

Greenfern Industries Limited

NZCN: 6804155

Financial Report

For the year ended 31 March 2020

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GREENFERN INDUSTRIES LIMITED
NZCN: 6804155

COMPANY DIRECTORY

IRD number	125-630-936
Nature of business	Producer and wholesaler of therapeutic products
Registered office	Level 8, General Capital House, 115 Queen Street Auckland
Directors	Daniel LEYDEN Daniel CASEY Brent Douglas KING Philip Wesley BROWN Darryl DAVIES
Bankers	Bank of New Zealand
Auditors	Crowe New Zealand Audit Partnership
Accountants	Baker Tilly Staples Rodway Auckland Limited

GREENFERN INDUSTRIES LIMITED

NZCN: 6804155

DIRECTORS' REPORT

The directors present their report together with the financial report of Greenfern Industries Limited for the year ended 31 March 2020 and auditor's report thereon.

Directors names

The names of the directors in office at any time during or since the end of the year are:

Tim Mark JOHNSON Appointed 12 April 2018 and resigned 18 February 2019

Daniel LEYDEN Appointed 25 June 2018

Daniel CASEY Appointed 29 June 2018

Brent Douglas KING Appointed 21 April 2021

Philip Wesley BROWN Appointed 12 July 2021

Darryl DAVIES Appointed 13 July 2021

The directors have been in office since the start of the year to the date of this report unless otherwise stated.

Principal activities

The principal activity of the Company during the year was producer and wholesaler of therapeutic products.

No significant change in the nature of these activities occurred during the year.

Results

The loss of the Company for the year after providing for income tax amounted to \$1,680,176.

Review of operations

The Company continued to engage in its principal activity, the results of which are disclosed in the attached financial statements.

Dividends paid, recommended and declared

No dividends were paid or declared since the start of the year. No recommendation for payment of dividends has been made.

Donations

The Company made no donations during the year.

GREENFERN INDUSTRIES LIMITED
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DIRECTORS' REPORT

Audit fees

No audit fees were paid or accrued during the year.

Interests

No director has given notice to the Company of an interest in any transaction with the Company. No director has sought authorisation to use Company information.

Directors' remuneration and other benefits


Dan Casey received a salary of \$31,326 during the year.

Employee remuneration

No cash remuneration exceed \$100,000 during the year.

Signed in accordance with a resolution of the board of directors, dated 10th August 2021

Director: 
Daniel LEYDEN

Director: 
Daniel CASEY

GREENFERN INDUSTRIES LIMITED
NZCN: 6804155

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2020

	Note	2020 \$	11 months 2019 \$
Other income			
Interest income		22,186	490
Establishment income	21	-	36,167
Other income		<u>932</u>	<u>-</u>
		<u>23,118</u>	<u>36,657</u>
Less: expenses			
Materials and consumables used		(20,000)	(30,000)
Transport expense		(1,672)	-
Depreciation and amortisation expense	4	(19,495)	-
Advertising expense		(34,813)	(55,033)
Consultancy expenses		(928,412)	(7,016)
Employee benefits expense		(510,540)	(4,268)
Finance costs	4	(27,809)	(77)
Other expenses		<u>(160,553)</u>	<u>(16,243)</u>
		<u>(1,703,294)</u>	<u>(112,637)</u>
Loss before income tax expense		(1,680,176)	(75,980)
Income tax expense	6	<u>-</u>	<u>-</u>
Loss for the year		<u>(1,680,176)</u>	<u>(75,980)</u>
Other comprehensive income for the year		<u>-</u>	<u>-</u>
Total comprehensive loss		<u>(1,680,176)</u>	<u>(75,980)</u>
Earnings per share			
Basic and dilutive earnings per share after tax (\$)	20	(0.25)	(0.03)

The accompanying notes form part of these financial statements.



GREENFERN INDUSTRIES LIMITED
NZCN: 6804155

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020

	Note	2020 \$	2019 \$
Current assets			
Cash and cash equivalents	7	991,937	455,369
Receivables	10	45,869	25,769
Inventories	11	12,431	-
Term deposit	9	-	1,000,000
Current tax assets	6	6,349	137
Prepayments		<u>2,174</u>	<u>8,180</u>
Total current assets		<u>1,058,760</u>	<u>1,489,455</u>
Non-current assets			
Intangible assets	13	2,515	400
Right of use assets	12	824,184	-
Property, plant and equipment	14	309,495	937
Other financial assets	15	<u>79,200</u>	<u>4,000</u>
Total non-current assets		<u>1,215,394</u>	<u>5,337</u>
Total assets		<u>2,274,154</u>	<u>1,494,792</u>
Current liabilities			
Payables	17	192,419	36,146
Lease liabilities	12	<u>6,940</u>	-
Total current liabilities		<u>199,359</u>	<u>36,146</u>
Non-current liabilities			
Lease liabilities	12	824,786	-
Other liabilities	18	<u>678,026</u>	-
Total non-current liabilities		<u>1,502,812</u>	-
Total liabilities		<u>1,702,171</u>	<u>36,146</u>
Net assets		<u>571,983</u>	<u>1,458,646</u>

The accompanying notes form part of these financial statements.



GREENFERN INDUSTRIES LIMITED
NZCN: 6804155

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020

	Note	2020 \$	2019 \$
Equity			
Share capital	19	2,328,139	1,534,626
Accumulated losses		<u>(1,756,156)</u>	<u>(75,980)</u>
Total equity		<u>571,983</u>	<u>1,458,646</u>

Signed in accordance with a resolution of the board of directors, dated 10th of August 2021

Director: 
Daniel LEYDEN

Director: 
Daniel CASEY

The accompanying notes form part of these financial statements.



