ$
Ivan Hammerschlag	21,428,571	$0.06	5 Years	$0.17	$3,705,043	$3,853,245
David McCann	727,485	$0.20	5 Years	$0.15	$107,854	$112,168
Anthony Kahn	5,000,000	$0.20	3 Years	$0.12	$617,430	$642,127
Randolph van der Burgh	727,485	$0.20	5 Years	$0.15	$107,854	$112,168
Total	**27,883,541**				**$4,538,181**	**$4,719,708**

The value of these options was determined using the Black Scholes model. The price determined using this model was applied to the number of options received by each director. In addition to the above inputs a risk factor of either 0.68% or 0.74% was used which is based on the 3 or 5 year Australian government bond yields respectively. A volatility of 100% was also used. This was based on similar companies within the industry at the same stage in their life cycle as HVM currently has no trading history.

None of the IPO Options have been exercised.

Milestone Options
The Milestone Options were granted on the 11 October 2019 and are subject to the following vesting conditions and may only be exercised once the relevant condition is satisfied:

a. Tranche 1 Strategic: The Company's entry into a legally binding agreement (or agreements) between the Company and a party or parties, including a disclosed agent, which provides for the security, placement or sale of product produced at the Facility;
b. Tranche 2 Financing: the Company's entry into a legally binding agreement (or agreements) which provide for, broadly, the raising of debt and/or equity by the Company or a subsidiary of the Company of an amount that is sufficient to finance the design, build and commissioning of the Facility. For Ivan Hammerschlag however, the Tranche 2 Financing vesting condition will be satisfied by any post-IPO debt or equity raising conducted by the Company; and
c. Tranche 3 Production: The first commercial order by an independent customer of product produced at the Facility following or as part of the Facility's commissioning.

The options carry neither dividend rights or voting rights.

DIRECTORS WHO HAVE ACCEPTED OPTION AGREEMENTS

Option Holder	Tranche 1 Strategic	Tranche 2 Financing	Tranche 3 Production	Exercise Price	Expiry Date
Ivan Hammerschlag	–	6,696,429	–	$0.06	5 Years
David McCann	5,368,102	5,368,102	5,368,102	$0.25	3 Years
Randolph van der Burgh	5,368,102	5,368,102	5,368,102	$0.25	3 Years
Anthony Kahn	–	–	–	–	–
Total	**10,736,204**	**17,432,633**	**10,736,204**		

NUMBER OF OPTIONS PER TRANCHE

IPO Milestone Options	Total Number of options	Life Years	Black-Scholes Price AU$	Total Value AU$	Total Value NZ$
Tranche 1	10,736,204	3.90	$0.13	$1,382,958	$1,438,940
Tranche 2a (Ivan)	6,696,429	5.00	$0.17	$1,188,956	$1,237,085
Tranche 2b (Randolph & David)	10,736,204	4.10	$0.13	$1,412,817	$1,470,008
Tranche 3	10,736,204	5.70	$0.13	$1,603,386	$1,668,291
Total	**38,905,041**			**$5,588,117**	**$5,814,324**

The value of these options was determined using the Black Scholes model. The price determined using this model was applied to the number of options received by each director. In addition to the above inputs a risk factor of either 0.68% or 0.74% was used which is based on the 3 or 5 year Australian government bond yields respectively. A volatility of 100% was also used. This was based on similar companies within the industry at the same stage in their life cycle as HVM currently has no trading history.

At 31 December 2019 no conditions had vested and a share-based payment expense was recognised in profit or loss of NZ$1,041,395. This was determined by apportioning the total option value over the expected period until vesting for each tranche.

5.02 Longreach Oil Limited Termination Deed – share-based payment transaction

A Deed of Termination and Release between HVM and Longreach Oil Limited (LGO) in relation to the Share Purchase Agreement (between HVM, LGO and Gleneagle Securities Nominees Pty Ltd and shareholders) dated 20 March 2018 and related documents received the necessary approvals and consents from shareholders, convertible note holders and loan note holders on 14 October 2019.

Consideration for this Termination Deed was the issue of 17,400,000 HVN shares upon receiving confirmation of acceptance of its listing on the ASX. The Deed had a sunset date of 31 December 2019.

The successful IPO is a non-vesting condition. The fair value of the shares was determined at grant date and NZ$1,809,600 expensed on that date, with the corresponding credit to equity (share based payments reserve).