GREENFERN INDUSTRIES LIMITED
NZCN: 6804155

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020

	Note	Contributed equity \$	Accumulated losses \$	Total equity \$
Balance as at 12 April 2018		-	-	-
Loss for the period		-	(75,980)	(75,980)
Total comprehensive loss for the period		-	(75,980)	(75,980)
Transactions with owners in their capacity as owners:				
Contributions of equity net of transaction costs	19	1,534,626	-	1,534,626
Total transactions with owners in their capacity as owners		1,534,626	-	1,534,626
Balance as at 31 March 2019		1,534,626	(75,980)	1,458,646
Balance as at 1 April 2019		1,534,626	(75,980)	1,458,646
Loss for the year		-	(1,680,176)	(1,680,176)
Total comprehensive loss for the year		-	(1,680,176)	(1,680,176)
Transactions with owners in their capacity as owners:				
Contributions of equity net of transaction costs	19	793,513	-	793,513
Total transactions with owners in their capacity as owners		793,513	-	793,513
Balance as at 31 March 2020		2,328,139	(1,756,156)	571,983

The accompanying notes form part of these financial statements.



GREENFERN INDUSTRIES LIMITED
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2020

	Note	2020	11 months
		\$	2019
			\$
Cash flow from operating activities			
Establishment income		-	36,167
Payments to suppliers and employees		(338,768)	(110,010)
Interest received		16,327	-
Finance costs		(27,809)	(77)
Tax credits received		<u>932</u>	<u>-</u>
Net cash used in operating activities	8(a)	<u>(349,318)</u>	<u>(73,920)</u>
Cash flow from investing activities			
Payment for property, plant and equipment		(315,367)	(937)
Payment for investments		(20,000)	(4,000)
Payment for intangibles		(2,250)	(400)
Payment for term deposit		-	(1,000,000)
Proceeds from term deposit		<u>1,000,000</u>	<u>-</u>
Net cash provided by / (used in) investing activities		<u>662,383</u>	<u>(1,005,337)</u>
Cash flow from financing activities			
Proceeds from share issue		245,903	1,620,626
Proceeds from related party loan		-	23,000
Repayment of related party loan		-	(23,000)
Principal portion of lease payments		(5,009)	-
Payment for share issue cost		<u>(17,391)</u>	<u>(86,000)</u>
Net cash provided by financing activities		<u>223,503</u>	<u>1,534,626</u>
Reconciliation of cash			
Cash at beginning of the financial year		455,369	-
Net increase in cash held		<u>536,568</u>	<u>455,369</u>
Cash at end of financial year		<u><u>991,937</u></u>	<u><u>455,369</u></u>

The accompanying notes form part of these financial statements.



GREENFERN INDUSTRIES LIMITED

NZCN: 6804155

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with the *Companies Act 1993* and New Zealand Accounting Standards, Interpretations and other applicable authoritative pronouncements of the New Zealand Accounting Standards Board.

The financial report covers Greenfern Industries Limited as an individual entity. Greenfern Industries Limited is a Company limited by shares, incorporated and domiciled in New Zealand. Greenfern Industries Limited is a for-profit entity for the purpose of preparing the financial statements.

The principal activity of the Company is a producer and wholesaler of therapeutic products.

The financial report was approved by the directors as at the date of the directors' report.

The Company was incorporated on 12 April 2018 and accordingly the comparative information is for an 11 month period.

The following are the significant accounting policies adopted by the Company in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Basis of preparation of the financial report

Compliance with NZ IFRS

These financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ('NZ GAAP').

These financial statements comply with New Zealand Equivalents to International Financial Reporting Standards ("NZ IFRS") and other applicable Financial Reporting Standards, as appropriate for profit oriented entities.

Historical Cost Convention

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets and liabilities as described in the accounting policies.

Fair value measurement

For financial reporting purposes, 'fair value' is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants (under current market conditions) at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.



NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation of the financial report (Continued)

When estimating the fair value of an asset or liability, the entity uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Inputs to valuation techniques used to measure fair value are categorised into three levels according to the extent to which the inputs are observable:

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

Significant accounting estimates and judgements

The preparation of the financial report requires the use of certain estimates and judgements in applying the Company's accounting policies. Those estimates and judgements significant to the financial report are disclosed in Note 2 to the financial statements.

(b) Going concern

The Company is considered to be in its start-up phase and as such the Company has reported a loss for the 2020 year of \$1,680,176 (2019: loss of \$75,980) and operating cash outflows for the 2020 year was \$839,318 (2019: \$73,920).

The financial statements have been prepared on a going concern basis, which assumes that the Company will have sufficient cash to continue its operations for a minimum of 12 months from the date of signing the financial statements.

In assessing the adoption of the going concern principle in the preparation of the financial statements, the Directors have reviewed cash flow forecasts for the 12 months from the date of signing the financial statements.

The Company needs to raise additional equity funding to implement its long-term business strategies. The cash flow forecasts have assumed that:

1. \$1.5m equity will be raised through wholesale placements of shares by 30 September 2021; and
2. \$5.0m equity will be raised through further capital raising activity by 31 April 2022.

Directors have considered the impact of not being able to raise the capital in the above timeframes and have determined that the Company will still be able to continue to operate with current cash reserves for the 12 months from the date of signing the financial statements by:

- deferring planned capital expenditure; and
- reducing operating costs.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Going concern (Continued)

Given the nature of the judgments and estimates noted above and management's ability to take mitigating actions, it is the considered view of the Directors that the Company has adequate resources to meet its ongoing obligations for at least a period of 12 months from the date of signing these financial statements.

On this basis, the Directors have assessed it is appropriate to adopt the going concern basis in preparing its financial statements.

(c) Foreign currency transactions and balances

Functional and presentation currency

The financial statements are presented in New Zealand dollars which is the Company's functional and presentation currency. All amounts have been rounded to the nearest dollar, unless otherwise indicated.

(d) Goods and services tax (GST)

Revenues, expenses and purchased assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Inland Revenue. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(e) Revenue from contracts with customers

The Company recognises revenue from contracts with customers when (or as) it satisfies a performance obligation by transferring a promised good or service to a customer (which is when the customer obtains control of that good or service).

A performance obligation may be satisfied at a point in time or over time. For a performance obligation satisfied over time, the Company will select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. An entity will recognise revenue at a point in time (that is, when control transfers) for performance obligations that do not meet the criteria for recognition of revenue over time.

Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. Revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Revenue from contracts with customers (Continued)

Sale of goods

The Company is a producer and wholesaler of therapeutic products. Revenue is measured at the fair value of the consideration received or receivable. The Company has determined that the performance obligation is satisfied at a point in time, and so will recognise the related revenue when the performance obligation is satisfied. Revenue from sale of goods is recognised when control of the products has transferred, which occurs upon delivery to the customer.

Revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. There are historically low rates of return and no warranty terms are provided. No element of financing is deemed present as the sales are made with a credit term consistent with market practice.

If the consideration promised in a contract includes a variable amount, the Company estimates the amount of consideration to which the Company will be entitled in exchange for transferring the promised goods or services to a customer. An amount of consideration can vary because of discounts, rebates, refunds, credits, price concessions, incentives, performance bonuses, penalties or other similar items. The Company includes in the transaction price some or all of an amount of variable consideration estimated only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur, when the uncertainty associated with the variable consideration is subsequently resolved.

A receivable is recognised when the ownership of goods has transferred upon delivery, as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. As such, there are no resulting related contract assets or contract liabilities.

(f) Other income

Dividend and other distributions

Other income is recognised when the right to receive the income has been established.

Interest

Interest revenue is measured in accordance with the effective interest method.

All revenue is measured net of the amount of goods and services tax (GST).

(g) Income tax

Current income tax expense or revenue is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities.

Deferred tax assets and liabilities are recognised for temporary differences at the applicable tax rates when the assets are expected to be recovered or liabilities are settled. Deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not recognised if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Income tax (Continued)

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(h) Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks, short-term deposits with an original maturity of three months or less held at call with financial institutions, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

(i) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

(j) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value adjusted for transaction costs, except where the instrument is classified as fair value through profit or loss, in which case transaction costs are immediately recognised as expenses in profit or loss.

Classification of financial assets

Financial assets recognised by the Company are subsequently measured in their entirety at either amortised cost or fair value, subject to their classification and whether the Company irrevocably designates the financial asset on initial recognition at fair value through other comprehensive income (FVtOCI) in accordance with the relevant criteria in NZ IFRS 9.

Financial assets not irrevocably designated on initial recognition at FVtOCI are classified as subsequently measured at amortised cost, FVtOCI or fair value through profit or loss (FVtPL) on the basis of both:

- (a) the Company's business model for managing the financial assets; and
- (b) the contractual cash flow characteristics of the financial asset.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Financial instruments (Continued)

Classification of financial liabilities

Financial liabilities classified as held-for-trading, contingent consideration payable by the Company for the acquisition of a business, and financial liabilities designated at FVtPL, are subsequently measured at fair value.

All other financial liabilities recognised by the Company are subsequently measured at amortised cost.

Trade and other receivables

Trade and other receivables arise from the Company's transactions with its customers and are normally settled within 30 days.

Consistent with both the Company's business model for managing the financial assets and the contractual cash flow characteristics of the assets, trade and other receivables are subsequently measured at amortised cost.

Impairment of financial assets

Financial assets are tested for impairment by applying the 'expected credit loss' impairment model.

The Company applies the simplified approach under NZ IFRS 9 to measuring the allowance for credit losses for receivables from contracts with customers, contract assets and lease receivables. Under the NZ IFRS 9 simplified approach, the Company determines the allowance for credit losses for receivables from contracts with customers, contract assets and lease receivables on the basis of the lifetime expected credit losses of the financial asset. Lifetime expected credit losses represent the expected credit losses that are expected to result from default events over the expected life of the financial asset.

For all other financial assets subject to impairment testing, when there has been a significant increase in credit risk since the initial recognition of the financial asset, the allowance for credit losses is recognised on the basis of the lifetime expected credit losses. When there has not been an increase in credit risk since initial recognition, the allowance for credit losses is recognised on the basis of 12-month expected credit losses. '12-month expected credit losses' is the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The gross carrying amount of a financial asset is written off (i.e., reduced directly) when the counterparty is in severe financial difficulty and the Company has no realistic expectation of recovery of the financial asset. Financial assets written off remain subject to enforcement action by the Company. Recoveries, if any, are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Financial instruments (Continued)

Bartercard

Bartercard Trade Dollars are units of electronic currency held by the Company which can be used to pay for products and services from other Bartercard members instead of paying in cash. The assets are recognised at cost less accumulated impairment losses. The trade dollars are acquired as earned and consumed as utilised and are tested at least annually for impairment or when indication of an impairment exist. An impairment loss is recognised whenever the carrying amount of a Bartercard exceeds its recoverable amount. The estimated recoverable amount of Bartercard Trade Dollars are the greater of their fair value less costs to sell or value in use. Trade debits arising from sales to customers and trade credits from purchases of services are recognised in the statement of comprehensive income in the period in which the transaction occurs. Where trade credits are used to purchase an asset, the asset is capitalised and recognised in the statement of financial position.

(k) Property, plant and equipment

Each class of plant and equipment is measured at cost or fair value less, where applicable, any accumulated depreciation and any accumulated impairment losses.

Plant and equipment

Plant and equipment is measured at cost, less accumulated depreciation and any accumulated impairment losses.

Depreciation

Land is not depreciated. The depreciable amount of all other property, plant and equipment is depreciated over their estimated useful lives commencing from the time the asset is held available for use, consistent with the estimated consumption of the economic benefits embodied in the asset.

Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

Class of fixed asset	Depreciation rates	Depreciation basis
Plant and equipment at cost	13.50% - 67%	Diminishing value

(l) Intangible assets

Trademarks

Trademarks are amortised over 10 years.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Research and development expenditure

Expenditure on research activities is recognised as an expense when incurred.