6. Liability and Equity position post – ASX listing

While the Company received proceeds from the ASX listing prior to 31 December 2019 and reclassified the notes/loan to equity and issue of equity shares under the IPO offer did not occur until 10 January 2020.

7. Schedule of non-cancellable commitments as at 31 December 2019

7.01 Conditional Sale and Purchase agreement for irrigation property

On 4 July 2019 the Company entered into a conditional Sale and Purchase Agreement to acquire a property at Waipa Meadows, Otorohanga for NZ$3,200,000. The Agreement is subject to a number of conditions including obtaining Overseas Investment Office approval.

7.02 Non-cancellable water lake agreement.

On 23 April 2019, HVM and Wairakei Pastoral Limited entered in a non-cancellable water take agreement with the following terms:

- 1,000m^3 per day water take licence, using Wairakei Pastoral Limited consent from the Waipa river.
- Commencement date is the later of 1 November 2019 and the date on which construction of the plant commences.
- Annual maximum volume of water is 365,000m^3
- Maximum daily volume of water is 1,000m^3
- Water charge is NZ$328,500 plus GST per annum

8. Schedule of related parties and transactions at 31 December 2019

8.01 Directors' Interest in Shares and Other Securities

Details of the interests of the Directors (either directly or through beneficial interests or entities associated with the Director), and their holdings of Company securities at relevant times are set out in Table 8.01 below.

TABLE 8.01 DIRECTORS' INTEREST IN SHARES AND OTHER SECURITIES

Up until the 27 of December 2019, the Directors held convertible debt(as part of the disclosure at Note 3). These notes converted to equity on 27 December 2019, and shares were issued on 10 January 2020.

DIRECTORS' INTEREST IN THE CONVERTIBLE NOTES

Director	Convertible Debt	Value of Convertible Debt on Conversion NZ$
Ivan Hammerschlag	Refer Note 3.01	$934,343
David McCann	Refer Note 3.01	$39,137
Randolph van der Burgh	Refer Note 3.01	$39,137
Anthony Kahn	Refer Note 3.02 and 3.03	$142,607
Total		**$1,155,224**

DIRECTORS' INTEREST IN SHARES HELD AT THE COMPLETION OF THE IPO

	Shares held at the completion of the IPO		Options held at completion of the IPO
Director	Number	%	Number
Ivan Hammerschlag	5,347,024	2.52%	28,125,000
David McCann	8,778,031	4.13%	16,831,791
Randolph van der Burgh	9,633,555	4.53%	16,831,791
Anthony Kahn	1,625,000	0.76%	5,000,000
Total	**25,383,610**	**11.94%**	**66,788,582**

In addition to the convertible debt held by Anthony Kahn, he acquired 1,000,000 shares as part of the IPO offer.

8.02 Director Services Agreements

Each Director has entered into a Director Services Agreement through an associated entity. The key terms of those agreements are set out in Table 8.02 below.

TABLE 8.02 SUMMARY OF KEY TERMS OF DIRECTORS' SERVICES AGREEMENTS

Parties	Role	Remuneration Up to listing	Remuneration Upon listing	Limitation of Liability
Ivan Hammerschlag Honeystone Pty Limited (HPL) and the Company	Non-Executive Chairman	AU$6,700 (NZ$6,968) per month non-exec director fee	AU$120,000pa (NZ$124,800) base director/chairman fees Compensation for services agreed at each listing	Liability of HPL and any director of HPL limited to the lesser of NZ$250,000 and the fees HPL has charged and been paid for the services, subject to the Companies Act.
David McCann Olwyn Ventures Limited (OVL) and the Company	Non-Executive Director	NZ$15,000 per month non-exec director fee	AU$80,000pa (NZ$83,200) base director fees AU$120,000pa (NZ$124,800) additional base fees to reflect the non director services they provide	Liability of OVL and any director of OVL limited to the lesser of NZ$250,000 and the fees OVL has charged and been paid for the services, subject to the Companies Act.
Randolph van der Burgh VCFO Group Limited (VCFO) and the Company	Non-Executive Director	NZ$15,000 per month non-exec director fee	AU$80,000pa (NZ$83,200) base director fees AU$120,000pa (NZ$124,800) additional base fees to reflect the non director services they provide	Liability of VCFO and any director of VCFO limited to the lesser of NZ$250,000 and the fees VCFO has charged and been paid for the services, subject to the Companies Act.
Anthony Kahn Partnership Investors Pty Limited and the Company	Independent Non-Executive Director	AU$6,700 (NZ$6,968) per month non-exec director fee	AU$80,000pa (NZ$83,200) base director fees Success Listing fee AU$20,000 (NZ$20,800)	Liability of PIPL and any director of PIPL limited to the lesser of NZ$250,000 and the fees PIPL has charged and been paid for the services, subject to the Companies Act.