Development costs are capitalised when the Company can demonstrate all of the following: the technical feasibility of completing the asset so that it will be available for use or sale; the intention to complete the asset and use or sell it; the ability to use or sell the asset; how the asset will generate probable future economic benefits; the availability of adequate technical, financial and other resources to complete the development and to use or sell the asset; and the ability to measure reliably the expenditure attributable to the asset during its development. Capitalised development costs are amortised over their estimated useful lives commencing from the time the asset is available for use. The amortisation method applied to capitalised development costs is consistent with the estimated consumption of economic benefits of the asset. Subsequent to initial recognition, capitalised development costs are measured at cost, less accumulated amortisation and any accumulated impairment losses.

Other development expenditure is recognised as an expense when incurred.

(n) Impairment of non-financial assets

Goodwill, intangible assets not yet ready for use and intangible assets with indefinite useful lives are not subject to amortisation and are therefore tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

For impairment assessment purposes, assets are generally grouped at the lowest levels for which there are largely independent cash flows ('cash generating units'). Accordingly, most assets are tested for impairment at the cash-generating unit level. Because it does not generate cash flows independently of other assets or groups of assets, goodwill is allocated to the cash generating unit or units that are expected to benefit from the synergies arising from the business combination that gave rise to the goodwill.

Assets other than goodwill, intangible assets not yet ready for use and intangible assets with indefinite useful lives are assessed for impairment whenever events or circumstances arise that indicate the asset may be impaired.

An impairment loss is recognised when the carrying amount of an asset or cash generating unit exceeds the asset's or cash generating unit's recoverable amount. The recoverable amount of an asset or cash generating unit is defined as the higher of its fair value less costs to sell and value in use (where 'value in use' is determined as the present value of the future cash flows expected to be derived from an asset or cash-generating unit).

Impairment losses in respect of individual assets are recognised immediately in profit or loss unless the asset is measured at a revalued amount, in which case the impairment loss is treated as a revaluation decrease and is recognised in other comprehensive income to the extent that it does not exceed the amount in the revaluation surplus for the same asset. Impairment losses in respect of cash generating units are allocated first against the carrying amount of any goodwill attributed to the cash generating unit with any remaining impairment loss allocated on a pro rata basis to the other assets comprising the relevant cash generating unit.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Impairment of non-financial assets (Continued)

A reversal of an impairment loss for an asset measured at cost is recognised in profit or loss. A reversal of an impairment loss for an asset measured at a revalued amount is treated as a revaluation increase and is recognised in other comprehensive income, except to the extent that an impairment loss on the same asset was previously recognised in profit or loss, in which case a reversal of that impairment loss is also recognised in profit or loss.

(o) Leases

At the commencement date of a lease (other than leases of 12-months or less and leases of low value assets), the Company recognises a right of use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

Right of use assets

Right of use assets are initially recognised at cost, comprising the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date of the lease, less any lease incentives received, any initial direct costs incurred by the Company, and an estimate of costs to be incurred by the Company in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Subsequent to initial recognition, right of use assets are measured at cost (adjusted for any remeasurement of the associated lease liability), less accumulated depreciation and any accumulated impairment loss.

Right of use assets are depreciated over the shorter of the lease term and the estimated useful life of the underlying asset, consistent with the estimated consumption of the economic benefits embodied in the underlying asset.

Lease liabilities

Lease liabilities are initially recognised at the present value of the future lease payments (i.e., the lease payments that are unpaid at the commencement date of the lease). These lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, or otherwise using the Company's incremental borrowing rate.

Subsequent to initial recognition, lease liabilities are measured at the present value of the remaining lease payments (i.e., the lease payments that are unpaid at the reporting date). Interest expense on lease liabilities is recognised in profit or loss (presented as a component of finance costs). Lease liabilities are remeasured to reflect changes to lease terms, changes to lease payments and any lease modifications not accounted for as separate leases. Variable lease payments not included in the measurement of lease liabilities are recognised as an expense when incurred.

Leases of 12-months or less and leases of low value assets

Lease payments made in relation to leases of 12-months or less and leases of low value assets (for which a right of use asset and a lease liability has not been recognised) are recognised as an expense on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Employee benefits

(i) Short-term employee benefit obligations

Liabilities arising in respect of wages and salaries, annual leave and other employee benefits (other than termination benefits) expected to be settled wholly before twelve months after the end of the reporting period are measured at the (undiscounted) amounts based on remuneration rates which are expected to be paid when the liability is settled. The expected cost of short-term employee benefits in the form of compensated absences such as annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables in the statement of financial position.

(ii) Long-term employee benefit obligations

The provision for other long-term employee benefits, including obligations for long service leave and annual leave, which are not expected to be settled wholly before twelve months after the end of the reporting period, are measured at the present value of the estimated future cash outflow to be made in respect of the services provided by employees up to the reporting date. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee turnover, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. For currencies in which there is no deep market in such high quality corporate bonds, the market yields (at the end of the reporting period) on government bonds denominated in that currency are used. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the change occurs.

Other long-term employee benefit obligations are presented as current liabilities in the statement of financial position if the Company does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur. All other long-term employee benefit obligations are presented as non-current liabilities in the statement of financial position.

(q) Share capital

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Cash settled share based payment

Employees (including senior executives) of the Company receive remuneration in the form of share-based payments, whereby employees are granted shadow shares under a shadow equity arrangement, which are settled in cash (cash-settled transactions).

A liability is recognised for the fair value of cash-settled transactions. The fair value is measured initially and at each reporting date up to and including the settlement date, with changes in fair value recognised in employee benefits expense. This requires a reassessment of the estimates used at the end of each reporting period.

This fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The fair value is determined using an appropriate valuation model, refer note 18.

The approach used to account for vesting conditions when measuring equity-settled transactions also applies to cash-settled transactions.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest.

Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

NOTE 2: SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

(a) Income tax

Deferred tax assets and liabilities are based on the assumption that no adverse change will occur in the income tax legislation and the anticipation that the Company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that future taxable profits will be available to utilise those temporary differences.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

NOTE 2: SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(b) Critical judgements in determining the lease term and incremental borrowing rate

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

Lease liabilities are measured by discounting the lease payments using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right of use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company uses recent third party financing received by the individual lease as a starting point, adjusted to reflect any changes in financing conditions since the third party financing was received.

(c) Cash settled share based payments

There is significant judgement in determining the fair value of cash settled share based payments. The value was determined with reference to recent capital raises of the Company.

NOTE 3: FINANCIAL RISK MANAGEMENT

The Company is exposed to the following financial risks in respect to the financial instruments that it held at the end of the reporting period:

- (a) Credit risk
- (b) Liquidity risk
- (c) Other market risk
- (d) Fair values compared with carrying amounts

The board of directors have overall responsibility for identifying and managing operational and financial risks.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

NOTE 3: FINANCIAL RISK MANAGEMENT (CONTINUED)

The Company holds the following financial instruments:

	2020	2019
	\$	\$
Financial assets		
<i>Amortised cost</i>		
- Cash and cash equivalents	991,937	455,369
- Receivables	-	353
- Term deposit	-	1,000,000
- Shares in unlisted entities	200	-
<i>Fair value through profit or loss</i>		
- Shares in unlisted entities	4,000	4,000
- Bartercard	<u>75,000</u>	<u>-</u>
	<u>1,071,137</u>	<u>1,459,722</u>
Financial liabilities		
<i>Amortised cost</i>		
- Payables	(182,538)	(34,449)
- Lease liabilities	<u>(831,726)</u>	<u>-</u>
	<u>(1,014,264)</u>	<u>(34,449)</u>

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Credit risk arises from balances held with banks. The credit risk is managed by holding all cash and cash equivalents with a New Zealand registered bank.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date of recognised financial assets is the carrying amount of those assets, net of any provisions for impairment of those assets, as disclosed in statement of financial position and notes to financial statements.

(b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The following table outlines the Company's remaining contractual maturities for non-derivative financial instruments. The amounts presented in the table are the undiscounted contractual cash flows of the financial liabilities, allocated to time bands based on the earliest date on which the Company can be required to pay.



NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

NOTE 3: FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Liquidity risk (Continued)

Year ended 31 March 2020	< 6 months	6-12 months	1-5 years	Total contractual cash flows	Carrying amount
	\$	\$	\$	\$	\$
Payables	182,538	-	-	182,538	182,538
Lease liabilities	<u>21,739</u>	<u>21,739</u>	<u>941,303</u>	<u>984,781</u>	<u>831,726</u>
Net maturities	<u><u>204,277</u></u>	<u><u>21,739</u></u>	<u><u>941,303</u></u>	<u><u>1,167,319</u></u>	<u><u>1,014,264</u></u>
Year ended 31 March 2019					
Payables	<u>34,449</u>	-	-	<u>34,449</u>	<u>34,449</u>
Net maturities	<u><u>34,449</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>34,449</u></u>	<u><u>34,449</u></u>

(c) Other market risk

Other market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk).

The Company faces the risk that the supply of cannabis products available in New Zealand will outstrip the demand, which may result in lower product prices, which in turn may have an adverse effect on the Company's financial performance.

(d) Fair values compared with carrying amounts

The fair value of financial assets and financial liabilities approximates their carrying amounts as disclosed in statement of financial position and notes to financial statements.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

	Note	2020 \$	2019 \$
NOTE 4: OPERATING PROFIT			
Loss before income tax has been determined after:			
Net gain on disposal of non-current assets:			
- Profit on sale of property, plant and equipment		932	-
Cost of sales			
- Purchases/Materials used		32,431	30,000
- Other cost of goods sold		1,672	-
- Closing inventory		<u>(12,431)</u>	<u>-</u>
		21,672	30,000
Finance costs			
- Lease liabilities - interest expense		27,600	-
- Interest expense - bank		<u>209</u>	<u>77</u>
		27,809	77
Depreciation		19,360	-
Amortisation		135	-
Impairment	15	19,800	-
Research and development costs		69,995	1,200
Employee benefits:			
- Short term benefits		83,789	4,268
- Share based payments		230,000	-
- Share based payments accrued for future cash settlement		<u>196,751</u>	<u>-</u>
		510,540	4,268

NOTE 5: KEY MANAGEMENT PERSONNEL COMPENSATION

Key management personnel consists of the managing director.
 Compensation received by key management personnel of the Company

- short-term employee benefits		35,594	4,268
- share based payments accrued for future cash settlement		133,751	-
- equity settled share-based payments		<u>230,000</u>	<u>-</u>
		<u><u>399,345</u></u>	<u><u>4,268</u></u>



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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

	Note	2020 \$	2019 \$
NOTE 6: INCOME TAX			
(a) Income tax reconciliation			
The prima facie tax payable on profit before income tax is reconciled to the income tax expense as follows:			
Prima facie income tax payable on profit before income tax at 28.0% (2019: 28.0%)		(470,449)	(21,274)
Add/(less) tax effect of:			
Non deductible expenses		327	-
Deferred tax asset not recognised		195,391	-
Tax losses not recognised		<u>274,731</u>	<u>21,274</u>
Income tax expense attributable to profit		<u>-</u>	<u>-</u>
(b) Current tax			
Current tax relates to the following:			
<i>Current tax liabilities / (assets)</i>			
Opening balance		(137)	-
RWT receivable		<u>(6,212)</u>	<u>(137)</u>
Current tax liabilities / (assets)		<u>(6,349)</u>	<u>(137)</u>

(c) Deferred tax assets not recognised

The Company has not recognised a deferred income tax asset of \$296,005 (2019: \$21,274) in respect of operating tax losses that can be carried forward against future taxable income subject to meeting Inland Revenue requirements.