It is expected that the need for the Directors to provide additional non-director services will reduce over time once additional senior managers are appointed to their roles in the Company.

8.03 Other Related Parties

VCFO Group Limited

Accounting and Taxation Services Agreement with VCFO for the provision of various financial, taxation and project related services. Randolph van der Burgh is a shareholder and director of VCFO and a shareholder and director of the Company for the following fees:

- fixed monthly fee of NZ$1,250 plus GST for accounting and taxation services;
- fixed monthly fee of NZ$3,250 plus GST for project modelling and valuation services; and
- hourly fees for additional services on a time engaged basis.

Exclusive Work Desk Agreement with VCFO for the provision of office facilities. Randolph van der Burgh is a shareholder of VCFO and director of the Company pursuant to these arrangements VCFO is entitled to, the following fees:

- occupancy fee per desk NZ$7,200 plus GST for 6 months;
- car parking fee per car park NZ$2,880 plus GST for 6 months; and
- additional services such as photocopying charged per use.

8.04 Summary of payments to related parties for 6-month period 1 July to 31 December 2019

HVM Related Party Transactions	*Period Ended*		*Year Ended*
Description	31 Dec 19 NZ$	31 Dec 18 NZ$	30 Jun 19 NZ$
David McCann			
D McCann – Expenses	16,594	10,706	22,488
Olwyn Ventures Limited – Director Fees	90,090	90,105	180,195
Randolph van der Burgh			
Randolph van der Burgh – Expenses	1,333	1,785	3,694
VCFO Group Limited – Director Fees	90,000	90,000	180,000
VCFO Group Limited – Professional Services	144,769	15,134	121,058
Ivan Hammerschlag			
Honeystone Pty Limited	43,532	44,606	92,704
Anthony Kahn			
Partnership Investors Pty Ltd	64,096	-	28,776

8.05 Related Party Outstanding Payables as at 31 December 2019

Related Party – Outstanding Payables – 31 December 2019 – NZ$

Contact	Total
D McCann	928
VCFO Group Limited	23,940

8.06 Related Party Outstanding Receivables as at 31 December 2019

None

9. Fair Value Measurement

The Company measures the following assets and liabilities at fair value on a recurring basis:

Financial liabilities

- Convertible debt embedded derivatives

Fair value hierarchy

NZ IFRS 13 Fair Value Measurement requires all assets and liabilities measured at fair value to be assigned to a level in the fair value hierarchy as follows:

- Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 Inputs other than quoted pries included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 Unobservable inputs for the asset or liability.

Convertible debt embedded derivatives are classified as level 3. The fair value of convertible debt embedded derivatives was determined using a Black-Scholes model based on time to expiry and other factors as disclosed in Note 1.10.

10. Contingent Liabilities

There were no known contingent liabilities as 30 December 2019 (June 2019: nil December 2018(nil).

11. Events Subsequent to balance date

The following significant events occurred subsequent to 31 December 2019:

11.01 ASX Listing (ASX: HVM):

The Company received confirmation on 27 December 2019 that the ASX listing conditions were satisfied subject to certain administrative conditions. The IPO subscription raised NZ$13,016,764 (AU$12,505,910) pursuant to the offer under the prospectus dated 22 November 2019 and recognised within equity at the reporting date as the Company was obliged to issue of 62,529,546 fully paid ordinary shares at an issue price of AU$0.20 per share as at 27 December 2019. These shares were subsequently issued to shareholders on 10 January 2020.

Upon satisfaction of all conditions HVM was admitted to the Official List of the ASX on 22 January 2020. Official quotation and trading began on 23 January 2020.

11.02 Convertible Debt:

Following ASX confirmation that the listing conditions were met on 27 December 2019 the automatic conversion obligations of each of the following convertible debt instruments (detailed in Note 3) and the share-based payment transaction (detailed in Note 5) was activated. At the reporting date the Company recognised the convertible debt and share based payment transaction within equity as the Company was obliged to issue the following fixed number of shares, the issue of these shares occurred on 10 January 2020.