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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

	Note	2020 \$	2019 \$
NOTE 7: CASH AND CASH EQUIVALENTS			
Cash at bank		<u>991,937</u>	<u>455,369</u>

NOTE 8: CASH FLOW INFORMATION

(a) Reconciliation of cash flow from operations with profit after income tax

Loss from ordinary activities after income tax		(1,680,176)	(75,980)
Adjustments and non-cash items			
Amortisation		135	-
Depreciation		19,360	-
Impairment of financial assets		19,800	-
Equity settled share based payments		490,000	-
Changes in operating assets and liabilities			
Increase in receivables		(20,100)	(25,769)
(Increase) / decrease in other assets		6,006	(8,180)
Increase in inventories		(12,431)	-
Increase in other liabilities		834,300	36,146
Decrease in income tax payable		<u>(6,212)</u>	<u>(137)</u>
Cash flows from operating activities		<u>(349,318)</u>	<u>(73,920)</u>

NOTE 9: TERM DEPOSIT

CURRENT

At fair value

Term Deposit		<u>-</u>	<u>1,000,000</u>
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On 21 March 2019, the Company deposited \$1,000,000 into a term deposit with a maturity date of 15 December 2019. Interest accrued at 1.90% per annum. During the year, the term deposit matured and was reinvested with a maturity date of 16 March 2020.

NOTE 10: RECEIVABLES

CURRENT

Other receivables			
- GST receivable		45,869	25,416
- Accrued interest		<u>-</u>	<u>353</u>
		<u>45,869</u>	<u>25,769</u>



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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

	Note	2020 \$	2019 \$
NOTE 11: INVENTORIES			
CURRENT			
<i>At cost</i>			
Finished goods		<u>12,431</u>	<u>-</u>

NOTE 12: RIGHT OF USE ASSETS AND LEASE LIABILITIES

(a) Right of use assets

Land under lease		836,735	-
Accumulated depreciation		<u>(12,551)</u>	<u>-</u>
Total carrying amount of right of use assets		<u>824,184</u>	<u>-</u>

Reconciliations

Reconciliation of the carry amount of right of use assets at the beginning and end of the financial year:

Land

Opening carrying amount		-	-
Additions		836,735	-
Depreciation		<u>(12,551)</u>	<u>-</u>
Closing carrying amount		<u>824,184</u>	<u>-</u>

The Company has a lease agreement with Renewable Power Limited, a related party of the Company. Under the the lease agreement the Company rents land from Renewable Power Limited.

The lease agreement has a term of five years commencing from the day when growing operations commence. The Company has the first right of refusal of a new lease at expiry and the first right to buy the Power Station if it is for sale at the end of or during the term of the lease.

In addition to the lease agreement the Company also has an Option agreement which provides the option to purchase the land it is renting, as well as the Power Station and additional land surrounding the Power Station. The Option Period is for two years from the date of the deed commencing from September 2019. At the expiry of the Option Period, the Company has first right of refusal for a period of ninety-nine years from the date of expiry. The purchase price is \$800,000.



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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

	Note	2020 \$	2019 \$
NOTE 12: RIGHT OF USE ASSETS AND LEASE LIABILITIES (CONTINUED)			
(b) Lease liabilities			
CURRENT			
Lease liability		<u>6,940</u>	<u>-</u>
NON CURRENT			
Lease liability		<u>824,786</u>	<u>-</u>
Total carrying amount of lease liabilities		<u><u>831,726</u></u>	<u><u>-</u></u>
(c) Lease expenses and cashflows			
Interest expense on lease liabilities		27,600	-
Depreciation expense on right of use assets		12,551	-
Cash outflow in relation to leases		32,609	-
NOTE 13: INTANGIBLE ASSETS			
Patents, trademarks and licences at cost		2,650	400
Accumulated amortisation and impairment		<u>(135)</u>	<u>-</u>
		<u><u>2,515</u></u>	<u><u>400</u></u>
(a) Reconciliations			
Reconciliation of the carrying amounts of intangible assets at the beginning and end of the current financial year			
<i>Trademarks at cost</i>			
Opening balance		400	-
Additions		2,250	400
Amortisation expense		<u>(135)</u>	<u>-</u>
Closing balance		<u><u>2,515</u></u>	<u><u>400</u></u>



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NOTES TO THE FINANCIAL STATEMENTS
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	Note	2020 \$	2019 \$
NOTE 14: PROPERTY, PLANT AND EQUIPMENT			
Plant and equipment			
Plant and equipment at cost		28,351	937
Accumulated depreciation		<u>(6,809)</u>	<u>-</u>
		21,542	937
Capital work in progress		<u>287,953</u>	<u>-</u>
Total property, plant and equipment		<u><u>309,495</u></u>	<u><u>937</u></u>

(a) Reconciliations

Reconciliation of the carrying amounts of property, plant and equipment at the beginning and end of the current financial year

Plant and equipment

Opening carrying amount		937	-
Additions		27,414	937
Depreciation expense		<u>(6,809)</u>	<u>-</u>
Closing carrying amount		<u><u>21,542</u></u>	<u><u>937</u></u>

Capital work in progress (undepreciated)

Opening carrying amount		-	-
Additions		<u>287,953</u>	<u>-</u>
Closing carrying amount		<u><u>287,953</u></u>	<u><u>-</u></u>

NOTE 15: OTHER FINANCIAL ASSETS

NON CURRENT

Financial assets at fair value through profit or loss

Bartercard		75,000	-
Shares in unlisted companies - Waipu Investments Limited		<u>4,000</u>	<u>4,000</u>
Total financial assets at fair value through profit or loss		<u><u>79,000</u></u>	<u><u>4,000</u></u>

Financial assets measured at amortised cost

Shares in unlisted companies - Hempseed Holdings Limited		<u>200</u>	<u>-</u>
		<u><u>79,200</u></u>	<u><u>4,000</u></u>



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**NOTES TO THE FINANCIAL STATEMENTS
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NOTE 15: OTHER FINANCIAL ASSETS (CONTINUED)

Investment in Waiapu Investments Limited

The Company holds 4,000 shares in Waiapu Investments Limited purchased in September 2018 at a cost price of \$4,000 (\$1.00 per share).

This equity investment is not quoted in an active market. The fair value of this equity security is based on the Company's share of the entity's net assets at reporting date as reported in the entity's financial statements (valuation technique). The majority of the entity's assets and liabilities are reported in their financial statements at either their fair value or their carrying value which approximates their fair value (the significant unobservable inputs). The interrelationship between key unobservable inputs and fair value measurement is that an increase / (decrease) in the net assets would increase / (decrease) the fair value of the investment. No amounts were recognised in the profit and loss during the year ended 31 March 2021 in relation to fair value movements of the investment (2019: nil).

Investment in Hempseed Holdings Limited

The Company holds 20,000 shares (2.0%) in Hempseed Holdings Limited purchased in April 2019 at a cost price of \$20,000 (\$1.00 per share). At year end an impairment expense of \$19,800 in relation to this investment was recorded.

Bartercard trade dollars

Bartercard trade dollars comprise the balance of Bartercard Trade Dollars on hand at period end net of accumulated impairment losses.

For the year 31 March 2020 it was determined that the fair value less costs of disposal of the Bartercard trade dollars was equivalent to the carrying value of the assets. Fair value less costs of disposal was determined based on the fact that all market participants (being other Bartercard members) accept the terms and conditions of Bartercard which stipulate that a Bartercard Trade Dollar is equivalent to a New Zealand dollar at the date of exchange in respect of future purchases or goods and services. In addition, as there are no significant disposal costs associated with settling transactions in Bartercard trade dollars, management have determined that the fair value less costs of disposal are equal to the carrying value of Bartercard trade dollars.



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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

NOTE 16: FAIR VALUE MEASUREMENT

(a) Fair Value Hierarchy

The following table provides the fair value classification of those assets and liabilities held by the company that are measured either on a recurring or non-recurring basis at fair value.

2020	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Recurring fair value measurements				
Financial assets				
<i>Financial assets at fair value through profit or loss</i>				
Bartercard	75,000	-	-	75,000
Shares in unlisted companies	-	-	4,000	4,000
Total financial assets	<u>75,000</u>	<u>-</u>	<u>4,000</u>	<u>79,000</u>

2019

Recurring fair value measurements

Financial assets

Financial assets at fair value through profit or loss

Shares in unlisted companies	-	-	4,000	4,000
Total financial assets	<u>-</u>	<u>-</u>	<u>4,000</u>	<u>4,000</u>

	2020	2019
	\$	\$
NOTE 17: PAYABLES		
CURRENT		
<i>Unsecured liabilities</i>		
Trade creditors	176,932	-
PAYE payable	9,881	1,697
Accrued expenses	<u>5,606</u>	<u>34,449</u>
	<u>192,419</u>	<u>36,146</u>



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NOTES TO THE FINANCIAL STATEMENTS
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	Note	2020 \$	2019 \$
NOTE 18: OTHER LIABILITIES			
NON CURRENT			
Cash settled share based payment - shadow shares		<u>678,026</u>	<u>-</u>

The Company has a shadow share scheme whereby participants (being an employee, contractor or director of the Company) can receive a bonus if the Company has a positive liquidity event such as a sale or a public listing. Performance conditions may apply to individual participants shadow share arrangements. Once performance conditions are met the shadow shares vest. If there are no vesting terms in the participants shadow share arrangements then shadow shares are deemed to have vested on grant date.

The shadow equity arrangement is determined to be a cash-settled share-based payment due to the Company having the obligation to settle the value of the shadow shares at the trigger event in cash.

Each participant in the shadow share scheme has different vesting conditions which must be met in order for the shares to vest. Vesting conditions include length of service conditions and key performance indicators such as capital raising, business development, key facility milestone, key regulatory milestone and key research milestone targets.

The valuation to establish the value of the shadow shares is a directors valuation. The fair value of the shadow shares was determined by reference to recent capital raises of the Company. Accordingly the directors have determined that \$1 represents the fair value of the shadow shares recognised during the period.

During the year, the Company recorded 481,276 shadow shares to contractors for \$481,276 (2019: Nil) and 196,750 shadow shares to employees for \$196,750 (2019: Nil) with grant dates ranging between 31 October 2019 and 26 March 2020.

Cash settled share based payments to employees (recorded in employee benefit expenses)		196,750	-
Cash settled share based payments to employees (recorded in consultancy expenses)		<u>481,276</u>	<u>-</u>
Total expenses recognised from cash settled share based transactions		<u>678,026</u>	<u>-</u>



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NOTES TO THE FINANCIAL STATEMENTS
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	Note	2020 \$	2019 \$
NOTE 19: SHARE CAPITAL			
The Company does not have a limited number of authorised shares. Both Founder shares and Investor shares have no par value.			
Issued and paid-up capital			
4,537,373 (2019: 4,111,488) Founder shares	(a)	565,000	-
2,668,610 (2019: 2,289,105) Investor shares	(b)	<u>1,763,139</u>	<u>1,534,626</u>
		<u><u>2,328,139</u></u>	<u><u>1,534,626</u></u>

	2020		2019	
	Number	\$	Number	\$
(a) Founder shares				
Opening balance	4,111,488	-	-	-
Shares issued:				
20 September 2018	-	-	4,111,488	-
5 September 2019	490,000	490,000	-	-
31 March 2020	<u>35,885</u>	<u>75,000</u>	<u>-</u>	<u>-</u>
	525,885	565,000	4,111,488	-
Shares cancelled:				
25 February 2020	<u>(100,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
At reporting date	<u><u>4,537,373</u></u>	<u><u>565,000</u></u>	<u><u>4,111,488</u></u>	<u><u>-</u></u>



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NOTES TO THE FINANCIAL STATEMENTS
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	2020		2019	
	Number	\$	Number	\$
NOTE 19: SHARE CAPITAL (CONTINUED)				
(b) Investor shares				
Opening balance	2,289,105	1,534,626	-	-
Shares issued:				
20 September 2018	-	-	555,179	-
February 2019	-	-	1,733,926	1,733,926
2 April 2019	68,005	68,005	-	-
16 April 2019	179,500	179,500	-	-
12 June 2019	500	500	-	-
17 June 2019	1,500	1,500	-	-
4 July 2019	5,000	5,000	-	-
5 September 2019	25,000	25,000	-	-
25 February 2020	100,000	-	-	-
Transaction costs relating to shares issued, net of tax	<u>-</u>	<u>(50,992)</u>	<u>-</u>	<u>(199,300)</u>
At reporting date	<u><u>2,668,610</u></u>	<u><u>1,763,139</u></u>	<u><u>2,289,105</u></u>	<u><u>1,534,626</u></u>

Rights of each type of share

Founder

Founder shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. At shareholders meetings each founder share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Investor

Investor shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. Investor shares are non voting shares except when there is a proposal or resolution that will affect the rights attached to the investor shares.