- 26,735,119 ordinary shares fully paid on conversion of NZ$4,755,473 in secured convertible notes
- 12,500,000 ordinary shares fully paid on conversion of NZ$2,373,059 (AU$2,000,000) in secured loan instrument
- 3,125,000 ordinary shares fully paid on conversion of NZ$546,088 (AU$500,000) in unsecured convertible notes
- 4,687,500 ordinary shares fully paid on conversion of NZ$819,132 (AU$750,000) in unsecured convertible notes
- 17,400,000 ordinary shares full paid to Longreach Oil Limited NZ$1,809,600 (AU$1,740,000)

11.03 IPO Options:

The 27,883,541 IPO options granted to the Directors (detailed in Note 5.01) vested on 27 December 2019 and were issued on 10 January 2020. None have been exercised.

Directors' Declaration

In accordance with a resolution of the directors of Happy Valley Nutrition Limited, I state that:

1. In the opinion of the directors:
   a. The interim financial statements for the six months ended 31 December 2019 comply with International Financial Reporting Standards
   b. There are reasonable grounds to believe that the Company will be able to pay its debts when they become due and payable.

2. This declaration has been made after receiving the declarations required to be made to the directors by General Manager and CFO of Happy Valley Nutrition Limited.

Ivan Hammerschlag
Chairman

28 February 2020

Independent Review Report

Deloitte.

INDEPENDENT REVIEW REPORT
TO THE SHAREHOLDERS OF HAPPY VALLEY NUTRITION LIMITED

We have reviewed the condensed interim financial statements of Happy Valley Nutrition Limited ('the Company') which comprise the statement of financial position as at 31 December 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the six month period ended on that date, and a summary of significant accounting policies and other explanatory information on pages 2 to 17.

This report is made solely to the company's shareholders, as a body. Our review has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in a review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company's shareholders as a body, for our engagement, for this report, or for the opinions we have formed.

Board of Directors' Responsibilities

The Board of Directors are responsible for the preparation and fair presentation of the condensed interim financial statements, in accordance with NZ IAS 34 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting* and for such internal control as the Board of Directors determine is necessary to enable the preparation and fair presentation of the condensed interim financial statements that are free from material misstatement, whether due to fraud or error.

Our Responsibilities

Our responsibility is to express a conclusion on the condensed interim financial statements based on our review. We conducted our review in accordance with NZ SRE 2410 *Review of Financial Statements Performed by the Independent Auditor of the Entity* ('NZ SRE 2410'). NZ SRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the condensed interim financial statements, taken as a whole, are not prepared, in all material respects, in accordance with NZ IAS 34 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting*. As the auditor of Happy Valley Nutrition Limited, NZ SRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial statements.

A review of the condensed interim financial statements in accordance with NZ SRE 2410 is a limited assurance engagement. The auditor performs procedures, primarily consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand). Accordingly we do not express an audit opinion on those financial statements.

Other than in our capacity as auditor, we have no relationship with or interests in Happy Valley Nutrition Limited.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim financial statements of the Company do not present fairly, in all material respects, the financial position of the Group as at 31 December 2019 and its financial performance and cash flows for the period ended on that date in accordance with NZ IAS 34 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting*.

Other Matter

The financial statements of Happy Valley Nutrition Limited for the 6 months ended 31 December 2018 and for the year ended 30 June 2019, were audited by another auditor who expressed unmodified opinions on those statements on 29 March 2019, and 15 October 2019 respectively.

Deloitte Limited

Dunedin, New Zealand
28 February 2020

This review report relates to the unaudited condensed interim financial statements of Happy Valley Nutrition Limited for the six months ended 31 December 2019 included on Happy Valley Nutrition Limited's website. The entity's Board of Directors is responsible for the maintenance and integrity of Happy Valley Nutrition Limited's website. We have not been engaged to report on the integrity of Happy Valley Nutrition Limited's website. We accept no responsibility for any changes that may have occurred to the unaudited condensed interim financial statements since they were initially presented on the website. The review report refers only to the unaudited condensed interim financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these unaudited condensed interim financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the unaudited condensed interim financial statements and related review report dated date to confirm the information included in the unaudited condensed interim financial statements presented on this website. Legislation in New Zealand governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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Corporate Directory

Company
Happy Valley Nutrition Limited

Board of Directors
Ivan Hammerschlag – Non-Executive Chairman

David McCann – Non Executive Director

Randolph van der Burgh – Non Executive Director

Anthony Kahn – Non Executive Director

Company Secretary
Leanne Ralph

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