Associate

Associate shares have the same rights as investor share, the only difference being they are issued for nil consideration.



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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

NOTE 19: SHARE CAPITAL (CONTINUED)

Capital management

When managing capital, management's objective is to ensure the Company continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. This is achieved through the monitoring of forecast performance and cashflows.

NOTE 20: EARNINGS PER SHARE

	31 March 2020	31 March 2019
	\$	\$
Dollars per share		
Basic earnings per share after tax	(0.25)	(0.03)
Diluted earnings per share after tax	(0.25)	(0.03)

Basic earnings per share is calculated as profit after tax divided by the weighted number of issued shares for the period.

Diluted earnings per share is calculated as profit after tax divided by the weighted number of share plus any deferred shares which are expected to be issued after balance date.

	2020	2019
	\$	\$
Reconciliation of earnings used in calculating earnings per share		
Loss used in calculating earnings per unit	(1,680,176)	(75,980)
Weighted average number of shares used as the denominator		
Weighted average number of shares used as the denominator in calculating basic earnings per share	<u>6,642,120</u>	<u>2,803,281</u>
Weighted average number of shares and potential shares used as the denominator in calculating diluted earnings per shares	<u>6,642,120</u>	<u>2,803,281</u>



GREENFERN INDUSTRIES LIMITED
NZCN: 6804155

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

NOTE 21: RELATED PARTY BALANCES AND TRANSACTIONS

Related party	Relationship
Dan Casey	Founding shareholder & managing director
John Hussey	Founding shareholder
Daniel Leyden	Founding shareholder and director
CBC Greenfern	Common director and shareholder
Timothy Johnson	Founding shareholder and director
Brendon Partridge	Founding shareholder
Renewable Power Limited	Timothy Johnson is a director
Fit and Joy	Director is the spouse of Dan Casey
Investment Research Group (IRG)	Shareholder and common directorship
Fluidity Limited	Shareholder and director is John Hussey

(a) Transactions with related parties

	2020	2019
	\$	\$
John Hussey - contractor payments	166,315	40,671
Dan Casey - managing director salary	31,326	4,268
Fit and Joy - graphic design work	-	1,000
Daniel Leyden - director salary	6,261	-
Renewable Power Limited - lease payments for Hydro Power Station	36,022	-
Investment Research Group - consulting payments	1,725	-
Fluidity - advertising services	-	12,046
Founding shareholders - establishment income	-	36,167



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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

NOTE 21: RELATED PARTY BALANCES AND TRANSACTIONS (CONTINUED)

Contracts with shareholders

During the year CBC Greenfern was issued \$35,885 of Founder shares in exchange for \$75,000 Bartercard Trade Dollars.

Cash settled share based payments to related parties amounting to \$618,026 (2019: \$Nil) were accrued during the year (refer note 18).

Equity settled share based payments of \$230,000 and \$260,000 were made to Dan Casey and John Hussey (respectively) during the year.

On 25 February 2020, 100,000 Founder shares were cancelled and 100,000 investor shares were issued to John Hussey, a related party of the Company for no consideration.

In the prior period on 20 September 2018, 175,578 investor shares were issued to Renewable Power Limited for no consideration. These are part of the Associate shares at Note 19(b)

In the prior period on inception of the Company, the founding shareholders contributed funds to the Company for the purposes of establishing the Company and for day-to-day operations of the Company after its inception. The Founding shareholders have confirmed this balance will not be repaid and accordingly has been recorded as establishment income in the statement of profit or loss.

In the prior period Renewable Power Limited loaned the Company \$23,000. This was repaid in full during the period.

All transactions with related parties were at arm's length.

NOTE 22: CAPITAL COMMITMENTS

There are no capital commitments at reporting date (2019: nil).

NOTE 23: CONTINGENT LIABILITIES

There are no contingent liabilities at reporting date (2019: nil).



GREENFERN INDUSTRIES LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

NOTE 24: EVENTS SUBSEQUENT TO REPORTING DATE

Subsequent to reporting date the Company obtained a cannabis licence in December 2020 and raised additional capital in November 2020 which was used for the development of research facilities.

There has been no other matter or circumstance, which has arisen since 31 March 2020 that has significantly affected or may significantly affect:

- (a) the operations, in financial years subsequent to 31 March 2020, of the Company, or
- (b) the results of those operations, or
- (c) the state of affairs, in financial years subsequent to 31 March 2020, of the Company.

INDEPENDENT AUDITOR'S REPORTwww.crowe.nz**To the Shareholders of Greenfern Industries Ltd****Opinion**

We have audited the financial statements of Greenfern Industries Ltd (the Company) on pages 4 to 37, which comprise the statement of financial position as at 31 March 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2020, and its financial performance and its cash flows for the year then ended in accordance with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, the Company.

Information Other Than the Financial Statements and Auditor's Report

The Directors are responsible for the other information. The other information comprises the information included in the Company Directory and Directors Report on pages 1 to 3, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Directors' Responsibilities for the Financial Statements

The Directors are responsible on behalf of the Company for the preparation and fair presentation of the financial statements in accordance with NZ IFRS, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (NZ), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the use of the going concern basis of accounting by the Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Restriction on Use

This report is made solely to the Company's Shareholders, as a body. Our audit has been undertaken so that we might state to the Company's Shareholders those matters we are required to state to them in an auditor's 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 and the Company's Shareholders as a body, for our audit work, for this report, or for the opinions we have formed.



Crowe New Zealand Audit Partnership
CHARTERED ACCOUNTANTS

Dated at Christchurch this 10th day of August 2021